This Guide explains in brief the conditions of membership and main scheme benefits available to you when you join the Local Government Pension Scheme. It describes how the Scheme works, what it costs to join and the financial protection that it offers to you and your family. Where pension terms are used, they appear in **bold** type. These terms are defined in *Pension Terms Explained* at the back of this booklet.

**What is the LGPS (Scotland)?**
The LGPS (Scotland) is a pension scheme for people working in local government or working for other types of employer participating in the Scheme. The LGPS is administered locally through regional pension funds managed by **administering authorities** in accordance with regulations approved by the Scottish Government. The North East Scotland Pension Fund’s **administering authority** is Aberdeen City Council.

The Scheme Regulations are made under the Superannuation Act 1972. Changes to the rules are discussed at national level by employee and employer representatives but can only be amended with the approval of the Scottish Government. Your **administering authority** must keep you informed of any changes that are made.

Each **administering authority** administers their own Fund, into which all contributions are paid. Your employer pays the balance of the cost of providing your benefits in the LGPS. Every three years an independent review is undertaken to calculate how much your employer should contribute to the scheme. Increases or decreases in the cost of providing the scheme may, in future, need to be shared between members and employers, in accordance with guidance from Scottish Ministers.

As the Scheme is set up by statute, payment of the Scheme benefits is guaranteed by law.

**What other legislation applies to the Scheme?**
The Scheme is a registered public service scheme under Chapter 2 of Part 4 of the Finance Act 2004. It achieved automatic registration by virtue of Part 1 of Schedule 36 of that Act (because the Scheme was, immediately before 6 April 2006, both a retirement benefits scheme approved under Chapter I of Part XIV of the Income and Corporation Taxes Act 1988 and a relevant statutory scheme under section 611A of that Act). This means, for example, that you receive tax relief on your contributions. It complies with the relevant provisions of the Pension Schemes Act 1993, the Pensions Act 1995 and the Pensions Act 2004.

**How can I check the accuracy of my pension records?**
To maintain the security of any information about you, we are registered under the current Data Protection Act. You can check that your computerised personal record is accurate, although we may charge a small fee. You can also check your details by registering to use our secure internet member self-service site "My Pension", which can be accessed at [www.nespf.org.uk](http://www.nespf.org.uk).

**What other information am I entitled to?**
You are entitled to obtain a copy of all LGPS (Scotland) Regulations and amendments. These, including all amendments, are available at [http://timeline.lge.gov.uk/](http://timeline.lge.gov.uk/).

A copy of the Regulations may also be inspected at the Pension Fund offices. In addition, you are entitled to view, and take copies of, our Annual Report and Accounts.
YOUR PENSION CHOICE

Your retirement is a goal to look forward to. However, if your lifestyle in retirement is to meet your expectations, you will need to plan and secure your income. In addition to the basic flat-rate State pension there are various options to increase your retirement income and benefits. Some of these are described briefly below.

State Second Pension (S2P)
The State Second Pension (S2P) is an element of State Pension payable in addition to the flat rate Old Age Pension. Benefits are paid by the Department for Work and Pensions (DWP - formerly the DSS) and cannot be paid before State pension age.

Personal Pension Plans and Stakeholder Pension Schemes
Various institutions, such as banks, building societies and life assurance companies provide and administer personal pensions and stakeholder pension schemes. Your chosen organisation invests your contributions; when you retire the investments are cashed in and the sum of money realised is used to buy retirement benefits (“annuities”) from the insurance market. Your benefits are therefore based on investment returns and are not guaranteed or linked to your earnings. The age from which you may receive them will vary according to the plan, but you may not be able to receive that part which replaces the State Second Pension (S2P) before State pension age.

Local Government Pension Scheme
The LGPS is contracted-out of the State Second Pension (S2P) meaning that it must, in general, provide benefits at least as good as most members would have received had they been members of S2P. Highlights of the benefits provided by the LGPS are:

A secure pension – the benefits you get when you retire are currently based on the length of your membership in the scheme and your final year’s pay. The pension you build up during your employment keeps pace with your pay rises. And after you retire, your pension keeps pace with cost of living increases.

Tax-free cash – you can exchange part of your pension for tax-free cash on your retirement.

Peace of mind – your family enjoys financial security, with immediate life cover and a pension for your husband, wife, civil partner or nominated co-habiting partner and eligible children in the event of your death; and, if you ever become seriously ill, you could receive immediate ill health benefits.

Early retirement – you can choose to retire from age 60 and receive your benefits immediately, although they may be reduced for early payment. It’s also possible to retire from age 55 and receive your benefits immediately, provided you have your employer’s consent or you are made redundant or retired in the interests of business efficiency. If you were a member of the LGPS on 5 April 2006, and you are retired on redundancy or business efficiency grounds, the earliest age immediate benefits are payable is 50.

Flexible retirement– if you reduce your hours or move to a less senior position at or after age 55 and, if you are under age 60, your employer agrees, you can draw some or all of the benefits you have built up, helping you ease into retirement, although your benefits may be reduced for early payment.

Options to pay extra – you can boost your pension by paying more contributions. You can find information on additional contributions in our Guide to Increasing Your Benefits.

As a member of the LGPS, your pension contributions are taken from your pay before income tax is deducted, reducing your tax bill. Also, as the scheme is contracted-out, until you reach State Pension Age you pay a lower rate of National Insurance contributions – see HM Revenue and Custom’s website www.hmrc.gov.uk/rates/nic.htm for more information.
JOINING THE LOCAL GOVERNMENT PENSION SCHEME (LGPS)

Who can join?
The LGPS is available to all employees in Local Government, or in other organisations that have chosen to participate in it, unless you have a contract of less than three months or you are aged over 75. You have the right to opt out of the Scheme; you can opt back in at any time, as long as you are under 75 and have a contract of three months or more with a participating employer.

If you are employed by a scheduled body, you will automatically be enrolled in the Scheme when you start work. If you are employed by an admission body, your employer can decide to which groups of staff the Scheme will be offered. Your employer may automatically bring you into the Scheme. You also have the right to decide not to join the Scheme.

If you are employed on a contract of less than three months which is subsequently extended to more than three months, you will automatically become a member of the LGPS upon the extension of the contract. Unless your employer is an admission body, you will also have the right to back-date your membership to your first day of employment by paying the necessary contributions.

Teachers, police officers, firefighters and (in most cases) employees eligible to join another statutory pension scheme, such as the NHS Pension Scheme, are not allowed to join the LGPS. However, police and fire civilian staff, registration officers, and non-teaching staff of educational establishments such as self-governing schools and Further Education Colleges are allowed to join.

How do I ensure that I have become a member of the LGPS?
To secure your entitlement to the Scheme benefits, even if you automatically become a member, it is important that you complete the joining form PEN 1 “Pension Option Form” and return it to your employer; your employer should give this to you. The Pension Fund will then set up your record and send you a statutory notification of your membership of the Scheme. You should also check your payslip to ensure that pension contributions are being deducted.

Can I join the LGPS if I already have a personal pension or stakeholder pension scheme?
If you currently contribute to a personal pension plan or stakeholder pension scheme and decide to join the LGPS you can, if you wish, continue to make your own contributions to that plan or scheme in addition to your contributions to the LGPS.

Are there tax controls on my pension savings?
There are HM Revenue and Customs controls on the total amount of contributions you can make into all pension arrangements and receive tax relief, and on all the pension savings you can have before you become subject to a tax charge. These controls are known as the lifetime allowance and the annual allowance. Most scheme members’ pension savings will be significantly less than these allowances.

You may be able to transfer previous pension rights into the LGPS. See page 6 for details.

What if I am already a member of the LGPS?
Members may have two or more concurrent jobs in Local Government or with an employer that participates in the Scheme. Each job requires a separate record and it is likely you will receive a new start pack for each new post. The records will not be joined together unless you leave one (or more, but not all) of the jobs and ask us to transfer your benefits from the job (or jobs) you have left to the one you continue to hold.
CONTRIBUTIONS

Your contribution rate is a percentage of the pay you receive. Your rate of contribution will vary according to your Full Time Equivalent (FTE) pay. There is a five tier contribution system, with contributions based on how much of your pay falls into each tier as set out below for 2011/2012. The pay ranges are increased each April in line with the increase in the cost of living; for the most up-to-date information see our website.

<table>
<thead>
<tr>
<th>Range - Full Time Equivalent (FTE) Pensionable Pay</th>
<th>Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>On earnings up to and including £19,400</td>
<td>5.5%</td>
</tr>
<tr>
<td>On earnings above £19,400 and up to £23,700</td>
<td>7.25%</td>
</tr>
<tr>
<td>On earnings above £23,700 and up to £32,500</td>
<td>8.5%</td>
</tr>
<tr>
<td>On earnings above £32,500 and up to £43,300</td>
<td>9.5%</td>
</tr>
<tr>
<td>On earnings above £43,300</td>
<td>12%</td>
</tr>
</tbody>
</table>

For example, if your pay is £22,000, you pay 5.5% on the first £19,400 and 7.25% on the next £2,400. Overall the average rate is 5.7% x £22,000, that is £104.50 per month.

If you work part time the rate will be set according to your FTE pensionable pay. However, you will only pay contributions on what you actually earn.

Example
Above member works half of full-time hours. Overall rate is 5.7% (worked out as above) times £11,000, that is £52.25 per month.

What if I have more than one job?
If you have more than one contract, your FTE pay under each contract is calculated separately and each contract is allocated a contribution rate individually, even if your contracts are with the same employer. You will receive an annual benefit statement for each contract.

How will I know what my rate is?
Your employer must notify you of your contribution rate as soon as reasonably practicable after it has been determined. A similar notification must also be issued to the Pension Fund. If you are in any doubt about the way the decision has been made, you should contact your employer, who will give you details of how they arrived at their decision and their appeals procedure. The Pension Fund can only give you general information about how rates are set.

What happens if I am on leave?
Guides to how your benefits are affected by sick leave, maternity, paternity or adoption leave, and paid or unpaid leaves of absence are available. Please contact the Pension Fund for details.

Can I pay more to increase my benefits?
You are able to increase your benefits by paying additional regular contributions (ARCs) to purchase additional blocks of pension (if you are under 65) or by making additional voluntary contributions (AVCs). We have contracted with the Prudential to provide an in-house AVC scheme; more details are available from www.pru.co.uk/content/schemes/localgovavc/. You can also pay contributions into a personal pension plan or a stakeholder pension scheme. There is more information on additional contributions in our Guide to Increasing Your Benefits.

Is there a limit to how much I can contribute?
At the present time there is no limit on the amount of contributions you can pay (although you may not buy more than £5,000 additional pension through ARCs). However, tax relief will only be given on contributions up to 100% of your taxable earnings. Additionally, under HM Revenue and Customs rules there are controls on the pension savings you can have before you become subject to a tax charge. See page 4 for more details.
What benefits will be paid if I die in service?
If you die in service as a member of the LGPS the benefits shown below may be payable:

- A widow’s, widower’s, civil partner’s or, subject to certain qualifying conditions, a nominated co-habiting partner’s pension
- Pensions for eligible children
- A lump sum death grant of three years’ final pay (not increased to FTE pay for part-time members)

To nominate a co-habiting partner your relationship has to meet certain conditions laid down by the LGPS. For more information or to make a nomination see the Nomination Of Co-habiting Partner For Survivor’s Pension form.

The lump sum death grant may be paid, at the Pension Fund’s discretion, to a beneficiary you nominate; you can nominate any individual person(s) and/or any unincorporated or incorporated body (e.g. charities or voluntary bodies). To make a nomination use the Expression of Wish - Death Gratuity form. Both of these forms are available on request or for download from our website.

More information is available in our Guide to Survivors’ and Dependents’ Pensions.

Can I transfer pension rights into the LGPS from a previous pension scheme?
If you have pension rights in a Public Sector Transfer Club Scheme (see www.civilservice.gov.uk/pensions/transfer-club), you may be able to transfer these rights. Aberdeen City Council as your administering authority will not accept transfers from non-Public Sector Transfer Club Schemes such as personal pensions or certain occupational pension schemes.

You are not able to transfer benefits derived from a Pension Credit, which is a benefit granted to a spouse or civil partner by a Court following a divorce or dissolution of a civil partnership.

If your pension rights are in another LGPS (Scotland) scheme, your membership will normally be transferred on a day-for-day basis. If you opt to transfer pension rights from a non-Scottish LGPS arrangement then a sum of money is offered to buy a membership credit in the Scottish LGPS. A transfer may not always be to your advantage.

An option to transfer your pension rights into the LGPS (Scotland) must be made within twelve months of joining, unless your employer allows a longer period (an employer discretion).

If you have deferred benefits in the NESPF and rejoin the Fund, we will automatically contact you after you join with details of the benefits you would receive if you combine your records and a form to complete if you wish to proceed. If we do not hear from you, the records will not be combined.

The decision to transfer cannot be made immediately; any request you make to investigate a transfer will not be binding until you have been supplied with further details and subsequently confirm that you wish the transfer to go ahead.
LEAVERS WITHOUT AN IMMEDIATE ENTITLEMENT TO BENEFITS

This is a brief overview of your options if you leave the Scheme before you retire. More information is available in our Guide to Leaving the Scheme.

- If you leave with less than two years total membership, have not brought a transfer into the LGPS and do not already have pension benefits in the LGPS in Scotland, you may take a refund of your contributions, less any deductions for tax and the cost of buying you back into the State Second Pension scheme (S2P).

- If you leave before age 65 and your total membership is two years or more, or you have transferred other pension rights into the LGPS, or you already have pension benefits in the LGPS in Scotland, you may not take a refund but will be entitled to deferred benefits within the LGPS.

The normal pension age for the Scheme is 65, although you may elect to further defer drawing your benefits till later. However they may be put into payment earlier, without reduction, if you become eligible for early retirement on the grounds of permanent ill health. You can, if you wish, elect to receive your deferred benefits early from age 60 onwards, or from age 55 with your former employer’s consent. See pages 9 and 10 for more information on early or late retirements.

What happens if I die before drawing my deferred benefits?
If you die before your deferred benefits come into payment, a lump sum death grant equal to five years’ pension will be paid. A widow’s, widower’s, civil partner’s or, subject to certain qualifying conditions, a nominated co-habiting partner’s pension and pensions for eligible children will also be payable. More information is available in our Guide to Survivors’ and Dependents’ Pensions.

Transferring your benefits
If you leave the scheme at least one year before your 65th birthday you may transfer the cash equivalent of your pension benefits into a new employer’s scheme if they are willing and able to accept it; into a personal or stakeholder pension scheme; or into a ‘buy-out’ insurance policy. Alternatively, if you return to employment with an employer participating in the LGPS, then you may elect for the pension rights that you have built up to be added to your new period of membership in the Scheme.

Opting Out
You may wish to obtain independent financial advice before opting-out of the LGPS. You can re-join the LGPS at any time, provided at that time you have a contract of employment for at least three months and you are under 75.

You can opt out at any time by giving your employer notice in writing. We recommend that you use our Opt-Out Form, which is available from the Pension Fund on request or for download from our website.
RETIREMENT BENEFITS

This is a brief overview of your options when you come to retire. More information is available in our Guide to Retirement.

To qualify for LGPS retirement benefits you must have at least two years total membership, or have transferred pension rights from other Schemes into the LGPS. When you retire, you will receive a pension and have the option to take a tax-free lump sum. If you have LGPS membership before 1 April 2009, your standard benefit package will include an automatic tax-free lump sum.

When can I retire?
You can retire and receive your LGPS benefits in full from the age of 65.

Can I retire early?
You can choose to retire and receive your LGPS benefits from age 60 onwards, or from age 55 with your employer’s consent. If you retire before age 65, your LGPS benefits will be reduced to take account of their early payment and the fact that your pension will be payable for longer. As a guide, the percentage reductions, issued in April 2009, for retirements up to five years early are shown in the table below. Where the number of years is not exact, the percentages are adjusted accordingly.

<table>
<thead>
<tr>
<th>No. of years paid early</th>
<th>Pensions reduction: Men</th>
<th>Pensions reduction: Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>1</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>2</td>
<td>11%</td>
<td>10%</td>
</tr>
<tr>
<td>3</td>
<td>16%</td>
<td>15%</td>
</tr>
<tr>
<td>4</td>
<td>20%</td>
<td>19%</td>
</tr>
<tr>
<td>5</td>
<td>24%</td>
<td>23%</td>
</tr>
</tbody>
</table>

What if my employer retires me on grounds of redundancy or business efficiency?
If you are aged 55 or over you will be entitled to the immediate unreduced payment of your benefits. Some members who were in the Scheme before April 2006 retain the right to receive their benefits at age 50 if retired on these grounds.

What happens if I have to retire early due to ill health?
If you have to leave work at any age due to illness you may qualify for the immediate payment of your benefits if your employer, based on an opinion from an approved medical adviser, is satisfied that you are permanently unable to do your job. This applies even if you are no longer active in the Scheme. There are graded levels of benefit based on how likely you are to be capable of working again after you leave. For more information contact the Pension Fund.

What if I want to have a gradual move into retirement?
This is known as flexible retirement and means that you can reduce your hours or move to a lower graded post and draw some or all the pension benefits you have built up. Between the ages of 55 and 60 you will need your employer’s consent to do this. If you take flexible retirement before age 65, your benefits may be reduced to take account of their early payment, unless your employer agrees to waive the reduction in whole or in part. You can continue paying into the LGPS on your reduced hours or in your new role, building up further benefits in the Scheme.

What if I carry on working after age 65?
If you carry on working after age 65 you may continue to pay into the scheme, building up further benefits. We will pay your pension when you retire, or when you reach the eve of your 75th birthday, or if you take ‘flexible retirement’, whichever occurs first. If you draw your pension after age 65, it will be increased to reflect the fact that it will be paid for a shorter time. Your pension has to be in payment by your 75th birthday.
How much will my pension be?
Your pension is based on your length of total membership in the scheme and your final pay. If you are part-time, your total membership will be calculated as a proportion of full-time service when working out your pension, and your final pay will be increased to the full-time equivalent. See the examples below for membership built up at any time after 31 March 2009.

Can I exchange part of my pension for a lump sum?
You can exchange (“commute”) part of your annual pension for a one off tax-free cash payment. You can take up to 25% of the capital value of your pension benefits as a lump sum and you will receive £12 lump sum for each £1 of pension given up.

<table>
<thead>
<tr>
<th>On retirement at age 65, a full-time Scheme member has 20 years total membership and has a final pay of £15,000.</th>
<th>If the same employee had worked part-time at half of full-time hours, they have 10 years total membership and final pay of £15,000.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual pension: 20 x 1/60 x £15,000 = £5,000</td>
<td>Annual pension: 10 x 1/60 x £15,000 = £2,500</td>
</tr>
<tr>
<td>Giving up £1,000 pension for a cash lump sum:</td>
<td>Giving up £500 pension for a cash lump sum:</td>
</tr>
<tr>
<td>Pension: £5,000 - £1,000 = £4,000</td>
<td>Pension: £2,500 - £500 = £2,000</td>
</tr>
<tr>
<td>Lump sum: £1,000 x 12 = £12,000</td>
<td>Lump sum: £500 x 12 = £6,000</td>
</tr>
</tbody>
</table>

If you joined the LGPS before 1 April 2009
Your benefits for membership before 1 April 2009 are calculated differently. For LGPS membership built up to 31 March 2009 you will receive an annual pension based on 1/80th of your final pay and an automatic tax-free lump sum of three times your pension. Like the pension, the automatic lump sum is based on your total membership before 1 April 2009 and your final pay. You can also exchange part of your pre-April 2009 pension for extra lump sum as described above.

Taking AVCs as cash
If you pay AVCs via the LGPS you may elect to take up to 100% of the accumulated fund in your AVC account as a tax-free lump sum if you draw it at the same time as your LGPS pension benefits, provided that when added to the LGPS lump sum it does not exceed 25% of the overall value of your LGPS benefits (including your AVC fund).

What pay is used to calculate retirement benefits?
Your retirement benefits will normally be calculated on your final pay. However, if your pay is reduced, or increases to your pay are restricted, through circumstances beyond your control in the last 10 years before retiring, your employer may issue you with a Certificate of Protection of Pension Benefits. For more information contact the Pension Fund.

Will my pension increase?
If you retire on or after age 55, your pension will be increased each year in line with the cost of living. If you retire before age 55, the accumulated effect of inflation since you retired will be added to your pension when you reach age 55. Ill health pensions are increased each year in line with the cost of living regardless of your age.

What benefits will be paid if I die?
If you die after retiring on pension, a widow’s, widower’s, civil partner’s or nominated co-habiting partner’s pension and pensions for eligible children are payable. A death grant is payable if less than 10 years pension has been paid and you are under age 75 at the date of death, in which case the balance of 10 years of pension is paid as a lump sum.

More information is available in our Guide to Survivors’ and Dependents’ Pensions.
SOME OTHER LGPS PROVISIONS

The North East Scotland Pension Fund is required by the LGPS to:

- pay interest on lump sum benefits that are paid more than one month after they should have been paid.
- pay interest on pensions that are paid more than a year after they should have been paid.
- pay interest on refunds of contributions that are paid more than a year after the date you left the LGPS.
- issue annual benefit statements to active and deferred members.

The North East Scotland Pension Fund is allowed by the LGPS to:

- commute small pensions into single lump sum payments. The circumstances where this may happen are restrictive, particularly if you have other pension benefits.
- increase your total membership at any time you are contributing to the LGPS. Your employer’s policy in relation to this discretion must be included in their Policy Statement.
- reduce your pension benefits if you cease to be employed as a result of a criminal, negligent or fraudulent act or omission, as a result of which you have incurred some monetary obligation to your employer.
- forfeit your pension rights if the Scottish Ministers agree and you have been convicted of a serious offence connected with your employment.

The LGPS does not allow you to:

- assign your benefits. Your LGPS benefits are strictly personal and cannot be assigned to anyone else or used as security for a loan.

HELP WITH PENSION PROBLEMS

Who can help me if I have a query or complaint?

If you are in any doubt about your benefit entitlements, or have a problem or question about your LGPS membership or benefits, please contact the Pension Fund at the address shown at the end of this Guide. We will seek to clarify or put right any misunderstandings or inaccuracies as quickly and efficiently as possible.

If you are dissatisfied with any decision made in relation to the Scheme, either by your employer or by the Pension Fund, you have the right to have your complaint independently reviewed under the Internal Disputes Resolution Procedure and, as the scheme is well regulated, there are also a number of other regulatory bodies that may be able to assist you.

Our Guide to the Internal Disputes Resolution Procedure is available on request from the Pension Fund or for download from our website.
REGULATORY BODIES

The Pensions Advisory Service (TPAS)
The Pensions Advisory Service (TPAS) is available at any time to assist members and beneficiaries of the Scheme in connection with any pensions query they may have or any difficulty which they cannot resolve with their scheme administrators. TPAS can be contacted at:

TPAS
11 Belgrave Road
London
SW1V 1RB
Web: www.pensionsadvisoryservice.org.uk
Email: enquiries@pensionsadvisoryservice.org.uk
Telephone: 0845 601 2923

Pensions Ombudsman
In cases where a complaint or dispute cannot be resolved after the intervention of TPAS, an application can be made, within three years of the event, to the Pensions Ombudsman for an adjudication. The Ombudsman can investigate and determine any complaint or dispute involving maladministration of the Scheme or matters of fact or law and his or her decision is final and binding (unless the case is taken to the appropriate Court on a point of law). Matters where legal proceedings have already started cannot be investigated. The Pensions Ombudsman can be contacted at:

Office of the Pensions Ombudsman
11 Belgrave Road
London
SW1V 1RB
Web: www.pensions-ombudsman.org.uk
Email: enquiries@pensions-ombudsman.org.uk
Telephone: 020 7630 2200

The Pensions Regulator
This is the regulator of work based pension schemes. The Pensions Regulator has powers to protect members of work-based pension schemes and a wide range of powers to help put matters right, where needed. In extreme cases, the regulator is able to fine trustees or employers, and remove trustees from a scheme. You can contact the Pensions Regulator at:

The Pensions Regulator
Napier House
Trafalgar Place
Brighton
BN1 4DW
Web: www.thepensionsregulator.gov.uk
Email: customersupport@tpr.gov.uk
Telephone: 0845 600 0707

How can I trace my pension rights?
The Pension Tracing Service holds details of pension schemes, including the LGPS, together with relevant contact addresses. It provides a tracing service for ex-members of schemes with pension entitlements (and their dependents), who have lost touch with previous employers. If you need to use this tracing service please write to:

The Pension Tracing Service
The Pension Service
Tyneview Park
Whitley Road
Newcastle upon Tyne
NE98 1BA
Telephone: 0845 600 2537

or visit www.direct.gov.uk and search for “pension tracing service” for an online application form.

Please remember to keep the Pension Fund up to date with any change in your home address! You can do this by writing to us or by registering to use the secure internet member self-service site “My Pension”, available through our website at www.nespf.org.uk.
**PENSION TERMS EXPLAINED**

**Actuary** - An advisor on financial problems, actuaries are employed mainly in insurance (life and general) and pensions fields. Pensions actuaries typically calculate probabilities relating to pension funds to ensure that future liabilities can be met through the current fund and future contributions.

**Additional Regular Contributions (ARCs)** - ARCs are a method of buying extra pension. They are deducted from your pay over a number of whole years. You can decide how long you want to pay them for, although you cannot pay for extra pension after age 64, and you can choose to stop paying at any time. If you leave (other than on the grounds of permanent ill health) before completion of the ARC contract you will be credited with the proportion purchased to your date of leaving. Should you be retired on grounds of permanent ill health or die in service while paying ARCs to increase your pension, the contributions will be deemed to be fully paid.

**Additional Voluntary Contributions (AVCs)** - If you choose to pay into an AVC arrangement, the contributions you make to it are invested separately, in funds managed by an insurance company. At retirement the accumulated fund in your account is used to buy you an annuity. An annuity is a fixed amount of additional pension benefit, although you may be able to choose to include guaranteed annual increases and dependents’ benefits. Alternatively, upon leaving the LGPS with an immediate payment of pension benefits you will be able to use your AVC account to buy a top-up pension from the LGPS, or use part to buy a top-up pension from the LGPS and part to purchase an annuity. At retirement, you may (subject to certain provisions) elect to take up to 100% of your in-house AVC as a tax-free lump sum if you draw it at the same time as your LGPS pension benefits. If you started paying AVCs before 30 June 2005 you may, in certain circumstances before retirement, be able to convert your AVC fund into extra LGPS membership in order to increase your LGPS benefits.

**Administering authority** - Your administering authority is Aberdeen City Council, which guarantees to pay your pension benefits. To meet this guarantee, Aberdeen City Council manages the Pension Fund completely separately from any other local government finances. Aberdeen City Council delegates the administration of the Pension Fund to the Pensions Panel, which is made up of four members from Aberdeen City Council. Advice is also sought from the wider Joint Investment Advisory Committee. Agendas and minutes are available on our website at [http://www.nespf.org.uk](http://www.nespf.org.uk).

**Admission Body** – An Admission Body is an Employer which is not obliged by law to participate in the LGPS but is admitted by request, making an Admission Agreement.

**Annual Allowance** - The amount your pension savings can increase by in any one year (disregarding the year in which all your benefits from the Scheme become payable) without paying extra tax. Most scheme members will not exceed the annual allowance.

**Appointed Person** - A person appointed by the administering authority or your employer, who must be suitably qualified to deal with complaints about decisions made by the administering authority or your employer. Appointed Persons are not necessarily completely independent of employers and administering authorities; they may also be an employee. However, their role is to deal with complaints in an unbiased way as an individual, not as an employee or agent of the administering authority or employer. When dealing with a complaint as an Appointed Person this person is acting independently and will make a decision based purely on the facts of the case.

**Civil Partnership** - A civil partnership is the legal recognition of a same-sex relationship, registered in the same way and with the same legal force as a marriage.

**Cost of Living** - This is an index which measures the difference in the cost of living from year to year by examining the changes in prices of goods and services. From April 2011 cost of living increases will be measured by movements in the Consumer Prices Index during the 12 months to September.
Discretion - The power given by the LGPS to enable your employer or your administering authority to choose how they will apply certain provisions of the Scheme. See also Policy Statement below.

Eligible Children – Eligible children must be, when you die, wholly or mainly dependent on you and:
- less than 17 years of age, or
- under age 23 and in full-time education or in training for a trade, profession or vocation, or
- dependent by reason of incapacity which arose whilst an eligible child as defined above.

If your child is born 12 months or more after your death, that child is not eligible under the regulations.

Enhanced protection - See under Primary and Enhanced Lifetime Allowance Protection.

Final pay - The figure used to calculate most of your pension benefits, normally the highest annual pay received in the last three years before you retire. For a part-time employee, the figure used is normally the FTE (Full Time Equivalent - the pay you would have received if you had worked full-time). If your pay is reduced because of sick leave, the final pay is taken to be the pay you would have received if you had been at work. During any period of maternity, paternity or adoption leave in respect of which you pay (or are deemed to have paid) pension contributions, final pay includes the pay you would have received had you not been on leave.

Lifetime Allowance - The total capital value of all pension benefits you can have in tax-registered pension arrangements - not just the LGPS - before triggering an excess benefits tax charge. If the value of your pension benefits when you draw them (not including any state retirement pension, state pension credit or any spouse’s, civil partner’s or dependent’s pension you may be entitled to) is more than the lifetime allowance, or more than any primary lifetime allowance protection or enhanced protection you may have, you will have to pay tax on the excess benefits. The lifetime allowance is set by the Treasury.

Nominated Co-habiting Partner - To be able to nominate a cohabiting partner, of either opposite or same sex, to receive a survivor’s pension on your death, all of the following conditions must have applied to both you and your nominated co-habiting partner for a continuous period of at least 2 years on the date you both sign the nomination form:
- both of you are, and have been, free to marry or enter into a civil partnership with each other, and
- both of you have been living together as if you were husband and wife, or civil partners, and
- neither of you have been living with someone else as if you/they were husband and wife or civil partners, and
- either your partner is financially dependent on you or you are financially dependent on each other.

For more information or to make a nomination contact the Pension Fund.

Pay - This is your normal salary or wages plus any shift allowance, bonuses, contractual overtime, Maternity Pay, Paternity Pay, Adoption Pay, and any other taxable benefit specified in your contract as being pensionable. It does not include non-contractual overtime, travelling or subsistence allowances, pay in lieu of notice, pay in lieu of loss of holidays, any payment as an inducement not to leave before the payment is made, nor the monetary value of, or pay received in lieu of, a car. Full-time Equivalent (FTE) pay is the pay you would receive if working full-time, if you are part-time.

Policy Statement - This is a statement that your employer and your administering authority must produce, setting out the policies that they have resolved to follow in exercising certain discretions under the LGPS. You should be notified of the policies contained on the Statement and where changes are made, you should be notified within one month of the change occurring. You may ask the Pension Fund for the latest copy of your employer’s and administering authority’s Statements.
Primary and Enhanced Lifetime Allowance Protection – On 6 April 2006 HMRC introduced new tax rules for the treatment of pension contributions and retirement benefits. You may be protected from the tax change if you had, or were likely to have, retirement benefits valued above the lifecycle allowance, and you registered for the protection with HMRC by 6 April 2009. If the value of your pension benefits exceeded the lifecycle allowance on 5 April 2006 you could register for primary protection, giving you a higher individual lifecycle allowance. If you believed that the value of your pension benefits would exceed the standard lifecycle allowance in the future you could register for enhanced protection, which would mean no tax on benefits in excess of the lifecycle allowance provided your benefits have not increased since 5 April 2006 beyond certain limits.

Scheduled Body – A Scheduled Body, also known as a Scheme Employer, is one of the class of Employers listed in Schedule 2 of the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008. These Bodies are obliged by law to participate in the LGPS.

State Pension Age – You can find out more information, and calculate your State Pension Age, at www.direct.gov.uk/en/Pensionsandretirementplanning/StatePension/DG_4017919.

Total membership - This is the amount of membership that counts for:

- **working out whether you are entitled to a benefit**
  We calculate the number of calendar years and days since you joined the Scheme in this employment and add any membership transferred-in from previous employment or pension schemes.

- **working out the amount of your personal benefits**
  We calculate the number of years and days since you joined the Scheme (with part-time employment reduced to its full-time equivalent length) and add any membership transferred-in, bought under the Old Scheme, granted by your employer, bought by converting AVCs or granted by way of ill health enhancement. We do not include any membership in respect of which you are already in receipt of a Local Government pension or in respect of which you hold an earlier Local Government deferred pension.
The information in this Guide is based on the Local Government Pension Scheme (Scotland) Regulations 2008 (effective from 1st April 2009) and other relevant legislation. It applies to people who were contributing members of the Local Government Pension Scheme on 1st April 2009 or who have since joined the Scheme. The booklet was up-to-date at the time of publication in 2012. It is for general use and cannot cover every personal circumstance, nor does it cover specific protected rights that apply to a very limited number of employees. In the event of any dispute over your pension benefits, the appropriate legislation will prevail as this booklet does not confer any contractual or statutory rights and is provided for information purposes only.

More detailed information about the Local Government Pension Scheme is available from:

North East Scotland Pension Fund
AECC – 2\textsuperscript{nd} Floor
Balgownie One
Conference Way
Bridge of Don
Aberdeen AB23 8AQ

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