

LONDON BOROUGH OF HACKNEY PENSION FUND

LEAVING THE LGPS BEFORE YOU RETIRE



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

Leaving before retirement

If you leave your job before retirement and you have been an active member of the LGPS for 2 years or more, (or are deemed to have 2 years or more membership in the scheme), you will have 2 options:

- 1 you can choose to keep your benefits in the LGPS. These are known as **deferred benefits** and will be revalued every year in line with the cost of living,

or
- 2 you may be able to **transfer** your deferred benefits to another pension arrangement - see our factsheet on **Transferring Your Pension** for more information

The value of the pension in your **deferred pension** account is held in the LGPS for you until either you decide to transfer the value to another pension scheme, or the deferred benefits are due to be paid.

Your personal deferred benefits package consists of an annual pension, payable throughout your retirement, with an option on retirement to exchange some pension for a one off tax free lump sum. It also includes life cover and financial protection for your family.

For information about when you can draw your deferred pension benefit, please refer to our **Approaching Your Normal Retirement Age** factsheet for more details.

If you leave your job before retirement and you have been a member of the scheme for more than 3 months but less than 2 years, you will have 3 options:

- 1 you will normally be able to **claim a refund** of your contributions, less any statutory deductions for tax and national insurance. Interest is paid if the refund is not made within 1 year of leaving, but no refund can be made if you rejoin the scheme in England or Wales within a month and a day of leaving, or rejoin before the refund has been paid. Also, a refund will not be payable if, when you leave, you are paying into the LGPS in more than one job and you continue to be a member of the LGPS in the job that is continuing,

or
- 2 you may be able to **transfer** your benefits to a new pension arrangement (providing you have been a member of the LGPS for at least 3 months),

or

- 3 you can **delay your decision** until you either, rejoin the LGPS, transfer your benefits to a new pension arrangement, or want to take a refund of contributions. Where you delay your decision, you will have a **deferred refund pension account**. Please note, you can only hold a deferred refund account for a **maximum of 5 years or until age 75, whichever is earlier**. If you have not transferred your benefits to a new pension arrangement or rejoined the LGPS by that time, a refund of contributions will automatically be payable to you.

FURTHER INFORMATION

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