



## News Release

July 30, 2007

### CONSULTATION BEGINS ON LOCAL GOVERNMENT PENSION SCHEME REFORM

Consultation has begun on a new Local Government Pension Scheme (LGPS) in Scotland.

The scheme is designed to be affordable and sustainable, as well as fairer for employers, scheme members and tax payers.

Savings from the removal of the Rule of 85 from the LGPS would be reinvested in the new scheme. The Rule of 85 was removed in December 2006 in line with the EC Directive on Equal Treatment in Employment and Occupation.

Among the key proposals in the new scheme are:

- Improved accrual rate for building pension benefits from 1/80<sup>th</sup> (plus a lump sum of three times the annual pension) to 1/60<sup>th</sup> (with no automatic lump sum). For example, members who currently pay into the scheme for 30 years would receive 30/80ths of their final pay on retirement plus lump sum. Under the proposal, members would receive 30/60ths of their final pay on retirement
- Lump sum death in service grants for partners to increase from two times final pay to three times final pay
- Increased flexibility. Members wishing to work beyond 65 could reduce hours while taking part of their pension
- Employee contribution rates to increase from six per cent to an average of 6.3 per cent, set at tiered variable levels linked to pensionable pay.

The proposals have been developed by a tripartite group of officials from the Scottish Executive, Convention of Scottish Local Authorities (COSLA) and trades unions.

Those wishing to respond to the consultation can access the full proposals on the Scottish Public Pensions Agency (SPPA) website at [www.sppa.gov.uk](http://www.sppa.gov.uk).