NILGOSC
NORTHERN IRELAND LOCAL GOVERNMENT OFFICERS' SUPERANNUATION COMMITTEE

REJOINING THE SCHEME

A GUIDE FOR MEMBERS OF THE LGPS (NI)

Contents

Welcome back! Now that you have rejoined the Local Government Pension Scheme (the Scheme) you may be able to combine your old and new pension benefits together. You can use the information in this booklet to help decide if this is the right choice for you.

This guide is for general information only and cannot cover every personal circumstance. If there is any dispute over your pension benefits, the appropriate pension legislation will apply. This guide does not give you any contractual or legal rights and is provided for information purposes only.

What are deferred pension benefits?

If you left the Scheme with more than two years' membership (or three months' membership if you left before 1 April 2015) you will have a deferred pension benefit. This means that you have a pension with us, but it is not ready to be paid. If you left with less than two year's membership (or less than three months' membership) you will be entitled to a refund.

Combining your pensions

If you get a new job and rejoin the pension scheme, you may have the option to combine your old and new pension benefits together. The main principles of combining pensions are outlined below:

- Any unpaid refund must be combined with your new active pension account. This will happen automatically.
- A deferred pension can only be combined with a new active pension account. It cannot be combined with another deferred pension or a pension that is already being paid to you. You only have 12 months from the date of rejoining to decide whether to combine your pensions.
- If you had more than one job with any Scheme employer at the same time and one job ends but the other continues, your deferred pension from the job that has ended is automatically added to your active membership account for the job that is continuing. You have 12 months to decide if you want to keep them separate.
- Only your employer can extend the 12-month period.
- If you combine your pensions, you will have one pension for all your membership.
- If you opted out of the Scheme you cannot combine those pension benefits with another pension account.
- Deferred councillor pensions can only be combined with active councillor pensions (note councillor pension benefits are more restricted).

How are pensions worked out?

Your benefits are worked out differently depending on when you were a member of the Scheme. It is important to understand how pension build up changed through the years as it may influence your decision whether to combine pensions or keep them separate.

On 1 April 2015 the Scheme changed from a final salary scheme to a career average revalued earnings (CARE) scheme.

Career Average Revalued Earnings Scheme

For membership built up from 1 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 is added to your pension account (or half this rate if you are in the 50/50 section) PLUS an adjustment so that your pension keeps up with the cost of living. At retirement, you have the option of exchanging some of your pension for a tax-free lump sum.

Some members may have final salary protections that carry through until 31 March 2022. This is discussed in the Underpin section on pages 13 and 23.

Pensionable Pay (from 1 April 2015): The amount of pay on which your pension contributions are based and includes non-contractual overtime and additional hours. There are circumstances when NILGOSC will use an assumed pensionable pay, e.g. child-related leave.

Final Salary Scheme

For membership from 1 April 2009 to 31 March 2015, you receive a pension of 1/60th of your final pay. There is no automatic lump sum for membership after March 2009, but you do have the option at retirement to exchange some of your pension for a tax-free lump sum.

For membership up to 31 March 2009, you receive a pension of 1/80th of your final pay plus an automatic tax-free lump sum of three times your pension. You also have the option at retirement to exchange some of your pension for a tax-free lump sum.

Final Salary Pensionable pay: The total of all salary, wages and other payments paid to you in your employment but it does not include payments for non-contractual overtime or additional hours. There are other exclusions relating to travelling or subsistence allowances, pay in consideration of loss of holidays, pay in lieu of notice etc.

Final pay is usually your pay due for the final year of Scheme membership on which you paid contributions, or one of the previous two years if this is higher.

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 the whole-time pay that you would have received if you had worked full-time.

There are further protections for final pay if your pay is reduced due to sickness, if you are on maternity, paternity or adoption leave, or if your pay is reduced or increases to your pay are restricted.

If you combine your final salary benefits with your new active pension account and they buy an amount of earned pension in the career average scheme, then they will be treated as career average benefits.

Your decision if you have previous deferred pension benefits

If you wish to combine

The type of pension provided will depend on when you were a member of the Scheme and whether you have had a disqualifying break* or a break in LGPS (NI) membership of more than 5 years (after 31 March 2015). More details on these breaks are provided on the next page. The outcomes for different periods of membership are set out below:

1 Deferred pension was made up of membership before 1 April 2015 only

Have you had a disqualifying break* in public service pension scheme membership of more than 5 years?

No

You can choose whether your final salary pension benefits remain linked to your final salary when you leave your new job or are converted to CARE pension and added to your new pension account.

Yes

If you combine your pensions, any pension built up before 1 April 2015 is treated as CARE pension and added to your new pension account.

2 Deferred pension was made up of membership before and after 1 April 2015

Have you had a disqualifying break* in public service pension scheme membership of more than 5 years?

No

You will have some final salary pension for the period before 1 April 2015 and some CARE pension built up from 1 April 2015

Yes

The pension you have built up before 1 April 2015 is treated as CARE pension and added to your new pension account.

3 If your **deferred pension had membership only after 1 April 2015** you will only have CARE pension.

There are two types of breaks that are relevant if you are combining your pension benefits:

Disqualifying break* – if you have a disqualifying break and combine pensions, the value of any final salary pension is used to buy CARE pension.

LGPS (NI) break (after 31 March 2015)

- If you have a break of **less than 5 years** between leaving the LGPS (NI) and rejoining, the CARE pension being added to your new active account is adjusted as if in-service revaluation applied instead of pensions increase.
- If you have a break of **more than 5 years** there is no adjustment and pensions increase continues to apply to the CARE pension for the period of the break.

If you do not wish to combine

Your pension built up before 1 April 2015 will have been calculated on your final pay when you left that job. It will not be recalculated on your new final pay when you leave your current job.

You will not be able to transfer your deferred benefits to another pension scheme while you have another active account with us, or if you have less than one year until you reach your Normal Pension Age.

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

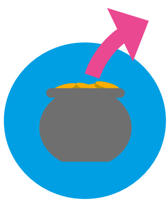
A public service pension scheme is a UK pension scheme covering civil servants, the judiciary, local government workers, armed forces, teachers, health service workers, fire and rescue workers, members of the police forces or members of a new public body pension scheme.

Should I combine my benefits?

The decision to combine your benefits or to keep them separate depends on your own circumstances and what you think is most likely to happen in the future.

The factors that you may wish to consider and the implications of your choice are shown below. Not all the factors will apply to each member. There is also a decision table on page 17 which you may find helpful. Alternatively, you may wish to seek independent financial advice before making your decision.

Factors to consider and who they apply to	Implications if you combine your pension benefits	Implications if you keep your pension benefits separate
Early payment of benefits Applies to everyone	Your combined pension benefits **must be paid at the same time** once you have retired from your current job. You can choose to take your combined pension from age 55[1] onwards without your employer's permission. Your pension will usually be reduced as it is being paid for longer.	Your deferred pension **does not have to be taken at the same time** as the pension for your current job. You can choose to take the pension from your new job from age 55[1] onwards without your employer's permission. Your pension will usually be reduced as it is being paid for longer.



1 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.

Factors to consider and who they apply to	Implications if you combine your pension benefits	Implications if you keep your pension benefits separate
Redundancy / Business Efficiency Applies to everyone	If your pension is paid early because of redundancy or business efficiency **your earlier benefits will also be paid**. If you are aged 55[2] or over your pension would be paid immediately and it is not reduced for early payment.	If your pension is paid early because of redundancy or business efficiency in your new job, **your old pension will not be included**. If you are aged 55[2] or over the pension for your new job will be paid without reductions. The age that you can receive your deferred pension depends on when it is due to be paid (see Normal Pension Age section on page 19).
Cost of living increases Applies to everyone – possible differences in periods of negative inflation	Your benefits will be **revalued each year in line with the Consumer Prices Index** to ensure that they keep up with the cost of living. **In times of negative inflation your pension could be reduced**. The combined benefits for your membership before 1 April 2015 (if on final salary basis) will continue to be calculated using your final pay in your current job when you leave the Scheme (based on the 2009 definition of final pay – see page 5)	The benefits in the **active pension account will be revalued each year in line with the Consumer Prices Index. In times of negative inflation your pension could be reduced**. The benefits in your deferred account will be revalued each year under the Pensions (Increase) Act (NI) 1971. **In times of negative inflation your pension will not be reduced.**

2 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.

Factors to consider and who they apply to	Implications if you combine your pension benefits	Implications if you keep your pension benefits separate
Death in service lump sum Applies to everyone	If you die as an active member of the Scheme, your loved ones will receive a **lump sum of approximately three times your annual pay**.	If you have separate active and deferred benefits your loved ones will **not receive two death grants. Whichever death grant is higher will be paid.** Death grant for active member: approximately three times your annual pay. Death grant for deferred member: 5 times your annual deferred pension[3].
What pay is used to calculate my benefits? A consideration for anyone with final salary service before 31 March 2015 or who is eligible for the underpin (see page 23)	If you have a **break of less than 5 years in public sector pensions**, your **benefits before 1 April 2015 will be calculated on your whole-time equivalent final salary when you retire from your current job** (based on the 2009 definition of final pay – see page 5). You will need to think about whether the final pay in your current job is higher than the final pay used to work out your deferred final salary benefits.	Your **benefits before 1 April 2015** will have been **calculated on your whole-time equivalent final pay when you left that job** (based on the 2009 final pay definition - see page 5). Your deferred benefits are not recalculated when you leave your next job.

3 For post 31 March 2009 leavers only. If you left employment before 1 April 2009, the value of death grant is equal to the value of your deferred lump sum.

Factors to consider and who they apply to	Implications if you combine your pension benefits	Implications if you keep your pension benefits separate
Transferring your pension You cannot transfer your pension unless you have stopped paying into the Scheme in all records.	You **can transfer your pension** to another pension scheme unless you are within a year of your Normal Pension Age or if you are still paying into the Scheme.	You **cannot transfer your deferred pension** benefits to another scheme until your current Scheme membership ends.
Rule of 85 Only applies to members who were active on 30 September 2006	If you have rule of 85 protections the **protections will transfer to your active pension account.** (For more information on the rule of 85 see page 21.)	If you have rule of 85 **protections** they **will only apply to your deferred benefits** and not to your active pension account.
Payable dates This is relevant if you had membership before 1 April 2015 as the Normal Pension Age increased to be the same as your state pension age from that date.	Any **pension based on your final salary will have a Normal Pension Age of 65**. Any pension that is treated as **career average benefits will be paid when you reach State Pension Age** (or a minimum of age 65). See the Normal Pension Age section on page 19 for further details.	Any **pension built up from 1 April 2015** will be **paid when you reach State Pension Age**. See the Normal Pension Age section on page 19 for further details on the retirement ages for deferred benefits.

Factors to consider and who they apply to	Implications if you combine your pension benefits	Implications if you keep your pension benefits separate
Ill-health (only applies if you have at least two years' service and meet the ill-health retirement criteria). It is important to note the difference between the pension you will receive as a deferred member and as an active member.	If your pension benefits are paid early due to ill-health **your earlier deferred pension benefits will also be paid** as these records have been combined. **Your benefits will be enhanced** depending on the severity of your illness. The criteria for ill-health retirement is based on the Scheme rules that applied at your date of leaving.	If your benefits are paid early due to ill-health **your earlier deferred pension will not automaticially be included**. **Your active pension will be enhanced** depending on the severity of your illness. You can **apply for your deferred benefits separately**. They will only be paid at this time if NILGOSC decides that the criteria for ill-health retirement is met (the criteria for ill-health retirement will be different depending on when you left your previous job). **There is no enhancement to deferred benefits paid due to ill-health.**

Factors to consider and who they apply to	Implications if you combine your pension benefits	Implications if you keep your pension benefits separate
Tax charges Usually only applies to high earners or those with a very large salary increase on rejoining the Scheme and only affects you if you combine your pension benefits and have final salary membership (before 1 April 2015) or underpin protection	There are **potential annual allowance tax implications if you combine your deferred pension benefits with your active pension account** as this will increase your pension savings in the year you combine them. However, you can carry forward any unused annual allowance from the last three years. This means that even if your pension savings increase by more than £60,000 (2025/26 rates) in a year, you may not have a tax charge. NILGOSC will make you aware of the implications in the unlikely event that a tax charge will apply.	Your pension savings for annual allowance are measured for any pension account that you contribute to during the tax year.
Underpin protections (see definition for eligibility in the glossary)	If you **do not have a disqualifying break you will keep your underpin protections**. However, if you reached age 65 before rejoining the Scheme and have no disqualifying break, you will retain the underpin protections calculated on your earlier deferred pension account even if you combine your pensions. If you **do have a disqualifying break you will lose underpin protection from your earlier pension**.	If you are eligible your **deferred pension benefits will keep their underpin protection**, but your **new pension record will not have any underpin protection** (assuming it started after 31 March 2022).

What if I was paying extra contributions in my previous record?

There are several ways you can pay more to increase your benefits. If you have one of the following arrangements, you need to understand what happens to any payments you have already made and whether you can continue to pay these extra contributions in your new job.

Buying Added Years (extra membership)

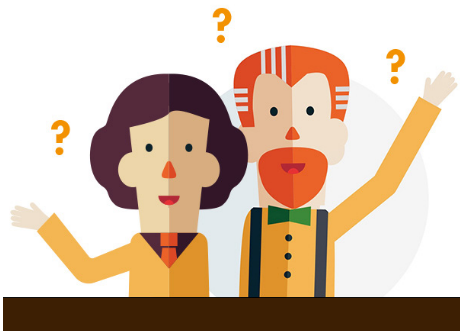
This option allowed you to purchase extra membership in the Scheme (contract must have started before 1 April 2009).

If you combine your deferred benefits with your new active pension account, your benefits built up before 1 April 2015 may be treated as either final salary or career average benefits. See page 6 if you are unsure which category your benefits fall into.

After combining, pension built up before 1 April 2015 continues to be based on your final salary and your existing contract can only continue if:

- The break between leaving your old job and starting your new job is less than 12 months, and
- You choose to continue paying your added years contract within 3 months of rejoining the Scheme in your new job, and
- In those 3 months you pay extra contributions to cover the break (if any) between jobs.

These added years count towards your benefits in the final salary Scheme.



If, after combining, your deferred pension is treated as career average pension, then your existing contract cannot continue, and you cannot take out a new contract to buy extra membership. You can however consider buying extra pension (known as Additional Pension Contributions or APCs). Please see the NILGOSC website (www.nilgosc.org.uk) for more information.

If you choose to keep your deferred pension benefits separate, any existing added years contract cannot continue and any extra membership you have already bought will be included in your deferred pension benefits. You cannot continue to pay for your added years contract.

Paying Additional Regular Contributions (ARCs)

These contracts were taken out between 1 April 2009 and 31 March 2015 to buy extra pension. You cannot continue to make contributions to them regardless of your decision to combine or keep your pensions separate.

If you do combine your pre-1 April 2015 benefits with your new active pension account your benefits built up before 1 April 2015 may be treated as either final salary or career average benefits. See page 6 if you are unsure which category your benefits fall into. If your benefits continue to be treated as final salary benefits the amount of ARCs which you have already bought will be added to the value of your final salary pension.

If you combine your deferred pension benefits with your new active pension account and your final salary benefits are treated as career average pension, any extra pension you have already bought is included in the amount of career average pension that is added to your pension account.

If you do wish to pay more contributions in your new job you can consider buying extra pension (known as Additional Pension Contributions). You can contact NILGOSC for more information.

If you choose to keep your pension benefits separate, any extra pension you have already bought will be included in your deferred benefits. You cannot continue to pay for your ARCs contract.

Paying Additional Pension Contributions (APCs)

These are contracts taken out on or after 1 April 2015 to purchase extra pension.

APC arrangements to buy lost or extra pension stop once you leave the job they are linked to.

Any extra pension built up via an APC will be added to your new active pension account if your benefits are combined.

If you choose to keep your pension benefits separate, any extra pension you have already bought will be included with your deferred pension benefits. You cannot continue to pay towards your previous APC arrangement. However, you can take out another APC arrangement in your new job. Please see the NILGOSC website (www.nilgosc.org.uk) for more information on APCs.

Additional Voluntary Contributions (AVCs)

If you have paid AVCs and wish to continue contributing, the value of your AVC fund can be transferred to an AVC arrangement linked to your new job.

Making your decision

You may find it helpful to note the best options for you in relation to each factor in the table below.

Factor to consider	Better to combine pensions	Better to keep pensions separate
Early payment of benefits		
Redundancy / Business Efficiency		
Cost of living increases		
Death in service lump sum		
What pay is used to calculate my benefits?		
Transferring your pension		
Rule of 85 (only applies to active members at 30 September 2006)		
Payable dates		
Ill-health (applies only to members with at least two years' service)		
Tax charges		
Underpin protections (see definition for eligibility in the glossary)		

How do I tell NILGOSC that I wish to combine my pension benefits?

If you want to combine your pension benefits you must complete and return an option form within 12 months (or such period as your employer may allow) of rejoining the Scheme. If you do not return the option form, your earlier benefits will remain separate and cannot be combined at a later date.

More Information and Glossary

This section gives more detail about how your benefits are calculated, when they become payable and information about protections as well as explaining some of the terms used in this guide.

Annual Allowance

The annual allowance is £60,000 (2025/26).

If you combine your previous deferred pension benefits with your new pension account this will increase your pension savings in the year you combine them.

However, you can carry forward unused annual allowance from the last three tax years meaning that, even if the value of your pension savings increases by more than the annual allowance limit in a year, you may not have to pay a tax charge.

Most people will not be affected by the annual allowance tax charge.

There will be a £1 reduction in annual allowance for every £2 of adjusted income (annual income before tax plus your own and any employer pension contributions) earned above £260,000. This only applies to members whose pensionable pay is more than £200,000. The annual allowance cannot be reduced below £10,000.

Cost of Living Adjustment (Consumer Prices Index)

The Consumer Prices Index (CPI) is the official measure of inflation of consumer prices in the UK and is currently used to adjust your pension account at the end of every year while you are an active member of the Scheme. It is also used to increase (each April) the value of your deferred pension and any pension in payment to ensure that your pension keeps up with the cost of living.

Normal Pension Age

The table below shows the normal pension age for your deferred benefits depending on when you were an active member of the Scheme.

	Membership that ended before 1 October 2006	**Membership between 1 October 2006 and 31 March 2015**	**Membership from 1 April 2015**
Normal Pension Age	Age 60 if, by that age, you would have had 25 or more years' membership in the Scheme if you had remained in the Scheme until then, or The date you would have achieved 25 years' membership, if that date would fall after age 60 and before age 65, or Age 65 if, by that age, you would not have had 25 years membership in the Scheme if you had remained in the Scheme until then.	Age 65	Linked to your State Pension Age (but with a minimum of age 65)

If you take your pension before your Normal Pension Age it will normally be reduced, as it is being paid earlier. If you take it later than your Normal Pension Age, it will be increased because it is being paid later. The amount of any reduction or increase will be based on how many years earlier or later than your Normal Pension Age you draw your pension. If your Normal Pension Age for benefits in the final salary Scheme is different from your Normal Pension Age in the career average Scheme, the level of the reductions or increases applied to each set of benefits will be different. You cannot take your final salary Scheme benefits separately from your career average Scheme benefits if they have been combined. All your pension would have to be taken at the same time (except in the case of Flexible Retirement).

If you have rule of 85 protections, these will still apply. For more information see the explanation of rule of 85 on the next page.

Rule of 85

The Rule of 85 allowed members who retired early to take their benefits without reductions if the sum of their age and length of membership equalled 85 years or more. This rule was removed on 1 October 2006, however members who combined before this have some protections.

If you work part-time, your membership counts towards the rule of 85 in full years e.g., 1 year part-time membership equals 1 full year towards the rule of 85.

Not all membership may count towards working out whether you meet the 85-year rule. This is explained in the next section.

Who does it apply to?

If you were a member of the Scheme on 30 September 2006, some or all of your benefits could be protected from reductions if you claim them early. Working out how you are affected by the 85-year rule can be quite complex.

If you do not meet the 85 year rule by the time you are 65, and you take your pension before your Normal Pension Age, all your benefits are reduced.

If you are age 60 or over by 31 March 2016 and take your pension before your Normal Pension Age, then, if you meet the 85 year rule when you claim your pension, the benefits you built up to 31 March 2016 will not be reduced.

If you are under age 60 by 31 March 2016 and take your pension before your Normal Pension Age (usually age 65), then, if you meet the 85 year rule when you claim your pension, the benefits you had built up to 31 March 2008 will not be reduced. If you are aged 60 between 1 April 2016 and 31 March 2020 and meet the 85 year rule by 31 March 2020, some or all of the benefits you build up between 1 April 2008 and 31 March 2020 will not have a full reduction.

Rule of 85 protection does not automatically apply if you became entitled to deferred benefits after 31 March 2015 and:

- keep those benefits separate from your new or ongoing job and voluntarily draw them on or after age 55[4] and before age 60, or
- combine those benefits with your new or ongoing job, then leave the Scheme before age 60 and voluntarily draw your combined benefits on or after age 55[4] and before age 60.

How will combining my benefits impact on my rule of 85 protections?

If the rule of 85 applies to part or all of your previous pension benefits in the Scheme, and there is a long gap between your dates of leaving and rejoining the Scheme, then combining your pension benefits could make your rule of 85 date later. If this is the case, keeping your deferred pension benefits separate could protect your earlier rule of 85 date for those benefits, but you would not have rule of 85 protection on your pension benefits building up in your new job.

The reason the earlier rule of 85 date on your deferred pension benefit would be protected is because the period after you left the Scheme is also included when working out your rule of 85 date even though you were not a member of the Scheme. If you rejoin the Scheme and combine your previous pension benefits any gap in membership of the Scheme would be ignored when calculating when you would meet the rule of 85 in the new job.

4 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.

Underpin

When the Scheme changed to a career average scheme on 1 April 2015, eligible members were protected from the changes. This protection was known as the underpin. The underpin ensures that protected members get a pension at least equal to what they would have received if the Scheme had not changed.

The underpin generally applies if you meet all the following criteria:

- were paying into the Scheme at any time between 1 April 2015 and 31 March 2022
- were paying into the Scheme or another public service pension scheme before 1 April 2012
- 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 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.

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

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