

Illustration of benefits for councillors

- Assumed pay of £14,200 per annum
- Assumed membership of CARE scheme only, effective 01/04/2015
- Contributions: $£14,200 \times 5.5\% = £781$ personal contributions per annum before tax relief
- $£781 \times 5 = £3905$ personal contributions (before tax relief) over 5 years
- Assumed councillor remains in the CARE scheme for 5 years
- Accrual of pension: $£14,200/49 = £289.80$ per annum (no revaluation assumed, which will increase the benefits)
- 5 years membership \times £289.80 per annum = £1449 annual pension payable
- $£3905$ contributions/ $£1449$ annual pension = 2.7 years before equal value reached ignoring tax relief

The annual pension is payable for life. In this example, a councillor only has to receive pension for 2.7 years after retirement to “earn” in pension what he has paid into NILGOSC in contributions, assuming no tax relief on contributions.

It is not the case that the money paid in by you (and for you by the council) is a total personal pension pot, out of which NILGOSC pays your benefits. The benefits that you will receive are set out in regulations. An employer is required to pay whatever is necessary to keep the Scheme solvent. The employees contributions are set out in the legislation. Employer contribution rates are made up of both a future funding rate, and a deficit recovery capital amount. The rates are determined by a valuation exercise, undertaken by the scheme actuary every three years. The contributions (employee and employer) are paid into the NILGOSC fund (currently in the region of £7.7billion) and then benefits are paid out of the Fund e.g. retirement grants, pensions, refunds, ill-health retirements, transfers as well as administrative costs etc

The Scheme’s regulations are made by the Department for Communities, and the Scheme is administered by NILGOSC in accordance with the regulations.