

Local Government Pension Scheme (LGPS) Councillor Pensions (England) - Update

This leaflet provides an update on the position for councillor members of the LGPS in England following changes introduced on **1 April 2014** including:

- background to the changes to councillors' pensions in England,
- impact on councillors' access to the LGPS,
- options available on leaving the Scheme, and
- further information.

Background

On 19 December 2012, 9 years after the introduction of LGPS councillors' pensions a [written ministerial statement](#) by local government minister Brandon Lewis MP announced that the Government's intention was to remove access to the LGPS for councillors in England and that a consultation would follow.

That consultation entitled '[Taxpayer-funded pensions for councillors and other elected local office holders](#)' ran from April 2013 to July 2013 and provided 3 options:

- to remove access to the LGPS from April 2014
- a two-tier membership option depending on a councillor's position or level of responsibility
- to continue providing councillors with ongoing access to the LGPS.

The Government's final position on the treatment of elected councillors (and elected mayors) was made known in March 2014 when the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 were made and laid. These regulations remove access to the LGPS from 1 April 2014 for councillors and elected mayors in England and for the Mayor of London and members of the London Assembly, with the following exceptions:

- councillors
- elected mayors
- the Mayor of London and
- members of the London Assembly

who were members of the LGPS on 31 March 2014 only retained access to the LGPS up to the end of the term of office they were serving on that date (or to age 75 if earlier).

The changes do not affect councillors in Wales and they retain ongoing access to membership of the LGPS¹.

This update contains information for councillors in England and should be read as an addendum to the ['Guide to the LGPS for Eligible Councillors'](#).

Access to the LGPS

If you were a councillor or elected mayor in England who was a member of the LGPS on 31 March 2014 you would have continued to pay pension contributions and build up pension benefits in the LGPS until the end of the term of office you were serving on 31 March 2014, unless you elected to opt out of the Scheme or reached age 75 before the end of that term of office. You were not permitted re-entry to the Scheme if you were re-elected.

If you **were not a member of the Scheme on 31 March 2014** then you were not permitted to join the Scheme for the remainder of your term of office.

If you chose to opt out of the LGPS before the end of the term of office you were serving on 31 March 2014 and you **were a member of the Scheme on 31 March 2014** then you could have elected to opt back into the Scheme for the remainder of that term of office.

A term of office ends on the fourth day after the ordinary day of election of councillors, with a new term of office commencing on the same day as the old term ends.

Options available on leaving the Scheme

If you are a councillor or elected mayor who ceased to be a member of the Scheme, you can elect to take your pension benefits between age 55 and 75. Pension benefits paid before age 65 may be subject to an actuarial reduction and pension benefits paid after age 65 are paid at an actuarially increased rate - please see the early and late retirement sections of the ['Guide to the LGPS for Eligible Councillors'](#) for more information.

If, when you left the LGPS, you were awarded deferred benefits in the Scheme, they will normally become payable at age 65 unless:

- a) you choose to defer payment beyond that age, up to your 75th birthday at the latest, or
- b) you elect to have them paid on or after age 55 and before age 65 (without the need to obtain your council's consent), or
- c) depending on your council's published discretions policy, you request payment on or after age 50 and before age 55 (but you would need your council's consent for the benefits to be paid), or

¹ Councillors in Wales are under the jurisdiction of the Welsh Assembly. At the time of publication there has been no amendment to the position in Wales and all eligible councillors (ie councillors of a Welsh county council or county borough council who are offered membership of the Scheme under the council's scheme of allowances and who are under age 75) continue to have access to the LGPS.

- d) you become, because of ill health or infirmity of mind or body, permanently incapable of discharging efficiently the duties of the office you had held in which case the deferred benefits can immediately be paid, regardless of age.

Benefits under a) would be paid at an actuarially increased rate, because the benefits would be paid after the Scheme's normal pension age.

Benefits under b) and c) would be subject to an actuarial reduction, because the benefits would be paid earlier than the Scheme's normal pension age (although some or all of your benefits could be protected from the reduction if you were contributing to the Scheme on 30 September 2006 and you are a protected member as defined in the ['Guide to the LGPS for Eligible Councillors'](#)). Your council can agree not to make any reduction on compassionate grounds.

If your benefits are paid under (c) on or after age 50 and before age 55 they would be subject to a tax charge under the Finance Act 2004. This would be in addition to the normal PAYE tax on your monthly pension.

Benefits under (d) would not be subject to any actuarial reduction for early payment.

As an alternative to a deferred benefit you may be able to transfer the value of your accrued pension rights to another pension scheme. Please see the 'ceasing to be a councillor before retirement' section of the ['Guide to the LGPS for Eligible Councillors'](#) for more information.

Other points to note:

Police and Crime Commissioners (PCCs) retain access to the LGPS in England - see paragraph 1.17 of the consultation document ['Taxpayer-funded pensions for councillors and other elected local office holders'](#) for details.

Further information

This leaflet covers the changes introduced from 1 April 2014 to the LGPS for councillors in England. It should be read in conjunction with the [Guide to the LGPS for Eligible Councillors](#).

Any queries regarding your pension benefits should be directed to the London Borough of Hackney Pension Fund administrator, Equiniti.

Telephone: 01293 603085

E-mail: hackney.pensions@equiniti.com

Disclaimer

This update leaflet is for councillors (and elected mayors) in England and reflects the provisions of the LGPS at the time of publication. This update is a brief guide to the changes introduced to the LGPS for councillors in England and cannot cover every personal circumstance. This update should be read in conjunction with the Guide to the LGPS for eligible councillors. In the event of a 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.