

Communicating the end of Contracting Out to active scheme members

Dear Employer

Member Communication for the end of Contracting Out

You will recall from earlier ERPF Employer Bulletins that, as a consequence of the new State Pension which is being introduced on 6 April 2016, contracting-out of the additional State Pension for Defined Benefit schemes will come to an end. Contracting-out meant that employees and employers paid a lower National Insurance (NI) rate and gave up entitlement to additional State Pension in return for a broadly similar amount as part of their occupational pension. As the Local Government Pension Scheme (LGPS) is currently contracted-out this means that from 6th April 2016 employees who are members of the LGPS will no longer receive the NI rebate.

As the scheme administrator, the East Riding Pension Fund is required to notify members of this change. A newsletter has been prepared and is in the process of being sent out to all active scheme members. As well as containing information about changes to the amount of National Insurance contributions members will pay, there is also information in the newsletter about the amount of savings a member can take at retirement from their pension schemes and details of pre retirement workshops.

Please click [here](#) for a copy of the newsletter which can also be viewed on the 'Latest News' section of the ERPF website, www.erpf.org.uk

It is also recommended that scheme employers communicate the change to their employees. The state pension toolkit - <https://www.gov.uk/government/collections/state-pension-toolkit> is aimed to assist employers with their communications.

LGPS 50/50 Section

As a consequence of the ending of contracting out, it will cost members more to stay in the LGPS and as such the ERPF are anticipating an increase in applications to join the 50/50 section of the LGPS. The 50/50 section is an alternative to opting out of the scheme and allows scheme members to pay half their normal pension contributions in return for building up half their normal pension, whilst retaining full life and ill health cover. Information about the 50/50 section of the LGPS can also be viewed on the 'Latest News' section of the ERPF website including a form for completion for members who choose this option.

Members **must** complete this form if they wish to join the 50/50 section of the scheme and send it to **their own** payroll department for the appropriate changes to contribution rate to be made.

It is an employer's responsibility to ensure the ERPF are informed of any scheme members who join the 50/50 section. When a member elects to join the 50/50 section a form must be completed by the employer / payroll department and sent to the East Riding Pension Fund, **along with a copy of the members signed election**, so we have a record of this. The form is available [here](#).

Change of Personal Details

When the ERPF send out bulk communications we usually receive a substantial number of returned mails, because the member has changed address but the ERPF have not been made aware. It is an employer's responsibility to advise the ERPF of changes to active scheme member's personal details, including both address and name changes. Where mail is returned for an active member the ERPF will contact the employer directly to obtain correct contact details.

However if you are made aware of any scheme members who have been issued the newsletter to an old or incorrect address, because the ERPF have not been notified of the correct address, scheme members can update their address using our online form which is also available on the ERPF website.

Kind regards,

Liz Vollans

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