



ABERDEEN CITY COUNCIL

# PENSION FUND

Information Sheet

## YOUR PENSION CHOICE

When it's time for you to retire, will the state pension alone offer the security you will need? If you want to plan for your future, now is the time to begin. The sooner you start paying into a pension plan, the better your retirement benefits will be.

Choose the Local Government Pension Scheme (LGPS) and have a head start. That's because the Scheme is provided by your employer, who pays a large part of the cost. The Scheme is an important part of your employment package and is a valuable benefit on top of your pay.

## WHO CAN JOIN THE LGPS?

The LGPS is available to everyone employed in Local Government, or in other organisations that are allowed to participate. You must have a contract of employment of at least three months and be under age 75.

## THE BENEFITS

The LGPS is one of the best ways to plan for retirement with an excellent range of benefits that both full-time and part-time employees can enjoy. Highlights of the Scheme include:

*A secure pension* – the benefits you get when you retire are based on your membership in the Scheme and, normally, on your final pensionable pay. The pension you build up during your employment keeps pace with your pay rises. And after you retire, your pension keeps pace with cost of living increases.

*Tax-free cash* – you also have the option to exchange part of your pension for some tax-free cash on your retirement.

*Peace of mind* – your family enjoys financial security, with a death grant for nominated beneficiaries and a pension for your husband, wife, civil partner or nominated co-habiting partner<sup>1</sup> and eligible children, in the event of your death. And, if you ever become seriously ill, you could receive immediate ill-health benefits.

*Early retirement* – you can choose to retire from age 60 and receive your benefits immediately, although they may be reduced for early payment. It's also possible to retire from age 55 and receive your benefits immediately, either with your employer's consent or if you are made redundant or retired in the interests of business efficiency.

*Flexible retirement* – if you reduce your hours or move to a less senior position at or after age 55, you may be able to draw some or all of the benefits you have built up, although your benefits may be reduced for early payment. You will need your employer's permission to do this if you are under 60.

*Options to pay extra* – you can boost your pension by paying more contributions.

Also, as a member of the LGPS, your contributions will attract tax relief at the time they are deducted and, up to State pension age, you will also pay lower National Insurance contributions.

## THE COST

The cost of being a member of the Scheme is less than you might think. How much it costs you depends on how much you're paid, with rates starting at 5.5%. There's a five tier contribution system, with contributions based on how much of your pay falls into each tier as set out in the table.

This table shows the pay ranges for 2009/2010. The ranges will be increased each April in line with the increase in the Retail Prices Index. The rate you pay depends on which pay range you fall into. If you work part-time, your rate will be based on the full time pay rate for your job, although you will only pay contributions on the pay you actually earn.

Range - Full Time Equivalent (FTE) Pensionable Pay	Rate (%)
On earnings up to and including £18,000	5.50%
On earnings above £18,000 and up to £22,000	7.25%
On earnings above £22,000 and up to £30,000	8.50%
On earnings above £30,000 and up to £40,000	9.50%
On earnings above £40,000	12.0%

Let's take a look at someone who works full-time at a pay rate of £22,000. They will pay 5.5% on the first £18,000 and 7.25% on the next £4,000. Overall the average rate is 5.8% x £22,000, that is £106.67 per month.

If they were to work half-time, they would still pay the 5.8% rate. That's because the full-time rate for their job is still £22,000, but their contributions would be based on their part-time earnings, so they would only have £53.34 deducted.

If you have more than one contract, each contract is allocated a contribution rate individually, even if your contracts are with the same employer. You may receive an annual benefit statement for each contract.

You can retire and receive your LGPS benefits in full from the age of 65. To qualify for LGPS retirement benefits you must have at least two years total membership, or have transferred pension rights from other schemes into the LGPS. When you retire, you will receive a pension and have the option to take a tax-free lump sum. Your pension is based on your length of total membership in the Scheme and your final pay.

Death benefits for your family's protection are available. Contact the Pension Fund for more information.

You can opt out of the LGPS at any time by giving your employer notice in writing. To opt out now, tick the "NO" box on your Pension Option Form (you should receive this from your employer) or use our Opt-Out Form, which is available from the Pension Fund on request or for download from our website. We believe that the LGPS offers outstanding protection and value for money for you and your dependants, so we recommend that you obtain independent financial advice before opting-out of the LGPS. You can re-join the LGPS at any time, provided at that time you have a contract of employment for at least three months and you are under 75.

## WANT TO KNOW MORE?

This leaflet gives a brief outline of the Scheme as at 1 April 2009. If you want to know more about the Scheme, or if you have membership in the Scheme before 1 April 2009, you can get more information from:

**Aberdeen City Council Pension Fund  
Pensions Section  
AECC – 2nd Floor  
Balgownie One,  
Conference Way, Bridge of Don  
Aberdeen AB23 8AQ**

**Helpdesk: (01224) 814949  
Fax: (01224) 814969  
Email: Pensions@accpf.org.uk  
Website: www.accpf.org.uk**

<sup>1</sup>In order to nominate a co-habiting partner, your relationship must meet certain conditions. Contact the Pension Fund for more information.

This leaflet is a brief guide to the Scheme and cannot cover every personal circumstance. In the event of any dispute over pension benefits, the appropriate legislation will prevail. This leaflet does not confer any contractual or statutory rights and is provided for information purposes only.