

The 'New Look' LGPS 2008 compared with the Current LGPS

The New Look Scheme contains a new benefit structure. The table below compares the new scheme with the benefits in the current 1997 Regulations:




| | New LGPS Benefits | Current LGPS Benefits |
|-----------------------------------|--|--|
| Scheme structure | Defined benefit final salary scheme. | Defined benefit final salary scheme. |
| Benefit structure | <p>Pension of 1/60th of salary for each year of membership from 1 April 2008. No automatic lump sum, option for the exchange of pension for lump sum up to a limit of a quarter of the overall value of your pension benefits.</p> <p>For every £1 of pension you will receive £12 tax free lump sum.</p> <p>(Membership to 31 March 2008 calculated as before also with the option to exchange pension for lump sum as above up to a quarter of the overall value of your pension benefits).</p> | <p>Pension of 1/80th of salary for each year of membership with a lump sum of three times your pension. There is also the option to exchange pension for lump sum up to a quarter of the overall value of your pension benefits.</p> <p>For every £1 of pension you will receive £12 tax free lump sum.</p> |
| Index linking | Fully indexed pension. | Fully indexed pension. |
| Employee contribution rate | <p>Banded employee contributions based of full-time equivalent pay, ranging from 5.5% if earnings less than £12,000 to 7.5% if earnings in excess of £75,000. Bands increased each year.</p> <p>Protected 5% contribution rate to be phased out over 3 years.</p> | 6% for the majority of members, although a small number currently have a protected 5% rate. |
| Normal retirement age | Normal pension age 65 for release of unreduced benefits. | Normal pension age 65 for release of unreduced benefits. |
| Early retirement | <p>Early release of unreduced pension benefits if employment ends on grounds of redundancy or efficiency. Retirement if your employer agrees and flexible retirement (all or part of benefits).</p> <p>All from age 55 (or from age 50 for scheme members who were members at 31 March 2008, attain age 50 by 31 March 2010 and provided they retire and elect to receive benefits before 1 April 2010).</p> | <p>Early release of unreduced pension benefits if employment ends on grounds of redundancy or efficiency. Retirement if your employer agrees and flexible retirement (all of benefits).</p> <p>All from age 50.</p> |
| Ill health retirement | <p>Three levels of ill health pension benefits payable from any age.</p> <p>Higher level with membership increased up to the age of 65 if you are highly unlikely to return to employment.</p> <p>Middle level with membership increased by 25% of membership to age 65 where there is a reasonable prospect of a return</p> | Immediate payment of benefits, from any age, if you are permanently unable (to at least age 65) of carrying out your duties. Membership increased up to 10 years, dependent on age and service. |

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| | to employment before age 65. Lower level is yet to be confirmed. | |
| Dependant's benefits | Long term pension payable to the member's spouse, civil partner or nominated partner and eligible children. | Short term pension benefits payable for 3 or 6 months at an enhanced rate to the member's spouse or civil partner and eligible children. Long term pensions payable to the member's spouse or civil partner and eligible children. |
| Death benefit lump sum | Death in service lump sum three times salary. 10 year guarantee for payment of retirement pension. | Death in service lump sum two times salary. 5 year guarantee for payment of retirement pension. |
| Increasing benefits | Facility to buy up to £5,000 additional pension. AVC facility. | Facility to buy up to 6 ² / ₃ additional years service. AVC facility. |
| Employer's ability to increase benefits | Facility to award up to 10 years additional service; Award up to £5,000 additional pension. | Facility to award up to 10 years additional service. |

Further information is available on our website.

There are also links to the Department for Communities and Local Government website and forum from this area of our website.

You can also contact the Pensions Helpdesk

-  01772 530530
-  penservices@lancashire.gov.uk
-  www.lancs-pensions.org.uk

If at anytime you wish to make an individual appointment to see a member of the Pensions Team please contact the Pensions Helpdesk so that we can ensure that someone is available to see you.

The contents of this publication are based on our understanding of the legislation as at December 2007. Nothing in this leaflet can override legislation.



Lancashire Pensions Services

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