

## The Scheme

The Local Government Pension Scheme (LGPS) is a Defined Benefit pension arrangement governed by rules made under the Public Service Pensions Act 2013.

The rules are made by the Scottish Government within an overall UK Pensions framework.

The Scheme provides good quality benefits and a secure, inflation proofed income after retirement. The Scheme has HM Revenue and Customs approval and is regulated by the Pensions Regulator.

Because benefits do not depend on investment returns or stock market performance, the Scheme has significant advantages over Personal and Stakeholder Pension Schemes.

## The Administrator

Falkirk Council is one of 11 Councils in Scotland required to maintain an LGPS pension fund. Around 30,000 persons, including pensioners, are members of the Scheme, along with 35 different employers, the largest being:

- Clackmannanshire Council
- Falkirk Council
- Stirling Council
- Scottish Autism
- SCRA
- SEPA
- Strathcarron Hospice

## The Fund

The Fund receives income from several sources:

- member contributions
- employer contributions
- interest and dividends from investments

The business of running the Fund has been delegated to the Council's Pensions Committee with the process overseen by a Pension Board. The Committee consists mainly of Falkirk Council elected members but has representation from Stirling and Clackmannanshire Councils as well as pensioner and trade union representatives. The Pension Board has an equal number of employer and trade unions representatives.

## Investments

The Fund has a market value of around £2.2 billion.

Investment policy is determined by the Pensions Committee with advice from independent investment and actuarial advisers.

## About this Leaflet

This leaflet is based on the rules of the Scheme as they currently apply (April 2017). As the LGPS is a Statutory Scheme, the rules may be changed from time to time by Government.

## More Information

For more information about the Fund log on to [www.falkirkpensionfund.org](http://www.falkirkpensionfund.org) or contact us at.

Tel: 01324 506325 or 506329

Email: [pensions@falkirk.gov.uk](mailto:pensions@falkirk.gov.uk)

# An Introduction to the Local Government Pension Scheme (Councillor Version)



## Falkirk Council Pension Fund

April 2017

## Who Can Join the Scheme

You can join the Local Government Pension Scheme (LGPS) if you are an Elected Member of a Scottish local authority (i.e. a Councillor).

On being elected as a Councillor, you will automatically become a member of the Scheme **provided that you have not already attained age 75.**

You are allowed to join the Scheme even if you are contributing to other pension plans.

You can elect to leave the Scheme at any time.

## Contributions

Your contribution to the Scheme is based on the level of the earnings you receive. The minimum contribution is 5.5% of earnings.

As a scheme member, you will automatically get tax relief at source on your contributions.

The Council also contributes to the Pension Fund to ensure there is enough money to pay for benefits as they fall due.

Employer contributions are assessed every three years through an independent actuarial valuation. Employer contributions are currently around 21% of pay.

## The Scheme Provides

A pension and tax free lump sum on retirement from office:

- from State Pension Age with no penalty
- from age 60 with a penalty
- on permanent ill health grounds

- A tax free lump sum on death in service.
- Surviving Partners and Children's pensions.
- A transfer option or deferred rights in the Fund if you leave before retirement.
- A contribution refund if you leave office within 2 years.

## Scheme Pension and Lump Sum

The main scheme benefit is a retirement pension.

For each year of your membership, you build up a pension entitlement of 1/49<sup>th</sup> of your pay. The pension earned each year is then increased annually in line with rises in the Consumer Price Index.

When you retire you get the option to give up part of pension to provide a tax free lump sum. The maximum lump sum you can take under current rules is 1/4 of the capital value of your pension entitlement. You get £12 of lump sum for every £1 of pension you give up.

**Death in Service Lump Sum**  
Career Average Annual Pay x 3

## Topping Up Options

You can top up your benefits by:

- paying additional voluntary contributions (AVCS) through the Council's facility with Prudential or Standard Life; and
- paying additional pension contributions (APCs) into the Pension Fund.

## Transferring Pension Rights

Existing Pension rights (but not those in the Scottish Local Government Pension Scheme), can be transferred in and linked with your Councillor pension rights. Similarly, if you leave, your pension rights can be transferred out to other pension arrangements (but not to another Scottish LGPS Fund).

Councillor rights in the Scottish LGPS can only be joined with other LGPS Councillor rights if both sets of rights are in the same LGPS Fund.

## Special Features of the Scheme

- Benefits are **Inflation Proofed**
- Benefits are **Guaranteed** by Statute
- Benefits are **Risk Free** (i.e. they are not affected by Stock Market Performance)
- No Administration Charges

## IMPORTANT-

**Please consider taking independent financial advice before making any decisions relating to matters such as Scheme membership, topping up or transferring pension rights.**