



## **Information for IFA's**

### **The following is a list of the most frequently asked questions**

- **Can members transfer to another scheme?**

Members have the right to transfer their accrued LGPS benefits to another scheme including a scheme that offers flexible benefits.

However, if the total value of their LGPS benefits in Scotland is £30,000 or more they are required to take independent advice (but not for AVCs), from an authorised independent adviser who is registered with the Financial Conduct Authority (FCA).

If the total value of their LGPS benefits is £30,000 or less (or in respect of a transfer of AVCs), we recommend that members seek independent financial advice before deciding to transfer his/her LGPS pension benefits.

Members are entitled to make one free guaranteed transfer quotation request from the LGPS administering authority in any 12 month period and, if they wish to go ahead with a transfer, the election to proceed must be made at least 12 months before their Normal Pension Age in the LGPS or, if they are a Pension Credit member, at least 12 months before their Normal Pension Age (NPA is defined by the scheme regulations in force at the time a member leaves the scheme – see about the table below).

If a member is already in receipt of a pension from another period of membership with the LGPS in Scotland, section 93 of the Pensions Schemes Act 1993 does not allow a CETV to be paid in respect of another period of membership.

In addition, members can only transfer benefits from the LGPS Scotland if they've left the scheme and haven't already drawn benefits from LGPS Scotland (either in their current employment or any earlier employment).

We will only send a guaranteed transfer value when we receive a formal application for transfer from another pension scheme, or formal request from a member together with details of the receiving scheme. Discharge forms will only be provided with a guaranteed CETV.

To enable you to advise a member, we will firstly issue a quotation CETV which may not be guaranteed (guaranteed quotations cannot be provided where the member is in active scheme membership).

Your client will be able to provide you with their latest benefit statement and (if applicable) annual allowance information.

The LGPS (S) is a statutory scheme; changes to the scheme can only be made through legislation laid down by the Scottish Government. The scheme was contracted out of the earnings related part of the state scheme until 5 April 2016 and re-values GMP at the full rate.

We will not provide information about a member without a current written authorisation from the member.



**NPA is defined by the scheme regulations in force at the time a member leaves the scheme**

Regulations	Basis	Accrual	NPA	Earliest retiral without reduction
LGPS (Scotland) Regulations 1987. Effective 1/4/1988	Final salary	Pension 1/80th. Lump sum 3/80ths.	Between age 60 and 65 when notional membership amounts to 25 years	Over age 60 +25 years membership
LGPS (Scotland) Regulations 1998. Effective 1/4/1999	Final salary	Pension 1/80th. Lump sum 3/80ths.	65	Over age 60 when age and membership together add up to 85 or more
LGPS (Scotland) Regulations 2008. Effective 1/4/2009.	Final Salary	Pension 1/60th. No automatic lump sum but can give up pension for lump sum at 12:1.	65	Over age 60 when age and membership together add up to 85 or more if in scheme before 1/12/2006, otherwise age 65.
LGPS (Scotland) Regulations 2014. Effective 1/4/2015	CARE (but see below)	1/49th of actual pensionable pay per year	Equal to New State Pension Age.	65 unless has transitional protection if a member before 1/4/2015

Anyone who was a member on 31 March 2015 and remained a member on 1 April 2015 transferred to the new CARE scheme.

These members retain a final salary link for their pre-1 April 2015 membership.

The final salary used is the “final pay” at date of leaving the scheme. Final pay is the pay for the 365 days leading upto the scheme exit date.

Anyone joining the scheme from 1 April 2015 joins the current scheme.

The earliest retirement date for a member to retire voluntarily is age 55 but a reduction will apply.



- **Are there any charges or penalties?**

There is no charge or penalty for transferring out of the scheme.

Where a request is for transfer to a scheme where GMP or protected rights cannot be accepted it is possible to transfer only the non-protected rights. It is also possible to transfer all rights to such a scheme provided the transferring member is aware of the rights being given up.

- **Pension Increase and Revaluation**

Pensions from the final salary part of the scheme when in payment or in deferment are revalued yearly by CPI and cannot fall below zero. The CARE part of the pension is revalued yearly by Treasury Orders.

Where the Treasury Order revaluation is below zero a negative revaluation will be applied to current members' pension accounts accrued that year and to those of any member who left within the year that negative revaluation applies to.

Pensions in payment or which are deferred are not devalued but will have no increase.

As we do not know future revaluation and pensions increase rates the Fund will not provide projections beyond the current year.

- **Contributions**

The amount of contributions payable by a member is determined by the Regulation 9 of the LGPS (Scotland) 2018 Regulations.

Members pay a percentage of their pay based on their pensionable earnings.

We will not provide a breakdown of the contributions paid by a member or employer as the contributions merely fund the scheme and are not used to calculate any benefits payable.

Employers' contributions are not based on individual member's contributions but are determined by the scheme actuary following the triennial scheme valuation.

The latest scheme valuation showing how much each employer pays can be found on our website (Forms & Publications – Funding).

- **Is a lump sum paid when the pension is due?**

The scheme regulations allow the member to give up pension to provide a tax-free lump sum at retirement at the rate of £1 of pension for an additional £12 of lump sum.

The scheme allows a member to take up to 25% of the capital value of their accrued rights as tax free cash. Please see Regulation 32 of the LGPS (Scotland) 2018.

- **Are there any discretionary increases?**

There are no discretionary increases either in deferment or in payment.

- **What is the definition of a spouse?**

In the event of a member's death, pensions are payable to eligible partners.



Eligibility depends on the regulations in force at the time the member left the scheme.

If the member left the scheme after 31 March 2009 a partner is a legally married husband or wife (including same sex spouse), a civil partner or cohabiting partner.

If the member left between 1 April 1998 and 31 March 2009 a partner is a legally married husband or wife, or a civil partner

If the member left before 1 April 1998 a spouse is an opposite sex, legally married husband or wife.

- **Does the scheme offer a bridging pension?**

We do not offer bridging pensions.

- **Do you provide retirement quotations?**

Each year we issue our annual Pension Update statement to our members. This details the value of the benefits as at 31<sup>st</sup> March and also at Normal Pension.

This should be obtained directly from your client. Please note that the annual benefit statement does not reflect any reduction for early payment which may apply to the member's benefits.

Our transfer calculation document details the pension, lump sum and spouses benefits as at the date of exiting the scheme (or the relevant date of the calculation if the transfer quotation relates to active membership of the pension scheme).

The pensions increase factor applicable for deferred members of the scheme is also shown on the calculation.

- **Do you provide recalculations of transfer quotations?**

We only provide one transfer quotation in any one year period.

If we have provided transfer details within the last 12 months we will not provide a revised quotation.

- **What is the Scheme funding position?**

You can find information on the Funding of the scheme and our Actuarial valuation.

The latest scheme valuation can be found on of our website (Forms & Publications – Funding).

### **Transferring AVCs**

In accordance with the LGPS (S), we allow current members to make AVC payments via either Standard Life or Prudential.

A scheme member can take a drawdown of their AVC.

AVC's can also be transferred at any time before the age of 75. The member does not need to have left the scheme.

However, AVC payments must stop before a transfer can take place. A new AVC contract can be taken out once the transfer has been completed. Anyone who is not a current member of the Scheme, but still holds an AVC fund, can also transfer anytime up to age 75.

If a member wishes to transfer their AVC fund value, they should make a request to us in writing providing details of the receiving scheme.

Members aged 55 or over can take UFPLS (i.e. taking 25% of the AVC value tax free and the rest taxable). For information about UFPLS please ask the member to contact their relevant AVC provider.

You should note that a member has the option to take all their AVC fund value tax free at retirement along with their main scheme benefits.

Members can change their AVC investment choices with their chosen AVC provider at any time. Members may have access to their AVC accounts via the provider's website's, alternatively they can contact the provider by telephone.