



**Roles and responsibilities of
Participating Employers**

(‘the Employer’)

& Third Party Payroll Providers

(‘Payroll Provider’)

and

The Administering Authority

(‘BCC’)

in relation to administration of the

Local Government Pension Scheme 2008 for the

Buckinghamshire Pension Fund

Effective Date: 1 June 2010



Section	Page
Summary Actions	1-2
Agreement	3-4
New Entrants to the Scheme	5-7
Changes	8
Reduction in Pay	9
Monthly Contributions	10
Year-end Return	11
Additional Contributions	12-13
Opt-outs	14
Unpaid Leave	15-16
Estimates	17
Leavers	18
Retirement	19-21
Death in Service	22
Scheme Literature	23
Presentations and Training	24
Employer Discretions	25
Appendices	26-38
Contact Details	39

Summary Actions

Topic	Pg	Employer/Payroll Provider Action	BCC Action
New entrants	5-7	<p>Automatically enter an eligible employee into the LGPS from the first day of employment</p> <p>Employer/Payroll Provider will send the spreadsheets to BCC by email to pensions@buckscc.gov.uk by the 15th of the month</p>	Set up a pension record and issue a statutory notification within 6 weeks
Changes	8	On a monthly provide a spreadsheet to BCC by email to pensions@buckscc.gov.uk detailing all relevant changes	Update the member's record and issue a statutory notification within 6 weeks
Reduction in Pay	9	Keep payroll data for 10 years	Use the pay notified to them
Monthly Contributions	10	<p>Submit both employee and employer contributions to BCC by the 19th of the month following deduction</p> <p>The spreadsheet should be emailed to treasury@buckscc.gov.uk</p>	Check the monthly return form and allocate contributions within 6 weeks of receipt
Year-end Return	11	Email the annual return to pensions@buckscc.gov.uk no later than 30 April and the subsequent deadlines within the Year-end timetable adhered to	Upload the data and adhere to the subsequent deadlines within the Year-end timetable

Additional Contributions	12-13	Commence, change or cease AVC deductions and pay the monthly contributions to the AVC provider no later than the 19 th of the month following deduction Commence, change and cease ARC deductions and pay over these amounts along with the regular monthly contributions	Notify the Employer/Payroll Provider of AVCs commencing Notify the Employer/Payroll Provider of ARCs commencing, changing or ceasing
Opt-outs	14	Action a request to opt-out and take the necessary refund/leaver action	Forward an opt-out form, email or letter to the Employer/Payroll Provider
Unpaid Leave	15-16	Deduct contributions on any mandatory periods and assess arrears on any optional periods and email the spreadsheet to pensions@buckscc.gov.uk	Update the member's record and issue a statutory notification within 6 weeks
Estimates	17	Email Employer Request for Estimate of Retirement Benefits" form to pensions@buckscc.gov.uk	Will provide estimate of benefits within 10 working days of receipt
Leavers	18	Email a completed leaving form by the 15 th of the month following the month in which the member left.	Will notify the member of their benefits within 20 working days of receiving the leaving form
Retirement	19-21	Email a completed retirement leaving form and any required certification to BCC at least 3 weeks before a member's retirement date.	Calculate the pension benefits and write to the member detailing their options within 10 working days.
Death in Service	22	Obtain certification if possible and email the appropriate leaving form to BCC within 10 working days of the Employer/Payroll Provider receiving notification of the member's death.	Calculate the benefits due and write to the next of kin within 10 working days.

Service Level Agreement

Agreement between

The Pensions Section of Buckinghamshire County Council ('the provider') and XXXX ('the user') for pension services for the period 1 June 2010 to 31 May 2011.

Specification

The services to be provided, agreed with the user are described in the specifications.

Contact point for queries

Provider

Pensions & Investments Manager
Buckinghamshire County Council
Pensions Section
County Hall
Aylesbury
HP20 1UD
01296 383755
pensions@buckscc.gov.uk

User

XXXX

Signed: Clive Palfreyman

Title: Assistant Head of Finance (Managed Services)

Date: XXXX

Signed: XXXX

Title: XXXX

Date: XXXX

General Conditions and Services

1. Basic Agreement

1.1 Service Level Agreement between ‘the user’ and ‘the provider’

‘The user’ requires the provision by ‘the provider’ of the services listed herein conforming to the standards specified in this document.

1.2 Definitions

The Participating Employer or Third Party Payroll Provider is hereafter known as ‘the user’ or ‘Employer/Payroll Provider’.

Buckinghamshire County Council is hereafter known as ‘the provider’ or ‘BCC’.

1.3 Period of Agreement

This Agreement shall remain in force for a period of one year from 1 June 2010, unless otherwise specified.

Variation of individual clauses and/or performance standards during the term of the Agreement must be agreed in writing between both parties and, when agreed, shall then become part of the original Agreement.

1.4 Indemnity

BCC indemnifies the user against any claims or loss of income or additional expenditure resulting from the proven negligence of BCC or its officers or any agent or company employed by BCC in the performance of services under this Agreement.

1.5 Monitoring and Review

Meetings shall be held by BCC and the user to monitor and review this Agreement as necessary.

In the event that BCC fails, except due to events outside its control, to provide a service in accordance with the Service Level Agreement, including any deadlines therein, it shall meet any reasonable cost or loss incurred by the user, its staff or scheme members.

1.6 Arbitration

In the event of a dispute as to performance, or interpretation of any clause of this Agreement, the matter shall be referred to an independent person with a financial qualification who shall be appointed with the agreement of the parties of this Agreement and whose decision will be binding on both parties.

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. If you are a Part 1 Scheduled body you must offer the member the option to backdate their membership to the date they started their employment. If you are a Part 2 Scheduled body or an Admitted body the employee cannot backdate their entry to the date they started. Details of Part 1, Part 2 and Admitted Bodies can be found at:

<http://timeline.lge.gov.uk/LGPS2008Regs/SI20093150/20080239.htm#>

Employees will pay contributions in accordance with the table below.

Band	Range (£) *	Contribution Rates (%)
1	0.00 - 12,600.00	5.5
2	12,601.00 - 14,700.00	5.8
3	14,701.00 - 18,900.00	5.9
4	18,901.00 – 31,500.00	6.5
5	31,501.00 – 42,000.00	6.8
6	42,001.00 – 78,700.00	7.2
7	78,700.00 or over	7.5

* The band ranges will increase in line with the Retail Price Index each April from 2011.

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 works 43.6 weeks (including holiday entitlement) by choice rather than due to the nature of the employment.

Band Assessment: £1,480.09 x 12 x 52/43.6 = £21,182.94, therefore Band 4 (6.5%) applies.

Actual monthly pay: £1,480.09

Monthly contribution: £ 96.21

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.

Band Assessment: £1,480.09 x 12 = £17,761.08, therefore Band 3(5.9%) applies

Actual monthly pay: £1,480.09

Monthly contribution: £ 87.33

Action required by the Employer/Payroll Provider:

When setting up a new payroll record for an employee, the Employer/Payroll Provider 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/Payroll Provider 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 and if eligible, the option to backdate to the date of starting the employment will be offered.

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/Payroll Provider will provide a spreadsheet to BCC by email to pensions@buckscc.gov.uk, detailing all new entrants to the pension scheme. The spreadsheet should be submitted by 15th of the month following the month payroll action was taken. An example of the spreadsheet is attached. Only the highlighted columns should be completed by the Employer/Payroll Provider 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
- Name of School (if applicable)

Action required by the Employer/Payroll Provider:

Each month the Employer/Payroll Provider will send the spreadsheets to BCC by email to pensions@buckscc.gov.uk by the 15th of the month. The Employer will issue the original statutory notification as detailed below to the employee, retaining the copy for their records.

Action required by BCC:

On receipt of the above spreadsheet, BCC will set up a pension record on their system for each employee. Within 6 weeks 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, result in an incorrect statement being issued and could also affect the calculation of the member's benefits when they leave or retire. Incorrect data being provided to the Fund Actuary at the triennial valuation will affect the Employer rate set and it could incur an additional administration charge in accordance with the Buckinghamshire County Council Pension Fund Pension Administration Strategy.

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/Payroll Provider 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/Payroll Provider and should contain the following information:

Hour/Band/Name Changes:

- NI number
- Payroll 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 the Employer/Payroll Provider:

Each month the Employer/Payroll Provider will send the spreadsheets to BCC by email to pensions@buckscc.gov.uk, detailing all relevant changes to member's records. The spreadsheet should be submitted by 15th of the month following the month payroll action was taken. This will include changes of hours or weeks worked, change of salary where the change affects the contribution band, change of name and 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 BCC:

On receipt of the above spreadsheet, BCC will amend the member's record with the information provided. Within 6 weeks of receiving the spreadsheet 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). Certain exclusions apply (flexible retirement) and the Pensions Section should be contacted for any clarification.

Action required by the Employer/Payroll Provider:

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

Action required by BCC:

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

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 the Employer/Payroll Provider:

The Employer/Payroll Provider will need to submit both employee and employer contributions to BCC by the 19th of the month following deduction along with an Excel spreadsheet (attached). The spreadsheet allows the Employer/Payroll Provider and BCC to check the contributions paid.

- 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 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 . The treasury team 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 BCC:

With 6 weeks of receipt, BCC 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 up to 31 March. BCC will send an email to the Employer/Payroll Provider 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 Employer/Payroll Provider:

The return should be emailed to pensions@buckscc.gov.uk no later than 30 April. In order to support the year-end process a timetable has been put in place to aid the issue of annual benefit statements and submission of data in relation to the triennial valuation. The timetable can be found in the Appendices.

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/Payroll Provider 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. All Employers/Payroll Providers will be issued with a guide to assist them with responding to year end queries and providing relevant information to enable those queries to be resolved at the first attempt.

Once all queries have been resolved by the Employer/Payroll Provider, 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 issue the statements to members' home addresses. The Employer/Payroll Provider will need to provide an up-to-date spreadsheet of members' home addresses and will be charged for the postage.

Full details of the deadlines applicable can be found in the Year-end Timetable in the Appendices.

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 BCC:

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/Payroll Provider for action.

Action required by the Employer/Payroll Provider:

On receipt of the original AVC application form from BCC, the Employer/Payroll Provider 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/Payroll Provider should NOT action an application form directly from the member. The form should be forwarded to BCC and the Employer/Payroll Provider should take no action unless notified by BCC.

Procedure for changes to AVCs in payment

Action required by the Employer/Payroll Provider:

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

Action required by BCC:

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

Monthly AVC pay over

Action required by the Employer/Payroll Provider:

AVC payments in respect of members must be paid over to Clerical Medical and/or Prudential no later than 19 days following the month in which the deduction was made. A schedule is to be emailed to Clerical Medical and/or Prudential 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 BCC:

No action is required by BCC.

Additional Regular Contributions (ARCs)

A member may request an estimate from BCC or use the online calculator available on the BCC website 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 Actuary's 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. Elections to purchase added years must have been made by 31 March 2008 so although deductions will continue for contracts in force, there will be no new contracts. A change in hours will require a re-assessment by BCC to the level of membership purchased/amount to be deducted.

Action required by Buckinghamshire County Council:

On receipt of the member's application, BCC will update their records and notify the Employer/Payroll Provider by email to commence ARCs, detailing the deduction period and the deduction amount. On receipt of a change in hour's notification, BCC will re-assess the level of membership being purchased and notify the employer if there is to be any change in the contributions deducted.

Action required by the Employer/Payroll Provider:

Upon receipt of the above email, the Employer/Payroll Provider will set up the ARCs as instructed or make changes to the added year's deduction. 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/Payroll Provider in writing that they wish to do so. This is normally done by completing the opt-out form available on the website, or by email/letter to the employer's payroll department/provider. 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 the Employer/Payroll Provider:

A member must notify the Employer/Payroll Provider 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/Payroll Provider. 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/Payroll Provider 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/Payroll Provider 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 BCC:

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/Payroll Provider 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 the Employer/Payroll Provider:

The Employer/Payroll Provider will take pension contributions for the first 30 days of any period of unpaid leave. If the leave exceeds 30 days, the Employer/Payroll Provider 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 on a monthly basis and whether or not pension contributions have been paid. This can be done on the Arrears/Absence spreadsheet which should be submitted by 15th of the month following the month payroll action was taken..

Action required by BCC:

On receipt of the confirmation from the Employer/Payroll Provider, 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 on to nil 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 the Employer/Payroll Provider:

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 which should be submitted by 15th of the month following the month payroll action was taken..

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

Action required by BCC:

Within 6 weeks of receipt of the confirmation from the Employer/Payroll Provider, BCC will update the member's record with the dates and produce a statutory notification. 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.

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. Employer contributions are not payable on strike days.

Action required by the Employer/Payroll Provider:

BCC need to be notified via the Arrears/Absence spreadsheet, which should be submitted by 15th of the month following the month payroll action was taken, 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 BCC:

On receipt of the confirmation from the Employer/Payroll Provider, BCC will update the member's record with the dates. If the member elected not to pay for a strike period BCC will produce a statutory notification. 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.

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
 - Early retirement – Age 60 to 64
 - Redundancy and efficiency – Age 55
 - Ill health retirement – Any age¹
 - Employer consent – Age 55
 - Flexible retirement - Age 55

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 early, normal or late 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 providing all the relevant information has been provided and there are no outstanding queries on the member’s record.

For redundancy, efficiency, employer consent or flexible retirement estimates, the Employer **must** have a Discretionary Policy.

PLEASE NOTE: BCC will provide two pension estimates per year as part of this SLA. If further quotes are required in a rolling year BCC will charge £10 plus VAT for each additional estimate.

¹ 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.

Leavers

When a member leaves the scheme BCC are required to notify the member of their deferred benefit entitlement within 3 months of their last day of scheme membership.

Action required by the Employer/Payroll Provider:

In all cases a completed leaving form is required. This should be emailed to BCC by the 15th of the month following the month in which the member left.

A final pay calculator is provided to assist Employers/Payroll Providers with the calculation of final pay.

Action required by Buckinghamshire County Council:

On receipt of the fully completed leaving form, BCC will calculate the member's deferred benefits and notify the member within 20 working days.

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.

Early retirement

A member can elect to retire at any age between 60 and 65 and claim their pension benefits. If the member has reduction to their benefits, 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 a later date.

Redundancy and efficiency

If a member has attained the age of 55 and leaves on grounds of redundancy or business efficiency, 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 employment¹ 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 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.

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".

Employer consent

A member who has attained the age of 55, 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.

Flexible retirement

From the age of 55 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 the Employer/Payroll Provider:

In all cases of retirement a completed leaving form is required. This should be emailed to BCC at least 3 weeks before a member'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. A final pay calculator is provided to assist Employers/Payroll Providers with the calculation of final pay.

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) Employer consent/Flexible retirement— 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.

For retirements detailed at a) and b), the Employer **must** have a Discretionary Policy. 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.

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 within 10 working days.

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

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 (subject to the discretion of BCC), otherwise BCC has discretion regarding payment.

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 the Employer/Payroll Provider:

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/Payroll Provider 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. Notification should be made within 10 working days of the Employer receiving notification of the member's death.

Action required by BCC:

On receipt of the leaving form BCC will calculate the benefits due and write to the next of kin within 10 working days.

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 web pages at www.buckscc.gov.uk/pensions

Current literature includes:

- A Brief Guide to the LGPS
- Death Grant Expression of Wish form
- Cohabiting Partner Nomination form
- Transfer Quote Request Pack
- LGPS Interfund Transfer form
- LGPS Opt-Out form
- LGPS Opt-In form
- A retirement guide 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

Training

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

Triennial Meeting

A meeting is held every three years in Autumn in the year prior to the Fund valuation. 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. Details of the annual meeting will be publicised in the quarterly employer newsletter.

Employer Discretions

Discretion to permit late inward transfer of pension rights

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.

Discretion to permit flexible 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.

Discretion to permit early payment of pension

An active or deferred member of the pension scheme aged 55 or more may apply for early payment of their retirement benefits. The Employer must have a policy on whether to allow such requests.

Discretion of employer to increase total membership of active member

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

Discretion of employer to award additional pension

Employers can award up to £5,000 additional pension at retirement.

For help or advice on any of the above discretions, please contact Principal Pensions Officer (Governance & Employer Liaison).

Buckinghamshire Pension Fund
County Hall
Aylesbury
Buckinghamshire
HP20 1UD
01296 383755
pensions@buckscc.gov.uk
www.buckscc.gov.uk/pensions

APPENDICES

- I. Instructions for completing the Monthly Return spreadsheet
- II. Year-end Timetable
- III. Employer Request for Estimate of Retirement Benefits
- IV. Notification of Employee Leaving where Pension Benefits will be Paid
- V. Notification of Employee Leaving Early
- VI. Notes on Pay: Pensionable, Final & Actual
- VII. Protected Members/Early Payment of Pensions

Instructions for Completing the Monthly Pension Form

- The purpose of the form is to allow both the Employer and BCC the opportunity to check contributions paid.
- 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 BCC.

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.

Task	Date	Responsibility
Annual Return issued	28 February	Pensions
Completed Annual Return returned	30 April	Employer
Employers with less than 100 Scheme members		
Contributions posted and Pensionable pay update run	Within two weeks of receipt of annual return	Pensions
1 st queries issued to employer	Within one week of pensionable pay update	Pensions
Response to queries received	Within three weeks of receipt of queries	Employer
Responses processed	Within one week of responses being received	Pensions
Further queries issued	Within one week of responses being received	Pensions
Responses to further queries	Within one week of receipt of queries	Employer
Further queries processed	Within one week of receipt	Pensions
Annual Benefit Statements issued	Within two weeks of year end queries being resolved	Pensions

Employers with more than 100 Scheme members		
Contributions posted and Pensionable pay update run	Within one month of receipt of annual return	Pensions
1 st queries issued to employer	Within three weeks of pensionable pay update	Pensions
Response to queries received	Within three weeks of receipt of queries	Employer
Responses processed and any further queries issued	Within two weeks of queries received	Pensions
Responses to further queries	Within two weeks of queries received	Employer
Further queries processed	Within one week of queries received	Employer
Annual Benefit Statements issued	Within two weeks of queries resolved	

NB: Upon receipt of your Annual Return, you will receive confirmation of the above by e-mail, with relevant dates to assist you in planning for year end queries.

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**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
- Employer Consent

If you require an estimate of costs for augmentation, please also indicate the amount to be used here £

If the above named is making additional payments please indicate in the box opposite.

*Please delete as appropriate:

*Added years/*AVCs/*Part-time Buy Back/ARCs

If paying AVCs do you require retirement options for these?

*Yes/*No

Standard benefits will be provided; do you require an estimate showing the maximum retirement grant?

*Yes/*No

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 and what is their email address?

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**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

- Last day of Service:** (the last day of the employment or the last day in the scheme if different) *DD/MM/YYYY*
- Reason for leaving:** (please tick to show which applies)
Normal Retirement Redundancy Retirement *
Efficiency Retirement* Ill-Health Retirement *
Flexible Retirement * 85 year rule Retirement *
Death *Please provide the appropriate certificate.
- Amount of Employee Pension Contributions paid since the last 1st April:** £
- 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: _____

Notes on Pay: Pensionable, Final & Actual

The LGPS regulations state that an employee's pensionable pay is the total of:

- Salary, wages, fees and other payments made to him for his own use in respect of his employment.
- Any other payment or benefit specified in his contract of employment as being a pensionable emolument.

And does not include:

- Non-contractual overtime
- Travel, subsistence or other allowance paid in respect of employee expenses
- Payment for loss of holiday entitlement
- Payment in lieu of notice of termination of contract
- Payment as inducement not to terminate contract

Pay must be taxable to be pensionable **but** not all taxable pay is pensionable.

Final pay, broadly speaking, is the pay on which contributions were paid, or deemed to have been paid, in the last 365 days of employment. 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). Certain exclusions apply (flexible retirement) and the Pensions Section should be contacted for any clarification.

If there is a gap in contributions, due to a leave of absence other than sickness, the final pay should be calculated based on the period actually worked and proportioned to a full year (see examples). In the event of strike break the final pay is assessed on the days payment was received in the last 365 days and the amount is multiplied up to a full year. Where there has been an absence due to sickness, any reduction in pay and contributions is treated as though it had not occurred.

Calculation of final pay

The method of calculation depends upon how the individual is paid i.e. weekly or monthly. The easiest way to show how final pay is calculated is by looking at a few examples.

Monthly Paid

The basic calculation is:

Full-time equivalent annual pensionable salary x Month (and/or proportion of month) x 1/12 = £ A

This 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. Monthly paid employee
2. Monthly paid employee – worked for less than 365 days
3. Monthly paid employee – with a strike break in the final pay period
4. Monthly paid employee - with a service break (other than strike)

1. **Mr A Example** Date of Leaving: 30 May 2010

31.05.09 to 31.03.10 £12500 x (1/31) + 10 x 1/12 =£10450.27
01.04.10 to 30.05.10 £13600 x (30/31)+ 1 x 1/12 =£ 2230.11
Total Final Pay £12680.38

2. **Mr B Example** Date of Leaving: 19 December 2009

01.03.09 to 31.03.09	£12500 x 1	x 1/12	=£1041.67
01.04.09 to 19.12.09	£13600 x (19/31)+8	x 1/12	=£9761.29
Sub-total			=£10802.96

$£10802.96/294 \times 365 = £13411.84$ (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 2010

31.05.09 to 29.03.10	£12500 x (1+29/31) + 9	x 1/12	=£10383.06
01.04.10 to 30.05.10	£13600 x (30/31)+1	x 1/12	=£ 2230.11
Sub-total			= £12613.17

$£12613.17/363 \times 365 = £12682.66$ (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 2010

Had unpaid maternity leave of 62 days from 05.06.09 to 05.08.09

30.03.09 to 31.03.09	£12000 x (2/31)	x 1/12	=£ 64.52
01.04.09 to 04.06.09	£12500 x (4/30) + 2	x 1/12	=£ 2222.22
06.08.09 to 31.03.10	£12500 x (26/31) + 7	x 1/12	=£ 8165.32
01.04.10 to 30.05.10	£13600 x (30/31) + 1	x 1/12	=£ 2230.11
			£12682.17 (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 last 365 days is those for which pay has been received on 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
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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 2010

31.05.09 to 31.03.10	£239.46 x 43.4 =	£10392.56
01.04.10 to 30.05.10	£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 2009

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

£10849.92/294x365 = £13470.14 (final pay)

NB: Where a member hasn't completed a full year in the scheme, work out the final pay as normal, calculate the number of 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 2010

31.05.09 to 29.03.10	£239.46 x 43 =	£10296.78
01.04.10 to 30.05.10	£260.54 x 8.6 =	£ <u>2240.64</u>
Sub-total		= £12537.42

£12537.42/363x365 = £12606.50 (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 2010

Had unpaid maternity leave of 62 days from 05.06.09 to 05.08.09

30.03.09 to 31.03.09	£230.14 x 0.2	=£ 46.03
01.04.09 to 04.06.09	£239.73 x 9.4	=£ 2253.46
06.08.09 to 31.03.10	£239.73 x 34	=£ 8150.82
01.04.10 to 30.05.10	£260.82 x 8.6	=£ <u>2243.05</u>
		£ <u>12693.36</u> (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 last 365 days is those for which pay has been received on 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 LGPS 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 who are not age 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 who are age 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 who are age 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:

Pensions & Investments Team
Buckinghamshire County Council
County Hall
Walton Street
Aylesbury
Buckinghamshire
HP20 1UD

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

Email: pensions@buckscc.gov.uk