



LGPS (NI) 2015 – Councillor Member Seminar

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Scheme Background



Set up by the
Government in
1950

Statutory Funded
Scheme

Regulations
made by
Department of
Communities and
administered by
NILGOSC

Career Average
Revalued Earnings
Scheme

Why am I in the Scheme?



Enrolment

Enrolment



- Under the regulations that govern the LGPS(NI).
- **You must be brought into the LGPS (NI) when you are elected.**
- **BUT** you have the right to opt out at any time if you wish to do so.

LGPS (NI) Benefits



Pension

Ill Health
Protection

Employer
Contributes

Survivors'
Pensions

Life Cover

Other Benefits



- Ill-health cover – two tiers
- Life cover – three times assumed pensionable pay
 - Expression of Wish forms (LGS20)
- Survivors' pensions

Vesting Period



- Period needed to qualify for most benefits

2 years

- Refunds – less than 2 years' service

NOTE Councillors who are a member of LGPS (NI) in another employment.

Contribution Rates



Band	Pensionable pay range for an employment	Contribution Rate
1	£0 - £14,500	5.5%
2	£14,501 to £22,100	5.8%
3	£22,101 to £36,900	6.5%
4	£36,901 to £44,700	6.8%
5	£44,701 to £88,300	8.5%
6	More than £88,300	10.5%

Table updated each year from April

Set on actual pay, not full-time equivalent

Ignore any reduction in pay due to sick leave, child-related leave, strike

Employer Contribution Rates



- The Council will also make contributions.
- Employer contribution rates are set every three years by the actuary – following the valuation at 31 March 2016. New rates from 1 April 2017
- The Council is in the main section and are paying **19% + a deficit recovery** payment this year will increase to 20% next year.
- Deficit recovery payment remains the same.

Pensionable Pay



A councillor member's pensionable pay in any year is the total of all basic allowance and special responsibility allowance paid to that councillor member by a district council under The Local Government (Payments to Councillors) Regulations (NI) 2012.

Boosting your Pension



- Pay more:
 - Additional Pension Contributions (APCs)
 - Additional Voluntary Contributions (AVCs)






Additional Pension Contributions (APCs)

- Buy up to **£6,843** extra annual pension for **yourself**
- Pay by regular **contributions** or by **lump sum**
- Buying extra pension - good health **medical required**
- Only way of covering 'lost' pension due to strike, unpaid leave etc – no medical required

Additional Voluntary Contributions

- Up to 50% of pensionable pay of that employment can be contributed to AVCs
- All of AVC fund can be taken as cash at retirement, subject to tax rules
-  The return on AVC investments depends on the contributions paid, the performance of the investments and on interest rates at retirement

How is my pension worked out?



- Separate pension account for each job/employment
- Pension worked out in stages based on your membership in the following Schemes:
 - Pre 1 April 2015 – ‘Old’ CARE
 - Post 1 April 2015 – ‘New’ CARE



How is my 'Old' CARE worked out?



- The Pension you have built up before 1 April 2015 is calculated as:

Annual pension =

$$\frac{\text{Membership to 31/03/15} \times \text{Career average pay to 31/03/15}}{60}$$

How is my 'Old' CARE worked out?



Year End	Pay	Factor at Leaving ÷ Factor for Year	Uprated Pay
31/03/2012	8690.90	* 127.6 ÷ 122.2 =	9074.95
31/03/2013	9738.00	* 127.6 ÷ 125.6 =	9893.07
31/03/2014	13406.58	* 127.6 ÷ 127.7 =	13396.08
31/03/2015	6835.84	* 127.6 ÷ 127.6 =	6835.84
Total Uprated Pay			39199.94
Service from	09/05/2011 to 31/03/2015	= 03/327	
Career Average Pay =	39199.94	÷ 3.895890	= 10061.87

$$\begin{array}{r}
 03/327 \times 10061.87 \\
 \hline
 60 \\
 = \text{£}653.33 \text{ pension}
 \end{array}$$

How is my 'New' CARE pension worked out?



- From 1st April 2015
- Pension worked out every year
- Builds up at **1/49th pensionable pay**
- Plus a revaluation amount
- Pension goes into your pension account



How is my pension worked out?



Scheme year	Opening Balance	New Pension savings	Total Pension Savings	Cost of living reval. Adj. (2%)	Update total account
Year 1	£653.33	£10,000/ 49 = £204.08	£857.41	£17.15	£874.56
Year 2	£874.56	£10,000/ 49 = £204.08	£1,078.64	£21.57	£1,100.21

Total pension: £1,100.21 per year

Pension Benefit Statements

- Will be issued annually
- You must check that your 'saved' pension is correct for the last year
- Let the Council and NILGOSC know immediately if there are any errors



When can I retire?



- Any time from age **55**
- (consent no longer needed between 55 and 60)
- Normal pension age (NPA) – Paid in full
- Normal pension age = state pension age
- www.gov.uk/calculate-state-pension
- Retire earlier than NPA – reductions apply
- Retire later than NPA – increases apply
- Benefits must be drawn before **age 75**.

Types of Retirement

Ill-health

- Payable at any age
- 2 years Scheme membership
- Two tier system
- Assessed by Independent Registered Medical Practitioner
- Enhancement by reference to NPA

Death and Survivors' Benefits



- Death Grant
- Still **Committee discretion** on death grants
- Expression of wish
- **Survivors' benefits** for spouse, civil partner, cohabiting partner
- **Children's pension** for your eligible children

Death Grants – Active Councillor members



- The lump sum death grant = **3 x APP**.
- If you have other deferred or pensioner benefits only the **highest** death grant is **payable**.
- Very important to complete an LGS20

Eligible Child

- New definition of eligible child →

Now includes:

- natural or adopted child
- a step-child or
- child accepted by the deceased as a member of the family providing dependent on the member at the date of death

And must be:

- Under 18
- Over 18 and less than 23 and in full-time education
- Physically or mentally impaired

Election for lump sum instead of pension



- £12 lump sum for every £1 pension given up
- Subject to HMRC limits



- NB. Value of lump sum may not replace value of pension given up

What if I leave before retirement?

‘Vesting Period’ is the length of time needed to qualify for deferred benefits

- Refund = less than 2 years
- Deferred benefits = 2 years or more
 - Option to transfer
 - Early, normal, late and ill-health retirement options
 - Ability to combine benefits if you re-join the Scheme in another councillor post in the future

Overview



- Guaranteed Defined Benefit Scheme
- Valuable life cover – three times pay for active Councillor members
- Pensions for dependants
- Ill-health cover
- Option to take tax-free lump sum



Overview

- You and the council pay into the Scheme
- Normally linked to State Pension Age
- You can take your pension between age 55 and 75

More information



- www.nilgosc.org.uk
- LGPS (NI) 2015 Members' Guide
- Retirement Guide
- Increasing your Retirement Benefits
- Leaving the Scheme before Retirement

Any Questions?



How to contact us

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