

The Local Government Pension Scheme

Transferring Pension Benefits from the LGPS

A briefing note about transferring your deferred benefit from the LGPS which explains the new rules introduced from 6 April 2015



Introduction

The information contained in this leaflet only applies to you if you are more than 12 months away from your **Normal Pension Age (NPA)** and you are considering transferring your pension benefits from the Local Government Pension Scheme (LGPS) to another pension scheme.

NPA is age 65 or the member's individual State Pension Age (SPA) whichever is the later. A leaflet is available on our website called "State Pension Age" which provides further information if you are unsure what your NPA is.

To be entitled to a transfer of your LGPS benefits you must have been a member for more than 3 months.

Background

The LGPS regulations have for many years permitted a transfer of pension rights to other pension schemes as long as those schemes have been approved by H. M Revenue and Customs (HMRC); approved pension schemes may also be known as registered pension schemes. Where a member requests a transfer of benefits the cash equivalent transfer value (CETV), which is the capitalised value of their pension benefit, is paid to the new pension scheme thereby cancelling the members LGPS benefit.

What has changed?

New legislation has been introduced from 6 April 2015. This new legislation gives members of UK pension schemes which offer Defined Contribution (DC) benefits, increased flexibility over how they take their pension from age 55. This increased flexibility means that the individual can now take the whole of their pension saving as a cash lump sum in one go or at different stages instead of being required to purchase an annuity (annual pension). Only 25% of the cash taken though will be tax free.

How does this change affect members of the LGPS?

The Local Government Pension Scheme (LGPS) **is not a DC Scheme** it is a Defined Benefit (DB) Scheme so these new flexibilities cannot directly apply to members of the LGPS. To take advantage of these new flexibilities you will need to first transfer your pension benefits to a different pension arrangement offering the new flexible benefits.

Members entitled to an immediate payment of their pension benefits because they are being awarded an ill health retirement benefit or are age 55 or more and for example are being made redundant with an immediate entitlement to their pension benefit cannot transfer their pension benefits.

Can I transfer my main LGPS even though I am contributing to the LGPS?

No. You may only transfer your main LGPS benefits if you are no longer contributing member of the LGPS. If you are contributing to the LGPS you must first complete an opt-out form and cease membership of the LGPS.

If you have re-joined LGPS and have a separate deferred Benefit the same rule applies, you cannot transfer the deferred benefit whilst you are contributing to the LGPS.

Can I transfer a deferred benefit that I have if I am already in a receipt of a LGPS pension relating to a separate employment?

No it is not possible to transfer any of your LGPS pension benefits.

Transferring my Pension Benefit

If you decide to transfer your pension rights from LGPS to another pension arrangement with a view to acquiring a right or entitlement to one of the new flexible benefit arrangements, you will be required to take **independent financial advice** if the transfer value exceeds £30,000.

The cost of obtaining the financial advice has to be paid for by you, the member. If you have more than one LGPS benefit in the same fund or other LGPS funds these benefits would count when assessing whether independent financial advice must be taken. Before a transfer value can be paid by the fund to an alternative scheme you will have to provide Staffordshire Pension Fund with a signed statement from a financial advisor who holds the Financial Conduct Authority (FCA) qualification permitting him to provide advice on transfers from a defined benefit pension scheme.

Where the transfer value is less than £30,000 although not required, it is recommended that you seek financial advice before deciding to transfer your LGPS pension benefits.

Can a member just transfer an AVC plan and leave the main scheme benefit with LGPS?

Yes, an AVC plan can be transferred independently of a member's main scheme benefits as long as it is before age 75. There is no requirement to take independent advice even if the plan value is worth more than £30,000 on its own, or combined with your LGPS main scheme benefit

Do I have to take advice if I am transferring my LGPS benefits to another pension scheme if that scheme does not offer the new flexible benefits?

No, you do not have to take financial advice, provided that Staffordshire County Council as the Scheme Administrator receives confirmation from your new pension scheme.

Further information

If you would like further information about your pension entitlement, please contact Pension Services at the address given below or look on the Pension Fund's website at

www.staffspf.org.uk

If a copy of this information is needed in large print, Braille, another language or on cassette or disc, please contact:

**The Pension Services Section, Staffordshire County
Council
2 Staffordshire Place, Tipping Street, Stafford ST16 2DH**

Telephone: 01785 278222

E-mail: pensions.enquiries@staffordshire.gov.uk