



SHETLAND ISLANDS COUNCIL PENSION FUND LOCAL GOVERNMENT PENSION SCHEME OPTING OUT FORM

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.

You might be thinking of opting out of the LGPS for a variety of reasons. Whatever the reason, it's worth taking some time to look at the benefits you could be giving up. A brief summary of these is included in the "Declaration" section of this form.

Opting out won't save you as much in take home pay as you may think. In most cases, you will pay more tax and National Insurance if you opt out of the LGPS. A basic rate tax payer paying pension contributions of £100 a month will pay £20 more tax and their NI will go up by about the same 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 contact the Pension Team on 01595 744644 or alternatively you can visit national web site for members of the LGPS at <http://scotlgps2015.org/>

Whatever your reasons for considering opting out of the scheme, we ask that 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 cannot ask you or force you to opt out. If you are 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.

Important Notes:

1. **It is important to fully complete this form. An incomplete form will not be accepted and the form will be returned to you for completion**
2. The completed Opt Out Form should be returned to: **Your Employer's Payroll Section.**
3. If you have another job with another employer, that employer might also put you into their pension scheme, now or in the future. This opt out notice only opts you out of the LGPS 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 the LGPS with that employer as well. **You require to obtain the Opt Out Form for employment with that employer from the LGPS Scheme Administrator, i.e. Shetland Islands Council Pension Section by calling 01595 744644.**
4. 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 from your employer**. If you opt out after three months and before two years, you will normally be able to take a refund of your contributions from the Pension Scheme. A refund is **not** available if:
 - * you have two or more years' total membership in the LGPS
 - * you have transferred-in membership, no matter how short your period of membership
 - * you rejoin the LGPS (Scotland) within one month and one day of opting out
 - * you have concurrent employments in the LGPS (Scotland) and have only left or opted out of one of those employments
 - * you are in receipt of a pension or you have deferred benefits, a Pension Credit or a frozen refund in the LGPS (Scotland)

There will be a deduction for tax and the cost, if any, of buying you back into the State Second Pension scheme (S2P).
5. If a refund is not available to you, your benefits will be preserved until you retire unless you opt to transfer them to another pension scheme.
6. 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 contact your employer or the SIC Pension Section to obtain an Opt In Form.
7. If you remain opted out, your employer will normally automatically put you back into the LGPS approximately 3 years from the date they have to comply with the automatic enrolment provisions of the Pensions Act 2008.
8. If you change employer your new employer will normally put you back into the LGPS pension scheme straight away.

This form once completed and returned to your Payroll Section will be used to cease your active membership of the Local Government Pension Scheme as per your instructions on this form. The form will then be passed to the Pensions Section and retained as a record of your election to cease membership of the Local Government Pension Scheme or, if you hold more than one post, as a record of your election to cease membership in the job or jobs you have indicated on the form.

**SHETLAND ISLANDS COUNCIL PENSION FUND
LOCAL GOVERNMENT PENSION SCHEME
OPTING OUT FORM**

Your Personal Details (please complete)

Surname:

First name(s):

Title: Mr. / Mrs. / Miss / Ms. / Other (please specify)

Your home address:

Post Code:

Your national insurance number:

Your date of birth:

Your employer's name:

If you hold more than one post with us and wish to opt out of membership in some but not all of those posts, please indicate in the box below the name of the post (or posts) from which you wish to opt out of membership of the LGPS.

Payroll Employee Number if Known _____

Posts you wish to opt out of :

Job title - Post 1: _____

Job title - Post 2: _____

Job title - Post 3: _____

Job title - Post 4: _____

Declaration:

I declare that by opting out of the Local Government Pension Scheme (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** – the option to exchange part of my pension for some tax-free cash at retirement
- * **voluntary early retirement** – from age 60, or from age 55 with my employer's consent (even though the scheme's normal pension age is the same as my state pension age with a minimum age of 65)
- * **serious ill-health cover** – if I have to retire due to a serious illness I could receive immediate enhanced benefits
- * **redundancy cover** – with the early payment of pension benefits if I am made redundant or retired on business efficiency grounds at 55 or over (aged 50 or over if you were paying into the LGPS on 5 April 2006)
- * **flexible retirement** – the ability to take my benefits from age 55 with my employer's consent if I continue in employment but reduce my hours or grade, helping me ease into retirement
- * **death in service lump sum** – of three times my annual assumed pensionable pay
- * **cover for my family upon my death** – including a survivor's pension for my husband, wife, civil partner or nominated cohabiting partner as well as children's pensions

I have read the above and understand that the choices I make now are important in planning for my retirement. [I confirm that 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 will 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:

You can only sign and date this form once you have commenced employment in the post from which you wish to opt out of membership of the LGPS. You cannot sign and date the form before then as it will be treated as an invalid opt out.