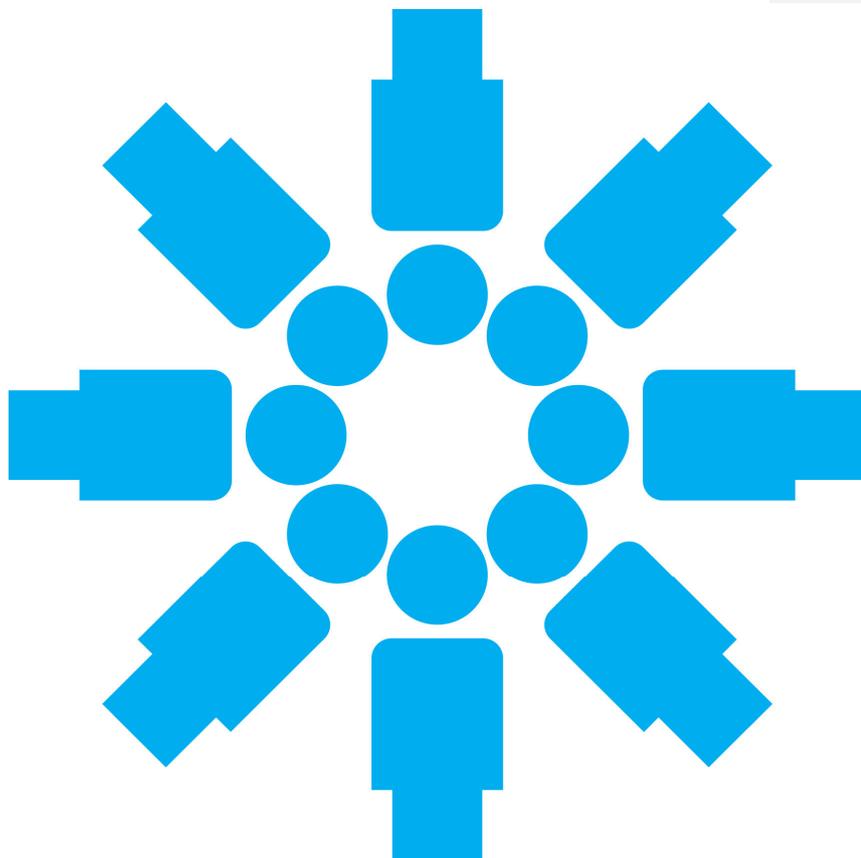


# Employers' Guide to the 2015 Scheme

(version 13 – revised ~~November~~ April

~~2019~~20)



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## Introduction

This guide has been written to help employers with the administration of the Local Government Pension Scheme (Northern Ireland), (LGPS (NI)). It is hoped that this guide along with the Human Resources and Payroll Guides will enable employers to carry out their responsibilities and duties effectively and efficiently.

Please remember that these are guidance documents only and not an interpretation of the LGPS (NI) regulations or other legislation. Employers may wish to seek their own legal advice regarding interpretation of the regulations.

The rules of the LGPS (NI) are set out in Statutory Regulations made by the Department for Communities. The relevant regulations are The Local Government Pension Scheme Regulations (Northern Ireland) 2014 and the Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014. These regulations have since been amended by the Local Government Pension Scheme (Amendment No.2) Regulations (Northern Ireland) 2015 and the Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2016.

Throughout this guide the LGPS (NI) is referred to as the Scheme.

A glossary provided at the end of the guide gives definitions of commonly used terms.

Scheme Administration and Form Filling training is available in May and November of each year, with Annual Return training arranged for January. Please contact our Employer Liaison Officer if you have any other training requests.

## Section 1 – Membership of the Scheme

### 1.1 Joining the Scheme

All new employees are brought into the Scheme from the first day of their employment, as long as they have a contract of three months or more and are under age 75. This is known as contractual enrolment. There is no option not to join the Scheme for these employees; however they may subsequently opt out if they wish. A few employers operate the Scheme on a 'closed' basis, which means that new employees are not eligible to join the Scheme. In these cases employers will have made other pension arrangements for their new employees.

If a new employee has a contract of employment of less than three months they may elect to join the Scheme from the start of the next pay period, or be enrolled from the automatic enrolment date if they meet separate criteria as defined under Automatic Enrolment legislation. When an employee with a short-term contract has it extended beyond three months, you must bring them into the Scheme from the start of the next pay period after the extension is agreed, or from the start of the first pay period after three months has been completed.

You should issue our NILGOSC Pension Guide to all new employees as part of their joining process. This booklet explains the benefits of the Scheme. Send an email to [info@nilgosc.org.uk](mailto:info@nilgosc.org.uk) if you need additional copies of this booklet.

### 1.2 Administration

Action by employer	Timescale
Ensure that your payroll provider is aware that all eligible employees automatically become members of the Scheme	
Your appointment letters and contracts should refer to membership of the LGPS (NI) and you should include a copy of the NILGOSC Pension Guide.	
Complete new member spreadsheet template SS1 with details of all new members and send to NILGOSC at <a href="mailto:autoenrolment@nilgosc.org.uk">autoenrolment@nilgosc.org.uk</a>	Within 30 days of the member joining

The new member template contains strict format and validation requirements. This is to ensure that the automatic process can uplift your data directly onto our system and create the memberships within legislative timescales.

The details will be registered and confirmation of the NILGOSC reference numbers and membership details will be returned to you via spreadsheet. If a contribution rate is found to be incorrect we will amend it before it is interfaced onto our software. We will issue a welcome letter directly to home addresses of new members with details of how to access My NILGOSC Pension *online* using their unique activation key. The online account will contain Scheme literature, a transfer request form and a form to collect information on previous employments.

### 1.3 Automatic Enrolment and Automatic Re-enrolment

1.3.1 When you reach your automatic enrolment date or automatic re-enrolment date all 'eligible jobholders' who are eligible for membership but are not active members in that employment are brought into the main section of the Scheme. This does not apply at automatic re-enrolment if the member has opted out within 12 months before the automatic re-enrolment date.

Although the member would initially be brought into the main section they could elect, on or after joining the main section, to move to the 50/50 section. If they do so before the first payroll is closed (after they are enrolled into the Scheme), they can, in effect, be brought into the 50/50 section from the first day of joining the Scheme.

Notification of the new member must be sent to both your Payroll Department (together with the confirmation of the relevant section – main or 50/50 - and the appropriate contribution rate) and to NILGOSC.

NILGOSC must be advised of the new joiner on a new member MS Excel spreadsheet template (SS1).

Where an employer has an 'eligible jobholder' who has opted out and the employer has enrolled them into another qualifying scheme before what would have been that person's automatic enrolment date or automatic re-enrolment date, that person will not be automatically enrolled or re-enrolled into the Scheme as they are already in a qualifying scheme. However, they and any other non-eligible jobholders or entitled workers who have opted out of the Scheme and been enrolled into another qualifying scheme do retain the right to join the Scheme at any time up to age 75.

Both the main section of the Scheme and the 50/50 section of the Scheme are a 'qualifying scheme' for automatic enrolment purposes from April 2015.

More information, an Employer Guide to Automatic Enrolment and template letters are available on the employers' section of the NILGOSC website.

#### 1.3.2 Administration

Action for employer	Timescale
Complete new member spreadsheet template SS1 with details of all new members and send to NILGOSC at <a href="mailto:autoenrolment@nilgosc.org.uk">autoenrolment@nilgosc.org.uk</a>	Within 30 days of the member joining

### 1.4 Re-joining the Scheme

1.4.1 A person who is eligible for membership, but who is not an active member in that employment, can apply to their employer to re-join the Scheme. If they do, they become an active member in that employment in the main section of the Scheme on the first day of the payment period following the application. A person is free to opt out of the Scheme and re-join as many times as they wish. However, if they opt out they lose the ability to combine their benefits at a later date.

A person cannot elect to join the 50/50 section of the Scheme before becoming a member of the main section of the 2015 Scheme. Therefore, an employee opting to re-join the Scheme would initially have to join the main section but they could elect, on or after joining the main section, to move to the 50/50 section. If they do so before the first payroll is closed (after they opt into the Scheme), they can, in effect, be brought into the 50/50 section from the first day of joining the Scheme. Notification of the new member must be sent to both your Payroll Department (together with the confirmation of the relevant section – main or 50/50 - and the appropriate contribution rate) and to NILGOSC.

For re-joining members who wish to join the 50/50 section there may be an administrative delay needed before you can send us the 50/50 election notice (SS12) to ensure that we have registered the re-joining member on our system and have advised you of the correct NILGOSC reference number to use.

NILGOSC will need to be advised of previous employments in order to determine what options are available to new members e.g. aggregation of benefits, qualifying breaks in service. NILGOSC will send a form LGS 10 directly to a re-joining member who has previous employments in order to offer the correct options. A member usually has 12 months to elect to aggregate deferred benefits with their new active record.

#### 1.4.2 Administration

Action for employers	Timescale
Complete new member spreadsheet template SS1 with details of all new members and send to NILGOSC at <a href="mailto:autoenrolment@nilgosc.org.uk">autoenrolment@nilgosc.org.uk</a>	Within 30 days of the member joining
Advise NILGOSC of election for 50/50 section by submitting SS 12	Within one month of the election taking effect

## Section 2 – Members’ Contributions and Pensionable Pay

### 2.1 Members’ contribution rates – main section and 50/50 section

The new Scheme contains two sections – the main section and the 50/50 section. While in the 50/50 section an employee pays half the contributions that would be due under the main section but the employer continues to pay full contributions (not half).

An employee joining the Scheme must initially be brought into the main section of the Scheme and their details provided to NILGOSC on SS1. They can elect, on or after joining the main section, to move to the 50/50 section. If they do so before the first payroll is closed (after they are enrolled into the Scheme), they can, in effect, be brought into the 50/50 section from the first day of joining the Scheme.

Notification of the new member must be submitted and confirmation of NILGOSC reference number received before you can send the SS12.

#### 2.1.1 Main Section Members’ Contribution Rates

The ~~2018/19~~2020/21 contribution rates that apply to each pensionable pay range while in the main section are shown in Table 1. This table will be updated for 1 April ~~2021~~2021.

**Table 1 - Members' Contribution Rates 2019/2020/21**

Band	Pensionable Pay Range for an employment	Contribution Rate for that employment
1	£0 to <del>£14,800</del> <u>£15,000</u>	5.5%
2	<del>£14,801 to £22,600</del> <u>£15,001 to £22,900</u>	5.8%
3	<del>£22,601 to £37,700</del> <u>£22,901 to £38,300</u>	6.5%
4	<del>£37,701 to £45,700</del> <u>£38,301 to £46,400</u>	6.8%
5	<del>£45,701 to £88,900</del> <u>£46,401 to £91,900</u>	8.5%
6	More than <del>£90,400</del> <u>£91,900</u>	10.5%

#### 2.1.2 50/50 Section Members’ Contribution Rates

The ~~2019/20~~2020/21 contribution rates that apply to each pensionable pay range while in the 50/50 section are shown in Table 2. This table will be updated for 1 April ~~2020~~2021.

**Table 2 - 50/50 Section Members' Contribution Rates**

Band	Pensionable Pay Range for an employment	Contribution Rate for that employment (50/50 section)
1	£0 to <del>£14,800</del> <u>£15,000</u>	2.75%
2	<del>£14,801 to £22,600</del> <u>£15,001 to £22,900</u>	2.90%
3	<del>£22,601 to £37,700</del> <u>£22,901 to £38,300</u>	3.25%
4	<del>£37,701 to £45,700</del> <u>£38,301 to £46,400</u>	3.40%

5	<del>£45,701 to £90,400</del> £46,401 to £91,900	4.25%
6	More than <del>£90,400</del> £91,900	5.25%

## 2.2 Contribution Banding

### 2.2.1 Assessment

From 1 April 2015, the Local Government Pension Scheme Regulations (NI) require that contributions rates are applied in tiers ranging from 5.5% to 10.5%.

The contribution rate is assessed per employment, so employers must assess each job separately for any employees with more than one employment.

The assessment must be made:

- on joining the Scheme,
- in the pay period into which 1 April falls each year, i.e. week 1 or month 1.

A reassessment of the contribution rate may be made:

- when there is a change in employment or a material change that affects their pensionable pay in the course of a financial year e.g. an hour change.

Contribution rates are determined according to the level of a member's actual pensionable pay, and not the full-time equivalent pay as was the case before 1 April 2015. Pensionable pay is defined in the Scheme regulations and is described in section 2.4.

You should include an estimate of the additional hours, overtime, or fluctuating emoluments that the member is highly likely to receive over the next year, if this is possible. You may need to look at what was earned in a previous year or by the previous post holder to make a reasonable assessment. If it is not possible to make a reasonable assessment NILGOSC will accept an assessment on actual contractual pay i.e. excluding non-contractual overtime and payments for additional hours.

Any reductions in pensionable pay due to sickness, child related leave, reserve forces leave or other absence from work are disregarded when assessing or reviewing the appropriate contribution rate.

If there is a change in employment or a permanent material change in the course of the financial year that affects a member's pensionable pay, you may review the rate and apply a new employee contribution rate.

It is advisable that your contribution banding policy details your approach to ensure consistency across your organisation.

### 2.2.2 Part-time or term-time workers

Rates are to be determined using the actual part-time pensionable pay for a year, rather than the full-time equivalent rate of pay. You must include an estimate of any additional hours or overtime likely to be worked during the year.

### 2.2.3 Casual employments

Now that rates are no longer based on full-time equivalent salary, you must make an assumption about the pensionable pay for workers employed on 'zero hours' or variable hour contracts. Employers need to make a reasonable assumption as to what the pensionable pay is likely to be for a year, e.g. look at what the worker or the previous post holder earned last year.

### 2.2.4 Multiple employments

Where two or more jobs exist the rate must be assessed on each job separately. This could mean that a member could be paying different rates on different jobs.

The only exception to this would be an employee with multiple contracts that constitute a single employment relationship. You need to determine if the totality of the contracts constitutes a single employment relationship with the employee. We recommend that you consider taking appropriate advice from an expert in employment law, if you are unsure. Generally speaking, if the employee could be made redundant in one post and remain working in the other then it is unlikely that it is a single employment relationship. More information on employment relationships is in Section 2 of the HR Guide.

#### 2.2.5 Communication

You must write to each member when you set the contribution rate in April each year, at any revision and for any new employments. Your letter must explain the rate that you have set and when it is applicable. Your letter must explain when the rate might change, for example if a contractual hour change moves the member into a different band. You must also detail the employer's address from which further information on the decision can be obtained and advise members of their right of appeal to the county court. You may also wish to include information on your own internal appeals procedure.

#### 2.2.6 Administration

Action by employer	Timescale
On 1 April or on joining allocate each member to the appropriate contribution band	By 1 April each year or by date of joining
Write to each member advising of contribution rate for next year and the appeals process.	As soon as possible before 1 April each year or as soon as possible for a new entrant

### 2.3 **Qualification for benefits (two year vesting period)**

The qualifying period for benefits in the Scheme is two years. This is also known as a two year vesting period and is the period of service that is needed to qualify for certain benefits under the Scheme e.g. ill-health retirement, redundancy benefits etc. A member is only entitled to a refund of contributions if they leave the Scheme and do not meet the two year qualifying period. A member will meet the two year qualifying period if:

- they have been a member of the Scheme for two years, or
- they have brought a transfer of pension rights into the Scheme from a different **occupational pension scheme** or from a European pensions institution and the length of service in that scheme or institution was two or more years or, when added to the period of time they are a member of the Scheme takes them over the two year limit, or
- they have brought a transfer of pension rights into the Scheme from a pension scheme or arrangement in which they were not allowed to receive a refund of contributions, or

- they have previously transferred pension rights out of the Scheme to a pension scheme abroad (i.e. to a qualifying recognised overseas pension scheme), or
- they already hold a deferred benefit or are receiving a pension from the Scheme (other than a survivor's pension or pension credit member's pension), or
- they have paid National Insurance contributions whilst a member of the Scheme and cease to contribute to the Scheme in the tax year of attaining pension age,
- they cease to contribute to the Scheme at age 75, or
- they die in service.

## 2.4 Pensionable pay

### 2.3.1 Post 31 March 2015 pensionable pay

Unlike the 2009 Scheme where pension benefits were based on the pensionable pay due for a period and not the pensionable pay received in that period, benefits in the new Scheme are calculated on the pensionable pay that is received in the Scheme year (1 April to 31 March) and not the pay due during that period. There is therefore no need to adjust pensionable pay on payment of arrears or other payments which are paid in, but not related to, the current pay period. However, any pensionable pay received after 31 March 2015 that relates to a period prior to 1 April 2015 must not be included in the pensionable pay calculation for that year.

Pensionable pay is the total of all the salary, wages, fees and other payments paid to the employee and any benefits specified in the employee's contract of employment as being a pensionable emolument. Pensionable pay now includes overtime and payments for additional hours. The payments for additional hours and overtime relevant to that employment should be included in the post 31 March 2015 pensionable pay (the CARE pay) but not included in the final pay that is used to calculate benefits built up before 1 April 2015 (see 2.4.3).

Fluctuating emoluments to the clerk of a district council should be added to the post 31 March 2015 pensionable pay (the CARE pay). However fluctuating emoluments to the clerk of a district council relating to the period before 1 April 2015 should be averaged over 3 years and added to the final pensionable pay for the purpose of calculating benefits. NB- see 2.4.3 re. fluctuating emoluments.

The following payments are specifically excluded from pensionable pay:

- Any sum which has not had income tax liability determined on it
- Any travelling, subsistence or other allowance paid in respect of expenses incurred in relation to the employment
- Any payment in consideration of loss of holidays
- Any payment in lieu of notice to terminate a contract of employment
- Any payment as an inducement not to terminate employment before the payment is made
- Any amount treated as the money value to the employee of the provision of a motor vehicle or any amount paid in lieu of such provision
- Any payment in consideration of loss of future pensionable payment or benefits
- Any award of compensation (excluding any sum representing arrears of pay) for the purpose of achieving equal pay in relation to other employees
- Any payment made by the employing authority to a member on reserve forces leave

- Any non-consolidated non-pensionable payment paid to a member as part of an annual pay award

### 2.3.2 Assumed pensionable pay (APP)

Assumed pensionable pay (APP) replaces the concept of notional pay, and must be used when a member is:

- on leave due to sickness or injury and is on reduced contractual pay or no pay
- on child-related leave
- absent on reserve forces service leave (does not apply if they qualify for any other occupational pension scheme in relation to that employment)

APP is calculated as the average of the pensionable pay the member received for the 12 weeks (or 3 months if monthly paid) before the pay period in which they went on to reduced pay or no pay because of sickness or injury or before they started a period of relevant child related leave or reserve forces service leave. This figure is then grossed up to an annual figure and applied to the relevant period. If this results in a pay that is materially different than the pay they would normally have received (either higher or lower) you can instead use their notional pay. If you do use the notional pay you must have regard to the pay received over a 12 month period, including any overtime worked and any term-time or family friendly working patterns etc. This is the figure that employer contributions are due on for the duration of the relevant absence, and ensures the member's pension savings aren't affected on account of this type of absence. Please ensure that this is included in your year end CARE pay remitted to us in your annual return. Members on child related leave who receive pay which is greater than their APP for any part of that period, accrue benefits on that higher level of pay for that part of the period. The calculation of APP and worked examples are described in detail in Section 4.3 of the Payroll Guide. Please also refer to Circular 03/2016 and 13/2019 for further details.

### 2.3.3 Final pay (pay for benefits built up before 1 April 2015)

This is usually the pay in respect of (i.e. due for) the member's final year of Scheme membership on which you paid contributions, or one of the previous 2 years if this is higher. The most important item to note is that this pay figure does not include non-contractual overtime or any payments for additional hours.

The definition of pensionable pay for membership before 1 April 2015 is the total of all the salary, wages, fluctuating emoluments and other payments paid in respect of his employment and any other payment or benefit specified in a contract of employment as being a pensionable emolument.

The following items are excluded from an employee's pre 1 April 2015 pensionable pay:

- payments for non-contractual overtime;
- any travelling, subsistence or other allowance paid in respect of expenses incurred in relation to the employment;
- any payment in consideration of loss of holidays;
- any payment in lieu of notice to terminate his contract of employment;
- any payment as an inducement not to terminate his employment;
- any payment to buy out an existing term or condition of employment;
- any amount treated as the money value to the employee of the provision of a motor vehicle or any amount paid in lieu of such a provision; or
- any award of compensation (excluding any sum representing arrears of pay) for the purposes of achieving equal pay in relation to other employees.

The pensionable pay for a part-time employee is the pensionable pay they would have received if they had been working their contractual hours and weeks during that period.

Where pensionable pay consists of fluctuating emoluments the average of the last three years' fluctuating emolument is used when calculating final pay or, at the employer's discretion, the average of any three consecutive years ending on a 31 March in the last ten years. If the fluctuating emoluments were only paid during part of the three year period they are averaged over the period they were paid.

Where final pay consists of a period of paid maternity, paternity or adoption absence during the final pay period the final pay is the pay the member would have received had they not been absent.

## 2.5 Pensionable pay and salary sacrifice

HMRC approved salary sacrifice arrangements (where an employee gives up remuneration in return for a tax assessable benefit in kind from which income tax liability is then removed) will remain pensionable under the 2015 Scheme if the benefit in kind is specified in the employee's contract of employment as a pensionable emolument.

Employee and employer pension contributions continue to be paid on the full pay, including the sacrificed amount.

An employee should balance the benefits of salary sacrifice against the future state benefits which they could be entitled to e.g. state pension. Where holiday entitlement is sold in return for additional remuneration, the extra pay will not be pensionable as it is a 'payment in consideration of loss of holidays'.

There are various salary sacrifice schemes but not all salary sacrifices can be pensionable. In brief the types of schemes are as follows:

Type	Can salary sacrificed be pensionable?	Comments
Child care – workplace nursery provision	Yes	The value of the child care benefit (i.e. the amount of salary foregone) should be specified in the employee's contract as being a pensionable emolument.
Child care vouchers	Yes	Value of the child care vouchers (i.e. the amount of salary foregone) should be specified in the employee's contract as being a pensionable emolument. If the vouchers are pensionable then employee and employer contributions are payable during any period of 'unpaid' additional maternity leave during which the employee is entitled to vouchers.
Green Schemes – provision of a cycle or cyclists safety equipment	Yes	Value of the employer provided cycle or cyclist's safety equipment (i.e. the amount of salary foregone) should be specified in the employee's contract of employment as being a pensionable emolument.

Type	Can salary sacrificed be pensionable?	Comments
Green Schemes – support for public bus services	Potentially yes	The value of the whole, or the relevant part should be specified in the employee’s contract as being a pensionable emolument.
Mobile phones	Yes	The value of the mobile phone (i.e. the amount of salary foregone) should be specified in the employee’s contract as being a pensionable emolument.
Canteen arrangements	No	N/a from 6 April 2011
Workplace parking	Potentially yes	The value of the benefit should be specified in the employee’s contract as being a pensionable emolument.
Cars	No	
Shared Cost AVC	Yes	The employer contribution to the SCAVC (i.e. the amount of salary foregone) should be specified in the employee’s contract as being a pensionable emolument. This could have tax implications if the member is a high earner.
Salary sacrifice equivalent to employee’s pension contributions	No	
Salary sacrifice for professional subscriptions	No	
Salary sacrifice for work-related training	No	
Sacrificing a pension in payment	No	

## 2.6 Back dated pay awards

If the payments relate to periods of employment from 1 April 2015 onwards, they are treated in relation to the period in which the payments are made. Current employee and employer contribution rates apply and payment is added to the CARE cumulative totals.

If the payments relate to periods of employment before 1 April 2015, they are treated according to the period in which the payment is due. Employee contribution rates are applied using the 2009 definition of final pay (see 2.4.3) and 2009 rates. Employer contribution rates are the current rate at the date the backdated payment is made. Pensionable pay relating to membership before 1 April 2015 must not be added into CARE cumulative totals.

If further pensionable payments are made after leaving the Scheme or after a leaver’s form has been submitted to NILGOSC the revised data must be sent to NILGOSC using an updated LGS15 marked ‘Revised’.

The additional pension resulting from a retrospective payment made after leaving (e.g. from a backdated pay award or backdated regrading) is treated as if it were received on the day before the active member account was closed and the pension in the account is retrospectively recalculated. For a pension already in payment this means that NILGOSC will have to recalculate and pay any arrears due and undertake annual allowance and lifetime allowance checks.

If the member had pre-1 April 2015 membership the pensionable pay will need a recalculation of final pay and any pension paid in respect of pre-1 April 2015 membership (or the underpin) will also need to be recalculated and arrears of pension paid.

NILGOSC reserves the right to refer backdated pay awards to the actuary if they might cause a strain on the Fund. See Section 12 on Strain Events.

Action for employers	Timescale
If member is active and payments relate to after 31 March 2015: Current employee and employer contribution rates apply and amounts are added to CARE cumulative totals	n/a
If member is active and payments relate to before 1 April 2015: Employees' contribution rates under the 2009 Scheme apply Employers' current contribution rates apply. Employers' must provide this information with their annual return.	30 April
If member has left: Complete a revised Leaver's Form (LGS15) for NILGOSC Forward arrears of employer and employee contributions to NILGOSC with next remittance.	Within 10 days of arrears being agreed

## Section 3 – Transfers to and from other Pension Schemes

### 3.1 Transfer in Request

A member must accept a transfer into the Scheme within the first 12 months of joining. The new member pack that is issued directly to new members by NILGOSC contains a Transfer Request Form (LGS8). A new member wishing to investigate a transfer of other pension benefits into the Scheme must complete this form and return it directly to NILGOSC. On receipt NILGOSC will write to the previous pension provider and request a transfer quotation. When the transfer quotation is received from the previous pension provider, NILGOSC will issue the member with a transfer in quotation with an acceptance form for the member to complete if they wish to proceed with the transfer. It is this signed acceptance form that NILGOSC must have received before the member has been in the Scheme for 12 months.

### 3.2 Information on previous employments

NILGOSC will require information on previous employments to determine whether the member has had a break of more than five years outside public service. This information is important because NILGOSC needs to determine how a transfer in should be treated and whether it will buy only CARE pension and/or final salary benefit. A form (Form LGS 10) to collate this employment information will be included in the new member packs that are sent by NILGOSC directly to the home addresses of new members.

### 3.3 Transfer out request

If a member has left the Scheme they may wish to request a transfer to another pension arrangement. They cannot transfer their benefits (other than AVCs) if they leave less than one year before their Normal Pension Age (NPA). The option to transfer must be made at least 12 months before their NPA. Please note that the option to transfer does not exist if there is an immediate pension benefit entitlement e.g in the case of redundancy, efficiency of the service or ill health retirement.

If the member is transferring from the Scheme (where benefits are termed 'safeguarded benefits') to a defined contribution arrangement then members must take appropriate independent financial advice before transferring. This requirement to take advice only applies if the cash equivalent transfer value of all the member's Scheme benefits is £30,000 or more. NILGOSC will check that this advice has been taken before the transfer can proceed.

If a member is looking for information on Freedom and Choice and the flexibilities that it offers to members of Defined Contribution (DC) schemes (not the LGPS (NI) as it is a Defined Benefit Scheme) you should refer them to the Freedom and Choice section on the NILGOSC website.

### 3.4 Potential consequences for a Scheme employer who encourages members to transfer benefits out from the Scheme

An employer would have to meet the cost of the independent advice in the following circumstance:

If two or more LGPS (NI) members are sent information by, or on behalf of, an employer setting out the options available to the member in terms that encouraged, persuaded or induced the member to request a transfer from the LGPS (NI) to a DC scheme offering flexible benefits.

In addition, under automatic enrolment rules a Scheme employer cannot take any action where the sole or main purpose is to induce a member to opt out of the Scheme (without immediately providing an alternative qualifying scheme).

In the event of a breach of this legislation, the Pension Regulator could issue the Scheme employer with a compliance notice and ultimately the employer could be subject to a fixed penalty notice of not more than £50,000.

## Section 4 – Changes in Sections, Employment Details and Personal Circumstances

### 4.1 Moving between Sections

A member may elect to move between the main and 50/50 sections of the Scheme any number of times but the election only takes effect from the next available pay period. If the member has concurrent employments they may move between sections for any or all of the employments that they hold.

An employer must give a member who elects to join the 50/50 section information on the effect that this decision is likely to have on their Scheme benefits. NILGOSC has provided this information on the back of the election form, should employers wish to use it.

A member going on to no pay due to sickness or injury or ordinary maternity, paternity or adoption leave must be moved back into the main section from the beginning of the next pay period, providing they are still on no pay at the beginning of that pay period.

A member in the 50/50 section must be automatically moved back into the main section at the employer's automatic re-enrolment date.

#### 4.1.1 Administration

Action by employer	Timescale
Provide member with 50/50 election form (LGS12) or main section election form (LGS11). These forms are also available on NILGOSC's website.	On request
Move member into either main or 50/50 section from the next available pay period.	From next available pay period
Advise NILGOSC that the member has elected for 50/50 section by completing SS12. Advise NILGOSC that the member has elected for main section or been moved back into the main section due to no pay due to sickness or injury by completing SS 11 and forwarding to <a href="mailto:info@nilgosc.org.uk">info@nilgosc.org.uk</a> .	Within one month of the election taking effect
Advise NILGOSC of bulk movement of members from 50/50 section to main section at the employer's automatic re-enrolment date – complete SS11 and forward to <a href="mailto:info@nilgosc.org.uk">info@nilgosc.org.uk</a> .	Within one month of bulk movement taking effect

### 4.2 Changes in employment details

#### 4.2.1 Changes in post reference

NILGOSC must be notified of changes in all employees' works number/ post reference using form LGS 25.

#### 4.2.2 Changes in employee's contribution rate

NILGOSC must be notified of changes in all mid-year employees' contribution rates using form LGS 25. Normal annual changes as part of the annual attribution process at year end must be notified as part of the annual return process.

4.2.3 Changes of contractual hours and term-time weeks

Employers are still be responsible for informing NILGOSC of any changes to contractual hours or term-time weeks for any members to whom the underpin applies i.e. any members who were active on 31 March 2012 and were born before 1 April 1957, any members who are paying for added years contracts and any members who were active before 1 April 2009 and were aged 45 or over at that date. Form LGS 25 must be completed and forwarded to NILGOSC.

4.2.4 Administration

Action by employer	Timescale
<u>Changes in post reference:</u> Complete and forward Form LGS25 to NILGOSC	Within two months of the change
<u>Changes in employee's contribution rate (mid-year):</u> Complete and forward Form LGS25 to NILGOSC	Within two months of the change
<u>Changes of contractual hours or weeks:</u> Complete and forward Form LGS25 to NILGOSC	Within two months of the change

**4.3 Changes in personal details**

4.3.1 NILGOSC must be informed promptly of any changes to members':

- name
- address
- personal email address
- National Insurance Number
- date of birth (where previously incorrect)
- marital status.

Supporting documentation e.g. birth certificates may be required. Refer to form LGS24 for further details.

4.3.3 Administration

Action by employer	Timescale
Ask member to complete form LGS24 or complete the form on the members' behalf and forward to NILGOSC along with any supporting documentation.	As soon as possible after being notified or becoming aware of the change

## Section 5 - Absences

### 5.1 Sickness/injury

- 5.1.1 During a period of reduced contractual pay or no pay due to sickness or injury, Assumed Pensionable Pay (APP) is added to the member's pensionable pay cumulative and not the amount of any pay actually received.

The member will pay contributions on the pay received.

The employer will pay contributions on the APP during the period the employee is on reduced or no contractual pay. This means that employer contributions are due 'in full' on APP in cases of long-term sickness absence from 1 April 2015. This is a change from the 2009 position.

- 5.1.2 Any member in the 50/50 section of the Scheme will automatically revert to the main section of the Scheme from the beginning of the first pay period after going onto no pay if they are still on no pay at that time. It is possible in cases where an employer does not pay contractual pay for the first three days of absence that the no pay could straddle two pay periods and trigger the movement to the main section of the Scheme. Employers are advised to draw this to the attention of their employees and to get a new 50/50 election completed before the payroll closes.
- 5.1.3 During any period of sickness on reduced contractual pay, any pre-existing Additional Pension Contribution (APC)/ Shared Cost APC (SCAPC) contracts remain payable. If the employee is in receipt of no pay the employee contributions are deemed to have been paid but the employer must continue to pay the employer contributions to a SCAPC. Any employee APCs actually collected (but not those deemed to have been paid) must be added into the employee APC cumulative and any employer contributions to a SCAPC must be added into the employer SCAPC cumulative.
- 5.1.4 Any pre-existing AVC / SCAVC contracts remain payable (unless the member, or the employer in the case of a SCAVC, elects to end the contract) for so long as there is enough pay to cover them. Any member paying AVCs for additional life assurance cover will have to make arrangements to continue to pay the life assurance AVCs during any period when there is not enough pay to cover them, if they do not want their AVC life assurance cover to lapse).
- 5.1.5 Any existing part-time buy-back contracts must continue to be paid. Members do not pay contributions on ARCs or added years during periods of unpaid sick leave.
- 5.1.6 Contributions are payable on Statutory Sick Pay during any period that the employee is receiving full contractual sick pay, reduced contractual sick pay or nil pay.
- 5.1.7 Administration

Action for employers	Timescale
Deduct contributions from the member on the actual pay received	On running payroll
Pay employer contributions on the APP while the employee is on reduced or no contractual pay.	On running payroll

Automatically move a member in the 50/50 section back into the main section from the beginning of the first pay period after going onto no pay.	From the beginning of the first pay period after going onto no pay
Notify NILGOSC that the member is back in the main section by forwarding completed SS 11.	Within one month of the change
Pre-existing APC/SCAPC contracts remain payable as per 5.1.3.	n/a
Pre-existing AVC / SCAVC contracts remain payable as per 5.1.4	n/a
Any pre-existing part-time buy-back contracts must continue to be paid.	n/a
Do not take contributions on ARCs or added years during periods of unpaid sick leave.	
Complete LGS34 at commencement of unpaid sick leave and forward to NILGOSC	Within 30 days of going on unpaid sick
Complete LGS35 on return to work and forward to NILGOSC	Within 30 days of return to work

## 5.2 Relevant child-related absences

- 5.2.1 During a period of relevant child-related leave (ordinary maternity, paternity or adoption leave or paid additional maternity, shared parental, adoption leave) the member will build up 1/49<sup>th</sup> assumed pensionable pay if they are in the main section or 1/98<sup>th</sup> assumed pensionable pay if they are in the 50/50 section.

The member pays contributions on the actual pay received.

The employer pays contributions on the Assumed Pensionable Pay (APP).

- 5.2.2 If the pay received for a Keeping in Touch (KIT) day or Shared Parental Leave In Touch (SPLIT) day is higher than APP the member will accrue 1/49<sup>th</sup> of that pay for that day if they are in the main section or 1/98<sup>th</sup> if they are in the 50/50 section.
- 5.2.3 If a member in the 50/50 section goes onto no pay during ordinary maternity, paternity or adoption leave they are automatically moved back into the main section from the first available pay period after going on to no pay, providing they are still on no pay at the beginning of that pay period.
- 5.2.4 During **any** period of relevant child related leave (ordinary maternity, paternity or adoption leave and paid additional maternity, shared parental or adoption leave) any pre-existing APC / SCAPC contracts remain payable. If the employee is in receipt of no pay, the employer contributions to a SCAPC remain payable but the employee payments due to an APC or SCAPC which could not be collected roll over as a debt to be recovered from pay upon return to work.
- 5.2.5 Any pre-existing AVC / SCAVC contracts remain payable (unless the member, or the employer in the case of a SCAVC, elects to end the contract) for so long as there is enough pay to cover them. Any member paying AVCs for additional life assurance

cover will have to make arrangements to continue to pay the life assurance AVCs during any period when there is not enough pay to cover them, if they do not want their AVC life assurance cover to lapse.

5.2.6 Any existing part-time buy-back contracts, ARCs and added years contracts must continue to be paid.

5.2.7 Administration

Action for employers	Timescale
Deduct member contributions on actual pay received	On running payroll
Pay employer contributions on assumed pensionable pay	On running payroll
Remit assumed pensionable pay for this period on annual return	By 30 April
Ensure that APC/SCAPC contracts are treated correctly as per 5.2.3.	n/a
Pre-existing AVC / SCAVC contracts remain payable as per 5.2.4	n/a
Any <del>pre-existing</del> pre-existing part-time buy-back contracts must continue to be paid as per 5.2.5	n/a

**5.3 Authorised Unpaid Leave**

5.3.1 The employee and employer ~~should pay~~should pay contributions for the first 30 days of absence.

5.3.2 If a member wishes to cover any period after the first 30 days they can do so through an Additional Pension Contributions (APC) contract. See Section 6.1. If they elect to do this within 30 days of returning to work (or such longer period as the employer may allow) the cost of the APC contract is split 1/3<sup>rd</sup> employee, 2/3<sup>rds</sup> employer. If they elect to do this after 30 days (or outside such longer period as the employer may allow) the cost of the APC contract is at full cost to the member. The employer can only contribute to cover the 'lost pension' for the first 3 years of any break (35 months as the first month should already have been paid by both employee and employer).

5.3.3 For any Keeping in Touch (KIT) of Shared Parental Leave In Touch (SPLIT) day during this period the member will accrue 1/49<sup>th</sup> of the pensionable pay received on that day if in the main section and 1/98<sup>th</sup> if in the 50/50 section. The employee and employer pay contributions on the actual pay received.

5.3.4 During any other period of authorised leave of absence (including unpaid additional maternity, shared parental or adoption leave) any pre-existing APC / SCAPC contracts remain payable. Although the employee is in receipt of no pay, the employer contributions to a SCAPC remain payable but the employee payments that were due to an APC or SCAPC which could not be collected roll over as a debt to be recovered from pay upon return to work.

- 5.3.5 Any pre-existing AVC / SCAVC contracts remain payable (unless the member, or the employer in the case of a SCAVC, elects to end the contract) for so long as there is enough pay to cover them. Any member paying AVCs for additional life assurance cover will have to make arrangements to continue to pay the life assurance AVCs during any period when there is not enough pay to cover them, if they do not want their AVC life assurance to lapse.
- 5.3.6 Any existing part-time buy-back contracts, ARCs and added years must continue to be paid.
- 5.3.7 During a break with permission an employee remains an active member of the Scheme – this means that the previous practice of deferring benefits can no longer continue.
- 5.3.8 Administration

Action for employers	Timescale
After 30 consecutive days break employer completes LGS34 and forwards to NILGOSC	Within 30 working days from the 31 <sup>st</sup> day of <del>the break</del> <u>the break</u>
Employer ensures contributions are paid for first 30 days of authorised unpaid absence	First available payroll run
Employer deducts contributions from any pay received during a KIT or SPLIT day.	Next payroll run
Employers must ensure that the CARE pay remitted to NILGOSC includes the APP that is applicable to cover the first 30 days	Annual Return
On return to work, if break is more than 30 consecutive days, complete LGS35 and forward to NILGOSC	Within 30 days of member's return to work
Notify member of right to cover period of unpaid leave using an APC, if the absence continued beyond 30 days. If a member wishes to cover the remainder of the break the employer will need to calculate 'lost' pension.	Immediately on return to work
Ensure that APC/SCAPC contracts are treated as per 5.3.4	n/a
Pre-existing AVC / SCAVC contracts remain payable as per 5.3.5	n/a
Any pre-existing part-time buy-back contracts must continue to be paid as per 5.3.6	n/a

#### 5.4 Unauthorised Leave or Absence without permission

- 5.4.1 Any period of unauthorised leave or absence without permission will not count towards membership in the Scheme.
- 5.4.2 Administration

Action for employers	Timescale
At commencement of unauthorised leave or absence without permission the employer completes LGS34 and forwards it to NILGOSC	Within 30 working days of commencement of break
On return to work following a period of unauthorised leave or absence without permission the employer completes LGS35 and forwards it to NILGOSC	Within 30 days of member's return to work

## 5.5 Industrial Action

- 5.5.1 No contributions are payable during a period where a member is absent for one or more days because of industrial action and that period will not count towards the member's pension benefits.
- 5.5.2 If a member wishes to cover the 'lost' pension for the period of industrial action they may do so through an Additional Pension Contribution (APC) contract either over a period of time or as a one-off lump sum. There is no employer contribution towards the cost unless the employer chooses to do so. There is no longer a limit of 30 days following the end of the recognised trade dispute for the member to decide to cover the 'lost' pension. See Section 6.1.
- 5.5.3 During any period of absence due to a trade dispute any pre-existing APC / SCAPC contracts remain payable. Although the employee is in receipt of no pay for the period of the industrial action, the employer contributions to a SCAPC remain payable. The employee payments that were due to an APC or SCAPC should be deducted if there is enough pay in the period from which to deduct the payment. Otherwise, the employee payment that was due will roll over as a debt to be recovered from pay upon return to work.
- 5.5.4 Any pre-existing AVC / SCAVC contracts remain payable (unless the member, or the employer in the case of a SCAVC, elects to end the contract) for so long as there is enough pay to cover them. Any member paying AVCs for additional life assurance cover will have to make arrangements to continue to pay the life assurance AVCs during any period when there is not enough pay to cover them, if they do not want their AVC life assurance to lapse.
- 5.5.5 Any existing part-time buy-back, ARCs and added years contracts must continue to be paid.
- 5.5.6 Administration

Action for employers	Timescale
Employers should inform those members who are absent due to industrial action of their right to purchase the amount of pension 'lost' during the period. They should also be advised of the implications of not opting to pay the contributions: <ul style="list-style-type: none"> <li>• Each day they are absent will marginally reduce the amount of pension to be credited to their CARE pension account</li> <li>• It may have a marginal impact on the final pay figure used in the calculation of their benefits for a member</li> </ul>	

<p>who was in the Scheme before 1 April 2015 and who leaves within 12 months (or 3 years in some cases) of the end of the trade dispute period</p> <ul style="list-style-type: none"> <li>In some cases it could extend by a day the date their 85 year rule is attained.</li> </ul>	
Complete the Service Break Return Spreadsheet SS35 in respect of any members who are subject to the underpin or the 85 year rule and forward to NILGOSC	Within 10 working days of the end of the Industrial Action
Ensure that APC/SCAPC contracts are treated correctly as per 5.5.3.	n/a
Pre-existing AVC / SCAVC contracts remain payable as per 5.5.4	n/a
Any pre-existing part-time buy-back contracts must continue to be paid as per 5.5.5	n/a

## 5.6 Reserve Forces Service Leave

- 5.6.1 The procedure is different under the 2015 Scheme. The employer calculates the Assumed Pensionable Pay (APP) amount while the reservist is on leave and provides this figure to NILGOSC as part of the annual return process so the member continues to build up pension as if they were still at work.
- 5.6.2 The employer tells the reservist the APP figure, the employer and employee contributions due and the amount of any other additional contributions being paid by the member. The reservist must then pass this information to the MOD who will deduct the employee contributions and additional employee contributions (if any) and pay these together with the employer contributions (apart from any additional employer contributions to a Shared Cost APC) directly to NILGOSC. The employer should continue to make employer contributions to a Shared Cost APC directly to NILGOSC. If the MOD incorrectly makes the payments to the employer, these should be forwarded to NILGOSC.
- 5.6.3 If the employer continues to pay the reservist some pay while they are on reserve forces service leave then no employee nor employer contributions are payable on that pay as it is non-pensionable.
- 5.6.4 During any period of reserve forces service leave (provided the person, if eligible to be in the Armed Forces Pension Scheme during the period of reserve forces service leave, has elected to remain a member of the Scheme), employee contributions to any pre-existing APC / SCAPC contracts remain payable (but not via payroll). The employer sends the relevant details to the reservist to pass on to the MoD in order to get them to arrange the relevant deductions from MoD reservist pay and for MoD to pay these over to NILGOSC.
- 5.6.5 Any pre-existing AVC / SCAVC contracts remain payable (unless the member, or the employer in the case of a SCAVC, elects to end the contract) for so long as there is enough pay to cover them. Any member paying AVCs for additional life assurance cover will have to make arrangements to continue to pay the life assurance AVCs during any period when there is not enough pay to cover them, if they do not want their AVC life assurance cover to lapse.

5.6.6 Any existing part-time buy-back contracts must continue to be paid.

5.6.7 Administration

Action for employers	Timescale
The employer calculates the APP and advises the member of the APP, employer and employee contributions that will be due directly to NILGOSC.	As soon as a member is going on Reserve Forces Service leave
The employer will remit the APP figure on its annual return to NILGOSC for the period the member is on reserve forces service leave	By 30 April each year
Ensure that the reservist is advised of the APC/SCAPC contracts that remain payable	As soon as a member is going on Reserve Forces Service leave
Ensure that the reservist is advised of any pre-existing AVC / SCAVC contracts and that they remain payable as per 5.6.5	As soon as a member is going on Reserve Forces Service leave
Ensure that the reservist is advised that any pre-existing part-time buy-back contracts must continue to be paid as per 5.6.6	As soon as a member is going on Reserve Forces Service leave
Complete LGS34 at commencement of reserve forces service leave	Within 30 days of going on leave
Complete LGS35 on return from reserve forces service leave	Within 30 days of return to work

## Section 6 – Increasing benefits and covering periods of lost pension

### 6.1 Additional Pension Contributions (APCs) – Employee only and employer/employee shared cost (SCAPCs)

#### 6.1.1 Background

Members in the Scheme can buy a maximum total amount of annual additional pension of £7,000-127 (~~2019/20~~2020/21 rates) using Additional Pension Contributions (APCs) with or without a contribution from the employer. This limit of £7,000-127 will be reviewed each April by Pensions Increase.

A calculator is available on the NILGOSC website to enable members to cost Additional Pension Contributions both to buy extra pension and to buy 'lost' pension. The factors for APCs can be revised during the contract period and any revision will take effect from the following 1 April.

#### 6.1.2 Buying Extra Pension

A member may choose to make a one-off contribution or regular additional contributions with or without a contribution from the employer in order to buy a set amount of additional pension. The cost is determined by the member's age and the amount they wish to purchase. An employee cannot commence an APC while they are in the 50/50 section. Contracts may be subject to a minimum monthly contribution set by NILGOSC.

A member wishing to buy extra pension must undergo a medical with NILGOSC's doctor to confirm that they are in good health. The member must pay for this medical. This is because extra pension is deemed to have been bought in full if the member subsequently retires on ill-health grounds.

#### 6.1.3 Buying 'Lost' Pension for authorised unpaid leave of absence

A member can buy 'lost' pension to cover a period of authorised unpaid leave of absence including any period of unpaid additional maternity, shared parental or adoption leave. Please note that pension is only lost from day 31 onwards of a relevant absence as contributions are due for the first 30 consecutive days and pension continues to build up on the member's APP during this period. Where a member elects to pay an APC to purchase any or all of the amount of pension lost during the period of absence and makes an election within 30 days, or such longer period as the employer may allow, of returning to work the employer must pay 2/3rds of the cost of the APC (a shared cost APC). An employee can commence an APC in these circumstances while they are in the 50/50 section. No medical is required in these circumstances.

#### 6.1.4 Buying 'Lost' Pension due to industrial action

A member can buy 'lost' pension to cover a period of industrial action even if they are in the 50/50 section. There is no longer a time limit for deciding to pay APCs to cover a break due to industrial action. No medical is required in these circumstances.

#### 6.1.5 Impact of subsequent periods of absence on APCs

During any subsequent period of:

- sickness or injury on reduced contractual pay or no pay, or
- child related leave (ordinary maternity, adoption or paternity leave plus paid additional maternity, shared parental or adoption leave plus unpaid additional maternity, paternity or adoption leave), or
- absence due to a trade dispute, or
- reserves forces service leave, or
- any other period of authorised leave of absence

any pre-existing APC/SCAPC contracts remain payable unless the member elects to end the contract. The exception is during a period of sickness or injury on no pay when the employee contributions to an APC or SCAPC are deemed to have been paid.

6.1.6 Setting up an APC contract

If a member wishes to purchase extra pension they will need to take the steps outlined below.

6.1.6.1 Buying Extra Pension

A member should go onto the APC calculator on the NILGOSC website and obtain a quotation for buying extra pension. Once they are content with the quotation they can print off the on-line application form (LGS27A). Alternatively they can download and complete Form LGS27A from our website stating the amount of pension to be purchased, the cash contribution (regular or lump sum), the period over which it is to be paid and if the member has more than one active member record, the record to which the APC is to be attached. This should be forwarded to NILGOSC along with a cheque for the medical.

NILGOSC will organise a medical and advise the member of the appointment details. Providing the member passes the Good Health Medical NILGOSC will advise both the member and the employer of the contributions payable and the commencement date. Contributions must not be deducted until the advice is received from NILGOSC.

Should the member have passed a birthday before the contract commences, the age at the date of commencement will determine the cost.

6.1.6.2 Buying 'lost' pension

The employee will need the employer to calculate the amount of lost pensionable pay for the period that they wish to cover. The amount of lost pensionable pay is the lost pay for the period of unpaid leave depending on whether they were in the main section during that period or in the 50/50 section during that period.

A member should then go onto the APC calculator on the NILGOSC website and obtain a quotation for buying lost pension. Once they are content with the quotation they can print off the on-line application form (LGS27B). Alternatively they can download and complete Form LGS27B from our website stating the amount of pension to be purchased, the cash contribution (regular or lump sum), the period over which it is to be paid, the reason for the purchase and if the member has more than one active member record, the record to which the APC is to be attached. This should be forwarded to the employer for verification. The employer must complete their section of the form and forward it to NILGOSC.

On receipt of the form NILGOSC will either issue an invoice or confirm the deductions to both the employer and the member and the effective dates. Employers must not commence deductions until they have been advised by NILGOSC.

6.1.7 Credit to pension account

At the end of each Scheme year, or at the date the APC contract is terminated, if earlier, the member's active pension account is credited with the amount of additional pension purchased that year. If the contract is terminated early because the member is retired with an ill-health pension the remaining amount of additional pension is deemed to have been purchased and is credited to the member's active account at the date of leaving.

6.1.8 Administration

Action by employer	Timescale
Advise a member returning to work after a period of unpaid leave that they have 30 days, or such longer period as the employer may allow to elect to cover the break if they wish to receive employer's contributions towards the cost.	Immediately when a member returns to work following a period of authorised unpaid leave
Calculate the amount of lost pensionable pay for the employee	Immediately when a member requests these figures
Complete the employer's section of form LGS27B and forward to NILGOSC	As soon as possible after receipt of form LGS27B
Commence deductions of APCs once advised by NILGOSC	Within pay period notified

**6.2 Employer only APCs**

6.2.1 Background

Employers can award additional pension of up to £7,008~~127~~ (20~~19~~/2020/21 rates) (less any amount of additional pension that the employer has already contributed towards or is contributing towards under a shared cost APC). This amount of £7,008~~127~~ (20~~19~~/2020/21 rates) will be reviewed in April each year by Pensions Increase. The award may be made within six months of leaving to those who have left on the grounds of redundancy or business efficiency. This additional pension is not reduced if the reason for leaving is redundancy or business efficiency.

6.2.2 Awarding Employer only APCs

The employer must advise NILGOSC of the amount of pension to be awarded and whether it is payable immediately (i.e. the member is leaving with an immediate entitlement to benefits) or at a later date. The employer makes a one-off contribution to buy a set amount of additional pension for the member. The cost is determined by the member's age, the amount to be purchased and whether it is payable immediately or at a later date.

6.2.3 Administration

Action for employers	Timescale
Employer must complete the appropriate sections of forms LGS16 and LGS15 and forward to NILGOSC	As soon as possible before leaving or within 6 months of leaving if the reason for leaving is redundancy or efficiency and the award is made after leaving.

### 6.3 Additional Voluntary Contributions (AVCs) and Shared Cost Additional Voluntary Contributions (SCAVCs)

#### 6.3.1 Background

Additional voluntary contributions (AVCs) can be made by the member or in the case of a Shared Cost AVC (SCAVC) by both the employer and member. The in-house AVC provider is Prudential. AVC contributions are either a cash amount or a percentage of pensionable pay up to a maximum of 50% of pensionable pay. The employer share of a SCAVC can vary across employees but the proportion for any individual may not vary during the term of the contract. The split between employer and ~~employees~~ employees' contributions for a SCAVC can be any ratio as agreed but not 100% cost to the employer.

A member may take up to 100% of their AVC fund as tax-free cash at retirement providing the cash amount is within HM Revenue and Customs limits.

#### 6.3.2 Setting up an AVC

A member should contact Prudential directly at The Retirement Specialist Team on 0800 032 6674 or apply online at [www.pru.co.uk/localgov](http://www.pru.co.uk/localgov). Prudential will advise the employer of any new AVC contributors or amendments to existing contracts. It will also send a notification to NILGOSC so that our records are kept up to date.

It is a requirement of the Pensions Act 1995 that any contributions deducted from an employee must be paid to the AVC provider within 19 days of the end of the calendar month in which the AVCs have been deducted. Please see section 6.6 for more information on making payments to Prudential.

#### 6.3.3 Administration

Action for employers	Timescale
Arrange AVC deductions from a member's pay once notified by Prudential	As soon as possible
Forward AVC contributions to Prudential promptly	By the tenth working day of the month following the month to which the contributions relate and in any event by the 19 <sup>th</sup> day of the calendar month following the month in which the AVCs were deducted

### 6.4 Impact on APCs and AVCs of moving between sections

The tables below set out the actions to be taken on moving either to or from the main section or the 50/50 section as well as the options within each section.

#### 6.4.1 Moving to the 50/50 Section

Type of contract	Action
Additional Pension Contribution (APC) contract	Must stop if being paid fully by the employee (unless to purchase pension lost due to a trade dispute in which case contributions continue to be paid

	in full or due to a period of unauthorised leave of absence or period of unpaid additional maternity, shared parental or adoption leave where the member is paying the full cost of the APC, in which case it continues unless the member terminates the contract).
Shared Cost Additional Pension Contribution (SCAPC)	Must stop (unless it is to purchase pension lost due to a period of authorised unpaid leave of absence or during unpaid period of additional maternity, shared parental or adoption leave in which case it continues at the full rate unless the member terminates the contract).
AVC or Shared Cost AVC	Continues at the normal rate unless member decides to terminate the contract.

#### 6.4.2 While in the 50/50 Section

Type of contract	Action
Additional Pension Contribution (APC) contract	Cannot start an APC if the employee is covering the whole cost (unless it is to purchase an amount of pension lost due to a trade dispute or due to a period of authorised leave of absence or period of unpaid additional maternity, shared parental or adoption leave where the member is paying the full cost of the APC).
Shared Cost Additional Pension Contribution (SCAPC)	Can start an SCAVC only if it is to purchase an amount of pension lost during a period of authorised unpaid leave of absence or during a period of unpaid additional maternity, shared parental or adoption leave.
AVC or Shared Cost AVC	Can start an AVC or Shared Cost AVC while in the 50/50 section.
Preston part-time buy back contributions	Can start while in the 50/50 section.

#### 6.4.3 Moving to the Main Section

Type of contract	Action
Additional Pension Contribution (APC) contract	Must continue
Shared Cost Additional Pension Contribution (SCAPC)	Must continue

AVC or Shared Cost AVC	Must continue unless member decides to terminate contract/arrangement
Preston part-time buy back contributions	Must continue
ARCs, added years, additional survivor benefit contributions (ASBC)	Must continue

6.4.4 While in the main section

Type of contract	Action
Additional Pension Contribution (APC) contract	Can start
Shared Cost Additional Pension Contribution (SCAPC)	Can start
AVC or Shared Cost AVC	Can start
Preston part-time buy back contributions	Can start

6.4.5 Administration

Action for employers	Timescale
Employer must check that correct deductions are being made as per the sections above	As soon as possible after change

**6.5 Old contracts**

6.5.1 Existing Additional Voluntary Contributions (AVCs), Shared Cost Additional Voluntary Contributions (SCAVCs), Additional Regular Contributions (ARCs), Preston part-time buy back contracts, Added Years contracts and Additional Survivor Benefit Contributions (ASBC) contracts in force immediately before 1 April 2015 continue.

If a member paying additional contributions under the above contracts moves to the 50/50 section the additional contributions under such contracts remain payable in full and not at half the rate.

6.5.2 Administration

Action for employers	Timescale
Employers must continue to deduct 'old' additional contributions at the same rate from the old definition of pensionable pay (i.e. excluding non-contractual overtime and payments for additional hours).	n/a

## 6.6 Making AVC Payments to Prudential

6.6.1 Member contribution schedules should be forwarded to the Prudential as an emailed spreadsheet with a supporting BACS or cheque payment. Daily interest and bonus accrue in members' accounts from the date of payment receipt and delays should therefore be minimised. Schedules must be received within 5 days of payment.

### 6.6.2 Contacting Prudential

For emailing contribution schedules only	<a href="mailto:AVC.cashschedules@prudential.co.uk">AVC.cashschedules@prudential.co.uk</a>
For any other email query	<a href="mailto:AVC.admin@prudential.co.uk">AVC.admin@prudential.co.uk</a>
For telephone enquiries	0345 600 0343
AVC postal address	AVC Customer Services Prudential Lancing BN15 8GB

### 6.6.3 Making payments to Prudential

#### **BACS payment details**

Prudential's preferred method of payment is BACS. Please find below the bank account details for the payment of AVC contributions:

Bank Name: HSBC Bank plc  
Bank Address: Client Management  
62 – 76 Park Street  
London  
SE1 9DZ

#### **BACS Standard Record Layout**

Destination Sort Code	400250
Destination Account No	31029142
Destination Account Name	PACCORPPMS6000

The payment **must** be sent with the standard references for identification, stating scheme number, paypoint number and payment period e.g. T665/12345/September 07.

The same account details and references can be used for any **CHAPS** payments.

### 6.6.4 Forwarding contribution information to Prudential

#### **Payroll File Format**

Prudential's ability to offer an efficient service relies on contribution data being submitted in a standard format. If you are using a direct download from your own

payroll system, the file must be in a Microsoft Excel, ASCII or Comma Delimited File format. Prudential can provide a template, if required. Below is an example of how the file should look:

Employer Name/Scheme ref /paypoint ref/ payment period (e.g Dummy Co/T665/1234/ September 2007)								
SURNAME	INITIAL	NINO	REGULAR AVC	SINGLE AVC	EMPLOYER AVC	EMPLOYER SINGLE AVC	YEAR TO DATE	COMMENTS
Bennett	R	AA112233R	110.13	0	200	578.58	578.58	
Fredericks	DEF	AA112233D	230.12	500	100	5,900.36	5,900.36	
Grant	N	AA112233N	43.76	0	0	636.48	636.48	
<b>Total</b>			384.01	500	300			<b>£1,184.01</b>

### Mandatory Information

References must include your employer name, scheme number, Prudential paypoint reference, and payroll period, i.e. month or week.

Please ensure each member is listed only once, **NINOs are mandatory**, single deductions must be separate from regular payments, as must any employer contributions. Submit separate files & payment if you have more than one Prudential paypoint.

#### 6.6.5 Forwarding contribution information by e-mail

In the subject header please provide your reference details, i.e. employer name, scheme number, Prudential paypoint reference, and payroll period, i.e. month or week.

In the body of the email Prudential suggests:

Please find attached the AVC member contribution schedule in respect of **September 2007** for employees of (insert your payroll). I confirm that a **BACS** payment amounting to **£1,184.01** will be paid in to your bank account on **dd/mm/yyyy**. If you have any queries, please contact me on (your tel number).

For cheque payments – a copy of the e-mail may be printed and forwarded with your cheque, saving the need to prepare a covering letter. Please make any cheques payable to 'Prudential'

#### 6.6.6 Data Security

When you send Prudential your initial email please use their secure email site. To access this site you need to go to [www.pruadviser.co.uk](http://www.pruadviser.co.uk) and click on 'contact us' at the top of the page. You then need to click on 'Register now' to create your account. Once this is done, you are able to send your emails to Prudential securely. If Prudential need to send you any information this will also be sent to you via their secure site. Prudential have a secure email guide for your information to help you with the use of their site.

## Section 7 – Leaving or opting out before retirement

### 7.1 Opting out

7.1.1 A member can opt out of the Scheme at any time using a written notice given to their employer stating that they wish to leave the Scheme (an opt-out form, LGS2). If they specify no date, or a date earlier than the date the notice is given, they cease to be an active member in that employment at the end of the payment period during which the notice is given (so from the end of the week, end of the month and so on).

If they do so within three months of joining they are treated as though they had never joined the Scheme and both employer and employee contributions are returned. The employer will action these refunds.

If they opt out within two years (and more than three months) of their date of joining they will be entitled to a refund of their contributions, less adjustment for tax and National Insurance or a cash equivalent transfer value payable to another registered pension scheme. There is no refund of employer contributions. NILGOSC will action these refunds.

If they opt out after two years from their date of ~~joining, or joining or~~ have transferred in membership from a previous pension (see list on 2.3), then they will be entitled to deferred benefits. We will calculate the pension entitlement built up to the date of leaving and inform the member of their options. These benefits will not become payable until retirement, and the member cannot claim payment while they are still employed in that job. Alternatively they could choose to transfer the value of their deferred benefits to another registered pension scheme using a cash equivalent transfer value.

Automatic Enrolment legislation has made it illegal for any employer to provide opt out forms to their employees.

The opt-out forms are only available from NILGOSC and can be obtained by the member by one of the following methods:

- download from NILGOSC's website [www.nilgosc.org.uk](http://www.nilgosc.org.uk)
- email [optout@nilgosc.org.uk](mailto:optout@nilgosc.org.uk)
- telephone NILGOSC on 0345 3197 325
- write to NILGOSC

The opt-out form is in two parts. The first part, which is the opt out request must be returned directly to the employer and the second part, which is the monitoring section, must be returned to NILGOSC.

A person cannot complete an opt-out form before commencing employment or before the date they join the Scheme.

Once you receive an opt-out form from an employee, you are responsible for ensuring that it is valid. The LGPS (NI) requires that opt out forms are not completed before an employee's first day of employment. Once you have reached

your staging date, separate Automatic Enrolment legislation states that you cannot accept an opt-out form as valid before the employee has received their categorisation letter and basic scheme literature (e.g. Template Letter B and a copy of the NILGOSC Pension Guide).

Employers must retain the opt-out notice for four years.

#### 7.1.2 Administration

Action by employer	Timescale
On receipt of a valid opt-out form LGS2 stop contributions from the date specified on the form. If the date has not been completed on the form, or if your payroll has already closed for that period, you must stop deductions from the end of the current pay period.	By the end of the current pay period
Advise NILGOSC of the opt out by submitting the member's details on the Opt-Out spreadsheet SS2 and send this to <a href="mailto:autoenrolment@nilgosc.org.uk">autoenrolment@nilgosc.org.uk</a> .	Within one month of the effective date of opting out
<u>If the opt out is within 3 months of joining</u> In addition to the opt-out spreadsheet you must refund the employee their contributions and you may take a credit of employer and employee contributions on your next remittance to us. We will treat the employee as never having been a member of the Scheme.	Within one month of the event
<u>If the opt out is more than 3 months from the date of joining</u> In addition to the opt-out spreadsheet SS2, you must complete form LGS15 and forward to NILGOSC.	Within 10 working days of the leaving date, or final payment date if later
Retain the opt-out notice LGS2	For a period of 4 years

## 7.2 Leaving the Scheme with more than two years' membership – deferred benefits

7.2.1 If a member leaves the Scheme before retirement and has at least two years' membership they will have built up an entitlement to a pension. They have two options:

- keep their benefits in the Scheme – these are known as deferred benefits and will increase every year in line with the cost of living, or
- transfer their deferred benefits to another pension arrangement.

7.2.2 On receipt of the completed LGS15, Leavers form, NILGOSC will calculate the member's deferred benefits and will forward a deferred benefit statement to the member's home address. These benefits will be payable from the member's normal pension age.

7.2.3 Administration

Action by employer	Timescale
Complete an LGS15 form and forward to NILGOSC.	Forward the completed LGS15 to NILGOSC within 10 working days of the leaving date, or final payment date if later.

**7.3 Transitional Arrangements**

7.3.1 Members who joined before 1 April 2015 will have transitional arrangements as the qualifying period for pension benefits changes from three months to two years on 1 April 2015. These transitional arrangements apply to any members who leave with less than two years' pre and post April 2015 membership. In these circumstances the member will have the option of either a refund or a deferred benefit.

**7.4 Summary table**

The table below summarises when a refund and/or a deferred benefit applies.

Membership at date of leaving (calendar length)	Refund applies	Deferred Benefits applies
Less than three months pre 1 April 2015 membership only	Yes	No
More than three months pre 1 April 2015 membership only	No	Yes
Less than three months post 31 March 2015 only	Yes	No
Between three months and two years post 31 March 2015 only	Yes	No
More than two years post 31 March 2015 only	No	Yes
Less than three months pre and post 1 April 2015	Yes	No
Less than two years pre and post 1 April 2015	Yes	Yes
More than two years pre and post 1 April 2015	No	Yes

## Section 8 - Retiring

### 8.1 Retirement – General

A member will qualify for retirement benefits if they have two years' membership in the Scheme or have reached their Normal Pension Age (NPA). A member cannot draw pension benefits in relation to an employment until they have left that employment (apart from on flexible retirement).

Normal Pension Age (NPA) has been redefined and is the employee's State Pension Age (with a minimum age of 65) for any benefits built up from 1 April 2015. Any benefits built up before 1 April 2015 continue to be payable without reduction from age 65, however, pre 1 April 2015 benefits cannot be drawn earlier than the post 31 March 2015 benefits (other than on flexible retirement).

If pension benefits are drawn before NPA they will be reduced. If drawn later than NPA, they will be increased, subject to 85 year rule protections that are carried forward for some members.

The 85 year rule protections for members subject to the 85 year rule (must have been a member on 30 September 2006) continue to automatically apply to the benefits from both the pre and post 2015 membership if benefits are drawn from age 60 onwards.

There are additional protections built into the Scheme called the underpin. This is described in Section 10.2.

Employers have the discretion to waive reductions from benefits (at a cost to the employer). See Sections 8.5 and 16.2.

### 8.2 Voluntary Retirement

A member may opt for retirement from age 55 to two days before their 75<sup>th</sup> birthday, when they must leave the Scheme. The employee will not require employer consent and an estimate of their benefits including any reduction to their pension, if applicable, should have been requested before the member makes this decision. There is no cost to the employer on voluntary retirement unless it chooses to apply the discretions described below.

The 85 year rule does not automatically apply in full to voluntary early retirements before age 60, but employers have the discretion to extend the rule of 85 protections for employees retiring before age 60. If the employer decides to apply the 85 year rule in full then the employer would have to meet any strain on the Fund cost. If the employer does not apply the 85 year rule in full then the member meets the cost of any strain on the Fund by a reduction to their pension.

In addition, the employer has the discretion to waive actuarial reductions (at a cost to the employer).

### 8.3 Redundancy/efficiency

Members who leave the Scheme on grounds of redundancy or business efficiency or whose employment is terminated by mutual consent on the grounds of business efficiency and who are aged 55 or over, will receive their pension benefits immediately and without actuarial reduction for early retirement (other than

additional pension bought by an Additional Pension Contract or Shared Cost Additional Pension Contract under regulations 18 or a pre-1 April 2015 Additional Regular Contribution (ARC) contract). Any member being made redundant with an immediate entitlement to pension benefits cannot transfer them to another pension arrangement. Any additional pension that is awarded via regulation 32 is not subject to an actuarial reduction when the reason for leaving is redundancy or efficiency. Employers may incur a strain cost due to early payment of unreduced benefits.

#### **8.4 Flexible retirement**

Flexible retirement is when a member aged 55 or over, and subject to certain conditions, continues working and participating in the Scheme (unless they have opted out) and draws their pension (in whole or part).

The member must have reduced their working hours or grade of employment and, with the employer's consent, elected to receive their benefits immediately. Benefits will be reduced on account of early payment (subject to certain protections for pre-2015 members). Employers may be charged for a strain on the fund.

On flexible retirement members would have to draw:

- all of their pre-1 April 2009 benefits, plus
- all, some or none of their 1 April 2009 to 31 March 2015 benefits, plus
- all, some or none of their post-31 March 2015 benefits, plus
- any "additional benefits" in accordance with the actuarial guidance issued by the Department.

"Additional benefits" are added years being purchased by the member, AVCs (if the member chooses to draw them), additional pension bought by APCs/SCAPCs, additional pension bought by ARCs and additional pension awarded by the employer.

Employers have the discretion to waive part or all of the actuarial reductions on flexible retirement on any grounds (not just compassionate grounds). See Sections 8.5 and 16.2. However, unlike with voluntary retirement, the employer does not have the discretion to turn on the Rule of 85 as it will automatically apply to any benefits with protections in the event of flexible retirement before age 60. Please see section 10.1 for further information on the Rule of 85.

#### **8.5 Ill-health retirement**

##### **8.5.1 Background**

A two-tier ill-health retirement system still applies for active members. For deferred members, the deferred pension is brought into payment early on ill-health grounds. To qualify for ill-health benefits two conditions must be satisfied:

- the member's ill-health or infirmity of mind or body renders the member permanently incapable of discharging efficiently the duties of the employment the member was engaged in; and
- the member, as a result of ill-health or infirmity of mind or body, has a reduced likelihood of being capable of undertaking any gainful employment before reaching normal pension age.

If NILGOSC is satisfied that those conditions are met, the tier of ill-health retirement benefits to be awarded to an active member is then decided as follows:

- A member is entitled to Tier 1 benefits if that member is unlikely to be capable of undertaking any gainful employment before NPA.
- A member is entitled to Tier 2 benefits if that member is likely to become capable of undertaking any gainful employment before reaching NPA.

The active member's pension that is built up to the date of retirement is enhanced as follows:

- Tier 1 - adjusting the active member's pension account by adding the equivalent of the amount of earned pension the member would have accrued between the day following the date of termination and the member's NPA under the 2015 Scheme, if that member had been treated as receiving assumed pensionable pay for each year and fraction of a year in that period.
- Tier 2 - adjusting the active member's pension account by adding 25% of the Tier 1 adjustment described above.

No enhancement can be added if the member has previously received a Tier 1 ill-health pension under the 2015 or 2009 Schemes or has received an ill-health pension under any earlier Scheme.

The enhancement for a member entitled to a Tier 1 or Tier 2 pension is adjusted if the member has previously received a Tier 2 ill-health pension under the 2015 or 2009 Schemes. The enhancement for both Tier 1 and Tier 2 shall not exceed three quarters of the number of years between the initial ill-health retirement and the member's NPA under the 2015 Scheme, less the number of years of active membership since the initial ill-health retirement.

Members covered by regulation 20(7) of the 2009 Scheme Benefit Regulations (minimum ill-health enhancement for those who were active members before 1 April 2009, were aged 45 or over at that time, have been in continuous membership since then, and have not already received any benefits in respect of that membership) will continue to apply when working out the amount of enhancement to add under Tier 1 or Tier 2.

In order to calculate the enhancements, assumed pensionable pay (APP) will need to be calculated by the employer once NILGOSC confirms that a member is entitled to a Tier 1 or Tier 2 ill-health pension. *NB: The same calculation applies where an active member dies in service.*

The APP figure is calculated in the normal way by using the average of the pensionable pay (excluding lump sums not payable every pay period) for the 12 (weekly) or 3 (monthly) most recent pay periods prior to the date of leaving (including any APP credited in and relating to those pay periods.) Any regular lump sums paid in the 12 months prior to the date of retirement / death, which the employer determines there is an expectation would again have been paid to the member, are added back into the annual rate of APP. If the calculated APP ends up with a figure that is materially different to the pay they would have received if they had not been absent, then you should substitute this with the 'notional pay'. Please note that 'materially different' means either higher or lower.

Where the Independent Registered Medical Practitioner (IRMP) certifies that the active member was working reduced contractual hours or at a lower grade during

the relevant 12 (weekly) or 3 (monthly) pay periods as a consequence of ill-health, the APP figure is to be calculated on the pay the member would have received during the relevant pay periods if they had not been working reduced contractual hours.

When calculating the enhancements, if the person was in the 50/50 section at the point of retirement, the election for 50/50 is treated as lapsed.

**8.5.2 Employer responsibilities**

If you have a member who is ill and no suitable alternative employment has been identified, you may refer the member for an ill-health medical examination. It is expected that you will already have sought an opinion from an occupational health doctor and that full supporting medical evidence and a job description will be provided along with the referral. Please refer to the Department for Communities Ill-health Guidance which is available on our website at [www.nilgosc.org.uk](http://www.nilgosc.org.uk). It is preferable that you do not terminate a member’s employment until the ill-health process has been completed.

**8.5.3 Reductions in hours or grade due to ill-health**

Employers should retain evidence of the ill-health condition as to why someone may have reduced their hours or grade as this may be required at a later date. NILGOSC may have to confirm the reasons for the reduction should the person qualify for ill-health retirement at a later date.

**8.5.4 Application for ill-health medical examination**

Action for employers	Timescale
Submit a Request for Medical Examination Form LGS22A to NILGOSC accompanied by a job description for the post in question and medical evidence that indicates the permanence of the member’s illness or condition.	Within 30 days of the employer being made aware that the member has a medical condition which merits referral for ill-health retirement and before the intended date of retirement
On receipt of the LGS22A NILGOSC will arrange a medical with one of the IRMPs appointed by NILGOSC. NILGOSC will inform the employer of the outcome of the medical examination. If the member is found to meet the criteria for ill-health retirement the employer should forward completed Leaver’s Forms LGS16 and LGS15.	Within 10 days of the leaving date, or final payment date, if later

**8.6 Actuarial Reductions**

It is possible for a member to retire early and get a Scheme pension at any age on or after their 55th birthday. However, the pension will (subject to the 85 year rule) be reduced on an actuarial basis depending on how long before NPA the member is retiring. Actuarial reductions to benefits are as follows:

Number of Years Paid Early	Pension Reduction	Lump Sum Reduction
0	0%	0%
1	5%	2%
2	10%	5%
3	15%	7%
4	19%	9%
5	23%	11%
6	26%	13%
7	30%	15%
8	33%	17%
9	36%	19%
10	38%	21%
11	42%	21% *
12	45%	21% *
13	47%	21% *

\* As automatic retirement grants were removed from the Scheme on 1 April 2009 and due to the protections in place regarding NPA, a Retirement Grant is paid from age 65 without reductions i.e. the early retirement reductions cannot exceed those that apply for 10 years early.

Note that where the number of years a member is retiring early is not an exact number, the necessary interpolations are made in the preceding table.

## 8.7 Applying for payment of Retirement Benefits

### 8.7.1 Administration

Action for employers	Timescale
LGS16 Advance Notification of a Leaver Form should be completed and sent to NILGOSC	Submitted three months in advance of retirement date
LGS13 Waiver of Reductions Form should also be completed and forwarded to NILGOSC along with the LGS16 if this discretion is being exercised or the Rule of 85 is being applied.	Submitted three months in advance of retirement date
LGS15 Leaver's Form should be completed and forwarded to NILGOSC along with an LGS13 if discretions are being applied and an LGS13 has not already been submitted.	Within five working days of the date of leaving, or final pay date if later.

If there is a change to the employee's pensionable pay details after the final LGS15 has been sent to NILGOSC (e.g. because of a backdated pay award) a further form should be completed and marked ' <b>Revised</b> '. This form should be sent to NILGOSC so that benefits can be reassessed.	Within 5 working days of pensionable pay being reassessed
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**The LGS15 form that you provide will be the basis for the calculation of your employee's benefits. Inaccuracy on the LGS15 form will result in either an overpayment or an underpayment of benefits to your employee, so please complete the form with care.**

## Section 9 – Death in service and survivors’ benefits

### 9.1 Death grant

If an active member dies in service a lump sum death grant is payable of three times Assumed Pensionable Pay (APP).

However, if the member also has a deferred pension or a pension in payment from the Scheme, the lump sum death grant payable from the Scheme will be the higher of either the death in service lump sum or the lump sum death grant due from those earlier benefits.

In such a case, if the death in service lump sum is the greater, no lump sum death grant will be payable from the Scheme in respect of those earlier benefits. Conversely, if the lump sum death grant from those earlier benefits is greater, no death in service lump sum will be due from the current period of membership.

### 9.2 Expression of Wish form (LGS20)

A member may complete an Expression of Wish Form LGS20 to tell NILGOSC who they would like to receive any lump sum death grant in the event of their death. NILGOSC retains complete discretion as to whom this will be paid. This form also covers the distribution of any Additional Voluntary Contribution (AVC) benefits.

On receipt of the LGS20, NILGOSC will register the Expression of Wish and will confirm registration in writing to the member.

It is advisable that members keep this form up to date and that they complete a new form if their marital status changed e.g. they become divorced, marry, remarry, or form a civil partnership.

This form is available to download from NILGOSC’s website [www.nilgosc.org.uk](http://www.nilgosc.org.uk) or on request from NILGOSC. Members can also update their Expression of Wish if they have registered to use My NILGOSC Pension *online*.

### 9.3 Survivors’ benefits

Survivors’ pensions are payable to widows, widowers, civil partners, eligible nominated cohabiting partners and eligible children.

### 9.4 Eligible Cohabiting Partners

A cohabiting partner must be eligible to be entitled to a pension. On a member’s death, evidence must also be provided to confirm that the conditions for a cohabitee’s pension were met:

- Both the member and the partner were free to marry or form a civil partnership
- For at least two continuous years immediately preceding death there is financial dependency or interdependency, cohabitation and neither were living with a third person as if they were a married couple or civil partners.

## 9.5 Meaning of Eligible Child

The meaning of an eligible child is as follows:

"eligible child", in relation to a deceased member, means—

- (a) a natural or adopted child of a member who meets any of conditions A to C and who was born before, on, or in the case of a natural child, within 12 months of the member's death; or
- (b) a step-child or child accepted by the deceased as a member of the family (excluding a child sponsored by the member through a registered charity) who—

- (i) meets any of conditions A to C; and
- (ii) was dependent on the member at the date of death.

Condition A is that the person is aged under 18.

Condition B is that the person is in full-time education or vocational training and has not reached the age of 23, but the Committee may—

- (i) Continue to treat a person as fulfilling Condition B notwithstanding any break in a course of education or vocational training; or
- (ii) Suspend payment of any entitlement to benefits under regulations 43 (survivor benefits: children of active members), 48 (survivor benefits: children of deferred members) and 53 (survivor benefits: children of pension members) during such a break.

Condition C is that the person is unable to engage in gainful employment because of physical or mental impairment and either—

- (i) has not reached the age of 23; or
- (ii) the impairment is in the opinion of an IRMP likely to be permanent and the person was dependent on the member at the date of the member's death because of physical or mental impairment.

## 9.6 Notification of a Death in Service

Action for employers	Timescale
Complete a Notification of a Death Form LGS19	Forward to NILGOSC as soon as possible following death
Complete an LGS15 form and submit to NILGOSC	Within 5 working days of the date of death or date of final payment to representatives, if later

Once a decision is made as to the beneficiaries NILGOSC will issue claim forms directly to them. These survivors' pensions will be paid on receipt of completed claim forms and satisfactory evidence of proof of title.

## Section 10 – Protections – Rule of 85 and the Underpin

### 10.1 Rule of 85

The Rule of 85 was a provision within previous regulations that allowed members who retired early to take their pension entitlements without penalty if the sum of their age and length of membership equalled 85 years or more. This rule was abolished on 1 October 2006 but members who joined the Scheme before that date have some protections. These protections carry forward into the 2015 Scheme. The protections that applied depended on the member's date of birth and different protections can apply to different periods of membership. Effectively this means that different reduction factors can apply to different parts of membership as these parts of membership can have different retirement ages at which benefits can be drawn without reduction (Critical Retirement Age).

The Critical Retirement Age (CRA) is the earlier of

- the member's pre-1 October 2006 'protected' Normal Retirement Date which some members who joined the Scheme before 1 February 2003 had;
- the earliest date at which the member would have satisfied the 85 year rule had the member remained in service, and
- age 65.

BUT CRA cannot be earlier than 60 for voluntary early retirements under Regulation 31(5) of the 2014 Regulations unless the employer has agreed, under paragraph 1(1)(c) of Schedule 3 to the 2014 Transitional Regulations, that it should be.

For the purposes of the 85 year rule members are classified into Groups and periods of membership are split into Parts.

#### Groups

- Group 1 member: a member who was an active member prior to 1 October 2006 and who was born on 31 March 1956 or earlier
- Group 2 member: a member who was an active member prior to 1 October 2006, was born between 1 April 1956 and 31 March 1960 inclusive, and who would reach their CRA by 31 March 2020
- Group 3 member: a member who was an active member prior to 1 October 2006 and who is not a Group 1 or Group 2 member
- Group 4 member: a member who was not a member prior to 1 October 2006.

#### Parts

- Part A: membership to 31 March 2008
- Part B: membership 1 April 2008 to 31 March 2009
- Part C: membership 1 April 2009 to 31 March 2016
- Part D: membership 1 April 2016 to 31 March 2020
- Part E: membership 1 April 2020 onwards

#### 2015 Scheme

These protections were difficult enough to explain under the 2009 Scheme but with the advent of the 2015 Scheme the table has been expanded further in order for the protections to be delivered. This is because the 2015 Scheme links Normal Pension Age (NPA) to State Pension Age (SPA) from 1 April 2015 but Group 1 members have rule of 85 protection until 31 March 2016 and Group 2 members have a tapered protection until 31 March 2020. Those protections are based on age 65 and not NPA.

For example, a member retiring at 66 who would meet the 85 year rule at 65½ will still have a protected CRA of 65. Thus, if that member retires at age 60 they will have an actuarial reduction for retiring 5 years earlier than their CRA and not an actuarial reduction for retiring 5½ years early.

In addition, although Part E membership is described as membership from 1 April 2020, some things already count as Part E (e.g. certain transfers in and augmented membership) and they will have been awarded based on formulae accounting for retirement at age 65 and not NPA.

The table and its parts are revised as follows:

Part A: membership to 31 March 2008  
 Part B: membership 1 April 2008 to 31 March 2009  
 Part C1: membership 1 April 2009 to 31 March 2015  
 Part C2: membership 1 April 2015 to 31 March 2016  
 Part D: membership 1 April 2016 to 31 March 2020  
 Part E1: membership 1 April 2020 onwards (including membership classified as if it were post-2020 but with 2015 Scheme NPA attached)  
 Part E2: membership classified as if it were post-2020 but with 2009 Scheme NPA attached.

The age at which a member is entitled to unreduced benefits for each combination of group and membership is given below.

	Group 1	Group 2	Group 3	Group 4
Part A	CRA	CRA	CRA	65
Part B	CRA	Taper	65	65
Part C1	CRA	Taper	65	65
Part C2	CRA	Taper	NPA	NPA
Part D	NPA	Taper	NPA	NPA
Part E1	NPA	NPA	NPA	NPA
Part E2	65	65	65	65

Taper indicates tapered early retirement reduction factors apply and not the full early retirement reduction factors.

Here are two examples of Part E membership:

- Pension awarded under regulation 18 of the 2014 Regulations (pension purchased by an APC or SCAPC) is treated as payable from Normal Pension Age under the 2015 Scheme i.e. Part E1.
- Membership purchased by a member under the 2003 Regulations or equivalent previous Regulations (purchase of added years) should be treated as Part A Membership if the election was before 1st October 2006. Where the contract was taken out between 1 October 2006 and 31 March 2009 it should be treated as Part E2 Membership.

## 10.2 Underpin

The underpin is effectively an additional payment which is payable if the member would have been better off (subject to certain criteria) if the 2009 Scheme had continued in respect of their benefits built up from 1 April 2015 to the underpin date i.e. to Normal Pension Age (under the 2009 definition i.e. age 65) or to the date active membership ceases, if earlier.

Members who are protected by the underpin have to meet the criteria below:

- Were active members on 31 March 2012, and
- Were within 10 years of their Normal Pension Age on 1 April 2012,
- Were active members immediately before the underpin date and receive payment of benefits on or after the underpin date,
- Have not had a disqualifying break in service of more than 5 years, and
- Have not drawn any Scheme benefits before the underpin date.

The underpin date is the date on which the member reaches age 65, or the date on which they die in service or the date on which they leave the Scheme with an immediate entitlement to pension (including flexible retirement and voluntary early retirement).

## Section 11 – Councillors

11.1 Councillors are included in the new 2015 Scheme and current councillors elected to the new councils will automatically be moved from their current 1/60<sup>th</sup> career average scheme to the new 1/49<sup>th</sup> career average scheme. These councillors' opening balances will be their accrued pension to 31 March 2015. This will simplify the administration for councillors and from 1 April 2015 councils can use the normal forms and spreadsheets as we will no longer need bespoke councillor forms and spreadsheets.

11.2 The following Scheme features do not apply to councillors:

- 50/50 option
- Shared Cost Additional Voluntary Contributions
- Award of additional pension by an employer
- Flexible retirement
- Redundancy or business efficiency retirement
- Transfers in of other pension benefits
- The underpin.

11.3 Employers are required to publish policy statements in respect of their discretions. Some of these discretions do not apply to councillors and the relevance of the required published discretions to councillors is noted below:

Regulations 18(2)(e) and 18(4)(d) - additional pension contributions and funding of additional pension

This applies to councillors.

Regulation 31(6) – flexible retirement

This does not apply to councillors

Regulation 31(8) – waiving of actuarial reductions

This applies to councillors

Regulation 32 – award of additional pension

This does not apply to councillors.

The discretion to switch the 85 year rule on does not apply to councillors as councillors do not have membership before 1 October 2006.

## Section 12 – Quotations

### 12.1 Individual estimates of benefits

NILGOSC will provide employers with individual estimates of benefits on request.

Action for employers	Timescale
Complete Form LGS17 indicating the type of quotation required and forward to NILGOSC	As soon as possible
Response by NILGOSC	
NILGOSC will prepare quotation and issue to the employer	Within 10 working days of receipt of valid request

### 12.2 Bulk estimates of indicative benefits (more than 10 members)

NILGOSC can provide employers with bulk estimates of benefits on request e.g. in response to expressions of interest in redundancy exercises. In these circumstances, the employer provides NILGOSC with a spreadsheet identifying all members who require calculation and current pensionable pay. All dates of leaving must be the same. NILGOSC will not individually check members' records but will run the quotation requested in bulk against the membership information already held on our pensions administration software. The employer will receive a spreadsheet listing the indicative benefits payable and the capital cost for each member of releasing pension benefits early.

Employers should make members aware that these are indicative benefits only and will be subject to change should any information in their records be incorrect or any of the information provided to NILGOSC by the employer differs at their retirement date.

Action for employers	Timescale
Complete Spreadsheet SS17 listing the members, current pensionable pay and CARE pay to date of leaving and forward to NILGOSC	As soon as possible
Response by NILGOSC	
NILGOSC will prepare bulk quotation and issue to the employer	Within 10 working days of receipt of valid request

## Section 13 – Employer payments and strain events

### 13.1 Employer contributions

An actuarial valuation of the Scheme is carried out every three years and the results of this valuation determine the employers' contribution rates plus deficit recovery contributions for the next three years. The valuation for the three years ending 31 March 2019 set the employers' contribution rates as 19.5% for each of the next three years for employers in the main group. Employers outside the main group will have individual rates and deficit recovery contributions. The full valuation report including individual employers' contribution rates and deficit recovery contributions is published on NILGOSC's website [www.nilgosc.org.uk](http://www.nilgosc.org.uk). The next valuation will be carried out at 31 March 2022 and revised employers' contribution rates effective from 1 April 2023.

### 13.2 Employer payments

Employers participating in the Scheme are required to pay all contributions paid by employees (both basic contributions and employee contributions to an APC or SCAPC) and contributions payable by the employer to NILGOSC.

Invoices and monthly contributions should be paid to:

Sort Code: 95 07 97  
Account number: 80065439  
Account name: Operations Account

The amounts must be paid over as shown below.

Action for employers	Timescale
Payover of employee and employer monthly contributions by bank electronic credit transfer.	Receipt by NILGOSC by the first working day of the month following the month to which the contributions relate.  If payment is received by NILGOSC more than 10 working days late, interest may be charged in accordance with the regulations.  Any late payments will be investigated with the Employer to determine if the nature of the breach is deemed reportable to the Pensions Regulator

Payment of deficit recovery contributions	Upfront on receipt of invoice or in 12 equal monthly instalments.
Forward details of the payment of monthly contributions on Form LGS6 before the payment date (substitutes for the LGS6 form will NOT be accepted). Each monthly LGS6 should be emailed to <a href="mailto:finance@nilgosc.org.uk">finance@nilgosc.org.uk</a> .	Before payment date.
Payover of employee contributions to the in-house AVC provider, Prudential, should be made directly from the employer to Prudential	Within 10 days of the deduction.
Payover of employee contributions to the in-house AVC with Equitable Life, paid to NILGOSC for onward transmission to Equitable Life	By the first working day of the month following the month to which the contributions relate.
Payment in respect of agency invoices	Within 30 days of invoice date
Payment in respect of strain cost invoices e.g. capital costs arising on redundancy	Immediate payment is required.

If payment of contributions, including AVCs, is not made by 19 days after the end of the month in which the contributions were deducted from pay, NILGOSC may notify the Pensions Regulator and the members, and the Pensions Regulator may levy a fine. Any fines levied in this respect will be recharged to employers.

### 13.3 Strain events and employer payments

A strain occurs when an event causes a member's benefits to increase above the funded level. A strain is usually met by a cost that is invoiced directly to the employer. In the Scheme a strain can arise because of the following events:

- Early retirement
- Flexible retirement
- Redundancy or business efficiency retirements
- Award of additional pension
- Ill-health retirement
- Waiver of any actuarial reduction by the employer
- Transfers
- Re-joining the Scheme
- Miscellaneous event, e.g. increasing whole-time hours for posts, making non-pensionable emoluments pensionable

The above list is not exhaustive. Please be aware that the above events can cause a strain and contact NILGOSC before implementing any increases in whole-time hours or altering the emoluments which constitute pensionable pay as you may incur substantial actuarial costs.

In addition, employers may be required to pay any amount specified in a notice given by NILGOSC in consequence of additional costs that have arisen as a result of the employer's level of performance.

## Section 14 – Annual Returns, Pension Benefit Statements, Annual Allowance Savings Statements and Members’ News

### 14.1 Annual Returns

14.1.1 At 31 March each year a return becomes due, in a specification determined by NILGOSC, which includes details of each member’s total contributions, additional contributions, employer’s contributions and, pensionable pay during the past twelve months. The actual final pay (2009 definition) is also required from all employers.

As well as checking that each member has paid contributions the annual return is used to reconcile the total contributions paid by the employer during the year with the total contributions which were due.

**The annual return that you provide will be the basis of the calculation of your employees’ pension benefits. Inaccuracy will result in either an overpayment or an underpayment of benefits to your employees, so your return must be accurate.**

The annual return must be submitted one month after year end to enable NILGOSC to produce members’ annual pension benefit statements and annual allowance savings statements.

14.1.2 NILGOSC intends to gradually move employers to online monthly returns. Employers will be advised in due course.

14.1.32 Administration

Action by employer	Timescale
Submit annual return in correct format with accurate information	By 30 April each year

### 14.2 Pension Benefit Statements

Each year NILGOSC must issue a pension benefit statement to every active and deferred member. There is a statutory requirement to issue these pension benefit statements within 5 months of year end i.e. by 31 August.

### 14.3 Annual allowance savings statements

Where individuals have pension savings over their annual allowance in pension arrangements, NILGOSC must provide the member with a statement of their pension savings amount for the relevant year within six months of the end of the tax year (i.e. by 6 October). Each year NILGOSC will calculate the annual pension savings for each member and will write to any member who exceeds the annual allowance by 6 October. As the pension input period for this calculation runs to 5 April, and the annual return only provides pay details up to 31 March, we may need to contact you for confirmation of the pay for the first 5 days in April after you have submitted your return. We may also need a breakdown of this pay, and the pay over the previous 3 years, if it includes any emoluments or additional payments such as performance related pay.

#### **14.4 Members' News**

Each year NILGOSC issues a members' newsletter to either the email address or home address of all members. This newsletter is usually issued in May each year and contains relevant pension information as well as a summary of NILGOSC's accounts.

### **Section 15 - Forfeiture of Benefits**

#### **15.1 Forfeiture of Pension Rights**

If a member is convicted of a relevant offence the former employing authority may apply to a Minister of the Crown for a forfeiture certificate. A relevant offence is one that is committed in connection with an employment which the member has since left because of that offence.

A forfeiture certificate certifies that the offence was gravely injurious to the State or is liable to lead to a serious loss of confidence in the public service. This can mean that a member's pension rights are forfeited.

Application for a forfeiture certificate must be made within a three month period beginning with the date of the conviction.

Please speak to NILGOSC if you require further information on forfeiture.

#### **15.2 Recovery or retention where a former employee has a misconduct obligation**

If an employee has left employment as a consequence of grave misconduct or a criminal, negligent or fraudulent act or omission in connection with that employment and has incurred some monetary obligation, the employer may recover or retain from the pension fund the lesser amount of the monetary obligation or the value of all their benefits.

Please speak to NILGOSC if you require further information on recovery or retention where the former employee has a misconduct obligation.

## Section 16 - Employer Discretions

### 16.1 Employer discretions

Employers have several discretions under the regulations and a full list of discretions is provided at 16.3. In addition, employers are required to have published policy statements in respect of some of their discretions, which are described under 16.1.1 and 16.1.2.

#### 16.1.1 Employer discretions for leavers before 1 April 2015

A table of discretions for leavers 2009-2015 is as follows:

Employer Discretions - 2009 Regulations	Regulation
Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early for a post-31/3/2009 / pre-1/4/2015 leaver	30(5)

A table of discretions for leavers 2003-2009 is as follows:

Employer Discretions - 2002 Regulations	Regulation
Whether, on compassionate grounds <sup>1</sup> , to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.	33(5)

#### 16.1.2 Employer discretions for active members and leavers from 1 April 2015

A table of discretions for active members and leavers from 1 April 2015 is as follows:

Second column key: The 2014 Regulations [prefix R]  
The 2014 Transitional Regulations [prefix TP]

Employer Discretions - 2015 Regulations	Regulation
Whether, how much, and in what circumstances to contribute to a shared cost APC scheme	R18(2)(e) & R18(4)(d)
Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement)*	R31(6) & TP10(2)

<sup>1</sup> There is no definition in the Regulations of "compassionate grounds". However, one could take the view that, for example, waiving a reduction because the member is short of funds / out of work would not be appropriate (as the pension scheme is not a social security scheme); whereas, for example, releasing benefits because the member has had to give up work to look after orphaned grandchildren would clearly be a case where an employer might wish to exercise compassion.

<b>Employer Discretions - 2015 Regulations</b>	<b>Regulation</b>
Whether to waive, in whole or in part, actuarial reductions on benefits paid on flexible retirement*	R31(8)
Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age	R31(8)
Whether to "switch on" the 85 Year Rule for a member voluntarily drawing benefits on or after age 55 and before age 60*	TP Sch 3, para 1(3)
Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits (pre-15/pre-16/pre-20 according to "Group" member status) where the employer has "switched-on" the 85 Year Rule for a member voluntarily drawing benefits on or after age 55 and before age 60 *	TP Sch 3, para 2(1)
Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £7,008-127 p.a.(2019/2020/21 rates))*	R32

\* the discretions marked \* do not apply to councillors.

## 16.2 Employer policy statements

Each employer is required to formulate, publish and keep under review a policy statement in relation to the exercise of a number of discretions under the Scheme.

Employers are advised to consider their policy statements in advance of 1 April 2015 with a view to having them in place (and copied to NILGOSC) by 31 July 2015 as this is a statutory requirement.

A template is available from NILGOSC website:

<https://www.nilgosc.org.uk/employer-discretions-policy-statement> .

<b>Action for employers</b>	<b>Timescale</b>
Have policy statement formulated and published	By 31 July 2015
Keep policy statement under regular review	Regular review
Forward a copy to NILGOSC	Within 1 month of any revision

**16.3 All employer discretions under the Scheme (in relation to post 31/3/2015 active members and post 31/3/2015 leavers only)**

It should be noted that this is a guide only and may not be an exhaustive list.  
\* These are matters on which the regulations require a written policy

Second column key: The 2014 Regulations [prefix R]  
The 2014 Transitional Regulations [prefix TP]

<b>Discretion</b>	<b>Regulation</b>
Which employees to designate for membership (admission bodies)	R3(1)(b)
Determine rate of employees' contributions	R11(1) & R11(3)
*Whether, how much, and in what circumstances to contribute to a shared cost APC scheme	R18(2)(e)* & R18(4)(d)*
Whether to allow an active member more than 30 days to elect to cover a break and receive an employer contribution up to 2/3rds of the cost	R18(16)
Whether, how much, and in what circumstances to contribute to shared cost AVC arrangements entered into on or after 1/4/15	R19(1)
Whether, how much, and in what circumstances to continue to contribute to a shared cost AVC arrangement entered into before 1/4/15	TP14(1)(d)
Allow late application to convert scheme AVCs into membership credit i.e. allow application more than 30 days after leaving (where AVC arrangement was entered into before 1/2/2003)	TP14(1)(b)
Specify in an employee's contract what other payments or benefits, other than those specified in R22(1)(a) and not otherwise precluded by R22(2), are to be pensionable	R22(1)(b)
In determining Assumed Pensionable Pay, whether a lump sum payment made in the previous 12 months is a "regular lump sum"	R23(5)
Whether to extend the 12 month option period for a member to elect that deferred benefits should be aggregated with a new employment	R24(8)(c)
Whether to extend the 12 month option period for a member to elect that deferred benefits should not be aggregated with an ongoing concurrent employment	R24(7)(b)
*Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement)	R31(6)* & TP10(2)
*Whether to waive, in whole or in part, actuarial reductions on benefits paid on flexible retirement	R31(8)*
*Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age	R31(8)* & TP2(1A)

*Whether to "switch on" the 85 Year Rule for a member voluntarily drawing benefits on or after age 55 and before age 60.	TPSch 3, para 1(2)*
*Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits (pre-15/pre-16/pre-20 according to "Group" member status) where the employer has "switched-on" the 85 Year Rule for a member voluntarily drawing benefits on or after age 55 and before age 60	TPSch 3, para 2(1)*
*Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £7, <del>000</del> <u>127</u> p.a. (20 <del>19</del> <u>2020/21</u> rates))	R32*
Whether to use a certificate produced by an IRMP under the 2009 Scheme for the purposes of making an ill-health determination under the 2015 Scheme.	TP11(4)
Whether to apply to a Minister of the Crown for a forfeiture certificate (where member is convicted of a relevant offence)	R102(1)

## Section 17 - Training

### 17.1 Employer Training

We hold training sessions on general administration and form filling twice a year, in May and in November. This training covers joining, changes during active membership, through to leaving the scheme. Annual return training is provided separately in January each year. We also hold seminars for employers from time to time on topics such as the triennial valuation.

### 17.2 Pension Information Sessions

NILGOSC can provide in-house training/information seminars for your employees, subject to enough attendees. The types of training that we can provide includes:

**17.2.1 Scheme Benefits:** This is a general overview of the benefits of being in the scheme. It is suitable for members of all ages and also to staff who have opted out of the scheme.

**17.2.2 Retirement Benefits:** This presentation focuses on what's involved with retirement, how to complete the claim forms and what benefits are available for pensioners and survivors. This is beneficial if you are facing a redundancy or restructuring exercise and have a number of staff retiring around the same time.

**17.2.3** We are also able to provide a **Pension Information Clinic** for your employees, usually on a pre-booked appointment system with 20 to 30 minute time slots. This provides an opportunity to discuss pension queries with a NILGOSC representative on a one-to-one basis. These clinics are usually most beneficial if offered after your employees have attended a pension presentation.

### 17.3 Requesting Training

Our annual employer training events are published in circulars and emailed to employers with details of how to reserve a place on one of the sessions. Alternatively if your training needs are more urgent or bespoke, or if you'd like to arrange a pension information session for your employees, please contact our Employer Liaison Officer, Ruth Benson, on 0345 3197 320 or email [ruth.benson@nilgosc.org.uk](mailto:ruth.benson@nilgosc.org.uk).

## Section 18 – Pension Administration Strategy

### 18.1 Pension Administration Strategy

Under the Scheme's regulations NILGOSC can prepare a Pension Administration Strategy. The purpose of the Strategy is to highlight the responsibilities of NILGOSC and the Scheme's employing authorities when carrying out their Scheme functions under the relevant regulations. The Strategy replaced NILGOSC's Service Level Agreement and applies to all employing authorities in the Scheme.

When preparing the Strategy, NILGOSC consulted with employing authorities and such other persons as it considered appropriate.

A link to the Pension Administration Strategy can be found [here](#).

## Section 19 - Scheme literature

### 19.1 Scheme literature

NILGOSC produces a series of guides and booklets which have been designed to provide additional information on various aspects of the Scheme. Copies of these publications may be downloaded from our website [www.nilgosc.org.uk](http://www.nilgosc.org.uk) or are available on request from NILGOSC. The guides and booklets that are available are as follows:

#### Members' Guides

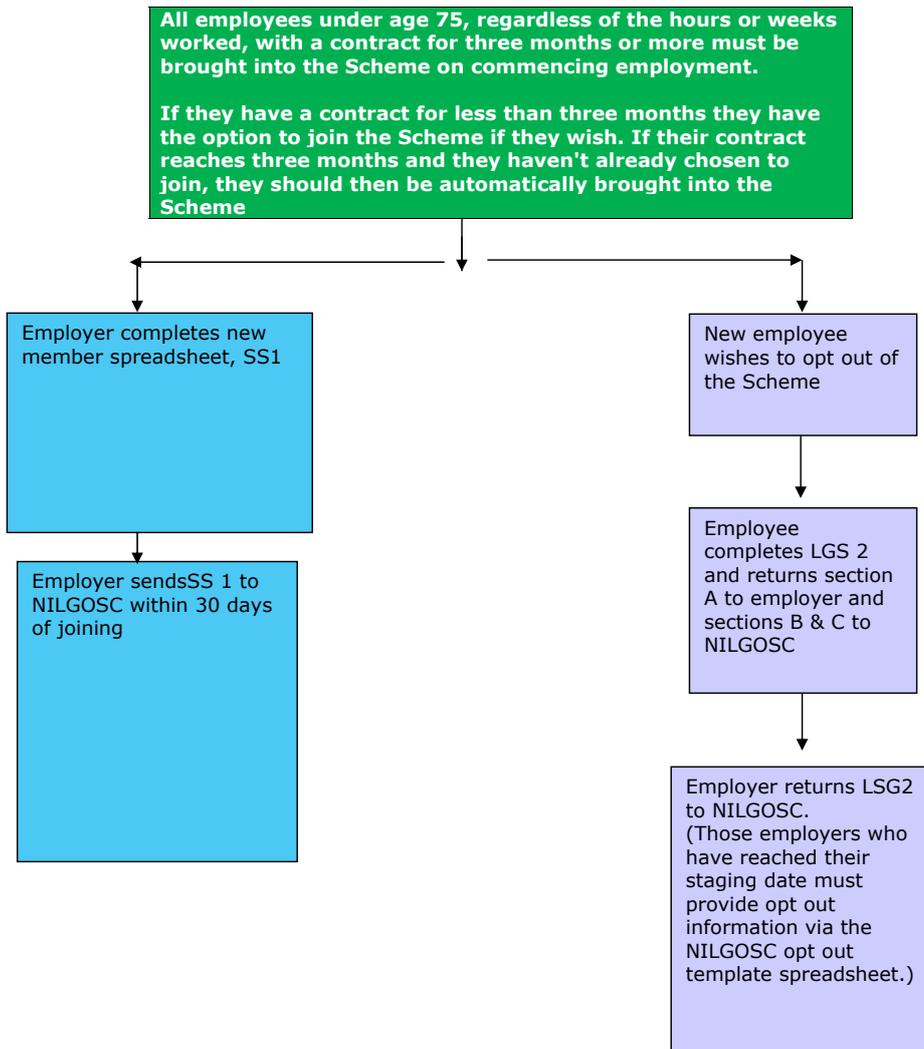
- NILGOSC Pension Guide
- Member Guide to the Local Government Pension Scheme (Northern Ireland) 2015
- Retirement Guide
- Leaving the Local Government Pension Scheme (NI) before Retirement
- Increasing your Benefits
- Alternative Communications
- Decisions, Reviews and Complaints
- Re-joining the Scheme
- Equality Scheme Summary
- Changes to your Local Government Pension Scheme
- Annual Report
- Annual newsletters – Members' News, Deferred Members' News and Pensioners' News

#### Employers' Guides

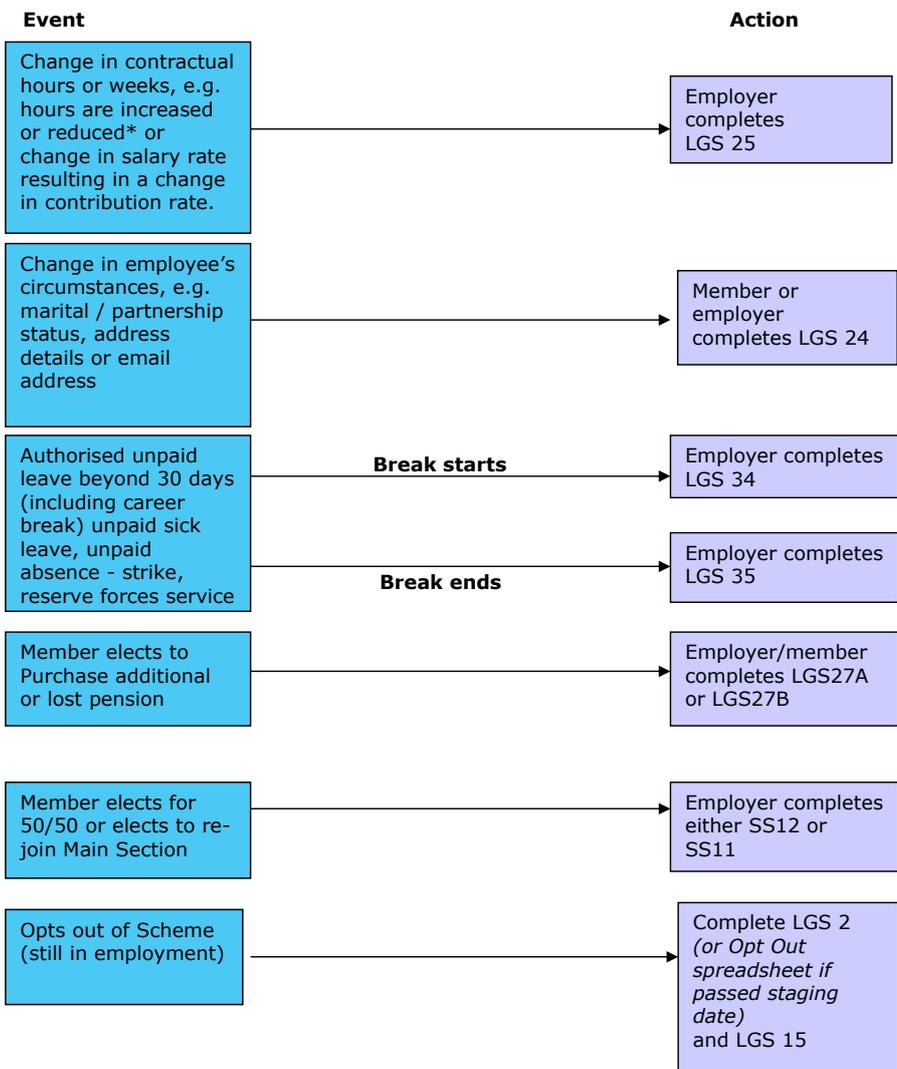
- Employers' Guide
- Human Resources Guide to the LGPS (NI) 2015
- Payroll Guide to the LGPS (NI) 2015
- Employers' Guide to Automatic Enrolment

## Section 20 – Scheme Forms and Spreadsheets

### 20.1 Flowchart – Member commences employment



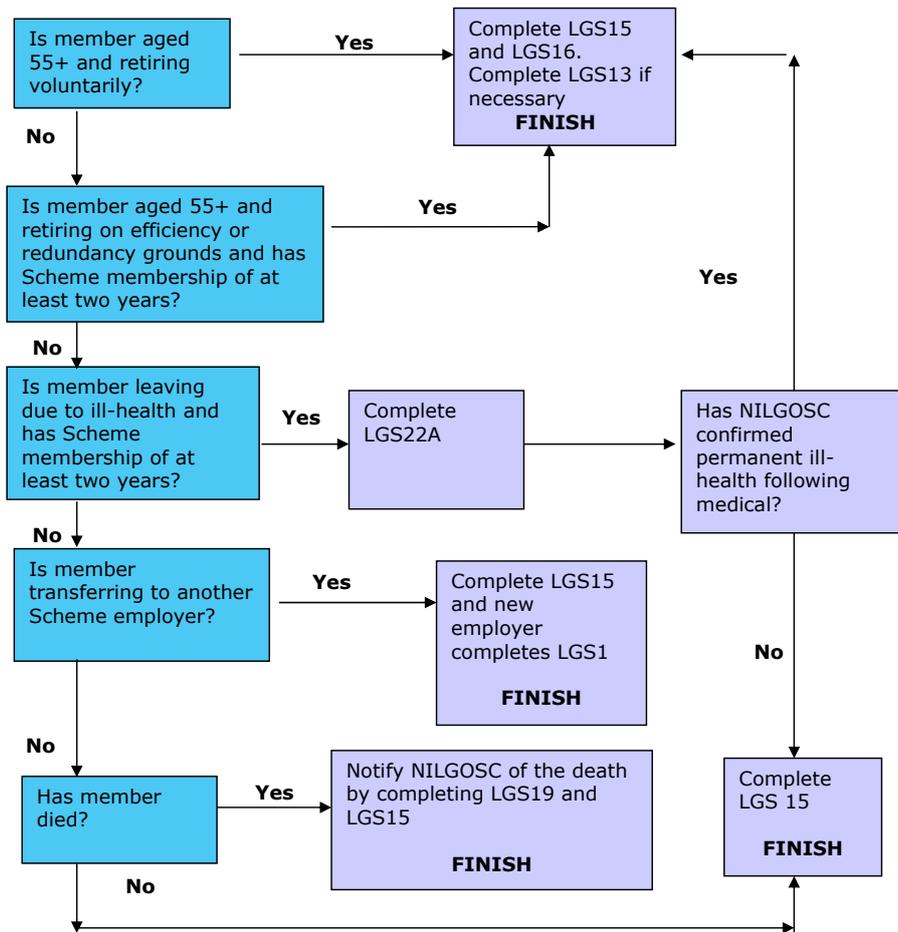
**20.2 Flowchart – Forms or spreadsheets completed during membership**



\* Changes in contractual hours or weeks are only required for those members who are subject to the underpin, who are buying old added years or who were active before 1 April 2009 and born before 1 April 1964.

**SEND COMPLETED FORMS TO NILGOSC WITHIN RELEVANT TIMESCALE**

**20.3 Flowchart – Member leaves employment with more than two years’ membership**



**SEND COMPLETED LGS15 TO NILGOSC WITHIN FIVE WORKING DAYS OF LEAVING DATE AND LGS 16 THREE MONTHS IN ADVANCE OF RETIREMENT  
LGS19 SHOULD BE COMPLETED AND FORWARDED AS SOON AS POSSIBLE**

## 20.4 Summary of Forms and Spreadsheets

Form Name	Title	Employer guidance	Deadline to return to NILGOSC	NILGOSC procedure
<b>JOINING AND OPTING OUT</b>				
SS1	New Member Spreadsheet	<p><b>If you have reached your automatic enrolment date</b> you should complete spreadsheet SS1 and forward it to NILGOSC. Contribution rate is based on the actual pay for the post</p> <p>Employers to complete these spreadsheets when new members join</p>	Within 30 days of the member joining	NILGOSC will register the member on our system and send a membership pack to the member, including documentation to be completed should they wish to transfer previous pension benefits to the Scheme. The employer receives the confirmed member spreadsheet with pension reference number to be used
LGS2	Opt-out Notice	If an employee wishes to opt out of the Scheme they must complete this form. Section A must be completed and returned to their employer and Sections B and C should be completed and returned to NILGOSC	<p>Submit the details on the electronic Opt-Out Spreadsheet SS2 within 30 days</p> <p>If the employee has more than 3 month's membership you must also submit form LGS15 within 10 working days.</p>	<b>n/a</b>
SS2	Opt-out Spreadsheet	Employer to complete this spreadsheet when an employee opts out	Within one month of the effective date of opting out	
<b>FINANCE/REMITTANCES</b>				
LGS6	Monthly Remittances	This is a summary of all employee and employer contributions which should be completed on a monthly basis and emailed	Payment is due on the first working day of the month following the	

Form Name	Title	Employer guidance	Deadline to return to NILGOSC	NILGOSC procedure
		to our Finance Department at <a href="mailto:finance@nilgosc.org.uk">finance@nilgosc.org.uk</a> . At year end, the information on these forms will be matched against the Annual Return and any discrepancies investigated.	month to which the contributions relate. Form LGS6 must be submitted to NILGOSC by the date of payment.	
<b>LEAVER FORMS</b>				
LGS13	Waiving Reduction	For employer to complete This form should be used to notify NILGOSC of an employer's wish to exercise its discretion to waive members' reductions or apply the Rule of 85 on early retirement before age 60. This will result in a cost to the employer.	Within 3 months of anticipated retirement date	NILGOSC will invoice the employer
LGS15	Leaver's Form	To be completed for all leavers, i.e. entitled to immediate benefits, not entitled to immediate benefits, death in service or moving to another employer in the Scheme. All sections of the form must be completed with details of leaving, details of pay and contributions. Any award of additional benefits, waiver of any reductions or applying the Rule of 85 should be confirmed on this form (and on Form LGS13) and must be in accordance with your policy statement.  If there is a change in pay after leaving a revised LGS15 should be submitted.	To be submitted to NILGOSC within 5 working days for immediate benefits and death in service, within 10 working days for all others.	NILGOSC will use these details to pay out any pension, lump sum or death grant due, or to calculate the deferred benefits payable when member reaches retirement age.  NILGOSC will invoice the employer for any strain cost.
LGS16	Advance notification of impending retirement	To be completed by employer to outline the circumstances of a retirement.	To be submitted to NILGOSC three months before the intended date of retirement.	NILGOSC will issue retirement quotation to member so that they can consider the amount of pension and lump sum they wish to receive.

<b>Form Name</b>	<b>Title</b>	<b>Employer guidance</b>	<b>Deadline to return to NILGOSC</b>	<b>NILGOSC procedure</b>
LGS17	Employer request for a quotation	To be completed by employer to request pension benefit and capital cost figures	To be submitted to NILGOSC three months before the intended date of retirement.	NILGOSC will issue retirement quotation to the employer.
SS17	Bulk quotation request spreadsheet	To be completed by employer to request bulk quotations for members aged between 55 and 65 e.g. bulk redundancy quotations	To be submitted to NILGOSC three months before the intended date of retirement.	NILGOSC will issue a spreadsheet to the employer listing the pension benefits and capital costs to release the benefits to the members.
LGS19	Notification of Death	To be completed by the employer in the event of the death of an employee	As soon as possible	
<b>RECORD MAINTENANCE</b>				
LGS8	Transfer in Request	For member to complete This form is included in the membership pack which is sent to a new member.	Within 12 months of joining	NILGOSC will request a transfer value from the previous provider and will issue a transfer quotation to the member.
LGS9	Past Service Enquiry	For individual to complete This form enables a member to query whether they had a previous period of service	As soon as query arises	NILGOSC will try to trace any previous benefits or refunds and will respond to the individual
LGS10	Previous employment history	For member to complete This form enables NILGOSC to determine whether there is a five year qualifying break in public sector service	n/a	NILGOSC will offer relevant transfer in or aggregation options on receipt of completed form
LGS11	Election to re-join the main section	For member to complete. On receipt of this form the employer should put the member back in the main section from the beginning of the next pay period.	Complete SS11 and forward to NILGOSC as per below	n/a
SS11	Transfer to Main Section	For employer to complete.	Within 1 month of the election taking place	NILGOSC will update its records

<b>Form Name</b>	<b>Title</b>	<b>Employer guidance</b>	<b>Deadline to return to NILGOSC</b>	<b>NILGOSC procedure</b>
		The employer should use this spreadsheet to notify NILGOSC of movements to the main section.		
LGS12	Transfer to 50/50 Section	For member to complete. On receipt of this form the employer should put the member back in the main section from the beginning of the next pay period.	Complete SS12 and forward to NILGOSC as per below	n/a
SS12	Transfer to 50/50 Section	For employer to complete. The employer should use this spreadsheet to notify NILGOSC of movements to the main section.	Within 1 month of the election taking place	NILGOSC will update its records
LGS20	Expression of Wish	For member to complete. This form is issued to members as part of their new member pack. It allows the member to tell us who they would like to receive any lump sum grant and benefits payable from an AVC taken out after 31 March 2015 in the event of their death. NILGOSC retains complete discretion as to whom this will be paid.	No time frame, but it is of benefit to the member for this to be in as soon as possible.	NILGOSC will register the nomination and will confirm in writing to the member that we have registered the details.
LGS22A	Ill-health Medical Examination request – active member	To be completed by the employer to request a medical for a member who may be eligible for ill-health retirement.	Must be returned in advance of any date of leaving.	NILGOSC will arrange a medical appointment with our Committee doctor and we will advise member and employer of the decision. If eligible for ill-health retirement, we will ask the employer to complete LGS15 & LGS16.

<b>Form Name</b>	<b>Title</b>	<b>Employer guidance</b>	<b>Deadline to return to NILGOSC</b>	<b>NILGOSC procedure</b>
LGS22B	Ill-health Medical Examination request - deferred member	To be completed by the deferred member to request a medical.		NILGOSC will arrange a medical appointment with our Committee doctor and we will advise member and employer of the decision.
LGS24	Change in Personal Circumstances	To be completed by the member or employer. Notifies NILGOSC of changes in surname, marital / partnership status, address, email address etc.	As soon as possible after the change occurs.	NILGOSC will amend the employee's record to reflect the change.
LGS25	Change in contractual hours, weeks or employee's contribution rate	To be completed by the employer. Notifies NILGOSC of any changes in contractual working hours, weeks or contribution rate.	Within 2 months of the change.	NILGOSC will amend the employee's record to reflect the change.
LGS27 (A or B)	Additional Pension Contributions (APCs)	For employer and employee to complete This form should be used to notify NILGOSC of a member's wish to either buy additional pension or to buy back 'lost' pension		
LGS34	Notification of Breaks in employment	To be completed by employer when member commences a period of unpaid leave or a career break.	Within 30 working days of commencement of break, or after the first 30 days for authorised unpaid leave	NILGOSC will mark the break on the member's record. The break will be removed if contributions are paid to cover it.
LGS35	Return to work following a break	To be completed by employer when member returns from a period of unpaid leave or a career break. This should detail dates of service break and what arrangements, if any, will be made to collect contributions to cover the break in	Within 30 days of member's return to work.	

<b>Form Name</b>	<b>Title</b>	<b>Employer guidance</b>	<b>Deadline to return to NILGOSC</b>	<b>NILGOSC procedure</b>
		service. If the period is to be covered Form LGS27B should also be included.		
SS35	Service Break Return Spreadsheet	To be completed by employer to inform NILGOSC of strike action, unpaid sick or unpaid leave	As soon as absence is over	
LGS40	Employer Signatory and contact details	To be completed by employer to advise NILGOSC of the authorised signatories and contacts for that authority.	As soon as there is any change in signatories or contacts	NILGOSC will update the employer contact details.

## **Section 21 – The Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007**

### **21.1 Background**

The Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007 (SRNI 2007 No.93) as amended, set out a framework for the payment of discretionary compensation to persons whose employment is terminated due to redundancy, on efficiency grounds or where there has been a joint appointment and the other holder has left. This framework includes a discretionary power to increase statutory redundancy payments by using an actual week's pay instead of the statutory limits, a provision to award a discretionary compensation lump sum of up to 104 weeks' pay and the requirement for employers to have a policy statement in place to cover both discretions.

### **21.2 To whom do these regulations apply?**

These regulations cover all employees whose employment is terminated due to redundancy or efficiency or because the other holder of a joint appointment has left. The employees must be employed by a Scheme employer and be *eligible* to be a member of the Local Government Pension Scheme (Northern Ireland), (the Scheme).

### **21.3 To which Scheme employers do they apply?**

They apply to all Scheme employers and each employer should have already published a policy under these regulations. You may wish to ensure that your current policy is up to date or is updated to take account of any change in policy.

### **21.4 Discretionary Power to increase statutory redundancy payment – regulation 4**

The Employment Rights (Northern Ireland) Order 1996 states the statutory maximum weekly pay on which a redundancy payment can be made. This is currently set at £525 per week (effective from 6<sup>th</sup> April 2019).

Scheme employers have the discretion to calculate the statutory redundancy payment on the employee's actual week's pay where this exceeds the statutory week's pay limit of £500. This means that technically any payment up to £500 per week is the statutory redundancy payment and any payment based on pay above £500 per week is a discretionary redundancy payment.

### **21.5 Discretionary Lump Sum Compensation – regulation 5**

Scheme employers have a further discretion to decide no later than six months after the employee's termination date to pay compensation to anyone who is a member or eligible to be a member of the Scheme providing that the conditions listed under

19.2 are met. Unlike the requirements for statutory redundancy there is no minimum service requirement for lump sum compensation. Thus a discretionary lump sum compensation payment could be made to those with less than two years' service.

The maximum lump sum compensation that can be made is 104 weeks' pay (inclusive of any redundancy payment). For example,

Total lump sum compensation =  
(statutory redundancy or discretionary redundancy) + compensation payment

The regulations do not set out a prescribed formula to calculate the lump sum compensation payment. Due to age and gender considerations many employers choose to base the lump sum compensation payment on a multiplier of the redundancy payment. The most common formula appears to use a total multiplier that does not exceed 3.466 i.e. 30 (the maximum number of weeks' pay that can be used in the statutory redundancy payment formula) x 3.466 = 104 weeks.

Employers have the discretion to calculate the compensation payment on whatever rate of pay they choose, so long as it does not exceed the employee's actual week's pay. Unlike a week's pay for statutory and discretionary redundancy pay purposes, which is calculated at the calculation date, a week's pay for the additional lump sum compensation is a week's pay at the date of termination of employment.

## 21.6 Policy Statements

Employers must formulate, publish and keep under review the policy that they apply in respect of regulations 4 and 5 (see 19.4 and 19.5 above). If an employer changes its policy it must publish its amended policy and cannot give effect to any policy change until one month after the date of publication.

Scheme employers are required to:

- have regard to the extent to which the exercise of their discretionary powers (in accordance with their policy), unless properly limited, could lead to a serious loss of confidence in the public service; and
- be satisfied that their policy is workable, affordable and reasonable, having regard to the foreseeable costs.

## 21.7 Administration

Action for employers	Timescale
Employers must formulate, publish and keep under review the policy that they apply in respect of regulations 4 and 5	As soon as possible

## **Section 22 – The Pension Regulator Code of Practice No. 14 Governance and Administration of Public Service Pension Schemes**

### **22.1 Background to the Code of Practice**

From 1 April 2015 the Pensions Regulator has had responsibility for regulating the public sector pension schemes. It recently issued its Code of Practice No. 14. While much of the code of practice is directed at Pension Scheme managers (e.g. NILGOSC) and the members of pension boards of public service pension schemes (e.g. NILGOSC's Pension Board) there are legal requirements and responsibilities placed on Scheme employers. We wish to bring the Code to your attention and point you to the source of further advice.

### **22.2 Legal Reporting Requirement**

The [Code of Practice](#) reminds employers of a legal requirement to report any breaches in law at paragraph 242 '*Employers are subject to the reporting requirement for public service pension schemes. Any participating employer who becomes aware of a breach should consider their statutory duty to report, regardless of whether the breach related to, or affects, members who are its employees or those of other employers*'.

Further information and advice can be obtained from the Pension Regulator's website - <http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx>.

### **22.3 Shortcomings in NILGOSC's pensions administration service**

We would also encourage you to make us aware of any shortcomings with our pensions administration service so that we can take early steps to resolve the matter before it escalates.

## Section 23 – Glossary

<b>Additional Pension Contributions (APCs)</b>	These allow Scheme members to buy additional pension by either regular or lump sum contributions. The maximum additional pension that can be bought is £7,008-127 per annum (2019/2020/21 limits).
<b>Assumed Pensionable Pay (APP)</b>	This replaces notional or deemed pensionable pay. Assumed Pensionable Pay (APP) is used in cases of reduced pensionable pay or nil pay as a result of sickness or injury, relevant child related leave (i.e. ordinary, maternity, paternity or adoption leave and any paid additional maternity, shared parental or adoption leave) or while on reserve forces leave. This means that pensions for that period are worked out using the Assumed Pensionable Pay rather than the reduced rate of pay received.
<b>Additional Voluntary Contributions (AVCs)</b>	These voluntary contributions allow Scheme members to pay more to build up extra pension savings. AVC contributions continue to be limited to 50% of pensionable pay. AVCs can be made for both pension savings and life cover. The in-house AVC provider is Prudential.
<b>Automatic enrolment date</b>	The latest date by which an employer has to have an automatic enrolment scheme in place for its employees.
<b>Career Average Revalued Earnings (CARE)</b>	Pension benefits built up from 1 April 2015 are worked out using the pay in each Scheme year rather than the final pay, as under a final salary scheme.
<b>Civil Partnership</b>	A civil partnership is a relationship between two people of the same sex ("civil partners") which is formed when they register as civil partners of each other.
<b>Cohabiting Partner</b>	A cohabiting partner may be eligible for a survivor pension in the event of the member's death if they meet certain conditions, such as both are free to marry, and have been living together as if married for at least 2 years.
<b>Contractually enrolled</b>	This means that a new employee is immediately enrolled in the LGPS (NI) from their first day of employment as their contract (of a duration of three months or more) makes them immediately eligible.
<b>Eligible Children</b>	<p>Eligible children are your children. They must, at the date of your death:</p> <ul style="list-style-type: none"> <li>• Be your natural child (who must be born within 12 months of your death), or</li> <li>• Be your adopted child, or</li> <li>• Be your step-child or a child accepted by you as a member of your family (this doesn't include a child you sponsor for charity) and be dependent on you.</li> </ul> <p>Eligible children must meet the following conditions:</p> <ul style="list-style-type: none"> <li>• Be under age 18, or</li> </ul>

	<ul style="list-style-type: none"> <li>• Be aged between 18 and 22</li> <li>• (inclusive) and in full-time education or vocational training, or</li> <li>• Be unable to engage in gainful employment because of physical or mental impairment and either has not reached the age of 23 or the impairment is, in the opinion of NILGOSC's Independent Registered Medical Practitioner, likely to be permanent and the child was dependent on you at the date of your death because of mental or physical impairment.</li> </ul>
<b>Eligible jobholder</b>	<p>An eligible jobholder must be automatically enrolled into the employer's automatic enrolment scheme if they:</p> <ul style="list-style-type: none"> <li>• are not already in a workplace pension scheme</li> <li>• are aged 22 or over</li> <li>• are under State Pension age</li> <li>• earn more than £10,000 a year (2019/2020/21) and</li> <li>• work, or usually work, in the UK.</li> </ul>
<b>Entitled worker</b>	<p>Entitled workers have a right to join their employer's pension scheme. They must be:</p> <ul style="list-style-type: none"> <li>• aged 16-74</li> <li>• working in the UK</li> <li>• earning below £6,240,136 (2019/2020/21).</li> </ul> <p>The employer only has to make a contribution for entitled workers if it is part of their contract of employment.</p>
<b>Final Pay</b>	<p>This is usually the pay in respect of your final year of employment on which you paid contributions or one of the previous two years if higher. It includes your normal pay, contractual shift allowance, bonus, contractual overtime (but not non-contractual overtime), maternity pay, paternity pay, adoption pay and any other taxable benefit specified in your contract as being pensionable. It is also the pay that is used to calculate your benefits on membership before 1 April 2015.</p>
<b>Normal Pension Age (NPA)</b>	<p>Normal pension age is now linked to a member's State Pension age for benefits built up from April 2015. If members take their benefits before their normal pension age, the benefits are reduced. If the benefits are drawn after normal pension age then they are increased. Benefits built up before 1 April 2015 are payable without reduction from age 65 but these benefits cannot be drawn earlier than the post 31 March 2015 benefits.</p>
<b>Non-eligible jobholder</b>	<p>Non-eligible jobholders are employees:</p> <ul style="list-style-type: none"> <li>• aged between 16 - 21 or State Pension age – 74</li> <li>• working in the UK</li> <li>• earning above £10,000 (2019/2020/21)</li> </ul> <p>OR</p> <ul style="list-style-type: none"> <li>• Aged between 16 and 74</li> <li>• working in the UK</li> </ul>

	<ul style="list-style-type: none"> <li>• earning above <del>£6,136,240</del> but below £10,000 (2019/2020/21)</li> </ul> <p>AND have a right to opt in to their employer's pension scheme</p>
<b>Pensionable Pay</b>	The new definition of pensionable pay includes non-contractual overtime and additional hours.
<b>Postponement notice</b>	Employers can postpone the automatic enrolment date of an individual for up to three months. An employer can postpone from one of three dates: <ul style="list-style-type: none"> <li>• the employer's staging date</li> <li>• the employer's staging date</li> <li>• the date on which an existing worker becomes eligible for automatic enrolment (for example, they turn 22 or earn more than £10,000 per year).</li> </ul>
<b>Qualifying Scheme</b>	A qualifying scheme is one that meets the conditions for being an automatic enrolment scheme e.g. an occupational or personal pension scheme which is tax registered and satisfies minimum requirements.
<b>Revaluation Adjustment</b>	This is the amount by which a pension account is revalued at the beginning of the next Scheme year. It is usually the percentage change in prices in the Consumer Price Index (CPI) to the previous September.
<b>Rule of 85</b>	<p>The Rule of 85 refers to a provision of the Scheme which allowed members who retired early to take their pension entitlements without penalty if the sum of their age and length of membership equalled 85 years or more. This rule was abolished on 1 October 2006 however members who joined before this have some protections:</p> <ul style="list-style-type: none"> <li>• All existing members at 30 September 2006 are protected until 31 March 2008 i.e. the benefits you accrue up to 31 March 2008 will be protected under the 85 year rule.</li> <li>• Those existing members at 30 September 2006 who will be 60 or over and meet the 85 year rule by 31 March 2016 are fully protected i.e. the benefits you accrue up to 31 March 2016 will be protected under the 85 year rule.</li> </ul> <p>Those existing members at 30 September 2006 who will be 60 or over and meet the 85 year rule between 1 April 2016 and 31 March 2020 will have full 85 year rule protection to 31 March 2008 and have some 85 year rule protection, on a sliding scale, to 31 March 2020</p>
<b>Shared Cost Additional Pension Contributions (SCAPC)</b>	A Shared Cost Additional Pension Contribution (SCAPC) occurs when a member decides to pay APCs to buy an additional amount of pension and the employer contributes towards the cost. SCAPCs can be one off or regular payments. SCAPCs can be used to cover the pension 'lost' during a period of unpaid leave of absence or unpaid child related leave providing the member makes an SCAPC election within 30 days (or such longer period as the employer may allow) of returning to work. In these cases

	the cost is shared 1/3 employee, 2/3 employer up to a period of 36 months.
<b>Staging Date</b>	All employers need to enrol their workers into a workplace pension. The date when an employer must do this is known as its staging date. The Pensions Regulator will write to each employer with its exact date nearer the time.
<b>Underpin</b>	<p>These are protections that apply to members who are close to retirement to ensure that they receive a pension at least equal to that which they would have received had the Scheme not changed on 1 April 2015.</p> <p>Those members who are protected by the underpin have to meet the criteria below:</p> <ul style="list-style-type: none"> <li>• Were active members on 31 March 2012, and</li> <li>• Were within 10 years of their Normal Pension Age on 1 April 2012,</li> <li>• Were active members immediately before the underpin date and receive payment of benefits on or after the underpin date,</li> <li>• Have not had a disqualifying break in service of more than 5 years, and</li> <li>• Have not drawn any benefits before the underpin date.</li> </ul> <p>The underpin date is the date you reached age 65, or the date you died in service or the date you left the Scheme with an immediate entitlement to pension (including flexible and voluntary early retirement).</p>
<b>50/50 Section</b>	The 50/50 section allows members to pay half the contributions and build up half the pension. The employer continues to pay the full level of employer's contributions, not half.

## Section 24 - How to contact us

If you have any questions on the content of this guide or on any aspect of the Local Government Pension Scheme (NI), please contact the Pension Administration Team by any of the methods below:

Website: [www.nilgosc.org.uk](http://www.nilgosc.org.uk)

Telephone: 0345 3197 325

Email: [info@nilgosc.org.uk](mailto:info@nilgosc.org.uk)

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