

Summary of Key Changes

Current Scheme	LGPS 2014
<p>Final Salary</p> <p>Pension benefits are based on the full time equivalent pensionable pay earned in the final year of membership</p>	<p>Career Average Revalued Earnings (CARE)</p> <p>Pension benefits accrue during the period of membership relative to the actual earnings in each year and then these are revalued to keep pace with inflation</p>
<p>Accrual Rate of 1/60th</p> <p>Scheme members get a pension based on 1/60 of their final salary for each year of membership (pro rata for PT members)</p>	<p>Accrual Rate of 1/49th</p> <p>Scheme members will be credited with 1/49 of their pay each year which is then revalued (see above)</p>
<p>Comment</p> <p>This is a significant improvement in the pension calculation with a pension of 1/60 on a salary of £20,000 being £333.00 whereas based on 1/49 it becomes £408.00.</p>	
<p>Pensionable pay</p> <p>Pensionable pay excludes non contractual payments such as overtime and additional hours worked over the contractual obligation</p>	<p>Pensionable pay will include non contractual payments such as overtime and additional hours worked over the contractual obligation.</p>
<p>Normal Retirement Age</p> <p>Normal retirement age is age 65</p>	<p>The Normal Retirement Age will be equal to the Scheme member's State retirement age, but subject to a minimum of age 65. If retirement is taken before the NRA then the pension will be reduced to take account of the early payment but likewise it will be increased if retirement takes place after NRA.</p>

<p>Employee contribution rates average 6.5% on full time equivalent pay</p> <table border="1"> <thead> <tr> <th>From</th> <th>To</th> <th>% contribution</th> </tr> </thead> <tbody> <tr> <td colspan="2">Up to £13,500</td> <td>5.5%</td> </tr> <tr> <td>£13,501</td> <td>£15,800</td> <td>5.8%</td> </tr> <tr> <td>£15,801</td> <td>£20,400</td> <td>5.9%</td> </tr> <tr> <td>£20,401</td> <td>£34,400</td> <td>6.5%</td> </tr> <tr> <td>£34,001</td> <td>£45,500</td> <td>6.8%</td> </tr> <tr> <td>£45,501</td> <td>£85,300</td> <td>7.2%</td> </tr> <tr> <td colspan="2">More than £85,300</td> <td>7.5%</td> </tr> </tbody> </table>			From	To	% contribution	Up to £13,500		5.5%	£13,501	£15,800	5.8%	£15,801	£20,400	5.9%	£20,401	£34,400	6.5%	£34,001	£45,500	6.8%	£45,501	£85,300	7.2%	More than £85,300		7.5%	<p>Employee contribution rates will still average 6.5% but be based on actual pay</p> <table border="1"> <thead> <tr> <th>From</th> <th>To</th> <th>% contribution</th> </tr> </thead> <tbody> <tr> <td colspan="2">Up to £13,500</td> <td>5.5%</td> </tr> <tr> <td>£13,501</td> <td>£21,000</td> <td>5.8%</td> </tr> <tr> <td>£21,001</td> <td>£34,000</td> <td>6.5%</td> </tr> <tr> <td>£34,001</td> <td>£43,000</td> <td>6.8%</td> </tr> <tr> <td>£43,001</td> <td>£60,000</td> <td>8.5%</td> </tr> <tr> <td>£60,001</td> <td>£85,000</td> <td>9.9%</td> </tr> <tr> <td>£85,001</td> <td>£100,000</td> <td>10.5%</td> </tr> <tr> <td>£100,001</td> <td>£150,000</td> <td>11.4%</td> </tr> <tr> <td colspan="2">More than £150,000</td> <td>12.5%</td> </tr> </tbody> </table>			From	To	% contribution	Up to £13,500		5.5%	£13,501	£21,000	5.8%	£21,001	£34,000	6.5%	£34,001	£43,000	6.8%	£43,001	£60,000	8.5%	£60,001	£85,000	9.9%	£85,001	£100,000	10.5%	£100,001	£150,000	11.4%	More than £150,000		12.5%
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<p>Entitlement to pension (the vesting period)</p> <p>Under the current arrangements, a scheme member will be entitled to benefits from the Scheme once they have completed only 3 months membership (or they have transferred in membership).</p>	<p>From April 2014, any member with less than two years membership will receive a refund of contributions rather than having a small deferred pension (unless they have transferred in membership).</p>
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<p>Pension protection 1</p> <p>Under the Heads of Agreement the Government confirmed there should be protection of pension benefits built up before April 2014</p>	<p>The proposals confirm that such a protection will be contained in the new Scheme</p>
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<p>Comment</p> <p>This means that some members will have pension benefits calculated on 3 types of LGPS.</p> <ul style="list-style-type: none"> the 1997 Scheme with pension accrual of 1/80 and an automatic lump sum on final pay, as at the date of leaving the 2008 scheme with 1/60 pension accrual on final pay, as at the date of leaving and now the 2014 Scheme with 1/49 pension accrual an career average pay 	
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Pension protection 2 Under the Heads of Agreement the Government promised to agree to protect those current Scheme members who were within 10 years of retirement	 This is to be achieved with specific 'underpin' protection. For those affected a calculation will be performed at age 65 to ensure they will get a pension at least equal to that which they would have received in the LGPS 2008 Scheme.
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The 50/50 option With pressures put upon individuals' finances, there is a tendency to forsake pension provision and opt out of the scheme	 Employees will be able to elect to contribute less and receive less pension benefit. They will however retain full value of other benefits such as death in service lump sum.
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