

Factsheet 2 leave without pay



This fact sheet explains how a period of leave without pay will affect your retirement benefits under the Local Government Pension Scheme if you do not purchase your period of unpaid leave.

Under the regulations of the pension scheme, your benefits when you retire are based on:

- your final pay: and
- your total membership

How will my scheme membership be affected?

If you do not purchase your period of unpaid leave, we will adjust your scheme membership as shown in the following example

Mrs A joined the pension scheme on 1 April 1984 and is now working out the benefits she will receive when she retires at the age of 65 on 31 March 2008. She has always worked full-time, so her pension benefits will be as follows.

Total Membership (1/4/84 to 31/3/08)	24 yrs
Final pay	£20,000

Retirement pension: $24 \text{ years}/80 \times £20,000 = £6,000 \text{ a year}$

Lump sum benefit: $3 \times 24 \text{ years}/80 \times £20,000 = £18,000$

However, if Mrs A had a period of unpaid leave for the first 6 months in 1992 and did not buy back this service at that time.

Membership (1/4/84 to 31/12/1991)	7 years 275 days
Membership (1/7/1992 to 31/03/08)	15 years 274 days
Total Membership	23 years 184 days
Final pay	£20,000

Retirement pension: $£20\,000 \times 23\text{yrs } 184\text{ days} \times 1/80 = £5,876.02$ a year

Lump sum benefit: $£20\,000 \times 23\text{ yrs } 184\text{ days} \times 3/80 = £17,628.08$

Note: membership from 1st April 2008 will result in benefits based on 60ths with no lump sum i.e. pension equals membership x final pay x 1/60

Will leave without pay affect any ill-health enhancements?

Periods of leave without pay may reduce the amount of any membership enhancement you receive on ill health retirement.

How will dependant's benefits be affected in the event of death in service?

Any dependant's benefits payable would be reduced in proportion to the reduction to your own retirement benefits.

Please note: this fact sheet is intended as a broad guide to your benefits in the Local Government Pension Scheme. It does not seek to cater for every different circumstance and no decisions should be taken based on its contents. You are strongly advised to consult our website and/or contact us for more detailed and individual information before taking any action in relation to your pension. Nothing in this fact sheet overrides the regulations which govern the LGPS and which are subject to amendment from time to time. January 2008