



If you have left the LGPS and are joining another pension scheme, you may wish to consider transferring your LGPS benefits to it. You can even transfer your LGPS pension to an overseas pension scheme provided that it meets certain conditions set by HM Revenue and Customs.

You cannot transfer your benefits (other than AVCs) if you leave less than one year before your Normal Pension Age (..in most cases the later of state pension age or 65). An option to transfer (other than in respect of AVCs) must be made at least 12 months before your Normal Pension Age.

If a full transfer payment is made, you will not be entitled to any further benefits from the LGPS for yourself, your spouse, civil partner, eligible cohabiting partner or eligible children.

If you are thinking of transferring your pension benefits out of the LGPS you should be aware that scammers operate in these markets.

**Remember, you can choose to take payment of your benefits from age 55 in the LGPS. You can also choose to give up some of your pension to provide for a tax free lump sum.**

### **What to consider?**

If you are considering whether to transfer benefits, make sure you have full information about the two pension arrangements. When you compare your options, don't forget that your LGPS benefits are guaranteed to increase in line with cost of living increases.

Transfers to public sector schemes usually give benefits that are broadly equivalent to those in the LGPS, under what are known as [Club transfer rules](#) provided you apply for the transfer within 12 months of joining your new pension scheme and have not had a break in membership of more than 5 years between leaving the LGPS and joining the new public service pension scheme.

However, transferring your pension rights is not always an easy decision to make and you may, therefore, wish to seek the help of an independent financial adviser before you make a decision. This is particularly important if you are considering



transferring your deferred benefits to a personal pension plan, stakeholder pension scheme, buy-out insurance policy or to an employer's money purchase scheme, as you will be bearing all of the investment risk which could significantly affect your future pension benefits.

You can only transfer benefits from the LGPS if you have left the scheme and you have not already drawn benefits from the LGPS (either in your current employment or any earlier employment). Also, if you hold more than one deferred benefit in the LGPS in England and Wales (either in the same or separate LGPS pension funds), you will be required to transfer all or none of the benefits you hold. In most cases it is not possible to transfer one deferred benefit whilst retaining another deferred benefit in the LGPS.

### **Freedom and Choice - Flexible Benefits**

Flexible benefits were introduced by the Government from 6 April 2015 to allow members of defined contribution schemes, who are over age 55, more freedom on how they take money from their pension pot.

The LGPS is not a defined contribution pension scheme (it is a defined benefit scheme) and as such, it is not directly affected by these changes. However, if you stop paying into the LGPS and you have three or more months' membership, then unless you are retiring with immediate effect due to redundancy, business efficiency or ill health, you will have the right to transfer your LGPS pension to a defined contribution scheme providing flexible benefits.

Please note that you will be required by law to take independent financial advice if the value of your pension benefits in the LGPS (excluding AVCs) is more than £30,000. You are not required to take independent financial advice if the value of your benefits is less than £30,000, however, transferring your pension rights is not always an easy decision to make and seeking the help of an independent financial adviser before you make a decision to transfer could help you in making an appropriate decision.

There are four main options for members who are in a defined contribution scheme which provides flexible benefits, including:

- to purchase an annuity (yearly pension) or scheme pension, if offered
- taking a number of cash sums at different stages
- taking the entire pot as cash in one go
- flexi-access drawdown



## How to find an independent financial advisor

Independent financial advisers (IFAs) are authorised to give you advice and recommend suitable pensions products and investment options, for you.

The Money Advice Service [website](#) provides help in how to choose an IFA.

There are several things you should think about when choosing an independent financial adviser:

- Consider the level and experience that the adviser has, particularly in the areas where you think you need help.
- Look at the typical clients the adviser looks after in their business, do they have needs similar to your requirements?
- Think about whether you will be dealing with one adviser or different advisers, or, perhaps a team of people.
- Look at what products they recommend for you. Do they recommend products from the whole market, or are they products tied to one, or a small number of providers?
- Make sure you understand what the adviser will charge for their services and that you can afford to pay these charges.
- If you are transferring to a defined contribution scheme providing flexible benefits and the total value of your LGPS pension benefits is more than £30,000 you will be required by law to obtain appropriate independent advice, at your own cost, from an authorised independent adviser, who is registered with the Financial Conduct Authority (FCA). In addition, the adviser must be qualified to give specific advice on transfers between pension schemes. From 6 July 2016 an appointed representative of an authorised financial adviser is also permitted to provide this advice, providing the authorised financial adviser has the permissions to advise on pension transfers themselves. It is important that you ensure that this is the case before agreeing to receive the advice.
- You should always check that the adviser is authorised to provide financial advice. You can check the Financial Conduct Authorities' (FCA) Register.



## Protect yourself against pension scams

Pension scams, where people may be tricked into handing over their pension pots by scammers, are on the increase; millions of people fall victim to scams every year. The tactics used by pension scammers to encourage people to transfer their pension savings to them are constantly changing. Some of the tactics include offering free pension reviews, health checks and promises of better returns on their savings, pension loans, upfront cash or other promotions to tempt them. Most of these are bogus.

However, once you've transferred your money into a scam, it's too late. You could end up losing all your pensions savings and in some cases face a tax bill of up to 55%.

## Transferring out - the process

If you wish to investigate transferring your LGPS pension to another pension scheme, you should inform your new pension provider that you hold pension benefits in the LGPS and provide them with the details of Staffordshire Pension Fund. **The process that follows will depend on what organisation you are considering transferring to. For further details please contact Pension Services.**

Your new pension provider will require a quotation of the value of your pension benefits; your LGPS pension fund will provide this. This quote (other than in respect of AVCs) will be guaranteed for a period of three months from the date it is calculated (known as the 'Guarantee Date'). Your new pension provider should then advise you of the benefits the transfer will buy in their scheme.

If you wish to go ahead and transfer your LGPS pension to the new scheme you will need to complete a written option form. The fund will then forward a discharge form to the receiving scheme in order for the transfer to proceed. Staffordshire Pension Fund will then make payment of the guaranteed transfer value within the normal time limit, which is no more than six months from the 'Guarantee Date'. If payment is not made within this period the Staffordshire Pension Fund will recalculate the value and pay the revised amount if it is the same or greater than the original value.

