

## Appendix 1 - Provision of information in the scheme members' guide

The scheme members' guide must:

- include information on whether or not the scheme allows accrued safeguarded benefits for a member who leaves before Normal Pension Age to be transferred out. The LGPS allows transfers of safeguarded benefits for members with at least 3 months membership<sup>1</sup> (except where a member retires with an immediate entitlement to a pension on the grounds of redundancy, business efficiency or ill health), provided:
  - a) if the member has met the 2 years vesting period, the member ceased active membership at least 12 months before Normal Pension Age, has not had a Crystallisation Event in respect of accrued safeguarded benefits in the scheme (i.e. defined benefits, other than Pension Credit rights or a survivor's pension), is not an active member in an ongoing employment in the scheme, and has elected for a CETV at least 12 months prior to Normal Pension Age,
  - b) if the member has not met the 2 year vesting period, the member ceased active membership before Normal Pension Age and has elected for a CETV prior to the latest election date specified by the administering authority
- contain a statement that the member may be required to take independent advice before transferring safeguarded benefits to another scheme with a view to acquiring a right or entitlement to flexible benefits
- include information on whether or not the scheme allows accrued safeguarded rights for a deferred Pension Credit member who leaves before Normal Pension Age (Normal Benefit Age) to be transferred out. The LGPS allows transfers of such rights provided the Pension Credit member elects for the CETV at least 12 months before Normal Benefit Age and is not already in receipt of a pension from another Pension Credit in the scheme.
- include information on what can be done with accrued AVCs where the member leaves pensionable service before normal pension age, including whether the scheme allows the member to take the value of the AVC plan as an annuity or designate the funds as being available for the payment of drawdown pension and commuted to a lump sum. A member cannot obtain a drawdown pension from their AVCs as a scheme option; they can only obtain a drawdown pension from their AVCs if they transfer their AVC plan to a scheme that permits drawdown. There is no option in the LGPS for members to take an uncrystallised funds pension lump sum (UFPLS) from their AVCs; they can only utilise the UFPLS option by transferring their AVC plan to a scheme that permits an UFPLS. A member can use their AVC to buy one or more annuities, take a pension commencement lump sum, and in certain circumstances, buy extra membership in the LGPS and /or buy a top-up LGPS pension. The guide must also specify that further information is available about these options on request.
- confirm whether the member is allowed to transfer out their accrued AVC plan and, if so, the circumstances in which the member may transfer and any cost of

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<sup>1</sup> The requirement to have at least 3 months membership does not apply to members who left the LGPS in England and Wales between 1<sup>st</sup> April 2008 and 31<sup>st</sup> March 2014 (see regulation 78(2) of the LGPS (Administration) Regulations 2008)

exercising the right to transfer. The LGPS does allow a transfer of accrued AVC rights provided the member has ceased paying AVCs and that a crystallisation event has not occurred in relation to LGPS AVC benefits in that or any other LGPS fund<sup>2</sup>. Note that a crystallisation event for this purpose is payment of a pension or annuity derived from AVCs. In addition, if the member has more than one AVC plan they must transfer them all, even if those AVC plans are in different LGPS funds. The LGPS itself does not impose any cost on a member exercising a right to transfer (but the AVC provider might make an adjustment to the AVC fund value).

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<sup>2</sup> The LGPS in England and Wales is technically treated as one single scheme