

Factsheet: Local Government Pension Scheme (LGPS) - 50/50 section

The purpose of this factsheet is to provide you with a high level overview of the key features of the 50/50 section of the LGPS.

What is the 50/50 section?

There are two sections available to members of the LGPS – the 'Main' section and the '50/50' section.

If you are in the Main section, you will pay the standard rate of contributions and each year 1/49th of your pensionable pay is put into your pension account. Most LGPS members are in the Main section.

You have the option of paying half the standard rate of contributions in return for half the amount of pension, while still retaining your full ill-health and life cover. This is the 50/50 section.

How much would I pay to be in the 50/50 section?

The rate of contributions you would pay depends on how much you are paid. The table below shows the rates for 2018/19.

Your pensionable pay:	Your contribution rate:	
	Main section	50/50 section
Up to £14,100	5.5%	2.75%
£14,101 to £22,000	5.8%	2.9%
£22,001 to £35,700	6.5%	3.25%
£35,701 to £45,200	6.8%	3.4%
£45,201 to £63,100	8.5%	4.25%
£63,101 to £89,400	9.9%	4.95%
£89,401 to £105,200	10.5%	5.25%
£105,201 to £157,800	11.4%	5.7%
£157,801 or more	12.5%	6.25%

How much pension will I build up in the 50/50 section?

In the same way as in the Main section, your pension will be worked out every year and added to your pension account. Each year 1/98th of your pensionable pay is put into your pension account; at the end of the year the total amount of pension in your account is adjusted to take into account the cost of living.

Example – Jill earns £16,000 in her job as a Teaching Assistant. The amount she would add to her account in one year is as follows:

If Jill is in the Main section	If Jill is in the 50/50 section
£16,000 / 49 = £326.53	£16,000 / 98 = £163.27

Will joining the 50/50 section have an impact on the benefits I have already built up?

No. If you join the 50/50 section your final salary benefits (built up before 1 April 2014) will still be calculated based on your final full time equivalent pay, and the pension account you built up from 1 April 2014 up to the date of joining 50/50 will be unchanged. This, along with the new 50/50 pension added to the account will continue to be adjusted in line with the cost of living in future years.

What will my family receive if I die while I am a member of the 50/50 section?

If you were to die while in the 50/50 section, there'll be a death grant lump sum payable of 3 times your annual pensionable pay. This benefit provides the same protection as if you were in the Main section.

Southwark Council has absolute discretion in deciding where, or to whom, a death grant is paid but you can outline who you would like to receive any death grant by completing the 'Expression of Wish' form available from www.southwark.gov.uk/council-and-democracy/pensions/pension-forms .

There may also be a pension payable to your partner/spouse/civil partner and any eligible children. If these pensions become payable, then they are paid at the same level as if you were in the Main section.

If I have to retire due to ill health, what will I receive if I'm in the 50/50 section?

The same protection against ill-health is provided as for members who are in the Main section. Your pension will not be reduced for early payment and in some cases an enhancement may be applied to make up for the fact you have to leave work early.

The benefits payable depend on whether you are able to work in another job or not. For further details please see the LGPS website: <https://www.lgpsmember.org/tol/thinking-leaving-illhealth.php>

Will joining the 50/50 section mean that I am less likely to exceed pension tax thresholds (Annual & Lifetime Allowance) than if I were in the Main section?

The restrictions on the value of pension benefits you can build up before incurring additional tax charges particularly affect high earners, but individuals with long periods of LGPS service and/or paying significant levels of additional contributions may also be affected.

By joining the 50/50 section, you will build up less annual pension than in the Main section. This means the value of your annual pension savings will be lower, which for most members this means they will be less likely to exceed the annual and lifetime allowance thresholds, or exceed them by a lesser amount.

Please note that if you are earning more than £110,000 after the deduction of your pension contributions, your annual allowance threshold may be lower than the standard limit (currently £40,000), but this will also depend on the amount of your pension growth over the tax year in question.

If you earn over £110,000, additional tests on your pay and pensions growth over the year will be carried out each year to ascertain if you are affected. However, the Pensions team will not be able to carry out these tests until after the tax year has ended, so if you are earning over £110,000 you may want to consider the impact on your annual allowance threshold before making the election to join the 50/50 section.

If you think you may be affected by either the annual or lifetime allowance then please get in touch with the Pensions team.

The council are not authorised to give financial advice so you will need to discuss your circumstances with an Independent Financial Advisor if you need advice.

How can I join the 50/50 section?

You must complete the 'Election to join 50/50 section' form available from www.southwark.gov.uk/council-and-democracy/pensions/pension-forms and submit this to your employer's HR/Payroll provider.

What if I'm a member of the LGPS for more than one job that I am employed in?

You can choose to enter the 50/50 section in some or all of your jobs by specifying this in your election form.

How long can I remain in the 50/50 section?

The 50/50 section was designed as a short term measure to help members stay in the LGPS when times are financially tough and it is difficult to afford the contribution rate payable in the Main section.

Your employer(s) is required by law to automatically move you back into the Main section at your employer's "re-enrolment date" which is usually every 3 years. You will also be moved into the Main section if you are receiving no pay whilst on leave due to sickness or injury.

If you are moved into the Main section in this way, you can choose to re-enter the 50/50 section again by completing and submitting the election form.