

Amendments to the Local Government Pension Scheme (LGPS)

Information for Local Government Pension Scheme (LGPS) Pension Funds to provide to scheme members regarding recent amendments to the LGPS

Introduction

Pension Fund administering authorities ('Pension Funds') will be aware of the changes to the LGPS following the introduction of the Local Government Pension Scheme (Amendment) Regulations 2015 which were made on 17 March 2015 and came into force on the 11 April 2015.

The Amendment Regulations made amendments to:

- the Local Government Pension Scheme Regulations 2013, and
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.

This short document is designed to assist Pension Funds when communicating these changes to scheme members as required under regulation 8 and part 1 of Schedule 2 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013. The areas noted below do not include all the technical amendments made via the amendment regulations and Bulletin 128 should be consulted alongside SI 2015/755 for details of all the amendments made through that Statutory Instrument.

Amendments

1. **Joining the Scheme** – there has been a slight change to the date from which you can elect to join the LGPS if you have a contract of employment of less than 3 months
 2. **50/50 section** – an additional circumstance has been added to the list of scenarios where a member in the 50/50 section is automatically brought back into the main section of the scheme
 3. **Buying back lost pension** – employers have been given the discretion to extend the 30 day limit within which scheme members can buy back lost pension via a Shared Cost Additional Pension Contribution (SCAPC)
 4. **Opting out of the LGPS** – members opting out of the scheme with an entitlement to a deferred benefit will, in future, no longer be able to join their periods of membership together if they re-join the scheme
 5. **Reductions in hours due to ill health** – an amendment has been made to ensure that if you have to reduce your contractual hours of work due to ill health there is no impact on the pay used to work out the lump sum death grant and survivor benefits if you subsequently die in service.
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- 6. Payments of pension to a child** – if you die leaving a young child, the scheme can now make payment to another person on their behalf whilst they are too young to manage their own affairs.
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1. Joining the Scheme - Election to join the LGPS if you have a contract of employment of less than 3 months

If you are an employee with a contract of employment that's for less than 3 months and you are eligible to join the LGPS you can make an election to join the scheme. An amendment has been made to the scheme rules, as from 11 April 2015, to provide that, after making such an election, you would be brought into the scheme from the beginning of the next available pay period following your election to join, rather than from the date of the election.

2. 50/50 section - Additional circumstance where a member in the 50/50 section is automatically brought into the main section of the scheme

If you are in the 50/50 section an additional circumstance has been added to the list of scenarios where you will automatically be brought back into the main section of the scheme. If you have no pay during a period of ordinary maternity leave, ordinary adoption leave or paternity leave then you will be moved back into the main section of the scheme from your next pay period if you are still not in receipt of pay at that time. This amendment takes effect from 1 April 2014.

3. Buying back lost pension - Employer discretion to extend the 30 day limit to buy back lost pension via a Shared Cost Additional Pension Contribution (SCAPC)

If you wish to purchase the amount of pension you have 'lost' during a period of authorised leave of absence and make the election to do so within 30 days of returning to work then the cost of buying back the amount of 'lost' pension is split between you and your employer. An amendment has been made to the scheme rules to give your employer the ability to extend the 30 day limit within which you normally have to make the election. This is an employer discretion and you can ask your employer what their policy is on this.

4. Opting out of the LGPS - impact on option to combine if you re-join the scheme in the future

If you opt out of the LGPS in an employment on or after 11 April 2015 with an entitlement to a deferred benefit (and do not have a concurrent employment in which you are still a member of the scheme) you will not have the right, if you subsequently re-join the scheme, to aggregate those deferred benefits with any future period of membership in the LGPS.

5. Reductions in hours due to ill health - no impact on pay used to work out lump sum death grant and survivor benefits

An amendment has been made to the scheme rules to ensure that if you die in service and an independent registered medical practitioner certifies that you had, due to the ill health that resulted in your death, reduced your contractual hours of work, the pay used to work out the lump sum death grant and the amount of enhancement added to a survivor's pension is based on the pay you would have received had you not been working reduced contractual hours.

6. Payments in respect of persons incapable of managing their affairs

The provision allowing a pension fund to make payment of benefits to another person where a pensioner, due to mental disorder or otherwise, is incapable of managing their affairs has been extended to now cover payments in respect of an eligible child. This will, for example, allow the administering authority, should you die leaving an eligible child, to make pension payments to another person on behalf of the child whilst the child is too young to manage their own affairs.



Disclaimer

This leaflet has been prepared based on the LGPC Secretariat's understanding of the information presently available including the relevant legislation governing the Local Government Pension Scheme and associated overriding legislation. It represents the views of the Secretariat and should not be treated as a complete and authoritative statement of the law. Readers may wish, or will need, to take their own legal advice on the interpretation of any particular piece of legislation. No responsibility whatsoever will be assumed by the Local Government Association for any direct or consequential loss, financial or otherwise, damage or inconvenience, or any other obligation or liability incurred by reads relying on information contained herein.

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