



LGPS England and Wales— Technical guide to aggregation for Scheme administrator guide administrators

Aggregation

~~v1.9 November 2019~~
~~v2.0 April 2020~~

Introduction

This guide sets out the rules that govern the aggregation of [aan](#) LGPS member's deferred benefit or deferred refund in England and Wales. You should follow this guide when a member:

- re-joins the LGPS in England or Wales on or after 1 April 2014, or
- has concurrent memberships and membership in respect of one employment ends on 1 April 2014 or later.

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Section 1	The 'golden rules' of aggregation
Section 2	A short guide to aggregation in table form
Section 3	Definitions of terms used in this guide and rules that apply to aggregation
Section 4	A detailed guide to aggregation including references to legislation

Sections 2 and 4 must be read in conjunction with the definitions and rules set out in Section 3.

References to regulations are included in sections 3 and 4. Regulation numbers relate to the relevant regulation in the Local Government Pension Scheme Regulations 2013. If the regulation number is preceded by 'TP' this relates to the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014. If a reference is made to any other legislation, then that legislation is named.

Section 1 – the ‘golden rules’ of aggregation

The purpose of this section is to introduce the main principles that apply to the aggregation process.

~~The golden rules of aggregation in the LGPS:~~

- ~~• a member's deferred refund must be aggregated with their active pension account. No election is required from the member~~
- ~~• a member's deferred benefit can be aggregated with their active pension account~~
- ~~• if a deferred member left active membership after 31 March 2014 then aggregation is automatic unless the member elects for separate benefits~~
- ~~• if a deferred member left active membership before 1 April 2014 then aggregation will only occur if the member makes a positive election~~
- ~~• a member's deferred benefit or deferred refund cannot be aggregated with another deferred benefit or deferred refund, nor can it be aggregated with a retirement pension account, a flexible retirement pension account, a deferred pensioner member's account, a survivor member's account, or a pension credit account.~~

The golden rules of aggregation in the LGPS:

- a member's deferred refund must be aggregated with their active pension account. No election is required from the member
- a member's deferred benefit can be aggregated with their active pension account
- if a deferred member left active membership after 31 March 2014, then aggregation is automatic unless the member elects for separate benefits
- if a deferred member left active membership before 1 April 2014, then aggregation will only occur if the member makes a positive election
- a member's deferred benefit or deferred refund cannot be aggregated with another deferred benefit or deferred refund, nor can it be aggregated with a retirement pension account, a flexible retirement pension account, a deferred pensioner member's account, a survivor member's account, or a pension credit account.

The process that you should follow is determined by the membership dates of the employment in which membership has ended. This guide covers five main categories:

Table 1 - Aggregation categories

Category	Scheme membership in record to be aggregated:
A	After 31 March 2014 only

Category	Scheme membership in record to be aggregated:
B	Mix of pre and post 31 March 2014 membership with no disqualifying break
C	Mix of pre and post 31 March 2014 membership with a disqualifying break
D	Before 1 April 2014 only
E	Members who re-join after 31 March 2014 for the second time

Section 2 – Short guide to Aggregation

	Type of record to be aggregated	Concurrent or consecutive	Rules and additional information
A1	<ul style="list-style-type: none"> Deferred refund All membership after 31 March 2014 (or membership treated as if it were all after 31 March 2014) No disqualifying break: LGPS break less than five years 	Both	<ul style="list-style-type: none"> Automatic aggregation No option to keep separate Refund not permitted In-scheme revaluation applies Value of earlier pension account added to new pension account
	Post 2014 AVC plan	Both	Automatic aggregation
A2	<ul style="list-style-type: none"> Deferred benefit All membership after 31 March 2014 (or membership treated as if it were all after 31 March 2014) Deferred benefit did not arise as a result of opting out opting out on or after 11 April 2015 (unless membership is concurrent) 	Both	Automatic aggregation unless member elects within time limit time limit to keep benefits separate
		Concurrent	If member does not elect for separate benefits: <ul style="list-style-type: none"> Value of pension accounts added together In-scheme revaluation applies
		Consecutive	If member does not elect for separate benefits: <ul style="list-style-type: none"> Value of earlier pension account added to new pension account If there is no disqualifying break: LGPS break of five years or less: In-scheme revaluation applies If there is a disqualifying break: LGPS break of more than five years: the deferred account which has increased in line with Pensions Increase (Review) Orders is not recalculated in line with HM Treasury Revaluation Orders

	Type of record to be aggregated	Concurrent or consecutive	Rules and additional information
	Post 2014 AVC plan	Both	Automatic aggregation (if deferred benefit account is aggregated)
	Type of record to be aggregated	Concurrent or consecutive	Rules and additional information
A3	<ul style="list-style-type: none"> Deferred refund All membership after 31 March 2014 (or membership treated as if it were all after 31 March 2014) Disqualifying break <u>LGPS break of more than five years</u> 	Consecutive	<ul style="list-style-type: none"> Refund should have been paid – must be paid within five years¹ No option to aggregate with ongoing membership Refund payment would be unauthorised because the member has re-joined the scheme
B1	<ul style="list-style-type: none"> Deferred refund Mix of pre and post 1 April 2014 membership In scheme on 31 March 2014 and 1 April 2014 No disqualifying break <u>LGPS break of five years or less</u> 	Both	<ul style="list-style-type: none"> Automatic aggregation - no option to keep separate Refund not permitted In-scheme revaluation applies Value of pension account (post 31 March 2014) added to new pension account
		Concurrent	<ul style="list-style-type: none"> See note in section 3 about the <u>concurrent</u> adjustment to apply to membership before 1 April 2014 Membership before 1 April 2014 attached to active pension account and retains <u>final salary link</u> <u>Value of pension account (post 31 March 2014) added to ongoing pension account</u>

¹ The national Technical Group has recommended that the requirement to pay a refund within five years be removed from the regulations. The Scheme Advisory Board has agreed to proceed with this change and at the time of writing is in the process of making recommendations to MHCLG.

	Type of record to be aggregated	Concurrent or consecutive	Rules and additional information
	<ul style="list-style-type: none"> See note in section 3 about variable time<u>variable time</u> employments 	Consecutive	<ul style="list-style-type: none"> Pre-1 April 2014 membership attached to active pension account and retains <u>final salary link</u> <u>Value of pension account (post 31 March 2014) added to new pension account and in-scheme revaluation applies</u>
	Protected post 2014 AVC plan	Both	AVC is aggregated unless the member elects not to
	Post 2014 AVC plan	Both	Automatic aggregation
	Type of record to be aggregated	Concurrent or consecutive	Rules and additional information
B2	<ul style="list-style-type: none"> Deferred benefit Mix of pre and post 1 April 2014 membership In scheme on 31 March 2014 and 1 April 2014 <p>No disqualifying break</p> <ul style="list-style-type: none"> <u>No disqualifying break</u> <ul style="list-style-type: none"> If membership is consecutive, deferred benefit did not arise as a 	<p>Both</p> <hr/> <p>Concurrent</p>	<p>Automatic aggregation unless member elects within time limit<u>time limit</u> to keep benefits separate.</p> <p>If member does not elect for separate benefits:</p> <ul style="list-style-type: none"> Value of deferred pension account (post 31 March 2014) added to new pension account <p>In-scheme revaluation applies</p> <p>If member does not elect for separate benefits:</p> <ul style="list-style-type: none"> See note in section 3 about the concurrent<u>concurrent</u> adjustment to apply to membership before 1 April 2014 <u>Pre-1 April 2014 membership attached to active pension account and retains final salary link<u>final salary link</u></u> <u>Value of deferred pension account (post 31 March 2014) added to ongoing pension account and in scheme revaluation applies</u>

	Type of record to be aggregated	Concurrent or consecutive	Rules and additional information
	<p>result of opting out on or after 11 April 2015</p> <ul style="list-style-type: none"> See note in section 3 about variable time variable time employments 	Consecutive	<p>If member does not elect for separate benefits:</p> <ul style="list-style-type: none"> Pre 1 April 2014 membership attached to active pension account and retains final salary link final salary link Value of deferred pension account (post 31 March 2014) added to new pension account and <ul style="list-style-type: none"> LGPS break of five years or less: in scheme revaluation applies LGPS break of more than five years: the deferred account is not recalculated in line with HM Treasury Revaluation Orders
	Protected post 2014 AVC plan	Both	AVC is aggregated unless the member elects not to (if deferred benefit is aggregated)
	Post 2014 AVC plan	Both	Automatic aggregation (if deferred benefit is aggregated)
	Type of record to be aggregated	Concurrent or consecutive	Rules and additional information
C1	<ul style="list-style-type: none"> Deferred refund Mix of pre and post 1 April 2014 membership In scheme on 31 March 2014 and 1 April 2014 	Consecutive	<ul style="list-style-type: none"> Refund should have been paid – must be paid within five years² No option to aggregate with ongoing membership Refund payment would be unauthorised because member has re-joined the scheme

Field Code Changed

² The national Technical Group has recommended that the requirement to pay a refund within five years be removed from the regulations. The Scheme Advisory Board has agreed to proceed with this change and at the time of writing is in the process of making recommendations to MHCLG.

	Type of record to be aggregated	Concurrent or consecutive	Rules and additional information
	<ul style="list-style-type: none"> Disqualifying break LGPS break of more than five years 		
C2	<ul style="list-style-type: none"> Deferred benefit Mix of pre and post 1 April 2014 membership In scheme on 31 March 2014 and 1 April 2014 Disqualifying break Disqualifying break and LGPS break more than five years Deferred benefit did not arise as a result of opting out opting out on or after 11 April 2015 	Consecutive	<p>Automatic aggregation unless member elects within time limit time limit to keep benefits separate.</p> <p>If member does not elect for separate benefits:</p> <ul style="list-style-type: none"> Value of deferred pension account (post 31 March 2014) added to new pension account The deferred pension account which has increased in line with Pensions Increase (Review) Orders is not recalculated in line with HM Treasury Revaluation Orders Transfer value of pre-1 April 2014 final salary benefits is used to buy earned pension earned pension in the active pension account
	Protected post 2014 AVC plan	Consecutive	Automatic aggregation (if deferred benefit is aggregated)
	Post 2014 AVC plan	Consecutive	Automatic aggregation (if deferred benefit is aggregated)

	Type of record to be aggregated	Concurrent or consecutive	Rules and additional information
	Type of record to be aggregated	Concurrent or consecutive	Rules and additional information
D1	<ul style="list-style-type: none"> Deferred refund Membership before 1 April 2014 only 	Consecutive	<ul style="list-style-type: none"> Automatic aggregation No option to keep separate Refund not permitted Transfer value is used to buy earned pension<u>earned pension</u> in the active pension account
	Pre 2014 AVC plan	Consecutive	Automatic aggregation
D2	<ul style="list-style-type: none"> Deferred benefit Membership before 1 April 2014 only No disqualifying break No disqualifying break See note in section 3 about variable time<u>variable time</u> employments 	Consecutive	<ul style="list-style-type: none"> Member can elect within 12 months of re-joining to be treated as a member on 31 March and 1 April 2014 <p>If this election is made:</p> <ul style="list-style-type: none"> Pre 1 April 2014 final salary benefits attached to active pension account and retain <u>final salary link</u> <p>If the member does not elect to be treated as a member on 31 March and 1 April 2014:</p> <ul style="list-style-type: none"> Member can elect to transfer within <u>time limit</u> Transfer value used to buy earned pension<u>earned pension</u> in the active pension account

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	Type of record to be aggregated	Concurrent or consecutive	Rules and additional information
	Pre 2014 AVC plan	Consecutive	<p>If the member elects to be treated as a member on 31 March and 1 April 2014, AVC is aggregated unless the member elects not to.</p> <p>If the member does not elect to be treated as a member on 31 March and 1 April 2014 then AVC is automatically aggregated (if deferred benefit is aggregated).</p>
	Type of record to be aggregated	Concurrent or consecutive	Rules and additional information
D3	<ul style="list-style-type: none"> Deferred benefit Membership pre-1 April 2014 only Disqualifying break Disqualifying break 	Consecutive	<ul style="list-style-type: none"> Member may elect within time limit <u>time limit</u> to aggregate If this election is made, then the transfer value is used to buy earned pension <u>earned pension</u> in the active pension account
	Pre 2014 AVC plan	Consecutive	Automatic aggregation (where deferred benefit is aggregated)

Scenario E – Re-joiners

This section covers a member who re-joins after 31 March 2014, or who ends concurrent membership after 31 March 2014, who then leaves and later re-joins the Scheme or ends membership in a concurrent employment again.

- The member first re-joined after 31 March 2014, their earlier pre-1 April 2014 membership was aggregated and the transfer value of final salary benefits was used to purchase an amount of earned pension in the active pension account (under scenario C2, D1, D2 or D3). If the member subsequently ends active membership and re-joins, or remains a member in a concurrent employment, aggregation scenario A will apply to the member. The membership in the deferred (or deferred refund) account will be treated as if it were all membership built up after 31 March 2014 for the purposes of aggregation.

- In any other case, in respect of a member who leaves and re-joins or ends concurrent membership after 1 April 2014 for the second time, scenarios A, B1, B2, C1, C2, D2 or D3 will apply, as appropriate.

It is assumed that under D2 the member will still have the option to elect within 12 months of re-joining (after 31 March 2014 for the **second** time) to be treated as if they had been a member on 31 March 2014 and 1 April 2014. TP regulation 5(5) only refers to a member being able to make such an election within 12 months of becoming a member of the 2014 Scheme. It does not specify whether this means 12 months of **first** becoming a member of the 2014 Scheme. We have assumed that the option to elect to be treated as a member on 31 March and 1 April 2014 is not limited in that way.

Section 3 – Definitions of terms we use and aggregation rules

Added years

If a member was paying additional contributions to purchase added years and they left employment before that contract was completed, the contract can continue when they re-join the Scheme only if:

- they re-join less than 12 months after leaving
- they pay arrears of additional contributions to cover the period between leaving and re-joining the Scheme, based on the contributions paid before the earlier employment ended **and**
- those arrears are paid within three months of re-joining the Scheme (regulation 83 of the LGPS Regulations 1997).

Additional Regular Contributions (ARC) and Additional Pension Contributions (APC)

If a member was paying extra to an ARC or APC contract (including a Shared Cost APC contract) when their employment ended, then the contract may not continue if they re-join the LGPS. They may elect to start a new APC contract.

Additional Voluntary Contributions (AVCs)

If a member has a deferred AVC account linked with a deferred benefit or a deferred refund, then the AVC fund must be considered when the member re-joins the LGPS. How the AVC is treated in the aggregation process is dependent on a number of factors.

Important points to note are:

- if the AVC plan started after 31 March 2014 it is a post 2014 plan
- a post 2014 plan must be aggregated if the member re-joins and aggregates their main LGPS benefits
- an AVC cannot be aggregated if the main LGPS benefits are not aggregated.

The table in section 2 and the detailed guide in section 4 set out how an AVC must be treated in each aggregation scenario. For more information, see the AVC Technical Guide that can be found on the [Guides and sample documents](#) page of www.lgpsregs.org.

Annual Allowance

For annual allowance purposes, aggregation is completed on the ~~relevant date~~ relevant date. It is important to note that the date any ~~interfund adjustment~~ interfund adjustment is paid **does not** affect the date the aggregation is completed for annual allowance purposes.

A member may have a significant pension input amount when they aggregate final salary benefits if they are re-employed on a higher salary. It is important that the member's record is updated at the appropriate time to ensure that the administering authority and the member can meet deadlines associated with:

- issuing a pension saving statement
- submitting an event report
- reporting any annual allowance tax charge in a self-assessment tax return
- paying an annual allowance tax charge.

You can read more about aggregation and the annual allowance in the Annual allowance technical guide, which is available on the [Guides and sample documents page](http://www.lgpsregs.org) of www.lgpsregs.org.

Concurrent membership

If concurrent membership is aggregated, pre-1 April 2014 membership in the ceased employment must be adjusted. It is important to note that the adjustment applies to the **all the pre 1 April 2014 membership** in the ceased employment, not just the membership built up in the period when employment was concurrent. Pre-1 April 2014 membership includes any final salary membership that resulted from a pension transfer. This could be any type of transfer if the relevant date was before 1 April 2014, and any transfer completed from a Club scheme after that date if all or part of the transfer payment bought final salary membership in the LGPS.

Part time membership before 1 April 2014 is reduced in accordance with regulation 7(3) of the LGPS (Benefits, Membership and Contributions) Regulations 2007 before the concurrent adjustment is performed. The whole time rates of pay are as defined in the 2008 Scheme. The adjustment calculation is:

$$\begin{array}{rcccl}
 \text{Pre-1 April 2014} & & \text{Whole time rate of pay in} & & \\
 \text{Membership in} & & \text{employment which has ceased} & & \\
 \text{the ceased} & & & & \\
 \text{employment} & \times & & \div & = & \text{Adjusted} \\
 & & & & & \text{membership} \\
 & & \text{Whole time rate of pay in the} & & & \\
 & & \text{ongoing employment} & & & \\
 & & \text{Whole time rate of pay in the} & & & \\
 & & \text{ongoing employment} & & &
 \end{array}$$

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Important

~~TP regulation 10(8) requires that a concurrent adjustment be performed when both the terminated and ongoing memberships started before 1 April 2014. The regulations do not require that a concurrent adjustment be performed if the ongoing post started after 31 March 2014.~~

~~The national Technical Group has recommended a change in the regulations that would mean that a concurrent adjustment is required when membership in the terminated post started before 1 April 2014, irrespective of the membership start date in the ongoing post. The Scheme Advisory Board (SAB) agreed to proceed with this change. The SAB is currently in the process of making recommendations to MHCLG.~~

~~Until any change is made to the regulations, administering authorities will need to make their own decision about whether to apply a concurrent adjustment if membership in the terminated post started before 1 April 2014 but membership in the ongoing post did not.~~

Important

TP regulation 10(8) requires that a concurrent adjustment be performed when both the terminated and ongoing memberships started before 1 April 2014. The regulations do not require that a concurrent adjustment be performed if the ongoing post started after 31 March 2014.

The national Technical Group has recommended a change in the regulations that would mean that a concurrent adjustment is required when membership in the terminated post started before 1 April 2014, irrespective of the membership start date in the ongoing post. The Scheme Advisory Board (SAB) agreed to proceed with this change. The SAB is currently in the process of making recommendations to MHCLG.

Until any change is made to the regulations, administering authorities will need to make their own decision about whether to apply a concurrent adjustment if membership in the terminated post started before 1 April 2014 but membership in the ongoing post did not.

If the member has more than one active pension account, then the membership is aggregated with the account chosen by the member. If the member does not make a choice within 12 months of the date the concurrent employment ended, then the administering authority chooses which active account to aggregate to (TP regulation 10(9)).

Disqualifying break

~~Which aggregation rules apply depends on whether there has~~ LGPS membership before 1 April 2014 was built up in the final salary scheme. Those benefits will remain final salary benefits after aggregation if there has not been a disqualifying break. The break between the dates the previous period of membership ended and the new period of membership began is a disqualifying break if: it is longer than five years. However, if the individual does not have a continuous break in active membership of any public service pension scheme of more than five years, then the break is not a disqualifying break (TP regulations 3(7) and 5(6)).

- ~~it is longer than five years and~~
- ~~the individual was not a member of a public service pension scheme in that period (TP regulation 3(7) and 5(6)).~~

If a member is entitled to a refund of contributions in respect of a period of membership of another public sector pension scheme, then this **does not** prevent a gap of over five years being a disqualifying break. This is because the individual does not qualify for a pension or other benefits under that other scheme.

Example:

A	01/07/2008 to 15/06/2011	Deferred LGPS benefits
B	04/09/2015 to 28/11/2015	NHS pension scheme (NHSPS) membership Previous LGPS benefits not transferred Entitled to a refund of NHSPS contributions

<u>C: 23/04/2019 ongoing</u>	<u>Active LGPS membership</u>
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A: 01/07/2008 to 15/06/2011 Deferred LGPS benefits

B: 04/09/2015 to 28/11/2015 NHS pension scheme (NHSPS) membership
Previous LGPS benefits **not transferred**
Entitled to a refund of NHSPS contributions

C: 23/04/2019 ongoing Active LGPS membership

The break between leaving the LGPS in employment A and re-joining the LGPS in employment C in 2019 **is a disqualifying break** because it is more than five years. This is not affected by membership of the NHSPS – employment B – because the member is entitled to a refund of the contributions paid to the NHSPS. If the NHSPS contributions are refunded to the member, or if a transfer payment is made to another pension arrangement, the break remains a disqualifying break.

See also LGPS break.

Earned pension

A deferred benefit built up before 1 April 2014 is made up of final salary benefits. If these benefits are aggregated and:

- there has been a disqualifying break and aggregation occurs under scenarios C2, D1 or D3, or
- aggregation occurs under scenario D2 and the member did not elect to be treated as a member on 31 March and 1 April 2014

they no longer provide final salary benefits after aggregation. Instead, the transfer value is used to buy an amount of annual pension in the active pension account. The extra annual pension is credited to the member's pension account in the Scheme year that the relevant date is in, and is known as an earned pension credit.

Final salary link

In some circumstances, a final salary link is retained when membership before 1 April 2014 is aggregated with a new or ongoing pension account. There would be a final salary link if aggregation occurs under scenarios B1 or B2, or under scenario D2 if the member elects to be treated as if they were a member on 31 March and 1 April 2014.

If there is a final salary link, membership before 1 April 2014 that is being aggregated is transferred to the new or ongoing record. It is important that all part time hours changes, service breaks and added years purchased are accurately recorded on the ongoing pension record. There may also be an adjustment if that membership was variable time, or if the member was in concurrent employments.

Once the membership (following any adjustments) has been credited to the ongoing pension record, it retains a final salary link. This means that the annual pension (and lump

sum if any membership before 1 April 2008 has been aggregated) related to that membership will be based on the member's final pay when they stop being an active member. Final pay is calculated in accordance with regulations 8, 9 and 10 of the LGPS (Benefits, Membership and Contributions) Regulations 2007.

It is important that dates of membership are correctly recorded when aggregation of final salary benefits is performed and there is a final salary link. Each year of membership:

- before 1 April 2008 will continue to provide the member with a pension based on 1/80th of final pay, plus a lump sum of three times that amount,
- between 1 April 2008 and 31 March 2014 will provide a pension based on 1/60th of final pay.

Interfund adjustment

If different administering authorities hold the deferred refund or deferred benefit and active pension account and aggregation occurs, then a transfer value payment (commonly referred to as an **Interfund adjustment**) must be paid (regulation 103(2)). See also [relevant dates](#) below.

Field Code Changed

LGPS break

The LGPS break is the gap between the date the member left active membership in the pension account that is to be aggregated and the first day of active membership in the ongoing pension account. The LGPS break is relevant when the date the member left active membership in the pension that is to be aggregated is after 31 March 2014.

When the benefits are aggregated:

- if the LGPS break is five years or less, then the balance in the deferred or deferred refund account is re-calculated as if the Treasury Revaluation Orders had applied during that period, and not Pension Increase (Review) Orders
- if the LGPS break is more than five years, the balance in the deferred or deferred refund account should not be recalculated. Pension Increase (Review) Orders apply for the period between leaving and re-joining.

This is set out in regulation 22(9). For more information, see the Revaluation technical guide, which you can find on the Guides and sample documents page of www.lgpsregs.org.

Opting out

A member who opts out of the LGPS in their new employment within three months of re-joining the Scheme cannot aggregate previous or concurrent membership. They will be treated as not having been a member of the LGPS in the new employment and will be paid a refund of contributions through their pay (regulation 5(5)).

The provisions in this document apply to a member who re-joins the LGPS having previously:

- ← Opted out of the Scheme in an employment **before 11 April 2015** with an entitlement to a **deferred benefit**

↖ ~~Opted out of the Scheme on any date with an entitlement to a **deferred refund**~~

The provisions in this document also apply to a member who:

↖ ~~Opts out of the Scheme in an employment **on or after 11 April 2015** with an entitlement to a **deferred benefit** if they remain a Scheme member in a concurrent employment~~

The provisions in this document ~~do not~~ apply to a member who re-joins the LGPS having previously:

- ~~✗~~ ~~Opted out of the Scheme in an employment (other than a concurrent employment) on or after 11 April 2015 with an entitlement to a deferred benefit.~~

~~These members do not have the right to aggregate benefits on re-joining because of the amendment made to regulation 22(8) by SI 2015/755.~~

The provisions in this document apply to a member who re-joins the LGPS having previously:

- ✓ Opted out of the Scheme in an employment before 11 April 2015 with an entitlement to a **deferred benefit**
- ✓ Opted out of the Scheme on any date with an entitlement to a **deferred refund**.

The provisions in this document also apply to a member who:

- ✓ Opts out of the Scheme in an employment on or after 11 April 2015 with an entitlement to a **deferred benefit** if they remain a Scheme member in a concurrent employment.

The provisions in this document ~~do not~~ apply to a member who re-joins the LGPS having previously:

- ~~✗~~ ~~Opted out of the Scheme in an employment (other than a concurrent employment) on or after 11 April 2015 with an entitlement to a deferred benefit.~~
~~These members do not have the right to aggregate benefits on re-joining because of the amendment made to regulation 22(8) by SI 2015/755.~~

When a member re-joins, you will need to find out from the administering authority holding a deferred benefit for a member who ceased membership on or after 11 April 2015 whether that deferred benefit arose as a result of the member opting out of the Scheme.

Public service pension scheme

A public service pension scheme is a scheme covering:

- civil servants
- the judiciary
- the armed forces
- any scheme in England, Wales or Scotland covering local government workers, teachers, health service workers, fire and rescue workers or members of the police forces; or
- membership of a new public body pension scheme.

(Paragraph 3(2) of Schedule 7 to the Public Service Pensions Act 2013).

Relevant date

When aggregation occurs and the active pension account is held in a different fund from the deferred benefit or deferred refund, then a transfer value payment (commonly known as an ~~interfund adjustment~~ **interfund adjustment**) must be paid. The rules on how to determine the 'relevant date' of the transfer are summarised in the table below. Each row also specifies in which aggregation scenarios this definition of 'relevant date' applies.

Record to be aggregated	Relevant date
Deferred refund	<ul style="list-style-type: none"> • date of re-joining if the periods of membership are consecutive, or • day after the date concurrent employment ended if concurrent <p><u>Aggregation under scenarios A1, B1 or D1</u></p>
	Aggregation under scenarios A1, B1 or D1
Deferred benefit and automatic aggregation applies	<p>The earliest of:</p> <ul style="list-style-type: none"> • the end of the period in which the member could elect for separate benefits. This is either: <ul style="list-style-type: none"> - 12 months from date of re-joining or from date membership in concurrent post ended, or - if the employer has extended the time limit, the end of the time period allowed for making an election for separate benefits • the date the member left active membership in the 'new' employment • the date the member elects not to retain separate benefits <p><u>Aggregation under scenarios A2, B2 and C2</u></p>
	Aggregation under scenarios A2, B2 and C2
Deferred benefit and member opts to be treated as a member on 31 March and 1 April 2014	<p>Date member elects to be treated as a member on 31 March and 1 April 2014</p> <p><u>Aggregation under scenario D2</u></p>
	Aggregation under scenario D2
Deferred benefit and transfer value used to purchase earned pension	Date member elects to proceed with the transfer

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Record to be aggregated	Relevant date
<u>Deferred benefit and transfer value used to purchase earned pension</u>	<u>Date member elects to proceed with the transfer</u> Aggregation under scenarios D2 (unless the member chose to be treated as a member on 31 March and 1 April 2014) and D3

Interest is never added to an ~~interfund adjustment~~ interfund adjustment. If payment is made more than three months after the relevant date, the transfer value should be re-calculated on the date of payment.

Transfer value used to purchase earned pension

The transfer value of final salary benefits is used to purchase ~~earned pension~~ earned pension in certain aggregation scenarios. This applies in scenarios C2, D1, D2 (unless the member elects to be treated as a member on 31 March and 1 April 2014) and D3.

The transferring authority may need to supply two sets of figures:

1. A calculation of the transfer value on the relevant date. If they make payment within three months of the relevant date, they pay this amount to the new administering authority.
2. If they make payment more than three months after the relevant date, then the transferring administering authority must re-calculate the transfer value on the date they make payment and pay this amount to the new administering authority.

The transfer value calculated under 2. does not affect the amount of ~~earned pension~~ earned pension bought in the active pension account. The new administering authority must base the calculation of the ~~earned pension~~ earned pension on the transfer value on the relevant date – as calculated under 1. above.

For more information on the relevant date and how to calculate an interfund adjustment, see the guidance on Interfund transfers which you can find on the Actuarial guidance page of www.lgpsregs.org. At the time of writing, the current version of the guidance is dated 14 April 2016, but an updated version is expected ~~later in 2019~~.

Revaluation

~~The method of revaluation that applies when a deferred pension account or deferred refund account is aggregated with an active pension account depends on whether there has been a disqualifying break. The break is the period between the member's last day of membership to which the deferred benefit or deferred refund relates and the date of re-joining the Scheme.~~

- ~~• if the break is five years or less, then the amount in the deferred pension account or deferred refund account must be recalculated as if the Treasury Revaluation Orders had applied during that period, and not Pension Increase (Review) Orders~~

- ~~if the break is more than five years then the amount in the deferred pension account or deferred refund account should not be recalculated. Pension Increase (Review) Orders apply for the period between leaving and re-joining (regulation 22(9)).~~

~~For more information, see the Revaluation technical guide, which you can find on the Guides and sample documents page of www.lgperogc.org.~~

Time limit

In an aggregation scenario in which ~~the an active~~ member may make an election for a certain option (in some cases they may elect to retain separate benefits, in others they may elect to aggregate benefits) a time limit applies. That time limit is:

- 12 months from the date of re-joining if the two periods of membership are consecutive **or**
- 12 months from the date membership ended in one employment if membership is concurrent **or**
- A longer period agreed by the new / ongoing Scheme employer.

(regulation 22(7) and (8) and TP regulation 10(6)).

There is one exception. Under scenario D2, the member may elect to be treated as if they were an active member on 31 March and 1 April 2014 (TP regulation 5(5)). The member must make this election within 12 months of re-joining the Scheme. There is no provision that allows the employer or LGPS administering authority to extend this time limit.

Variable-time employment

An employment is variable time if the employee's contract provides that their pay be calculated by reference to the duties undertaken, rather than by reference to the number of hours worked. In other words, the employee is paid a fixed sum of money for the work they undertake, regardless of how long it takes the person to do the work.

Returning officers and acting returning officers are examples of variable time employments.

Zero hours or variable hours contracts under which employees are paid for the hours of work undertaken are **not** variable time employments.

Where pre-1 April 2014 membership is derived from a variable-time employment and the ongoing employment is not, the membership being aggregated is adjusted (LGPS (Administration) Regulations 2008 regulation 87):

$$\frac{\text{Membership being aggregated} \times \text{Annual rate of pay in the variable time employment}}{\text{Annual rate of pay in the ongoing employment}}$$

~~Annual rate of pay in the ongoing employment~~

The diagram illustrates the calculation of aggregated membership. It features a fraction where the numerator is 'Membership being aggregated' multiplied by 'Annual rate of pay in the variable time employment', and the denominator is 'Annual rate of pay in the ongoing employment'. A red 'x' is placed over the multiplication sign. A horizontal line is drawn under the denominator. To the right, two boxes labeled 'Split Cells' are connected to the numerator and denominator respectively by lines. Below the denominator, the text 'Annual rate of pay in the ongoing employment' is crossed out with a red line.

Section 4 – Detailed guide to aggregation

A – Membership after 31 March 2014 only

Note that 'membership after 31 March 2014' includes membership that is treated as being built up after 31 March 2014, such as:

- A non-club transfer that purchased earned pension in the 2014 Scheme, irrespective of the membership dates in the transferring scheme
- Earned pension that has been purchased by the transfer value of LGPS benefits built up before 1 April 2014, ie under aggregation rules D2 (unless the member elected to be treated as a member on 31 March and 1 April 2014), C2, D1 or D3-
- Career average benefits transferred from another public service pension scheme.

A1

Deferred refund
Membership after 31 March 2014 only
Concurrent or consecutive ~~without a disqualifying break~~with an LGPS break of five years or less

~~A1 (i) Concurrent~~

A1 (i) - Concurrent

A member:

- ends active membership in a concurrent employment **and**
- **does not have** qualifying service for a period of at least **two years** (as defined in regulation 3(7)).

Automatic aggregation applies and:

- the amount in the pension account of the concurrent employment that has ended **must be** automatically aggregated with the ongoing active pension account
- if there is more than one active pension account, the member can choose which one to aggregate the pension account with (regulation 22(6)).

~~• The member is not entitled to a refund of contributions (regulation 19(1)(d)).~~

~~A1 (ii) Consecutive~~

~~The member is not entitled to a refund of contributions (regulations 19(1)(d)).~~

A1 (ii) - Consecutive

A member:

- ends active membership in an employment **and**
- does not have qualifying service of two years or more (as defined in regulation 3(7)), **and either**
- re-joins the Scheme within one month and a day **or**
- a refund has not been paid before the date the member re-joins the Scheme.

On re-joining, the amount in the member's deferred refund account **must be** automatically aggregated with the member's new active pension account (regulation 22(5)).

~~The member is not entitled to a refund of contributions (regulation 19(1)(a)).~~

The member is not entitled to a refund of contributions (regulation 19(1)(a)).

The gap between the member's last day of membership to which the deferred refund relates and the first day of re-joining the Scheme must be ~~less than~~ five years or less, because a refund must be paid within five years (regulation 18(5)). The amount in the deferred refund account must be recalculated as if the Treasury Revaluation Orders had applied during any break in membership, and not Pension Increase (Review) Orders (regulation 22(9)).

A1 – AVCs

~~Realisable value of AVCs must be transferred to an AVC arrangement offered by the new or ongoing administering authority (regulation 17(11)).~~

A1 – AVCs

Realisable value of AVCs must be transferred to an AVC arrangement offered by the new or ongoing administering authority (regulation 17(11)).

A2

Deferred benefit
Membership after 31 March 2014 only
Concurrent or consecutive

~~A2 (i) Concurrent~~

A2 (i) - Concurrent

A member:

- ends active membership in a concurrent employment **and**
- has qualifying service for a period of at least two years (as defined in regulation 3(7)).

Automatic aggregation applies and:

- the member can elect within 12 months of the date the concurrent employment ended to retain the deferred benefit as a separate benefit (regulation 22(7))

- the employer in relation to the active pension account can agree to extend this time limit
- the election must be made to the administering authority that holds the ongoing active pension account.

If the member does not elect for separate benefits:

The amount in the member's deferred pension account must be automatically aggregated with the ongoing active pension account. If there is more than one active pension account, the deferred pension account is aggregated with the active pension account chosen by the member.

If the member elects for separate benefits:

Separate pension accounts will be held for the member.

A2 (iii) Consecutive
A2 (ii) - Consecutive

A member:

- ends active membership in an employment
- has qualifying service for a period of at least two years (as defined in regulation 3(7))
and
- has a deferred pension account.

On re-joining, automatic aggregation applies and:

- the member can elect within 12 months of the date they re-join the Scheme to retain the deferred benefit as a separate benefit (regulation 22(7))
- the employer in relation to the active pension account can agree to extend this 12-month time limit
- the election must be made to the administering authority that holds the ongoing active pension account.

If the member **does not** elect for separate benefits:

- The amount in the deferred pension account must be aggregated with the new active pension account.
- If the gap between the member's last day of membership to which the deferred benefit relates and the date of re-joining the Scheme (**the LGPS break**) is **five years or less**, the amount in the deferred pension account must be recalculated as if the Treasury Revaluation Orders had applied during that period, and not Pension Increase (Review) Orders (regulation 22(9)).
- If the ~~gap between the member's last day of membership to which the deferred benefit relates and the date of re-joining the Scheme~~ **LGPS break** is **more than five years**, there is no recalculation. Pension Increase (Review) Orders continue to apply for the period the member was deferred.

If the member elects for separate benefits:

Separate pension accounts will be held for the member.

Optants out

A member who:

- elected to opt out of Scheme membership under regulation 5(2)
- made that election on or after 11 April 2015
- became entitled to a deferred benefit as a result of that election, **and**

- later re-joined the Scheme (they were not a member in a concurrent employment when they made the election to leave the Scheme)

is not able to aggregate the deferred pension account with their ongoing pension account. The pension accounts would remain separate (regulation 22(8)).

A2 – AVCs

~~If main Scheme benefits are aggregated, the realisable value of AVCs must be transferred to an AVC arrangement offered by the new or ongoing administering authority (regulation 17(11)).~~

A2 – AVCs

If main Scheme benefits are aggregated, the realisable value of AVCs must be transferred to an AVC arrangement offered by the new or ongoing administering authority (regulation 17(11)).

A3

Deferred refund
Membership after 31 March 2014 only
Consecutive – with ~~a disqualifying break~~ an LGPS break of more than five years

A3 - Consecutive

The regulations require a refund to be paid within five years of the date the member ceased active membership of the Scheme (regulation 18(5)). In practice, this may not always be possible, particularly if a member does not respond to correspondence about the refund.

If the member re-joins the Scheme more than five years after their previous period of membership ended, the deferred refund cannot be combined with the active pension account.

Administrators should note that the Scheme Advisory Board has recommended a change to the LGPS regulations that removes the requirement to pay a refund of contributions within five years. Until this change to the regulations is made, deferred refunds should not be aggregated with a new pension account if:

- the member became entitled to the deferred refund after 31 March 2014, and
- ~~there has been a disqualifying break~~ the LGPS break is longer than five years.

B – Membership before and after 31 March 2014

A member who first joined the LGPS after 31 March 2014 may still have membership treated as membership before 1 April 2014 if:

- they were previously a member of a ~~public service pension scheme~~public service pension scheme or any scheme that participates in the Public Sector Transfer Club and
- a transfer of pension rights from that scheme to the LGPS was completed under Club transfer rules and
- some or all of that transfer value purchased final salary membership in the LGPS, or
- a transfer was completed from a Club scheme and some or all of the transfer value was used to purchase final salary membership in the LGPS on a non-Club basis.

Any such final salary membership is treated as pre-1 April 2014 membership for the purposes of aggregation.

B1

Deferred refund
Membership before and after 31 March 2014
~~No disqualifying break~~
Concurrent or Consecutive with an LGPS break of five years or less

B1 (i) Concurrent

B1 (i) - Concurrent

A member:

- ends active membership in a concurrent employment **and**
- **does not have** qualifying service for a period of at least two years (as defined in regulation 3(7) and TP regulation 7).

Automatic aggregation applies and:

- the amount in the deferred refund pension account (built up from 1 April 2014) is added to the ongoing active pension account
- if there is more than one active pension account, the deferred refund pension account is aggregated with the active pension account chosen by the member (regulation 22(6)).

and

- the pre-1 April 2014 membership is attached to the ongoing active pension account
- the member continues to be entitled to a ~~final salary benefit~~ final salary benefit (TP regulation 10(2)(a))
- if there is more than one active pension account, the member can choose which one to attach the membership to **and**
- if the member does not inform the administering authority of their choice within 12 months of the date the concurrent employment ended then the administering authority makes the decision on the member's behalf (TP regulation 10(9)).

~~See Section 3 concerning the adjustment that must be applied to membership before 1 April 2014 that is concurrent or variable time.~~

~~• The member is not entitled to a refund of contributions (regulation 19(1)(d)).~~

B1 (ii) Consecutive

See Section 3 concerning the adjustment that must be applied to membership before 1 April 2014 that is concurrent or variable time.

The member is not entitled to a refund of contributions (regulation 19(1)(d)).

| **B1(ii) - Consecutive**

A member:

- ends active membership in an employment
- does not have qualifying service for a period of at least two years (as defined in regulation 3(7)), **and**
- re-joins the Scheme within one month and a day, **or**
- re-joins the Scheme before a refund has been paid.

On re-joining:

- automatic aggregation applies
- the amount in the deferred refund account (built up from 1 April 2014) is added to the ongoing active pension account
- the amount in the deferred refund account is recalculated as if the Treasury Revaluation Orders had applied during the gap, and not Pensions Increase (Review) Orders (regulation 22(9))

AND the pre 1 April 2014 membership from the deferred refund:

- is attached to the ongoing active pension account
- will entitle the member to a [final salary benefit](#)

Field Code Changed

See Section 3 concerning the adjustment that must be applied to membership before 1 April 2014 that is variable time.

The member is not entitled to a refund of contributions (regulation 19(1)(a)).

Note that the gap between the member's last day of membership to which the deferred refund relates and the first day of re-joining the Scheme must be five years or less, because a refund must be paid within five years (regulation 18(5)).

B1 – AVCs

Post 2014 plan – Realisable value of AVCs must be transferred to an AVC arrangement offered by the new or ongoing administering authority (regulation 17(11))³.

Protected post 2014 plan - Realisable value of AVCs must be transferred to an AVC arrangement offered by the new or ongoing administering authority unless member elects not to (regulation 17(11) and TP regulation 15(3)).

³ The wording of TP regulation 15(3) could be interpreted as giving a member covered by aggregation scenario B1 the option not to transfer a post-2014 AVC plan. It is our view that a post-2014 AVC plan must be transferred when aggregation occurs.

B2	See Section 3 concerning the adjustment that must be applied to Deferred benefit
	Membership before 1 April and after 31 March 2014 that is No variable time disqualifying break Concurrent or Consecutive

Inserted Cells

~~The member is not entitled to a refund of contributions (regulation 19(1)(a)).~~

B1 – AVCs

~~Post 2014 plan – Realisable value of AVCs must be transferred to an AVC arrangement offered by the new or ongoing administering authority (regulation 17(11))⁴.~~

~~Protected post 2014 plan – Realisable value of AVCs must be transferred to an AVC arrangement offered by the new or ongoing administering authority unless member elects not to (regulation 17(11) and TP regulation 15(3)).~~

B2	Deferred benefit
	Membership before and after 31 March 2014
	No disqualifying break
	Concurrent or Consecutive

B2 (i) Concurrent

B2 (i) - Concurrent

A member:

- ends active membership in a concurrent employment **and**
- has qualifying service of at least two years (as defined in regulation 3(7)) **or**
- has more than three months but less than two years membership and has opted for a deferred benefit (TP regulation 7(5)(b)) **or**
- has more than three months but less than two years membership and is deemed to have opted for a deferred benefit (TP regulation 7(6)).

Automatic aggregation applies and:

- the member can elect within 12 months of the date the concurrent employment ceased to retain the deferred benefit as a separate benefit (regulation 22(7))
- the employer in relation to the active pension account can agree to extend the 12-month time limit
- the election must be made to the administering authority that holds the ongoing active pension account.

⁴The wording of TP regulation 15(3) could be interpreted as giving a member covered by aggregation scenario B1 the option not to transfer a post 2014 AVC plan. It is our view that the intention was that a post 2014 AVC plan must be transferred when aggregation occurs.

If the member **does not** elect for separate benefits:

- the amount in the deferred pension account (built up from 1 April 2014) is added to the ongoing active pension account
- if there is more than one active pension account, the member can choose which one to aggregate the pension account with (regulation 22(7)).

AND the pre-1 April 2014 membership from the deferred benefit:

- is attached to the ongoing active pension account
- will entitle the member to a ~~final salary benefit~~ **final salary benefit** (TP regulation 10(2)(a))

If there is more than one active pension account:

- the member can choose which one to attach the membership to **and**
- if the member does not inform the administering authority of their choice within 12 months of the date the concurrent employment ended then the administering authority makes the decision on the member's behalf (TP regulation 10(9)).

~~See Section 3 concerning the adjustment that must be applied to membership before 1 April 2014 that is concurrent or variable time.~~

~~**Important** – a member who leaves the Scheme because they made an opt out election under regulation 5(2) and becomes entitled to a deferred benefit **can aggregate** that deferred benefit with their ongoing pension account **if they are a member in a concurrent employment.**~~

~~See Section 3 concerning the adjustment that must be applied to membership before 1 April 2014 that is concurrent or variable time.~~

~~**Important** - a member who leaves the Scheme because they made an opt-out election under regulation 5(2) and becomes entitled to a deferred benefit **can aggregate** that deferred benefit with their ongoing pension account **if they are a member in a concurrent employment.**~~

If the member elects for separate benefits:

The deferred benefit in respect of the concurrent employment that has ended remains separate from the active pension account.

The pre 1 April 2014 membership **would not retain an ongoing ~~final salary link~~ final salary link** (see s20 and paragraph 1 of Schedule 7 to the Public Service Pensions Act 2013 and the letter from DCLG at [Appendix 1](#)).

Field Code Changed

~~B2 (iii) Consecutive~~

B2 (ii) - Consecutive

A member:

- ends active membership in an employment (unless the member chose to end that membership by making an election under regulation 5(2) after 11 April 2015)

and

- has qualifying service for a period of at least two years (as defined in regulation 3(7)), **or**
- has more than three months but less than two years membership and has opted for a deferred benefit (TP regulation 7(5)(b)) **or**
- has more than three months but less than two years membership and is deemed to have opted for a deferred benefit (TP regulation 7(6)).

On re-joining, without a disqualifying break, automatic aggregation applies and:

- the member can elect within 12 months of the date they re-joined the Scheme to retain the deferred benefit as a separate benefit (regulation 22(8))
- the employer in relation to the active pension account can agree to extend the 12-month time limit
- the election must be made to the administering authority that holds the ongoing active pension account.

If the member **does not** elect for separate benefits:

- the amount in the deferred pension account (built up from 1 April 2014) is added to the active pension account
- if the LGPS break is five years or less, the amount in the deferred pension account is recalculated as if the Treasury Revaluation Orders had applied during the break, and not Pensions Increase (Review) Orders (regulation 22(9))
- if the LGPS break is longer than five years, the deferred pension account is not recalculated. Pensions Increase (Review) Orders continue to apply for the period the member was deferred.

AND the membership built up before 1 April 2014:

- is attached to the ongoing active pension account
- entitles the member to a final salary benefit (TP regulation 10(2)(a))

Field Code Changed

~~See Section 3 concerning the adjustment that must be applied to membership before 1 April 2014 that is variable time.~~

See Section 3 concerning the adjustment that must be applied to membership before 1 April 2014 that is variable time.

If the member elects for separate benefits:

The deferred benefit remains separate from the active pension account.

The pre 1 April 2014 membership **would not retain an ongoing ~~final salary link~~final salary link** (see s20 and paragraph 1 of Schedule 7 of the Public Service Pensions Act 2013 and the letter from DCLG at ~~Appendix 1~~Appendix 1).

Optants out

A member who:

- elected to opt out of Scheme membership under regulation 5(2)
- made that election on or after 11 April 2015
- became entitled to a deferred benefit as a result of that election, **and**
- later re-joins the Scheme (they were not a member in a concurrent employment when they made the election to leave the Scheme)

is **not able** to aggregate the deferred benefit with their ongoing pension account (regulation 22(8)).

B2 – AVCs

~~**Post 2014 plan**—The realisable value of AVCs must be transferred to an AVC arrangement offered by the new or ongoing administering authority if main Scheme benefits are aggregated (regulation 17(11))⁵.~~

~~**Protected post 2014 plan**—If main Scheme benefits are aggregated, the realisable value of AVCs is transferred to an AVC arrangement offered by the new administering authority unless the member elects not to (regulation 17(11) and TP regulation 15(3)).~~

Part B2 – AVCs

Post 2014 plan - The realisable value of AVCs must be transferred to an AVC arrangement offered by the new or ongoing administering authority if main Scheme benefits are aggregated (regulation 17(11))⁶.

⁵The wording of TP regulation 15(3) could be interpreted as giving a member covered by aggregation scenario B2 the option not to transfer a post 2014 AVC plan. It is our view that the intention was that a post 2014 AVC plan must be transferred when aggregation occurs.

⁶ The wording of TP regulation 15(3) could be interpreted as giving a member covered by aggregation scenario B2 the option not to transfer a post 2014 AVC plan. It is our view that the intention was that a post 2014 AVC plan must be transferred when aggregation occurs.

Protected post 2014 plan – If main Scheme benefits are aggregated, the realisable value of AVCs is transferred to an AVC arrangement offered by the new administering authority unless the member elects not to (regulation 17(11) and TP regulation 15(3)).

C – Mix of pre and post 1 April 2014 membership with a disqualifying break

C1	Deferred refund Mix of pre and post 1 April 2014 membership Disqualifying break LGPS break of more than five years Consecutive
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C1 - Consecutive

A member:

- ends active membership which includes membership before and after 1 April 2014
- does not have qualifying service for two years or more (as defined in regulation 3(7)), or
- ~~or~~
- has more than three months but less than two years membership and has elected for a deferred refund (TP regulations 7(5)(b)) and
- re-joins the Scheme after ~~an disqualifying break~~ LGPS break of more than five years.

The regulations require that the refund be paid within five years of the date the member ended active membership of the Scheme (regulation 18(5)). In practice, this may not always be possible, particularly if a member does not respond to correspondence about the refund.

If the member re-joins the Scheme more than five years after their membership ended, the deferred refund cannot be combined with the active pension account.

Administrators should note that the Scheme Advisory Board has recommended a change to the LGPS regulations that removes the requirement to pay a refund of contributions within five years. Until this change is made, deferred refunds made up of a mix of pre and post 1 April 2014 membership should not be aggregated with a new pension account if there has been ~~a disqualifying break, an LGPS break of more than five years.~~

C2	Deferred benefit Mix of pre and post 1 April 2014 membership Disqualifying break of more than five years Consecutive
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C2 - Consecutive

A member:

- ends active membership in an employment which includes membership before and after 1 April 2014 **and**
- has qualifying service of at least two years (as defined in regulation 3(7), **or**
- has membership of three months or more but less than two years and has opted for a deferred benefit (TP regulation 7(5)(b)), **or**
- is deemed to have opted for a deferred benefit (TP regulation 7(6))

On re-joining after a ~~disqualifying break~~disqualifying break of more than five years:

- the member can elect within 12 months of the date they re-joined the Scheme to retain the deferred benefit as a separate benefit (regulation 22(8))
- the employer in relation to the active pension account can agree to extend this 12-month time limit
- the election must be made to the administering authority that holds the ongoing active pension account.

If the member does not elect for separate benefits:

- automatic aggregation applies
- the amount in the deferred pension account (built up from 1 April 2014) is added to the ongoing active pension account
- the amount in the deferred pension account is not recalculated - Pensions Increase (Review) Orders continue to apply for the period the member was deferred.*

and

- The transfer value in respect of the pre-1 April 2014 membership will purchase an amount of ~~earned pension~~earned pension in the member's active pension account.

~~If a member aggregates under C2 rules, later ends active membership and then re-joins the Scheme, the aggregation rules set out in Part A should be followed. All membership would be treated as if it was membership after 31 March 2014.~~

* Note that a member who re-joins after a disqualifying break must also have had an LGPS break of more than five years.

If a member aggregates under C2 rules, later ends active membership and then re-joins the Scheme, the aggregation rules set out in Part A should be followed. All membership would be treated as if it was membership after 31 March 2014.

If the member elects for separate benefits:

The deferred benefit remains separate from the active pension account.

If the C2 rules apply and a member elects for separate benefits, later ends active membership and then re-joins the Scheme, the C2 rules will apply again in respect of the deferred benefit that was kept separate.

C2 – AVCs

Post 2014 plan – Realisable value of AVCs must be transferred to an AVC arrangement offered by the new administering authority if main Scheme benefits are aggregated (regulation 17(11)).

Protected post 2014 plan – Realisable value of AVCs must be transferred to an AVC arrangement offered by the new administering authority if main Scheme benefits are aggregated (regulation 17(11)).

If the C2 rules apply and a member elects for separate benefits, later ends active membership and then re-joins the Scheme, the C2 rules will apply again in respect of the deferred benefit that was kept separate.

C2 – AVCs

Post 2014 plan – Realisable value of AVCs must be transferred to an AVC arrangement offered by the new administering authority if main Scheme benefits are aggregated (regulation 17(11)).

Protected post 2014 plan – Realisable value of AVCs must be transferred to an AVC arrangement offered by the new administering authority if main Scheme benefits are aggregated (regulation 17(11)).

D – Membership before 1 April 2014 only

D1

Deferred refund
Pre 1 April 2014 membership only
Consecutive

D1 - Consecutive

A member:

- ended active membership in an employment before 1 April 2014
- does not qualify for a deferred benefit under earlier regulations – ie they hold a deferred refund
- re-joins the Scheme after 31 March 2014.

On re-joining:

- the deferred refund must be aggregated with the ongoing pension account

- the transfer value is used to purchase an amount of [earned pension](#) in the member's active pension account.

Field Code Changed

Important - In this scenario, you do not need to consider whether there has been a [disqualifying break](#).

The member is not entitled to a refund of contributions ([regulation 47\(4\) of the LGPS \(Administration\) Regulations 2008](#) or [regulation 87\(3\) of the LGPS Regulations 1997](#)).

[If a deferred refund is aggregated under D1 rules, the member later ends active membership and then re-joins the Scheme, the aggregation rules set out in Part A would apply. All membership would be treated as if it was membership after 31 March 2014.](#)

D1 – AVCs

Pre 2014 plan – [Realisable value of AVCs must be transferred to an AVC arrangement offered by the new administering authority \(regulation 17\(11\)\).](#)

Important – ~~In this scenario, you do not need to consider whether there has been a disqualifying break.~~

~~Deferred benefit
Pre 1 April 2014 membership only
No disqualifying break~~

D2 ~~The member is not entitled to a refund of contributions~~ (regulation 47(4) of the LGPS (Administration) Regulations 2008 or regulation 87(3) of the LGPS Regulations 1997).

~~If a deferred refund is aggregated under D1 rules, the member later ends active membership and then re-joins the Scheme, the aggregation rules set out in Part A would apply. All membership would be treated as if it was membership after 31 March 2014.~~

D1 – AVCs

~~Pre 2014 plan – Realisable value of AVCs must be transferred to an AVC arrangement offered by the new administering authority (regulation 17(11)).~~

Inserted Cells

D2 ~~Deferred benefit
Pre 1 April 2014 membership only
No disqualifying break
Consecutive~~

D2 - Consecutive

A member:

- ended active membership in an employment before 1 April 2014
- is entitled to a deferred benefit
- re-joins the Scheme after 31 March 2014 without a disqualifying break.

Field Code Changed

On re-joining:

- the member can elect within 12 months of re-joining the Scheme to be treated as if they had been an active member on 31 March and 1 April 2014 (TP regulation 5(5))
- the regulations **do not allow** the employer or administering authority to extend this 12-month time limit.

If the member elects to be treated as a member on 31 March and 1 April 2014 then the membership from the deferred account:

- is attached to the ongoing active pension account
- will entitle the member to a final salary benefit (TP regulation 10(2)(a))

~~See Section 3 concerning the adjustment that must be applied to membership before 1 April 2014 that is variable time.~~

See Section 3 concerning the adjustment that must be applied to membership before 1 April 2014 that is variable time.

If the member **does not** elect to be treated as a member on 31 March and 1 April 2014:

- the member may elect for the transfer value of the deferred benefit to be used to purchase an amount of ~~earned pension~~ earned pension in their active pension account (TP regulation 10(6))
- this election must be made to the administering authority which holds the ongoing pension account
- the election must be made within 12 months of re-joining the Scheme
- the employer in relation to the ongoing pension account can agree to extend the 12-month time limit.

If the member makes such an election:

- the transfer value of the deferred benefit is used to purchase an amount of earned pension in the active pension account.

Field Code Changed

~~If the transfer value is used to purchase earned pension in the active pension account and the member later leaves active membership and then re-joins the Scheme, then the aggregation rules in Part A would apply. All membership would be treated as if it was membership after 31 March 2014.~~

If the transfer value is used to purchase earned pension in the active pension account and the member later leaves active membership and then re-joins the Scheme, then the aggregation rules in Part A would apply. All membership would be treated as if it was membership after 31 March 2014.

If the member does not elect to be treated as member on 31 March and 1 April 2014, nor to use the transfer value to purchase ~~earned pension~~ earned pension:

- the deferred benefit remains separate from the active pension account
- the deferred benefit does **not** retain an ongoing ~~final salary link~~ final salary link (see section 20 and paragraph 1 of Schedule 7 to the Public Service Pensions Act 2013 and the letter from DCLG at [Appendix 1](#)).

Field Code Changed

~~If the deferred benefit is not aggregated under D2 rules and the member later leaves and then re-joins the Scheme, the D2 rules would apply again in relation to the benefits that were kept separate, unless there has been a disqualifying break in which case D3 would apply.~~

D2 – AVCs

~~If the member elects to be treated as a member on 31 March and 1 April 2014 – the realisable value of AVCs is transferred to an AVC arrangement offered by the new administering authority unless the member elects not to (regulation 17(11) and TP regulation 15(3)).~~

~~If the member does not elect to be treated as a member on 31 March and 1 April 2014 – the realisable value of AVCs must be transferred to an AVC arrangement offered by the new administering authority if the main Scheme benefits are aggregated (regulation 17(11)).~~

If the deferred benefit is not aggregated under D2 rules and the member later leaves and then re-joins the Scheme, the D2 rules would apply again in relation to the benefits that were kept separate, unless there has been a disqualifying break in which case D3 would apply.

D2 – AVCs

If the member elects to be treated as a member on 31 March and 1 April 2014 – the realisable value of AVCs is transferred to an AVC arrangement offered by the new administering authority unless the member elects not to (regulation 17(11) and TP regulation 15(3)).

If the member does not elect to be treated as a member on 31 March and 1 April 2014 – the realisable value of AVCs must be transferred to an AVC arrangement offered by the new administering authority if the main Scheme benefits are aggregated (regulation 17(11)).

D3

Deferred benefit
Membership before 1 April 2014 only
Disqualifying break
Consecutive

D3 - Consecutive

A member:

- ended active membership in an employment before 1 April 2014
- is entitled to a deferred benefit
- re-joins the Scheme after 31 March 2014 with a [disqualifying break](#).

Field Code Changed

On re-joining:

- the member may elect for the transfer value of the deferred benefit to be used to purchase an amount of ~~earned pension~~earned pension in their active pension account
- this election must be made to the administering authority which holds the ongoing pension account
- the election must be made within 12 months of re-joining the Scheme
- the employer in relation to the ongoing pension account can agree to extend the 12-month time limit.

~~If the transfer value is used to purchase earned pension in the active pension account and the member later leaves active membership and then re-joins the Scheme, the aggregation rules in Part A would apply. All membership would be treated as if it was membership after 31 March 2014.~~

If the transfer value is used to purchase earned pension in the active pension account and the member later leaves active membership and then re-joins the Scheme, the aggregation rules in Part A would apply. All membership would be treated as if it was membership after 31 March 2014.

If no election to transfer is made:

- the deferred benefit remains separate from the active pension account
- the deferred benefit does **not** retain an ongoing ~~final salary link~~final salary link (see section 20 and paragraph 1 of Schedule 7 to the Public Service Pensions Act 2013 and the letter from DCLG at [Appendix 1](#)).

Field Code Changed

D3—AVCs

~~**Pre 2014 plan** – the realisable value of AVCs must be transferred to an AVC arrangement offered by the new administering authority if main Scheme benefits are aggregated (regulation 17(11)).~~

D3 – AVCs

Pre 2014 plan - the realisable value of AVCs must be transferred to an AVC arrangement offered by the new administering authority if main Scheme benefits are aggregated (regulation 17(11)).

E – Re-joiners

One of the scenarios A to D applies when a member re-joins the Scheme after 31 March 2014 for the first time, or ends concurrent membership after 31 March 2014 for the first time. If that member subsequently leaves and re-joins the Scheme again, or their membership ends and they are in concurrent employment, then they are a re-joiner.

In a case where:

- the transfer value of final salary benefits was used to purchase earned pension in the active pension account under aggregation scenario C2, D1, D2 (unless the member elected to be treated as an active member on 31 March and 1 April 2014) or D3 and
- the member leaves that employment and later re-joins the Scheme or
- the member ends active membership in that employment but remains a member in a concurrent employment

scenario A would apply. The membership in the pension account is treated as membership after 31 March 2014 for the purposes of aggregation.

In all other cases scenario A, B1, B2, C1, C2, D2 or D3 will apply, as appropriate, to a re-joiner.

Important

~~We have assumed that under aggregation scenario D2 the member will have the option, on re-joining after 31 March 2014 for the **second time**, to elect to be treated as if they had been a member on 31 March and 1 April 2014.~~

~~TP regulation 5(5) only refers to a member being able to make such an election within 12 months of becoming a member of the 2014 Scheme. It does not specify whether this means within 12 months of **first** becoming a member of the 2014 Scheme.~~

~~We have assumed that the option to elect to be treated as a member on 31 March and 1 April 2014 is not limited in this way. The 12 month window re-opens each time the member re-joins the Scheme.~~

Important

We have assumed that under aggregation scenario D2 the member will have the option, on re-joining after 31 March 2014 for the **second time**, to elect to be treated as if they had been a member on 31 March and 1 April 2014.

TP regulation 5(5) only refers to a member being able to make such an election within 12 months of becoming a member of the 2014 Scheme. It does not specify whether this means within 12 months of **first** becoming a member of the 2014 Scheme.

We have assumed that the option to elect to be treated as a member on 31 March and 1 April 2014 is not limited in this way. The 12-month window re-opens each time the member re-joins the Scheme.

Disclaimer

This document has been prepared based on the LGPC Secretariat's understanding of the information currently available including the relevant Statutory Instruments governing the Local Government Pension Scheme, associated overriding legislation and relevant draft legislation. It represents the views of the Secretariat and should not be treated as a complete and authoritative statement of the law. Readers may wish, or will need, to take their own legal advice on the interpretation of any particular piece of legislation. No responsibility whatsoever will be assumed by the Local Government Association for any direct or consequential loss, financial or otherwise, damage or inconvenience, or any other obligation or liability incurred by readers relying on information in this guide.

Appendix 1 – DCLG letter concerning final salary link



Department for
Communities and
Local Government

Mr Terry Edwards
Senior Pensions Adviser, Workforce Team
Local Government Association
Local Government House
Smith Square
London
SW1P 3HZ

22 January 2015

Dear Terry

Local Government Pension Scheme –aggregation and the final salary link and the Public Service Pension Act 2013

There has been some debate about whether the final salary for a future period of active membership is taken into account when calculating retirement benefits when a deferred award made under the 2008 Scheme or earlier schemes is put into payment *and* the member chose to keep the deferred benefits separate from the subsequent period of active membership.

If it is clear from the earlier regulations that the pensionable earnings to be used in such a case is the earnings the member received when he was awarded the deferred benefit rather than the pensionable earnings he was receiving at the date his subsequent period of membership terminated, then this is the level of pensionable earnings that is used to calculate the benefits due in respect of the earlier period of membership.

If the subsequent period of membership happens to be in the 2014 Scheme the position is no different. At the point that the calculation is made as to what benefits the person is to be entitled to, the issue is whether under the earlier regulations there would have been any calculation of the member's benefits based on the member's subsequent period of service. If there would not, then it would be reasonable to say that nothing in Schedule 7 imposes any requirement for such a calculation to be made. Schedule 7 seems to me to be designed in such a way that if the old regulations *did* require there to be a calculation of pensionable earnings based on what the member was receiving at the date of retirement in order to calculate the benefits payable in respect of an earlier unaggregated period of membership, that such a calculation could be carried out based on the member's pensionable earnings under the 2014 Scheme.

When considering the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, regulations 8 (1) – final pay, general; the final pay is the member's final pay whether this was accrued with the current or previous employing authority. There is no reference to pay in any future period of employment.

The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014, regulation 3 (8) states benefits in earlier schemes, not aggregated with 2014 Scheme benefits, are payable in accordance with the earlier schemes' regulations and 3 (1) preserves the earlier schemes' regulations for these purposes.

I, therefore, form the view that under the earlier regulations no such recalculation of benefits was required in respect of any period of unaggregated deferred membership and there is no obligation otherwise under the Public Service Pensions Act 2013.

Yours sincerely

A handwritten signature in black ink that reads "Lynda Jones". The signature is written in a cursive style.

Lynda Jones