

**Ending of Contracting Out - Communicating Changes to LGPS employees**

Dear Employer

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 is currently contracted-out this means that from 6th April 2016 employees will no longer receive the NI rebate.

As the scheme administrator, the East Riding Pension Fund is required to notify members that the LGPS will not be contracted out from 6 April 2016. A notice will be placed on the ERPF website early in 2016 to alert active scheme members of the change. However it is also recommended that scheme employers communicate the change to their employees and the attached letter from the Department for Work and Pensions which includes a link to the state pension toolkit - <https://www.gov.uk/government/collections/state-pension-toolkit> is aimed to assist employers with their communications. A public sector fact sheet is also attached.

The recommendation from the Cabinet Office is that communication to employees begins after the Autumn Statement, once NI bandings for 2016/2017 are announced.

Kind Regards

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