



# Opting out of the Local Government Pension Scheme in Scotland

The Local Government Pension Scheme (LGPS) allows you to save while you are working in order to enjoy a pension once you retire. It is one of the best occupational pension schemes in the UK. What's more, the LGPS is provided by your employer who meets a large part of the cost of providing the excellent range of secure benefits, so it's an extremely valuable and important part of your employment package.

Opting out won't save you as much in take home pay as you may think. In most cases, you will pay more tax if you opt out of the LGPS. A basic rate taxpayer paying pension contributions of £100 a month will pay £20 more tax if they opt out. If you want to know more about the costs and benefits of being a member of the Local Government Pension Scheme you can check our website [www.lpf.org.uk/pay](http://www.lpf.org.uk/pay). You may also wish to consider the 50/50 option where you can pay half the contributions and receive half the pension benefits. Find out more at [www.lpf.org.uk/50-50](http://www.lpf.org.uk/50-50)

Whatever your reasons for considering opting out of the scheme, we ask you give this matter careful consideration 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 due to advice you have received, you should ask for this advice in writing.

**Your employer can't ask you or force you to opt out.** If you're asked or forced to opt out you can tell The Pensions Regulator - see [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk). Equally, no one can force you to remain a member of the scheme but, if you elect not to be a member, you should understand the implications both for you and your dependants.

## Please complete both sides of this form in block capitals

Full name:

Home address and postcode:

Personal email:

NI number: \_\_/\_\_\_\_\_/\_\_

Date of birth: \_\_/\_\_/\_\_\_\_

Your employer's name:

Post (or posts) you wish to opt out of membership of the LGPS -

Job title - Post 1:.....Payroll reference :.....

Job title - Post 2: .....Payroll reference :.....

OPT OUT DATE: I wish to opt out on ..... (PLEASE NOTE: If you are opting out and nearing two year membership, you MUST give your employer enough notice to ensure you are removed from the Scheme – i.e. notify your employer before their next payroll cut-off date. Even if the date on the form is prior to you reaching 2 years membership, if contributions are paid by your employer you will not be entitled to a refund. If no opt out date is specified, you will be opted out at the end of your next pay period. See also note 2).

**Now complete the declaration on page two**

## Declaration:

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

- **a secure pension** - payable for life that increases with the cost of living
- **tax free cash** - option to exchange pension for some tax-free cash lump sum at retirement
- **retire from age 55** - option to retire from age 55 even though the Scheme's normal pension age is state pension age)
- **serious ill-health cover** -immediate payment of enhanced benefits if you have to retire due to a serious illness
- **Redundancy cover** - payment of pensions benefits if made redundant or retire on business efficiency grounds at 55 or over (age 50 LGPS member before 5 April 2006)
- **life cover** -lump sum of three times pensionable pay if you die while paying into the scheme
- **cover for family if you die** - including a pension for your husband, wife, civil partner or nominated cohabiting partner as well as children's pensions

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- ❖ I have read the above and understand that the choices I make now are important in planning for my retirement. I confirm I wish to opt out of the LGPS in the post(s) I have indicated on this form.
  - ❖ I understand that if I opt out I'll 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.

**Signed:**

**Date\*\*:**

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### Notes:

- a. \*\* You can only sign and date this opt out form once you have commenced employment in the post from which you wish to opt out of membership of the LGPS. You can't sign and date the form before then as it will be treated as an invalid opt out.
- b. It is important to fully complete this form. An incomplete form will not be accepted as a valid option out and the form will be returned to you for completion.

### Notes:

1. If you have another job with another employer, that employer might also put you into pension saving, now or in the future. This opt out notice 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 notice 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 obtain the opt out form for employment with that employer from the pension administrators for the scheme provided by that employer.
2. If you opt out of the LGPS before completing three months membership you will be treated as never having been a member and will receive a refund of pension contributions through your next payroll. If you opt out after three months and before two years, have not brought a transfer into the LGPS and do not already have a deferred benefit in the LGPS in Scotland, you will normally be able to take a refund of your contributions. There will be a deduction for tax and the cost, if any, of buying you back into the State Second Pension scheme (S2P). If you opt out after two years you will be entitled to a deferred pension benefit in the LGPS which, unless you transfer the benefits to another pension scheme, would normally be payable from age 65 (or from age 60 at your choice).
3. If you decide to opt out of membership of the LGPS and subsequently change your mind you will be able to rejoin the scheme provided you are under age 75 and you remain in an employment that qualifies you for membership of the scheme. You will need to write to your employer if you want to opt back into the scheme.
4. If you stay opted out your employer will normally automatically 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, however, again be entitled at that time to opt out of membership of the scheme.
5. If you change employer your new employer will normally put you back into pension saving straight away.

**MEMBERS - RETURN COMPLETED FORM TO YOUR PAYROLL SECTION**

**EMPLOYERS:** You should now cancel the membership as requested and complete and upload an LPF Early Leaver Form to the Fund.