

## LOCAL GOVERNMENT PENSION SCHEME UPDATE - NEW SCHEME IS JUST AROUND THE CORNER

The product of years of intense negotiations, member activity and the successful strike in November 2011, will arrive on 1 April when the Local Government Pension Scheme 2014 takes effect in England and Wales. Scotland and Northern Ireland look set to follow with new schemes in 2015. GMB members overwhelmingly supported the introduction of this new scheme as the fairest and most sustainable way of continuing a LGPS that will support them in retirement.

Colleagues should be aware of the main features of this new scheme, including the career average nature, the flexibility around retirement age and the protection of the pensions built up prior to April 2014. Anyone looking to explore the detail of the new scheme is encouraged to visit the scheme's excellent website at [www.lgps2014.org](http://www.lgps2014.org) which has videos and plenty of useful information for old and new members.

There are a number of specific issues to bring to members attention relating to immediate changes and issues around the introduction of LGPS 2014.

### DEFINITION OF PENSIONABLE PAY

From 1 April 2014, the definition of pensionable pay will change to include non-contractual (as well as contractual) overtime and any additional hours worked in excess of your contractual hours. This will greatly improve the pensions position for many LGPS members, but as contributions are based on pensionable pay, it may mean that your contributions change.

### CONTRIBUTIONS

As in the current scheme, contributions will be tiered meaning that the highest paid will pay the highest rates. The rates that will be paid are shown in the table below.

Pay Bands (based on actual pensionable pay)	Contribution Rates
Up to £13,500	5.5%
£13,501 - £21,000	5.8%

£21,001 - £34,000	6.5%
£34,001 - £43,000	6.8%
£43,001 - £60,000	8.5%
£60,001 - £85,000	9.9%
£85,001 - £100,000	10.5%
£100,001 - £150,000	11.4%
More than £150,000	12.5%

Also, the way of working out which pay band you are in will change from 1 April. Currently your pay band is based on your full time equivalent level of pay, whereas from April, your pay band will be based on the actual level of pensionable pay you receive. If your pay changes during the year, your employer may decide to review your contribution rate. If this results in a change to your contribution rate, they will let you know.

#### **INTRODUCTION OF 50/50 OPTION**

The new LGPS 2014 will have a low cost option, called the 50/50 option. In exchange for paying half of the normal contribution due, you would build up half of the normal benefit entitlement. This option has been designed in recognition that one quarter of eligible staff do not join the LGPS, so is meant as an option to enable people to build up a pension when times are financially tough and to give members an alternative to opting out of the scheme. Members choosing the 50/50 option would be automatically put back into the "full" LGPS every three years as it is not intended as a long term replacement for a full pension.

50/50 members would get a full death in service lump sum, but other pension benefits would be adjusted to reflect any periods for which they enrolled in the 50/50 option.

Members interested in exploring 50/50 should contact their employer in the first instance.

Remember for full information on the new scheme, visit [www.lgps2014.org](http://www.lgps2014.org)

This milestone in securing the long term sustainability of the LGPS and the changes it entails are important. GMB will continue to update members on significant issues regarding pensions.

**Brian Strutton**

**National Secretary - Public Services Section**

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GMB NATIONAL OFFICE  
22 Stephenson Way, Euston, London NW1 2HD  
[www.gmb.org.uk](http://www.gmb.org.uk)

CONTACT: Brian Strutton  
Tel: 020 8971 4255 Fax: 020 8944 6552  
email: [brian.strutton@gmb.org.uk](mailto:brian.strutton@gmb.org.uk)