

Member contributions and flexibility

This leaflet looks at the cost of the scheme and how your employer determines what you pay into the scheme. Also, it outlines the option to pay lower contributions by joining the 50/50 section of the scheme, and how this will affect your benefits.

Cost of the Scheme

Member Contributions

The rate of contributions you pay is based on your actual pensionable pay. There are nine different contribution rates ranging from 5.5% to 12.5% - see the table below. Your employer will assess the rate of your contributions for each employment based on your actual pay.

Pensionable Pay

Pensionable pay is the amount of pay on which you pay contributions, it includes non-contractual (as well as contractual) overtime and any additional hours worked in excess of your contractual hours.

How your contribution rate is determined

For each year (April to March), your employer will decide your appropriate rate of contributions for each employment. They do this by matching your actual annual pensionable pay, for each position individually, to the appropriate band in the contributions table (please see below). Each April, the bands will increase in line with inflation.

If your pay changes during the year, your employer may decide to review your contribution rate at that point (rather than wait until the next April). Your employer will let you know what contribution rate they have decided to apply.

Your contribution rate is based on your actual earnings and not the full-time equivalent pay for your position.

2020/21

Band	Range	Contribution rate	
		Main section	50/50 section
1	Up to £14,600	5.50%	2.75%
2	£14,601 to £22,800	5.80%	2.90%
3	£22,801 to £37,100	6.50%	3.25%
4	£37,101 to £46,900	6.80%	3.40%
5	£46,901 to £65,600	8.50%	4.25%
6	£65,601 to £93,000	9.90%	4.95%
7	£93,001 to £109,500	10.50%	5.25%
8	£109,501 to £164,200	11.40%	5.70%
9	£164,201 or more	12.50%	6.25%

Employer Contributions

As well as the contributions that you make into the scheme, your employer will also contribute. The amount that your employer contributes is reviewed every 3 years when the fund is valued. Your employer usually pays around 2 or 3 times the amount that you pay into the scheme.

Contribution flexibility – the 50/50 option

There are two sections within the LGPS 2014 – the main section and the 50/50 section.

The main section of the scheme is the section you will automatically join. In this section, you pay normal contributions, as per the table above, and build up pension at the normal rate (1/49th of your pensionable pay). You are also entitled to full ill health and life assurance cover (see the Ill Health and Life Cover leaflet for more information).

The 50/50 section is a provision that became available on 1st April 2014. As a member of the 50/50 section you would pay half of the normal pension contributions (still determined by the table above), but you would build up pension at half the normal rate (1/98th of your pensionable pay). However, any enhancements payable upon ill health or any enhancements and/or lump sum payable upon death in service would be calculated as though you were a member of the main section.

How do I join the 50/50 section?

To join the 50/50 section, you will need to complete the application form (available on our website) and pass it to your payroll. The election, once received, takes effect from your next available pay period. If you have more than one employment, you can elect for the 50/50 section in one, some or all of your employments. You will need to complete an election form for each employment.

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

The 50/50 section is designed to be a short-term option for when times are tough financially. Because of this your employer is required to re-enroll you back into the main section of the scheme approximately every three years. This will be carried out in line with your employer's automatic re-enrolment date. Your employer will tell you when this is if you're in the 50/50 section of the scheme. As well as this, if you move onto a period of no pay due to sickness or injury or no pay during a period of ordinary maternity leave, ordinary adoption leave or paternity leave then you will be moved back into the main section of the scheme from your next pay period if you are still not in receipt of pay at that time.

In each of these circumstances, you need to make another election if you wish to remain in the 50/50 section.

You can choose to revert to the main section of the scheme at any time by completing the application form available on our website and passing it to your payroll department. You would then start to build up full benefits in the main section from the next available pay period.

How being a member of the 50/50 section affects your pension?

Susan elects to join the 50/50 section:

	Main Section	50/50 Section
Actual Pensionable Pay	£24,500	£24,500
Contribution Rate	6.5%	3.25%
Gross Contribution 1 year (before tax relief)	£1,592.50	£796.25
Pension built up in 1 year (payable every year in retirement)	£500	£250
Lump Sum Life Assurance Cover	£73,500	£73,500

Susan pays less in contributions in the 50/50 section – 3.25% instead of 6.5% and she would build up half the pension in the 50/50 section, £250, payable every year in retirement, compared to a pension of £500 if she was in the main section.

Remember, the value of any lump sum life assurance cover payable (three times annual pensionable pay) remains the same regardless of which section of the scheme Susan pays into.

This sheet is for general use and cannot cover every personal circumstance as its contents are based on our understanding of the legislation and events at the time. In the event of any dispute over your pension benefits, the appropriate legislation will prevail as this sheet does not confer any contractual or statutory rights and is provided for information purposes only.