



Welcome

**Local Government Pension Scheme
An Overview of the Scheme for Councillors**



RHONDDA CYNON TAF



Overview

- Who can join
- How much it costs
- What benefits will I receive
- When can I access my benefits
- Maximising your pension benefits



Who can join?

- Eligible Councillors
- Under the age of 75
- Made an election to opt in



How much does it cost?

- Scheme member pay 6% of 'pay'
- Employer Contribution
- Scheme members pay lower tax and national insurance



What benefits will I get?

- Pensions
 - Payable for life
 - Index linked
- Tax Free Lump Sum
- Ill Health Cover
- Life Cover
 - Career Average Pay x 2
- Family Protection
 - Spouse/Registered Civil Partner
 - Children's Pensions



Benefit calculations

Pension = $\frac{1}{80}$ x Career Average Pay

Tax Free Lump Sum = 3 x Annual Pension

Commutation

- Allows you to sacrifice income to increase your tax free lump sum to approx 25% of fund value
- £1 of pension that you give up purchases £12 of tax free lump sum



Example calculation

Scheme member retiring with 20 years service
on a Career Average Pay of £18,000

Pension

$$20 \times \frac{1}{80} \times 18,000 = £4,500 \text{ pa}$$

Tax Free Lump Sum

$$20 \times \frac{3}{80} \times 18,000 = £13,500 \text{ pa}$$



When can I access my benefits?

- Early Retirement is permitted
 - From age 60 but reductions may apply
 - Between 50 and 60 requires the council's consent and may result in an additional tax charge
- Normal Retirement age 65
- Late Retirement between 65 and 75
 - Benefits are actuarially increased
- Ill Health
 - Enhancements for those with 5 years membership
 - Up to age 65 maximum



Ceasing to be a Councillor before retirement?

- **Deferred benefits**

- Payable from age 65 (you can choose to defer later)
- Unless Ill health then paid earlier
- From 50 to 60 with Council consent (may be reduced)
- From 60 without consent (may be reduced)

Death in deferment – your lump sum is paid as a tax free death grant to your beneficiaries with pension benefits for eligible family members

- **Refund of contribution**

- Only if you leave with less than 3 months membership
- Less a deduction for tax and reinstatement in the S2P



Maximising your pension benefits

- Transferring other pension benefits are not possible
 - Unless you have a deferred benefit from a previous period as a Councillor in the same LGPS Fund
 - Within 12 months of joining (or longer if Council allows)
- Pay Additional Voluntary Contributions (AVC's)
 - Up to 50% of 'pay'
 - Potential for additional tax free cash (subject to HMRC rules) or additional pension



How to contact us?



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Write to:

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