



## Local Government Pension Scheme (LGPS) – Bedfordshire Pension Fund

# Opting out of the pension scheme

The Local Government Pension Scheme (LGPS) allows you to save while you are working so that you can enjoy a pension when you retire. It is one of the best occupational pension schemes in the UK.

Whatever your reasons are for thinking about opting out of the scheme:

- you must think about this matter carefully before making a final decision
- you may wish to take financial advice before making a decision to opt out
- if you are opting out of the LGPS because of advice you have received you should ask for this advice in writing.

No one can force you to remain a member of the scheme but, if you choose not to be a member, you should understand what this means both for you and your dependants.

It's worth taking some time to look at the benefits you could be giving up. A brief summary of these is included in the 'Declaration' section of this form. When making your decision, you should also consider that:

- your employer meets a large part of the cost of providing the range of secure benefits offered by the LGPS
- the LGPS is a valuable and important part of your employment package
- in most cases, you will pay more tax if you opt out of the LGPS.
- if you opt out of the LGPS in an employment (other than a concurrent employment) with more than two years' membership, you will be entitled to a deferred pension. If you later re-join the scheme, you will not be able to combine your two periods of membership.

Rather than opting out, you might want to consider moving to the 50/50 section of the LGPS. While you are in the 50/50 section, you pay half your normal contributions and build up half your normal pension. This option allows you to remain in the scheme, building up valuable pension benefits. Joining the 50/50 section provides an alternative to opting out of the Scheme in times of financial hardship. A 50/50 option form is available from [www.bedspensionfund.org](http://www.bedspensionfund.org)

If you want to know more about the costs and benefits of being a member of the LGPS, or about moving to the 50/50 section, you can visit [www.lgpsmember.org](http://www.lgpsmember.org) which includes a cost and a benefits calculator.

## Opting out of the pension scheme – what you need to know

1. Your employer cannot ask you or force you to opt out. If you are asked to opt out, you can tell The Pensions Regulator – see [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)
2. You cannot opt out of the LGPS before you have started the employment you wish to opt out of. If you have opted out previously and are being automatically re-enrolled by your employer, you cannot opt out before your re-enrolment date. If you sign and date the form before then it will be treated as an invalid opt out.
3. You should return the completed opt out form to your employer's payroll section or Human Resources department.
4. If you have another job with the same or another employer, the employer might also put you into pension saving for that job, now or in the future. This opt out form only opts you out of LGPS pension saving in relation to the employer and jobs you have named on this form. A separate opt out form must be filled out and given to any other employer you work for if you wish to opt out of pension saving with that employer as well. You will need to get the relevant opt out form from the pension administrators of the scheme provided by that employer.
5. If you opt out of the LGPS before completing three months' membership, you will be treated as never having been a member. You will receive a refund of any contributions deducted from your pay.
6. If you opt out of the LGPS:
  - with more than three months' but less than two years' membership, and
  - you do not already have a deferred benefit, or pension in payment, from the LGPS in England or Wales

you will normally be able to take a refund of your contributions. There will be a deduction for tax. As an alternative to a refund you may be able to have a cash transfer sum (CTS) paid to another pension provider. A CTS is only payable if a valid election to transfer is made within 12 months of your opt out date.

7. If you opt out of the LGPS with two or more years' membership, you will be entitled to a deferred pension benefit in the LGPS. You can only take your deferred pension after you have left your employment, and usually from:
  - your normal pension age (which is the same as your State Pension age but with a minimum of age 65) or

- on a reduced basis from age 55 onwards (although please note that the Government has announced that the earliest age you can take your pension will increase from age 55 to 57 with effect from 6 April 2028).

Your LGPS pension must be paid to you at age 75 at the latest. Alternatively, you can transfer your deferred benefit to another pension scheme as long as you elect to do this at least one year before your normal pension age.

8. If you decide to opt out of membership of the LGPS and afterwards change your mind, you will be able to rejoin the scheme provided you are under age 75 and you are still in an employment that qualifies you for membership of the LGPS. You will need to complete an opt-in form if you want to opt back into the scheme.
9. If you stay opted out, your employer will normally put you back into the LGPS approximately three years from the date they have to comply with the automatic enrolment provisions of the Pensions Act 2008. You will be able to opt out of membership of the LGPS again at that time.
10. If you change jobs, your employer will normally put you back into pension saving straight away.

## Bedfordshire Pension Fund - Opting out of the Local Government Pension Scheme

Please complete this form in black ink. Please return the completed form to your employer's payroll section or Human Resources department.

### Your personal details

Surname:
First name(s):
Title: Mr / Mrs / Miss / Ms / Other (please specify)
Your home address, including post code:
Your email address:
Your National Insurance number:
Your date of birth:
Your employer's name:

### When do you wish to opt out of membership of the LGPS?

Please tick one box

From the beginning of my next pay period	<input type="checkbox"/>
From ..... [DD/MM/YYYY] <i>The date entered cannot be before the date you sign this form.</i>	<input type="checkbox"/>

In the boxes below, please name the post (or posts) from which you wish to opt out of membership of the LGPS. If you have more than one post you do not have to opt out of LGPS membership for all your posts, although you can if you want to.

<b>Post 1</b>
Job title:
Payroll reference for this job (if known):
<b>Post 2</b>
Job title:
Payroll reference for this job (if known):
<b>Post 3</b>
Job title:
Payroll reference for this job (if known):

Please sign and date the form on page 2.

**Declaration**

I declare that by opting out of the Local Government Pension Scheme (LGPS) I am knowingly giving up the opportunity to be a member of the LGPS which would provide a guaranteed package of benefits that are backed by law including:

- a secure pension – payable for life that increases with the cost of living
- tax-free cash – the option to exchange part of my pension for some tax-free cash at retirement
- life cover – with a lump sum of three times my pay if I die in service
- cover for my family when I die – including a survivor’s pension for my spouse, civil partner or eligible cohabiting partner as well as children’s pensions

and, once I have two years’ membership in the scheme:

- voluntary early retirement – from age 55 (even though the scheme’s normal pension age is the same as my State Pension age with a minimum of age 65). Benefits taken before normal pension age may be reduced for early payment.
- serious ill health cover – if I have to retire due to serious illness I could receive immediate benefits based on an enhanced period of scheme membership
- redundancy cover – early payment of pension benefits if I am made redundant or retired on business efficiency grounds at age 55 or over.

I have read the above and the attached notes and understand that the choices I make now are important in planning for my retirement. **I confirm that I wish to opt out of the LGPS in the post(s) I have named on this form.**

I understand that if I opt out I will lose the right to pension contributions from my employer.

I understand that if I opt out I may have a lower income when I retire.

I understand that if I opt out and have a deferred benefit, if I later re-join the scheme, I will not be able to combine my two periods of membership.

Your full name:

Signed:

Date:

See the notes attached to this form for information about when you can sign, date and return this form. It is important to complete this form in full. We will not accept an incomplete form as a valid opt out and the form will be returned to you for completion.

This form will be used to end your active membership of the LGPS in line with your instructions. Your employer will keep the form as a record of your decision to end membership of the LGPS, or as a record of your decision to end membership in the post or posts you have named on the form.