

LONDON BOROUGH OF SOUTHWARK PENSION FUND

Are you leaving the Fund? →

What are your pension options?

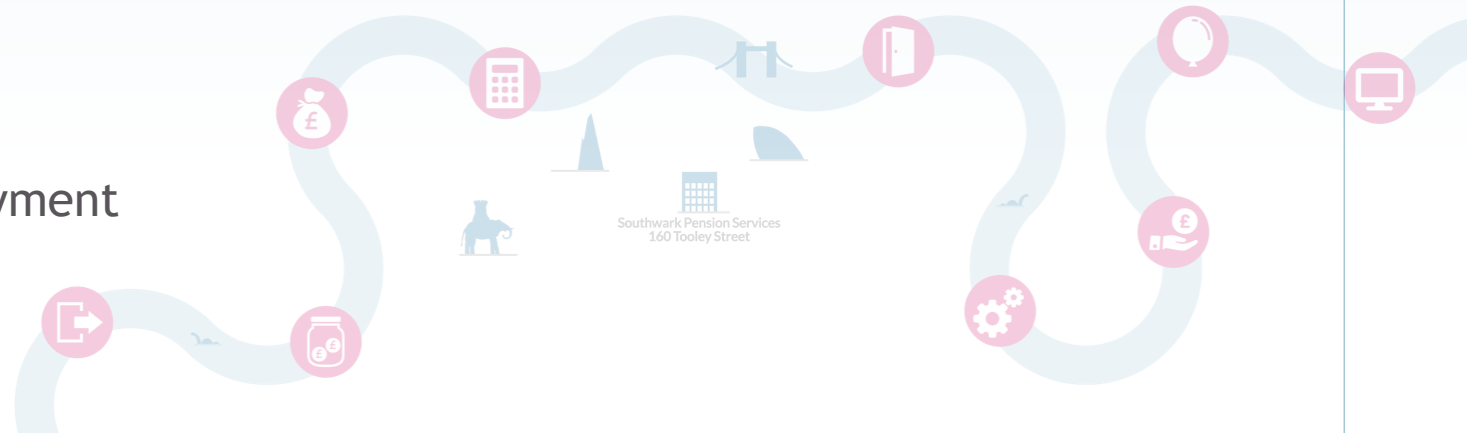




INTRODUCTION

We will be covering:

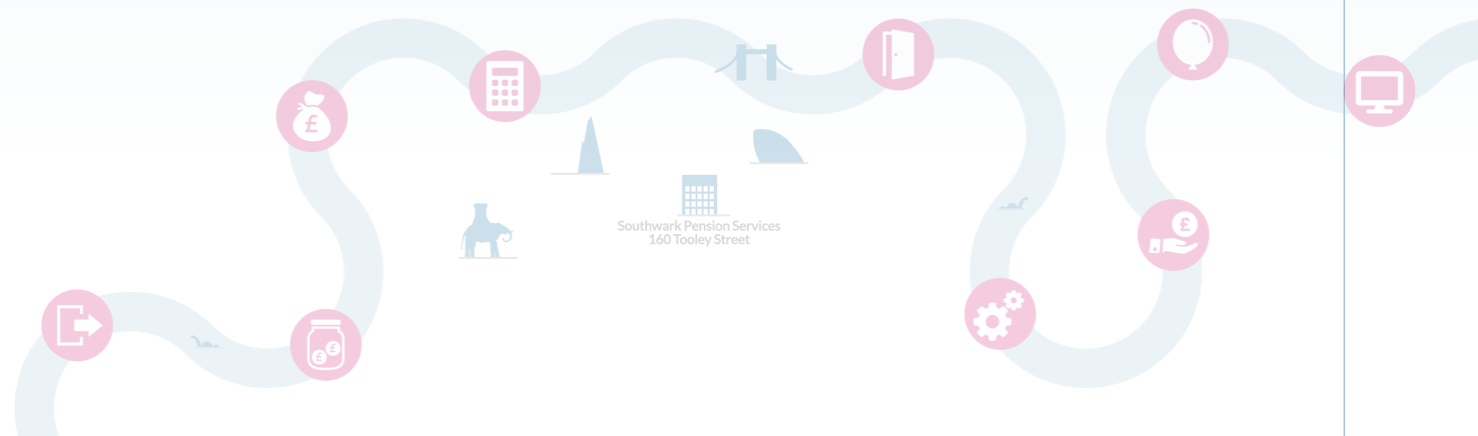
-  Opting out
-  What happens to my contributions?
-  Preserved benefits
-  Calculating preserved benefits
 - 80th
 - 60th
 - CARE
-  You've left employment
-  Transferring out
 - The process
-  Claiming your pension benefits
 - Earliest age to claim
-  Normal Pension Age
-  Useful websites





OPTING OUT

- An active employee may opt-out of the Local Government Pension Scheme (LGPS) at any stage of their employment.
- You will need to formally complete an opt-out form.
- Pension contributions will stop from the next available pay period subject to payroll closedown dates.



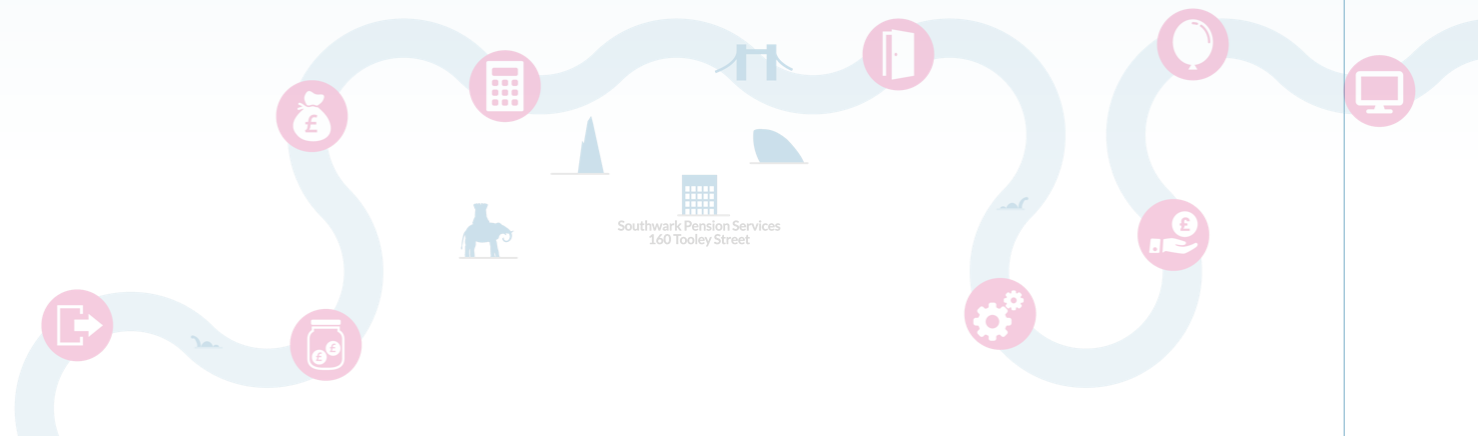


WHAT HAPPENS TO MY PENSION CONTRIBUTIONS?

I have paid contributions and I'm opting out *within* three months of joining

If you decide to opt-out of the LGPS before completing three months' membership you'll be treated as never having been a member.

Your employer will refund to you, any contributions you've paid during that time via your monthly salary.





I am opting out with three or more months' membership and before the two-year vesting period

If you opt-out of the LGPS and you've been a member for three months or more but you haven't completed the two-year qualifying period (known as the vesting period), you can take a refund of your contributions (less any statutory deductions) or transfer your pension to another qualifying pension scheme.

If you were in the scheme before 1 April 2014 and opt-out on or after that date with three or more months' membership and before completing the two-year vesting period, you'll also have the option of having preserved benefits in the scheme instead of taking a refund of your contributions (less any statutory deductions).



You've opted out and had the option of a preserved benefit award (also known as deferred benefits) or you've left the employment of Southwark Council and have met the vesting period

- Calculations of your accrued pension benefits will be made to the point of opting out/last day of service.
- These benefits will remain in the Fund until you elect to claim them as a benefit or elect to transfer them to another pension provider.
- The preserved benefit award will detail the pension and any lump sum payable at Normal Pension Age. These amounts will increase in line with the pension increase order which is calculated currently using the Consumer Price Index (CPI).
- You can, however, elect to claim them earlier than your Normal Retirement Age, at any age after 55 years (current earliest age), but your benefits will be actuarially reduced to take into account that your benefits will be paid for a potentially longer period of time.

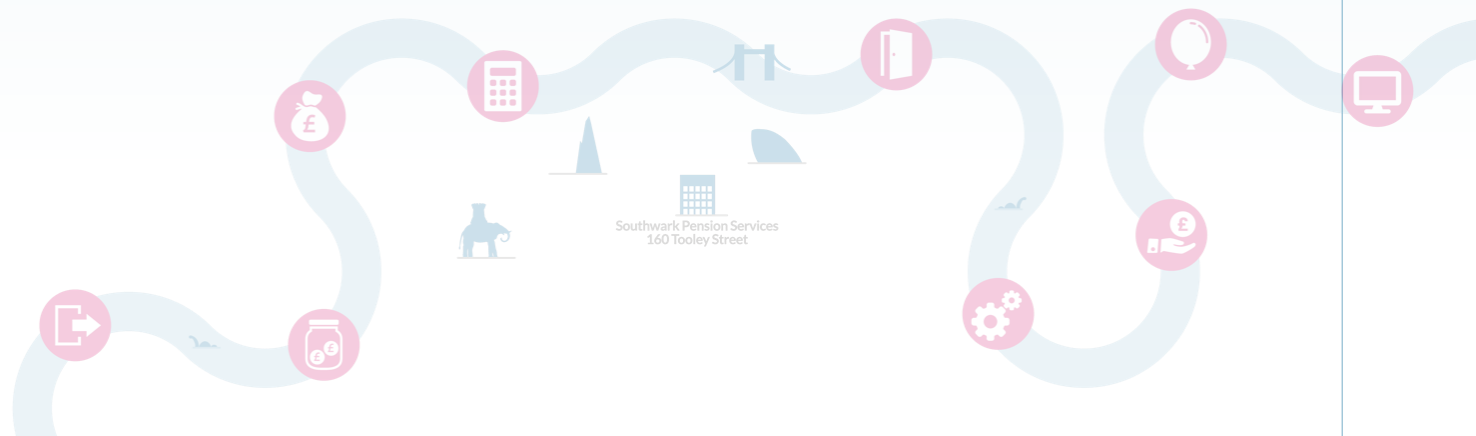
lbspensions@southwark.gov.uk



CALCULATING PRESERVED BENEFITS

- Calculating pension benefits has got slightly more complicated over the years, as there were scheme changes in April 2008 and April 2014.
- Most people with long service will need three calculations:
 - Pre 1 April 2008 - 80th scheme
 - Post 1 April 2008 - 60th scheme
 - Post 1 April 2014 - CARE scheme

lbspensions@southwark.gov.uk





HOW THE 80TH SCHEME IS CALCULATED

- Service 1 April 1990 to 31 March 2008
= 18 years
- $18 \text{ years} / 80 \times \text{£}20,000 = \text{£}4,500$
- And a lump sum of £13,500



$$\frac{18 \text{ years' service to 31 March 2008}}{80} \times \text{£}20,000 = \text{£}4,500$$

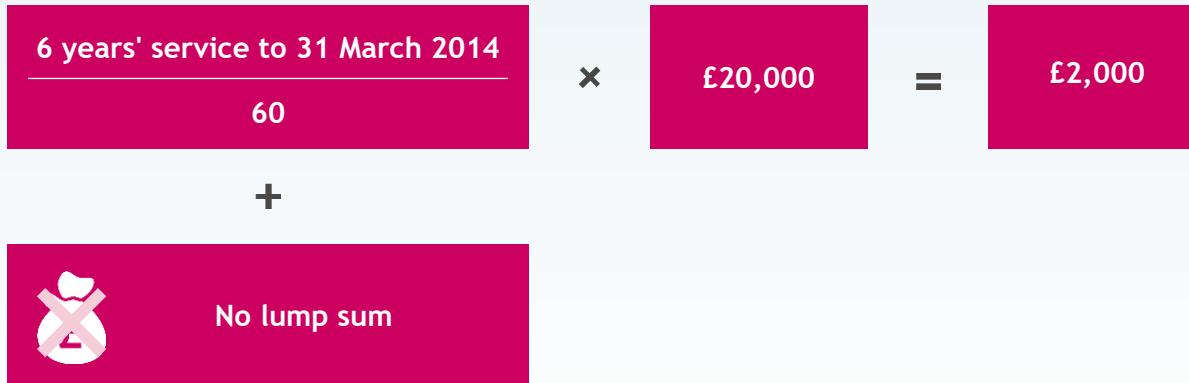
+

$$\text{£}13,500$$



HOW THE 60TH SCHEME IS CALCULATED

- Service 1 April 2008 to 31 March 2014
= 6 years
- $6/60 \times £20,000 = £2,000$
- There is no automatic lump sum





CARE CALCULATION

- • For each year worked, $£20,000/49 = £408.16$ of annual pension is added to
- the pension pot
- Each year the annual pension is increased in line with inflation, based on the Consumer Price Index (CPI)

| Year | Current balance | Salary | CARE Pension | Inflation % (EXAMPLE) | Total annual pension |
|---------|-----------------|---------|--------------|-----------------------|----------------------|
| 2018-19 | 0 | £20,000 | £408.16 | 1.2 | £413.06 |
| 2019-20 | £413.06 | £20,000 | £408.16 | 5 | £862.28 |
| 2020-21 | £862.28 | £20,000 | £408.16 | 2.8 | £1,306.01 |

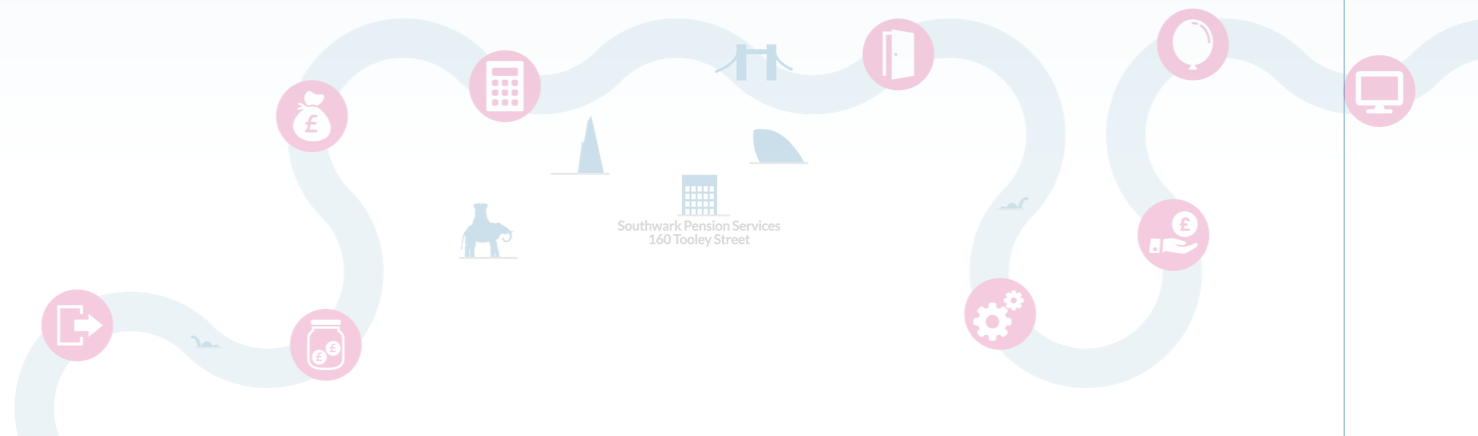


You've left and started pensionable employment somewhere else

→ If you meet the vesting period you can elect to keep your preserved benefits in the Fund.

OR

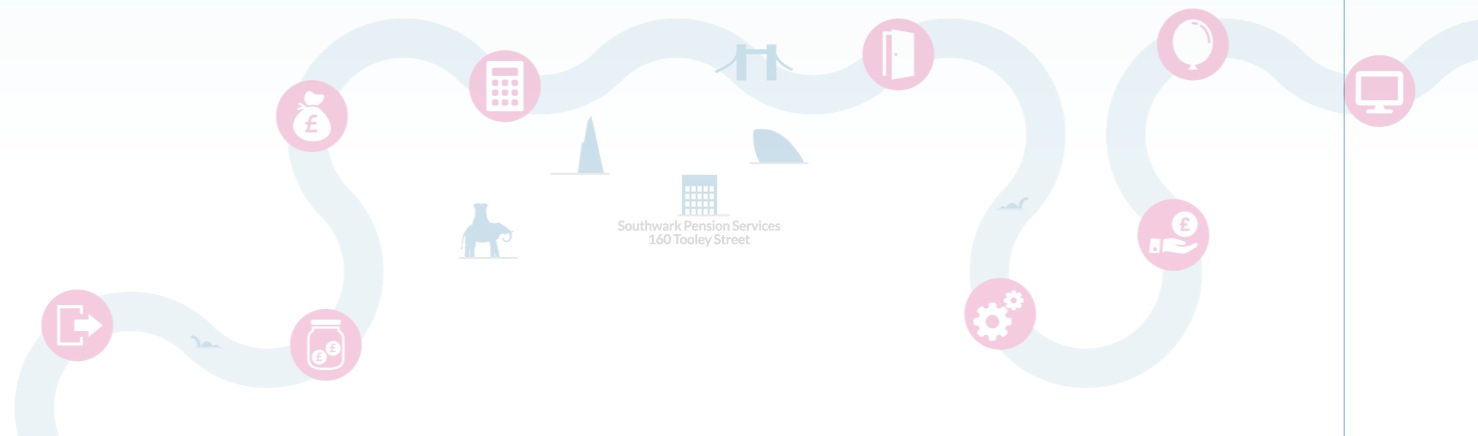
→ You can investigate the possibility of transferring your preserved benefits to another pension provider.





TRANSFERRING OUT

- Once Southwark Pension Services are notified that you've left and your preserved benefits have been calculated, a preserved benefit award statement will be sent to you.
- Your new pension provider should send you forms to complete so they can investigate the possibility of transferring any accrued pension benefits into their scheme. **You should complete these forms as soon as possible.**





THE PROCESS

1

→ Once the new pension scheme has received the authority forms to request a transfer from you, they will write to Southwark Pension Services for a transfer quotation.

2

→ Southwark Pension Services will calculate the transfer estimate. They'll then send the relevant forms to you/the scheme for completion.

3

→ The new pension scheme will calculate what pension the transfer would buy in their scheme and will write to you. You'll have the option to transfer into their scheme or to keep the benefits separate.

4

→ You should compare their estimate with your preserved benefit award statement to help you make an informed decision.



THE PROCESS (cont.)

- 5 → If you agree to the transfer out from the Fund, complete and return the forms to your new pension scheme.
- 6 → Once your new pension provider receives your decision to transfer your benefits to them, they'll write to Southwark Pension Services to request the actual transfer payment.
- 7 → If you're in *any* doubt of what you should do, seek independent financial advice. Note that Southwark Pension Services and the new pension scheme aren't permitted to give you financial advice.

Find an adviser local to you at register.fca.org.uk



CLAIMING YOUR PENSION BENEFITS

- If you're over the age of 55 you can claim your pension benefits.
- Remember that claiming your benefits before your Normal Pension Age will result in your benefits being actuarially reduced.
- When you leave your employment you'll be sent leaver forms.
- If you qualify and wish to claim your accrued pension benefits, complete the form requesting payment of your pension. Southwark Pension Services can calculate and advise you on your retirement options.

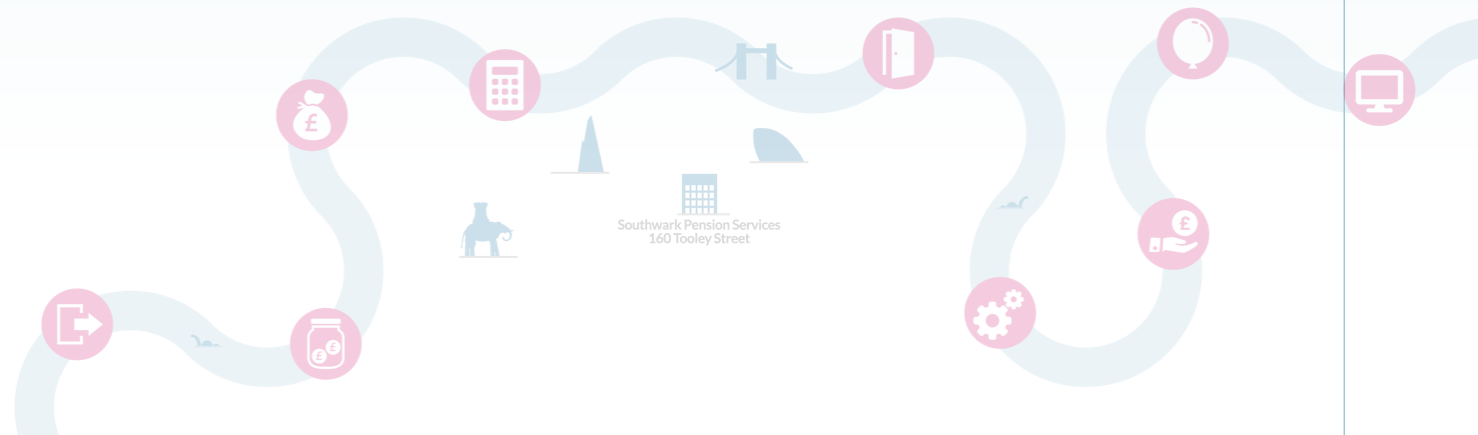
Earliest age to claim pension benefits

- The earliest age that you can have a pension paid (except in ill-health) is currently 55 years old.
- The Government confirmed in early September 2020 that this will rise to age 57 from 2028.



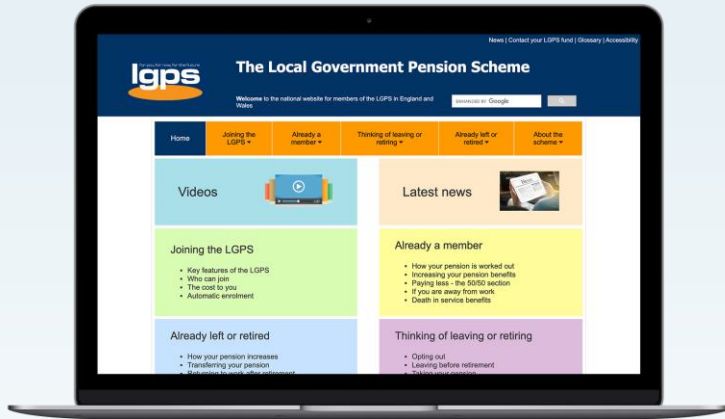
Do I have to take my pension by my Normal Pension Age?

- No, but you must take your pension benefits by age 75.
- There's an additional 'uplift' for benefits that aren't taken by State Pension Age.
- For each day the benefits aren't taken, the pension benefits will potentially be paid for a shorter period of time.



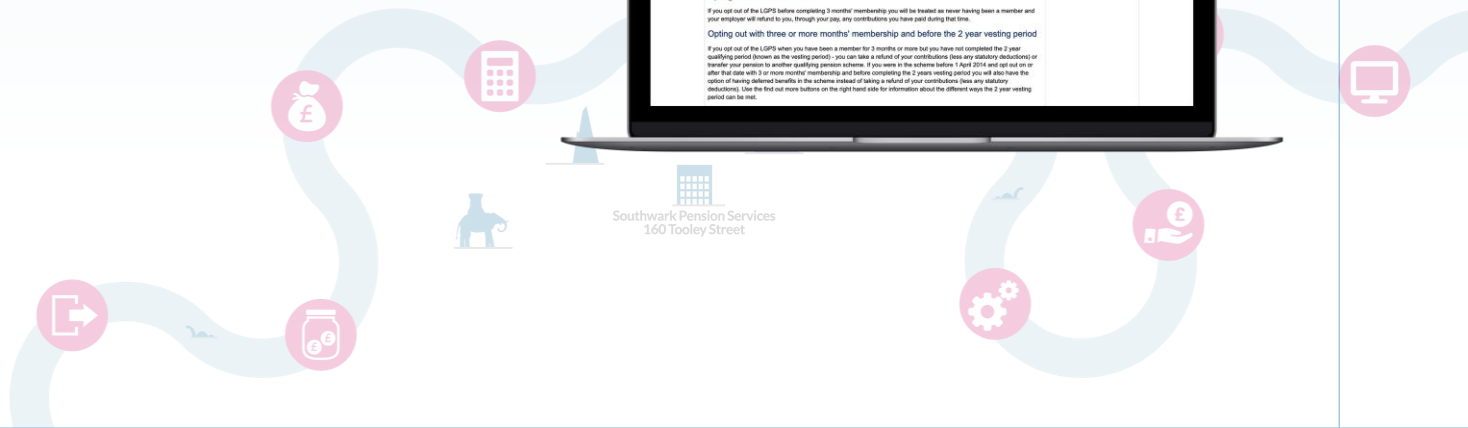
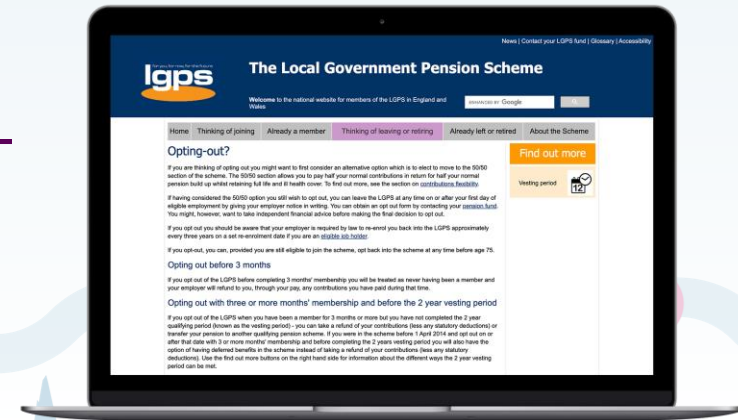


USEFUL WEBSITES



➔ www.lgpsmember.org

www.lgpsmember.org/tol/thinking-leaving-opt.php





THANKS FOR WATCHING



For a helping hand, please contact us via:

@ lbspensions@southwark.gov.uk

📞 0207 525 4924



Don't forget to visit your new website at:

www.southwarkpensions.co.uk



For the national Local Government Pension Scheme website, it's:

www.lgpsmember.org

