

Opting out of the Local Government Pension Scheme in England or Wales



RBKC 2022.V1

INFORMATION FOR SCHEME MEMBERS

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.

You might be thinking of opting out of the LGPS for a variety of reasons. Whatever the reason, it's worth taking time to look at the benefits you could be giving up. A brief summary of these is included in the 'Declaration' section of this form. You can also go to the national LGPS member website www.lgpsmember.org for more information.

In making your decision, you should also consider that:

- your employer meets a large part of the cost of providing the excellent range of secure benefits offered by the LGPS
- the LGPS is a valuable and important part of your employment package
- in most cases, you will pay more tax if you opt out of the LGPS. A basic rate taxpayer paying pension contributions of £100 a month will pay £20 more tax every month if they opt out
- if you opt out of the LGPS in an employment (other than a concurrent employment) with more than two years' membership, you will be entitled to a deferred pension. If you later re-join the Scheme, you will not be able to combine your two periods of membership.

Rather than opting out, you might want to consider moving to the 50/50 section of the Scheme. While you are in the 50/50 section, you pay half your normal contributions and build up half your normal pension. This option allows you to remain in the Scheme, building up valuable pension benefits. Joining the 50/50 section provides an alternative to opting out of the scheme in times of financial hardship. A 50/50 option form is available from <https://www.rbkcpensionfund.org/resources/>

If you want to know more about the costs and benefits of being a member of the LGPS, or of moving to the 50/50 section you can visit www.lgpsmember.org which includes a cost and a benefits calculator.

Whatever your reasons for considering opting out of the scheme:

- you must give this matter **careful consideration** before making a final decision
- you may wish to take **financial advice** before deciding whether 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**.

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 both for you and your dependents.

Opting out of the LGPS – what you need to know

1. Your employer cannot ask you or force you to opt out.
2. If you are asked to opt out, you can tell The Pensions Regulator – see www.thepensionsregulator.gov.uk
3. You cannot opt out of the LGPS before you have started the employment you wish to opt out of, or before your re-enrolment date if you have opted out previously and are being automatically re-enrolled by your employer. If you sign and date the opt-out form before then it will be treated as an invalid opt out.
4. You should return the completed opt out form to your **employer's Payroll Provider, not to RBKC Pensions.**
5. If you have another job with another employer, that employer might also put you into pension 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 pension saving with that employer as well. You will need to obtain the relevant opt out form from the pension administrators of the scheme provided by that employer.
6. If you opt out of the LGPS before completing three months' membership, you will be treated as never having been a member. You will receive a refund of any contributions deducted from your pay.
7. If you opt out of the LGPS:
 - with more than three months' but less than two years' membership, and
 - you do not already have a deferred benefit, or pension in payment, from the LGPS in England or Walesyou will normally be able to take a refund of your contributions. There will be a deduction for tax.
8. If you opt out of the LGPS with two or more years' membership, you will be entitled to a deferred pension benefit in the LGPS. You can only take your deferred pension after you have left your employment, and usually from:
 - your normal pension age (which is the same as your State Pension age but with a minimum of age 65), or
 - on a reduced basis from age 55 onwards.Your LGPS pension must be paid to you at age 75 at the latest. Alternatively, you can transfer your deferred benefit to another pension scheme so long as you elect to do this at least one year before your normal pension age.
9. 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 LGPS. You will need to write to your employer if you want to opt back into the Scheme.
10. If you stay opted out, your employer will normally automatically put you back into the LGPS approximately three years from the date they have to comply with the automatic enrolment provisions of the Pensions Act 2008. You will be able to opt out of membership of the LGPS again at that time if you choose to do so.
11. If you change employer, your new employer will normally put you back into pension saving straight away.

RBKC LGPS - Opting out of the LGPS

(Please forward the completed form to your employer or their payroll provider)

Your Personal Details

Surname:

First name(s):

Title: Mr / Mrs / Miss / Ms / Other (please specify)

Your home address:

Post code:

Your national insurance number:

Your date of birth:

Your employer's name:

From when do you wish to opt out of membership of the LGPS?

Please tick relevant box

From the beginning of my next pay period

OR

From[DD/MM/YYYY]

The date entered cannot be before the date you sign this form

If you hold more than one post, we will assume that you wish to opt out of membership of the LGPS in all those posts. However, if you hold more than one post with us and only wish to opt out of membership in some but not all of those posts, please indicate in the box below the name of the post (or posts) from which you wish to opt out of membership of the LGPS.

Post 1 Job title:

Payroll reference for that job (if known):

Post 2 Job title:

Payroll reference for that job (if known):

Post 3 Job title:

Payroll reference for that job (if known):

Declaration

I declare that by opting out of the Local Government Pension Scheme (LGPS) I am knowingly giving up the opportunity to be a member of the LGPS which would provide a guaranteed package of benefits that are backed by law including:

- **a secure pension** – payable for life that increases with the cost of living
- **tax-free cash** – the option to exchange part of my pension for some tax-free cash at retirement
- **life cover** – with a lump sum of three times my pay if I die in service
- **cover for my family when I die** – including a survivor's pension for my spouse, civil partner or eligible cohabiting partner as well as children's pensions

and, once I have two years' membership in the Scheme:

- **voluntary early retirement** – from age 55 (even though the Scheme's normal pension age is the same as my State Pension age with a minimum of age 65). Benefits taken before normal pension age may be reduced for early payment.
- **serious ill health cover** – if I must retire due to serious illness, I could receive immediate benefits based on an enhanced period of Scheme membership
- **redundancy cover** – early payment of pension benefits if I am made redundant or retired on business efficiency grounds at age 55 or over.

I have read the above and understand that the choices I make now are important in planning for my retirement. **I confirm that I wish to opt out of the pension scheme 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** and I may **have a lower income when I retire.**

Please see the notes attached to this form for information about when you can sign, date and return this form. It is important to complete this form fully. We will not accept an incomplete form as a valid option out and the form will be returned to you for completion.

Signed:

Date:

We will use this form to end your active membership of the LGPS in accordance with your instructions. The form will be retained as a record of your election to end membership of the LGPS, or as a record of your election to end membership in the post or posts you have indicated on the form.