

The rising cost of living is giving more people than ever money worries.

The energy crisis, increased mortgage payments, high fuel and grocery costs are all having an impact.

We understand that contributing to your LGPS pension may seem like an unnecessary luxury and that opting out of the scheme may seem a sensible option to save a few

£££'s but you need to consider the benefits you'd lose for you and your family.



# Membership of the Local Government Pension Scheme (LGPS) gives you:



A secure pension for life, that keeps pace with inflation.



The option to take a tax-free lump sum when you retire.



**Ill-health retirement** if you're **forced** to stop work due to a **serious illness**.



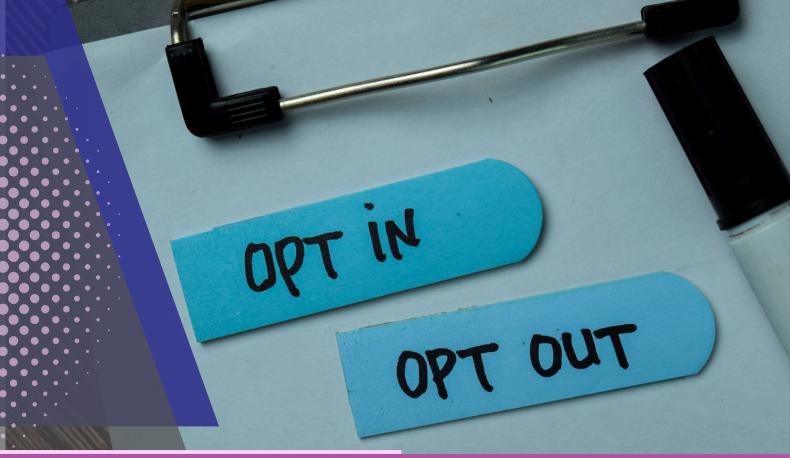
Immediate payment of your benefits if you are over age
55 and made redundant or retired on business
efficiency.



**Death benefits for your family** including: a partners pension and children's pension PLUS a cash lump sum of three times your pay, paid to your nominated beneficiaries.

All this and more without the headache of stock market fluctuations.

Can you afford to give this up?



# If you OPT OUT of the Local Government Pension Scheme (LGPS) you will:

# Miss out on the contribution your employer makes

Your employer pays pension contributions on your behalf (sometimes more than double what you pay) and therefore contributes substantially towards your standard of living in retirement.

# Reduce your income at retirement

The LGPS is a defined benefit scheme which means your pension is calculated based on membership and pay. The longer you contribute to the scheme the higher your benefits will be at retirement.

# Be giving up on secure benefits

guaranteed by the government and not affected by stock market fluctuations.

Reduce any life cover payments that may be due



The Local Government Pension Scheme is often viewed as one of the most valuable financial rewards of your job providing you with a secure, Government backed guaranteed income when you retire, and whilst we can understand you may not think this at the moment, just ask yourself, can you afford to give this up?

Opting out doesn't mean you will see the full value of your pension contributions back in your salary.

You receive tax relief on your pension contributions, so if you're a 20% tax payer and you pay £100 pension contributions, you'll only see £80 back in your salary.

It's also worth noting that if you opt out with an entitlement to a Deferred Benefit and then later decide to re-join the LGPS you will not be able to combine (aggregate) those two periods of membership.



This way you **remain** in the scheme but **reduce your contributions** and **build up half the pension** while **keeping your death and ill health benefits in full.** 

Example of the main section compared to the 50/50 section: (This example is based on an employee earning £24,500 per year.)

#### **MAIN Section**

Gross contribution in the MAIN SECTION (for 1 year) 6.5% = £1,592.50

Pension build up before revaluation in the MAIN SECTION (for 1 year) £500 for each year in retirement

\*Lump Sum Life Assurance cover £73,500

FULL ILL-HEALTH COVER

#### 50/50 Section

Gross contribution in the 50/50 SECTION (for 1 year) 3.25% = £796.25

Pension build up before revaluation in the 50/50 SECTION (for 1 year) £250 for each year in retirement

\*Lump Sum Life Assurance cover £73,500

FULL ILL-HEALTH COVER

# As a 50/50 LGPS member you would still get:



### **Full life cover**

The lump sum death grant and survivor pension would remain unaffected.



## Ill health retirement

under tier 1 or 2 would also remain unaffected.

# Next Steps... If you 'd like to join the 50/50 scheme



Use the LGPS Calculator
which shows the cost of
your contributions if you
move to the 50/50
section to decide if this
would help you.



### Step 2

Join the 50/50 Section
form and return it to your
Employer or Payroll
provider.

Fill out the **Election to** 



### Step 3

You'll start paying half your normal contributions from the next available pay period, saving you money while keeping your pension benefits.

A pension is planning ahead, and providing financial security for you and your family in the future.

Can you afford to give this up?



Try using the LGPS pension account modeller before making your final decision. The modeller will show how you can build up pension. It also shows you how joining the 50/50 scheme will impact your pension build up.

If you are still considering opting out of the scheme, we recommend you get financial advice first. You can find a financial adviser **here**, many advisers offer the first session for free. Make sure you select the box that says, 'I want advice on a Defined Benefit pension' when looking for an adviser using this service.

Visit our website **here** for more information on **Opting Out.** 

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