



West Yorkshire Pension Fund

Administered by City of Bradford Metropolitan District Council

Lincolnshire
Pension Fund



PO Box 67 Bradford BD1 1UP

lgps

www.wypf.org.uk



Dear Mr/Mrs

Local Government Pension Scheme (LGPS)

The new State Pension and the ending of 'contracting out'

The Government is introducing a new 'single-tier' State Pension for people who reach State Pension age on or after 6 April 2016. This will replace the existing basic and additional State Pension.

What does this mean for members of the Local Government Pension Scheme?

As a member of the LGPS you are currently 'contracted-out' of the additional State Pension. You receive a rebate on the National Insurance contributions you pay on any earnings between £5,824 and £40,040 per year (unless you are already over State Pension age or are one of the few members still paying the married woman's or widow's reduced rate of National Insurance). This means that whilst you are a member of the LGPS you are not building up much, if any, additional State Pension; you are building up pension benefits in the LGPS instead.

From 6 April 2016 the new single tier State Pension replaces the basic and additional State Pension for those who reach State Pension age after 5 April 2016 and the 'contracted-out' status for all LGPS members (not just those reaching State Pension age after 5 April 2016) will no longer exist. This means that you will no longer receive the National Insurance rebate and you will pay a higher amount of National Insurance than in previous years (unless you are already over State Pension age or are one of the few members still paying the married woman's or widow's reduced rate of National Insurance).

There are no plans to change the benefits the LGPS provides as a result of the introduction of the new State Pension.

Where can I get more information?

More information about these changes can be found in your enclosed newsletter, including information about the 50/50 section of the LGPS which allows you to pay half your normal pension contributions in return for building up half your normal pension, whilst retaining full life and ill health cover. The 50/50 section might be of interest to you if the rise in National Insurance contributions is likely to cause you financial difficulty and lead you to consider opting out of the LGPS. It offers a means to remain in the LGPS, at a cheaper rate, whilst retaining valuable benefits. Further information about the LGPS is available at www.wypf.org.uk.

What does this mean for my State Pension?

For information about the new State Pension please visit www.gov.uk/yourstatepension

Yours sincerely