

4. Leavers, Deaths, Retirements

It is the Employer's responsibility to tell us about every Scheme member who is leaving the pension scheme. There are various ways they can leave the Scheme, but in most cases, you can use the Leavers Form, Retirement Form or a spreadsheet **(either electronically or by post)** to tell us about this.

Included in this section are more detailed explanations of the following:

1. Voluntary Resignation
 2. Opting out of the Scheme
 3. Transfers
 4. Normal Retirement
 5. Voluntary retirement at or after age 50/55
 6. Redundancy or Efficiency retirement
 7. Ill Health – **please see special sub section of chapter 4 for full information about this.**
 8. Death in service (temporary or permanent employees)
 9. Death in service (casual employees)
- What you need to do for each category
 - How to requesting estimates for normal retirements
 - What we do next

4.1 Types of Leavers in more depth

Voluntary Resignation

4.1.1 Leaving employment with LESS than 3 months' membership and no transferred in service

The Scheme member has 3 choices:-

- a) A refund of contributions – they will usually receive a half to two thirds of their pension contributions back. This is because the Inland Revenue takes 20%. We also have to restore full NI contributions to the National Insurance Contributions Office of the Inland Revenue.
- b) They can transfer their pension rights to another scheme
- c) Frozen refund – in case they rejoin the Scheme at a later date.

4.1.2. Leaving Employment with 3 months or more Scheme membership (or with transferred in service)

If a Scheme member leaves with 3 months or more membership, or they have transferred in service, they have the following choices:-

- a) Deferred benefits – A pension and lump sum (depending on date of joining) will be held for the Scheme member until they reach retirement age. These increase with price inflation each year. Deferred members will receive a benefit statement each year telling them about the value of their deferred benefits.

b) Transfer to another scheme – the Scheme member can ask their new employer to transfer their LGPS to buy extra service in their new scheme or transfer to another pension arrangement – personal pension plan or stakeholder.

c) Link Benefits – If they join another LGPS employer.

4.1.3 Opting out of the Scheme

An employee can choose to leave the pension scheme as opposed to leaving employment. They need to complete an opt out form in order to do this.

4.1.4 Transfers

Please indicate if the Scheme member is transferring to another authority or is transferring under TUPE. Details of the new employer, if known, should be given.

If transferring as the result of TUPE please discuss this with our Employer Relationship Manager Andy Cunningham (E: andrew.cunningham@wiltshire.gov.uk, 01225 713612).

4.1.5 Normal retirement

The Scheme's normal pension age is 65. If a member continues working beyond age 65 they can stay in the Scheme but they must draw their benefits by age 75. Benefits drawn after 65 will be increased. Members who meet the rule of 85 requirements are eligible to receive their full pension before the age of 65, although this is being phased out. Further information about the rule of 85 can be found on our [website](#). Members can choose to retire and draw their benefits from age 60, although their value may be reduced for early payment.

4.1.6 Voluntary retirement at or after age 50/55 with Employer's consent

As part of your [Employers' Discretions Policy](#) you MUST provide a policy on early retirement and, providing you agree to it, a Scheme member can retire at any time after their 50th birthday (if they were a member before 1st April 2008 and this occurs before the 1st April 2010). From 1st April 2010 voluntary retirement will only be possible following the member's 55th birthday. If they are aged over 60 they can retire without Employer consent.

Benefits taken early may be reduced. If the member satisfies the rule of 85, the benefits are payable without reduction. **This will have cost implications for the Employer.**

4.1.7 Redundancy or efficiency

If an employer decides that a Scheme member is retiring on grounds of redundancy or efficiency we will immediately pay their pension and lump sum providing they are 50 or over and joined the pension scheme before 1st April 2008 **or** if they are aged 55 or over and joined the pension Scheme after 1st April 2008. From 1st April 2010 any member (regardless of their length of service) will only receive full benefits if they are aged 55 or over. **This could have cost implications for the employer.**

4.1.8 Death in service – Permanent or temporary Scheme members

If a Scheme member dies please inform us immediately by phone giving details of the next of kin, and then complete and return a **leaver form**.

If a Scheme member was employed on a part-time basis we will also need their part-time pay figure in order to pay any death grant.

4.1.9 Death in service – Casual Scheme members

If a casual Scheme member dies on a day of employment, they will be treated as a death in service (as above) otherwise, they will be treated as a leaver with deferred benefits. In both cases please complete and fill in a **leaver form**.

4.2 What you need to do?

For:

4.2.1 Someone who wants to Opt Out?

Ask the employee to fill out an **Opt Out** form. For new starters these are included in their Starters' pack.

If a Scheme member has opted out within 3 months, you can refund their contributions through the payroll – information for this is the same as 4.1.1 part a.

4.2.2 Voluntary resignations

Complete a **leaver form** and send it to us.

We will send out a decision form and other information to the member.

4.2.3 Normal retirement, Voluntary retirement at or after 50/55, Redundancies (over 50/55) or Efficiency retirements

In ALL cases of retirement, please send the completed **retirement form** to us as soon as possible. We need to receive all retirement forms **at least 3 weeks before the date of the member's retirement** in order for us to pay their pension out on time.

We will send out all other forms to the member once we have received the retirement form.

4.2.4 Deaths

Inform us immediately and let us know the next of kin. Complete a **leaver form** and send it to us.

4.3 Giving additional benefits

Depending upon what has been agreed under your Employers' discretions policy you can also give members extra service. There are two ways that you can do this:

- Augmentation
- Under separate Discretionary Payments Regulations (if redundant or retired in the interests of efficiency)

In either case YOU will have to pay any extra cost. Under augmentation you will have to pay the additional capital cost to the Pension Fund. Under Discretionary Payment Regulations you can pay an enhanced severance payment up to 104 weeks pay.

4.4 Estimates for retirements

A Scheme member may ask you for an estimate of their pension and lump sum and we can provide this information for you. Please use the estimate form for this and send it to us.

4.5 What do we do next?

In all cases of retirement, we send the retiring Scheme member a pensions pack and any lump sum cheque to their home address. Their pension will be paid on the 25th of the month, or earlier if this is not banking day.

4.6 Blank forms

Blank forms can be found in the relevant section of our [website](#).

4.7 Problems and queries

The main problem we are aware of regarding the Leaver and Retirement forms is that information completed, particularly with regards to hours, can disagree with the information we hold on our system. Furthermore, often we receive information late or not at all, which can cause significant problems. This highlights the fact that the 'Change' form needs to be used to tell us about **all** relevant changes so that the employees' record and ours agree.

When the information disagrees, we need to raise a query with the employer which can cause significant delays, such as transferring out the person's pension or bringing it into payment.

Another area of difficulty is correctly calculating the Pensionable Remuneration, as required on the Leaver & Retirement forms. **We request that all Employers use the '365 Method'**.

A spreadsheet to calculate this for you can be found on our [website](#).