

# Fundnews

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## The new State Pension and the ending of “contracting out”

The Government is introducing a new ‘single-tier’ State Pension for people who reach State Pension age on or after 6 April 2016. This will replace the existing basic and additional State Pension. As a result the ‘contracted-out’ status for all LGPS members will no longer exist.

### **What does this mean for members of the Local Government Pension Scheme?**

There are no plans to change the benefits the LGPS provides as a result of the introduction of the new State Pension.

As a member of the LGPS you have been ‘contracted-out’ of the additional State Pension. This means that you have not been building up much, if any additional State pension; you have been building up basic state pension and pension benefits in the LGPS instead. To reflect this you have been receiving a rebate on the National Insurance contributions paid on any earnings between £5,824 and £40,040 per year (unless you are already over State Pension age).

When ‘contracting out’ ends in April you will no longer benefit from the 1.4% National Insurance rebate.

You will start building up the new State Pension but with an adjustment to reflect the fact you paid lower National insurance during your time as a member of the LGPS.

### **Where can I get more information?**

More information about these changes can be found online at:

<http://www.spfo.org.uk/CHttpHandler.ashx?id=31827&p=0>

<https://www.gov.uk/government/publications/state-pension-fact-sheets>

### **What does this mean for my State Pension?**

For information about the new State Pension please visit [www.gov.uk/yourstatepension](http://www.gov.uk/yourstatepension)