

Member Guide to the Local Government Pension Scheme (Northern Ireland) **2015**

This Member Guide will give you an overview of the Local Government Pension Scheme (Northern Ireland) from 1 April 2015.

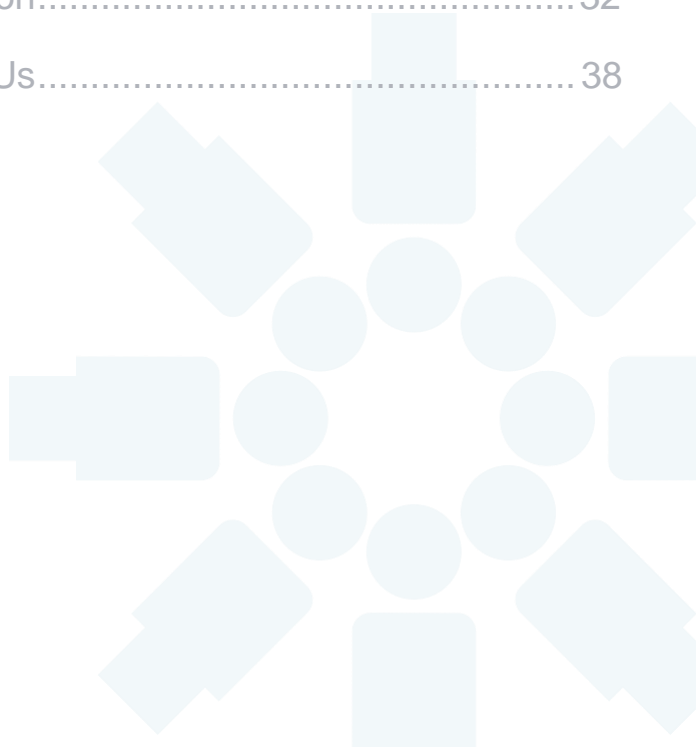
It covers the benefits you are entitled to, how your pension is calculated and the protection that you have if you become ill or die in service.

This guide is provided for information purposes only and cannot cover every personal circumstance. For example, it does not cover the rights that apply to a limited number of members whose pension benefits are subject to a pension sharing order following divorce or dissolution of a civil partnership.

It is based on our understanding of the Scheme rules at the time of going to print, but these may change over time.

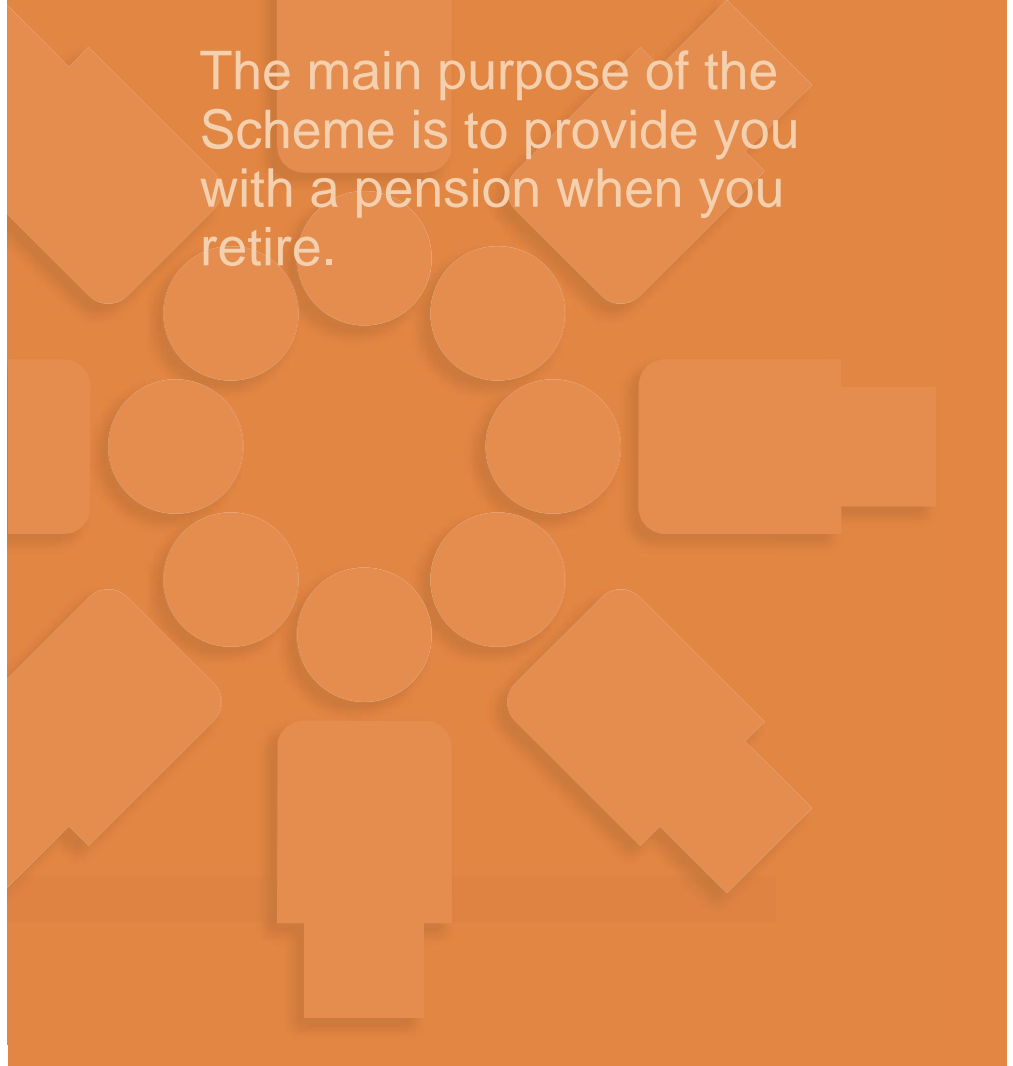
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1. Summary of the Scheme

The main purpose of the Scheme is to provide you with a pension when you retire.



The Local Government Pension Scheme (NI) or LGPS (NI) for short, is changing from 1 April 2015.

All active members of the current Scheme will be automatically transferred to the new Scheme on 1 April 2015. Any members who left before 1 April 2015 and have deferred benefits, or any members who are already in receipt of a NILGOSC pension will NOT be affected by these changes.

Councillors are included in the new Scheme and active councillors will be moved from their old Scheme to the new 2015 Scheme.

What kind of Scheme is it?

The new Scheme is a defined benefit, career average revalued earnings (CARE) Scheme and is administered by the Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC).

Under a CARE Scheme, your pension benefits are based on your average earnings while a member of the Scheme.

It is a tax-approved scheme that is set up under the Superannuation (Northern Ireland) Order 1972. The Scheme meets the government's new standards for automatic enrolment.

Summary of the Local Government Pension Scheme (Northern Ireland) 2015

This section sets out the main features of the Scheme. More details on each topic can be found later in the guide.

Joining the Scheme and what you will pay

Feature	Details
Joining	All eligible employees are automatically brought into the Scheme on their first day of work, but can opt out.
Age restrictions	You must be younger than age 75 to join the Scheme and your pension benefits must be paid out before your 75th birthday.
Contribution Rate	Your contribution rate depends on how much you are paid, but it will be between 5.5% and 10.5% of your pensionable pay.

*Those items marked * do not apply to councillors.

Contribution Flexibility*	You can elect to join the 50/50 section of the Scheme where you pay half of the contributions and build up half of the amount of pension. This is designed as a short-term option.
Pensionable pay	<p>This is the total of your salary, wages and payments on which pension contributions are based. It includes your basic pay, overtime (contractual and non-contractual), additional hours, shift allowance, bonus, acting up allowance, maternity pay, paternity pay, adoption pay, shared parental pay and any other taxable benefit specified in your contract as being pensionable.</p> <p>The pensionable pay for a councillor is the total of all Basic and Special Responsibility Allowances.</p>
Assumed Pensionable pay*	Assumed pensionable pay is the estimated pay that is used if you are no longer receiving full pay due to sickness, child-related leave or reserve forces service leave. It is calculated using the average pay that you received during the three months or twelve weeks before your pay was reduced. This estimated pay ensures that you continue to build up pension based on your unreduced pay. It will also be used to calculate the benefits payable if you die in service or retire due to ill-health.
Re-employed and rejoining deferred members	If you rejoin the Scheme any benefits that you have previously built up in the LGPS (NI) will not be automatically joined with your new active pension account unless you request to have them combined. If you wish to combine your benefits you must choose to do so within 12 months of rejoining unless your employer allows you a longer period.
Transfer in requests*	You can transfer other pension benefits that you have into the LGPS (NI) within the first 12 months of joining the Scheme.

*Those items marked * do not apply to councillors.

What benefits you will build up

Feature	Details
How your pension builds up	<p>Each year, if you are in the main section of the Scheme 1/49th of your pensionable pay is added to your pension account (1/98th if you are in the 50/50 section) PLUS a revaluation amount so that your pension keeps up with the cost of living.</p> <p>Simply taking your annual pay and dividing it by 49 or 98, depending on which section of the Scheme you are in, will give you the amount of annual pension that will be added to your pension account each year.</p>

How you can increase your benefits

Feature	Details
Additional Voluntary Contributions (AVCs)	<p>AVCs are a way of topping up your NILGOSC pension and can be paid through the in-house AVC provider, Prudential.</p> <p>At retirement this fund may be used to provide additional pension and/or a lump sum. Alternatively, a member can transfer out their AVC fund to avail of 'Freedom and Choice' flexibilities e.g. drawdown pensions or taking lump sums directly from their fund from age 55.</p>
Shared Cost Additional Voluntary Contributions*	<p>Your employer can agree to share the cost of any AVCs that you decide to purchase. This is an employer discretion and you will need to check your employer's policy on this.</p>
Additional Pension Contributions (APCs)	<p>Members can pay APCs to purchase additional pension or to cover a period of absence.</p> <p>You can buy additional pension of £6,578 (2016/17 rates) per year from 1 April 2015. This figure will increase each April.</p>
Power of employing authority to award additional pension*	<p>Your employer may award you up to a maximum of £6,578 (2016/17 rates) additional pension per year. This is an employer discretion and you will need to check your employer's policy on this.</p>

* Those items marked * do not apply to councillors.

What happens when you retire or leave the Scheme

Feature	Details
Retirement – Early	You can retire from age 55 without your employer's consent, however benefits may be reduced as they are being paid early.
Retirement - Normal	Your normal pension age is now the same as your State Pension Age, or age 65 if later.
Retirement - Late	The latest you can retire and receive your pension is the day before your 75th birthday. Your benefits will be increased if you retire after your normal pension age.
Retirement - Flexible*	From age 55, if you reduce your hours or move to a less senior position, you can draw some or all of the pension benefits you have built up, providing you have met the two year qualifying period and your employer agrees. You can continue paying into the Scheme until you fully retire. Please note: reductions for early retirement may apply.
Redundancy/ Efficiency*	If your employer makes you redundant or you are retired on the grounds of business efficiency when you are aged 55 or over, your benefits will be paid immediately without any early retirement reductions.
Ill-health Retirement	<p>To qualify for ill-health benefits you must:</p> <ul style="list-style-type: none"> • have at least two years' membership • be permanently incapable of doing your job • have a reduced likelihood of being capable of undertaking any gainful employment before normal pension age • be assessed by NILGOSC's doctor. <p>There are two levels of ill-health benefits payable depending on the likelihood of being capable of undertaking gainful employment before your normal pension age.</p>

* Those items marked * do not apply to councillors.

Refund of contributions	You will only get a refund of your contributions if you leave or opt out of the Scheme and have less than two years' membership.
Pension to lump sum conversion	You can take a tax-free lump sum at retirement by converting some of your pension to a lump sum. You will get £12 of lump sum for every £1 of pension given up.
Transfer out requests	You can apply to transfer your pension benefits to another pension scheme when you have left active membership.
Death grants	<p>As a member of the Scheme a lump sum may be payable in the event of your death. This is calculated as shown below.</p> <p>Active member – death grant is a lump sum payment of: 3 x annual assumed pensionable pay</p> <p>Deferred member – death grant is a lump sum payment of: 5 x current value of deferred pension</p> <p>Pensioner member – death grant is a lump sum payment of: 10 x annual pension including any pension you may have given up for lump sum, less the amount of pension already paid to you and the amount of tax-free cash that you chose to take at retirement.</p> <p>Note: Not all of the above death grants may be payable if you have active membership as well as deferred and/or pensioner benefits.</p>
Survivors' pensions	Your spouse, civil partner, eligible nominated cohabiting partner and eligible children are entitled to a survivor's pension provided certain conditions have been met.

* Those items marked * do not apply to councillors.

2. Joining & Contributing

Your contribution rate will be between 5.5% and 10.5% of your pensionable pay.

Joining and Contributing to the Scheme

Who can join?

If you work for one of our employing authorities and are eligible, you will automatically be brought into the Scheme on your first day of work, unless your contract is for less than three months, in which case you can opt to join by informing your employer in writing.

If your contract reaches three months and you haven't already chosen to join, you will then be automatically brought into the Scheme.

Firefighters, teachers, academic staff (eligible to participate in the Universities' Superannuation Scheme) of the University of Ulster and those entitled to join any other public service pension scheme are not allowed to join.

How do I ensure that I have become a member of the Scheme?

We will send you official notification of your membership. You should also check your pay slip to make sure that pension contributions are being deducted.

Can I opt out of the Scheme and re-join at a later date?

You can leave the Scheme by completing an Opt-out Notice and giving it to your employer. However you may wish to seek independent financial advice before you make this decision so that you fully understand the benefits that you are giving up. If you do decide to leave, remember that you can choose to re-join the Scheme at any time. If you have more than one job with your employer, you can also opt out in one job and stay a member in another.

If you are thinking of opting out for financial reasons, you might want to consider reducing your contributions using the 50/50 section instead. Details are shown on the next page.

There are a number of ways you can obtain an Opt-out Notice.

- download from www.nilgosc.org.uk
- email - optout@nilgosc.org.uk
- contact our office to request a form.

You cannot opt out until you have started your employment and joined the Scheme.

If you opt out and later rejoin the Scheme, you cannot combine your Scheme benefits.

What do I pay?

Your contribution rate depends on how much you are paid but it will be between 5.5% and 10.5% of your pensionable pay.

If you work part-time, it is your **actual part-time pay** that decides the pay band you fall into.

The table below shows the contribution rates from April 2016 to March 2017. The pay bands will be reviewed each April in line with inflation.

Pensionable pay	You pay a contribution rate of:
£0 - £14,000	5.5%
£14,001 - £21,300	5.8%
£21,301 - £35,600	6.5%
£35,601 - £43,000	6.8%
£43,001 - £85,000	8.5%
More than £85,000	10.5%

As a member of the Scheme, you will receive tax relief on your contributions.

Example

Alice works full-time and earns £22,000 a year.

She will pay 6.5% of her pay, making her monthly contribution approximately £119.

If she worked part-time and earned £11,000 a year, she would pay 5.5%, making her monthly contribution approximately £50.

Can I reduce my contributions?

Yes. The 2015 Scheme has a 50/50 section which means that you can choose to pay half the contributions and build up half the amount of pension. However, you will still keep the full value of life cover. This can be used as a short-term option if your financial circumstances are difficult, instead of opting out of the Scheme.

If you are using the 50/50 section your employer will automatically put you back into the main scheme at regular intervals. You can choose to opt back into the 50/50 section again if you wish.

Your pension will not build up as quickly while in the 50/50 section.

Example

Bob earns £15,000 a year and will pay contributions of 5.8% i.e. £72.50 per month while in the main Scheme.

If he chooses to change to the 50/50 section his contributions will decrease by 50% to £36.25 per month.

If Bob stays in the 50/50 section for a year he will build up £153 of pension instead of £306, which he would have built up if he had remained in the main section of the Scheme.

Does my employer contribute?

Your employer contributes towards the cost of providing your pension benefits, making your pension an extremely valuable and important part of your employment package.

Every three years an independent review is undertaken to calculate how much your employer should contribute. Most of our employers currently pay at least 20%.

Can I pay more to increase my benefits?

Yes, you can pay extra to increase your retirement benefits. This can be done in three ways:

1 Additional pension contributions (known as APCs) to buy extra Scheme pension.

If you are paying APCs to purchase additional pension you must pass a good health medical with the Committee's doctor before the purchase can be made. This is because the purchase must be treated as fully paid if you retire due to ill-health. The medical fee is paid by the member.

2 Additional Voluntary Contributions (AVCs)

You can pay AVCs through Prudential to increase your retirement benefits. You will have your own personal account that, over time, builds up with your contributions and the returns on your investment.

3 Personal pension, stakeholder pension or free-standing AVC scheme of your own choice.

You can make your own arrangements to pay into a personal pension plan or stakeholder pension scheme at the same time as paying into the LGPS (NI).

Can I transfer pension benefits into the Scheme?

In most cases you can transfer benefits that you have previously built up in the Scheme or in other pension arrangements into your new pension account. This **must** be done within 12 months of joining.

3. How Your Pension is Calculated

Your pension is based on your average earnings while a member of the Scheme.

How Your Pension is Calculated

For membership of the Scheme from April 2015 your pension will be based on your average earnings while a member of the Scheme.

Each year, if you are in the main section of the Scheme 1/49th of your pensionable pay is added to your pension account (1/98th if you are in the 50/50 section) PLUS a revaluation amount so that your pension keeps up with the cost of living.

This type of scheme is known as a Career Average Revalued Earnings (CARE) pension scheme.

Councillors transferring from the current to the new CARE Scheme will have an opening balance in their active pension account equal to the value of the pension they have built up to 31 March 2015.

Example

Alice earns £20,000 per year and will build up pension savings in that year of:

$$\text{£20,000} / 49 = \text{£408}$$

Table 1 below shows how her pension will build up over five years, assuming that the annual revaluation is 2%, her pensionable pay stays at £20,000 and she remains in the main section of the Scheme.

Table 1

Year	Opening Balance	New pension savings	Total pension savings	Revaluation of 2%	Closing Balance
Year 1	£0	+ £408	= £408.00	+ £8.16	= £416.16
Year 2	£416.16	+ £408	= £824.16	+ £16.48	= £840.64
Year 3	£840.64	+ £408	= £1,248.64	+ £24.97	= £1,273.61
Year 4	£1,273.61	+ £408	= £1,681.61	+ £33.63	= £1,715.24
Year 5	£1,715.24	+ £408	= £2,123.24	+ £42.46	= £2,165.70
Total pension:					£2,165.70 per year

The revaluation at the end of each year will be based on orders issued by the Department of Finance and Personnel (DFP).

It will be important to check your annual pension benefit statement every year to ensure that your pensionable pay and pension savings for that year are correctly recorded.

What will happen to my pre-2015 benefits?

All of the pension benefits that you will have built up to 31 March 2015 are unaffected. These benefits will continue to be calculated on your final salary (excluding non-contractual overtime and additional hours) and your previous normal pension age (usually age 65). However, apart from flexible retirement, you cannot draw these pension benefits before your benefits under the new 2015 Scheme.

How is my pension calculated if I have membership before and after April 2015?

If you have membership before and after April 2015 separate calculations will need to be completed for each stage of your membership. The calculations for the three potential stages of membership are shown below.

Membership before April 2009 (1/80th accrual rate)

$$\text{Annual Pension} = \frac{\text{membership up to 31 March 2009} \times \text{final pensionable pay}}{80}$$

$$\text{Lump sum} = \frac{\text{membership up to 31 March 2009} \times \text{final pensionable pay} \times 3}{80}$$

Membership between April 2009 & March 2015 (1/60th accrual rate)

Annual Pension =

$$\frac{\text{Membership between 1 April 2009 and 31 March 2015} \times \text{final pensionable pay}}{60}$$

No automatic lump sum, however members can choose to take part of their pension pot as a lump sum.

Membership after April 2015

If you are in the main section of the Scheme 1/49th of your pensionable pay plus revaluation amounts are added to your pension account each year. When you retire your total annual pension is payable as worked out in Alice's example on page 15.

No automatic lump sum

Example for membership after April 2009 and April 2015

Mark has been a member of the Scheme since April 2010. He has 5 years' membership under the 2009 Scheme and if he retires in April 2017 he will have 2 years' membership under the main section of the 2015 Scheme. When Mark decides to retire in April 2017 he earns £20,000 per year, and his salary has not changed since he joined the Scheme in 2010.

Membership from 2010 – 2015

Annual pension

$$= \frac{5 \text{ (years)} \times \text{£}20,000}{60} = \text{£}1,666.67$$

Membership from 2015 – 2017

Year	Opening Balance	New pension savings	Total pension savings	Revaluation of 2%	Closing Balance
Year 1	£0	+ £408	= £408	+ £8.16	= £416.16
Year 2	£416.16	+ £408	= £824.16	+ £16.48	= £840.64
Total pension:					£840.64 per year

Mark's total annual pension can be calculated by adding these two totals together:

$$\text{£}1,666.67 + \text{£}840.64 = \text{£}2,507.31 \text{ per year}$$

Example for membership before April 2009, and after April 2009 and April 2015

Mary has been a member of the Scheme since April 2000. She has 9 years' membership before April 2009, and 6 years' membership between 2009 and 2015 and if she retires in April 2019 she will have 4 years' membership in the main section of the 2015 Scheme.

When Mary decides to retire in April 2019 she earns £22,000 per year, her salary has not changed since 1 April 2015. Her pre 2015 membership is still calculated on her final salary at retirement.

Mary's pension is worked out in 3 stages as follows:

Membership before April 2009

Annual Pension =

$$\frac{9 \text{ (years)} \times \text{£}22,000}{80} = \text{£}2,475$$

Lump Sum =

$$\frac{9 \text{ (years)} \times \text{£}22,000 \times 3}{80} = \text{£}7,425$$

Membership from April 2009 – March 2015

Annual pension =

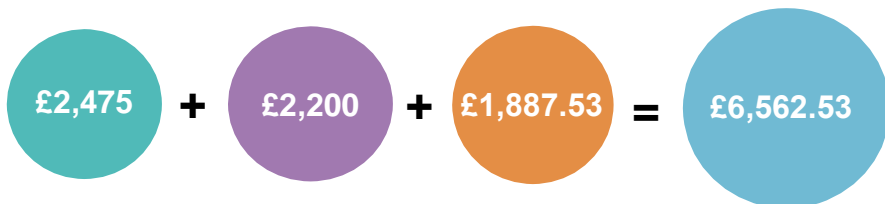
$$\frac{6 \text{ (years)} \times \text{£}22,000}{60} = \text{£}2,200$$

Membership from April 2015 – 2019

New pension savings per year - £22,000 / 49 = £448.98

Year	Opening Balance	New pension savings	Total pension savings	Revaluation of 2%	Closing Balance
Year 1	£0	+ £448.98	= £448.98	+ £8.98	= £457.96
Year 2	£457.96	+ £448.98	= £906.94	+ £18.14	= £925.08
Year 3	£925.08	+ £448.98	= £1,374.06	+ £27.48	= £1,401.54
Year 4	£1,401.54	+ £448.98	= £1,850.52	+ £37.01	= £1,887.53
Total pension: £1,887.53 per year					

Mary's total annual pension can be calculated by adding these three totals together:



As Mary has pre 2009 membership she will also receive a guaranteed lump sum of:

£7,425

Can I exchange part of my pension for a lump sum?

You can exchange part of your annual pension for a one-off tax-free cash lump sum. You can take up to 25% of the overall capital value of your pension benefits as a lump sum and you will receive £12 of lump sum for each £1 of pension you give up. The overall capital value of your pension benefits is calculated as:

$$(\text{Pension} \times 20) + \text{lump sum} + \text{value of AVC fund (if any)}$$

The total lump sum cannot exceed £250,000 (2016/17) less the value of any other pension rights you have in payment. Details of the maximum tax-free lump sum that you can take will be provided to you shortly before retirement and you can then choose how much lump sum you wish to take.

As per the previous example Mary has an annual pension of £6,562.53 and a lump sum of £7,425. If she decides to give up £1,000 pension for an additional cash lump sum, then the reduced annual pension is:

$$£6,562.53 \text{ less } £1,000 = \mathbf{£5,562.53}$$

And she will get an additional tax-free lump sum of:

$$£1,000 \times 12 = \mathbf{£12,000}$$

Her total tax-free lump sum will now be -

$$£12,000 + £7,425 = \mathbf{£19,425}$$

In the current climate of long life expectancies and low interest rates, members are reminded that the cash lump sum may not be enough to replace the pension given up. If you are considering this option, you are strongly recommended to contact an Independent Financial Adviser for advice.

Do I have final salary protections if I am close to retirement?

If you have pre-2015 membership, were aged 55 or over at 1 April 2012 and retire at your previous normal pension age (usually age 65) then you will be guaranteed a pension at least equal to what you would have received if you had remained in the final salary scheme. This protection will not apply to certain breaks in service of more than 5 years or if you have drawn any Scheme benefits in relation to your employment.

What if I want to take AVCs as cash?

If you pay additional voluntary contributions (AVCs) via the Scheme, you can choose to take up to 100% of your fund as a tax-free lump sum, if you draw it at the same time as your Scheme pension benefits. However there are restrictions and the value of your AVC lump sum plus your Scheme lump sum must not exceed 25% of the overall value of your Scheme benefits (including your AVC fund).

Will my pension increase?

If you retire at age 55 or above, your pension will be increased each year in line with inflation.

Increases are only paid to people who are below age 55 if they:

- are receiving a pension as a widow, widower, civil partner, nominated cohabiting partner or eligible child; or
- are retired on ill-health grounds; or
- have their deferred benefits brought into payment on ill-health grounds and are considered permanently unfit for any regular full-time work.

Ill-health pensions are increased in line with inflation each year regardless of age.

4. Leaving & Retiring

You can retire and receive your Scheme benefits without any reductions from your normal pension age

Leaving and Retiring

Can I have a refund of contributions I have already paid?

If you leave the Scheme with less than two years' membership and have not brought a transfer into the Scheme which will take you over the 2 year limit, you will receive a refund of your contributions, less any deductions for tax and the cost of buying you back into the State Second Pension Scheme (S2P) in relation to any membership before 6 April 2016. You must request a refund of contributions within five years of leaving the Scheme or by age 75, if earlier.

What are deferred benefits and when are they payable?

If you leave before your normal pension age and your total membership is two years or more or you have transferred other pension rights into the Scheme which take you over the two year limit, you will be entitled to deferred benefits.

Deferred benefits are calculated at the date you left the Scheme and unless you decide to transfer them to another pension scheme, are normally paid at your normal pension age. Your deferred benefits will be calculated as described in the 'How Your Pension is Calculated' section.

During the period your pension benefits are deferred they will be increased each year in line with the cost of living. You can choose to receive your deferred benefits early, from age 55 onwards. However, benefits paid early, other than on the grounds of permanent ill-health, will be reduced as your pension will be paid for longer.

You can also delay drawing your benefits until the day before your 75th birthday. In this case your benefits will be increased from your normal pension age as they will be paid for a shorter period of time.

Can I transfer my deferred benefits?

You may be able to transfer the cash value of your pension benefits into a new pension scheme. You cannot transfer your benefits if you leave with less than three months' membership or if you leave less than one year before your normal pension age. An option to transfer must be made at least 12 months before your normal pension age. The cash value of your pension is worked out using the requirements of the Pension Schemes Act 1993 and the value quoted is guaranteed for three months.

The benefits that you have within the Scheme are known as safeguarded benefits. This means that from 6th April 2015 you are required to take appropriate independent advice before being allowed to transfer your benefits to a defined contribution scheme or personal pension. You must take this independent advice from an advisor who is authorised by the Financial Conduct Authority (FCA) to advise on transfers and NILGOSC must be provided with evidence of the advice.

If the transfer value of all your benefits in the Scheme is less than £30,000 you are not required to formally take advice.

Can I combine previous LGPS (NI) benefits?

If you get another job with an employer participating in the Scheme and become an active member once again, then your deferred pension benefits will not be automatically transferred to your active pension account in your new job unless you elect to combine them. You must elect to combine them within 12 months of rejoining the Scheme, unless your employer allows you a longer period.

Councillors can only combine deferred councillor membership with councillor membership and requests to do so must be made within 12 months of rejoining the Scheme.

When can I retire?

You can retire and receive your benefits from the Scheme at any time from age 55 to 75, providing you have met the two year qualifying period in the Scheme. Normal pension age for your Scheme benefits will be the same as your state pension age. As the state pension age increases so will your normal pension age meaning that you could be older than age 65 before you can receive your benefits. You can find out your state pension age at

www.gov.uk/calculate-state-pension. It may also be shown on your last NILGOSC pension benefit statement.

If you choose to take your pension before your normal pension age it will usually be reduced as it is being paid early. If you take your pension after your normal pension age it will be increased because it is being paid later. You must draw your pension benefits before your 75th birthday.

Although the retirement age for your pre 2015 benefits will still be 65, you cannot draw them before you claim your benefits under the new 2015 Scheme. Therefore if you decided to withdraw all of your benefits at age 65 and your normal pension age under the new 2015 Scheme is 66, any benefits that you have built up after April 2015 will be reduced as they will be paid early.

What are my Scheme retirement benefits?

When you retire you will receive a monthly pension that increases every year with the cost of living for the rest of your life. You will also have the option to take part of your pension as a tax-free lump sum.

If you joined the Scheme before 1 April 2009 an automatic tax-free lump sum is also provided as described in the 'How Your Pension is Calculated' section of this guide.

Can I retire early?

You can retire and receive your Scheme benefits from age 55 onwards.

Are there any reductions for retiring early and drawing immediate benefits?

If you retire between age 55 and your normal pension age your Scheme benefits will be reduced, as they will be paid for longer. However, if you joined the scheme before 1 October 2006 you will have some protections from reduction under the Rule of 85.

Removal of the Rule of 85

The Rule of 85 refers to a provision of the Scheme which allowed members who retired early to take their pension without reduction, if the sum of their age and length of membership equalled 85 years or more.

The Rule of 85 has been abolished from 1 October 2006 in order to comply with the European Union Directive on Age Discrimination. Anyone who joined the Scheme after 30 September 2006 will have their pension benefits reduced if they retire before their normal pension age to take account of early payment.

Existing members, who were contributing to the Scheme on 30 September 2006, have some Rule of 85 protections. These protections are as follows:

- All existing members at 30 September 2006 are protected until 31 March 2008 i.e. the benefits accrued up to 31 March 2008 will be protected under the Rule of 85.
- Those existing members at 30 September 2006 who will be 60 or over and meet the Rule of 85 by 31 March 2016 are fully protected i.e. the benefits accrued up to 31 March 2016 will be protected under the 85 year rule.
- Those existing members at 30 September 2006 who will be 60 or over and meet the Rule of 85 between 1 April 2016 and 31 March 2020 will have full Rule of 85 protection to 31 March 2008 and have some Rule of 85 protection, on a sliding scale, to 31 March 2020.

What if my employer retires me on grounds of redundancy or business efficiency?

If you are aged 55 or over and you have met the two year qualifying period your benefits will be paid immediately without any reductions. Any additional benefits that you may have bought through Additional Pension Contributions (APCs) or Shared Cost Additional Pension Contributions (SCAPCs) will be paid at a reduced rate if retirement occurs before your normal pension age. If you have bought additional pension by Additional Regular Contributions (ARCs) that additional pension will be paid at a reduced rate if your retirement occurs before your pre 1 April 2015 normal pension age of age 65.

What happens if I have to retire early due to ill-health?

If you have to leave work at any age due to permanent ill-health which prevents you from doing your job and you have at least two years' Scheme membership, you may benefit from the Scheme's tiered ill-health retirement package.

To qualify for ill-health benefits, NILGOSC must be satisfied that you:

- are permanently incapable of doing your own job, and
- have a reduced likelihood of being capable of doing any other job before your normal pension age.

NILGOSC's decision is based on a report from its independent registered medical practitioner qualified in occupational health medicine.

Ill-health benefits can be paid at any age and are not reduced due to early payment. The level of benefits that you will receive depends on the severity of your illness, as described below:

Tier 1 If you are considered unlikely to be capable of undertaking any gainful employment before your normal pension age you will receive all of the pension benefits that you have built up plus an enhancement of 100% of the pension that you would have built up in the main section of the Scheme to your normal pension age. This enhancement is calculated using your assumed pensionable pay.

Tier 2 If you are considered likely to become capable of undertaking any gainful employment before your normal pension age you will receive all of the pension benefits that you have built up plus an enhancement of 25% of the pension that you would have built up in the main section of the Scheme to your normal pension age. This enhancement is calculated using your assumed pensionable pay.



Gainful employment is paid employment for at least 30 hours per week for a minimum of 12 months.

Permanently incapable means that you will be incapable until at least your normal pension age.

If you retire due to ill-health as a deferred member the above tiers of enhancements do not apply. In this case the deferred benefits that you have built up in the Scheme will be paid early without reduction.

What if I want to have a gradual move into retirement?

This is known as flexible retirement. From age 55, if you reduce your hours or move to a less senior position, and your employer agrees, you can draw some or all of the pension benefits you have built up – helping you to ease into retirement. If you take flexible retirement before your normal pension age, your benefits may be reduced due to early payment unless your employer agrees to waive some or all of the reduction. You will continue in the Scheme after flexible retirement.

Flexible retirement is at the discretion of your employer and they must set out their policy in a published statement.

What if I carry on working after my normal pension age?


If you carry on working after your normal pension age you will continue to pay into the Scheme, building up further benefits. When you decide to retire, your pension will then be increased to reflect the fact that it will be paid for a shorter time. Your pension has to be paid by your 75th birthday.

How does my pension keep its value?

On retiring after age 55 your pension will increase in line with inflation every year throughout your retirement. If you are retired on ill-health grounds your pension is increased every year regardless of your age.

5. Life Cover

The Scheme provides survivors' pensions and a lump sum death grant.

The background of the slide is a solid green color. It features several faint, semi-transparent icons. In the center, there is a cluster of circular icons representing a group of people. Surrounding this central group are several larger, semi-transparent icons of individual people, some with their arms raised, suggesting a celebratory or supportive atmosphere. The overall design is clean and modern.

Life Cover – Protection for Your Family

What benefits will be paid if I die?

If you **die in service** as a member of the Scheme the following benefits will be paid:

- *A lump sum death grant of three times annual assumed pensionable pay. If you are part-time, it is three times annual assumed pensionable part-time pay.
- A pension for your widow, widower, civil partner or eligible nominated cohabiting partner equal to:
 - 1/160th of your pensionable pay (or assumed pensionable pay) times the period of your membership in the Scheme after 31 March 2015 **plus**
 - 49/160th of the amount of any pension credited to your pension account following a transfer in, **plus**
 - 1/160th of your assumed pensionable pay for each year of membership that you would have built up from your date of death to your normal pension age **plus**
 - 1/160th of your final pay times the period of your membership in the Scheme up to 31 March 2015.

(The pension payable to an eligible nominated cohabiting partner is only based on the period of membership after 5 April 1988.)

- Pensions for eligible children

If you **die as a deferred member** of the Scheme the following benefits will be paid:

- *A lump sum death grant equal to 5 years' deferred pension.
 - A pension for your widow, widower, civil partner or eligible nominated cohabiting partner equal to:
 - 1/160th of your pensionable pay (or assumed pensionable pay) times the period of your membership in the Scheme after 31 March 2015 **plus**
 - 49/160th of the amount of any pension credited to your pension account following a transfer in **plus**
 - 1/160th of your final pay times the period of your membership in the Scheme up to 31 March 2015 upon which your deferred pension is based.
- (The pension payable to an eligible nominated cohabiting partner is only based on the period of membership after 5 April 1988. If you marry or form a civil partnership after leaving the Scheme it could be less).
- Pensions for eligible children

If you **die after retiring on pension**, the benefits shown below are payable.

- *A lump sum death grant is payable if you are under age 75 at the date of death and less than 10 years' pension has been paid. The death grant is ten times your annual pension including any pension you may have given up for a tax-free cash lump sum, minus any pension already paid to you and the amount of any tax-free cash lump sum you chose to take when you drew your pension at retirement.
- A pension for your widow, widower, civil partner or eligible nominated cohabiting partner equal to:
 - 1/160th of the pensionable pay (or assumed pensionable pay) upon which your pension was calculated times the period of membership in the Scheme after 31 March 2015 (including any enhancement given if the retirement was on ill-health grounds) **plus**
 - 49/160th of the amount of any pension credited to your pension account following a transfer in **plus**
 - 1/160th of your final pay times the period of membership in the Scheme up to 31 March 2015 upon which your pension is based.

(The pension for an eligible nominated cohabiting partner is only based on the period of membership after 5 April 1988. If you marry or form a civil partnership after retirement it could be less).

- Pensions for eligible children



Nominated cohabiting partners' pensions are based on membership in the Scheme after 5 April 1988.

- * There is a slight modification to the lump sum death grant calculation for any part of the pension which relates to membership before 1 April 2015. If you are receiving a pension and are also an active member of the Scheme or have a separate deferred benefit, when you die only the higher death grant will be paid, i.e. the sum of the active member death grants or the sum of the deferred and pensioner death grants.

Death Grant Expression of Wish Form

A Death Grant Expression of Wish form allows you to say who you would like any lump sum death grant to be paid to. All members are strongly advised to complete this form and to ensure that it is kept up to date. A new form must be completed if marital circumstances change. This form is available from our website www.nilgosc.org.uk or on request from NILGOSC by email, in writing or by telephone.

While NILGOSC will take your wishes into account, it should be noted that under the regulations, NILGOSC retains absolute discretion when deciding who should receive any lump sum death grant. This discretion enables the lump sum death grant normally to be paid free of inheritance tax.

Nomination of Cohabiting Partner Form

If you wish to nominate a cohabiting partner your relationship has to meet certain conditions which are detailed in the 'Further Information - Definition of Terms' section of this guide.

NILGOSC must have a signed Nomination of Cohabiting Partner Form on file prior to the member's death for the nomination to have effect.

This form is available from our website www.nilgosc.org.uk or on request from NILGOSC by email, in writing or by telephone.

6. HMRC Tax Rules

There are limits on the pension savings you can make and still receive tax relief.

What are the HM Revenue and Customs tax controls on my Scheme benefits?

There are limits on the pension savings you can make before you become subject to a tax charge. These limits are known as the annual allowance and the lifetime allowance.

The **annual allowance** is the amount by which your pension savings can increase in one year without becoming subject to a tax charge. As of 6 April 2016 the annual allowance limit is £40,000*.

The formula for calculating any increase in pension savings in the Scheme is:

[Pension Value at Year End –
(Pension Value at Start of Year x
Pensions Increase)] x 16

Plus

Lump sum at Year End –
(Lump sum at Start of Year x Pensions
Increase)

Plus

The amount of any AVC contributions
made over the year

NILGOSC will issue you with a pensions savings statement by 6 October each year if you exceed the annual allowance for the previous tax year.

If your pension savings exceed the annual allowance, you may carry forward any unused allowance from three previous tax years.

If you still exceed the allowances after carried forward allowances are taken into account, a tax charge must be applied.

If the tax charge exceeds £2,000 it can be paid from your pension benefits and your benefits will be adjusted accordingly.

Special rules may apply if you have taken any 'flexible access' benefits from a money purchase (defined contribution) arrangement e.g. taking all your pension as cash.

The **lifetime allowance** is the total **capital value** of all your pension arrangements which you can build up during your lifetime without paying extra tax.

The capital value of your pension benefits is generally calculated as:

(Pension x 20) + lump sum
+ value of AVC fund (if any)

If the value of your benefits when you draw them (not including any state retirement pension, state pension credit or any spouse's, civil partner's or dependant's pension you may be entitled to) exceeds your lifetime allowance, a tax charge will be made against the excess. The lifetime allowance for 2016-17 is £1 million.

Most Scheme members' annual savings will be significantly less than the lifetime allowance.

If you are close to the annual or lifetime allowance limits it is recommended that you seek specialist tax advice.

Several protections exist. For more information visit [www.nilgosc.org.uk/ what-are-the-tax-limits-on-your-pension-savings](http://www.nilgosc.org.uk/what-are-the-tax-limits-on-your-pension-savings)

*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 £150,000. This only applies to members whose pensionable pay is more than £110,000. The annual allowance cannot be reduced below £10,000.

7. Further Information

The background is a solid teal color. It features several abstract, semi-transparent shapes in a lighter shade of teal, including circles, squares, and rounded rectangles, some of which are arranged to form a stylized silhouette of a person's head and shoulders in the lower half of the page.

Definition of Terms

Assumed Pensionable Pay

Assumed pensionable pay is the estimated pay that is used if you are no longer receiving full pay due to sickness, relevant child-related leave or reserve forces service leave. It is calculated using the average pensionable pay that you received during the three months or twelve weeks before your pay was reduced or you started a period of relevant child related leave or reserve forces leave. This ensures that you continue to build up pension based on your unreduced pay. It will also be used to calculate the benefits payable if you die in service or retire due to ill-health.

Civil Partnership

A civil partnership is a relationship between two people of the same sex (“civil partners”) which is formed when they register as civil partners of each other.

Cohabiting Partner

To nominate a cohabiting partner to receive survivor benefits in the event of your death, NILGOSC must receive a declaration form, signed by both you and your cohabiting partner, to confirm that the following conditions have been met for a continuous period of at least two years, including the day on which the declaration is signed:

- The member and cohabiting partner must be legally free to marry or form a civil partnership with each other; and
- The member and the cohabiting partner must be living together as if they were husband and wife or as if they were civil partners; and
- Neither member nor cohabiting partner is living with a third person as if they were husband and wife or as if they were civil partners; and
- Either the nominated cohabiting partner is financially dependent on the member or both are financially dependent on each other.

The Nomination of Cohabiting Partner form must be on file with NILGOSC before the date of your death for the nomination to have effect.

Cost Sharing Mechanism

To ensure the long-term sustainability of the Scheme a cost management process is in place, which will monitor the costs of the Scheme and ensure it stays within agreed parameters. Should costs increase outside these parameters, future changes to Scheme design may be required.

Eligible Children

Eligible children are your children. They must, at the date of your death:

- Be your natural child (who must be born within 12 months of your death), or
- Be your adopted child, or
- Be your step-child or a child accepted by you as a member of your family (this doesn't include a child you sponsor for charity) and be dependent on you.

Eligible children must meet the following conditions:

- Be under age 18, or
- Be aged between 18 and 22 (inclusive) and in full-time education or vocational training, or
- Be unable to engage in gainful employment because of physical or mental impairment and either has not reached the age of 23 or the impairment is, in the opinion of NILGOSC's Independent Registered Medical Practitioner, likely to be permanent and the child was dependent on you at the date of your death because of mental or physical impairment.

Final Pay

This is usually the pay in respect of your final year of employment on which you paid contributions or one of the previous two years if higher. It includes your normal pay, contractual

shift allowance, bonus, contractual overtime (but not non-contractual overtime), maternity pay, paternity pay, adoption pay, shared parental pay, and any other taxable benefit specified in your contract as being pensionable. It is also the pay that is used to calculate your benefits on membership before 1 April 2015.

Pensionable Pay

This is the total of your salary, wages and payments on which pension contributions are based. It is also used to calculate your pension for membership after 31 March 2015. It includes your basic pay, overtime (contractual and non-contractual), additional hours, shift allowance, bonus, acting up allowance, maternity pay, paternity pay, adoption pay, shared parental pay and any other taxable benefit specified in your contract as being pensionable. It does not include travelling or subsistence allowance, pay in lieu of holidays, payment as an inducement not to terminate employment, payment to buy out an existing term or condition of employment, compensation for the purposes of achieving equal pay in relation to other employees, any amount treated as the money value for the provision of a motor vehicle and any pay paid by your employer if you go on reserve forces service leave.

Help with Pensions Problems

Who can help me if I have a query or a complaint?

If you are in any doubt about your entitlements or have a problem or question about your membership or benefits then please contact NILGOSC. We will try to clarify or put right any misunderstandings or inaccuracies as quickly and efficiently as possible. Please contact your employer if your query is about your contribution rate or the rate of your pensionable pay.

If you are still dissatisfied with any decision made in relation to the Scheme you have the right to have your complaint reviewed under the Internal Disputes Resolution Procedure. There are also a number of other regulatory bodies that may be able to assist you.

Internal Disputes Resolution Procedure

In the first instance you should write to NILGOSC outlining the complaint or request for a review. You must do so within six months of the date of the notification of the decision or event which led to your complaint, or such longer period as the person appointed by NILGOSC (the Secretary) to consider stage 1 reviews allows. This is a formal review of the decision or event and is an opportunity for the matter to be reconsidered. The Secretary will consider your complaint and notify you of his decision. If you are dissatisfied with his decision you may apply to NILGOSC's Committee to have it reconsidered.

A leaflet explaining Decisions, Reviews and Complaints is available from NILGOSC.

The Pensions Advisory Service (TPAS)

TPAS is available at any time to assist members and beneficiaries with pensions questions and issues they have been unable to resolve with the trustees or managers of the scheme.

You can contact the TPAS

Central Office at:

TPAS
11 Belgrave Road
London
SW1V 1RB

Telephone: 0300 123 1047

Website: www.pensionsadvisoryservice.org.uk

The Pensions Ombudsman Service

If a complaint or request for review has not been satisfactorily resolved through the internal procedures or with the help of TPAS, an application can be made to the Pensions Ombudsman Service within three years of the event that gave rise to the complaint or request. The Pensions Ombudsman Service can investigate and determine any complaint or dispute involving maladministration of the Scheme or matters of fact or law and his or her decision is final and binding (unless the case is taken to court on a point of law).

Matters where legal proceedings have started cannot be investigated by the Pensions Ombudsman Service.

The Pensions Ombudsman Service can be contacted at:

The Pensions Ombudsman Service
11 Belgrave Road
London
SW1V 1RB

Telephone: 020 7630 2200

Email: enquiries@
pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

The Northern Ireland Public Services Ombudsman (NIPSO)

If you think you have been treated unfairly by the Committee or remain dissatisfied with NILGOSC's response, you can complain to the Ombudsman. You must have exhausted NILGOSC's internal complaints procedure before you refer your complaint to NIPSO. NIPSO must receive your complaint within 6 months of the date of your stage 2 review result letter from NILGOSC.

The Ombudsman can be contacted at:

The Northern Ireland Public Services
Ombudsman

Freepost NIPSO

Belfast BT1 6HN

Telephone: 028 9023 3821

Freephone: 0800 343424

Email: nipso@nipso.org.uk

Website: www.nipso.org.uk

The Pensions Regulator (TPR)

The Regulator may intervene in the running of schemes where trustees, managers, employers or professional advisers have failed in their duties

The Regulator can be contacted at:

Telephone: 0345 600 7060

www.thepensionsregulator.gov.uk

How can I trace my pension rights?

The Pension Tracing Service holds details of pension schemes along with relevant contact addresses. It provides a tracing service for ex- members of schemes with pension entitlements (and their dependants) who have lost touch with their previous schemes. All occupational and personal pension schemes have to register if the pension scheme has current members contributing to the scheme or people expecting benefits from the scheme. If you need to use this tracing service please write to:

The Pension Tracing Service

The Pension Service 9

Mail Handling Site A

Wolverhampton

WV98 1LU

T: 0345 6002 537

W: www.gov.uk/find-lost-pension

Don't forget to keep all your pension providers up to date with any change in your home address.

Data Protection Act 1998

NILGOSC is registered with the Information Commissioner under the Data Protection Act 1998 to hold personal information for the purpose of administration of the Pension Scheme. Essentially the data is used to determine eligibility for, and to calculate any pension or other benefits from, the Scheme. This information is held and processed by NILGOSC strictly in accordance with the Data Protection Act 1998. In order to carry out its purpose NILGOSC may receive information about members from others, such as employers, but can only do so in accordance with the law.

NILGOSC may transfer information to third parties where there is a legal obligation to do so. NILGOSC may also, if it chooses, pass certain details to a third party if the third party is carrying out an administrative function of the Scheme, for example the Scheme's AVC providers and actuary. In addition, NILGOSC may transfer information to organisations which carry out processing operations on its behalf, such as printers. Any third parties to whom NILGOSC passes personal data are also required to comply with the Data Protection Act 1998.

NILGOSC is required to protect the public funds it administers. It may share information provided to it with other bodies responsible for auditing or administering public funds in order to prevent and detect fraud. In accordance with this, NILGOSC participates in the National Fraud Initiative (NFI) run by the Northern Ireland Audit Office, which has statutory powers to conduct data matching exercises. For further information about NILGOSC's participation in the NFI see www.nilgosc.org.uk/national-fraud-initiative.

As individuals, members have a right under the Data Protection Act 1998 to obtain information from NILGOSC, including a description of the personal data which is held. Any member who wishes to access their data on Data Protection Act grounds should complete a Subject Access Request Form or write to the Data Protection Officer at NILGOSC. Alternatively the request can be sent by e-mail to info@nilgosc.org.uk.

8. Contact Us



This guide is intended to be a brief introduction to the Scheme. You can find more detailed information in other Scheme literature which can be viewed on our website at www.nilgosc.org.uk, requested from your employer or directly from NILGOSC on the details below.

Contact Details

If you have any questions on the content of this leaflet or on any aspect of the Local Government Pension Scheme (NI), please contact the Pension Administration Team by any of the methods below:

Postal address:

NILGOSC
Templeton House
411 Holywood Road
Belfast BT4 2LP

Website: www.nilgosc.org.uk
Telephone: 0845 308 7346
Email: info@nilgosc.org.uk
Typetalk (for Minicom users):
18001 0845 308 7346
Fax: 0845 308 7344

You are welcome to visit us from Monday to Friday, from 9am to 5pm. You do not need to make an appointment. The office closes on public and statutory holidays, so please phone before your visit to check that it is open.

Information produced by NILGOSC can be made available in several languages and formats (such as large print, in Braille, on audio cassette, or on computer disk).

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