

# Notice to opt out of pension saving with the LGPS

The Local Government Pension Scheme (LGPS) lets you save while you are working in order to enjoy an income in retirement. It is one of the best occupational pension schemes in the UK. What's more, the LGPS is supported by your employer who meets a large part of the cost of providing the excellent range of secure benefits, so it is an extremely valuable and important part of your employment package.

You might be thinking of opting out of the LGPS for a variety of reasons. Whatever the reason, it's worth taking some time to look at the benefits you could be giving up. A brief summary is included in the "Declaration" section of this form.

Opting out won't save you as much in take home pay as you may think. In most cases, you will pay more tax if you opt out of the LGPS. A basic rate tax payer paying pension contributions of £100 a month will pay £20 more tax if they opt out. Also, if you opt out of the LGPS in an employment (other than a concurrent employment) on or after 11 April 2015 with an entitlement to a deferred benefit and subsequently rejoin the scheme you will not be able to join up those periods of your membership.

Rather than opting out you might want to consider an alternative option which is to elect to move to the 50/50 section of the scheme. The 50/50 section allows you to pay half your normal contributions and build up half your normal pension during the time you are in that section. This flexibility may be useful during times of financial hardship and it allows you to remain in the scheme, building up valuable pension benefits, as an alternative to opting out of the scheme. A 50/50 option form is available from <https://www.oxfordshire.gov.uk/business/pensions/members-pensions-scheme/current-members/forms>.

If you want to know more about the costs and benefits of being a member of the LGPS or of moving to the 50/50 section you can contact Pension Services or visit [www.lgpsmember.org](http://www.lgpsmember.org) which includes both a cost and a benefits calculator. Whatever your reasons for considering opting out of the scheme, we ask that you give this matter careful consideration before making a final decision. You may wish to take financial advice before making a decision to opt out. If you are opting out of the LGPS due to advice you have received you should ask for this advice in writing.

**Your employer cannot ask you or force you to opt out. If you are asked or forced to opt out you can tell The Pensions Regulator – see [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk).**

Equally, no one can force you to remain a member of the scheme but, if you elect not to be a member, you should understand the implications both for you and your dependents.

### **Disclaimer**

These notes are for employees in England or Wales and reflects the current provisions of the LGPS and overriding legislation at the time of this review. The Government may make changes to overriding legislation and, after consultation with interested parties, may make changes in the future to the LGPS.

If there is any dispute over your pension benefits, the appropriate legislation will apply. This leaflet does not give you any contractual or legal rights, and is provided for information purposes only.

As the Administering Authority of the Fund we hold securely, certain information about you (“personal data”), which we need to administer the Fund. The information is provided by yourself and your employer. If you believe the information we hold is incorrect contact Pension Services. You will find contact details for Pension Services and the full privacy notice on [www.oxfordshire.gov.uk/cms/content/administration-and-performance](http://www.oxfordshire.gov.uk/cms/content/administration-and-performance)

You are welcome to contact Pension Services with any questions about how we use and or share your information, find out more about your rights or to see what information we hold.

## Notes

1. **You can only sign and date this opt out form once you have commenced employment in the post from which you wish to opt out of membership of the LGPS. You cannot sign and date the form before then as it will be an invalid opt out.**
2. You should send the completed opt out form to your employer's Payroll or Human Resources department. **Do not send direct to Pension Services.**
3. If you have another job with another employer, that employer might also put you into pension saving, now or in the future. This opt out notice only opts you out of LGPS pension saving in relation to the employer and jobs you have named on this form. A separate opt out notice must be filled out and given to any other employer you work for if you wish to opt out of pension saving with that employer as well. You will need to obtain the opt out form for employment with that employer from the pension administrators for the scheme provided by that employer.
4. If your employer receives your completed opt out form before you reach three months membership, you will be treated as never having been a member and will receive a refund of any contributions deducted from your pay by your employer.
5. If you opt out after three months and before meeting the two years vesting period in the scheme, have not brought a transfer into the LGPS from a scheme that does not permit a refund and do not already have a deferred benefit, or pension in payment, from the LGPS in England or Wales, you will normally be able to take a refund of your contributions. There will be a deduction for tax and the cost, if any, of buying you back into the former State Second Pension scheme (S2P) in respect of membership prior to 6 April 2016. Pension Services will contact you 2 months after receiving the information from your employer that your contributions have stopped. If you decide to take the refund of pension contributions, this will result in all other pension benefits within the LGPS being extinguished.
6. If you opt out after meeting the two years qualifying period in the scheme you will be entitled to a deferred pension benefit in the LGPS which, unless you transfer the benefits to another pension scheme, would normally be payable from the scheme's normal pension age (which is the same as your State pension age but with a minimum of age 65) or from age 55 at your choice-providing you are no longer in local government employment. Pension Services will inform you of the amount of your deferred benefit within 2 months of receiving the full details from your employer that you have stopped contributing.
7. If you decide to opt out of membership of the LGPS and subsequently change your mind you will be able to re-join the scheme provided you are under age 75 and you remain in an employment that qualifies you for membership of the scheme. You will need to write to your employer if you want to opt back into the scheme (you can download and use the Election to Join the LGPS form available on <https://www.oxfordshire.gov.uk/pensionforms>). **Please note that if you opt out from 11 April 2015, and later rejoin the scheme, the deferred benefit cannot currently be linked to your new pension record.**

8. If you stay opted out, your employer will automatically put you back into the LGPS to comply with the automatic enrolment provisions of the Pensions Act 2008. Your employer will inform when you are re-enrolled and you will again be entitled to opt out of membership of the scheme.
9. If you change job your new employer will put you back into pension saving straight away.
10. When you fill in the opt out form, keep a copy for your records, before you send it to your payroll/HR contact for action.

### **Purpose for which this form will be used**

This form, once completed and returned to your employer's Payroll Section or Human Resources department will be used to cease your active membership of the Local Government Pension Scheme as per your instructions on this form. The form will be retained by your employer and copied to Pension Services as a record of your election to cease membership of the Local Government Pension Scheme or, if you hold more than one post with us, as a record of your election to cease membership in the job or jobs you have indicated on the form.

**Please ask Pension Services if you need this form in a different format**

## Opt Out Form

**Please see the notes about when you can sign, date and return this form.**

### Your Personal Details (please complete this form in black ink)

Title: Mr. / Mrs. / Miss / Ms. / Other (please specify)

First name:

Surname:

Your home address:

Post code:

Email address:

Telephone Number:

Your National Insurance Number:

Your date of birth:

Your employer's name:

*This is the organisation, not your line manager*

### Name of post (or posts) from which you wish to opt out of membership of the LGPS:

From the start of my next pay period

*Please tick  
the relevant  
box*

From / / (date in the future which cannot be before the date you sign this form)

Job title - Post 1:

Payroll reference number for that job (if known):

Job title - Post 2:

Payroll reference number for that job (if known):

Job title - Post 3:

Payroll reference number for that job (if known):

**Please read the declaration on the next page before signing, dating and sending the form to your employer's payroll department.**

**Declaration:**

I declare that by opting out of the Local Government Pension Scheme (LGPS) I am knowingly giving up the opportunity to participate in the LGPS which would provide a guaranteed package of benefits which are backed by law, including:

- **a secure pension** – payable for life that increases with the cost of living
- **tax free cash** – the option to exchange part of my pension for some tax-free cash at retirement
- **life cover** – with a lump sum of three times my final pay if I die in service
- **cover for my family upon my death** – including a survivor’s pension for my spouse, civil partner or eligible cohabiting partner as well as children’s pensions

and, once I’ve met the two years vesting period in the scheme:

- **voluntary early retirement** – from age 55 (even though the scheme’s normal pension age is the same as my State pension age but with a minimum of age 65). Benefits drawn before normal pension age may be reduced for early payment.
- **serious ill-health cover** – if I have to retire due to a serious illness I could receive immediate benefits based on an enhanced period of scheme membership
- **redundancy cover** – with the early payment of pension benefits if I am made redundant or retired on business efficiency grounds at 55 or over

I have read the above and understand that the choices I make now, and I am aware of the choice I could take to move to the 50/50 section of the scheme are important in planning for my retirement. I confirm that I wish to opt out of pension saving in the post(s) I have indicated on this form.

I understand that if I opt out I will **lose the right to pension contributions from my employer.**

I understand that if I opt out I may have a lower income when I retire.

**Please see the ‘Notes’ that are part of this form regarding when you can sign, date and return this form to your employer. It is important to fully complete this form. An incomplete form will not be accepted as a valid option out and the form will be returned to you for completion.**

Signed: .....	Date: .....
---------------	-------------

**For HR or payroll use only:**

Payroll number: .....

No contributions taken  Contributions stopped and refunded in full.

Contributions stopped from ....., no refund.

Payroll number: .....

No contributions taken  Contributions stopped and refunded in full.

Contributions stopped from ....., no refund.

Payroll number: .....

No contributions taken  Contributions stopped and refunded in full.

Contributions stopped from ....., no refund.

Processed by: ..... Date: .....