

**LONDON BOROUGH OF HACKNEY
PENSION FUND**

**REDUCING THE COST OF
YOUR PENSION
CONTRIBUTIONS**



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

Contribution Flexibility

The LGPS offers you the flexibility to pay half your normal contribution rate and build up half your normal pension, whilst retaining full life and ill-health cover.

The 50/50 section of the LGPS

The 50/50 section of the LGPS is designed to help members stay in the scheme, building up valuable pensions benefits during times of financial hardship. Rates and bandings are as at 1 April 2023 for the year 2023/24 – the bandings will increase with inflation each April:

If your actual pensionable pay is:	You pay a contribution rate of:	50/50 section
Up to £16,500	5.5%	2.75%
£16,501 to £25,900	5.8%	2.90%
£25,901 to £42,100	6.5%	3.25%
£42,101 to £53,300	6.8%	3.40%
£53,301 to £74,700	8.5%	4.25%
£74,701 to £105,900	9.9%	4.95%
£105,901 to £124,800	10.5%	5.25%
£124,801 to £187,200	11.4%	5.70%
£187,201 or more	12.5%	6.25%

How do I move to the 50/50 section?

When you join the LGPS you will automatically be put into the main section of the LGPS where you will pay the normal contribution rate in return for normal pension build up. Once you are a member of the main scheme, you are then able to elect to move to the 50/50 section.

You can ask your employer, or pension fund, for a 50/50 election form to complete and return to your employer. You can also download the form from our website – www.hackneypension.co.uk.

Once you make an election, you will start paying reduced contributions from the next available pay period. If you have more than one job you can elect for the 50/50 section in one, some or all your jobs. If you are in the LGPS with more than one employer, a separate election form must be completed and returned to each employer where you wish to join the 50/50 section.

There is no limit to the number of times you can elect to move between the main and 50/50 section, and vice versa.

How long can I remain in the 50/50 Section?

The 50/50 section is designed to be a short-term option, and your employer is required re-enrol you back into the main section of the scheme approximately every 3 years on a re-enrolment date set by them.

You are also able to revert back to the main section of the LGPS at any time by completing an Election to Re-join the main scheme form, you can get this from either your employer, the pension fund or from our website – www.hackneypension.co.uk.

If you are in the 50/50 section and your pay is reduced to zero because of sickness, your employer will have to move you back into the main section of the scheme from the next pay period (if your pay is still zero). This will also apply if your pay reduces to zero during a period of ordinary maternity and adoption leave (usually the first 26 weeks) or paternity leave. That is to your advantage as you will then start to accrue full pension again, even though you will not be paying pension contributions.

On return to work, you will have the right to make an election to move back to the 50/50 section if you wished to do so.

Can I still pay additional pension contributions & move to the 50/50 Section?

If you choose to move to the 50/50 section, any extra pension contributions to buy 'lost' pension or additional voluntary contributions (AVCs) to the Prudential, will continue to be payable in full, not at half rate.

The only exception to this is that any additional pension contributions (APCs) you are paying to purchase **extra** pension would have to cease, unless those APCs are to purchase pension 'lost' during a period of authorised unpaid leave of absence or

during a period of unpaid additional maternity, paternity or adoption leave or unpaid shared parental leave, or during a period of industrial action- see our factsheet on Buying Lost pension following authorised absence.

FURTHER INFORMATION

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