

**ELECTION TO OPT OUT OF THE
LOCAL GOVERNMENT PENSION SCHEME**

The Local Government Pension Scheme (LGPS) allows you to save while you are working in order to enjoy a pension once you retire. It is one of the best occupational pension schemes in the UK. The LGPS is provided by your employer who meets a large part of the cost of providing the range of secure benefits, so it is a valuable and important part of your employment package.

Whatever your reasons for opting out of the LGPS, you should give this matter careful consideration before making a final decision. You may wish to take financial advice before making a decision to opt out. If you are opting out of the LGPS due to advice you have received you should ask for this advice in writing.

Your employer cannot ask you or force you to opt out. If you are asked or forced to opt out you can tell The Pensions Regulator – see www.thepensionsregulator.gov.uk.

Equally, no one can force you to remain a member of the scheme, but if you elect not to be a member, you should understand the implications for you and your dependants.

The LGPS provides a package of benefits including:

- A pension that is secure and backed by law
- A Career Average pension with a guaranteed level of retirement benefit
- Contribution Flexibility with the option to pay half the contribution for half the benefit (50/50 Section)
- The option to exchange part of your pension for a tax-free lump sum on retirement
- Voluntary retirement from age 55 (even though the scheme retirement age is State Pension Age or 65 if later)
- An ill health pension from any age (which could be paid at an enhanced rate if ill health meant that you are incapable of gainful employment within three years of leaving)
- Early payment of pension benefits if you are made redundant or retire on grounds of business efficiency at age 55 or over
- The ability to take benefits from age 55 with your employer's consent if you continue in employment, but reduce your hours or grade, helping you ease into retirement (Flexible Retirement)
- A death in service lump sum of three times your actual pay
- Protection for your family on death, including either a widow's, widower's, civil partner's or (nominated) cohabiting partner's pension as well as children's pensions
- The index-linking of benefits to ensure they keep pace with the cost of living
- The contributions you pay into the scheme attract tax relief

Some employers who participate in Staffordshire Pension Fund link their early retirement policies to membership of the LGPS, e.g. they may offer increased pension or one-off payments in certain circumstances to LGPS members.

NOTES

1. **You can only sign and date this opt out form once you have commenced employment in the job from which you wish to opt out of membership of the LGPS. You cannot sign and date the form before commencement as it will be treated as an invalid opt out and you will remain in the LGPS.**
2. **The completed form should be returned to Staffordshire Pension Fund in the pre addressed envelope provided.** Alternatively, you can scan the form and email it to the Pensions Section (pensions.optouts@staffordshire.gov.uk). Staffordshire Pension Fund will then forward your Opt Out to your employer's payroll provider.
3. If you have another job at another employer, that employer might also put you into pensions saving now or in the future. This opt out notice only opts you out of LGPS pension saving in relation to the employer and job(s) you have named on this form. A separate opt out notice must be filled out and given to any other employer you work for if you wish to opt out of that pension saving with that employer as well. You will need to obtain the opt out form for employment with that employer from the pension administrators for the scheme provided by that employer.
4. If you opt out of the LGPS **before** completing 3 months membership of the LGPS you will be treated as never having been a member of the scheme and will receive a refund of any contributions deducted from your pay through your employer's payroll.
5. If you opt out of the LGPS **after** completing 3 months membership of the LGPS but **before** completing 2 years membership of the LGPS you may be entitled to a refund of contributions from the scheme which would be paid to you by Staffordshire Pension Fund. Please note: this refund is subject to deductions of tax at 20%, which is a non-refundable tax on the pension scheme and deductions to adjust your position regarding the State Second Pension Scheme (S2P). The refund cannot be paid until claim forms are completed and will be paid at the earliest 1 month and 1 day after your employer has ceased to take contributions.
6. If you opt out of the LGPS **after** completing 2 years membership of the LGPS you will be entitled to a Deferred Benefit from the scheme which, unless you transfer the benefits to another pension scheme, would normally be payable from State Pension Age (or 65 if later).
7. If you decide to opt out of membership of the LGPS and subsequently change your mind you will be able to rejoin the scheme provided you are under age 75 and you remain in an employment that qualifies you for membership of the scheme. You will need to write to your employer if you want to opt back into the scheme. You will not be able to combine any future service with the Deferred Benefit awarded on opting out of the scheme.
8. If you stay opted out your employer will normally automatically put you back into the LGPS on the anniversary of your employer's automatic enrolment date to comply with the provisions of the Pensions Act 2008. You will, however, be entitled to opt out of scheme membership again at that time. You will not be able to combine any future service with the Deferred Benefit awarded on opting out of the scheme.
9. If you voluntarily change job, or your employment is compulsorily transferred to a new employer, the new employer will normally put you back into pension saving straight away. You will not be able to combine any future service with the Deferred Benefit awarded on opting out of the scheme.
10. By completing and returning this form you are giving notice that you wish to leave the scheme and you will cease to be a member from the date you complete the form. If you wish to opt out of the scheme at a later date, please attach a note to this effect to the form before returning it to Staffordshire Pension Fund.



CONFIDENTIAL



**Staffordshire
Pension Fund**
Local Government Pension Scheme

DECLARATION

Please read the notes on pages 1 and 2 of this form before completing the following –

Complete in BLOCK CAPITALS:

Surname

Forename(s)

Address

.....

National Insurance number

Date of Birth

Employer's name

Job Title.....

Payroll or post reference number (*if known*).....

Date of commencement of employment

I have read the above and the additional information in the “Short Guide to the LGPS” and confirm that I wish to opt out of pension saving in the post(s) I have indicated on this form.

I understand that if I opt out I will lose the right to pension contributions from my employer.

I understand that I may have a lower income when I retire.

Signed Date

The completed form should be returned to Staffordshire Pension Fund in the pre addressed envelope provided. Staffordshire Pension Fund will then forward the form to your employer accordingly.

FOR PENSIONS OFFICE USE ONLY

PEN2 forwarded to Payroll Provider (name)

On (date)

FOR EMPLOYER PAYROLL PROVIDER OFFICE USE ONLY

To be completed by employer before returning to Pension Services

Please tick the relevant boxes:

- ☐ The member is an Eligible Jobholder under Automatic Enrolment provisions
- ☐ I confirm that this employee opted out of the LGPS within 3 months and, as such, their contributions have been refunded by the employer (details are included on the CTR1 for the month of)
- ☐ I enclose the Starters Form (PEN APT 1) (where not already sent to Pension Services)
- ☐ I confirm that this employee opted out of the LGPS after 3 months.
- ☐ I enclose the Leavers Form (PEN LV 1) stating pension contributions paid and pensionable pay details
- ☐ I enclose the Starters Form (PEN APT 1) (where not already sent to Pension Services)

Name

Job Title

Signed Date
On behalf of the employer