A brief guide to the Local Government Pension Scheme (LGPS) for employees in England and Wales

Highlights of the LGPS

The LGPS gives you:

Secure benefits:
the Scheme provides you with a future income, independent of share prices and stock market fluctuations.

At a low cost to you:
with tax-efficient savings.

And your employer pays in too:
the Scheme is provided by your employer who meets the balance of the cost of providing your benefits in the LGPS.

You can look forward to your retirement in the LGPS with:

A secure pension

Your pension is worked out every year and added to your ***pension account.*** Each year 1/49th of your ***pensionable pay*** is put into your pension account. At the end of that year, the total amount of pension in your account is adjusted in line with changes to the cost of living, as measured by the ***Consumer Prices Index (CPI)***. The ***Scheme year*** runs from 1 April to 31 March.

Flexibility to pay more or less contributions

You can boost your pension by paying more contributions, with tax relief. You also have the option to pay half your normal contributions in return for half your normal pension. This is known as the 50/50 section of the Scheme. The 50/50 section is designed to help members stay in the Scheme when times are financially tough.

Tax-free cash

When you take your pension, you can swap part of it for some tax-free cash.

Peace of mind

Your family enjoys financial security, with immediate life cover and a pension for your spouse, ***civil partner*** or ***eligible cohabiting partner*** and ***eligible children*** if you die in service. If you become seriously ill and you've met the two year ***qualifying period***, you could receive immediate ill health benefits.

Freedom to choose when to take your pension

You do not need to have reached your ***Normal Pension Age*** to take your pension. Once you've met the two year ***qualifying period***, you can choose to retire and take your pension at any time between age 55 and 75. Your ***Normal Pension Age*** is the age you can retire and take the pension you've built up in full. If you choose to take your pension before your ***Normal Pension Age*** it will be reduced, as it's being paid earlier. If you take it later than your ***Normal Pension Age,*** it's increased because it's being paid later.

Redundancy and efficiency retirement

If your employer makes you redundant or dismisses you for business efficiency reasons, at age 55 or over, the pension you've built up will be paid immediately, provided you've met the two year ***qualifying period.*** You will receive your main LGPS in full, without any reduction for early payment. However, if you have bought additional pension, this would be reduced if you are under your ***Normal Pension Age*** when you retire.

The Government has announced that the earliest age you can take your pension will increase from 55 to 57 from 6 April 2028. Find out more in the Pension age changes section.

Flexible retirement:
You may wish to consider flexible retirement if:

- you are age 55 or over
- you have met the two year ***qualifying period***, and
- your employer agrees.

Flexible retirement helps you ease into retirement. If you reduce your hours or move to a less senior position, you can take some or all the benefits you have already built up. Your benefits may be reduced for early payment.

The Scheme

You can find out more about the Scheme in the LGPS member videos: Pensions Made Simple. 'What is a Pension' and 'How your Pension Works' provide brief introductions to the Scheme.

What kind of scheme is it?

The LGPS is a tax approved, defined benefit occupational pension scheme. The amount of pension you earn in a year is worked out each year and added to your ***pension account***. The total amount of pension in your ***pension account*** is adjusted in the April following the end of each ***Scheme year*** so your pension keeps up with the cost of living.

The LGPS is very secure because the benefits are set out in law.

Who can join?

The LGPS is open to employees working in local government or other organisations that have chosen to participate in it. To join, you need to be under age 75 and work for an employer that offers membership of the Scheme.

What do I pay?

You will pay contributions on ***pensionable pay*** at your contribution rate.

Your contribution rate depends on how much you are paid. It's currently between 5.5% and 12.5% of your ***pensionable pay***. The rate you pay depends on which pay band you fall into. When you join, and every April afterwards, your employer will decide your contribution rate. If your pay changes throughout the year, your employer may decide to review your contribution rate. If you elect for the 50/50 section of the Scheme, you will pay half the rates listed below.

Table 1: Contribution bands for 2026/27

If your actual pensionable pay is:	You pay a contribution rate of:
Up to £18,400	5.50%
£18,401 to £29,000	5.80%
£29,001 to £47,300	6.50%
£47,301 to £59,800	6.80%
£59,800 to £84,000	8.50%
£84,001 to £119,100	9.90%
£119,100 to £140,400	10.50%
£140,400 to £210,700	11.40%
£210,701 or more	12.50%

The pay bands change each April. The Government may review the contribution rates and change them in the future.

Do I get tax relief?

As a member of the LGPS, if you earn enough to pay tax, your contributions will attract tax relief when they are deducted from your ***pensionable pay***.

If you do not earn enough to pay tax, under new rules from the tax year 2024/25, you could be eligible for a top-up payment from HMRC. This payment will be equal to the amount of tax relief you would have received if you were a basic rate taxpayer. HMRC will contact people about these top-up payments from 2026.

There are restrictions on the amount of tax relief available on pension contributions. If the value of your pension savings increases in any one year by more than the standard annual allowance of £60,000, you may have to pay a tax charge. Most people will not be affected by the annual allowance.

Pension terms in ***bold italic*** type are defined in the Some terms we use section.

Contributions

Does my employer contribute?

Your employer currently pays the balance of the cost of providing your benefits in the LGPS. Every three years an independent review is undertaken to calculate how much your employer should contribute to the Scheme.

Is there flexibility to pay less in contributions?

Yes, you can move into the 50/50 section of the Scheme. In the 50/50 section you pay half the normal contributions and build up half the normal pension. See the section on **Flexibility to pay less**.

Can I pay extra to increase my benefits?

You can increase your benefits by:

- paying extra pension contributions, known as Additional Pension Contributions (APCs), to buy extra LGPS pension, or by
- making payments to the Scheme's ***Additional Voluntary Contributions (AVC)*** arrangement.

See the section on **Flexibility to pay more**.

Can I transfer in non-LGPS pensions?

If you have paid into a different pension scheme, or into the LGPS in Scotland or Northern Ireland, you may be able to transfer your previous pension rights into the LGPS. You only have 12 months from joining the LGPS to opt to transfer your previous pension rights unless your employer and LGPS pension fund allow you longer. You cannot transfer a pension that is already being paid to you.

Can I opt out of the LGPS and rejoin later?

Yes, you can opt out of the Scheme. Before you do, you might first want to consider moving to the 50/50 section of the Scheme. In the 50/50 section, you pay half your normal contributions in return for half your normal pension build-up. To find out more, see the section on **Flexibility to pay less**.

If you decide the LGPS is not for you, you can leave the LGPS by completing an opt out form. You can only do this after you have joined the Scheme. You can get an opt out form from your LGPS pension fund, your employer cannot provide one. You might want to take independent financial advice before making the final decision to opt out.

If you opt out within the first three month, you will be treated as never having been a member. Your employer will refund any contributions you have paid through your salary.

If you opt out after three months but before completing the two year ***qualifying period,*** you can usually take a refund of your contributions (less an adjustment for tax) or transfer out your pension to another scheme.

If you opt out after meeting the two year ***qualifying period,*** you will have deferred benefits in the Scheme. You will generally have the same options as anyone leaving their job before retirement. However, you cannot take these benefits unless you leave your job. If you later rejoin the Scheme, your deferred benefits will stay separate, you cannot combine them with your new pension account.

You can rejoin the Scheme at any time before age 75, as long as you are eligible.

If you remain opted out, your employer will normally automatically enrol you back into the LGPS approximately every three years from the date they have to comply with the ***automatic enrolment provisions*** provided you are an ***Eligible Jobholder***. This means you are aged 22 or over, below State Pension Age and earn more than

Contribution flexibility

You can find out more about the Scheme in the LGPS member videos: Pensions Made Simple. 'Looking after your pension' introduces ways that you can pay reduced or extra contributions.

Flexibility to pay less

When you join the LGPS, you will be placed in the main section of the Scheme. However, once you are a member of the Scheme you will be able to elect in writing to move to the 50/50 section at any time.

In the 50/50 section you pay half your normal contributions. This may be useful in times of financial hardship as it allows you to remain in the Scheme, building up valuable pension benefits, instead of opting out.

You can ask your employer for a 50/50 option form. If you are a member in more than one job, you would need to specify in which of the jobs you wish to move to the 50/50 section.

If you elect for 50/50, you would be moved to that section from the next pay period. You would then start paying half your normal contributions and build up half your normal pension. When you make an election for the 50/50 section, your employer must provide you with information on the effect this will have on your benefits in the Scheme.

If you were to die while you were in the 50/50 section of the Scheme, the lump sum death grant and any survivor pensions would be worked out as if you were in the main section of the Scheme. If you are awarded an ill health pension which includes an enhanced pension, the amount of pension added to your ***pension account*** is worked out as if you were in the main section of the Scheme.

The 50/50 section is designed to be a short-term option for when times are tough financially. Because of this, your employer must put you back into the main section of the Scheme every three years. If you wish to continue in the 50/50 section at that point you need to make another election.

If you go onto no pay because of illness, you do not pay pension contribution during this time. Your pension is protected as it is worked out using your assumed pensionable pay – this is a notional pay figure used to make sure your pension builds up as if you were receiving normal pay. If you are in the 50/50 section when you go onto no pay, your employer will move you back to the main section at the start of the next pay period if you are still on no pay at that time. This means your pension builds up in the more generous main section from that point. If you wish to rejoin the 50/50 section when you start getting paid again, you must complete a new form.

There is no limit to the number of times you can elect to move between the main and 50/50 sections.

Flexibility to pay more

There are several ways you can provide extra benefits on top of the benefits you are already looking forward to as a member of the LGPS. You can improve your retirement benefits by paying:

- additional pension contributions (APCs) to buy extra LGPS pension
- ***Additional Voluntary Contributions (AVCs)*** arranged through the LGPS (in-house AVCs)

Subject to HMRC limits, you will get tax relief on contributions you pay to a UK pension scheme.

You may wish to take independent financial advice before you decide to pay extra.

Your pension

Your LGPS benefits are made up of:

- a pension that increases every year in line with the cost of living for the rest of your life, and
- the option to exchange part of your pension for a tax-free lump sum paid when you take your pension.

How is my pension worked out?

How benefits build up

Every year, you build up a pension of 1/49th of the ***pensionable pay*** (and ***assumed pensionable pay***) you received in that ***Scheme year*** if you are in the main section of the Scheme. You build up a pension at half this rate while you are in the 50/50 section of the Scheme.

The pension built up in the ***Scheme year*** is added to your ***pension account*** and revalued in the April following the end of each ***Scheme year,*** so your pension keeps up with the cost of living. The ***Scheme Year*** runs from 1 April to 31 March.

What pay is used to work out my pension?

The amount of pension added into your ***pension account*** at the end of the ***Scheme year*** is worked out using your ***pensionable pay*** which is the pay on which you pay your normal pension contributions.

If during the ***Scheme year*** you were:

- on leave on reduced contractual pay or no pay due to sickness or injury
- on ***relevant child related leave*** or
- ***reserve forces service leave***

then, for that period, your pension is based on your ***assumed pensionable pay***. ***Assumed pensionable pay*** is a notional pay figure used to make sure your pension builds up as if you were receiving normal pay.

If during the ***Scheme year*** your employer allowed you to take a short period of unpaid leave, your pension is based on your ***lost pensionable pay*** for that period. An unpaid break of up to 14 days is ‘short’ under the LGPS rules. Your ***lost pensionable pay*** is the pay you would have received if you had been at work and received your normal pay instead of being absent. Both you and your employer pay pension contributions based on the ***lost pensionable pay.***

How is my pension worked out – an example

Let's look at the ***pension account*** of a member who joined the Scheme on 1 April 2018 who had:

- ***pensionable pay*** of £25,000 in 2018/19
- increases to their ***pensionable pay*** of 1 per cent each year.

Table 2: Example of pension build-up

Scheme Year	Opening Balance	Pension Build up in Scheme Year Pay / Build up rate = Pension	Total Account 31 March	Cost of Living Revaluation Adjustment	Updated Total Account
1 2018/19	£0	£25,000 ÷ 49 = £510.20	£510.20	2.4% = £12.24	£510.20 + £12.24 = **£522.44**
2 2019/20	£522.44	£25,250 ÷ 49 = £515.31	£1,037.75	1.7% = £17.64	£1,037.75 + £17.64 = **£1,055.39**
3 2020/21	£1,055.39	£25,502.50 ÷ 49 = £520.46	£1,575.85	0.5% = £7.88	£1,575.85 + £7.88 = **£1,583.73**
4 2021/22	£1,583.73	£25,757.53 ÷ 49 = £525.66	£2,109.39	3.1% = £65.39	£2,109.39 + £65.39 = **£2,174.78**
5 2022/23	£2,174.78	£26,015.11 ÷ 49 = £530.92	£2,705.70	10.1% = £273.28	£2,705.70 + £273.28 = **£2,978.98**
6 2023/24	£2,978.98	£26,275.26 ÷ 49 = £536.23	£3,515.21	6.7% = £235.52	£3,515.21 + £235.52 = **£3,750.73**
7 2024/25	£3,750.73	£26,538.01 ÷ 49 = £541.59	£4,292.32	1.7% = £72.97	£4,292.32 + £72.97 = **£4,365.29**
8 2025/26	£4,365.29	£26,803.39 ÷ 49 = £547.01	£4,912.30	3.8% = £186.67	£4,912.30 + £186.67 = **£5,098.97**

The total pension they have built up by April 2026 is £5,098.97 a year.

Leaving the Scheme before retirement

If you leave your job before retirement and have met the two year *qualifying period,* you will have built up an entitlement to a pension. You will have two options:

- you can choose to keep your benefits in the LGPS. These are known as deferred benefits and will increase every year in line with the cost of living, or
- you may be able to transfer your deferred benefits to another pension arrangement.

If you leave your job before retirement and have not met the two year *qualifying period,* you will have two options:

- you will normally be able to claim a refund of your contributions, or
- you may be able to transfer your benefits to a new pension arrangement.

You don't have to decide straight away, but you should be aware that:

- a refund must be paid within five years of the date you left the Scheme or by age 75 if earlier
- if you do not claim the refund and you rejoin the LGPS it will no longer be payable. The benefits will be added to your new ***pension account*** instead
- your LGPS pension fund will set a deadline for you to elect to transfer out. You will not be able to transfer after this date.

Your LGPS pension fund will confirm in writing your options shortly after leaving.

Refund of contributions

If you leave, or opt out after three months, and have not met the two year ***qualifying period***, you will normally be able to take a refund of your contributions. There will be a deduction for tax. Your LGPS pension fund must pay the refund five years after the date you left the Scheme at the latest, or by age 75 if earlier.

Deferred benefits

If you leave before your ***Normal Pension Age*** and you meet the two year ***qualifying period,*** you will be entitled to deferred benefits in the LGPS. See the How is my pension worked out? section to find out how your benefits are calculated.

Pension terms in ***bold italic*** type are defined in the Some terms we use section.

While your pension benefits are deferred, they will increase each year in line with the cost of living.

Your deferred benefits will normally be paid unreduced at your ***Normal Pension Age***, unless one of the following happens:

- You transfer your deferred benefits to another pension scheme or arrangement.
- Your benefits are paid early on health grounds. Your benefits could be paid in full if:
    - you are permanently incapable of doing the job you were working in when you left the LGPS and
    - you are unlikely to be capable of undertaking any gainful employment within three years of the date you applied for your LGPS pension to be paid because of ill health or by your ***Normal Pension Age***, if this is earlier.
- Currently, you can take your benefits from age 55, however, the Government has announced the earliest you can take your pension will increase from age 55 to 57 from 6 April 2028. See the Pension age changes section.
- You elect not to receive your deferred benefits at your ***Normal Pension Age*** and defer receiving your pension until later. Your benefits must be paid by age 75.

Benefits paid earlier than your ***Normal Pension Age***, other than on the grounds of permanent ill health, will be reduced for early payment and the fact that your pension will be paid for longer. Benefits paid after your ***Normal Pension Age*** will be increased.

Keep in touch – remember to let the LGPS pension fund know if you move house.

Holding multiple pension accounts at the same time

If you:

- have two or more jobs in which you pay into the LGPS at the same time
- leave one or more but not all of them, and
- you are entitled to deferred benefits from the job (or jobs) you have left

your deferred benefits from the job that has ended are automatically transferred to the active ***pension account*** for the job you are continuing in, unless you elect to keep them separate. If you wish to keep your deferred benefits separate, you must elect to do so within 12 months of leaving that job, unless your employer allows you longer.

If you are not entitled to deferred benefits from the job (or jobs) you have left, you cannot have a refund of your contributions, and you must transfer your benefits to the ***pension account*** for the job you are continuing in.

Rejoining the LGPS

If you rejoin the LGPS and you have deferred benefits in an LGPS fund in England or Wales, your deferred benefits will generally be automatically joined with your new active ***pension account***, unless you decide to keep them separate. You will have 12 months from rejoining the Scheme to make your decision. Your employer may allow you longer to decide.

Different rules apply if you have deferred benefits in an LGPS fund in England or Wales because you opted out of the Scheme on or after 11 April 2015. You cannot join those benefits with your new active ***pension account***. They will remain as a separate deferred benefit.

If you rejoin the LGPS in England or Wales and have a deferred refund this **must** be joined with your new active ***pension account***.

Transferring your benefits

If you leave the Scheme and you are entitled to deferred benefits or a refund you can generally transfer the cash equivalent of your pension benefits into another pension arrangement or a new employer's pension scheme. This may even be to an overseas pension scheme that meets HMRC conditions.

You cannot transfer your deferred benefits if:

- you leave less than one year before your ***Normal Pension Age***
- you elect to transfer less than one year before your ***Normal Pension Age***
- you are still paying into the LGPS in another employment or
- you are receiving an LGPS pension.

Retirement

You can find out more about the Scheme in the LGPS member videos: Pensions Made Simple. 'Life after work' covers your options when you take your pension.

When can I retire and take my LGPS pension?

You can choose to retire and take your LGPS pension at any time from age 55 to 75, provided you have met the two year ***qualifying period*** in the Scheme.

However, the Government has announced that the earliest age you can take your pension will increase from 55 to 57 from 6 April 2028. For more information, see the Pension age changes section.

The ***Normal Pension Age*** in the LGPS is linked to your ***State Pension Age,*** with a minimum of age 65. If the ***State Pension Age*** changes in the future, then this change will also apply to your ***Normal Pension Age*** for benefits built up after 31 March 2014.

If you voluntarily leave your employment before, on or after your ***Normal Pension Age*** you can defer taking your benefits, but you must take them before age 75. If you take your pension after your ***Normal Pension Age***, it will be paid at an increased rate to reflect late payment.

If you were a member of the LGPS before 1 April 2014, then you built up benefits in the final salary scheme. These benefits have a different ***Normal Pension Age***, which for most people is age 65.

You may have to retire at your employer's instigation, perhaps because of redundancy, business efficiency or permanent ill health. Provided you have met the two year ***qualifying period***, in these circumstances you must take your LGPS pension straight away.

Will my pension be reduced if I retire early?

If you choose to retire before your ***Normal Pension Age*** your benefits will be reduced because they will be paid for longer. Your benefits are calculated as set out in the **How is my pension worked out?** section and are then reduced. How much your benefits are reduced by depends on how early you take them.

If you were a member of the LGPS at any time between 1 April 1998 and 30 September 2006, some of your benefits paid early could be protected from the reduction if you have rule of 85 protection.

What if I lose my job through redundancy or business efficiency?

If you are aged 55 or over you will be entitled to the immediate unreduced payment of your LGPS benefits, provided you have met the two year ***qualifying period*** in the Scheme. Any additional pension paid for by additional pension contributions or by shared cost additional pension contributions would be paid at a reduced rate if you retire before your ***Normal Pension Age***. If you have bought additional pension by Additional Regular Contributions, that additional pension would be paid at a reduced rate if you retire before your pre-1 April 2014 ***Normal Pension Age*** which is age 65 for most members.

The Government has announced that the earliest age you can take your pension will increase from 55 to 57 from 6 April 2028. For more information, see the Pension age changes section.

What happens if I have to retire early due to ill health?

If you have to leave work due to illness, you may be able to receive immediate payment of your benefits.

To qualify for ill health benefits:

- you must have met the two year ***qualifying period*** in the Scheme, and
- your employer, after obtaining an opinion from an independent occupational health doctor appointed by them, must be satisfied that, due to ill health:
    - you will be permanently unable to do your own job until your ***Normal Pension Age*** and
    - you are not immediately capable of undertaking any gainful (permanent full time) employment.

Ill health benefits can be paid at any age and are not reduced for early payment. In fact, your benefits could be increased to make up for your early retirement if you are unlikely to be capable of gainful employment within three years of leaving.

Can I have a gradual move into retirement?

This is known as flexible retirement. From age 55, you can take flexible retirement if your employer agrees and you have met the two-year qualifying period. Additionally, you must:

- if you reduce your hours, or
- move to a less senior position

If you qualify, you can take some or all of the pension benefits you have built up, which can help you ease into retirement. You must take any benefits you built up before 1 April 2008.

If you take flexible retirement before your ***Normal Pension Age,*** your benefits will be reduced because of early payment. However, your employer can choose to waive all or part of this reduction.

If your employer agrees to flexible retirement, you can continue working in your job on reduced hours or grade and stay in the LGPS to build up more pension benefits.

Flexible retirement is at the discretion of your employer. They must set out their policy on flexible retirement in a published statement.

The Government has announced that the earliest age you can take your pension will increase from 55 to 57 from 6 April 2028. For more information, see the Pension age changes section.

What if I carry on working after my Normal Pension Age?

If you carry on working after your ***Normal Pension Age***, you can continue to pay into the LGPS, building up further benefits. When you eventually retire you will receive your pension unless you choose to delay taking it. Your pension must be paid to you by no later than your 75th birthday. Your pension will be paid at an increased rate because it will be paid for a shorter time.

Pension age changes

The Government has announced that the earliest age you can take your pension will increase from 55 to 57 from 6 April 2028. This does not apply if you have to take your pension early because of ill health.

Pension scheme rules allow the Government to protect members who joined the LGPS before 4 November 2021 from these changes. The Government has not yet confirmed whether it will allow LGPS members who joined the Scheme before 4 November 2021 to take their pension from age 55 after April 2028.

How does my pension keep its value?

Your LGPS pension will increase in line with the cost of living each April if you are 55 or over. If you retire on ill health grounds, your pension is increased each year regardless of your age.

Protection for your family

You can find out more about the Scheme in the LGPS member videos: Pensions Made Simple. 'Protection for you and your family' covers death benefits in the LGPS.

What benefits will be paid when I die?

On your death, pensions will be paid to your:

- ***eligible children***, and
- spouse, ***civil partner*** or, if certain conditions are met, ***eligible cohabiting partner***.

A lump sum death grant will also be paid if you:

- die in service as a member of the LGPS
- leave before retirement with deferred benefits and die before receiving them
- die after receiving your pension, if less than ten years' pension has been paid.

How much will the lump sum death grant be?

This will depend on whether you die in service, after leaving but before you take your pension or when you are receiving your pension.

If you die in service as a member of the LGPS, the lump sum is three times your ***assumed pensionable pay***.

If you leave before retirement with deferred benefits and you die before receiving them, the lump sum is five times your deferred yearly pension. If you are also an active member of the Scheme in another employment, this may impact on the death grant that is paid.

If you die when you are receiving your pension, the lump sum is ten times the yearly amount of your pension before giving up any pension for a lump sum, reduced by any pension and lump sum already paid to you. There is a slight difference to this calculation for any part of the pension you were receiving which relates to membership before 1 April 2014. If you are also an active member of the Scheme in another employment, this may impact on the death grant that is paid.

Who is the lump sum death grant paid to?

The LGPS allows you to say who you would like any death grant to be paid to by completing an expression of wish form. This form is available from your LGPS pension fund. The pension fund, however, retains absolute discretion when deciding who to pay any death grant to. You can find out how to contact your pension fund at the end of this guide.

You should review your expression of wish form regularly and update it if your circumstances change.

What will be paid to my surviving partner?

Your spouse, civil partner or eligible cohabiting partner will receive a proportion of your pension. It will be paid for the rest of their life. Generally, this is:

- 30.625 per cent of the pension you built up from April 2014
- 37.5 per cent of the pension you built up between April 2008 and March 2014
- 50 per cent of the pension you built up before April 2008.

If you die in service as a member of the LGPS, the pension will include a proportion of the enhancement you would have received if you had retired on ill health.

If you leave before retirement with deferred benefits and die before taking them, the pension is the relevant percentage of your deferred pension.

If you die after receiving your pension, the pension is the relevant percentage of your pension before giving up pension for a lump sum and before any reductions or increases for early or late payment.

Some parts of your pension are not counted. This includes additional pension bought by paying additional pension contributions.

If you were in the 50/50 section, this does not affect the value of the survivor's p

Pension terms in ***bold italic*** type are defined in the Some terms we use section.

Some terms we use

Assumed pensionable pay

Assumed pensionable pay is a notional pay figure that employers must calculate when your ***pensionable pay*** is reduced because you are absent from work in certain circumstances, such as sickness or child related leave. This notional pay figure is used to make sure your pension benefits build up as if you were at work receiving normal pay.

Assumed pensionable pay is also used to work out:

- any enhancement to your pension awarded as a result of ill health retirement
- any lump sum death grant following death in service, and
- any enhancement which is included in survivor benefits following death in service.

Civil partnership (civil partner)

A ***Civil Partnership*** is a relationship between two people of the same sex or opposite sex which is formed when they register as civil partners of each other.

Consumer Prices Index (CPI)

The ***Consumer Prices Index (CPI)*** is the measure used to adjust your ***pension account*** in the April following the end of every ***Scheme year*** when you are an active member of the Scheme. Each April after you have left the Scheme, it is used to adjust the value of your deferred pension or pension in payment. The adjustment ensures your pension keeps up with the cost of living.

Eligible children

An ***Eligible child*** is:

- a natural child (who must be born within 12 months of your death)
- an adopted child, or
- a stepchild or a child accepted by you as being a member of your family and be dependent on you. This doesn't include a child you sponsor for charity.

Eligible children must be:

- under age 18, or

- aged between 18 and 23 and in full-time education or vocational training. Your LGPS pension fund can continue to treat the child as an eligible child even if there has been a break in full-time education or vocational training, or
- unable to engage in gainful employment because of a physical or mental impairment and either:
  - under age 23, or
  - the impairment is, in the opinion of an independent registered medical practitioner, likely to be permanent and the child was dependent on you at the date of your death because of that mental or physical impairment.

Eligible cohabiting partner

An ***eligible cohabiting partner*** is a partner you are living with who, at the date of your death, has met all the following conditions for a continuous period of at least two years:

- you and your cohabiting partner are, and have been, free to marry each other or enter into a ***civil partnership*** with each other, and
- you and your cohabiting partner have been living together as if you were a married couple, or ***civil partners***, and
- neither you nor your cohabiting partner has been living with someone else as if you/they were a married couple or ***civil partners***, and
- either your cohabiting partner is, and has been, financially dependent on you or you are, and have been, financially interdependent on each other.

Your partner is financially dependent on you if you have the highest income. Financially interdependent means that you rely on your joint finances to support your standard of living. It doesn't mean that you need to be contributing equally. For example, if your partner's income is a lot more than yours, he or she may pay the mortgage and most of the bills, and you may pay for the weekly shopping.

A survivor's pension would be paid to your cohabiting partner if:

- all the above criteria apply at the date of your death and
- your cohabiting partner satisfies your LGPS pension fund that the above conditions had been met for a continuous period of at least two years immediately before your death.

You are not required to complete a form to nominate your cohabiting partner. However, you can provide your LGPS pension fund with your cohabiting partner's details. On your death, your LGPS pension fund will require evidence that the conditions for a cohabiting partner's pension are met.

Normal Pension Age

Normal Pension Age is the age you can take the pension. It is linked to your ***State Pension Age*** for benefits built up from 1 April 2014, with a minimum of age 65. If you choose to take your pension before your ***Normal Pension Age***, it will be reduced, as it's being paid earlier. If you take it later than your ***Normal Pension Age,*** it's increased because it's being paid later.

You can use the Government's ***State Pension Age*** tool (www.gov.uk/state-pension-age) to check your ***State Pension Age***.

Your ***State Pension Age*** may change in the future. If it does, this would also change your ***Normal Pension Age*** in the LGPS for benefits built up from 1 April 2014. Once your LGPS pension is being paid to you, any subsequent change in your ***State Pension Age*** will not affect your Normal Pension Age in the LGPS.

If you were paying into the LGPS before 1 April 2014, your final salary benefits retain their protected Normal Pension Age which for most is age 65.

All pension benefits paid on normal retirement must generally be taken at the same time. You cannot choose to have your final salary pension (built up before April 2014) paid at age 65 and your pension in your ***pension account*** (built up from April 2014) at your ***State Pension Age***. Different rules may apply if you take flexible retirement.

Pension account

Each ***Scheme year*** the amount of pension you have built up during the year is worked out and added into your active ***pension account***. Adjustments may be made to your account during the ***Scheme year*** because of:

- a transfer of pension rights into the account during the year
- additional pension you purchased during the year
- additional pension which is granted to you by your employer
- a reduction due to a Pension Sharing Order or qualifying agreement in Scotland (following a divorce or dissolution of a ***civil partnership***) and

- a reduction due to an Annual Allowance tax charge that you have asked the Scheme to pay on your behalf.

Your account is revalued in the April following the end of each ***Scheme year*** to take account of the cost of living. (***Consumer Prices Index (CPI)***).

You will have a separate ***pension account*** for each employment.

Pensionable pay

The pay on which you normally pay contributions is your normal salary or wages plus any shift allowance, bonuses, overtime (both contractual and non-contractual), Maternity Pay, Paternity Pay, Adoption Pay, Shared Parental Pay, Neonatal Care Pay, Parental Bereavement Pay and any other taxable benefit specified in your contract as being pensionable.

You do not pay contributions on:

- any travelling or subsistence allowances
- pay in lieu of notice
- pay in lieu of loss of holidays
- any payment as an inducement not to leave before the payment is made
- any award of compensation (other than payment representing arrears of pay) made for the purpose of achieving equal pay
- pay relating to loss of future pensionable payments or benefits
- any pay paid by your employer if you go on reserve forces service leave nor
- the monetary value of a car or pay received in lieu of a car (apart from some historical cases).

Qualifying period

To qualify for benefits you must be an active member of the LGPS for at least two years. This is called the ***qualifying period***. It is sometimes called the vesting period.

You can meet the ***qualifying period*** before two years if you:

- transferred a pension into the LGPS from a different occupational pension scheme or from a European pensions institution and the length of service you had in that scheme plus your period of LGPS membership is more than two years

- transferred pension rights into the LGPS from a pension scheme or arrangement where you were not allowed to receive a refund of contributions
- previously transferred pension rights out of the LGPS to a pension scheme abroad (ie to a qualifying recognised overseas pension scheme)
- already hold a deferred benefit or are receiving a pension from the LGPS (other than a survivor's pension or pension credit member's pension)
- have paid National Insurance contributions as a member of the LGPS and stop contributing to the LGPS in the year you reach ***State Pension Age*** or later
- stop contributing to the LGPS at age 75, or
- die in service.

Scheme year

The Scheme year runs from 1 April to 31 March.

State Pension Age

This is the earliest age you can receive the basic state pension. State Pension Age increased to 66 for both men and women between December 2018 and October 2020. It has started increasing again, rising to 67 between April 2026 and March 2028.

Under current legislation, the State Pension Age is due to rise to 68 between 2044 and 2046.

The UK Government is reviewing the State Pension age using the latest life expectancy data and other evidence. This is part of the periodic review process required under legislation.

You can use the Government's State Pension Age tool (www.gov.uk/state-pension-age) to check your State Pension Age.

Further information and disclaimer

This guide is for employees in England or Wales and reflects the provisions of the LGPS and overriding legislation as at June 2026.

The national website for members of the LGPS is www.lgpsmember.org