

TUPE and the Local Government Pension Scheme Information for employees



WARWICKSHIRE pension fund

Local Government Pension Scheme
(LGPS) in England and Wales

November 2012 Edition

Introduction

This guide is intended to provide members of the Local Government Pension Scheme (LGPS) with the Warwickshire Pension Fund and employees with information as to how their pension benefits may be affected if their post is outsourced.

This guide will not tell you how your employment rights are protected. Your current employer will contact you concerning this.

From time to time, some staff may be affected by the job being outsourced to a private contractor, charitable organisation or another public body.

If your post is outsourced you will no longer be employed by your current employer and therefore will not be able to contribute to the LGPS in that capacity. There are protections in place however, and your new employer will have to ensure that they provide either one of the following pension arrangements illustrated in this leaflet.

My post is being transferred to a private contractor / charity.

In these circumstances, the private contractor / charity may choose to apply for an admission agreement with the Warwickshire Pension Fund and provided all the necessary paperwork is completed by your current employer, the contractor (your new employer) and the pension fund, your membership of the LGPS will continue. The only difference will be that the new contractor will be responsible for deducting and paying over your and their contributions to the pension fund.

Under the pension scheme regulations, your accrued service in the LGPS will be transferred and it is not possible to elect for a preserved benefit unless you decide to opt out of the LGPS at that time.

In due course, the Treasury and Pensions Group will issue you with a certificate of membership showing that your pensionable service is continuing with the LGPS albeit with the new employer.

You should not be concerned that your membership of the LGPS is in anyway under threat because you have been transferred. The pension fund will have ensured that the necessary guarantees are in place for the protection of your accrued pension benefits.

If you are not a member of the LGPS when your employment transfers, the admission agreement entered into will protect your right to join the LGPS at any time in the future.

If the contractor decides against applying for admission to the Warwickshire Pension Fund the alternative is for a broadly comparable scheme to be made available for the members transferring.

A broadly comparable scheme will be a scheme which has been independently certified by the Government's Actuary Department, that the benefits provided are broadly comparable to those provided by the LGPS. This does not necessarily mean that the benefits provided by the new scheme are exactly the same but that they are similar. For example, the new scheme may provide for a death grant based on four times pay (as compared to three times pay in the LGPS) but not provide the same level of spouse pension. When assessing that the scheme is "broadly comparable" the Government's Actuary

will have taken all these differences into consideration before certifying that the scheme is broadly comparable to the LGPS.

Your new employer will provide you with all the necessary information about the broadly comparable scheme they are providing.

Although your current employer will ensure that there is a certified broadly comparable scheme in place, they cannot guarantee on the future security of that pension scheme.

Importantly, you do not have to transfer the benefits you have accrued in the LGPS prior to the transfer to the new pension scheme. You can, if you wish, decide to leave these benefits preserved in the LGPS until your normal retirement age.

If members of the LGPS decide to transfer their accrued entitlement to the broadly comparable scheme, the actuaries for both pension schemes will negotiate sufficient funds to be transferred to ensure your accrued service in the LGPS transfers on a day for day basis.

In reality not many members of the LGPS transfer their accrued entitlement to the broadly comparable scheme they will tend to elect for a preserved benefit with the LGPS and join the broadly comparable scheme and accrue a separate entitlement.

If in the future you return to employment with a local government employer you can investigate transferring the service you have accrued with the broadly comparable scheme (and your preserved LGPS membership) with your new LGPS membership.

My school is converting to an academy.

Legislation has enabled schools to leave local authority control and become academies. Importantly, the Government has ensured that the pension rights of employees are fully protected and, therefore, if the school you are employed by converts to an academy you need not be concerned about your pension rights with the LGPS, they will be fully protected. The only difference will be is that the new academy will be responsible for deducting and paying over your and their contributions to the pension fund.

Under the pension scheme regulations, your accrued service in the LGPS will be transferred and it is not possible to elect for a preserved benefit unless you decide to opt out of the LGPS at that time.

In due course, the Treasury and Pensions Group will issue you with a certificate of membership showing that your pensionable service is continuing with the LGPS albeit with the new academy.

If you are not a member of the LGPS when your school converts to academy, the academy should bring you into the pension scheme and you have the right to opt-out. You retain the right however, to join the LGPS at any time in the future.

My post is being transferred to another public service.

Occasionally, a function may be transferred from a local authority to another public service.

In these circumstances, there will be negotiations or legislation to resolve what pension will be available for the scheme members / employees transferring.

In some cases the transfer may mean that membership of the LGPS is no longer available and that the members have transferred to the new public service pension scheme.

This scheme will be very similar to the LGPS but there may be some terms which are different. As this can vary from scheme to scheme, details can only be provided at that time.

Importantly, you do not have to transfer the benefits you have accrued in the LGPS prior to the transfer to the new public service scheme. You can, if you wish, decide to leave these benefits preserved in the LGPS until your normal retirement age.

This leaflet is a general guide and cannot replace the provisions of the Local Government Pension Scheme Regulations or any overriding legislation.

Whichever choice you make in the future, it is recommended that members seek independent financial advice before making a decision.

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