

Roles and responsibilities of
BCC Pension Fund Employing Authority
("The Employer")

and

Buckinghamshire County Council's
Pension Section (BCC)

in relation to administration of the new look
Local Government Pension Scheme 2008

Effective Date: 1 April 2008

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NEW ENTRANTS TO THE SCHEME

All new employees under the age of 75 should be brought into the pension scheme immediately, EXCEPT FOR:

- Casual workers where there is no mutuality of obligation. This group of workers are not eligible to join the scheme.
- Fixed term contracts of less than 3 months. This group of workers are not eligible to join the scheme. If their contract is extended to take them over 3 months, they must be brought in from their next pay day. You may allow them to back date their membership to the date they started their employment.

Employees will pay contributions in accordance with the table below.

Band	Range (£) *	Contribution Rates (%)
1	0.00 - 12,000.00	5.5
2	12,000.01 - 14,000.00	5.8
3	14,000.01 - 18,000.00	5.9
4	18,000.01 - 30,000.00	6.5
5	30,000.01 - 40,000.00	6.8
6	40,000.01 - 75,000.00	7.2
7	75,000.01 or over	7.5

* The band ranges will increase in line with the Retail Price Index each April, from April 2009.

Part-time and Term-time workers:

Where a member of the scheme works part-time, their pay is pro-rated to its full-time equivalent for the purpose of assessing which band applies to them.

If the member is a term-time only employee because of the nature of the job (e.g. an employee who works as a learning support assistant at a school), their full-time equivalent is based on the number of term-time weeks plus their holiday entitlement.

For example:

39 weeks term + 4.6 weeks holiday = 43.6 weeks
37 hours per week, 43.6 weeks per year

Where an employee chooses to work term-time only to suit their lifestyle, they are classed as a part-time worker and the above provisions for part-time workers would apply.

Example of part-time employee who voluntarily works term-time weeks:

37 hours per week, but "term-time" weeks only by choice rather than business need; 43.6 weeks per year.

Basic: 1480.09

LGPS: 100.27

Band Assessment: $1480.09 \times 12 \times 52 \div 43.6 = 21183$, therefore Band 4; 6.5%

Example of full-time, Term-time only employee:

37 hours per week, term-time only, due to the nature of the employment (employed at a school) 43.6 weeks per year.

Basic: 1480.09

LGPS: 87.33

Band Assessment: $1480.09 \times 12 = 17761.08$, therefore Band 3; 5.9%

Action required by Employing Authority:

When setting up a new payroll record for an employee, the Employer will automatically enter an eligible employee into the pension scheme from the first day of employment.

If an employee who is not a scheme member opts in to the pension scheme, the Employer will bring the employee into the pension scheme from their next pay date. An employee on a fixed term contract of less than 3 months who has it extended beyond 3 months will be entered into the scheme from their next pay date.

You must issue the employee with a written notification detailing which band you have allocated them to, notifying them of their right to appeal against this, or any, of the decisions you have made in relation to their pensionable status.

On a monthly basis, the Employer will provide a spreadsheet to BCC by email to pensions@buckscc.gov.uk, detailing all new entrants to the pension scheme. An example of the spreadsheet is attached. Only the highlighted columns should be completed by the Employer and should contain the following information:

- Payroll number
- Home address
- Post code
- NI number
- Surname
- Forenames
- Title
- Sex
- Marital status – optional
- Date of Birth
- Date joined Fund
- Actual remuneration/Full-time equivalent pay
- Contribution rate
- Part-time Indicator
- Part-time hours

Action required by Employing Authority:

Each month the Employer will send the spreadsheets to BCC by email to pensions@buckscc.gov.uk.

The Employer will issue the original statutory notification as detailed below to the employee, retaining the copy for their records.

Action required by Buckinghamshire County Council:

On receipt of the above spreadsheet, BCC will set up a pension record on their system for each employee. A statutory notification will be produced confirming the employee's pensionable status. An original and a copy will be sent to the Employer. The original should be issued to the employee and a copy retained by the Employer for their records.

CHANGES

Any changes that occur during membership must be notified immediately to BCC. Failure to notify BCC of these changes promptly may delay the issue of an annual benefit statement, or mean that any statement issued is incorrect. It could also affect the calculation of the member's benefits when they leave or retire.

You may have decided to review employees' contribution bands where there is a change that will move them from one band to another.

On a monthly basis the Employer will provide a spreadsheet to BCC detailing all relevant changes. Examples of the spreadsheets are attached. Only the highlighted columns should be completed by the Employer and should contain the following information:

Hour/Band/Name Changes:

- NI Number
- Surname
- Forenames
- Date commenced current pensionable service
- New part time hours or percentage
- Previous part time hours or percentage
- Date of change
- Full time equivalent salary
- Contribution rate

Address Changes:

- NI Number
- Address
- Name

Action required by Employing Authority:

Each month the Employer will send the spreadsheets to BCC by email to pensions@buckscc.gov.uk, detailing all relevant changes to member's records. This will include changes of hours or weeks worked, change of salary where this affects the contribution band, change of name or change of address.

The employer will issue the original statutory notification as detailed below to the employee, retaining the copy for their records.

Action required by Buckinghamshire County Council:

On receipt of the above spreadsheet, BCC will amend the member's record with the information provided. A statutory notification will be produced confirming the employee's change of pensionable status. An original and a copy will be sent to the Employer. The original should be issued to the employee and a copy retained by the Employer for their records.

REDUCTION IN PAY

Final pensionable pay is normally based on the full-time equivalent pay for the last 12 months. If either of the two previous years' pay is higher, either of these two preceding years may be used, calculated to the anniversary of the member's last day of service.

If, on or after 1st April 2008 and within 10 years of leaving, a member (voluntarily or compulsorily) has restricted pay, reduces their grade or moves to a position with less responsibility, the employee can choose to use the average of any 3 consecutive years pay in the last 10 years ending on a 31st March (plus RPI from the end of the 3 year period).

Action required by Employing Authority:

The Employer will need to ensure that payroll data is kept for 10 years in respect of cases falling into this category.

Action required by Buckinghamshire County Council:

BCC will use the final pensionable pay as notified to them by the Employer.

MONTHLY CONTRIBUTIONS

Pension contributions will be paid over to the BCC Pension Fund each month, no later than 19 days following the month in which the deduction was made.

Action required by Employing Authority:

Due to the changes to the LGPS that came into effect on 1 April 2008, BCC's Treasury Team have introduced a new form to monitor the pension contributions paid over each month by Employers. It replaces the form that has previously been used by Employers when they've paid over monthly pension contributions.

- The purpose of the form is to allow both the Employer and the Pension Fund the opportunity to check contributions paid under the new rules.
- The form has been designed to be completed and returned as an Excel file.
- On the form there are two tabs that have input areas where data needs to be entered and a third tab that only contains data for a look-up table.
- On the **Summary Sheet** and **Employee Data** tabs the data input areas have been highlighted in yellow.
- There are some checks in the **Employee Data** tab – these are meant to be warnings of potential errors and can be ignored if the employer is satisfied that the information is correct.
- The form contains some example data to illustrate how the form works. This dummy data should be deleted before the form is used.

The monthly return form is a spreadsheet (attached). The full instructions for completing the monthly return can be found in the appendices. If you have any questions or require any assistance with completing this form, please email treasury@buckscc.gov.uk , who will get back to you as soon as possible.

Once completed, the monthly return form should be emailed to treasury@buckscc.gov.uk

Action required by Buckinghamshire County Council:

On receipt BCC Treasury will check the monthly return form and allocate the contributions to each Employer.

YEAR-END RETURN

A year-end return must be supplied to BCC detailing employee and employer pension contributions and National Insurance earnings up to 31 March. BCC will send an email to the Employer in February with the spreadsheets to be used. The spreadsheets must be completed and returned to BCC on or before 30 April.

Action required by Employing Authority:

The return should be emailed to pensions@buckscc.gov.uk no later than 30 April.

Action required by Buckinghamshire County Council:

On receipt of the spreadsheet, BCC will load the data onto their system. The employee's pension contributions will be converted to a pensionable pay figure for the year.

If there is an increase of more than 10% or a reduction in pay of any amount when compared with the previous year's pay figure, an error will be generated. BCC will attempt to clear all errors from information already held. Those errors which cannot be resolved will be sent to the Employer to resolve. The main reason for the variance in pay could be a change in hours, the member has left, or had a period of unpaid leave/sickness and BCC have not been notified.

Once all queries have been resolved by the Employer, BCC will amend the records on their system. Annual benefit statements can then be produced. These will be issued to the Employer for internal distribution to members, or the Employer may request that BCC Pensions issue the statements to members' home addresses. The Employer will need to provide an up-to-date spreadsheet of member's home addresses and will be charged for the postage.

ADDITIONAL CONTRIBUTIONS

Additional Voluntary Contributions (AVCs)

Members may make an election, at any time, to pay AVCs. Members can choose between our two AVC providers, Clerical Medical and Prudential.

New Contributors

Action required by Buckinghamshire County Council:

Members will be asked to send their application form to BCC. BCC will copy the form for their records and update their system. BCC will then forward the original form with the member's signature on to the Employer for action. An email will also be sent confirming the deduction amount.

Action required by Employing Authority:

On receipt of the original AVC application form from BCC, the Employer should check the amount does not exceed 50% of monthly taxable pay and set up the deduction on payroll. The deduction may be expressed as a percentage or as a monetary amount. The Employer should NOT action an application form directly from the member. The form should be forwarded to BCC and the Employer should take no action unless notified by BCC.

Procedure for changes to AVCs in payment

Action required by Employing Authority:

Members will be told to email or write to the Employer if they wish to alter or stop their AVC contributions. The Employer should either send a copy of the letter or forward the email to BCC, confirming the necessary action has been taken. The Employer is responsible for checking that the revised amount does not exceed 50% of monthly taxable pay.

Action required by Buckinghamshire County Council:

On receipt of the confirmation from the Employer, BCC will update their system.

Monthly AVC payover

Action required by Employing Authority:

AVC payments in respect of members must be paid over to Prudential and Clerical Medical no later than 19 days following the month in which the deduction was made. A schedule is to be emailed to Prudential and Clerical Medical showing a breakdown of the amount paid by each member. A new contributor schedule is also to be sent each month, if there have been new contributors that month, detailing the names of new contributors, their NI numbers, amount paid and their chosen investment option.

If you have any queries regarding paying over contributions, please contact the provider directly at:

- Prudential – Natalie Read, email: Natalie.Read@prudential.co.uk
- Clerical Medical – Becky Diamond, email: Rebecca.Diamond@clericalmedical.co.uk

Action required by Buckinghamshire County Council:

No action is required by BCC.

Additional Regular Contributions (ARCs)

A member may request an estimate from BCC for the purchase of additional pension by means of ARCs. If the member wishes to proceed with the purchase, the contract will commence from their next pay date, for a period chosen by the member. ARCs will always be a fixed monthly amount (but may be subject to review by the Government Actuaries Department).

Some members may be paying additional contributions to buy added years - these contracts are payable up to the eve of the member's earliest retirement age. These contracts will continue, but elections to purchase added years must have been made by 31 March 2008. You may have new added years contracts starting up to 31 March 2009, as added years contracts start from the member's next birthday, but there will be no new contracts after this date.

Action required by Buckinghamshire County Council:

On receipt of the member's application, BCC will update their records and notify the Employer by email to commence ARCs, detailing the deduction period and the deduction amount.

Action required by Employing Authority:

Upon receipt of the above email, the Employer will set up the ARCs as instructed. This will be paid over to BCC each month, along with the standard monthly LGPS contributions.

OPT OUTS

A member may opt out of the pension scheme at any time by notifying the Employer in writing that they wish to do so. This is normally done by completing the opt out form included with the starter pack, or by email/letter to either payroll or Pensions. Once a member has been in the pension scheme for 3 months (or has transferred in previous pension rights) they cannot have a refund of their contributions.

Action required by Employing Authority:

A member must notify the Employer directly if they wish to opt out of the pension scheme by filling in the opt out form or by email/letter to the Employer. They should be taken out of the scheme from the month in which their election is received.

- If the option is received within 3 months of commencement, the Employer will refund all pension contributions deducted and adjust payroll for tax and National Insurance.
- If the member has been in the scheme for more than 3 months, they cannot have a refund of their contributions and the “Early Leaver” form needs to be completed.

If the Employer has previously entered this person on the monthly new starter spreadsheet, an email should be sent to BCC notifying them that the member has opted out, confirming that all contributions have been refunded and the necessary adjustments have been made for tax and National Insurance.

If the person has not been entered on the spreadsheet, BCC do not need to be notified that they have not joined.

Action required by Buckinghamshire County Council:

If BCC receive an opt out form, letter or email from the member who wants to opt out, they will forward it to the Employer for action.

UNPAID LEAVE

Authorised Unpaid Leave

Pension contributions must be deducted for the first 30 days of authorised unpaid leave. This can be done either before or after the person takes the leave. If the leave exceeds 30 days, the member may elect to buy back the period in excess of the 30 days, up to a maximum period of 36 months.

The member should elect within 30 days of their return if they want to buy back the period, but the Employer has discretion to extend this deadline. The contributions may be deducted as a one-off lump sum or over a period of time as agreed by the Employer. The contributions must be deducted directly from the member's pay - the member should not send in a cheque, as they will not get the tax relief due.

Action required by Employing Authority:

The Employer will take pension contributions for the first 30 days of any period of unpaid leave. If the leave exceeds 30 days, the Employer will calculate the arrears due for the period and contact the member, giving them the option to pay the arrears in order for the service to count for pension purposes. Whatever the member's decision, BCC must be notified of the dates and whether or not pension contributions have been paid. This can be done on the Arrears/Absence spreadsheet.

Action required by Buckinghamshire County Council:

On receipt of the confirmation from the Employer, BCC will update the member's record with the dates.

Maternity Leave

Contributions should be taken on all pay up to the point where the member goes onto no pay. The member has the option to pay arrears of contributions for the unpaid period upon their return to work. Employer contributions should be paid on the notional pay the member would have received up until they go onto unpaid leave.

Action required by Employing Authority:

Calculate the arrears due for the unpaid period and contact the member giving them the option to pay the arrears in order for the service to count for pension purposes. The arrears should be based on the weekly pay in the last week the member was paid, i.e. half pay plus SMP, or just SMP. This should be multiplied by the number of weeks and days (each day expressed as 1/7) multiplied by the contribution rate. Whatever the member's decision, BCC must be notified of the dates and whether or not pension contributions have been paid. This can be done on the Arrears/Absence spreadsheet.

Please note: if the employee elects to pay for the unpaid leave, employer contributions must be paid by the Employer on the notional pay the member would have received.

Action required by Buckinghamshire County Council:

On receipt of the confirmation from the Employer, BCC will update the member's record with the dates.

Strike

Pension contributions should not be deducted for strike days. However, the member may elect for contributions to be deducted after the strike. These must be deducted based on 16% of pay for each strike day. The member should elect within 30 days of the strike break in order for the period to count for membership, or such longer period as the Employer allows.

Action required by Employing Authority:

BCC need to be notified via the Arrears/Absence spreadsheet with the names and NI numbers of all members who have taken strike action, confirming whether or not the member elected to buy back the strike days.

Action required by Buckinghamshire County Council:

On receipt of the confirmation from the Employer, BCC will update the member's record with the dates.

Sick Leave

Contributions should be taken on all pay up to the point where the member goes onto no pay. The member does not have to buy back unpaid sick leave as this automatically counts for pension purposes.

It will not affect their pension record, but BCC do need to be told when a member goes onto half or no pay, otherwise the lower total contributions notified at year-end will cause an error warning and generate a query. This can be recorded on the Arrears/Absence spreadsheet.

ESTIMATES

BCC will provide estimates of pension benefits upon a request from the Employer. To request an estimate, the Employer should email the "Employer Request for Estimate of Retirement Benefits" form to pensions@buckscc.gov.uk. The form includes the following information:

1. Member's name
2. National Insurance number
3. Payroll reference number
4. Proposed last day
5. Pensionable pay to be used
6. Type of retirement
 - Normal retirement – Age 65
 - Late retirement – After age 65
 - Voluntary early retirement – Age 60 to 64
 - Redundancy and efficiency – Age 55¹ +
 - Ill health retirement – Any age²
 - 85-year rule – Age 55¹ +
 - Flexible retirement - Age 55¹ +

Please refer to the section detailing the different types of retirement if you are not sure what type of retirement is required. If in doubt, phone BCC for advice.

Members may request estimates themselves but only for normal, late or voluntary early retirement from the age of 60. If a member makes a request, BCC will email the Employer for the pensionable pay figure for the 12 months up to the date of the proposed retirement.

All other estimate requests must come from the Employer using the form provided as they are not voluntary and can only be triggered by the Employer.

Figures will be provided within 10 working days of the request.

PLEASE NOTE: BCC will provide two pension estimates per year as part of this SLA. If further quotes are required in any 12 month period BCC will charge for each additional estimate.

¹ The member may retire from the age of 50 if they were an active/contributing scheme member on 31 March 2008 and retire before 1 April 2010. If he/she joined the LGPS on or after 1 April 2008 their earliest retirement age is 55. From 1 April 2010 the earliest retirement age for all LGPS members will be age 55.

² BCC is unable to provide an ill health retirement estimate until the person has been referred to Occupational Health and the tier of ill health retirement confirmed.

RETIREMENT

Retirement can take many forms:

Normal retirement

Normal retirement occurs when a member ceases employment at the age of 65. The retirement date is the eve of their 65th birthday and the pension comes into payment on their 65th birthday.

Late retirement

A member can remain in the scheme until 2 days before their 75th birthday. If a person retires after age 65 it is considered a late retirement.

Voluntary early retirement

A member can elect to retire at any age between 60 and 65 and claim their pension benefits. If the member's age and service (in complete years) do not equal 85, their pension benefits are not paid automatically. The member will be given the option to take reduced benefits from the date of retirement, or to leave the benefits preserved until age 65, or the date the 85-year rule is satisfied (if earlier).

Redundancy and efficiency

If a member has attained the age of 55¹ and leaves on grounds of efficiency or redundancy, the pension benefits are payable immediately, without reduction for early payment.

Ill Health retirement

If a member's employment is terminated because of permanent ill health and the member has at least two years membership, the pension payable is to be based on the member's accrued membership:

1st Tier

- Plus 100% of prospective membership between leaving and age 65 where the member has no reasonable prospect of being capable of obtaining gainful employment² before age 65, or

2nd Tier

- Plus 25% of prospective membership between leaving and age 65 where the member is unlikely to be capable of obtaining gainful employment within a reasonable period of time but is likely to be able to be capable of obtaining gainful employment² before age 65.

3rd Tier

- With no enhancement where the member is likely to be able to obtain gainful employment² within three years of leaving and are payable for so long as he is not in gainful employment².

¹ The member may retire from the age of 50 if they were an active/contributing scheme member on 31 March 2008 and retire before 1 April 2010. If he/she joined the LGPS on or after 1 April 2008 their earliest retirement age is 55. From 1 April 2010 the earliest retirement age for all LGPS members will be age 55.

² Gainful employment is defined as "paid employment for not less than 30 hours per week for a period of not less than 12 months".

There is to be an underpin for certain existing older members (aged 45 or over on 31st March 2008) so that they receive no less than they would have received under the current scheme rules (i.e. under the LGPS Regulations 1997).

85-year rule

A member who has attained the age of 55¹ and is under the age of 60 can ask for early payment of benefits. The request must be made in writing to the Employer (or former Employer where the member has already left). It will be at the Employer's discretion to agree to payment of benefits.

If the member's age plus service (in complete years) equal 85 or more, the benefits will be paid without reduction; if they do not, they will be reduced accordingly. The Employer may waive any reductions on compassionate grounds. The term 'compassion' is not defined within the Regulations - a decision to exercise compassion must be seen to be fair and justifiable.

The opportunity to request early payment of benefits can be a member-led option or only used by the Employer as an alternative to redundancy or efficiency. Please see our notes on "Protected Members" in the appendices.

Flexible retirement

From the age of 55¹ and with their Employer's consent, a member can retire, draw pension benefits in full or in part and continue to work in the same role, but with a reduction in hours and/or grade. This is an Employer discretion and all Employers must have a Flexible Retirement Policy.

Action required by Employing Authority:

In all cases of retirement a completed leaving form is required. This should be emailed to BCC Pensions at least 4 weeks before the person's retirement date. You do not need to wait until you have made your final salary payment as BCC do not need the P45 at this stage, the P45 can be sent later.

If the person is retiring on grounds of:

- a) Redundancy/Efficiency - The Employer must complete the Early Retirement Certificate. This must be **signed** by a person authorised by the Employer to sign off early retirements.
- b) 85-year rule/Flexible retirement (before age 60 where there is pension strain) – The Employer must complete the Early Retirement Certificate. This must be **signed** by a person authorised by the Employer to sign off early retirements.
- c) Ill Health – The ill health certificate as issued by Occupational Health must be sent to BCC.

Please note that pensions are paid on the last working day of each month. The close down for payroll input is the 15th of each month.

¹ The member may retire from the age of 50 if they were an active/contributing scheme member on 31 March 2008 and retire before 1 April 2010. If he/she joined the LGPS on or after 1 April 2008 their earliest retirement age is 55. From 1 April 2010 the earliest retirement age for all LGPS members will be age 55.

Action required by Buckinghamshire County Council:

On receipt of the Leaving form and Early Retirement/Ill Health Certificate (if appropriate), BCC will calculate the pension benefits and write to the member detailing their options.

When the member has returned their forms, BCC will pay the lump sum and commence payment of the member's pension.

Cost of early retirement (Pension Strain)

When benefits are paid earlier than normal, there may be a cost to the BCC Pension Fund. If an Employer decides to retire someone early (other than on ill health grounds or in some flexible retirement cases) they will be required to pay a contribution to meet the cost of the strain on the fund. This is known as Pension Strain. The cost may be paid as a one-off lump sum or spread over a 5 year period with 7½% compound interest.

If there is a pension strain, BCC will contact the Employer in May each year detailing the pension strain costs for the year. Employers will be asked how they wish to pay, either up front or spread over 5 years.

DEATH IN SERVICE

If a member dies in service there is a death grant payable of three times their annual pensionable pay. If the member has completed a death grant nomination form, the death grant can be paid straight away to the person or persons nominated, otherwise it is payable to the estate of the deceased.

If there is a widow, widower, civil or nominated cohabiting partner and/or eligible children, there may be pensions payable to them.

Action required by Employing Authority:

If possible, please obtain a copy of the death certificate and where appropriate copies of the birth and marriage/civil partnership certificates from the widow/widower/civil partner and copies of birth certificates of any eligible children.

The Employer will need to notify BCC of the member's death using the "Notification of Employee leaving where Pension Benefits will be paid" form, giving the name and address of the person/next of kin to contact.

Action required by Buckinghamshire County Council:

On receipt of the leaving form BCC will calculate the benefits due and write to the next of kin.

SCHEME LITERATURE

Various forms can be obtained from BCC by telephoning 01296 383755, by email request to pensions@buckscc.gov.uk or preferably by accessing our webpages at www.buckscc.gov.uk/pensions

Current literature includes:

- A starter pack for new entrants containing
 - Brief guide to the LGPS
 - Death grant nomination form
 - Cohabiting partner nomination form
 - Transfer Quote Request Pack
 - LGPS Interfund Transfer Form
 - LGPS Opt out form
- A retirement pack for members retiring
- AVC promotional literature

PRESENTATIONS AND TRAINING

BCC offers a variety of presentations available to scheme members and training sessions available to Employers.

Presentations include:

- Induction – For new employees
- Midlife Planning course
- Pre-Retirement Course

These courses are available upon request by Employers. Employers must provide the venue and notify employees concerned of its availability. Due to a high demand for courses, BCC cannot offer this service to groups of less than 20 people. A course will be cancelled unless the required number of employees is available.

To arrange a presentation, please email pensions@buckscc.gov.uk

LGPS Information Video

In 2007 the Local Government Employers organisation commissioned a video presentation to help LGPS pension funds and employers communicate the changes to the LGPS from 1 April 2008. A copy of the LGPS video, in DVD & CD-ROM format, was sent to all our Employers in February 2008 to use as required, in both communicating the changes to existing members of the LGPS moving over to the new look Scheme, and in communicating the key provisions of the Scheme to new LGPS members after 31 March 2008.

The presentation is split into three sections:

- Introduction – Why the scheme is changing
- Overview of the LGPS from 1 April 2008
- Questions and Answers for existing members

The “Overview of the LGPS” section covers the provisions of the Scheme that apply from 1 April 2008 only; the other two sections cover the effect of the changes on those employees who have pre-April 2008 LGPS membership.

Using the DVD / CD-ROM indicates that the viewer accepts the terms and conditions of its use (included on the discs).

Training

BCC are happy to visit Employers to go through this guide in detail. They will also offer assistance to Employers when filling in their annual LGPS returns.

Annual Meeting

A meeting is held each year in the autumn. Reports are given on the performance of the Fund, benefit entitlements and details of any changes due to take place in the following year. There are opportunities for Employers to raise questions. Employers will be invited to attend the next meeting closer to the time.

EMPLOYER DISCRETIONS

1. **Transfer in of pension benefits after 12 months**

Members should express their interest to transfer in previous pension rights within 12 months of joining the scheme. If a member applies to transfer in previous pension rights more than 12 months after joining, the late transfer can only be investigated with the Employer's permission.

2. **Early retirement**

Retirement before the age of 60 is at the Employer's discretion only. Employers must have a policy on Early Retirement, which must be reviewed regularly.

3. **Augmentation**

Augmented years or pension can be granted to a member at any time or any age. Employers do however normally decide to augment at retirement.

For help or advice on any of the above discretions, please contact Julie Vrondis on 01296 382328 or by email to jvrondis@buckscc.gov.uk



Pensions Section

Buckinghamshire County Council
County Hall
Walton Street
Aylesbury
Buckinghamshire
HP20 1UD

Website: www.buckscc.gov.uk/pensions/
Email: pensions@buckscc.gov.uk

APPENDICES

- i. Instructions for completing the Monthly Return spreadsheet
- ii. Employer Request for Estimate of Retirement Benefits
- iii. Notification of Employee Leaving where Pension Benefits will be Paid
- iv. Notification of Employee Leaving Early
- v. Notes on Pay: Pensionable, Final & Actual
- vi. Protected Members/Early Payment of Pensions

INSTRUCTIONS FOR COMPLETING THE NEW MONTHLY PENSION FORM

Because of the changes to the LGPS that came into effect on 1 April 2008, BCC's Treasury Team have introduced a new form to help monitor the pension contributions paid over each month by Employers. It replaces the form that has previously been used by Employers when they paid over monthly pension contributions.

- The purpose of the form is to allow both the Employer and the Pension Fund the opportunity to check contributions paid under the new rules.
- The form has been designed to be completed and returned as an Excel file.
- On the form there are two tabs that have input areas where data needs to be entered and a third tab that only contains data for a look-up table.
- On the *Summary Sheet* and *Employee Data* tabs the data input areas have been highlighted in pale yellow.
- There are some checks in the *Employee Data* tab – these are meant to be warnings of potential errors and can be ignored if the employer is satisfied that the information is correct.
- The form contains some example data to illustrate how the form works. This dummy data should be deleted before the form is used.

The *Summary Sheet* Tab

In the second tab titled "*Summary Sheet*" five pieces of information need to be entered into the highlighted yellow areas: -

1. The employer/contributing body name.
2. The contribution rate that applies to the employer/contribution body.
3. The month the pension contributions relate to.
4. The month the pension contributions were paid over to the Pension Scheme.
5. The employer contribution paid over.

All the other parts of the form summarise information from the *Employee Data* tab and do not require any input.

The *Employee Data* Tab

On the third tab titled "Employee Data" tab six pieces of information are required for each employee's contribution for the month: -

1. Employee's NI number.
2. Monthly pensionable salary.
3. Employee contributions paid based on pensionable salary.
4. Other employee contributions (excluding AVCs).
5. The percentage of a whole time equivalent that the employee works.
6. The employee's pension band range.

Once this information has been downloaded/input into the form the columns to the right will be populated confirming employee contribution rates, contribution overpayment/ underpayment, band ranges and a check on whether the pension band range looks reasonable.

These checks are only meant to be a guide to whether the data is correct.

Completion of form

Once the contribution data for the month has been entered into the form's tabs please check the summary form.

In particular, please check that the "total contributions paid over" box on the summary sheet agrees with amount you have paid / are going to pay to the Pension Fund.

Return Instructions

On completion the form should be emailed to treasury@buckscc.gov.uk .

Help

If you have any questions or require any assistance with completing this form, please email treasury@buckscc.gov.uk with your query and they will get back to you as soon as possible.

CONFIDENTIAL



Local Government Pension Scheme
Buckinghamshire County Council
Employer Request for Estimate of Retirement Benefits

Requests should be made by the Employer direct to the Pensions Section.

ESTIMATE DETAILS:

Please note an estimate cannot be provided unless ALL boxes below are completed.

Full Name:

Date of Birth:

NI Number:

Proposed last day of service:

Proposed type of retirement:

Please enter ONE of the following:

- Redundancy
- Ill Health
- Normal (Age 60+)
- Efficiency
- 85 year rule
- Flexible

Notional Full Time Equivalent Final Pay:
(average of pensionable pay for the 365 days immediately preceding last day of service) £

CONTACT DETAILS:

Name of person requesting estimate:

Job Title/Position:

Employer/Organisation Name:

Who should the quote be sent to?

What is their email address?

Local Government Pension Scheme
Buckinghamshire County Council



Notification of Employee Leaving where Pension Benefits will be Paid

To be completed when an employee is retiring or has died whilst in employment.

EMPLOYEE'S DETAILS

Title (Mr/Mrs/Miss): _____ Surname: _____

Forenames: _____

Date of Birth: _____ NI Number: _____

Address: _____

Postcode: _____ Employment No: _____

EMPLOYMENT DETAILS

1. **Last day of Service:** (the last day of the employment or the last day in the scheme if different) *DD/MM/YYYY*

2. **Reason for leaving:** (please tick to show which applies)

- | | | | |
|------------------------|--------------------------|--|--------------------------|
| Normal Retirement | <input type="checkbox"/> | Redundancy Retirement * | <input type="checkbox"/> |
| Efficiency Retirement* | <input type="checkbox"/> | Ill-Health Retirement * | <input type="checkbox"/> |
| Flexible Retirement * | <input type="checkbox"/> | 85 year rule Retirement * | <input type="checkbox"/> |
| Death | <input type="checkbox"/> | *Please provide the appropriate certificate. | |

3. **Amount of Employee Pension Contributions paid since the last 1st April:**

4. **Final Pay* Full-time Equivalent (FTE):**
Please show your workings in the box below.

*Please see notes for calculating Final Pay

5. **Actual Pay (FTE) at date of leaving:**

Please ensure that you also forward the P45 to the Pensions Section so that we can apply the appropriate tax code.

Name of person completing form: _____

Employer/Organisation Name: _____

Date: _____



Local Government Pension Scheme
Buckinghamshire County Council

Notification of Employee Leaving Early

To be completed when an employee leaves employment, for reasons other than retirement.

EMPLOYEE'S DETAILS

Title (Mr/Mrs/Miss): _____ Surname: _____
Forenames: _____
Date of Birth: _____ NI Number: _____
Address: _____

Postcode: _____ Employment No: _____

EMPLOYMENT DETAILS

6. Last day of Service: (the last day of the employment or the last day in the scheme if different) *DD/MM/YYYY*

7. Did the employee leave for any reason other than voluntary resignation? (e.g. dismissal) *YES/NO*

8. Amount of Employee Pension Contributions paid since the last 1st April: £

9. Amount of National Insurance Contracted-Out Earnings since the last 1st April*: £
*Only applicable if employee has less than 3 months LGPS membership.

10. Final Pay* *Full-time Equivalent (FTE)*:
Please show your workings in the box below.
*Please see notes for calculating Final Pay.

11. Actual Pay (FTE) at date of leaving: £

Name of person completing form: _____
Employer/Organisation Name: _____
Date: _____

2. Mr B Example Date of Leaving: 19 December 2008

01.03.08 to 31.03.08	£12500 x 1	x 1/12 =	1041.67
01.04.08 to 19.12.08	£13600 x (19/31)+8	x 1/12 =	<u>9761.29</u>
Sub-total			=10802.96

10802.96 / 294 x 365 = £13411.84 (Total Final Pay)

NB: Where a member hasn't completed a full year in the scheme, work out the Final Pay as normal, calculate the days the person was actually in the scheme, divide your sub-total by these days and multiply by 365 to make it up to a full year.

3. Mr C Example Date of Leaving: 30 May 2009

31.05.08 to 29.03.09	£12500 x (1+29/31) + 9	x 1/12=	10383.06
01.04.09 to 30.05.09	£13600 x (30/31)+1	x 1/12=	<u>2230.11</u>
Sub-total			= 12613.17

12613.17 / 363 x 365 = £12682.66 (Total Final Pay)

N.B: Where there has been a break in service **due to strike** during the averaging period, calculate the final pay as normal, excluding the period of the break. Work out the number of days worked in the averaging period, divide the sub-total by the number of days worked and multiply by 365. This gives you the Final Pay for a full year.

4. Mrs D Example Date of Leaving: 30 May 2009

Had unpaid maternity leave of 62 days from 05.06.08 to 05.08.08

30.03.08 to 31.03.08	£12000 x (2/31)	x 1/12 =	64.52
01.04.08 to 04.06.08	£12500 x (4/30) + 2	x 1/12 =	2222.22
06.08.08 to 31.03.09	£12500 x (26/31) + 7	x 1/12 =	8165.32
01.04.09 to 30.05.09	£13600 x (30/31) + 1	x 1/12 =	<u>2230.11</u>
			12682.17 (Total Final Pay)

N.B: Where there has been a break in service for reasons other than strike (such as unpaid maternity leave), during the averaging period; the 'calendar year' is replaced by the last 365 days of employment in which contributions were paid

Any variable pensionable allowances should be added onto the end of the Final Pay calculation. Allowances such as 'Sleep-in' duties should not be pro-rated up to full-time. If the employee has worked a part-year these allowances should be added to Final Pay before the figure is pro-rated up to a full year.

Weekly Paid

The basic calculation is:

Full-time equivalent weekly pensionable salary x No. of weeks (or proportion of week) = £ A

The above calculation is performed for each different rate of pay throughout the year. Any pensionable allowances should be included in the pensionable salary. We have provided three examples below to illustrate how the calculation is used. In each example we assume a pay award on 1 April.

1. Weekly paid employee
2. Weekly paid employee – worked for less than 365 days
3. Weekly paid employee – break of service in the middle.

1. **Mr A Example** Date of Leaving: 30 May 2009

31.05.08 to 31.03.09	£239.46 x 43.4 =	10392.56
01.04.09 to 30.05.09	£260.54 x 8.6 =	<u>2240.64</u>
Total Final Pay		<u>12633.20</u>

2. **Mr B Example** Date of Leaving: 19 December 2008

01.03.09 to 31.03.09	£239.46 x 4.4 =	1053.62
01.04.09 to 19.12.09	£260.54 x 37.6 =	<u>9796.30</u>
Sub-total		=10849.92

10849.92 / 294 x 365 = £13470.14 (Total Final Pay)

NB: Where a member hasn't completed a full year in the scheme, work out the PR as normal, calculate the number of days the person was actually in the scheme, divide you sub-total by these days and multiply by 365 to make it up to a full year.

3. **Mr C Example** Date of Leaving: 30 May 2009

31.05.08 to 29.03.09	£239.46 x 43 =	10296.78
01.04.09 to 30.05.09	£260.54 x 8.6 =	<u>2240.64</u>
Sub-total		= 12537.42

12537.42 / 363 x 365 = £12606.50 (Total Final Pay)

N.B: Where there has been a break in service **due to strike** during the averaging period, calculate the final pay as normal, excluding the period of the break. Work out the number of days worked in the averaging period, divide the sub-total by the number of days worked and multiply by 365. This gives you the Final Pay for a full year.

4. **Mrs D Example** Date of Leaving: 30 May 2009

Had unpaid maternity leave of 62 days from 05.06.08 to 05.08.08

30.03.08 to 31.03.08	£230.14 x 0.2 =	46.03
01.04.08 to 04.06.08	£239.73 x 9.4 =	2253.46
06.08.08 to 31.03.09	£239.73 x 34 =	8150.82
01.04.09 to 30.05.09	£260.82 x 8.6 =	<u>2243.05</u>
		12693.36 (Total Final Pay)

N.B: Where there has been a break in service for reasons other than strike (such as unpaid maternity leave), during the averaging period; the 'calendar year' is replaced by the last 365 days of employment in which contributions were paid.

Any variable pensionable allowances should be added onto the end of the Final Pay calculation. Allowances such as 'Sleep-in' duties should not be pro-rated up to full-time. If the employee has worked a part-year these allowances should be added to Final Pay before the figure is pro-rated up to a full year.

PROTECTED MEMBERS / EARLY PAYMENT OF PENSIONS

If members voluntarily retire before age 65, their benefits may have reductions applied before they are paid. If they were contributing to the Scheme on 30 September 2006, they may have protected rights regarding early payment of their benefits. The reductions depend on whether they satisfy what is known as “the 85-year rule” and whether they fall into a protected category of membership.

The 85-year rule

Historically the 85-year rule has allowed scheme members to retire before age 65, without reductions, providing that at retirement their age and service (both measured in whole years) adds up to at least 85, e.g. age 65 + 25 years membership = 85.

Where this rule is not met, reductions are applied to the pension and lump sum based on the period between the date the benefits are paid and the date the member would have met the 85-year rule. Where the 85-year rule is not met before age 65, the reductions are based on the period to age 65.

If a member wishes to voluntarily retire between the ages of 55 and 60, employer’s consent is needed before benefits can be paid.

From 1 October 2006 the 85-year rule has been removed from the LGPS, but there are a number of protected categories of membership. It should be noted that if a member would never have satisfied the 85-year rule before age 65, they are not affected by its removal. The full list of categories is as follows:

1. Members who joined the scheme on or after 1 October 2006

The 85-year rule will not apply to any of their service. If benefits are taken before age 65, reductions will apply, based on the period between the date benefits are paid and age 65.

2. Members who joined the scheme before 1 October 2006 and don’t turn 60 before 1 April 2020

The 85-year rule will apply to any benefits based on service up to 31 March 2008. This means that if they retire before age 65, their benefits will be assessed in two parts:

- The pension and lump sum based on their pre 1 April 2008 service will be reduced if they don’t meet the 85-year rule. The reduction will be based on how far short they are of satisfying the rule. If they meet the 85-year rule at retirement there are no reductions.
- The pension based on the service from 1 April 2008 will be reduced based on the number of years from retirement to their 65th birthday.

3. Members who joined the scheme before 1 October 2006 and who turn 60 before 1 April 2016

The protection for the 85-year rule is extended to 31 March 2016. This means that if they retire before age 65, their benefits will be assessed in two parts:

- The pension and lump sum based on their pre 1 April 2016 service will be reduced if they don’t meet the 85-year rule. The reduction will be based on how far short they are of satisfying the rule. If they meet the 85-year rule at retirement there are no reductions.
- The pension based on the service from 1 April 2016 will be reduced based on the number of years from retirement to their 65th birthday.

4. Members who joined the scheme before 1 October 2006 and who turn 60 between 1 April 2016 and 31 March 2020

The 85-year rule continues to be applied in full to any benefits based on service up to 31 March 2008. In addition, the benefits based on service from 1 April 2008 to 31 March 2020 will have the 85-year rule applied in part, which gives some protection, but not complete protection. This means that if they retire before age 65, their benefits will be assessed in three parts:

- The pension and lump sum based on their pre 1 April 2008 service will be reduced if they don't meet the 85-year rule. The reduction will be based on how far short they are of satisfying the 85-year rule. If they meet the 85-year rule at retirement there are no reductions.
- The pension based on service from 1 April 2008 to 31 March 2020 will be reduced according to a sliding scale. The sliding scale takes into account both the date they meet the 85-year rule and their 65th birthday, which means that the reduction applied will be less than the full reduction that would have applied if there was no protection.
- The pension based on the service from 1 April 2020 will be reduced based on the number of years from retirement to their 65th birthday.

What reductions will be applied to the Pension and Lump Sum?

The table below shows an extract of the reductions that will apply to the pension and lump sum depending on the number of years from their retirement date to age 65 (or the date the 85-year rule is satisfied, if they are covered by one of the 85-year rule protections highlighted earlier).

No. of years paid early	Pension reduction: men	Pension reduction: women	Lump sum reduction
0	0%	0%	0%
1	6%	5%	2%
2	11%	10%	5%
3	16%	15%	7%
4	20%	19%	9%
5	24%	23%	12%
6	28%	27%	14%
7	32%	30%	16%
8	35%	33%	18%
9	38%	36%	20%
10	41%	39%	22%

Example 1

A female with protected service up to 31 March 2016 where the 85-year rule still applies.

If the female member met the 85-year rule at age 62 and was retiring at age 60, she is retiring 2 years early. From the table it can be seen that her pension would be reduced by 10% and her lump sum by 5%.

Example 2

A female with service only from 1 October 2006 onwards, therefore no protected service.

If the female was retiring at age 62, she is retiring 3 years earlier than age 65; therefore the pension would be reduced by 15% and the lump sum by 7%.

Example 3

A male is retiring 2.5 years early.

Where the number of years early is not a whole number, the reduction will fall somewhere between two whole numbers. So, if a man was retiring 2.5 years early, the reduction would fall between the factor for 2 years early and the factor for 3 years early. In this case, the pension reduction would be 13.5 % (exactly halfway between 11% and 16%) and the lump sum reduction would be 6% (halfway between 5% and 7%).

FOR MORE INFORMATION CONTACT:

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