



LOCAL GOVERNMENT PENSION SCHEME

TEN KEY FACTS

To assist in countering the constant stream of misinformation spread by those attacking the LGPS, here are 10 key facts about the scheme.

1. The LGPS is a funded scheme like private sector defined benefit schemes and unlike the other public sector pension schemes. Together the 101 LGPS funds hold more than £120 billion in investments and assets, enough to pay benefits for over 20 years
2. The LGPS has a positive cash flow, with income from investments and contributions exceeding expenditure on benefits by £4-5 billion every year
3. High earners in the scheme pay more to reflect the better pension they enjoy. Those earning over £79,000 a year contribute 7.5% earnings to the scheme compared with those on less than £12,600 who contribute on a 5.5% rate
4. The LGPS is collectively the biggest pension fund in the country making it a major shareholder in business and the UK economy
5. Four million people are members of the LGPS in England & Wales either as active, contributing members, pensioners or deferred members
6. In April 2008 (2009 in Scotland and Northern Ireland) reformed schemes were launched covering all existing and new LGPS members that changed the benefit structure and increased average member contributions to the scheme from 5.8% to 6.4%
7. In the last year income from employee contributions to the scheme has increased by 15%
8. The average pension in payment from the LGPS is around £4,000 a year, for women the average is £2,600
9. More than 7,000 employers participate in the LGPS, many of which are private sector companies providing local public services
10. The employer contribution rate for current service is 13.6%, those paying more than that figure are compensating for previous contribution holidays. In the private sector the comparable employer contribution average is 15.6%