Retirement Guide to the Local Government Pension Scheme (Northern Ireland)

Contents

Introduction

This Retirement Guide applies to members who contributed to the Local Government Pension Scheme (Northern Ireland) (LGPS (NI)) on or after 1 April 2015.

Information is included for members who are approaching or considering retirement, including the options available to them and how their benefits will be worked out.

This guide describes the main retirement benefits that apply to members of the Local Government Pension Scheme (Northern Ireland) on or after 1 April 2015, including when you can retire, what benefits you are entitled to, how your benefits are worked out, and what additional benefits may be payable on your death.

The Scheme is a defined benefit, career average revalued earnings (CARE) scheme and is administered by the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC). Your pension benefits are based on your average earnings while a member of the Scheme.

The Scheme has two sections; the main section and the 50/50 section. If you are in the main section of the Scheme you pay full contributions and build up the full amount of pension. If you are in the 50/50 section you pay half the contributions and build up half the amount of pension, however, you will still keep the full value of life cover.

The benefits you will receive include an annual pension and the option to exchange part of your pension for a tax-free lump sum. If you were a member of the Scheme before 1 April 2009 you will receive an automatic lump sum based on your membership before that date.

The scheme regulations were made under the Superannuation (Northern Ireland) Order 1972 and in the future will be made under the Public Service Pensions Act (Northern Ireland) 2014. It is a tax-approved scheme that meets the government's new standards for automatic enrolment.

This guide is provided for information purposes only and cannot cover every personal circumstance. It is based on our understanding of the Scheme rules at the time of going to print, but these may change over time. In the event of any dispute over your pension benefits, the appropriate legislation will prevail as this guide does not confer any contractual statutory rights.

The national minimum pension age, the earliest age you can access your pension benefits, will be increased from age 55 to age 57 from 6 April 2028.

Retiring

You can retire and receive your Scheme benefits in full once you have reached your normal pension age. Normal pension age for your 2015 Scheme benefits will be the same as your State Pension Age or age 65, whichever is later. As the State Pension Age increases so will your normal pension age meaning that you could be older than 65 when you reach your normal pension age. You can find out your State Pension Age at
www.gov.uk/calculate-state-pension. It may also be shown on your last NILGOSC pension benefit statement.

Although the retirement age for any benefits that you built up before 1 April 2015 will still be 65, you cannot draw these pension benefits before your benefits under the new 2015 Scheme. Therefore if you were to decide to withdraw all of your benefits at age 65 and your normal pension age under the new 2015 scheme is 66, any benefits that you had built up after 1 April 2015 would be reduced as they would be paid early.

To be entitled to retirement benefits you must have at least two years' membership in the Scheme, or have brought in a transfer from another pension scheme or have a deferred benefit elsewhere in the Scheme which takes you over the two year limit.

There are specific rules relating to each type of retirement. This section looks at the different ways of retiring, and the implications.

Normal Retirement (State Pension Age)

The Scheme's Normal Pension Age is the same as your State Pension Age. You can retire and receive your Scheme benefits without any reductions when you reach your normal pension age.

Early Retirement at your request (before normal pension age)

You can retire before you reach your normal pension age but your benefits may be reduced.

If you are aged 55[**] or over, you can retire and receive your benefits at any time from age 55 onwards and you do not need your employer's permission.

Reductions to benefits on Early Retirement

If you choose to retire before your normal pension age, your benefits may be reduced as they will be paid for longer. How much your benefits are reduced by depends on how early you draw them.

[**]The national minimum pension age, the earliest age you can access your pension benefits, will be increased from age 55 to age 57 from 6 April 2028.

The reduction is based on the length of time (in years and days) that you retire early – from the date your benefits are paid to your normal pension age. The amount by which your benefits are reduced will depend on how early you draw them. However, if you were contributing to the Scheme on 30 September 2006, some or all of your benefits paid early could be protected from the reduction under what is called the Rule of 85.

The reduction is calculated in accordance with guidance issued by the Government Actuary's Department.

Table 1: Percentage reductions for retirements up to thirteen years early

No. of years paid early	Pension reduction	Lump Sum Reduction
0	0%	0%
1	5%	2%
2	10%	3%
3	14%	5%
4	18%	7%
5	21%	8%
6	25%	10%
7	28%	11%
8	31%	13%
9	34%	14%
10	36%	16%
11	40%	16%
12	42%	16%
13	45%	16%

As automatic retirement grants were removed from the Scheme on 1 April 2009 and due to the protections in place regarding NPA, a Retirement Grant is paid from age

65 without reductions i.e. the early retirement reductions cannot exceed those that apply for 10 years early.

Where the number of years is not exact, the reduction percentages are adjusted accordingly.

Your employer can agree to waive any reduction, but they must have a policy on this. If you wish to have reductions waived, please speak directly to your employer.

Early Retirement through Redundancy or Business Efficiency

If your employer makes you redundant, or you are retired on the grounds of business efficiency, and you are aged 55[**] or over and meet the two-year qualifying period, your benefits will be paid immediately without any early retirement reductions. In this event you are unable to transfer your benefits to another pension arrangement or to defer taking them.

As these pension benefits are being paid early there is a cost to the Scheme. In the event of redundancy or efficiency this cost is met by your employer.

Any additional pension due as a result of additional pension contributions or shared cost additional pension contributions is paid at a reduced rate if the retirement occurs before your normal pension age. If you were a member of the Scheme before 1 April 2015 the pension you built up before then is based on your final pay when you leave the Scheme. If you have bought additional pension by additional regular contributions, that additional pension would be paid at a reduced rate if you retire before age 65.

Your employer may also enhance your benefits with up to £8,675 extra pension each year (2024/25 figures). Please note that this is a discretion that your employer can use if they wish. They must have a policy on when they will award additional pension and you should contact them directly if you wish to enquire about this. An employer award of additional pension is not reduced if paid early on redundancy/business efficiency grounds.

Flexible Retirement

Can I have a gradual move into retirement?

From age 55, if you reduce your hours or move to a less senior position, and provided you have met the two year qualifying period in the Scheme and your employer agrees, you can draw some or all of the pension benefits you have built up – helping you to ease into retirement.

[**]The national minimum pension age, the earliest age you can access your pension benefits, will be increased from age 55 to age 57 from 6 April 2028.

As you will still be working for a Scheme employer, you will continue paying into the Scheme and building up further pension until you fully retire, unless you choose to opt out.

Your employer must have a policy on flexible retirement and you should contact them directly if you wish to look into this option.

Do I have to withdraw all my pension benefits when I take flexible retirement?

If your employer agrees to flexible retirement then you would have to draw:

- All of the benefits that you built up before 1 April 2009, plus
- All, some or none of the benefits that you built up between 1 April 2009 and 31 March 2015, plus
- All, some or none of the benefits that you have built up after 1 April 2015.

Will my pension and lump sum be reduced if I take flexible retirement?

If you take flexible retirement before your normal pension age, your benefits may be reduced as they will be paid early, unless your employer agrees to waive some or all of the reduction, or you meet the Rule of 85.

If you take flexible retirement after your normal pension age, your benefits will be increased as they will be paid later.

Membership built up to the date of flexible retirement will count towards deciding whether you have the two years' minimum membership to qualify for benefits when you finally leave your continuing employment, but will not count towards any Rule of 85 protections you may have had.

Late Retirement (after normal pension age)

If you carry on working after your normal pension age you will continue to pay into the Scheme, building up further benefits. We will pay your pension when you retire, when you reach the eve of your 75th birthday, or if you take flexible retirement, whichever occurs first. If you draw your pension after your normal pension age, it will be increased to reflect the fact that it will be paid later. Your pension must be paid by your 75^{th} birthday.

Deferring drawing your pension

You may defer drawing your pension even though you have stopped working, as long as you did not retire due to ill health, redundancy or business efficiency. however, your pension must be paid by your 75th birthday. Your pension will be increased to reflect the fact that it was not paid at retirement. During the period of deferral to normal pension age, your pension will receive increases in line with the Pensions Increase Order for deferred members. After normal pension age, your pension will be actuarially increased.

Ill-health Retirement

If you have to leave work at any age due to permanent ill-health which prevents you from doing your job and you have at least two years' Scheme membership, you may benefit from the Scheme's tiered ill-health retirement package.

To qualify for ill-health benefits, NILGOSC must be satisfied that you:

- are permanently incapable of doing your own job, and
- have a reduced likelihood of being capable of doing any other job before your normal pension age.

NILGOSC's decision is based on a report from its independent registered medical practitioner qualified in occupational health medicine.

Ill-health benefits can be paid at any age and are not reduced due to early payment. The level of benefits that you will receive depends on the severity of your illness as described on the next page.

Tier 1

If you are considered unlikely to be capable of undertaking any gainful employment before your normal pension age you will receive all of the pension benefits that you have built up plus an enhancement of 100% of the pension that you would have built up in the main section of the Scheme to your normal pension age. This enhancement is calculated using your assumed pensionable pay.

Tier 2

If you are considered likely to become capable of undertaking any gainful employment before your normal pension age you will receive all of the pension benefits that you have built up plus an enhancement of 25% of the pension that you would have built up in the main section of the Scheme to your normal pension age. This enhancement is calculated using your assumed pensionable pay.

Gainful employment is paid employment for at least 30 hours per week for a minimum of 12 months. Permanently incapable means that you will be incapable until at least your normal pension age.

However, if you have previously received a Tier 1 ill-health pension from the Scheme or were awarded an ill-health pension before 1 April 2009, then no enhancement can be added to your pension if you retire again on ill-health.

If you have previously received a Tier 2 ill-health pension from the Scheme and retire again due to ill-health, any enhancement is adjusted and capped. If you are awarded a Tier 1 or Tier 2 pension due to your second ill-health retirement, the enhancement cannot be more than three quarters of the number of years between the initial ill-health retirement and your normal pension age, less the number of years of active membership since the initial ill-health retirement.

Where an enhancement is payable the additional pension is added to your pension account. If you were paying into the Scheme before 1 April 2015, the pension you built up before then is based on your final pay when you leave the Scheme.

Payment of deferred benefits

If you left your job before you were able to claim your pension and you have met the two year qualifying period, your benefits will be deferred. These benefits will have been calculated at the date you left the Scheme and will be increased by Pensions Increase Orders until they come into payment to ensure that they keep up with the cost of living. Deferred benefits are normally paid at your normal pension age.

You may be able to claim your benefits before your normal pension age but they may be reduced for early payment as described in the Reductions to benefits on Early Retirement section. However, if you retire on ill-health grounds your benefits will be paid without reduction, but no enhancement will apply.

If you were a member of the Scheme on 30 September 2006, some or all of your benefits paid early could be protected from reduction if you have 'Rule of 85' protections. Your former employer can agree to waive any reductions. This is an employer discretion and you can ask them what their policy is on this.

Pension Credit Members

If you are entitled to a benefit from the Scheme as a result of a court ordered Pension Share on divorce or dissolution of a civil partnership, your benefits will be payable from your normal pension age. These benefits will have been calculated at the date of divorce or dissolution and will increase in line with Pensions Increase Orders until they come into payment. If you wish to draw your pension benefits earlier than your normal pension age, you can apply to do so from age 55[**] but your benefits will be reduced as they will be paid early.

The Rule of 85

The Rule of 85 refers to a provision of the Scheme which allowed members who retired early to take their pension entitlements, without reduction, if the sum of their age and length of membership equalled 85 years or more. For the purposes of this rule, part-time membership counts towards the Rule of 85 at its full calendar length. For example, ten years' part-time membership will count as ten years towards meeting the Rule of 85, although the membership on which your pension benefits are based will be the whole-time equivalent.

The Rule of 85 was abolished on 1 October 2006 in order to comply with the European Union Directive on Age Discrimination. Anyone who joined the Scheme

[**]The national minimum pension age, the earliest age you can access your pension benefits, will be increased from age 55 to age 57 from 6 April 2028.

after 30 September 2006 will have their pension benefits reduced if they retire before their normal pension age as their benefits will be paid early.

Existing members who were contributing to the Scheme on 30 September 2006 have some Rule of 85 protections. These protections are as follows:

- All existing members at 30 September 2006 are protected until 31 March 2008 i.e. the benefits they accrue up to 31 March 2008 will be protected under the ‘Rule of 85’.
- Existing members at 30 September 2006 who were 60 or over and meet the 85 year rule by 31 March 2016 are fully protected i.e. the benefits they accrue up to 31 March 2016 were protected under the ‘Rule of 85’.
- Existing members at 30 September 2006 who were 60 or over and meet the ‘Rule of 85’ between 1 April 2016 and 31 March 2020 have full ‘Rule of 85’ protection to 31 March 2008 and have some ‘Rule of 85’ protection, on a sliding scale, to 31 March 2020.

If you have Rule of 85 protections these continue to apply from 1 April 2015. The only occasion where the protection does not automatically apply is if you choose to voluntarily draw your pension on or after age 55 and before age 60. In these circumstances your employer can choose to allow the Rule of 85 to apply. This is an employer discretion and you can ask your employer what their policy is on this.

As this is a complex rule, you should contact NILGOSC for a quotation of the benefits payable if you are considering early retirement or flexible retirement before your normal pension age.

Additional Final Salary Protections

Some members have additional final salary protections. When a protected member retires, their pension in the career average pension scheme built up during the period from 1 April 2015 to 31 March 2022 is compared with the pension that they would have built up in the final salary scheme, had it continued during the same period. If the final salary pension would have been higher, their pension is increased. This is known as the ‘statutory underpin’.

You will have underpin protections in the LGPS (NI) if you meet all the following conditions:

- you were paying into the LGPS (NI) at any time between 1 April 2015 and 31 March 2022
- you were paying into the LGPS (NI) or another public service pension scheme before 1 April 2012
- you do not have a disqualifying break
- you were under your final salary normal retirement age, usually age 65, at any time between 1 April 2015 and 31 March 2022.

Underpin protection only applies to pensions built up from 1 April 2015 to 31 March 2022. The underpin period is shorter if you left the Scheme or reached your final salary normal retirement age (usually age 65) before 31 March 2022. There is no underpin protection on any pension benefits built up after 31 March 2022; these are career average pensions only.

You do not have underpin protections if you:

- left the Scheme before 1 April 2015 and did not become active in the Scheme again, or
- reached your final salary normal retirement age (usually age 65) before 31 March 2015.

A disqualifying break is a continuous period of more than five years where you were not paying into either the LGPS (NI) or any other public service pension scheme.

A public service pension scheme is one that covers civil servants, the judiciary, the armed forces, local government workers, teachers, health service workers, fire and rescue workers, members of the police forces or members of a new public body pension scheme.

How are my retirement benefits worked out?

How your pension benefits are worked out depends on when you were a member of the Scheme. If you have membership before and after 1 April 2015, separate calculations will need to be completed for each stage of your membership.

Membership after 1 April 2015

For membership of the Scheme from April 2015 your pension will be based on your average earnings.

Every year you are in the main section of the Scheme, 1/49th of your pensionable pay (and any assumed pensionable pay) is added to your pension account, or half this rate if you are in the 50/50 section, PLUS an adjustment to take into account the cost of living.

This type of scheme is known as a Career Average Revalued Earnings (CARE) pension scheme.

Your Scheme benefits are made up of:

- An annual pension that keeps pace with the cost of living for the rest of your life, and
- The option to exchange part of your pension for a tax-free lump sum. If you were a member before 1 April 2009 you will automatically be entitled to a lump sum based on your membership before that date, plus you will still have the option to exchange part of your pension for a bigger lump sum.

If you have more than one job you will have a separate pension account for each job.

If you are buying extra pension through Additional Pension Contributions (APCs) or Shared Cost Additional Pension Contributions (SCAPs) the amount you buy each year is added to your pension account.

Your employer may also increase your pension by up to £8,675 per year (2024/25 figures). This is an employer discretion and they will publish their policy on this. Any extra pension awarded by your employer is added to your pension account in the Scheme year in which it is awarded.

If you transfer a previous pension into the Scheme, the amount of pension that the transfer purchases is added to your pension account in the Scheme year in which the transfer takes place. In certain circumstances some transfers may also buy an amount of service.

If you have a court order requiring that part of your pension should be transferred to an ex-spouse or civil partner following divorce or dissolution of a civil partnership, then an amount is deducted from your pension account in the Scheme year in which the court order takes effect.

If you have chosen to have an annual allowance tax charge applied to your Scheme benefits, the charge will be paid by the Scheme at the point it arises and your pension account will be adjusted accordingly.

Pensionable Pay

From 1 April 2015 this is the total of your salary, wages and payments on which pension contributions are based. It includes your basic pay, overtime (contractual and non-contractual, additional hours, shift allowance, bonus, acting up allowance or any other taxable benefit specified in your contract as being pensionable.

It does not include:

- travelling or subsistence allowance
- pay in lieu of holidays
- payment in lieu of notice to terminate a contract of employment
- payment as an inducement not to terminate employment
- pay relating to loss of future pensionable payments or benefits
- compensation for the purposes of achieving equal pay in relation to other employees
- any amount treated as the money value for the provision of a motor vehicle
- any pay paid by your employer if you go on reserve forces service leave.
- or any non-consolidated non-pensionable payment paid to you as part of an annual pay award.

If you are on leave and receive reduced contractual pay or no pay due to sickness or injury, or are on relevant child related leave or reserve forces service leave during the Scheme year, your pension for that period is based on your assumed pensionable pay.

Guaranteed Minimum Pension (GMP)

If you were a member of the Scheme between 6 April 1978 and 5 April 1997 you may have earned a Guaranteed Minimum Pension (GMP). This was an amount of minimum pension which the Scheme had to guarantee to pay you at State Pension Age or at the date of your retirement, if later.

When you retire, your Scheme pension for membership before 6 April 1997 will be compared with your GMP, and increased to match it if your GMP is higher. In most cases, your Scheme pension is higher than your GMP.

How is my pension calculated?

If you joined the Scheme after 1 April 2015

If you joined the Scheme after 1 April 2015, your annual pension is based on how much you have built up in your pension account.

Example

Alice earns £20,000 per year and will build up annual pension in that year of:

1/49 x £20,000 = £408.16

The table below shows how her pension will build up over five years, assuming that the annual revaluation is 2%, her pensionable pay stays at £20,000 and she remains in the main section of the Scheme.

Table 2: Example pension over 5 years

Year	Opening Balance	Revaluation of 2%	New Pension Savings	Closing Balance
Year 1	£0	+ £0	+ £408.16	= £408.16
Year 2	£408.16	+ £8.16	+ £408.16	= £824.48
Year 3	£824.48	+ £16.49	+ £408.16	= £1,249.13
Year 4	£1,249.13	+ £24.98	+ £408.16	= £1,682.27
Year 5	£1,682.27	+ £33.65	+ £408.16	= £2,124.08

If Alice joined the 50/50 section of the Scheme during years 3 and 4 then her pension would be worked out as shown in Table 2.

Yearly pension savings:

Main section: 1/49 x £20,000 = £408.16

50/50 section: 1/98 x £20,000 = £204.08

Table 3: Example pension over 5 years

Year	Opening Balance	Revaluation of 2%	New Pension Savings	Closing Balance
Year 1	£0	+ £0	+ £408.16	= £408.16
Year 2	£408.16	+ £8.16	+ £408.16	= £824.48
Year 3	£824.48	+ £16.49	+ £204.08	= £1,045.05
Year 4	£1,045.05	+ £20.90	+ £204.08	= £1,270.03
Year 5	£1,270.03	+ £25.40	+ £408.16	= £1,703.59

At the beginning of every Scheme year your pension account is revalued so that your pension keeps up with the cost of living. Your pension is revalued in line with Department of Finance Orders which will be based on the change in Consumer Price Index (CPI) over the year to the previous September. From 1 April 2023 the date of revaluation changed from 1 April to 6 April to align with the tax year.

How is my pension calculated if I have membership before and after April 2015?

If you have membership before and after April 2015, separate calculations will need to be completed for each stage of your membership. The calculations for the three potential stages of membership are shown below.

Membership before April 2009 (1/80th accrual rate)

Annual Pension =

membership up to 31 March 2009 x final pensionable pay / 80

Lump sum =

(Membership up to 31 March 2009 x final pensionable pay x 3) / 80

Membership between 1 April 2009 & 31 March 2015 (1/60th accrual rate)

Annual Pension =

(Membership between 1 April 2009 and 31 March 2015 x final pensionable pay) / 60

No automatic lump sum.

Membership post April 2015

1/49th of your pensionable pay plus revaluation amounts are added to your pension account each year. When you retire your annual pension is payable as worked out as per Alice's example.

No automatic lump sum

How did the movement to CARE affect my pre-2015 benefits?

All of the pension benefits that you will have built up to 31 March 2015 are unaffected. These benefits will continue to be calculated on your final pensionable pay (excluding non-contractual overtime and additional hours) when you leave the Scheme and your previous normal pension age (usually age 65). This is usually your pay in your final year of Scheme membership, or one of the two previous years, if higher. The definition of final pay and benefits built up before 1 April 2015 remains as it was before the Scheme changed from final salary to career average. However, you cannot draw these pension benefits before your benefits under the new 2015 Scheme other than on flexible retirement.

If you are working part-time when you leave the Scheme, or worked part-time at some point during your last year of membership, your final pay is increased to what you would have received if you had worked full-time.

If your pay is reduced because of sickness, your final pay is increased to what you would have received if you had not been sick. If you have maternity, adoption or shared parental leave in the last year of your membership, final pay includes the pay you would have received if you had not been off on maternity, paternity or adoption leave.

If your pay is reduced, or increases to your pay are restricted, in your last 10 years of continuous employment because you move to a job with less responsibility or to a lower grade, you may have the option of having your final pay calculated as the average of any three consecutive years' pay in the last 10 years (ending on 31 March). This request must be made to NILGOSC no later than one month before leaving. This does not apply to flexible retirement.

You may have been issued with a Certificate of Protection from your employer if your pay was reduced or restricted for reasons beyond your control before 1 April 2009. If so, and you leave the Scheme within 10 years of that reduction or restriction, we will work out your final pay as the best year's pay in the last five years, or the average of the best consecutive three years in the last 13 years, allowing for inflation.

If you receive fluctuating emoluments (not paid on a fixed basis and in addition to basic wage or salary) then your total final pay is calculated as the sum of the average of the fluctuating emoluments over a three year period, plus final pay. Your employer has a discretion to consent to having your final pay calculated to include the average of all fluctuating emoluments paid in any three consecutive years ending 31 March within the last 10 years.

Example for membership from April 2009 to after April 2015

Mark was a member of the Scheme since April 2010. He has 5 years' membership under the 2009 Scheme and when he retired in April 2017, he had 2 years' membership in the main section of the 2015 Scheme. When Mark decided to retire in April 2017, he earned £20,000 per year, and his salary had not changed since he joined the Scheme in 2010. The rate of revaluation varies each year, however for this example it is set at 2%.

Membership from 2010 – 2015

Annual pension =

(5 (years) x £20,000 = £1,666.67) / 60

Membership from 2015 – 2017

New pension savings per year - £20,000 / 49 = £408

Table 4: Example pension over 2 years

Year	Opening Balance	New Pension Savings	Total Pension Savings	Revaluation of 2%	Closing Balance
Year 1	£0	+£408.16	=£408.16	+£8.16	=£416.32
Year 2	£416.32	+£408.16	=£824.48	+£16.49	=£840.97

Mark's total annual pension can be calculated by adding these two totals together:

£1,666.67 + £840.97 = £2,507.64 per year

Example for membership from before April 2009 to after April 2015

Mary has been a member of the Scheme since April 2000. She has 9 years' membership before April 2009, 6 years' membership between 2009 and 2015 and if she retires in April 2020, she will have 5 years' membership in the main section of the 2015 Scheme.

When Mary decides to retire in April 2020, she earns £22,000 per year, and her salary has not changed since 1 April 2015. Her pre 2015 membership is still calculated on her final salary at retirement. The rate of revaluation will vary each year, however for this example it is set at 2%.

Membership before April 2009

Annual Pension = (9 (years) x £22,000 = £2,475) / 80

Lump Sum = (9 (years) x £22,000 x 3 = £7,425) / 80

Membership from April 2009 – March 2015

Annual pension = (6 (years) x £22,000) / 60 = £2,200

Membership from 2015 – 2020

New pension savings per year - £22,000 / 49 = £448.98

Table 5: Example pension over 5 years

Year	Opening Balance	New Pension Savings	Total Pension Savings	Revaluation of 2%	Closing Balance
Year 1	£0	+ £448.98	= £448.98	+ £8.98	= £427.96
Year 2	£457.96	+ £448.98	= £906.94	+ £18.14	= £925.08
Year 3	£925.08	+ £448.98	= £1,374.06	+ £27.48	= £1,401.54
Year 4	£1,401.54	+ £448.98	= £1,850.52	+ £37.01	= £1,887.53
Year 5	£1,887.54	+ £448.98	= £2,336.52	+ £46.73	= £2,383.25

Mary’s total annual pension can be calculated by adding these three totals together:

£2,475 + £2,200 + £2,383.25 = £7,058.25

As Mary has pre-2009 membership she will also receive a guaranteed lump sum of: £7,425

There is no automatic lump sum for membership after 1 April 2009, but you will have the option to exchange some of your pension for a tax-free lump sum.

What options do I have on retirement?

You may be able to alter your standard retirement package by taking an additional lump sum or getting a small pension paid as a one-off lump sum payment.

Additional Lump Sum

You can exchange part of your annual pension for a one-off tax-free cash lump sum. You can take up to 25% of the overall capital value of your pension benefits as a lump sum and you will receive £12 of lump sum for each £1 of pension you give up. The overall capital value of your pension benefits is calculated as:

(Pension x 20) + lump sum + value of AVC fund (if any)

This calculation is not as simple as it appears as it is the benefits after pension has been exchanged for lump sum which must be taken into account, i.e. the calculation must be repeated for the new lump sum and new reduced pension to ensure that the 25% limit is not exceeded. As the capital value of accrued rights and pension to lump sum conversion are interdependent, a reiterative calculation ensues.

As per the previous example, Mary has an annual pension of £7,058.25 and a lump sum of £7,425. If she decides to give up £1,000 pension for a cash lump sum, then:

the reduced annual pension is:

£7,058.25 less £1,000 = £6,058.25
And she will get an additional tax-free lump sum of:
£1,000 x 12 = £12,000

Her total tax-free lump sum will now be -

£12,000 + £7,425 = £19,425

The total lump sum cannot exceed £268,275 (2024/25) less the value of any other pension rights you have in payment. Details of the maximum lump sum that you can take will be provided to you shortly before retirement and you can then choose how much lump sum you wish to take.

A request to take a lump sum has to be made in writing before your benefits are paid. It is important that you contact NILGOSC well in advance of your intended retirement date via your employer, so we can provide you with details, giving you plenty of time to make up your mind and seek financial advice if you wish.

Although your pension will be reduced if you decide to exchange some of it for a lump sum, any pension for your husband, wife, civil partner, eligible cohabiting partner or children will not be affected.

If you have a Guaranteed Minimum Pension (GMP), you cannot reduce your pension to below the level of your GMP (see GMP section).

In the current climate of long life expectancies and low interest rates, members are reminded that the lump sum may not be sufficient to replace the pension given up. If you are considering this option you are strongly recommended to contact an Independent Financial Adviser.

Getting a small pension paid as a lump sum

We may be able to pay a small pension as a one-off lump sum less a tax charge. This is known as trivial commutation. The circumstances in which this may happen are restrictive, particularly if you have any other pension benefits.

If a small pension is paid as a one-off lump sum, all other benefits from the Scheme would stop. Therefore NILGOSC will have to check that you have no other Scheme benefits before making this decision.

What are my options if I have been making extra contributions to boost my retirement benefits?

You can boost your retirement benefits by buying extra Scheme pension or paying Additional Voluntary Contributions (AVCs) to an in-house AVC scheme. Each of these options is described below.

Buying extra Scheme pension (Additional Pension Contributions – APCs)

Buying extra Scheme pension will increase the value of your retirement benefits.

If you retire early on ill-health grounds the contract is deemed to have been paid in full and you will receive the full amount that you had intended to buy.

If you choose to retire early and take your benefits before your normal pension age, or retire on redundancy or business efficiency grounds, the extra pension you have bought will be reduced for early payment.

If you take your benefits on flexible retirement, you will also be able to take the extra pension you have paid for, although it will be reduced for early payment.

You can choose to exchange some of the extra pension you have bought for a cash lump sum in the same as your main Scheme pension.

(Additional Regular Contributions - ARCs)

To purchase additional pension through an Additional Regular Contribution (ARC) contract you must have opted to do so before 1 April 2015. If you are already paying extra contributions to buy extra pension, you will continue to pay for them and receive extra pension on the same basis that you had agreed when you took out the contract.

Buying extra years in the Scheme

To buy extra membership (added years) you must have opted to do so before 1 April 2009. If you are already paying extra contributions to buy extra years of membership, you will continue to pay for them and receive extra benefits on the same basis that you had agreed to buy them.

Paying in-house Additional Voluntary Contributions (AVCs)

If you are paying Additional Voluntary Contributions (AVCs) to an in-house AVC scheme, your contributions will stop when you retire (or two days before your 75th birthday at the latest).

When you reach retirement you may use your AVC fund in the following ways:

- buy an annuity (yearly pension)
- buy additional Scheme pension
- take your AVCs as cash
- transfer your AVC fund to another pension scheme or arrangement.

Buying an Annuity (yearly pension)

This is where an insurance company, bank or building society of your choice takes your AVC fund and pays you a pension in return. You must do this at the same time as you draw your Scheme benefits. An annuity is paid completely separately to your Scheme benefits.

The amount of annuity depends on several factors, such as interest rates and your age. You also have some choice over the type of annuity, for example whether you want annual increases, and whether you also want to provide for dependants' benefits.

Buying a Top-up Scheme Pension

If you retire with immediate payment of your benefits you may be able to use some or all of your AVC fund to buy a top- up pension from the Scheme for yourself and any dependants. The amount of the top-up pension is calculated using tables provided by the Government Actuary's Department.

Taking your AVCs as cash

You can take some or all of your AVCs as a tax-free lump sum providing that when added to your Scheme lump sum (if applicable) the total lump sum does not exceed £268,675 (2024/25 limits)[1]. From 6 April 2024, the Government has introduced a new regime to measure the tax-free lump sum limits when lump sums are paid to members. More information can be found on page 32.

If you are paying for extra life cover through AVCs

Any extra life cover paid for through AVCs will stop when you leave (or two days before age 75, if you carry on in work beyond that age). You can no longer pay AVCs after leaving/ after age 75.

Transfer your AVC fund to another pension scheme or arrangement

You can transfer your AVC fund to another pension scheme or arrangement, including to a scheme that offers flexible benefits.

[1]If you have taken payment of pension benefits before 6 April 2024 you will used an amount of lifetime allowance. You may need to consider if transitional arrangements are relevant to you regarding the future payment of a lump sum from the Scheme. More information can be found on the page 32.

If you were to transfer your AVC funds to a defined contribution scheme which provides flexible benefits, the four main flexible benefit options that scheme might offer include:

- to purchase an annuity (yearly pension) or scheme pension
- taking a number of cash sums at different stages
- taking the entire pot as cash in one go
- flexi access drawdown

You should be aware that there may be tax implications associated with accessing flexible benefits.

Pension guidance is available from the Government's guidance website MoneyHelper if you are considering taking flexible benefits. The guidance is free and impartial and can be accessed on the internet, by phone, or face to face. For more information see www.moneyhelper.gov.uk.

If you are considering taking flexible benefits you should consider accessing this pension guidance and taking independent advice to help you decide which option is most suitable for you.

From 1 June 2022, members wishing to transfer out an AVC will be required to either book a Pension Wise appointment and provide confirmation of receiving guidance from Pension Wise, or formally opt out of this guidance. It is not possible to proceed with the transfer until this step has been taken.

Pension Wise is a government service from MoneyHelper that offers free impartial pensions guidance about your AVC (which is a defined contribution pension) options. www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise

Leave your AVC invested until age 75

You must take your AVC at the same time as your main benefits, apart from some flexible retirees. You can defer taking your main benefits and your AVC's until the eve of your 75th birthday. If you have not claimed your main Scheme benefits and the transfer conditions are met, you also have a right to transfer your AVC to another provider up to the eve of your 75th birthday.

What if my employer awards me additional pension?

Your employer may, at its discretion, award you up to £8,675 annual pension (2024/25 rates). This award will be taken into account when calculating your benefits and, if awarded prior to retirement, will be included in your conversion options. Pension that is awarded by your employer may not be reduced if paid early on redundancy or business efficiency grounds. Any award of additional pension will count towards your pension savings for annual allowance tax purposes.

Can my pension be reduced or forfeited?

Your employer can reduce your pension benefits if you cease to be employed as a result of a criminal, negligent or fraudulent act or omission on your part in connection with your employment.

A Scheme member's pension rights can be forfeited if they have been convicted of a serious offence connected with their employment and their employer applies to the Department for Communities for a forfeiture certificate.

Can I assign my Scheme benefits to someone else?

No. Your Scheme benefits are strictly personal and cannot be assigned to anyone else or used as security for a loan.

How are my retirement benefits paid and increased?

Monthly pension payments will be made directly into a bank or building society account in your name. If you move abroad, similar arrangements can be made to pay your pension into a foreign bank account. Payment dates will normally fall on the last banking day of each month, with the exception of December when NILGOSC aims to make payments before the Christmas holidays.

A pension payment advice will only be issued when your pension amount changes by more than £5 from the previous month, e.g. in April due to pension increases.

Any lump sum payment will be made directly to your bank account.

What happens if payment of my benefits is delayed?

If payment of your retirement benefits is delayed due to an error or omission on its part, NILGOSC must:

- pay interest on lump sum benefits that are paid more than one month late.
- pay interest on pensions that are paid more than a year late.

How is my pension increased?

Every year, in April, pensions are increased in line with inflation by the Pensions Increase (Review) Order. The benefit of this inflation proofing is that as the cost of living increases, so will your pension.

Qualification for pensions increases

Pension increases are normally paid only to pensioners who are aged 55** or over.

Increases are only paid to people who are below age 55** if the person concerned:

- is receiving a pension as a widow, widower, civil partner, eligible cohabiting partner or eligible child; or
- is retired on ill-health grounds; or
- has had their deferred benefits brought into payment on ill-health grounds and is considered permanently unfit for any regular full-time work.

If you retire before age 55** and are not entitled to increases, you are normally paid at a flat rate until age 55. Once you reach this age your pension will be increased to the level it would have been, had it been increased every year by the rise in the cost of living since your date of leaving. However, no arrears are payable.

**The national minimum pension age, the earliest age you can access your pension benefits, will be increased from age 55 to age 57 from 6 April 2028.

When will the increase be paid?

The increase is applied on the first Monday after 5 April each year. Your April pension payment will be made up of the number of days prior to the increase date, payable at the old rate, plus the pension for the remainder of April, payable at the increased rate.

Who pays the increase?

If you joined the Scheme before 6 April 1997 and have reached State Pension Age, your pension from us includes a Guaranteed Minimum Pension (GMP). This is because the Scheme was contracted out of the State Second Pension Scheme, previously known as the State Earnings Related Pension Scheme (SERPS) until 31 March 2016. As a condition of contracting out for service before 1997, the Scheme had to guarantee that the pension benefits payable would be no less than a Guaranteed Minimum Pension (GMP). If you participated in the Scheme between 6 April 1978 and 5 April 1997 you will have earned a GMP.

This GMP is not a separate benefit paid in addition to your Scheme pension, but the pension we pay you must equal or exceed your GMP.

Every year NILGOSC will calculate the increase relating to your pension, however we may have to do so before the DWP has notified us of your GMP details. If this happens we may have to increase or reduce later pension payments to adjust for any overpayment or underpayment. We will, of course, notify you before doing so.

If you joined the Scheme on or after 6 April 1997, you will not have a GMP.

From 6 April 2016 all Contracted-Out Salary Related Schemes (including public service pension schemes) ceased to be contracted- out. Accordingly, National Insurance rebates for both employers and employees ceased. Members continued to retain the right to any GMPs accrued before 6 April 1997.

Before you reach State Pension Age, your GMP entitlement does not affect your pensions increase. Your pension will be increased each year by the percentage specified in the annual Pensions Increase (Review) Order (subject to your meeting the qualifying conditions).

Individuals who reach State Pension Age before 6 April 2016

There is no change to the way increases to the GMP is paid.

The amount of your GMP accrued for service before 6 April 1988 - This part of your pension is totally disregarded by NILGOSC when calculating your increase. The increase on this portion of your pension is paid fully by the Department of Work and Pensions (DWP) as part of your State Pension.

The amount of your GMP accrued for service after 5 April 1988 and before 6 April 1997 - NILGOSC must pay the first 3% of any increase payable on this portion of your pension. The balance (if any) will be paid by the DWP as part of your State Pension.

The amount by which your pension exceeds your total GMP - NILGOSC is responsible for paying the full increase on this part of your pension.

Individuals who reach State Pension Age from 5 April 2016

NILGOSC will pay the full normal pensions increase on your pension (and those of your dependants) even if you have a GMP component.

How can I find out the amount of my GMP?

The Department of Work and Pensions (DWP) will normally notify you of this GMP amount when you claim your State Pension, or in the case of widows', widowers' or civil partners' pensions, shortly after the pension comes into payment.

What happens if I am not receiving GMP increases from the DWP?

If you have reached state pension age before 6 April 2016 (or you are a widow/ widower) and you are not receiving increases on your GMP then NILGOSC will pay the increases to you, until the DWP take over responsibility for these payments.

What effect will Income Tax have on my increased pension?

If, despite being awarded an increase in your gross pension, you find that the net amount of your April pension payment is less than your net March pension, this will normally be due to the deduction of extra tax to take account of the increases in both your State and Scheme pension. Although State Pensions are not taxed at source, they do still count as taxable income.

Can I transfer out my pension?

No, you cannot transfer out a pension once it has come into payment.

Life Cover - protection for your family

What benefits will be paid if I die after retiring on pension?

If you die after retiring on pension, your husband, wife, civil partner, cohabiting partner, next-of-kin or person dealing with your estate must immediately inform NILGOSC of your date of death. This is important to avoid overpayments as well as allowing NILGOSC to advise you on which of the following benefits are payable.

The benefits detailed below apply to contributing members of the Scheme on or after 1 April 2015.

- A pension for your widow, widower, civil partner or eligible cohabiting partner equal to:
    - Your accrued pension for membership in the Scheme after 31 March 2015 recalculated as if it had built up at a rate of 1/160th (including any enhancement given if the retirement was on ill-health grounds) plus
    - 49/160th of the amount of any pension credited to your pension account following a transfer in plus
    - 1/160th of your final pay times the period of membership in the Scheme up to 31 March 2015 upon which your pension is based.

If you marry or enter into a civil partnership after you have retired or when you are no longer contributing to the Scheme, the survivors' benefits could be less.

The pension for an eligible cohabiting partner is only based on the period of membership after 5 April 1988.

- Pensions for eligible children
- A lump sum death grant is payable if less than 10 years' pension has been paid. The death grant is ten times your annual pension including any pension you may have given up for a tax-free cash lump sum, minus any pension already paid to you and the amount of any tax-free cash lump sum you chose to take when you drew your pension at retirement.

There is a slight modification to this calculation if you are drawing a pension which commenced before 1 April 2015 and you are also an active member of the Scheme. In this event a lump sum death grant is payable which is the higher of:

- 3 x assumed pensionable pay or
- 10 x level of annual pension (after giving up pension for tax-free cash) less any pension already paid.

Your cohabiting partner will receive a pension when you die, if your relationship meets certain conditions laid down by the Scheme.

Eligible Children

On your death, each of your eligible children will be eligible for a child's pension if he or she is:

- our natural child (who must be born before, or within 12 months of your death), or
- your adopted child, or
- your step-child or a child accepted by you as a member of your family, who is dependent upon you at the date of your death (this does not include any child you sponsor for charity)

Eligible children must meet one of the following conditions:

- Be under age 18, or
- Be aged between 18 and 22 (inclusive) and in full-time education or vocational training, or
- Be unable to engage in gainful employment because of physical or mental impairment and either has not reached the age of 23 or the impairment is, in the opinion of NILGOSC's Independent Registered Medical Practitioner, likely to be permanent and the child was dependent on you at the date of your death because of that mental or physical impairment.

The amount of pension depends on the number of eligible children you have:

If a survivor's pension is being paid to your husband, wife, civil partner or eligible cohabiting partner, one child would receive a pension equal to the total of:

For membership from 1 April 2015 - Your accrued pension for membership in the Scheme after 31 March 2015 recalculated as if it had built up at a rate of 1/320th (including any enhancement given on ill-health grounds)

Plus

49/320th of the amount of any pension credited to your pension account following a transfer in

Plus

For membership before 1 April 2015 - 1/320th of your final pay x period of membership up to 31 March 2015 on which your pension is based.

Two or more children would receive the total of:

For membership from 1 April 2015 - Your accrued pension for membership in the Scheme after 31 March 2015 recalculated as if it had built up at a rate of 1/160th (including any enhancement given on ill-health grounds)

Plus

49/160th of the amount of any pension credited to your pension account following a transfer in

Plus

For membership before 1 April 2015 - 1/160th of your final pay x period of membership up to 31 March 2015

The pension is shared equally between eligible children.

If there is no pension being paid to a spouse, civil partner or eligible cohabiting partner, one child would receive:

For membership from 1 April 2015 - Your accrued pension for membership in the Scheme after 31 March 2015 recalculated as if it had built up at a rate of 1/240th (including any enhancement given on ill-health grounds)

Plus

49/240th of the amount of any pension credited to your pension account following a transfer in

Plus

For membership before 1 April 2015 - 1/240th of your final pay x period of membership up to 31 March 2015 on which your pension is based.

Two or more children would receive the total of:

For membership from 1 April 2015 - Your accrued pension for membership in the Scheme after 31 March 2015 recalculated as if it had built up at a rate of 1/120th (including any enhancement given on ill-health grounds)

Plus

49/120th of the amount of any pension credited to your pension account following a transfer in

Plus

For membership before 1 April 2015 - 1/120th of your final pay x period of membership up to 31 March 2015 on which your pension is based.

Death Grant Expression of Wish Form

The Scheme allows you to say who you would like any death grant and relevant AVC death benefits to be paid to by completing and returning an Expression of Wish form to NILGOSC. All members are strongly advised to complete this form and to ensure that it is kept up to date. A new form must be completed if your partnership status changes or if your wishes change. It should be noted that, under the regulations, the

Committee retains absolute discretion when deciding to whom to pay any death grant. This discretion enables the death grant normally to be paid free of inheritance tax. You can update your Expression of Wish on My NILGOSC Pension Online or an Expression of Wish Form (LGS 20) can be downloaded from our website www.nilgosc.org.uk.

What are the conditions for an eligible cohabiting partner's survivor's pension?

If you and your partner live together but are not married or in a civil partnership you are known as cohabiting partners. When you die, your cohabiting partner may be eligible for a pension, but only if the conditions noted below are met and you retired after 31 March 2009. If you have been receiving your pension since before 1 April 2009 then a cohabiting partners pension does not apply in your case.

Cohabiting partners are eligible for a pension if the following conditions are all met:

- You must be able to marry or form a civil partnership with your partner
- You and your partner must be living together as if you are a married couple or as if you are civil partners
- Neither you or your partner is living with a third person as if you are a married couple or civil partners
- Either your partner is financially dependent on you or you rely on your joint income to support your standard of living – even if you don't contribute equally.

The first condition must apply at the date of your death. The other conditions must have applied for a continuous period of at least two years before the date you died. Cohabiting partners will have to provide evidence that they meet these criteria.

There is no longer any requirement to nominate a cohabiting partner for a pension – the right to a cohabiting pension is automatic, if the conditions are met.

What if my pension is subject to a Pension Sharing Order/ Earmarking Order?

If your Scheme benefits are subject to a Pension Sharing Order or Earmarking Order issued by the Court following either divorce or dissolution of a civil partnership, or are subject to a qualifying agreement in Scotland, your benefits will be reduced in accordance with the Court Order or agreement.

In consequence, if you remarry, enter into a new civil partnership or cohabit with a partner who is eligible to receive a survivor's pension, any spouse's pension, civil partner's pension or eligible cohabiting partner's pension payable following your death will also be reduced. Benefits payable to eligible children will not, however, be reduced because of a pension share.

What effect does a GMP have on my survivor’s pension?

A Guaranteed Minimum Pension (GMP) is broadly equivalent to the State Earnings Related Pension which would have accrued in respect of service from 1 April 1978 to 5 April 1997. If your membership in the Scheme includes a GMP, your wife’s pension for that part of your membership before 6 April 1997 must not be less than half your GMP. Your husband's or civil partner’s pension for that part of your membership before 6 April 1997 must not be less than half your GMP built up after 5 April 1988.

HMRC Tax Rules

There is no overall limit on the amount of contributions you can pay, but tax relief will only be given on contributions up to 100% of your taxable earnings in a tax year (or if greater £3,600 to a ‘tax relief at source’ arrangement such as a personal pension or stakeholder pension scheme).

There are limits on how much pension you can build up before you become subject to a tax charge. This is in addition to any tax due under the PAYE system once your pension is in payment.

You can pay up to 100% of your UK taxable earnings in any tax year into any number of concurrent pension arrangements and be eligible for tax relief on your contributions.

There are limits on how much pension you can build up before you become subject to a tax charge. The first limit is the annual allowance and is the amount by which your pension savings can increase in one year without becoming subject to a tax charge. The annual allowance limit for 2024/25 is £60,000. However, if you are a high earner your annual allowance could be lower than £60,000 due to tapering[*].

The value of pension savings in the Scheme is calculated as:

[Pension value at year end – (Pension value at start of year x Consumer Prices Index inflation)] x 16

Plus

Lump sum at Year End – (Lump sum at Start of Year x Consumer Prices Index inflation)

Plus

Amount of AVC contributions made during the year.

The method of valuing benefits in other schemes may be different from the method used in the LGPS (NI).

If you have elected to transfer pension rights from another scheme to the LGPS (NI), the value of the benefits relating to the transfer does not count towards your pension savings in the Scheme in the year in which they are received.

If your pension benefits in the Scheme are reduced following a pension sharing order then, for the purposes of calculating the value of your pension savings in the

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[*] There will be a £1 reduction in annual allowance for every £2 of adjusted income (annual income before tax plus the value of your pension savings including employer contributions) earned above £260,000. The annual allowance cannot be reduced below £10,000.

Scheme, the reduction in your benefits is ignored in the year that the pension sharing order is applied.

If you retire on ill-health grounds and it is unlikely that you will be able (other than to an insignificant extent) to undertake gainful work in any capacity before reaching your State Pension Age, there is no annual allowance tax charge on the ill- health retirement benefits.

NILGOSC has a duty to notify you by 6 October of each year if you exceed the annual allowance for the previous tax year. A pensions savings statement will be issued to you if you exceed the annual allowance.

If your pension savings exceed the annual allowance, you may carry forward any unused allowance from three previous tax years. If you still exceed the allowance after carried forward allowances are taken into account, a tax charge must be applied.

If you exceed the annual allowance in any year you are responsible for reporting this to HMRC on your self–assessment tax form.

If the tax charge exceeds £1,000 and you also exceed your annual allowance limit, the charge can be paid from your pension benefits (subject to certain conditions) and your benefits will be adjusted accordingly.

If you are retiring and want NILGOSC to pay some or all of the tax charge on your behalf, you must tell us before you claim your benefits.

If you have taken any 'flexible access' benefits from a money purchase (defined contribution) arrangement then special rules may apply to your annual allowance.

The second limit was the lifetime allowance. The Government has recently brought forward new laws that have abolished the lifetime allowance from 6 April 2024. There is now no limit on benefits paid as pensions, as pensions are subject to income tax.

The changes to the law see two new lump sum allowances being used, to control the tax-free limits of lump sum payments from pension schemes. The two new allowances are:

- A **lump sum allowance** – a cumulative limit of £268,275 on the tax-free part of lump sums paid at retirement.
- A **lump sum and death benefits allowance** – a cumulative limit of £1,073,100 on the total amount of lump sums, and lump sums death benefits payable to, and in respect of, a member.

For members who take benefits after 5 April 2024, the tax-free limits of lump sum payments will be measured against these new allowances. The lump sum allowance generally will include the payment of pension commencement lump sums from the scheme. Any lump sums that are paid that are over the lump sum allowance limit will be classed as a pension commencement excess lump sum and will be taxable at the member's marginal rate. If the lump sums do not exceed the lump sum allowance limit, no further taxation will be raised.

These allowances may be higher if a member has held previous protections, such as Fixed Protection or Individual Protection. Allowances may also be different if a member has applied for, and been granted, a transitional tax-free amount certificate.

Transitional arrangements are in place for members who may have taken lump sums before 6 April 2024. The Government have set down the use of a 'standard calculation' which assumes that 25% of any previous benefits were taken as tax-free cash. If a member has taken less than 25% as tax-free cash at a benefit crystallisation event before 6 April 2024, and have benefits with NILGOSC that they intend to have paid on or after the same date, the member can ask NILGOSC to provide them with a transitional tax-free amount certificate, that reflects the amount of lump sum actually paid before 6 April 2024.

You should keep a record of any pensions that you receive, and the amount of lifetime allowance used up, if they were paid to you before 6 April 2024. You can apply to NILGOSC for a transitional tax-free amount certificate, and part of that process will involve NILGOSC satisfying itself that we are in receipt of complete and accurate evidence of all previous tax-free lump sum payments made to members.

The expectation is that very few members will be impacted by these new allowances. More information on these changes, and the process around transitional tax-free amount certificates, can be found at https://nilgosc.org.uk/members/about-the-scheme/tax-limits-on-your-pension/lump-sum-allowances/.

At the time of writing, HMRC still expects to have to provide further guidance, so unfortunately there remains some uncertainty on some aspects of the new regime.

Will there be any tax limits on the benefits payable to my family in the event of my death?

Your personal representatives will have to determine whether, with the lump sum death grant, the capital value of your overall pension benefits (not including any spouse's, civil partner's or dependant's pensions) exceeds the HMRC allowance. Under HMRC rules, any excess will be subject to a recovery tax charge. The capital value of most Scheme members' pension benefits will be significantly less than the allowance.

Who do I contact about tax on my pension when I retire?

All queries about income tax on your pension should be addressed to:

Pay As You Earn and Self-Assessment
HM Revenue and Customs
BX9 1AS
United Kingdom

Tel: 0300 200 3300

Overseas Telephone Number: 0044 135 535 9022

PAYE Reference No. 916/G82576

Helpful Information

In this section you will find information on commonly used terms, what to do if you have a problem and information on how your data is protected and used.

Definitions of Terms

Assumed Pensionable Pay

Assumed pensionable pay is the estimated pay that is used if you are no longer receiving full pay due to sickness, injury, relevant child related leave or reserve forces service leave. It is usually calculated using the pensionable pay that you received during the three months or twelve weeks before your pay was reduced or you started a period of relevant child related leave or reserve forces service leave. However, if the pensionable pay received during this period was materially different than you normally receive, your employer may use a revised figure to reflect this. This ensures that you continue to build up pension on your unreduced pay. It will also be used to calculate the benefits payable to you if you die in service or retire due to ill-health.

Consumer Price Index (CPI)

The Consumer Price Index (CPI) is the official measure of inflation of consumer prices in the United Kingdom. CPI is used to increase (each April) the value of your deferred pension in the Scheme and any pension in payment from the Scheme. The adjustment ensures that your pension keeps up with the cost of living.

Discretion

This is the power given to employers to allow them to choose how they will apply discretions for certain provisions of the Scheme. The employer is required to consider how to exercise its discretions and, in respect of some discretions, must have a written policy on how it will apply its discretions.

Eligible Child

Eligible children are your children. They must, at the date of your death:

- Be your natural child (who must be born before, or within 12 months of your death), or
- Be your adopted child,
- Be your step-child or a child accepted by you as a member of your family (this does not include a child you sponsor for charity) and be dependent on you.

Eligible children must meet the following conditions:

- Be under age 18, or

- Be aged between 18 and 22 (inclusive) and in full-time education or vocational training, or
- Be unable to engage in gainful employment because of physical or mental impairment and either has not reached the age of 23 or the impairment is, in the opinion of NILGOSC's Independent Registered Medical Practitioner, likely to be permanent and the child was dependent on you at the date of your death because of that mental or physical impairment.

Final Pay

This is usually the pay in respect of your final year on which you paid contributions, or one of the previous two years, if higher. It includes your normal pay, contractual shift allowance, bonus, contractual overtime (but not non- contractual overtime), maternity pay, paternity pay, shared parental pay, adoption pay, paid parental bereavement leave and any other taxable benefit specified in your contract as being pensionable. It is the pay that is used to calculate your benefits on membership before 1 April 2015.

Eligible Cohabiting Partner

Certain conditions have to be met for an eligible cohabiting partner to receive survivor benefits in the event of your death. Information on these conditions are set out in the section on Life Cover.

Normal Pension Age

Normal Pension Age is linked to your State Pension Age for benefits built up from April 2015 and is the age at which you can take your benefits in full. If they are taken earlier, the benefits are reduced. If they are taken later, they are increased.

Pensionable Pay

This is the total of your salary, wages and payments on which pension contributions are based. It is also used to calculate your pension for membership after 31 March 2015. It includes your basic pay, overtime (contractual and non-contractual), additional hours, shift allowance, bonus, acting up allowance or any other taxable benefit specified in your contract as being pensionable. It does not include travelling or subsistence allowance, pay in lieu of holidays, payment as an inducement not to terminate employment, pay relating to loss of future pensionable payments or benefits, compensation for the purposes of achieving equal pay in relation to other employees, any amount treated as the money value for the provision of a motor vehicle, any pay paid by your employer if you go on reserve forces service leave or any non-consolidated non-pensionable payment paid to you as part of an annual pay award.

Relevant Child Related Leave

Relevant Child Related Leave includes periods of ordinary maternity, adoption or paternity leave (usually the first 26 weeks) and any periods of paid additional maternity, adoption, shared parental leave (usually after week 26 to week 39), or paid parental bereavement leave.

Revaluation Adjustment

At the end of every Scheme year the balance in your pension account is revalued so that your pension keeps up with the cost of living. Your pension is revalued in line with Department of Finance Orders which use the rate of the Consumer Price Index (CPI) to revalue your pension account.

State Pension Age

State Pension Age is the earliest age that you can receive your Scheme pension benefits and the state basic pension. State Pension Age is different for everyone depending on your age. You can find out your State Pension Age at
www.gov.uk/calculate-state-pension

State Pension Age equalisation for women

If your date of birth was between 6 August 1953 – 5 December 1953 your State Pension Age is in the age range of 64 – 65.

The State Pension Age will increase to 66 for both men and women from December 2018 to October 2020.

Increase in State Pension Age from 65 to 66 for men and women

If your date of birth was between 6 December 1953 – 5 October 1954 your State Pension Age is in the age range of 65 – 66. If your date of birth is after 5 October 1954 your State Pension Age is 66.

Under current legislation the State Pension Age is due to rise to 67 between 2026 and 2028. The government has proposed that the State Pension Age will rise to 68, seven years earlier than planned, between 2037 and 2039, but the proposed changes are subject to legislation and could change. To find out your State Pension Age please visit
www.gov.uk/calculate-state-pension.

Help with Pension Problems

Who can help me if I have a query or a complaint?

Please contact your employer if your query is about your contribution rate.

Please contact NILGOSC if you are in any doubt about your entitlements or if you have a question about your membership or benefits. We will try to explain the position as quickly and efficiently as possible.

If you are still dissatisfied, NILGOSC has two distinct processes in place to deal with complaints. The appropriate process will depend on the nature of your complaint.

Complaints relating to application of Scheme Regulations are dealt with under the **Internal Dispute Resolution Procedure (IDRP)**.

Complaints relating to dissatisfaction about NILGOSC's action, lack of action, or about the standard of service provided by NILGOSC are dealt with under **Service Delivery Complaints**.

If your complaint relates to both the application of Scheme Regulations and the service provided by NILGOSC, it will be treated as a single complaint to be handled under the statutory Internal Dispute Resolution Procedure (IDRP).

Further information on how to make a complaint, can be found on our website https://nilgosc.org.uk/about-us/complaints=compliments/.

The Pensions Ombudsman

If a complaint or request for review has not been satisfactorily resolved through the internal procedures, an application can be made to the Pensions Ombudsman within three years of the event that gave rise to the complaint or request. The Pensions Ombudsman can investigate and determine any complaint or dispute involving maladministration of the Scheme or matters of fact or law and his or her decision is final and binding (unless the case is taken to court on a point of law). Matters where legal proceedings have started cannot be investigated by the Pensions Ombudsman.

The Pensions Ombudsman can be contacted at:

The Pensions Ombudsman
10 South Colonnade Canary Wharf
E14 4PU

Telephone: 0800 917 4487

Email: enquiries@pensions-ombudsman.org.uk
Website: www.pensions-ombudsman.org.uk

MoneyHelper

MoneyHelper is available at any time to assist members and beneficiaries if you need information and guidance concerning your pension arrangements.

You can contact MoneyHelper at:

MoneyHelper
Money and Pensions Service 120 Holborn
London, EC1N 2TD

Telephone: 0800 011 3797
Website: www.moneyhelper.org.uk

An online chat facility and online enquiry form is available through the above website.

Pension Wise

From 1 June 2022, members wishing to transfer out an AVC will be required to either book a Pension Wise appointment and provide confirmation of receiving guidance from Pension Wise, or formally opt out of this guidance. It is not possible to proceed with the transfer until this step has been taken.

Pension Wise is a government service from MoneyHelper that offers free impartial pensions guidance about your AVC (which is a defined contribution pension) options.

You can book an appointment via their website www.moneyhelper.org.uk/en/pensions-and-retirement/pension-wise, or by telephone on 0800 138 3944.

The Pensions Regulator (TPR)

This is the regulator of work based pension schemes. TPR has powers to protect members and help put matters right. In extreme cases it can fine trustees, managers or employers. If you have a concern about your workplace pension you can contact TPR.

The Regulator can be contacted at:

Telephone: 0345 600 7060

Web: www.thepensionsregulator.gov.uk

In writing: Telecom House, 125-135 Preston Road, Brighton, BN1 6AF

The Northern Ireland Public Services Ombudsman (NIPSO)

If you think you have been treated unfairly by the Committee or remain dissatisfied with NILGOSC's response, you can complain to the Ombudsman. You must have exhausted NILGOSC's internal complaints procedure before you refer your complaint to NIPSO. NIPSO must receive your complaint within 6 months of the date of your stage 2 review result letter from NILGOSC.

The Ombudsman can be contacted at:

The Northern Ireland Public Services Ombudsman

Freepost NIPSO Belfast BT1 6HN

Telephone: 028 9023 3821

Freephone: 0800 343424

Email: nipso@nipso.org.uk

Website: www.nipso.org.uk

How can I trace my pension rights?

The Pension Tracing Service holds details of pension schemes along with relevant contact addresses. It provides a tracing service for ex- members of schemes with pension entitlements (and their dependants) who have lost touch with their previous schemes. All occupational and personal pension schemes have to register if the pension scheme has current members contributing to the scheme or people expecting benefits from the scheme. If you need to use this tracing service:

T: 0800 731 0193

W: www.gov.uk/find-pension-contact-details

Don't forget to keep all your pension providers up to date with any change in your home address.

Data Protection

NILGOSC is a data controller in line with the UK Data Protection Act 2018 and UK General Data Protection Regulation (UK GDPCR). This means we store, hold and manage your personal data in line with statutory requirements to provide you with pension administration services. To enable us to carry out our statutory duties, we are required to share your information with certain bodies, but will only do so in limited and specified circumstances. For more information about how we hold your data, who we share it with and what rights you have to request information from NILGOSC, please refer to the Privacy Notice for Members and Scheme Beneficiaries, available on our website.

Requests in relation to accessing your personal data or exercising any other rights under data protection legislation should be made in writing or via email to the Data Protection Officer at NILGOSC at governance@nilgosc.org.uk.

National Fraud Initiative

NILGOSC is required to protect the public funds it administers. It may share information provided to it with other bodies responsible for auditing or administering public funds in order to prevent and detect fraud.

In accordance with this, NILGOSC participates in the National Fraud Initiative run by the Northern Ireland Audit Office, which has statutory powers to conduct data matching exercises. For this initiative NILGOSC provides details of pensioners and deferred members so that the information can be compared to that provided by other public bodies. This will ensure, for example, that no pensions are being paid to persons who are deceased or no longer entitled.

Further information about NILGOSC's participation in the National Fraud Initiative is available on our website at www.nilgosc.org.uk/pensioners/fraud/national-fraud-initiative-nfi. However, if you have any questions, you should contact the Information and Compliance Manager at NILGOSC who can also provide hard copies of this information.

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Contact Details

If you have any questions on the content of this leaflet or on any aspect of the Local Government Pension Scheme (NI), please contact the Pension Administration Team by any of the methods below:

Postal address:

NILGOSC
Templeton House, 411 Holywood Road, Belfast, BT4 2LP

Website: www.nilgosc.org.uk

Telephone: If you are already receiving your pension: 0345 3197 326

Telephone: If you are not already receiving your pension: 0345 3197 325

Calling From Abroad: if you are receiving your pension: 00 44 2890 764196

Calling From Abroad: if you are not already receiving your pension 00 44 2890 768025

Email: info@nilgosc.org.uk

Typetalk (for Minicom users): 18001 0345 3197 325

Our offices are open Monday to Friday, from 9am to 5pm. Please contact us in advance of visiting our office to ensure that a meeting room is available. The office is closed on public and statutory holidays.

Information produced by NILGOSC can be made available in several languages and formats (such as large print, in Braille or on audio disc).