

50/50 section membership from April 2014

Member guidance notes

How does the 50/50 section work?

There are two sections in the Local Government Pension Scheme (LGPS) from 1 April 2014: the main section and the 50/50 section.

The main section is where you pay normal contributions and get your normal pension build up.

In the 50/50 section, you pay half your normal contributions and build up half your normal pension during the period you are in that section. However, if you move to the 50/50 section, you still get full life assurance cover, full ill-health cover and full survivor benefits in the event of your death. In other words, the cover for those benefits is the same as if you were in the main section.

You can elect to move from the main section to the 50/50 section at any time. An election to join the 50/50 section must be made in writing to your employer. Your employer may have a form for this, but a letter to them will be accepted as your election to move to the 50/50 section. You will be moved to the 50/50 section from the next available pay period after your employer receives your signed election.

If you have more than one job, you can elect for the 50/50 section in one, some or all your jobs.

If you are in the LGPS with more than one employer, a separate election must be completed and returned to each employer where you wish to join the 50/50 section.

If you choose to move to the 50/50 section any extra pension contributions or additional voluntary contributions (AVCs) would continue to be payable in full (not at half rate). The only exception to this is that any additional pension contributions (APCs) you are paying to purchase extra pension would have to cease (unless those APCs are to purchase pension 'lost' during a period of authorised unpaid leave or absence or during a period of unpaid additional maternity, paternity or adoption leave).

How long can I remain in the 50/50 section?

The 50/50 section is designed to be a short-term option for when times are tough financially.

Because of this, your employer is required to automatically put you back into the main section of the LGPS approximately three years from the date they first have to comply with the automatic enrolment provisions of the Pensions Act 2008 (and approximately every three years thereafter). Your employer will move you back into the main section of the scheme at that time irrespective of when your election to join the 50/50 section took place (even if, for example, you had only elected for 50/50 the previous month). Your employer will tell you when this is about to happen. If you wish to continue in the 50/50 section at that point, you would need to make another election to remain in the 50/50 section.

If, during a pay period, you go on to 'no pay' due to sickness or injury and you are still on 'no pay' at the beginning of the next pay period, your employer will then move you back into the main section of the LGPS. That is to your advantage as you will then start to accrue full pension again, even though you will not be paying pension contributions. On return to work, you would have the right to make an election to move back to the 50/50 section if you wished to do so.

At any time, while you are in the 50/50 section, you have the right to choose to move back to the main section of the scheme (provided you are under age 75 and you remain in a job that qualifies you for membership of the scheme). You would need to make an election to your employer to move back to the main section. You would be brought back into the main section from the next available pay period after your employer receives your election form, and you would then start to again build up a full pension. If you are in the 50/50 section in more than one job, you can elect to move back into the main section in all or some of the jobs.

If you take up another job with your employer at the same time as continuing to hold your current job, you will be put into the main section of the LGPS in that new job. You would then have the right to make an election to move to the 50/50 section in that new job if you wished to do so.

If you change jobs and move to a new employer where you are eligible to join the LGPS, your new employer will put you into the main section of the LGPS in that new job. You would then have the right to make an election to move to the 50/50 section in that new job if you wished to do so.

Can my employer ask me or force me to join the 50/50 section?

No, your employer cannot ask you or force you to join the 50/50 section. If you are asked or forced to join the 50/50 section, you can inform The Pensions Regulator at:
<http://www.thepensionsregulator.gov.uk/contact-us.aspx>

Completing an election

Firstly check whether your employer has created a standard election form for moving between the 50/50 section and the main section of the scheme. If they haven't, you can still elect by writing a letter to them.

Your completed election (form or letter) should be returned to your employer's Payroll Section or Human Resource department.

Please remember that you should provide sufficient detail for your employer to identify the job(s) in which you wish to join the 50/50 section. If this detail is not provided, then the election will not be accepted as a valid request and will be returned to you for clarification.

Purpose for which your election will be used

Your election, once provided and returned to your employer's Payroll Section or Human Resource department, will be used to cease your active membership of the main section of Local Government Pension Scheme, and commence deductions of half of your normal pension contributions as per your instructions.

This written election will be retained by your employer as a record of your election to join the 50/50 section of the LGPS or, if you hold more than one job with an employer, as a record of your election to join the 50/50 section in the job or jobs you have indicated on the election.