

# Newsletter 2012

## Regulation changes from 1 October 2012

### Who can join the scheme

From 1 October 2012 a change in the regulations has opened up the LGPS to employees with contracts of less than 3 months i.e. casual or temporary staff. These employees (providing they work for an LGPS employer) can now opt to join the scheme by completing an application form available from the Pension Section.

### Cohabiting Partners' Pension - Pre April 1988 service

If you have nominated your partner to receive a co-habiting partners' pension this can only be based on LGPS membership on or after 6 April 1988. If you have already nominated your co-habiting partner and you have scheme membership before this date, new regulations from 1 October 2012 have extended the option period for you to choose to buy additional survivor benefits. You can elect to pay additional contributions to have your pre 6 April 1988 membership included, but you must make the election by 31 March 2013. You can however, nominate your partner at any time and will have the same option to increase your partner's pension value, but you must make the election within 12 months of making your first nomination.

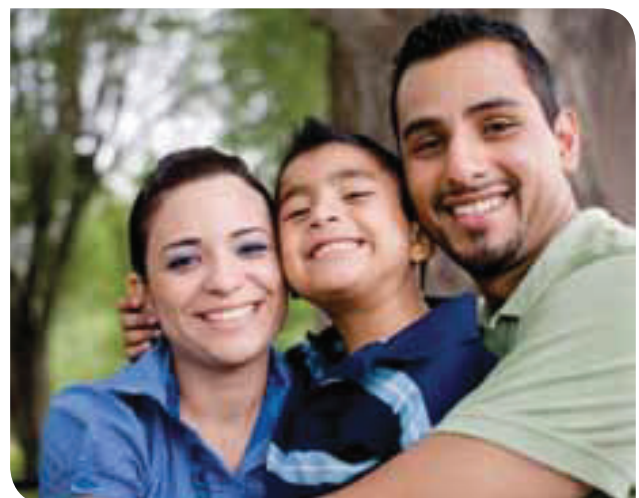
Please contact the Pension Section if you want details of the cost, or wish to nominate your partner for a LGPS pension.

### Definition of final pay

The definition of final pay, the pay figure that is used to calculate your benefits on leaving the scheme, has been amended to allow pay from a previous local government scheme employer to be used, as long as the pay is from the last 365 days of membership in the LGPS.

## Annual report 2011/2012

A summary of the Cornwall Pension Fund annual report and accounts is enclosed with your annual benefit statement. A copy of the full report is available on our website at [www.cornwallpensionfund.org.uk](http://www.cornwallpensionfund.org.uk) under the News section. If however you require a printed copy then please contact us and we will send you a copy.



Images©istockphoto.com

## Proposed changes to the LGPS in April 2014

The changes shown below are currently at an informal consultation stage and have been agreed between the Government, employers and trade unions. A statutory consultation commenced in December 2012 and a link for information can be found on our website under the 'news' section.

The main change is to the benefit structure where the proposal is to move away from a final salary pension scheme to a Career Average Revalued Earnings (CARE) pension scheme. This means that you will earn an amount of pension each year which is then revalued until payment at retirement as opposed to have all your benefits based upon your pensionable pay at retirement.

As these proposals have yet to be formally agreed, Cornwall Pension Fund cannot provide any individual estimates based on this benefit structure and therefore, your current benefit statement is based upon the current final salary benefit structure.

Further information on the proposed new scheme can be found on a dedicated central website administered by another local authority at [www.lgps2014.org](http://www.lgps2014.org)

### The key points are as follows:

#### Joint proposal from employers and unions

As the LGPS is funded, unlike the other public sector schemes (Civil Service/NHS/Teachers), it has been

able to produce these proposals with an agreement from both employers and unions.

#### Protection of current benefits

All benefits that members have accrued in the LGPS up to 2014 will be protected under the current final salary/age 65 arrangements.

#### No increase in contributions for most LGPS members

The main reason for the LGPS project was to ensure that membership of the Scheme did not reduce due to members electing to opt out because of increased contributions.

#### Increase in retirement age in the LGPS 2014 Scheme

By linking retirement age to a member's State Pension Age the proposed Scheme will offset the effect of members living longer and therefore drawing pension for longer, helping to make the Scheme more sustainable in the long term.

#### New scheme based on average salary (CARE), not final salary

This means benefits are based on the pay you earn during the whole of the period you are a member of LGPS 2014 and removes the potential for unfairness between Scheme members that can occur in the current final salary scheme where pay increases have been substantial.

#### Lower cost option (50/50 Option)

This is a new feature for the LGPS which allows members to pay a reduced contribution for reduced benefits as an alternative to opting out of the Scheme altogether.

# The main proposals

## LGPS 2014 compared with LGPS 2008

	LGPS 2014	LGPS 2008
<b>Basis of Pension</b>	• Career Average Revalued Earnings (CARE)	• Final Salary (FS)
<b>Revaluation rate</b>	• Consumer Price Index (CPI)	• Based on final salary
<b>Accrual rate</b>	• 1/49th	• 1/60th
<b>Retirement age</b>	• Linked to State Pension Age	• 65
<b>Pensionable pay</b>	• Pay including non-contractual overtime	• Pay excluding non-contractual overtime
<b>Employee contribution rate</b>	• Average Rate 6.5% • Increase % for higher paid	• Average Rate 6.5%
<b>50/50 option</b>	• Yes	• No
<b>Minimum period to accrue a Benefit</b>	• 2 years	• 3 months
<b>Protections</b>	• On benefits up to April 2014 • 10 year underpin	

[www.cornwallpensionfund.org.uk](http://www.cornwallpensionfund.org.uk)

### Contact

**Pensions Section, Third Floor, South Wing,  
County Hall, Truro, TR1 3AY**

E-mail: [pensions@cornwall.gov.uk](mailto:pensions@cornwall.gov.uk)



If you would like this information in another format or language please contact:  
Cornwall Council, County Hall, Treyew Road, Truro TR1 3AY  
Telephone: 0300 1234 100 Email: [enquiries@cornwall.gov.uk](mailto:enquiries@cornwall.gov.uk)  
[www.cornwall.gov.uk](http://www.cornwall.gov.uk)

Printed on recycled paper job 32427 12/12