



Pensions for Councillors in Scotland

The Local Government Pension Scheme (LGPS) in Scotland is available to all councillors elected to a local authority in Scotland, including such a councillor when exercising functions as a convenor or vice-convenor of a joint board. To be able to join the LGPS, councillors need to be under age 75.

The LGPS is a secure scheme because the benefits are guaranteed by law. The benefits you get when you retire are based on the number of years you have been a member of the scheme and your average pay as a councillor. The benefits are not dependent on share prices and are not affected by stock market fluctuations.

How do I join the LGPS?

It will be up to you to decide whether or not to join the scheme, although you have to be under age 75. To secure your entitlement to the scheme benefits, even though you automatically become a member, it is important that you complete and return a joining form. On receipt of your form, relevant records will be set up and an official notification of your membership of the scheme will be sent to you.

Can I join if I already pay into another pension?

Yes - you can pay into as many different pension schemes as you want. You can pay up to 100% of your UK taxable earnings in any one tax year into any number of pension arrangements of your choice (or, if greater, £3,600 to a "tax relief at source" arrangement, such as a personal pension or stakeholder pension scheme) and be eligible for tax relief.

What do I pay?

How much it costs you depends on how much you're paid. There is a five tier contribution system, with contributions based on how much of your remuneration as a councillor falls into each tier.

Here are the tiers from April 2010:

Whole-time pay	Contribution rate (%)
On earnings up to and including £18,000	5.5%
On earnings above £18,000 and up to £22,000	7.25%
On earnings above £22,000 and up to £30,000	8.5%
On earnings above £30,000 and up to £40,000	9.5%
On earnings above £40,000	12%

The pay ranges will be increased each April in line with the cost of living.

Let's take a look at a councillor whose remuneration rate is £22,000.

They'll pay 5.5% on their pay up to £18,000, and 7.25% on the next £4,000. That gives an overall contribution rate of 5.8% - around £106 a month in contributions.

If you pay tax you will get tax relief on your contributions at the time they are deducted from your pay and if you pay National Insurance you will pay a lower rate of NI contributions up to State pension age. Your council pays the rest of the cost of providing your LGPS benefits, which costs the council about double the amount you pay.

What are the benefits?

Life cover from the moment you join, with a lump sum of 3 times your career average pay being paid if you die in service.

Cover for your family with a pension for your husband, wife, civil partner¹ or nominated co-habiting partner² and for eligible children should you die.

Retirement Benefits:

After 2 years membership you can retire from office and draw your pension at age 60³ or over, even though the scheme's normal pension age is 65. It's also possible to retire from age 55³ and receive your benefits immediately, but only if your council gives their consent.

Regardless of how long you have been a member of the scheme, immediate benefits are payable at any age if you have to retire because of permanent ill health.

When you retire you can look forward to:

A **pension for life** that increases with the cost of living.

On retirement you can exchange part of your annual pension for a one off **tax-free cash payment**.

How are benefits worked out?

Your LGPS retirement pension when you retire is calculated as 1/60th of your career average pay for each year of membership of the LGPS i.e.:

$$\text{Annual Pension} = \frac{\text{Membership in the LGPS}}{60} \times \text{Career Average Pay}$$

And if you want to take a lump sum, you receive £12 lump sum for each £1 of pension given up. You can take up to 25% of the capital value of your pension benefits as a lump sum.

What is career average pay?

This is your remuneration as a councillor for each year or part year ending 31 March adjusted (other than the final years pay) by the change in the Retail Prices Index between the end of the relevant year and the end of the month in which you leave the scheme.

The aggregate of each year's revalued pay is then divided by the total number of years and part years you have been a member of the LGPS to arrive at a career average pay. This is used in the calculation of your LGPS benefits.

Can I transfer previous pension rights into the LGPS?

You may be able to transfer previous pension rights into the LGPS from another pension scheme, personal pension plan or stakeholder pension. You have only 12 months from joining the LGPS to opt to transfer previous non-LGPS pension rights, unless your council allows you longer. You are not able to transfer councillor membership from a previous LGPS fund in Scotland or from LGPS membership as an employee in Scotland.

What happens if I leave before retiring?

If you have at least two years membership, or have transferred other pension rights into the LGPS, or you already have a deferred benefit in the LGPS in Scotland, and

you leave before becoming entitled to the immediate payment of your benefits, they will be deferred for payment, normally until age 65.

You may be able to transfer your LGPS benefits to another pension scheme, although you cannot transfer them to another LGPS fund in Scotland or join them to any membership of the LGPS you might take up as an employee in Scotland.

If you have less than two years membership, have not transferred other pension rights into the LGPS and do not already have a deferred benefit in the LGPS in Scotland, you may be able to claim a return of contributions less tax and an amount for National Insurance.

Can I pay more to improve my pension benefits?

You can increase your benefits by making additional voluntary contributions (AVCs) or, if you are under age 64, you can pay⁴ additional contributions to buy up to £5,000 of extra LGPS pension in blocks of £250. Also, you may be able to pay contributions into a personal pension plan or stakeholder pension scheme. You can find out more about these options from [administering authority to insert their own information](#).

How do I join the LGPS?

If you are under age 75 you will be **automatically** enrolled into the scheme. Check your payslip details to make sure contributions are being collected from your remuneration. Even though you automatically become a member, it is important that you complete and return the joining form.

Administering Authorities to insert their own information about joining / forms.

You have the right to opt out of membership of the scheme.

Want to know more?

This leaflet gives a brief outline of the LGPS that applies from 1 April 2009. If you want to know more about the scheme, or if you have membership in the scheme before 1 April 2009 and want to know how benefits built up before then are worked out, you can find more information from [administering authority to insert their own information](#) or by logging on to www.lgps.org.uk.

And, if you are joining the LGPS, you should obtain [a full scheme guide from:](#)

Administering Authorities to insert their own contact information.

This leaflet is a brief guide to the Local Government Pension Scheme for councillors in Scotland and cannot cover every personal circumstance. In the event of any dispute over your pension benefits, the appropriate legislation will prevail. This leaflet does not confer any contractual or statutory rights and is provided for information purposes only.

Councillors in Scotland – April 2010

¹ A civil partnership is a relationship between two people of the same sex ("civil partners") which is formed when they register as civil partners of each other.

² A co-habiting partner is someone you are living with as if you are married or in a civil partnership. To nominate a co-habiting partner to receive a survivor's pension, your relationship has to meet certain conditions laid down by the scheme.

³ Benefits payable before age 65 will be paid at a reduced rate.

⁴ Subject to completion of a satisfactory medical if required by the council.