The new 2014 LGPS is effective from 1st April 2014 and below are some notes on the new scheme which all employers should be aware of.

It is essential that all employers read the LGA HR and Payroll guides which are referred in this document and give more in depth guidance than these notes, the links are:

HR Guidance and Payroll Guidance and FAQs

Pension Contributions

- New employee pension contribution bandings can be found in the LGA guides.
- Actual pensionable pay, not full-time pensionable pay, is used in the assessment of banding.
- Employer is required to notify employee of % pension contribution being deducted on 1st April 2014 and any subsequent changes.
- Notification of % pension contributions must include detail of appeal and who member needs to contact within 6 months of notification.
- Employer needs to decide on when they reassess employees' pension banding, which must be at least every year, but can be as frequent as monthly.

Pensionable Pay

- New definition of pensionable pay, which now includes non-contractual overtime and additional hours. (See LGA guides)
- For members with a drop in pay in the last 10 years of employment and has pre 2014 service pensionable there is pay protection of the best 3 year average as at 31st March in previous 13 years continues as defined in 2008 regulations. Therefore employers must retain previous pensionable pay figures for previous 13 years.
- If member paying additional pension contributions before April 2014 then these deductions are based on the old 2008 pensionable pay definition.

Assumed Pensionable Pay (APP)

- Assumed pensionable pay needs to be calculated every month for those employees who are on reduced or no sick pay or on reduced or no statutory child-related pay or reserve forces leave.
- APP is calculated on the 3 complete month average before the applicable period started. (See LGA guides for full details and examples)
- APP does not have to be re-calculated if employees receives back dated pay after APP has been calculated.
- If APP calculation is using a period before April 2014 then old definition of pensionable pay must be used.
- Employer must pay their full pension contributions on the APP amount.
- If member on Reserve Forces Leave then employer must calculate APP for applicable period and notify member and MoD who then pays the member’s pension contributions direct to the pension fund.
### 50/50 Section

- Employee can elect to pay half their normal contributions into the 50/50 section. If election form received before pay run deadline in April 2014 then employer can put employee into 50/50 section from 1st April 2014.
- Suggest if election form received for existing member after April 2014 then member joins 50/50 section from beginning of next pay period. If the employer receives election form before pay run deadline then it will be their choice to bring into 50/50 section from either beginning of current pay period or the next pay period.
- Member can only join 50/50 section once they are in the 100/100 section and not before.
- Employee cannot sign opt in form on same day at 50/50 option form.
- Member cannot start or continue to pay an APC/SCAPC for buying additional pension if joins the 50/50 section.
- Member can continue to pay the following additional contributions in the 50/50 section:
  - APC/SCAPC for ‘lost’ pension i.e. for absences
  - AVC/SCAVC new and existing
  - Added Years
  - Part-time Buy Back (PTBB)
  - Additional Survivors Benefit Contribution (ASBC)
  - Additional Regular Contributions (ARC)
- Employee must revert back to 100/100 section at the following events:
  - If member goes onto no sick pay, then must revert to 100/100 section at the beginning of next pay period if still on no sick pay. However, if member returns to work before end of that 2nd no pay month and elects again for 50/50 section then option must take affect from beginning of next pay period.
  - Employer must put member back into the 100/100 section at their re-Auto Enrolment date every 3 years. Member can elect to re-join 50/50 section and suggest if form is received before current pay run deadline then it takes effect from beginning of current pay period.
  - Option forms for 50/50 section and 100/100 section together with notes can be found on Peninsula Pensions website.
  - It is the employer’s responsibility to provide information on the 50/50 section to their employees and must notify the them of the effect of opting for this section and provide them with details on where they can appeal and the timescale of 6 months.
  - Employer must send copy of option form to Peninsula Pensions showing the date that change of section occurred.

### Additional Pension Contributions (APC/SCAPC)

- Employee is able to buy additional pension by paying an Additional Pension Contribution (APC)
- Peninsula Pensions will deal with these enquiries from a member
- An employer can have a discretion to pay part or all of an APC cost for a member.
The maximum pension that can be bought by an employer or employee is £6,500 per annum.

APC/SCAPC can be paid as a lump sum or regular contributions over a minimum of a year in multiples of years through a payroll deduction to receive tax relief.

**NB: At the moment we are awaiting guidance and factors from the Government Actuaries Department to be able to calculate the cost of an APC. It is expected that the LGA will provide an on-line calculator for members to be able to find out the cost of buy extra pension by an APC.**

**Absences**

- From April 2014 it is no longer possible for an employee to pay the pension contributions they would have paid during a period of unpaid leave or unpaid child-related leave.
- There is no longer a 30 day period where an employee must pay their normal pension contributions for unpaid leave or unpaid child-related leave.
- From April 2014 a member can buy the ‘lost’ pension for any authorised unpaid leave or unpaid non-statutory child-related leave by paying an APC.
- Providing the member elects to pay an APC within 30 days of their return to work then the employer must pay 2/3rds of the full APC cost with the remaining 1/3rd being paid by the member. This is known as Shared Cost Additional Pension Contributions (SCAPC).
- If the member elects after 30 days from returning to work then they pay the full APC cost themselves.
- If member on unpaid absence which spans 31st March/1st April 2014 then old procedure must be used for pre April 2014 absence and new procedure for post March 2014 absence.
- APC/SCAPC can be paid as a lump sum or regular contributions over a minimum of a year in multiples of years through a payroll deduction to receive tax relief.
- Peninsula Pensions (Administering Authority) can determine if it is not practical to pay regular contributions so a lump sum would be payable. *(NB: Currently awaiting a decision on what is deemed not to be practical)*
- If member goes on strike they no longer have the choice to pay 16% pension contributions. They can now elect to pay full APC for ‘lost’ pension; the employer cannot contribute to this cost.
- Where an employer permits an employee to purchase extra annual leave by foregoing salary, the extra leave will continue to be treated as authorised unpaid leave in the 2014 Scheme. *(see Section 6A of LGA HR guide for more details)*

**NB: At the moment we are awaiting guidance and factors from the Government Actuaries Department to be able to calculate the cost of an APC. It is expected that the LGA will provide an on-line calculator for members to be able to find out the cost of buy extra pension by an APC.**

**Data**

- Monthly data returns will be required from all employers, providing pensionable pay figures to Peninsula Pensions which include any APP figures.
- Data needs to be separate for 100/100 section and 50/50 section of scheme.
- Peninsula Pensions sent all employers an email February/March explaining the new requirements and giving examples of the data needed. Any problems with providing this data please contact Jane Aplin in Peninsula Pensions.

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End of year data will still be required and you will be contacted by Peninsula Pensions nearer the time. New CARE scheme data must only be for pensionable pay relating to April 2014 onwards, do not include any pay that is in respect of pre April 2014 service.

Retirements

- Members now have the choice to take Voluntary Early Retirement without the employers consent between the ages of 55 – 60.
- All benefits will be actuarially reduced unless:
  - Employer has used its discretion to ‘switch on’ the 85 year rule
  - Employer can use its discretion to waive any actuarial reduction
- If employer using discretion as above then they will pay a ‘Strain’ cost.
- Ill-health retirement remains as before although;
- Ill-health certificates have a slight change of wording and employers must ensure that the new certificates, available on Peninsula Pensions website, is used by the IRMP if signing from April 2014.
- There is an underpin protection for members who were born before 1st April 1957 i.e. within 10 years of NPA (age 65) at 1st April 2012. Peninsula Pensions continues to need the following information for these members:
  - Change of hours
  - Breaks in service
- So that employers don’t have to decide who they need to provide this information for Peninsula Pensions will accept these changes for all employees.

Leavers

- Members can now receive a refund of contributions providing they have less than 2 years services, with procedures as follows:
  - Less than 3 months service, employer will continue to refund contributions through payroll.
  - Over 3 months and less than 2 years’ service Peninsula Pensions will make the full refund to the member.
- If member entitled to a pre 2014 benefit then Peninsula Pensions will continue to need the old pensionable pay figure on leaving i.e pensionable pay (old 2008 definition of pay) for previous 12 months or best of the last 3 years or best 3 year average if pay has dropped.

Forms

- Peninsula Pensions have created new forms to comply with the new scheme and are available on the website
- Members can no longer nominate a co-habitating partner, however the benefit remains when a member dies providing the necessary criteria can be met.

Discretions

- Template for employer discretions will be available on Peninsula Pensions website in due course
- Employer discretions must be formulated and published by 1st July 2014
Miscellaneous

- Councillors can no longer join the LGPS and existing Councillor members will cease their membership of the LGPS at the end of their office term i.e next election, even if re-elected.

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Peninsula Pensions