# How your pension works

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Pensions Made Simple: How your pension works

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A pension with Local Government is an easy way to save for life after work.

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It’s a Defined Benefit pension,

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which means that it’s built up by using a fixed formula.

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This gives you a secure and guaranteed income every year

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when you stop working.

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It works like this.

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Every year you build up a pension based on a fraction of your salary.

On screen: One 49th of your salary

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This is paid into your pension account.

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At the end of the year, this is added to your total from previous years

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and re-valued to make sure it keeps up with the cost of living.

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When you take your pension in later life,

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the total in your account is paid to you as your annual pension

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and you can choose to swap part of it for a tax free lump sum.

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If you leave your job before retirement, you have two choices.

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You can keep your pension account,

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though you won't be able to pay into it any longer.

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This is known as a deferred pension.

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Or you can transfer it into another pension.

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However, if you leave within 2 years,

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you will normally be able to claim a refund of your contributions.

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Visit the NILGOSC website for more information about the benefits of the Scheme

On screen: nilgosc.org.uk

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and how any pension you built up before 1 April 2015 is worked out.

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You can also watch more of our 'Pensions Made Simple' videos.

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