

The Local Government Pension Scheme

**Combining periods of membership
in concurrent employments in the
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If you hold two or more employments in which you are a member of the Local Government Pension Scheme (“LGPS”) and then leave one of those employments, what happens to your pension rights?

Under the LGPS Regulations, the pension built up in the job you have left may be combined with the pension in your ongoing post(s) as long as there is an overlap (even for just one day). How this happens will depend on when you left your job:

- **Before 31 March 2014**

If you left your post before 31 March 2014, your pension is calculated using the following formulas:

- Before 31 March 2008

Pension = $1/80 \times \text{Membership} \times \text{Final Pay}$

Lump Sum = $3/80 \times \text{Membership} \times \text{Final Pay}$

- Between 1 April 2008 and 31 March 2014

Pension = $1/60 \times \text{Membership} \times \text{Final Pay}$

Your Membership in the calculation is the calendar length of the time you were a member of the scheme adjusted by any part time hours you worked.

For example: A member working Whole Time for 2 years would have membership in the LGPS of 2 years. If a member had worked Half Time (18.50 hours from a standard 37 hour week) for the same 2 years, their membership of the scheme would be calculated as follows:

$$\text{Membership} = 2 \text{ years} \times 18.50 / 37.00 = 1 \text{ year}$$

Your Final Pay in the calculation is the Whole Time Equivalent (WTE) pay for the last 365 days of your employment. This means that The pay in the calculation of a member’s pension up to 31 March 2014 will always be based on the Whole Time rate, even if they only work, say, one hour per week.

In order to combine two different records, Staffordshire Pension Fund must adjust the membership in the job that you have left, before the membership can be added to the ongoing post. This ensures that you will receive the **exact same** amount of pension from the membership in both posts.

The adjustment is done as follows:

$$\text{Membership (from the left post)} \times \frac{\text{WTE Pay (from the left post)}}{\text{WTE Pay (from the ongoing post)}}$$

For example: a member who left with 3 years membership in a post on £20,000 pay per year has a pension entitlement of £1,000. If the benefit is combined to a post with a pay of £10,000, the service is adjusted to 6 years, which at £10,000 means a pension entitlement of £1,000.

If you left your post before 31 March 2014, Staffordshire Pension Fund cannot automatically combine your records (unless you have less than 3 months calendar length in the scheme, in which case you will not have the option to keep the benefit separate) – you must make an election to combine them.

- **After 1 April 2014**

If you left your post after 1 April 2014, your pension is calculated using the following formula:

Pension = 1/49 x Actual Pay

This calculation is performed in each “scheme year” (1 April to 31 March) and then the pension each year is protected against inflation and added to the total pension in your Pension Account.

To combine the records for a member with membership **only** after 1 April 2014, the total pension in the account for the left post is added to the total pension in the account for the ongoing post, which ensures that you will receive the **exact same** amount of pension.

For example: in Post 1 a member has built up a pension of £500. In Post 2, the member has built up a pension of £3,000. They combine these pensions and their total combined pension is £3,500.

If you have a mix of membership before and after 1 April 2014, the adjustment to your records will be done in two sections as outlined above, although the outcome will be that you will receive the **exact same** level of pension.

If you left your post after 1 April 2014, Staffordshire Pension Fund must automatically combine your records – you have to make an election to keep them separate (although if you have less than 2 years calendar length in the scheme in the post you have left, you will not have the option to keep the benefit separate).

What if I do not wish to combine my benefits?

If you make an election to keep your benefits separate, you will be granted a Deferred Benefit in the LGPS. Further information can be found in the separate notes on Deferred Benefits in the Deferred Member area of the Staffordshire Pension Fund website.

What are the advantages and disadvantages of combining membership in the case of concurrent employments?

Pay prospects (only for members with benefits built up before 31 March 2014)

One of the first things you should take into account is the pensionable pay upon which your deferred benefits were based and the pensionable pay in your current employment.

While the benefits have the **exact** same value at the point they are combined, you may wish to consider what pay increase prospects you have in the continuing concurrent employment. The LGPS was a final salary scheme up to 31 March 2014 and (as long as a member does not have a break in Public Sector Pension Scheme membership of more than 5 years) all membership built up before 31 March 2014 will retain the Final Salary link and be calculated on this basis using the pay at the point you leave. It is important, therefore, that your period of membership should be set against the highest pay possible. If your continuing concurrent employment has good pay prospects, then the transferred period of membership will count towards benefits on that pay. You need to consider whether this will outstrip the index-linking on the benefits you would receive if you did not transfer the period of membership. (Remember that if you are in part-time employment it is the whole-time equivalent pay that is used in the assessment of benefits so you need not take account of the hours you work when making this comparison.)

A member with benefits only after 1 April 2014 does not have to take this into account, as their LGPS benefits are calculated on a different basis (see top of this page).

Ill-health retirement

If an LGPS member is granted retirement on grounds of ill health at any age, benefits can be paid immediately and, depending on the likelihood of them working again, may be enhanced. If you have combined your benefits all of the pension built up will be taken into account in the calculation of the ill-health pension. If you had chosen not to transfer earlier membership, leaving it as deferred benefits instead, it would not be paid as part of the ill-health pension.

There is no automatic entitlement to early payment of a deferred pension on health grounds if an ill-health pension is paid in respect of another employment. You would have to request early payment of the deferred pension from your previous employer and this would be subject to a medical opinion confirming that you would be permanently unfit for the employment upon which those deferred benefits were based.

Redundancy/efficiency retirement

If an LGPS member aged 55 or over is made redundant, benefits can be paid immediately without any reduction for early payment. If you have combined your benefits all of the benefits will be taken into account; if you have not transferred membership, they won't.

If you are aged between 55 and 60 you could ask for the deferred benefits to be put into early payment, but if you left the post before 31 March 2014, this would be at the discretion of the previous employer and the benefits are likely to be reduced. If you left after 1 April 2014, you could receive payment voluntarily between ages 55 and 60, although the benefit will be reduced.

Death benefits

Death grant

This is payable to the estate of the deceased, or to a beneficiary or beneficiaries nominated by the Scheme member where the nomination has been accepted by the administering authority. If a person dies while entitled to deferred benefits, under the LGPS regulations the death grant in respect of those benefits would be a lump sum equivalent to five times the pension. If a person dies in service, the death grant is three times the pensionable pay regardless of length of membership. However, Staffordshire Pension Fund can **only** pay the larger of a Death in Service Grant or the combined total of all Deferred Death Grants: if your Deferred pension times 5 would be larger than 3 times your actual pay, you may wish to keep your deferred benefits separate.

Dependants' pensions

Under the LGPS, a pension is provided for a surviving spouse, civil partner or cohabiting partner, and for eligible children. If a person dies while entitled to deferred benefits, dependants' pensions would be a proportion of those benefits. If a person dies in service, dependants' pensions are a proportion of the ill-health pension the person would have received if retiring on health grounds at the date of death. Ill-health pensions are based on the total membership in the employment and, where used as a basis for dependants' pensions, include an "enhancement" of the membership. Under the LGPS, the enhancement is based on the period between the date of death and the deceased member's normal pension age. There is no advantage, in this respect, to having combined the periods of membership.

Where can I get further information?

If you require further information, you can get in touch as follows:

**Pension Services Section, Staffordshire County Council,
Wedgwood Building, Tipping Street, Stafford ST16 2DH**

Website: www.staffspf.org.uk

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

Telephone: 01785 278222

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