



Transferring Previous Pension Rights into the LGPS

Introduction

When you become a new member of the Local Government Pension Scheme (LGPS), you can transfer previous pension rights into the scheme, if the initial request is made during the first 12 months of joining (employers have the discretion to extend the transfer window).

What is a Transfer Value?

A 'transfer value' (also known as a Cash Equivalent Transfer Value - CETV) represents the value of your pension rights with your previous provider. If a transfer is to go ahead, the transfer value will be paid to the Pension Fund by your previous provider and your pension account will be credited with an additional pension amount, which is then added to your existing LGPS pension. Once a transfer value has been paid, you will normally have no further claim to benefits with your previous pension provider.

From time to time the Government Actuary's Department (GAD) will introduce new transfer factors which may change the amount of pension your transfer value will buy in the scheme.

Transfers from LGPS

If you have a previous pension in the LGPS in England or Wales, and you left the scheme on or after 1 April 2014, it will be combined automatically with the new ongoing LGPS pension (provided each Fund is aware of the membership you have elsewhere), **unless** you elect to keep the pensions separate. You have 12 months from re-joining the LGPS to choose to keep the pensions separate.

If you left the scheme on or before 31 March 2014, the former pension will be kept separate from the new ongoing LGPS pension, **unless** you elect to combine the pensions. You have 12 months from re-joining the LGPS to elect to combine.

Final Salary Link (Re-joining the LGPS with service before 1 April 2014)

- If you have had a continuous break in active membership of **less** than 5 years, you will keep any pension built up before 1 April 2014 as Final Salary pension. The pension built up from 1 April 2014 will be Career Average Revalued Earnings (CARE) pension. In effect, your LGPS pension will be transferred over to your new LGPS Fund on a 'like for like' basis.
- If you have had a continuous break in active membership of **more** than 5 years, the transfer will break the final salary link and all pension (final salary and CARE) will be transferred over and converted to CARE pension.

Additional Contributions

You can transfer a previous in-house Additional Voluntary Contribution (AVC) Plan to your new LGPS Fund's in-house AVC provider.

If you were paying towards purchasing Added Years, an Additional Regular Contributions (ARC) or an Additional Pension Contributions (APC) contract,

you may have the opportunity to continue paying for these additional contributions, although you would need to inform **your new LGPS Fund**.

Pension Credits

You are unable to transfer a pension credit into the LGPS. A pension credit is a share of an ex-spouse's or ex-civil partner's pension. This would have been awarded by the Court under a pension sharing order in England or Wales, or by a qualifying agreement in Scotland, following a divorce or dissolution of a civil partnership.

Transfers from Public Sector Pensions Scheme

Public Service Schemes include:

- Civil Servants
- The Judiciary
- Armed Forces
- Local Government workers
- Teachers
- Health Service Workers
- Fire & Rescue
- Police Forces
- Members of a new Public Body Pension Scheme

If you have pension rights in one of these schemes and have a continuous break in active membership of **less** than 5 years, you will be entitled to retain your Final Salary link even if you transfer it into the LGPS (if applicable). However, if the break **is more than** 5 years, the Final Salary link will be broken upon transfer, and the pension would be converted to a CARE pension in the LGPS.

Transfers from Private Sector or Personal Pension Schemes

Transfers from Private Sector or Personal Pension Schemes are treated differently to that of Public Sector Pensions. The amount of pension credited on transfer will vary from scheme to scheme and may also be affected by the fluctuation of financial markets and the final value of your CETV.

Annual Allowance

The Annual Allowance (AA) is the amount by which the value of your pension benefits may increase in a year without you having to pay a tax charge. If the value of your pension savings in a year (including pension savings outside of the LGPS) are more than the annual allowance, the excess may be taxed as income. The current annual allowance limit is £40,000.

When you transfer a previous pension into the LGPS, you are most likely to be affected by the AA if:

- you transfer pension rights into the LGPS from a previous public service pension scheme under the club transfer rules and your salary (full time equivalent) on joining the LGPS is higher than the salary you earned when you left the previous scheme
- you combine a previous LGPS pension benefit that was built up in the final salary section of the LGPS with your current pension account and your salary (full time equivalent) has increased significantly since previously leaving the scheme

Transfer in Process

- All registered Pension Schemes must follow the regulations in force at the time of the transfer from HMRC.
- To begin the process, you must request a transfer investigation by completing a Transfer Authority form within 12 months of joining the scheme. This form should be completed in **all cases** whether you wish to transfer or not, as this helps your Fund to determine if you have a final salary link because of other public sector pensions you may hold.
- Transfers may take some time to finalise. The earlier you complete and return your Transfer Authority form(s), the earlier the Fund can begin the transfer process.
- Once the Fund has received all information, a quotation illustrating the pension purchase will be sent to you. The figures will have been calculated from the transfer value from the previous scheme.
- You may wish to seek **Independent Financial Advice** before making an election to transfer your previous pension rights to the LGPS.
- If you elect to transfer, your LGPS Fund will then complete all the required forms, and request payment from your previous scheme.

Further information

This factsheet gives general guidance only, if you need further information, please contact the Gwynedd Pension Fund:

Tel: 01286 679982

Email: pensions@gwynedd.llyw.cymru

Disclaimer

The Pension Fund is unable to provide any financial advice.
After reading this factsheet, you may want to seek independent financial advice to make an informed decision.

These bodies may be able to help you:

Unbiased: <https://unbiased.co.uk/>

Money Helper: [Choosing a financial adviser \(moneyhelper.org.uk\)](https://www.moneyhelper.org.uk)