

# Leicestershire County Council Pension Fund

## Opting out of the Local Government Pension Scheme (LGPS)

### Important Information and Opt out form

- ① You can only sign and date the opt out form once you have commenced employment in the job from which you wish to opt out of membership from the LGPS. You cannot sign and date the form before your start date. If you do, it will be an invalid opt out.
- ① Once you have completed the form, please send it to your employer's payroll section for processing, and NOT the Pensions Section.

### Important information you must read before completing the Opt out form

Being a member of The Local Government Pension Scheme (LGPS) means that you can save while you are working, allowing you to enjoy a pension once you retire. It is one of the best occupational pension schemes in the UK. What's more, the LGPS is provided by your employer who meets a large part of the cost of providing the excellent range of secure benefits. The pension scheme is an extremely valuable and important part of your employment package.

You might be thinking of opting out of the LGPS for a variety of reasons. Whatever the reason, it's worth taking some 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. In making your decision, you should also consider that:

- Opting out might not save you as much take home pay as you think. 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.\*

If you want to know more about the benefits (or costs) of being a member of the LGPS you can:

- Visit the information pages of the Leicestershire [Member Self-Service website](#).
- Visit the [Local Government Pension Scheme website](#).
- Contact the Leicestershire County Council Pensions Team by emailing [pensions@leics.gov.uk](mailto:pensions@leics.gov.uk) or by calling: 0116 305 7886.

Whatever your reasons for considering opting out of the scheme, we ask that you 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, make sure that you 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, please report this to [The Pensions Regulator](#).

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 both for you and your dependants.

### **The 50/50 Scheme**

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 our Self-Service website.

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\* If you opt out of the LGPS in an employment on or after 11<sup>th</sup> April 2015 with an entitlement to a deferred benefit (and do not have a concurrent employment in which you are still a member of the scheme) you will not have the right if you subsequently re-join the scheme, to aggregate (combine) those deferred benefits with any future period of membership in the LGPS.

## **Further information that you must consider before opting out**

### **1. What happens if you have more than one employer?**

If you have another job with another employer, that employer might also put you into pension saving, now or in the future. The opt out notice only opts you out of the Local Government Pension Scheme (LGPS) pension saving in relation to the employer and jobs you have named on the 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 a pension saving with another employer as well.

### **2. What happens to the contributions from your pay?**

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 back in your pay of any contributions that have been deducted.

If you opt out after three months but before 2 years membership has accrued, you may be entitled to receive a refund of contributions which will be paid to you by the Leicestershire County Council Pensions Section once the necessary information has been received from your employer. In this case, there will be a deduction for tax. (However, you will be unable to claim a refund if you have previously been a member of another LGPS scheme and this combined membership takes you above 2 years in total OR you have transferred in previous pension rights OR you have reached the tax year of your state pension age or are older).

### **3. What happens if you opt out after 2 years membership?**

If you opt out after 2 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 the employment and unless you transfer the benefits to another pension scheme, the deferred pension would normally be payable from either age 65 or your State Pension Age (or at a reduced level from age 55 at your own choice). Your LGPS pension must be paid to you at age 75 at the latest. Membership includes any pension rights from another provider transferred into your Leicestershire County Council pension.

### **4. Can you rejoin the scheme?**

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.

### **5. What is automatic re-enrolment?**

If you stay opted out, your employer will normally 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, however, again be entitled at that time to opt out of membership of the scheme. If you change job, your new employer will normally put you back into pension scheme straight away.

## Local Government Pension Scheme (LGPS) Opt Out form

It is important to fully complete this form: all boxes must be completed. An incomplete form cannot be accepted as a valid opt out and the form will be returned to you for completion.

Full name:

NI Number:

Please provide details of the job (or jobs) from which you wish to opt out of membership of the LGPS.

Employer:

Department/Section:

Job title:

Start date:

Payroll Ref:

I have read the notes and understand that in choosing to opt out of the Local Government Pension Scheme I am giving up:

- A secure pension payable for life that increases with the cost of living.
- A tax-free cash option: 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 upon death, including a survivor's pension for my husband, wife, civil partner or co-habiting partner as well as children's pensions.
- Serious ill health cover should I have to retire due to a serious illness.

I understand that the choices I make now are important in planning for my retirement. I confirm that I wish to opt out of pension saving in the job(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 if I opt out, I may have a lower income when I retire.

Print name:

Signed:

Date of signature: \*

Important:

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Once completed, please return to your employer's payroll section for processing **NOT** the Pensions Section.

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**Payroll use only:** The above LGPS opt out has been actioned by payroll.

Please tick one of the following boxes before signing and sending this form to the Pensions Section:

Payroll refund paid under 3 months case or if not  ePen3 form will now be sent to Pensions

Name:

Signed:

Date: