LGPS 2014 - MEMBER CONTRIBUTIONS

The average member contribution to LGPS 2014 will be as it is now: 6.5%. The framework has been changed to ensure it reflects changes to the basis of contributions by:

- Basing part-time members' contributions rates on actual pensionable pay
- Moving to more progressive bands after tax relief.

This results in the following proposed framework;

Actual Pensionable Pay	Headline/Gross Contribution	Contribution After Tax Relief
Up to £13,500	5.5%	4.40%
£13,501 - £21,000	5.8%	4.64%
£21,001 - £34,000	6.5%	5.20%
£34,001 - £43,000	6.8%	5.44%
£43,001 - £60,000	8.5%	5.10%
£60,001 - £85,000	9.9%	5.94%
£85,001 - £100,000	10.5%	6.30%
£100,001 - £150,000	11.4%	6.84%
More than £150,000	12.5%	6.88%

The framework will be reviewed prior to implementation in 2014 to ensure the average member contribution is no higher than 6.5%, this means that the contribution rates in the LGPS 2014 may be slightly lower than those set out above. Please note that the net contribution rates stated are approximate and will depend on individual members' circumstances.

EXAMPLES

Sarah is a teaching assistant earning £14,200 a year, so her gross contribution to the LGPS 2014 will be 5.8% (£68.63 a month). After tax relief her actual contribution will be around 4.64% (£54.90 a month).

Samir is a part time refuse collector earning £9,000 a year, so his gross contribution to the LGPS 2014 will be 5.5% (£41.25 a month). After tax relief his actual contribution will be around 4.4% (£33 a month).

Jimmy is a head of department earning £72,000 a year, so his gross contribution in the LGPS 2014 will be 9.9% (£594 a month). After tax relief, his actual contribution will be around 5.94% (£356.40 a month).

CURRENT BANDS AND RATES

The above framework compares with the current bands and rates as set out below:

Full Time Equivalent Pensionable Pay	Headline/Gross Contribution	Contribution After Tax Relief*
Up to £13,500	5.5%	4.40%
£13,501 - £15,800	5.8%	4.64%
£15,801 - £20,400	5.9%	4.72%
£20,401 - £34,000	6.5%	5.20%
£34,001 - £45,000	6.8%	5.44%
£45,001 - £85,300	7.2%	4.32%
More than £85,300	7.5%	4.50% or 4.13%

*Please note that the net contribution rates stated are approximate and will depend on individual members' circumstances.

CONTRIBUTION FLEXIBILITY

Members will be able to 'buy' extra benefits in the LGPS 2014 as in the LGPS 2008 through the purchase of added pension.

Those wishing to contribute less can elect for the proposed 50/50 option in the LGPS 2014 and contribute half the contribution set out in the new schedule for half the pension benefit for the period (reflected in the 50/50 option's accrual rate of 1/98th) whilst still retaining the full value of other scheme benefits.