

Example 1

The employee has a full-time equivalent salary of £14,700.

The current pension accrual rate in the LGPS is 1/60th of final pay for each year of membership.

The employee's contribution rate in the current Scheme is 5.8%.

This example shows the effect on the employee for each year of membership the employee builds up in the Scheme **after** implementation of the proposed change to the employee contribution rate / accrual rate.

Prior to proposed change

Employee's monthly gross pension contribution: $£14,700 / 12 \times 5.8\% = £71.05$ (gross before tax relief)

Pension for each year of membership: $1/60 \times £14,700 = £245.00$

After proposed change if contribution rate remains the same and accrual rate remains 1/60th

No change i.e.

Employee's monthly gross pension contribution: $£14,700 / 12 \times 5.8\% = £71.05$ (gross before tax relief)

Pension: $1/60 \times £14,700 = £245.00$

After proposed change if opts for 68ths accrual

Employee's monthly gross pension contribution: $£14,700 / 12 \times 5.1\%$ (i.e. $5.8\% \times 60/68$) = $£62.48$ (gross before tax relief)

Pension: $1/68 \times £14,700 = £216.18$

Example 2

The employee has a full-time equivalent salary of £20,000.

The current pension accrual rate in the LGPS is 1/60th of final pay for each year of membership.

The employee's contribution rate in the current Scheme is 6.5%.

This example shows the effect on the employee for each year of membership the employee builds up in the Scheme **after** implementation of the proposed change to the employee contribution rate / accrual rate.

Prior to proposed change

Employee's monthly gross pension contribution: $\text{£}20,000 / 12 \times 6.5\% = \text{£}108.33$ (gross before tax relief)

Pension for each year of membership: $1/60 \times \text{£}20,000 = \text{£}333.33$

After proposed change if contribution rate increases by 1.5% and accrual rate remains 1/60th

Employee's monthly gross pension contribution: $\text{£}20,000 / 12 \times 8\% = \text{£}133.33$ (gross before tax relief)

Pension: $1/60 \times \text{£}20,000 = \text{£}333.33$

After proposed change if opts for 68ths accrual

Employee's monthly gross pension contribution: $\text{£}20,000 / 12 \times 6.5\% = \text{£}108.33$ (gross before tax relief)

Pension: $1/68 \times \text{£}20,000 = \text{£}294.12$

Example 3

The employee has a full-time equivalent salary of £42,000.

The current pension accrual rate in the LGPS is 1/60th of final pay for each year of membership.

The employee's contribution rate in the current Scheme is 6.8%.

This example shows the effect on the employee for each year of membership the employee builds up in the Scheme **after** implementation of the proposed change to the employee contribution rate / accrual rate.

Prior to proposed change

Employee's monthly gross pension contribution: $£42,000 / 12 \times 6.8\% = £238.00$ (gross before tax relief)

Pension for each year of membership: $1/60 \times £42,000 = £700.00$

After proposed change if contribution rate increases by 2.5% and accrual rate remains 1/60th

Employee's monthly gross pension contribution: $£42,000 / 12 \times 9.3\% = £325.50$ (gross before tax relief)

Pension: $1/60 \times £42,000 = £700.00$

After proposed change if opts for 68ths accrual

Employee's monthly gross pension contribution: $£42,000 / 12 \times 6.8\% = £238.00$ (gross before tax relief)

Pension: $1/68 \times £42,000 = £617.65$