

Scheme Feature	New LGPS(S)												
Type of scheme	Defined Benefit, Career Average Revaluation of Earnings (CARE)												
Revaluation (CARE)	Based on the Consumer Prices Index												
Normal Pension Age	Set equal to an individual's State Pension Age, with a minimum of age 65												
Accrual rate	Annual pension benefits to accrue at a rate of 1/49 <sup>th</sup>												
Lump sum	The option to convert up to 25% of pension to lump sum (in line with the HMRC upper limit)												
Commutation of Pension to Lump Sum	At a rate £1 of pension for each £12 of lump sum												
Certificate of Protection	Certificate awarded where reduction in pensionable pay is outside of the member's control. Certificate means that upon retiring within lifetime of certificate (10 years) their pension is calculated based on their previous (higher) salary, rather than on their reduced pay <sup>1</sup> . Implementation of certificate of protection to cover circumstance where member is required to take lower salary due to ill health. <sup>2</sup>												
Contribution rates for scheme members	<p>Maintaining the five-tier employee contribution rate structure agreed for the LGPS in 2008 to deliver an average employee contribution rate of 6.3%. Employee contribution tiers operate on a banding system, as follows:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Pensionable pay</th> <th style="text-align: center;">Rate (%)</th> </tr> </thead> <tbody> <tr> <td>On earnings up to and including £19,800</td> <td style="text-align: center;">5.5%</td> </tr> <tr> <td>On earnings above £19,800 and up to £24,200</td> <td style="text-align: center;">7.25%</td> </tr> <tr> <td>On earnings above £24,200 and up to £33,200</td> <td style="text-align: center;">8.5%</td> </tr> <tr> <td>On earnings above £33,200 and up to £44,200</td> <td style="text-align: center;">9.5%</td> </tr> <tr> <td>On earnings above £44,200</td> <td style="text-align: center;">12%</td> </tr> </tbody> </table> <p>Employee contributions payable on actual earnings rather than Whole Time Equivalent earnings. Employee contribution rates apply to all active members of the LGPS in Scotland.</p>	Pensionable pay	Rate (%)	On earnings up to and including £19,800	5.5%	On earnings above £19,800 and up to £24,200	7.25%	On earnings above £24,200 and up to £33,200	8.5%	On earnings above £33,200 and up to £44,200	9.5%	On earnings above £44,200	12%
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<sup>1</sup> Actual pensionable pay

<sup>2</sup> Agreed in principle, final decision awaiting HM Treasury clarification.

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Contribution Flexibility - 50/50 option	<p>Able to opt to earn half of the level of pension benefits in return for paying half the amount of contributions. Individuals opting for this will accrue pension at a rate of 1/98<sup>th</sup> of their pensionable pay received, rather than at the scheme's standard accrual rate of 1/49<sup>th</sup>.</p> <p>To be reviewed, to determine impact on low paid workers, once the outcome of the 2017 scheme valuation has taken place<sup>3</sup></p>
Contribution rates for employers	<p>These will vary depending on LGPS fund and will be set as a result of triennial valuations (actuarial reviews) of the scheme.</p> <p>The scheme will also incorporate a cost sharing mechanism to ensure sustainability of the scheme over the long term, in line with the requirements of the Public Service Pensions Act 2013.</p>
<p>Ill health benefits</p> <p>Ill-health gratuity</p>	<p>Remains as before - two entry point ill health provision where scheme members who are permanently incapable of carrying out efficiently the duties of their job:</p> <ul style="list-style-type: none"> <li>(i) have no reasonable prospect of undertaking gainful employment before scheme normal retirement age of 65(Tier 1) ; or</li> <li>(ii) have a reasonable prospect of undertaking other gainful employment before age 65 (Tier 2).</li> </ul> <p>Transitional protection for existing scheme members whose service enhancement would be less than under current arrangements (to be reviewed after three years).</p> <p><u>Third tier</u>, outside the pension scheme, consisting of one-off lump sum payment by employer at their discretion. Calculated on one week's pay per year of service and limited to maximum of 30 weeks' pay. Covers those whose employment is terminated on capability grounds, who are not in receipt of ill-health benefits and who have a reasonable prospect of undertaking further gainful employment before age 65.</p>
Death in service arrangements	A lump sum death grant of 3 times 'assumed pensionable pay' (see below for definition of assumed pensionable pay)
Early retirement	A member who has not attained normal pension age but who has attained the age of 55 or over, may elect to receive immediate payment of a retirement pension - adjusted on an actuarially neutral basis by the amount shown as appropriate in actuarial tables issued by the Scottish Ministers with guidance from the scheme actuary.
Flexible retirement	An active member who has attained the age of 55 or over who reduces working hours or grade of an employment may, with the Scheme employer's consent, elect to receive immediate payment of all or part of the retirement pension to which that member would be entitled to in respect of that employment.

<sup>3</sup> Based on an assumed take-up rate of 10% of members.

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Working beyond Normal Pension Age	The ability to accrue service in the LGPS beyond Normal Pension Age up to age 75. Cost-neutral uplift factors for benefits accrued beyond Normal Pension Age.
Minimum Pension Age (MPA)	All new scheme members to have Minimum Pension Age of 55 years. Transitional arrangements permit all current scheme members to have Minimum Pension Age of 55 from 6/4/2010, except for any member who was in the scheme on or before 5 April 2006 whose employment is terminated on grounds of redundancy or efficiency and is aged 50 or over at that point. Such members will have a protected pension age of 50.
Partner + Survivor pensions	Dependants' benefits payable in respect of widows, widowers, civil partners, children's pensions plus unmarried partners who cohabit, at rate of 1/160 <sup>th</sup> . No requirement to nominate cohabitee.
Pensionable Pay	Retain "non-contractual overtime" under exclusions. Amend Regulations to include a definition of non-contractual overtime; "overtime above the hours of a standard full-time working week (37 hours) that the employee is not contracted to work".
Assumed Pensionable Pay	Assumed Pensionable pay used where previous calculations were based on service e.g. relating to sickness / injury, child-related leave and reserve forces service leave. <b>(1) where the member is paid monthly;</b> (i) the pensionable pay the member received relating to that employment in the 3 months preceding the start of the pay period in which the sickness/ leave began; (ii) less any regular or irregular lump sum received; (iii) with the resulting sum being grossed up to an annual figure; (iv) to which any regular lump sum payment received should be added; <b>(2) where the member is paid otherwise than monthly;</b> (i) the pensionable pay the member received relating to that employment in the 13 weeks preceding the start of the pay period in which the sickness/ leave began; (ii) less any regular or irregular lump sum received; (iii) with the resulting sum being grossed up to an annual figure; (iv) to which any regular lump sum payment received should be added. <sup>4</sup>
Best of the last three years for calculating final pension	Not applicable to a CARE scheme. However, transitional provisions will apply for those with pre-2015 service in the scheme.
Vesting period	2 Years - If a person's qualifying service in the Scheme is for less than two years, that person is entitled, when that active membership ceases, to be repaid contributions by the administering authority.
Abatement	None

<sup>4</sup> Subject to agreement of final detail

Scheme Feature	New LGPS(S)
Separate employments	None <sup>5</sup>
Buy back (child-related/reserve forces/trades dispute/absence with permission)	Option to make retrospective contributions in respect of certain periods of leave, to enable such periods to count as pensionable.
Transitional Protection	Benefits for pre-1 <sup>st</sup> April 2009 service calculated on 1/80 pension and 3/80 lump sum basis.  Benefits for post-1 <sup>st</sup> April 2009 service calculated on 1/60 pension only (with option to commute up to 25% of value to lump sum). <sup>6</sup>
Rule of 85	Rule of 85 - transitional protection to 2020 retained.
Award of Additional Pension	Employing authority may resolve to award an active member additional pension of not more than £5,000 per year.
Commutation of small pensions	Calculated in accordance with guidance issued by Scottish Minister with advice from the scheme actuary.

<sup>5</sup> Fees for returning officers at Local Government, Scottish Parliament & European elections was a final salary issue.

<sup>6</sup> Pension benefits based on final salary at date of retirement for pre-2015 service