

## The Scheme

The Local Government Pension Scheme (LGPS) is a Defined Benefit pension arrangement governed by rules made under the Public Service Pensions Act 2013.

The rules are made by the Scottish Government within an overall UK Pensions framework.

The Scheme provides good quality benefits and a secure, inflation proofed income after retirement. The Scheme has HM Revenue and Customs approval and is regulated by the Pensions Regulator.

Because the Scheme does not charge fees and benefits do not depend on investment returns or stock market performance, it has certain advantages over Defined Contribution schemes, such as Personal and Stakeholder Pensions.

## The Fund

Falkirk Council is one of 11 Councils in Scotland that maintain an LGPS pension fund. Around 30,000 persons, including contributors from around 30 different employers are members of the Falkirk Fund, Employers include:

- Clackmannanshire Council
- Falkirk Council
- Stirling Council
- Scottish Autism
- SCRA
- SEPA

The Fund receives income from several sources:

- member contributions
- employer contributions
- its investments

## Governance

The business of running the Fund has been delegated to the Council's Pensions Committee with the process overseen by a Pension Board. The Committee consists mainly of Falkirk Council elected members but has representation from Stirling and Clackmannanshire Councils as well as pensioner and trade union representatives. The Pension Board has an equal number of employer and trade unions representatives.

## Investments

The Fund has assets with a market value of around £2.7 billion. These are invested in financial instruments and markets globally.

Investment policy is determined by the Pensions Committee with advice from independent actuarial and investment advisers.

## About this Leaflet

This leaflet is based on the rules of the Scheme as they currently apply. These may be changed from time to time by Government. Nothing in the leaflet can override the Scheme Rules.

## More Information

For more information about the Fund log on to [www.falkirkpensionfund.org](http://www.falkirkpensionfund.org) and select About Us – Forms and Publications – Guides. Or you can contact us at:

**Tel:** 01324 506329

**Email:** [pensions@falkirk.gov.uk](mailto:pensions@falkirk.gov.uk)

**Please consider taking independent financial advice before making any decisions relating to matters such as Scheme membership, topping up or transferring pension rights.**

# An Introduction to the Local Government Pension Scheme (Scotland)



## Falkirk Council Pension Fund

Jan 2021

## Who Can Join the Scheme

You can join the Local Government Pension Scheme (LGPS) if you are employed by a Scottish local authority or one of the participating employers.

On being employed, you will automatically become a member of the Scheme **provided you have a contract for at least 3 months and have not already attained age 75.**

You are allowed to join the Scheme even if you are contributing to other pension plans.

You can elect to leave the Scheme at any time (i.e. opt out).

## Contributions

Your contribution to the Scheme is based on the level of the earnings you receive. The minimum contribution is 5.5% of earnings.

As a scheme member, you will automatically get tax relief at source on your contributions.

Your employer also contributes to the Pension Fund to ensure there is enough money to pay for benefits as they fall due.

Employer contributions are assessed every three years by an independent actuary. Employer contributions are currently around 20% of pay for many Fund employers.

## The Scheme Provides

A pension and tax free lump sum on retirement:

- from State Pension Age with no penalty
- from age 55 with a penalty
- on permanent ill health grounds

- on redundancy grounds from age 55
- enhanced benefits if you work on after State Pension Age
- a tax free lump sum on death in service where you can nominate the recipient
- surviving Partner's and Children's pensions
- a transfer option or deferred rights in the Fund if you leave before retirement
- a contribution refund if you leave in 2 years

## Scheme Pension and Lump Sum

The scheme provides a retirement pension.

For each year of your membership, you build up a pension entitlement of 1/49th\* of your pay. The pension earned each year is then increased annually in line with rises in the Consumer Price Index. The way your pension increases is known as Career Average.

Membership of the Scheme prior to April, 2015 is worked out on a Final Salary basis:

### **Membership prior to 1/4/2009**

#### **Annual Pension**

Pre 1/4/09 Membership x 1/80th x Final Pay

#### **Lump Sum**

Pre 1/4/09 Membership x 3/80ths x Final Pay

### **Membership from 1/4/2009 to 31/3/2015**

#### **Annual Pension**

1/4/09-31/3/15 Membership x 1/60th x Final Pay

#### **Lump Sum**

No automatic Lump Sum

\* May be varied in line with HM Treasury directions

Final Pay is usually your average pay in the final year of your membership (using a full time equivalent pay if you are part time)

When you retire you get to give up part of your pension for a lump sum or, if you are already entitled to a lump sum (because you have pre 1/4/09 rights), you can elect for a bigger lump sum. For every £1 of pension you give up, you get £12 of lump sum. The maximum lump sum which you can receive is 25% of the capital value of your pension benefits. Lump Sums are generally tax free.

## Topping Up Options

You can top up your benefits by:

- paying additional voluntary contributions (AVCs) through the Council's facility with Prudential or Standard Life; or by
- paying additional pension contributions (APCs) into the Pension Fund to buy extra pension

## Transferring In Pension Rights

Existing Pension rights can be transferred in and linked with your new LGPS pension rights. You have to do this within one year of joining or re-joining the Scheme

## Special Features of the Scheme

- Benefits are **Inflation Proofed**
- Benefits are **Guaranteed** by Statute
- Benefits are **Risk Free** (i.e. they are not affected by Stock Market Performance)
- No Administration Charges
- Significant Employer Contributions