| **Cambridgeshire**  Pension Fund | **Northamptonshire**  Pension Fund |
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**The Local Government Pension Scheme (LGPS) and employment transfers**

**What you need to know about your pension**

**This document is applicable to members who are already in, transferring to or between the Northamptonshire Pension Fund or the Cambridgeshire Pension Fund.**

This factsheet has been written for active members of the LGPS whose employment is being transferred to a new employer (including when a school converts to an academy) and gives you information about how this affects your LGPS pension.

How your pension is affected at the transfer depends on whether your new employer offers the LGPS or not.

**My new employer isn’t offering the LGPS**

Your LGPS membership will end on the date you transfer.

If you’ve more than 2 years qualifying service, you’ll have deferred pension benefits. You can keep your deferred pension benefits until your retirement age or you can transfer your deferred pension benefits to another pension scheme.

Qualified service is usually the length of time you’ve been a member of the LGPS, plus any membership you’ve transferred in from a different pension scheme.

If you’ve less than 2 years qualifying service, you may be able to have a refund of your contributions, or to transfer your pension to another pension scheme.

**My new employer is offering the LGPS within the Cambridgeshire Pension Fund (CPF) or the Northamptonshire Pension Fund (NPF)**

If you’re transferred to a new employer who provides the LGPS within the CPF or NPF or your new employer applies for “admitted body status”, your membership will automatically continue with your new job.

The options available to you depend on your individual circumstances, for example, whether you’ve more or less than 2 years qualifying service or a break of 5 years or more.

**What if I’ve less than 2 years qualifying service?**

The pension built up in your pension account with your old employer will automatically be joined with your new pension account with your new employer unless you immediately opt out of the scheme. In that case, the default option would be a refund of contributions from the LGPS, although a transfer to another arrangement may be an alternative.

If you’re unsure whether you’ve less than 2 years qualifying service, please get in touch.

**What if I’ve more than 2 years qualifying service?**

Unless you tell us otherwise, the amount of pension built up with your old employer will automatically be transferred and added into your new active pension account with the new employer (a transfer might not be possible if you previously opted out of the scheme).

However, you could choose to keep your pension account with your old employer separate as deferred pension benefits. If you’d like to do this, your choice must be made within 12 months of the transfer, and be made while you’re still paying into the scheme. Once you’ve made your choice you’ll not be able to change your decision whilst in the same job.

**How will my pension from my old employer be worked out after the transfer to my new employer?**

Any membership you built up before 1 April 2014 in the final salary scheme will continue to count as final salary membership. This membership will be linked to your active pension account and when you leave your new job, your final pay in that job will be used to work out your final salary benefits for your pre 1 April 2014 membership.

If you opt out instead of leaving your job, we’ll use the final pay at the date you opt out. The amount of pension you’ve built up in the career average scheme from 1 April 2014 will transfer over to your new active pension account.

**My new employer is offering the LGPS outside the Cambridgeshire Pension Fund (CPF) or Northamptonshire Pension Fund (NPF)**

If you’re transferred to a new employer who provides the LGPS outside of the CPF or NPF, your membership within the CPF or NPF will end at the transfer date, and you’ll start a new LGPS pension account with your new employer within the other Fund. You’ll have the same options you would have when the employment is transferred to a new employer offering the LGPS within the CPF or NPF.

You can choose to have your CPF or NPF pension joined together with your new active pension account with your new employer in the other Fund, or to keep your pension with your old employer separate from the new active pension account. A separate communication will be sent to give you more information in this situation.

**What do I need to think about before making my decision?**

If you take no action, the pension you’ve built up with your old employer will automatically be joined with your new active pension account with the new employer.

You need to think about the following key differences when considering whether you should keep your pension benefits separate, or not:

| **Think about….** | **Combined pensions** | **Separate pensions** |
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| What ‘final pay’ will be used to work out my final salary linked pension for any membership **before 1 April 2014**? | Benefits based on membership before 1 April 2014 with a final salary link will continue to be worked out using your ‘final pay’ to the date your membership with your new employer ends. | Deferred benefits based on membership before 1 April 2014 with a final salary link will be worked out using your ‘final pay’ up until the date you left your old employer. **Any future changes to your pay with your new employer won’t be used to work out the** va**lue of your deferred benefits**. |
| What happens to my Additional Pension Contribution (APC) or Additional Regular Contributions (ARC) contract? | Your APC or ARC contract **will continu**e as before. | Your APC or ARC contract **will end** on the date you left your old employer and you’ll be given the proportion of contract you’ve paid for. Any contributions paid after that date will be refunded to you. |
| What happens to my Additional Voluntary Contribution (AVC) contract? | Your contract **will continue**. If your contract started before 13 November 2001, by combining benefits you would lose the right you may have had in certain circumstances to use your AVC Fund to buy LGPS membership when you retire. | Your AVC contract **will end** on the date you left your old employer and, if you wish to continue paying AVCs, you’ll need to start a new AVC contract. |
| What happens to my contract to buy Added Years (taken out before 1 April 2008)? | Your Added Years contract **will continue** as before. | Your Added Years contract **will continue** as before, providing you don’t take immediate payment of your old pension when you leave your old employer. Any benefits you’d bought up until you left your old employer would be based on the final pay in your old job, whereas any bought from when you joined your new employer would be based on the final pay in your new one. |
| I’m 55 or over with at least 2 years LGPS membership. What if I’m made redundant? | Pensions paid early because of redundancy **will include** the value of your pension moved from your old employer. | Pensions paid early because of redundancy **won’t include** the value of your pension built with your old employer only your pension from new employer. |
| What if I’ve qualifying service of 2 years or more and have to retire early due to ill health? | Your benefits paid early due to ill health **will** include the value of earlier pensions moved from your last employer. | Your benefits paid early due to ill health **won’t** include the value of earlier pensions built up from your last employer. You’d have to apply separately to your last employer or Cambridgeshire County Council/Northamptonshire County Council as administering authority to CPF/NPF respectively, for your deferred benefits to be paid on grounds of permanent ill health. |
| Taking your pension early (if you’ve qualifying service of 2 years or more and are aged 55 or over) | You can choose to take your combined benefits from as early as aged 55 (normally at a reduced rate to account for the early payment).  However, the combined pensions can’t be paid until you’ve left your job with your new employer, or have reached the age of 75 if earlier. | You can choose to take your benefits from as early as aged 55 (normally at a reduced rate to account for the early payment).  The pension benefits from your new job can’t be paid until you’ve left that job, or you’ve reached the age of 75 if earlier. However, the benefits built up with your old employer, don’t have to be taken at the same time. They can be taken later (if under the age of 75), at the same time as, or if you’re at least aged 55, earlier than the pension from your new job even if you’re still working there. |
| Cost of living increases | The combined pensions built up from 1 April 2014 will be revalued each year while you remain an active member. The revaluation is currently in line with the rise in the Consumer Prices Index (CPI). However, in times of negative inflation, the **revaluation could be negative.**  Once you leave, your pension is inflation proofed under Pensions Increase legislation, which is also currently set relative to CPI, but can’t be negative. | While you remain an active member your post transfer pension will be revalued each year, which is currently in line with the CPI. However, in times of negative inflation, the revaluation could be negative.  Your deferred pension will be inflation proofed under Pensions Increase legislation, which is also currently set relative to CPI; in times of negative inflation, the pensions increase would be 0% (it **can’t be negative**). |

**Other areas to think about**

**Death in service lump sum**

As a member of the LGPS, if you die in service, a lump sum death grant of three times your annual assumed pensionable pay at date of death would be paid. If you had a deferred pension, and die before it’s paid, a lump sum death grant equal to 5 times the deferred pension would be paid.

However, if you die in service, only one lump sum death grant can be paid so, if you keep your deferred pension separate from your active pension, only the greater of these will be paid.

**Transfer in a previous pension**

As you’ll be working for a new employer, you’ll get a new 12 month window to transfer benefits from a previous pension arrangement, built up outside of the CPF or NPF, and join this with your CPF or NPF benefits. After this time, you can only transfer previous pensions if your employer and the Pension Fund agrees.

A transfer in pack can be found on the active members’ section of our website, on the forms and resources page under ‘Joining the scheme and transferring in previous benefits’.

**Transferring the value of your deferred benefit to another pension scheme**

In the future, if you leave the LGPS and join another pension scheme, you may think about moving your LGPS pension to it. However, if you have more than one LGPS pension as you had chosen to keep them separate, you couldn’t transfer one LGPS pension whilst keeping the other pension in the LGPS. You would need to transfer all of the LGPS pensions or none. You can find more details on the other restrictions on transferring out on the deferred members’ section of our website, on the ‘Managing my pension’ page under ‘Transferring from the LGPS’.

**The McCloud court case**

When the LGPS changed from a final salary to a career average pension scheme in 2014, protections for older members were introduced. This has since been ruled as discriminatory against younger members and the Government has agreed to make changes to the LGPS to remove this discrimination but has yet to publish the exact changes.

| **Think about . . .** | **Combined pensions** | **Separate pensions** |
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| What if I qualify for the new protections that will be introduced by the Government? | Your protection will be based on your final pay when you leave the LGPS and includes your pension with your old and new employer. | Your protection will be based on your final pay with your old employer. You would no longer qualify for protection with your new employer as you will have started a new pension. |

**Who should I contact if I have any questions?**

Pensions@westnorthants.gov.uk

**DISCLAIMER**

This guide was prepared by the Cambridgeshire Pension Fund and the Northamptonshire Pension Fund with the information available at the time of its preparation and should not be treated as a complete and authoritative statement of the law.

No responsibility whatsoever will be assumed by either of the Pension Funds for any direct or consequential loss, financial or otherwise, damage or inconvenience, or any other obligation or liability incurred by relying on information contained in this guide.

Whilst every attempt is made to ensure the accuracy of the guide, it would be helpful if you could bring any perceived errors or omissions to our attention.

**August 2021**