

## App 2 - Elements of 2014 LGPS new scheme included in the first consultation

- A start date for the reformed LGPS of April 2014 with core elements of the new scheme regulations in place by Spring 2013.
- A pension scheme design based on career average and actual pay with an accrual rate of 1/49th of pensionable earnings each year.
- Revaluation of active members' benefits to be in line with a price index (currently Consumer Prices Index).
- Scheme normal pension age to be equal to the state pension age for both active members and deferred members (new scheme service only). If a member's state pension age rises, then normal pension age will do so too for all post-2014 service.
- The earliest point at which retirement benefits can be taken is age 55. The latest point at which retirement benefits can be commenced is on reaching age 75. In cases of both "early" and "late" commencement of pension the appropriate actuarial reduction or increase will be made – except that there is no reduction in cases of redundancy or where employers exercise their waiver.
- There continues to be a provision for flexible retirement from age 55 onward.
- Ill-health retirement pensions to be based on the current ill-health retirement arrangements.
- Optional lump sum commutation at a rate of £12 of lump sum for every £1 of annual pension given up.
- Pensions in payment and deferred benefits to increase in line with a price index (currently Consumer Prices Index).
- An average member contribution yield of 6.5%, as now, with tiered contributions. Higher –earners paying a higher proportion of their earnings in contributions than lower-earning colleagues.
- A low cost option - allowing member's to pay 50% contributions building up 50% of main benefits.
- A vesting period of two years (currently 3 months).
- Spouse and partner pensions to continue to be based on an accrual rate of 1/160 and three times death in service benefit.

