

LONDON BOROUGH OF HACKNEY PENSION FUND

IMPLICATIONS OF OPTING OUT OF THE LGPS



**A guide for members of the Local Government
Pension Scheme (LGPS)**

Opting Out

If you are thinking of opting out you might want to first 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 in return for half your normal pension build up whilst retaining full life and ill health cover. To find out more about the 50/50 section, see our factsheet on **Reducing the Cost of your Pension Contributions**.

If having considered the 50/50 option you still wish to opt out, you can leave the LGPS at any time on, or after, your first day of eligible employment by completing an opt-out form and giving it to your employer to process. You can obtain an opt out form by contacting the administration team at Equiniti, or you can download it from the pensions website <https://hackneypension.co.uk/documents-library/member-forms> but you **cannot** request this form from your employer.

You might, however, want to take independent financial advice before making the final decision to opt out.

If you do opt out, you should be aware that your employer is required by law to re-enrol you back into the LGPS in certain circumstances. For more information on this please see our **Benefits of Joining the LGPS** factsheet.

If you opt-out, you can, provided you are still eligible to join the scheme, opt back into the scheme at any time before age 75. However, if you opted out with 2 years or more pensionable service and then subsequently rejoined the scheme, you will not be able to join your previous, now deferred, pensionable service with your new active account – these must remain separate as directed by the LGPS regulations.

Opting out within the first 3 months

If you opt out of the LGPS before completing 3 months' membership, you will be treated as never having been a member and your employer will refund to you, through your pay, any contributions you have paid during that time, less any statutory deductions for tax and national insurance.

Opting out with 3 or more months' membership but before the 2 year vesting period

If you opt out of the LGPS when you have been a member for 3 months or more but you have not completed the 2 year qualifying period (known as the vesting period) - you can take a **refund** of your contributions (less any statutory deductions) or **transfer** your pension to another qualifying pension scheme.

If you were in the scheme before 1 April 2014 and opt out on or after that date with 3 or more months' membership and before completing the 2 years vesting period you will also have the option of having **deferred benefits** in the scheme instead of taking a refund of your contributions (less any statutory deductions).

Opting out after meeting the 2 year vesting period

If you opt out after meeting the 2 year vesting period, you will then have **deferred benefits** in the scheme. If you decide to re-join the scheme in the future, you will not be able to join your deferred benefits with your new active account – these must remain separate and you will have 2 separate benefits in the scheme.

FURTHER INFORMATION

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