

Factsheet



peninsula
pensions

Looking forward to your retirement

Pensionable Pay

How we work out your pension



Photo taken in Devon by Roy Riley

lgps

Local Government Pension Scheme



Devon
County Council

Pensionable Pay

For the Local Government Pension Scheme (LGPS) 2014

The new LGPS 2014 will remain a defined benefit scheme from 1 April 2014. A defined benefit scheme means that the pension will continue to be worked out using a set formula. However, from 1 April 2014 the formula has changed as the LGPS changes from a final salary scheme to a career average scheme.

Membership from 1 April 2014

For each year (April – March) in the 2014 scheme, the pension will be based on your actual pensionable pay in that year. Definition of pensionable pay now includes non-contractual overtime and additional hours.

For each scheme year that you are a member, a pension equal to a 49th of your actual pensionable pay will be added to your pension account. If you elect to pay in to the 50/50 scheme you will accrue a pension equal to a 98th of your actual pensionable pay which will be added to your pension account.

Inflation increases will be added each April to ensure that your pension account keeps up with the cost of living.

Membership pre 1 April 2014

Scheme Members will retain the link to final salary for their pre 1 April 2014 membership. This means that when a member leaves the scheme their pre 2014 benefits are calculated using their pensionable pay figures applicable to the last 12 months of their pensionable employment. Definition of pensionable pay does not include non-contractual overtime or additional hours.

However, if a member's pensionable pay has dropped in the previous 10 years the regulations provide some protection which is explained below.

Part-time - If your pay has dropped because you have reduced your hours, this protection will not apply to you, unless your rate of pay has dropped, as benefits pre 1 April 2014 are always calculated on a whole-time rate of pay.

Pay reduced in last 3 years

If your pensionable pay has reduced in the last 3 years of your employment, then you can choose to use the best of the last 3 years (you can use the last 12 months or the previous 12 months or the previous 12 months) applicable pensionable pay in the calculation of your benefits.

Example: Leaving date 25th March 2015, you can use one of the following years:

26th March 2014 to 25th March 2015

26th March 2013 to 25th March 2014

26th March 2012 to 25th March 2013

(The final date must be the anniversary of your leaving date)

This option is automatic, although it would be best to inform Peninsula Pensions that this option may apply to you so that we can request details of your pay over the last 3 years from your employer to assess which is the best to use

Pay reduced in the last 10 years (Reduction occurred since 1st April 2008)

If you have had a reduction or restriction (drop in rate of pay) in your permanent pensionable pay since 1st April 2008 and this falls within the 10 years before you leave, you can choose to use the best 3 year average in the last 13 years ending on 31st March pensionable pay in the calculation of your benefits.

If you think this applies to you, you must notify Peninsula Pensions in writing at least a month before you leave.

Please note if the final year is not used, cost of living increases will be added to the pensionable remuneration figure that is used in calculating your benefits. Peninsula Pensions does not hold details of your pensionable pay and therefore we rely on your employer to provide us with the figures.

This pay protection only applies to the calculation of the pre 2014 benefits as the post 2014 pension is calculated using the actual pensionable pay amount.

Please note if an employee has received reduced or no pay due to sick or injury, their pensionable pay used in the calculate of both the pre and post 2014 benefits will be uprated to full normal pay.

Certificate of Protection (Reduction occurred before April 2008)

If you had a permanent reduction or restriction (must not be voluntary reduction) in your pensionable pay before April 2008 and you were issued with a Certificate of Protection and you left the LGPS within 10 years of the reduction or restriction in pay, your benefits will be calculated on a protected **final pay** of either the best year's **pay** in the last five years prior to leaving, or the best consecutive three year average in the last thirteen years after allowing for inflation.

Contact Us

For more information, please get in touch using the [Contact Us](#) page on our website.