| **Cambridgeshire**  Pension Fund | **Northamptonshire**  Pension Fund |
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**Local Government Pension Scheme – transferring your pension to another pension arrangement frequently asked questions**

# **Is there a time limit for transferring my pension outside of the LGPS?**

To be able to transfer your pension benefits from the (LGPS) to another pension scheme, you must have stopped accruing benefits in the LGPS and / or chosen to transfer your pension rights, at least 12 months before your Normal Pension Age (NPA).

**NPA** can be:

1. For a post 31 March 2014 leaver this is equal to a member’s State Pension Age (SPA) (with a minimum of age 65. If you’re unsure what your SPA is, you can use the [Government’s State Pension Age calculator](https://www.gov.uk/calculate-state-pension)
2. For a 1 October 2006 to 31 March 2014 leaver is age 65.
3. For a pre 1 October 2006 leaver is either:
4. In the case of a member who by their 60th birthday has a total period of membership of at least 25 years, that birthday; or
5. In the case of a member who first meets the ‘85-year rule’ (your age and membership in complete years equals 85) by a date between their 60th and 65th birthday, the day after this date; or
6. In the case of a member who does not fall within (i) or (ii), their 65th birthday.

To be entitled to a transfer of your LGPS benefits you must have been a member for more than 3 months.

# **Can I transfer my pension rights from the LGPS?**

Yes, a transfer of pension rights is an option that may be available to you. This applies:

* If your new job gives access to another pension scheme and you’re a member of this scheme.
* If you start a personal pension or a stakeholder pension.

The receiving scheme or arrangement must satisfy HMRC requirements.

The transfer payment must be used in one of the following ways, as long as the trustees or managers of the new arrangement are able and willing to accept the transfer:

* To buy transfer credits in an occupational scheme. Transfer credits are allowed to an earner under the new occupational scheme. To be classed as an earner you must either:
* have earnings from an employer associated with the new occupational scheme your benefits have been transferred to; or
* have earnings from any source.
* To buy rights allowed under the rules of a personal pension scheme.
* To buy an annuity or annuities from one or more insurers.

# **Are there any other time limits?**

Scheme members with a Guaranteed Minimum Pension (GMP) can be subject to the following time limits.

**Female Active Scheme Member**

If you have a GMP associated with your LGPS benefits and wish to transfer your benefits outside of the LGPS, you would only be able to transfer these benefits if:

* The transfer has taken place before your 60th birthday and you have already opted out of the LGPS, or
* The transfer has taken place on or after your 60th birthday and you have opted out of the LGPS but you are continuing in the same employment or in a new employment (with no break in service). Should this situation occur then confirmation of your continued employment will be required before a (Cash Equivalent Transfer Value) CETV can be provided to you.

If the above was not the case, then your benefits cannot be transferred but you will be able to claim your benefits as an ongoing pension if you leave your employment.

**Male Active Scheme Member**

If you have a GMP associated with your LGPS benefits and wish to transfer your benefits outside of the LGPS, you would only be able to transfer these benefits if:

* The transfer has taken place before your 65th birthday and you have already opted out of the LGPS
* The transfer has taken place on or after your 65th birthday and you have opted out of the LGPS but you are continuing in the same employment or in a new employment (with no break in service). Should this situation occur then confirmation of your continued employment will be required before a (Cash Equivalent Transfer Value) CETV can be provided to you.

If the above was not the case, then your benefits cannot be transferred but you will be able to claim your benefits as an ongoing pension if you leave your employment.

**Female Deferred Scheme Member**

**You left the scheme prior to 01 April 2008**

The GMP element of your pension becomes payable from your 60th birthday, therefore if you wish to transfer your benefits outside of the LGPS the transfer would have to take place before your 60th birthday.

**You left the scheme post 31 March 2008**

The GMP element of your pension becomes payable from your 60th birthday, therefore if you wish to transfer your benefits outside of the LGPS;

* The transfer would have to take place before your 60th birthday, or
* If you were still working on your 60th birthday (excluding any local government employment) you can elect to defer payment of the GMP and transfer your pension rights. Should this situation occur then confirmation of your continued employment will be required before a (Cash Equivalent Transfer Value) CETV can be provided to you.

**Male Deferred Scheme Member**

**You left the scheme prior to 01 April 2008**

The GMP element of your pension becomes payable from your 65th birthday, therefore if you wish to transfer your benefits outside of the LGPS the transfer would have to take place before your 65th birthday.

**You left the scheme post 31 March 2008**

The GMP element of your pension becomes payable from your 65th birthday, therefore if you wish to transfer your benefits outside of the LGPS;

* The transfer would have to take place before your 65th birthday, or
* If you were still working on your 65th birthday (excluding any local government employment) you can elect to defer payment of the GMP and transfer your pension rights. Should this situation occur then confirmation of your continued employment will be required before a (Cash Equivalent Transfer Value) CETV can be provided to you.

**If you only paid into the Local Government Pension Scheme (LGPS) after 05 April 1997,**you will not have a (GMP) amount. However, if you transferred some pension rights in from another contracted-out scheme that you paid into before 1997 you may have a GMP.

**If you paid into the LGPS before 06 April 1997**, you will probably have a GMP.

# **Definition of a GMP**

## From 6 April 1978 to 05 April 2016 the State Pension was made up of 2 parts:

1. basic pension
2. additional pension, known as the State Second Pension (S2P) and previously known as the State Earnings Related Pension Scheme (SERPS).

Occupational pension schemes could 'contract-out' of the S2P and in return members pay a lower rate of National Insurance contributions. The Local Government Pension Scheme (LGPS), along with all public service pension schemes, is contracted-out of the S2P up to 31 March 2016.

The LGPS must ensure that the pension paid to a member is as much as they would have been paid under S2P. This is known as the Guaranteed Minimum Pension (GMP). It isn't a separate pension; it's simply the minimum amount your LGPS pension must reach. Usually your LGPS pension is more than your GMP.

With effect from 6 April 1997 Guaranteed Minimum Pensions no longer accrued.

## **GMP amount**

Your GMP is calculated by the Department for Work and Pensions (DWP) and will be notified to you with your State Pension entitlement. The DWP will inform us of the amount and provide an annual update. Your GMP is paid as part of your Local Government pension, and not in addition to it. In correspondence from the DWP they may refer to the GMP as Contracted out deduction (COD).

As well as the LGPS time limits, many schemes have strict transfer deadline rules, and if you don’t tell them about a transfer quickly you may not be able to go ahead. You need to find out the deadlines and take action as requested by:

* Checking the scheme literature you’ve been given; or
* Checking the website of your new pension arrangement if there is one; or
* Contacting the administrators of your new pension arrangement by telephone or in person.

# **What will my new pension provider need?**

Your new pension provider will need a transfer value quotation, which will be guaranteed by the Fund for a period of three months from the date of calculation.

# **What do I do if I’m responsible for getting transfer details for my new pension provider?**

If you’re responsible for getting the transfer details from us, please complete the ‘Application to Transfer Out of the Local Government Pension Scheme Benefits Form’ and return it to us, together with any forms issued by your new scheme. This can be found on [the forms and resources page of our website](https://lgssmember.pensiondetails.co.uk/home/members/lgps/active-members/forms-and-resources/index.html).

# **Can I transfer my main LGPS even though I’m contributing to the LGPS?**

No. You may only transfer your main LGPS benefits if you’re no longer contributing to the LGPS. If you’re contributing to the LGPS you must first complete an opt-out form and stop membership of the LGPS.

If you’ve re-joined the LGPS and have a separate deferred benefit the same rule applies, you can’t transfer the deferred benefit whilst you’re contributing to the LGPS.

# **Can I transfer my pension to another arrangement, if I’m receiving a LGPS pension?**

A transfer is not possible if you’re receiving a pension relating to a separate job in the LGPS in England and Wales or if you’ve met the 2 years qualifying membership in the LGPS and would have to take your pension straight away. Examples of the latter are where:

* you can’t work because of ill-health (at any age) and are awarded an ill health pension at tier one, two or three;
* flexible retirement has been agreed by your employer;
* you’ve reached the age of 55, met the 2 years qualifying service criteria and have been made redundant, or your employment has been terminated because of business efficiency;
* you’ve left your job when you have both a) reached ‘pensionable age’ and b) have a Guaranteed Minimum Pension (GMP). ‘Pensionable age’ here is age 60 for women and 65 for men, and a GMP relates to being contracted-out of the State Earnings Related Pension Scheme at some point between 6 April 1978 and 5 April 1997.

# **If I have more than one deferred benefit in the LGPS, can I choose what to transfer out?**

If you have more than one deferred benefit in the LGPS in England and Wales (either in the same or separate LGPS pension funds), you’ll need to transfer all or none of the benefits you have. It’s not possible to transfer one deferred benefit whilst keeping another deferred benefit in the LGPS.

# **Do I have to take advice if the new pension scheme offers flexible benefits?**

If you decide to transfer your pension rights from the LGPS to another pension arrangement to acquire a right or entitlement to one of the new flexible benefit arrangements, you may need to take **independent financial advice.**

Independent Financial Advice is needed if the transfer value of the main scheme benefits is more than £30,000. The cost of getting the financial advice has to be paid for by you. If you’ve more than one LGPS benefit in the same Fund or other LGPS Funds these benefits would count when assessing whether independent financial advice must be taken. Before a transfer value can be paid by the Fund to an alternative scheme you’ll have to give us a signed statement from your financial advisor.

Where the transfer value is less than £30,000 although not required, it’s recommended that you seek financial advice before deciding to transfer your LGPS pension benefits.

# **How can I find an Independent Financial Adviser?**

An authorised independent adviser can be found on the following websites:

[FSA register](https://register.fca.org.uk/s/)

[Personal Finance Society website](https://www.thepfs.org/)

[The Association of Professional Financial](http://www.apfa.net/)

Your local [Citizens’ Advice Bureau](https://www.citizensadvice.org.uk/) may also be able to tell you about Pension Wise and book a face-to-face appointment.

**Can I just transfer an AVC plan and leave the main scheme benefit with LGPS?**

Yes, an AVC plan can be transferred independently of your main scheme benefits as long as it is before the age of 75. There’s no requirement to take independent advice if the plan value is worth more than £30,000, nor is the value of your plan included in the assessment of your LGPS benefits to decide whether you are need to take financial advice.

# **Are there any restrictions or time limits if I’m transferring my LGPS benefits to a club scheme?**

Under the club scheme rules a transfer can still go ahead where a member is already being paid a pension (other than a pension in respect of a Pension Credit or a survivor’s pension) and a member can choose to transfer up to their NPA or if the receiving scheme rule allows, after that age.

The restrictions for the club scheme rules are:

1. the period between leaving the LGPS and joining the receiving scheme is no more than 5 years, and
2. the member has a right to a deferred benefit (for a member who’s already being paid a pension, as above), and
3. the election to go ahead with the transfer is within 12 months of first becoming eligible to join the receiving club scheme.

# **Do I have to take advice if the new scheme doesn’t offer flexible benefits?**

When thinking about whether to transfer benefits, you must make sure that you have the full information about the two pension arrangements, details of what your benefits are worth in the LGPS and details of what your benefits would be worth in the new pension scheme, if transferred. When you compare your options, don’t forget that your LGPS benefits are guaranteed against the cost of living increases.

Any decisions about your pension are an important financial decision. We always advise that you seek independent financial advice before making important financial decisions.

The [Unbiased](https://www.unbiased.co.uk/life/get-smart/financial-adviser) website has some useful questions to ask an advisor before employing them.

You could also try the Money and Pensions Service (MaPS) now offers a single offering for consumers called [MoneyHelper](http://www.moneyhelper.org.uk/). Their website has information on a wide range of topics, including getting financial advice. They can also be contacted by telephone on **0800 011 3797.**

# **Why do I have to be aware of Pension Liberation Fraud and what is it?**

Companies are singling out those with pension savings and claiming they can help cash in a pension early. This is known as 'Pension Liberation Fraud'. Agreeing to this could lead to a tax bill for the saver of more than half of the pension savings. For more information, please see the Pension Liberation Fraud section of the [‘Transferring from the LGPS’ deferred members’ page of our website](https://lgssmember.pensiondetails.co.uk/home/members/lgps/deferred-members/managing-my-pension/transferring-from-the-lgps.html)

# **What checks will be carried out on the new scheme / arrangement?**

If your benefits are to be transferred to a non-club scheme, the following checks will be made, to see if there are any areas of concern that the receiving scheme may not be legitimate:

* How you became aware of the new scheme.
* How long the scheme has been registered with HMRC.
* If it is to be transferred to another occupational scheme, information given about the scheme and the employer and what benefits will be given in the scheme.
* If it’s to be transferred to a personal pension scheme, is the scheme operator authorised by the FCA.
* If the information given on the new scheme suggests that members can access benefits before the age of 55.

If we have any concerns, we’ll raise them with you and we’ll always check that you’d like to go ahead with the transfer before payment is made to the new scheme.

# **What can I expect from the Pensions Service throughout this process?**

* No unnecessary technical terms or jargon in correspondence will be used.
* Clear guidance on what you need to do will be given.
* Routine reminders will not be issued.
* We’ll always let you know or your new pension provider where delays occur in providing information.
* We’ll let you know when we’ve uploaded any letters or documentation onto your online account.

# **What is expected of me throughout this process?**

* To give any information that’s been asked for in **full** and by the date requested.
* To get information from your new scheme (you may need to remind them).
* To make a decision on whether or not to transfer.

# **What if I’ve comments, compliments or complaints about the service?**

We welcome and value your comments on the standard of service that we give. If you’ve any comments you’d like to make please contact us at [pensions@westnorthants.gov.uk](mailto:pensions@westnorthants.gov.uk)

# **What do I do if I’m unhappy with the service that I’ve had?**

While we always try to do things accurately and on time, we recognise that things can and do sometimes go wrong. If this is the case, please contact us at [pensions@westnorthants.gov.uk](mailto:pensions@westnorthants.gov.uk). Contact information for the person dealing with your case can usually be found on any correspondence you’ve had, and every effort will be made to clarify any misunderstanding or put right any error.

Where a disagreement can’t be resolved, you have the right to ask for it to be looked at again under the formal complaint procedure. The complaint procedure’s official name is the "Internal Dispute Resolution Procedure”. Full details of the Internal Dispute Resolution Procedure will be given to you on request.

You can also contact The Pensions Ombudsman (TPO) for assistance and guidance in relation to resolving pension disputes, as they now deal with the part of that process that used to be handled by The Pensions Advisory Service (TPAS):

The Pensions Ombudsman

10 South Colonnade

Canary Wharf

London

E14 4PU

Telephone: 0800 917 4487

Email: helpline@pensions-ombudsman.org.uk

Website: [TPO website](https://www.pensions-ombudsman.org.uk/)

The TPO would usually require that the IDRP process is followed before any formal complaint is referred to them for adjudication.

The Money and Pensions Service (MaPS) now offers a single offering for consumers called MoneyHelper, which has replaced the Pensions Advisory Service, the Money Advice Service and Pension Wise and provides pension information and guidance. The contact details are provided below:

Pensions Helpline: 0800 011 3797 - calls are free and the phone opening hours are 9am to 5pm Monday to Friday

Webchat: available 8.45am to 6:20pm, Monday, Wednesday and Friday, and 9am to 6:20pm Tuesday and Thursday.

Website: [moneyhelper.org.uk](http://www.moneyhelper.org.uk/)