



OPTING OUT OF THE LOCAL GOVERNMENT PENSION SCHEME

This leaflet is for guidance only and gives you a brief summary of the benefits you could be giving up if you are thinking of opting out of the Local Government Pension Scheme (LGPS).

Thinking of opting out of the LGPS

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. 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; and
- 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 rejoin the scheme, you will not be able to combine your two periods of membership.

You pay in **£80**

£100 total

£20 Tax savings

As a basic rate taxpayer, you save £20 in tax when paying a contribution of £100 per month in to the pension scheme.

50/50 section

Rather than opting out, you might want to consider moving to the 50/50 section of the scheme.

While 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 and is designed to help members when times are financially tough.

See our [50/50 leaflet](#) for more information or visit www.lgpsmember.org where you will find 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 to opt out. For help in choosing an independent financial adviser, visit the [MoneyHelper website](#); and
- 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 dependants.

The LGPS provides 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 your pension for some tax-free cash at retirement;
- **life cover** – a lump sum of three times your pay if you die in service;
- **cover for your family when when die** – including a survivor's pension for your spouse, civil partner or eligible cohabiting partner as well as children's pensions;

and, once you 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 the 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 you have to retire due to serious illness, you could receive immediate benefits based on an enhanced period of scheme membership; and
- **redundancy cover** – early payment of pension benefits if you are made redundant or retired on business efficiency grounds at age 55 or over.



Opting out of the LGPS – what you need to know:

- 1 Your employer cannot ask you or force you to opt out. If you are asked to opt out, you can tell The Pensions Regulator – see www.thepensionsregulator.gov.uk
- 2 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.
- 3 You can find an opt out form on the [WMPF website](#) and should return the completed opt out form to your employer’s Payroll Section or Human Resource department.
- 4 If you have another job with another employer, that employer might also put you into a pension saving arrangement, now or in the future. A separate opt out notice must be filled out for each employment and given to the relevant employer if you wish to opt out of pension saving for all employments.
- 5 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.
- 6 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 Wales you will normally be able to take a refund of your contributions. There will be a deduction for tax.

7 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 as long as you elect to do this at least one year before your normal pension age.

8 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.

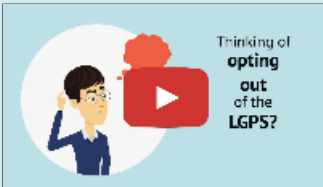
9 If you stay opted out, your employer will normally automatically put you back into the LGPS approximately three years from the date they have to comply with the automatic enrolment provisions of the Pensions Act 2008. You will be able to opt out of membership of the LGPS again at that time.

10 If you change employer, your new employer will normally put you back into a pension saving arrangement straight away.





To find more information about your pension benefits and the Local Government Pension Scheme, please view our short video at www.wmpfonline.com/members



To find more information about opting out of the Local Government Pension Scheme, please view our short video at www.wmpfonline.com/optingout

Contact details



West Midlands Pension Fund

PO Box 3948
Wolverhampton
WV1 1XP



Customer Services: 0300 111 1665



Email: www.wmpfonline.com/emailus



Web: www.wmpfonline.com



Pensions Portal: www.wmpfonline.com/pensionsportal

Lines open during the following times:

8:30am to 5.00pm Monday - Thursday

8:30am to 4.30pm Friday.

Calls may be monitored for training purposes.

May 2022