**ENVIRONMENT AGENCY PENSION FUND (EAPF)**

**AND**

**SCHEME EMPLOYERS’**

**PROCEDURE MANUAL**

**THE LOCAL GOVERNMENT PENSION SCHEME (LGPS)**

**AND EAPF LEGACY SCHEMES**

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**Introduction**

**The Local Government Pension Scheme (LGPS)**

The Environment Agency Pension Fund (EAPF) is one of around 90 Administering Authorities in England and Wales that participates in the Local Government Pension Scheme (LGPS E&W). The LGPS E&W is a Statutory Approved Public Sector Pension Scheme and covers employees working in local government or connected to certain public services. The LGPS E&W is governed by the following regulations:

* The Local Government Pension Scheme Regulations 2013 (known as the 2014 LGPS within this manual)
* The Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014
* Earlier Regulations consisting of the Local Government Pension Scheme 1974, 1986, 1995, 1997 and 2008 Schemes where these provisions remain valid.
* The Public Service Pension Act 2013

The Scheme is a defined benefit scheme and benefits are built up on a Career Average Revalued Earnings (CARE) basis on and after 1 April 2014; prior to that date benefits were built up on a final salary basis.

Separate LGPS are applicable in Scotland, Northern Ireland and the Isle of Man.

**What is in this manual and how should it be used?**

This manual sets out the procedures to be followed by EAPF scheme employers to provide Capita, the appointed third party administrator, with the information needed to establish and keep up to date members’ records, in order to calculate their entitlements under the Statutory Regulations. Further information regarding record keeping can be found herein.

The manual is split into 9 separate sections that are linked together to provide a comprehensive guide to the processes of the EAPF. In addition, this manual should be read in conjunction with both the Administering Authority and Scheme Employing Authorities’ statements of policies covering contributions, retirement and discretions.

Sections [1](#Section_1), [2](#Section_2) and [3](#Section_3) deal with the lifecycle of the member from joining the EAPF, through any changes that occur during membership, to leaving active membership, retirement (or death, if earlier). Where pension terms or abbreviations are underlined a detailed definition is provided in Section [6](#Section_6).

Section [4](#Section_4) deals specifically with members of the EAPF legacy schemes, for ex HMIP/Department of the Environment (DoE) members and members of the Lee Conservancy Catchment Board Pension Scheme.

Section [5](#Section_5) shows what records need to be kept by the Scheme employer and what information needs to be provided to the EAPF in order to administrate the Scheme.

Section 7 lists the internal Service Level Agreements (SLAs) between Capita and: -

* Environment Agency (EA)
* Natural Resources Wales (NRW)
* Shared Services Connected Limited (SSCL)

Section 8 details the procedures that should be followed by the scheme employer when interacting with Capita regarding members of the EAPF.

Section 9, shows samples of all the pension forms (PEN forms) that are used to provide Capita with information, and where appropriate example letters to be used by the Scheme employer for pension purposes.

The manual is intended to act as a guide for the scheme employer when they are dealing with the pension issues of EAPF scheme members. While there will always be scenarios that fall outside of the information contained within this manual, because of their complexity or sensitivity, the manual should always be referred to in the first instance to provide the necessary guidance on which procedure should be followed.

All sections within this manual are hyperlinked. Where a heading or reference is underlined you can click on the wording and you will be taken to the appropriate section of the manual. This will provide you with not only the process information for dealing with your enquiry but will also supply the necessary technical guidance to proceed.

**Work approval process**

Capita are not permitted to vary or amend the contract, SLA, systems, processes, procedures, or do work that would involve expenditure of pension fund monies or incur additional fees or charges or impact on other priority work, that has not been authorised by the Head of Pension Fund Management.

If Capita receives a request from the scheme employer without such written approval, they will refuse to action this request and respond accordingly. Scheme employers should therefore contact the Head of Pension Fund Management for further guidance regarding this area.

**Contact Details**

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**Section 1 – Contributions, Pay and Absences**

**Contributions**

1. ***Scheme employer contribution rates***

The Scheme employer’s contribution rate is set by the fund actuary at the triennial valuation and is determined by the level of solvency of the EAPF. The table below shows the Scheme employers contribution rates, expressed as a percentage of active members’ gross pensionable pay.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | **Environment Agency** | **Natural Resource Wales** | **SSCL** |
| **From** | **To** | **Employer contributions** | | |
| 2016 | 2017 | 14% plus £14m (equivalent to 18.5%) | 21.2% plus £2m | 22.7% fixed |
| 2015 | 2016 | 14% plus £14m (equivalent to 18.5%) | 21.2% plus £0.85m | 22.7% fixed |
| 2014 | 2015 | 13% plus £14m (equivalent to 17.5%) | 20.2% | 22.7% fixed |
| 2013 | 2014 | 13% plus £12.7m (equivalent to 16.5%) | 16.5% equivalent | 22.7% fixed |
| 2012 | 2013 | 13% plus £12.12m (equivalent to 16.5%) |  | |
| 2011 | 2012 | 13% plus £12m (equivalent to 16.5%) |
| 2010 | 2011 | 16.5% |
| 2009 | 2010 | 16.0% |
| 2008 | 2009 | 15.5% |

After finalising each triennial valuation, the actuary will set the employer contribution rates payable for the following three years. The last valuation was in 2013.

1. ***Member contribution rates***

Members pay contributions based on their assessed pensionable pay on the relevant date and further information as to what constitutes the relevant date and assessed pensionable pay paid can be found further within this section.

The ranges for 2014/2015 are detailed in the table below.

|  |  |  |  |
| --- | --- | --- | --- |
| Band | Range  (based on actual pensionable pay paid to the member) | Contribution Rate  main section | Contribution Rate  50/50 Section |
| 1 | Up to £13,500 | 5.50% | 2.75% |
| 2 | £13,501 to £21,000 | 5.80% | 2.90% |
| 3 | £21,001 to £34,000 | 6.50% | 3.25% |
| 4 | £34,001 to £43,000 | 6.80% | 3.40% |
| 5 | £43,001 to £60,000 | 8.50% | 4.25% |
| 6 | £60,001 to £85,000 | 9.90% | 4.95% |
| 7 | £85,001 to £100,000 | 10.50% | 5.25% |
| 8 | £100,001 to £150,000 | 11.40% | 5.70% |
| 9 | £150,001 or more | 12.50% | 6.25% |

**Range**

Capita, in its role as third party administrator, will notify scheme employers before the 1st of April each year of the revised ranges which are increased (where the increase is greater than zero) by the Pensions (Increase) Act 1971 on the 1st day of each April.

**Main (100/100) section**

This is the Main section of the LGPS where members pay the appropriate contribution rate shown in the above table, based on the assessed pensionable pay, paid to the member on the relevant date. Whilst in this section the member builds up annual CARE pension at a rate of 1/49th of pensionable pay paid.

**50/50 Section**

The 50/50 Section that allows a member to elect to pay half the contributions for half the benefits: i.e.1/98th of pensionable pay paid rather than 1/49th and members pay the appropriate contribution rate for the 50/50 Section shown in the previous table (column 4).

Where a member opts into the 50/50 Section, the option should commence from either the start of the: -

* Pay period in which the election was received if the payroll has not been run/shut down, or
* Next pay period where the payroll cut off date has passed.

Whilst the member is paying reduced contributions the employer continues to pay their normal rate of employer contributions. The member will be re-enrolled in the main scheme at their re-enrolment date although they may immediately opt back into the 50/50 Section. A member may move between the Main section and the 50/50 Section as many times as they like (see [point 59](#Point_66) for further information).

1. ***Assessed pensionable pay and contribution bandings***

From 1 April 2014 assessed pensionable pay is derived from the actual pensionable pay paid to the member in respect of a single employment on the relevant date (not uplifted to the full time equivalent for members’ employed part-time or variable time.

The Scheme employer must identify which elements of a member’s pensionable pay it will use to determine which contribution band the member will be placed into on the relevant date. This is entirely discretionary. Reductions in pensionable pay due to sickness, child related leave, reserve forces service leave or other absence from work are to be disregarded when determining the appropriate contribution rate. Member contributions are paid on the entire pensionable pay paid irrespective of the pensionable pay used to assess the contribution band.

For the purpose of the assessment, where elements of the member’s pensionable pay are disregarded (e.g. irregular payments which may artificially spike the member’s overall assessed pensionable pay on a relevant date), the Scheme employer must ensure that this will not have a detrimental effect on the overall contributions paid by the members during their active membership to fund their benefits. Where members have fluctuating earnings throughout the year, thus making an annual assessment difficult, possible solutions would be:

* Assess each pay period based on pensionable pay paid
  + In current month
  + In previous month
  + In previous 12 months
* Assess quarterly based on pensionable pay paid
  + In previous quarter
  + In previous 12 months
* Assess annually

1. ***Relevant dates/periods for assessment of contribution bands***

Below is a list of the relevant dates upon which an employer must/may assess the contribution band into which the member is placed. From 1 April 2014 a Scheme employer may assess the band into which a member is placed on a more frequent basis than was previously available.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Relevant period/date for assessment** | **Contribution rate applicable from?** | **Mandatory or Employer Discretion** | **Pensionable pay** | **Applicable to which members?** |
| Pay period in which 1 April 2014 falls | 1 April 2014 | Mandatory | Pensionable pay paid to the member during the relevant period pro rata up to annual amount | All members who were in the scheme on 31 March 2014 and remained in the scheme on 1 April 2014 |
| Upon commencing employment | Date of joining the scheme | Mandatory | Annual pensionable pay the member is due to receive at the commencement of employment | New employee |
| Pay period during which the employee joins the scheme | Date of joining the scheme | Mandatory | Pensionable pay paid to the member during the relevant period pro rata up to annual amount | Employee who opts into the scheme |
| Pay period during which 1 April 2015 falls and each 1 April thereafter | Relevant 1 April | Mandatory | Pensionable pay paid to the member during the relevant period pro rata up to annual amount | All members who were in the scheme on 1 April 2015 and 1 April thereafter |
| Discretionary | Discretionary | Discretionary | Discretionary | Members who change their employment during the course of the financial year |
| Discretionary | Discretionary | Discretionary | Discretionary | Members who incur a material change which affects the member’s pensionable pay during the course of the financial year |

1. ***Scheme employer notification of contribution rate to member***

Having determined an appropriate contribution rate (whether individually or by an automated process on payroll), the Scheme employer must (as soon as is reasonably practicable) notify the employee: -

* Of the contribution rate to be deducted from the employee’s pensionable pay, and
* the date from which the rate is payable, and
* the notification must contain a conspicuous statement detailing:
  + the address from which further information about the decision may be obtained, and
  + the right to appeal to an adjudicator against the decision (which must be lodged within 6 months of being notified of the initial decision, or such longer period as the adjudicator may allow), and
  + the job title and address of the adjudicator (i.e. the person the employer has appointed to consider appeals), and
  + if unhappy with the adjudicator’s decision, the right to ask the EAPF to undertake a further review of the decision (within 6 months of the original decision).

1. ***Scheme employer contributions policy***

It is recommended that each Scheme employer should set out a published contributions policy to show how the employer: -

* 1. calculates assessed pensionable pay and the reasons as to why it has made this determination?
  2. determines the frequency by which it will assess the bands into which a member is placed and the reasons as to why it has made this determination? In determining such policy a Scheme employer needs to factor in all of the implications, such as: -
* Effect on amounts of contributions recovered against the cost to recover those contributions and subsequent effect on ongoing employer contribution rate.
* Whether the policy is fair and equal to all members?
* Is the policy justifiable if legally challenged?
  1. will communicate any changes in contribution rates to its scheme members (non-discretionary)?
* Where there is a change to a member’s contribution rate or a new member joins the Scheme the Scheme employer must notify the member of the contribution rate to be applied and the date from which it will be applied in advance of the change.

1. ***Information to accompany monthly contribution return***

Member and Scheme employer contributions arising from deductions: -

**2014 Scheme**: -

* 2013 Regulation 9 – contributions (Main section)
* 2013 Regulation 10 – Temporary reduction in contributions (50/50 Section)
* 2013 Regulation 11 – contributions during authorised absence from work (including trade disputes)
* 2013 Regulation 12 – contributions during Child Related Leave
* 2013 Regulation 13 – contributions during Reserve Forces Leave
* 2013 Regulation 14 – contributions during illness etc
* 2013 Regulation 16 – additional pension contributions (APCs) and shared cost additional pension contributions (SCAPCs)

**Earlier Schemes**: -

* Benefit Regulation 14 – Election in Respect of additional pension (ARC)
* Benefit Regulation 15 – Election in Respect of additional survivor benefits (ASBCs)
* 1997 Regulation 55 and equivalent Earlier Schemes Regulations – Payments to Increase Total Membership (Added Years)

should be paid into the pension fund by the 19th of the month following deduction. Additional voluntary contributions (AVCs) or shared cost additional voluntary contributions (SCAVCs) should reach the provider the day after deduction or by no later than the 6th of the month following deduction.

**Each contribution return (monthly) should be accompanied by a statement showing**: -

* Name of the member.
* Contribution band under which the member is paying contributions via 2013 Regulation 9.
* Total pensionable pay paid to the member during the period covered by the contribution return where contributions were deducted via 2013 Regulation 9 (Main section), including any assumed pensionable pay the member was treated as having received.
* Total member contributions deducted from the pensionable pay paid during the period covered by the contribution return where contributions were deducted via 2013 Regulation 9 (Main section).
* Total pensionable pay paid to the member during the period covered by the contribution return where contributions were deducted via 2013 Regulation 10 (50/50 Section), including any assumed pensionable pay the member was treated as having received.
* Total member contributions deducted from the pensionable pay paid during the period covered by the contribution return where contributions were deducted via 2013 Regulation 10 (50/50 Section).
* Total Scheme employer contributions deducted from the pensionable pay paid, including any assumed pensionable pay the member was treated as having received, during the period covered by the contribution return.
* Total additional pension contributions (APCs) made by the member via 2013 Regulation 16 during the period of the contribution return.
* Total shared cost additional pension contributions (SCAPCs) made by the Scheme employer via 2013 Regulation 16 during the period of the contribution return.
* Total additional pension contributions (ARCs) made by the member via Benefit Regulation 14 during the period of the contribution return.
* Total additional survivor benefit contributions (ASBCs) made by the member via Benefit Regulation 15 during the period of the contribution return.
* Total additional membership contributions (added years) made by the member via 1997 Regulation 55 and equivalent earlier schemes regulations during the period of the contribution return.

**Transitional**

Payments made to employees on and after 1 April 2014 in respect of earnings prior to 1 April 2014, the contribution return should show the following separately: -

* Contribution band under which the member is paying contributions via Benefit Regulation 3 (contributions payable by active members).
* Total pensionable pay earned by the member during the period covered by the contribution return where contributions were deducted under Benefit Regulation 3 (contributions payable by active members).
* Total member contributions deducted from the pensionable pay earned during the period covered by the contribution return where contributions were deducted via Benefit Regulation 3 (contributions payable by active members).
* Total Scheme employer contributions derived from the pensionable pay earned (or treated as having been earned) prior to 1 April 2014, during the period covered by the contribution return.

1. ***[Recovery of underpaid member and Scheme employer contributions](#underpaid_conts)***

Where an error is made and contributions have not been deducted from pensionable pay it is the responsibility of the Scheme employer to pay over the underpaid contributions (member and Scheme employer’s) to the EAPF including any interest due for late payment upon discovery of the error. The Scheme employer must agree its own recovery plan with the member to recover the underpaid member contributions in a separate arrangement.

**Pay for Pension Purposes**

1. ***Pensionable pay and protected final salary***

**Pensionable pay**

Pensionable pay is the term given to the monies from which member contributions are deducted. Pensionable pay is used to calculate pension benefits in either the form of: -

* Defined Benefit CARE - pensionable pay paid during a scheme year for benefits built up on or after 1 April 2014, and
* Defined Benefit final salary - final pay at the point of leaving active membership derived using the 2008 Regulations definition of pensionable pay.

On 1 April 2014 the definition of pensionable pay changed and it is extremely important that Scheme employers ensure that contributions are deducted from the correct definition of pensionable pay within prescribed circumstances and that protected final pay is also derived from the correct definition of pensionable pay. The following points explain which definition of pensionable pay should be used at any given point.

**Protected final salary**

The Public Service Pensions Act 2013 (PSPA 2013) guarantees to protect benefits in a Public Sector final salary Scheme built up to the date that the Scheme changes from Defined Benefit final salary to Defined Benefit Career Average Revalued Earnings (CARE). The LGPS changes to a CARE scheme from 1 April 2014 and all the remaining Public Sector Pension Schemes are changing to CARE Schemes from 1 April 2015.

The PSPA 2013 also guarantees to retain final salary protection to those individuals who move between Public Sector Pension Schemes, providing the individual does not have a disqualifying break.

A disqualifying break is defined as a continuous break in active membership of a public sector pension scheme of more than 5 years.

Members retain final salary protection who: -

* Contributed to the Scheme on both the 31 March and 1 April 2014 continuously in the same employment, or
* joined the scheme on or after 1 April 2014 without a disqualifying break and elect to transfer pre 1 April 2015 benefits from another public sector pension scheme into the LGPS, or
* Rejoin the scheme on or after 1 April 2014 without a disqualifying break and elect to aggregate their benefits from one LGPS Fund into another, or
* Rejoin the scheme on or after 1 April 2014 without a disqualifying break and do not elect to aggregate their benefits (which contain pre 1 April 2014 final salary benefits) from another LGPS Fund into another. In this scenario either the deferred benefit held in:
* The earlier LGPS fund are recalculated using the final pay from the later LGPS employment where the final salary is higher in the ongoing employment, without the member physically aggregating the benefits.

The national technical group meeting of 14 March 2014 concluded that statutory guidance from DCLG would be needed to ensure consistent application across England & Wales. In effect, wherever this scenario occurs the later Scheme employer is responsible for recording 2008 Scheme final salary pay data during the member’s employment. This includes assessing whether the member has met Benefit Regulation 10 (Final Pay Reductions) final pay reductions. Upon the member leaving the ‘later’ employment, the Scheme employer must inform the previous LGPS fund (this may be the EAPF if the member held the deferred benefit in the EAPF) of the 2008 Final Salary, in order that the deferred benefit may be recalculated. It is for this reason that the Pen 17 (pay request form) requests the 2008 Scheme final salary of a member upon request by Capita.

In addition final pay is also used to calculate benefits built up after 31 March 2014 for the 2014 statutory underpin. In this circumstance the Scheme employer must provide the final pay upon leaving active membership of the scheme (in the usual manner) and if earlier, on the member’s 2008 normal retirement age. The 2008 normal retirement age is age 65 for the majority of scheme members, however, HMIP members (see section 4) have a normal retirement age of 60.

When calculating final salary protection a Scheme employer must use the 2008 Scheme definition of final pay (using pensionable pay earned).

Scheme employers will therefore need to ensure that they are able to provide Capita with the following information on 31 March each year. In practice this information will be transferred via the monthly interface: -

* Member only contributed to the Scheme on or after 1 April 2014
  + - * Pensionable pay paid to the member during the course of the Scheme year (1 April – 31 March, or date of leaving if earlier), and
      * If the member has aggregated benefits from another LGPS fund which retain final salary protection, the member’s final salary (PSPA2013 protection) under the 2008 Scheme using the 2008 definition of pensionable pay, and
      * If the member has transferred in benefits from another Public Sector Pension Scheme which retain final salary protection, the member’s final salary (PSPA2013 protection) under the 2008 Scheme using the 2008 definition of pensionable pay (despite the member never having been a member of the 2008 Scheme).
* Member contributed to the Scheme on both 31 March and 1 April 2014 continuously in the same employment
  + - * Pensionable pay paid to the member during the course of the Scheme year (1 April – 31 March, or date of leaving if earlier), and
      * The member’s final salary (PSPA2013 protection) under the 2008 Scheme using the 2008 definition of pensionable pay.

The following points explain the definition of pensionable pay, 2014 Scheme and 2008 Scheme and protected final pay under the 2008 Scheme.

1. ***Pensionable pay earned and paid on or after 1 April 2014 (2014 Scheme)***

Pensionable pay used to calculate benefits built up on and after 1 April 2014 is largely the same as the definition for pensionable pay earned prior to 1 April 2014 though it will now include payments for non-contractual overtime and additional hours for part-time employees.

The most important difference, between pre and post 1 April 2014, is that it is the pensionable pay paid to the employee during the course of the Scheme year (1 April – 31 March or date of leaving if earlier), that is used to calculate the CARE benefits on or after 1 April 2014.

A member’s pensionable pay is the total of all the salary, wages and fees paid to the member in respect of the member’s employment plus any other payment or benefit that is specified in the member’s contract of employment as being a pensionable emolument. Examples of pensionable emoluments include a lease car (if issued before 1 January 1993), housing and uniform payments and bonus / performance related payments.

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Pensionable pay specifically excludes the following elements:

1. Any sum that has not had income tax liability determined on it
2. Any travelling, subsistence or other allowance paid in respect of expenses incurred in relation to the employment
3. Any payment in consideration of loss of holidays
4. Any payment in lieu of notice to terminate a contract of employment
5. Any payment as an inducement not to terminate employment before this payment is made
6. Lease car or cash equivalents issued on or after 1 January 1993
7. HMIP/DoE pay supplement to cover contributions up to 6%
8. Any payment in consideration of loss of future pensionable payments or benefits
9. Any award of compensation (excluding any sum representing arrears of pay) for the purposes of achieving equal pay in relation to other employees
10. Any payment made by the Scheme employer to a member on reserve forces service leave
11. Returning officer, or acting returning officer fees other than fees paid in respect of: local government elections, elections for the National Assembly for Wales, Parliamentary Elections of European Parliamentary Election
12. ***Calculating pensionable pay earned before 1 April 2014 (2008 Scheme)***

Pensionable pay used to calculate benefits built up prior to 1 April 2014 is largely the same as the definition for pensionable pay earned and paid on and after 1 April 2014 though it excludes payments for non-contractual overtime and additional hours for part-time employees.

When calculating final salary benefits under the 2008 Scheme it is the 2008 Scheme definition of pensionable pay that is used to determine final pay and not the 2014 Scheme definition. In addition, the 2008 Scheme definition of pensionable pay is also used for the continuing deduction of contributions from a member’s salary (more information is documented further within this manual on this point) where the member is: -

* Purchasing additional membership (known as added years) under the 1998 Scheme, and
* Purchasing additional survivor benefits (ASBCs) under the 2008 Scheme, and
* Paying in house additional voluntary contributions (IHAVCs) where the election to pay IHAVCs was received before 1 April 2014

A member’s pensionable pay, defined under the 2008 Scheme, is the total of all the salary, wages and fees paid to the member in respect of the member’s employment plus any other payment or benefit that is specified in the member’s contract of employment as being a pensionable emolument. Examples of pensionable emoluments include a lease car (if issued before 1 January 1993), housing and uniform payments and bonus / performance related payments.

Pensionable pay specifically excludes the following elements:

1. Payments for non-contractual overtime (this has been removed from 1 April 2014 and includes the exclusion of non-contractual payments made to part-time workers in respect of additional hours)
2. Any travelling, subsistence or other allowance paid in respect of expenses incurred in relation to the employment
3. Any payment in consideration of loss of holidays
4. Any payment in lieu of notice to terminate the member’s contract of employment
5. Any payment as an inducement not to terminate the member’s employment before the payment is made
6. Lease car or cash equivalents issued on or after 1 January 1993
7. HMIP/DoE pay supplement to cover increase in contributions (see point 13 below)
8. Any award of compensation (excluding any sum representing arrears of pay) for the purposes of achieving equal pay in relation to other employees

In addition to the above mentioned inclusions and exclusions, when establishing what is pensionable, the Scheme employer must be sure that the payment will have income tax liability determined on it otherwise it must be non-pensionable.

1. ***Pensionable pay paid after 31 March 2014 in respect of earnings prior to 1 April 2014***

Where a Scheme employer pays pensionable pay to a scheme member on or after 1 April 2014 that includes pensionable pay earned prior to 1 April 2014, then the: -

* Member contributions should be deducted from the pensionable pay as defined under the 2008 Scheme and in accordance with the rates applicable at the time of earning, and
* Employer contributions should be calculated against the pensionable pay as defined under the 2008 Scheme and in accordance with the valid rates and adjustment certificate at that time.

1. ***Environment Agency Pensionable Emoluments***

**HMIP/ DoE Pension Allowance (Pay Supplement)**

Those former HMIP and other DoEstaff, who were members of the Principal Civil Service Pension Scheme (PCSPS) immediately before their compulsory transfer to the EAPF on or after 1 April 1996, may still receive a non-pensionable pay supplement. This supplement is to compensate for the increase in their pension contributions from 1.5% in the PCSPS to 6% in the EAPF on that date. Please note that with the introduction of the revised contribution banding from 1 April 2008, and the further revision from 1 April 2014, there is no increase to the pay supplement paid should the member be obliged to pay a standard contribution rate greater than 6%.

The supplement is intended to ensure that there is, as far as is reasonably possible, no reduction in the members net take home pay up to 31 March 2008. Thereafter, the contribution rates changes may have affected the member’s take home pay. The supplement is liable to income tax and National Insurance contributions, but it is not used as pensionable pay to determine into which contribution band a member may be placed from 1 April 2008, or for the calculation of benefits for pension purposes.

**Executive Managers’ (EMs) Performance Related Payments (PRP)**

Executive Managers / Directors / Chief Executive in the Environment Agency (EA) are eligible to be considered for a discretionary PRP which are [pensionable emolument](outbind://20/#pensionable_emolument)s. The PRP is based on earnings during a specified year, which runs from 1 April to 31 March. PRP is discretionary and where paid covers the performance management period from April through to March and payments are normally made in the following June subject to the appropriate approvals. PRP is subject to Cabinet Office guidance, approval from the Secretary of State and specified caps which are confirmed by the Cabinet Office via DEFRA.

PRP is based on earnings during the relevant year, is a one off payment and is not consolidated into basic pay.  The PRP range is 0-20% of salary. PRP payment is currently pensionable in line with the LGPS regulations.  Levels of PRP and its allocation are subject to change each year.  Participation in the scheme in one year does not entitle EMs to be paid PRP in subsequent years.

The EA PRP scheme must align to the Senior Civil Service (SCS) guidance and this includes paying PRP to the top 25 per cent of performers. The Reward Team instructs Payroll to make the payments. Payroll will not accept/process performance related payments unless these have the authorisation of the Reward Team. Each Executive Manager will receive from their line manager a letter / memo detailing the payment that is being paid including the period the payment was earned in and the PRP value.

PRP paid on or after 1 April 2014 in respect of PRP earned: -

* Prior 1 April 2014, should be included within pensionable pay earned within the relevant period earned, and
* Post 31 March 2014 should be included within pensionable pay paid within the Scheme year in which it is paid for the calculation of CARE benefits, and included within pensionable pay earned within the relevant period earned for the calculation of final salary benefits under the 2008 Scheme.

**Executive Manager Non Standard Payments Leavers / Retirements**

Executive Managers / Directors / Chief Executive who leave the Environment Agency may be eligible to receive a PRP pro-rated according to the leaving date (completed whole months will be paid) where the Director or Regional Director wishes to make a payment. There is no automatic entitlement to the payment. The recommendation will be sent to the Head of HR Strategy who will follow an approval process similar to that in place for the annual PRP.

**Pension**

EA Executive Manager’s / Director’s / Chief Executive’s PRP is pensionable. On leaving the LGPS:

* The pensionable pay paid during the course of the Scheme year (1 April – 31 March, or earlier if the member left active membership before 31 March) will be calculated to include: -

1. The basic pensionable pay paid during the Scheme year, and
2. The PRP amount *paid* during the Scheme year

* The final pay will be calculated by reference to:

1. The basic pay for the final pay period (Section 1 – final pay period)
2. The PRP amount *earned* in the final pay period

**Exceptions**

Exceptional payments by the Environment Agency should follow an approval process similar to that in place for the annual performance related payments and will require the approval of the Director / Regional Director and the Director of Resources and Legal Services.

1. ***Pre 1 April 2014 – Protected final pay periods***

**Summary**

When calculating final pay (to calculate protected final salary Benefits) the correct ‘final pay period’ must first be identified and this is defined within the Scheme regulations.

Benefit Regulation 8 of the 2008 Scheme defines the final pay period that must be used to calculate a member’s final pay, unless the member is eligible to elect for a different final pay period under Benefit Regulation 10 (final pay reductions - BR10) or Regulation 23 (certificates of protection – COP) of the 1997 Regulations. Benefit Regulation 8 always applies in the first instance and is non-discretionary. See below for more details.

**Pensions increase - final pay period before date of leaving**

If a final pay period, other than the 365 days up to the date of leaving active membership is used (either through non-discretionary legislation (BR8) or an election by the member (BR10 or COP)), pensions increase is added to the member’s benefits upon payment using a relevant date as the day after the end of the final pay period. However, if the member under age 55 and does not meet the ill health criteria for payment of pensions increase, cumulative pension increase awards are applied and paid from the member’s 55th birthday (backdated pensions increase is not paid to the member). These rules are non-discretionary and should always be applied.

**Final pay period - Benefit Regulation 8 of the 2008 Scheme**

The final pay period is either the pensionable pay earned (including any pensionable emoluments) in the 365 days up to the date of leaving active membership of the LGPS, or, if it would produce a higher pensionable pay figure, either of the two immediately preceding years (this is non-discretionary). For part-time employees the pensionable pay is grossed up to the full time equivalent.

The Scheme employer must keep a record of all the necessary pay information. For example, a protected member left active membership of the LGPS on 31 March 2035. The pensionable pay earned during the following final pay periods would need to be calculated and the final pay supplied to Capita based on the final pay periods shown below:

|  |  |
| --- | --- |
| **Benefit Regulation 8 (Scheme employer must determine the final pay derived from the final pay periods shown below)** | |
| Year 1 | 01/04/2034 – 31/03/2035 |
| Year 2 | 01/04/2033 – 31/03/2034 |
| Year 3 | 01/04/2032 – 31/03/2033 |

**Final pay period – Benefit Regulation 10 of the 2008 Scheme – final pay reductions**

A member who has had a reduction or restriction in pensionable pay may be eligible to elect to use Benefit Regulation 10 upon leaving active membership of the Scheme providing they cease active membership within 10 years of the date of the reduction or restriction. The Scheme employer will issue a regulation 10 letter and will notify Capita if a member meets the criteria at the time of the reduction/restriction.

A regulation 10 letter may be still be issued to a protected member for a relevant reduction or restriction that occurs on or after 1 April 2014. This means that Scheme employers will need to retain detailed pay records for many years into the future in case a BR10 event should arise at a later date. In addition, such records will also need to be kept in respect of future employees/members who transfer in benefits from another LGPS Fund or Public Sector Pension Scheme and who retain final salary Protection via the PSPA 2013 despite never having been a member of the 2008 Scheme.

Where this is the case and the member elects no later than one month prior to the date of ceasing active membership the final pay period can be any consecutive three years (1 April to the 31 March) within the period of 13 years ending with the member’s last day as an active member.

For example, for a member who leaves active membership on 30 September 2023, the pensionable pay earned during the following final pay periods would need to be calculated and the final pay supplied to Capita based on the final pay periods shown below:

|  |  |
| --- | --- |
| **Benefit Regulation 8 (Scheme employer must determine the final pay derived from the final pay periods shown below)** | |
| Year 1 | 01/10/2022 – 30/09/2023 |
| Year 2 | 01/10/2021 – 30/09/2022 |
| Year 3 | 01/10/2020 – 30/09/2021 |

In addition, as this member is a protected member and is eligible to elect for Benefit Regulation 10 upon leaving active membership, the Scheme employer must keep a record of all the necessary pay information and provide this to Capita:

|  |  |
| --- | --- |
| **Benefit Regulation 10 (Scheme employer must provide the pensionable pay earned during the following final pay periods)** | |
| Year 1 | 01/04/2022 – 31/03/2023 |
| Year 2 | 01/04/2021 – 31/03/2022 |
| Year 3 | 01/04/2020 – 31/03/2021 |
| Year 4 | 01/04/2019 – 31/03/2020 |
| Year 5 | 01/04/2018 – 31/03/2019 |
| Year 6 | 01/04/2017 – 31/03/2018 |
| Year 7 | 01/04/2016 – 31/03/2017 |
| Year 8 | 01/04/2015 – 31/03/2016 |
| Year 9 | 01/04/2014 – 31/03/2015 |
| Year 10 | 01/04/2013 – 31/03/2014 |
| Year 11 | 01/04/2012 – 31/03/2013 |
| Year 12 | 01/04/2011 – 31/03/2012 |
| Year 13 | 01/04/2010 – 31/03/2011 |

**Final pay period – Regulation 23 of the 1997 Scheme – certificate of protection**

A member who was issued a certificate of protection in relation to a reduction or restriction that took place prior to 1 April 2008 may elect to use that Certificate upon leaving active membership of the Scheme providing it is still valid (a certificate lasts for 10 years from the effective date of issue). If a member dies in service with a valid certificate, the EAPF may make an election on behalf of the deceased member.

Where the member is eligible to elect (or the EAPF is eligible to elect) before the expiry of one month beginning with the date on which the member was notified of entitlement to a benefit, the final pay period may be the 365 days up to the date of leaving active membership of the LGPS, or any of the 4 immediately preceding years or any consecutive three year average (calculated in cycles in 365 days up to the anniversary of the date of leaving) in the 13 years up to the date of leaving active membership.

The pensionable pay earned during the following final pay periods would need to be calculated and the final pay supplied to Capita based on the final pay periods shown below:

|  |  |
| --- | --- |
| **Benefit Regulation 8 (Scheme employer must determine the final pay derived from the final pay periods shown below)** | |
| Year 1 | 01/10/2013 to 30/09/2014 |
| Year 2 | 01/10/2012 to 30/09/2013 |
| Year 3 | 01/10/2011 to 30/09/2012 |

In addition, as this member is a protected member and is eligible to elect for their certificate of protection to be enacted upon leaving active membership, the Scheme employer must keep a record of all the necessary pay information and provide this to Capita:

|  |  |
| --- | --- |
| **Certificate of protection (Scheme employer must provide the pensionable pay earned during the following final pay periods)** | |
| Year 4 | 01/10/2010 to 30/09/2011 |
| Year 5 | 01/10/2009 to 30/09/2010 |
| Year 6 | 01/10/2008 to 30/09/2009 |
| Year 7 | 01/10/2007 to 30/09/2008 |
| Year 8 | 01/10/2006 to 30/09/2007 |
| Year 9 | 01/10/2005 to 30/09/2006 |
| Year 10 | 01/10/2004 to 30/09/2005 |
| Year 11 | 01/10/2003 to 30/09/2004 |
| Year 12 | 01/10/2002 to 30/09/2003 |
| Year 13 | 01/10/2001 to 30/09/2002 |

1. ***Pre 1 April 2014 – protected final pay calculation***

Final pay covers the pensionable pay a member has earned in the employment that is ceasing where the member is an active member of the LGPS. However, if a member aggregated membership from a previous local government employment on or after 1 October 2012, the final pay will also take account of the pay received in the previous local government employment if this is during the final pay period.

If a member has concurrent employments the member may only count the pay in the employment that is ceasing and not any pay from the concurrent employment(s).

If the member has been absent, without having repaid contributions (if pre 1 April 2014 absence) or purchased additional pension to replace ‘lost’ CARE pension (post 31 March 2014 absence), during any of the final pay period then the relevant 365 day period should be pro-rated up to 365 days.

Where the member is only entitled to count part of the year within the final pay period (e.g. because the member only recently started employment or elected not to repay contributions or purchase additional pension) the member’s final pay is the pensionable pay earned during the part-year grossed up to 365 days. See example below: -

**Example:**

Mrs P joins the LGPS on 1 July 2013 and subsequently leaves on 1 February 2014 (216 days). For the 216 days that Mrs P is a member of the LGPS her pensionable pay is £10,000. The final pay on which her deferred benefits are based is calculated as:

£10,000 x 365/216 = £16,898.15

Some pensionable emoluments (such as performance related payments) are paid in arrears and cover the previous financial year. Where a member is entitled to such a payment the only amount included in the calculation of final pay is the pensionable emolument which has been *earned* in the final pay period irrespective of when the emolument is paid. The example below considers this further.

|  |
| --- |
| **Example**  Mr A retires from his employment on 31 March 2014. The first final pay period is from 1 April 2013 to 31 March 2014. Mr A, who was a whole-time worker throughout his membership, earned £30,000 pensionable pay (excluding pensionable emoluments) for the period from 1 April 2013 to 31 March 2014.  In addition, Mr A was eligible to receive a one off pensionable emolument. In November 2013, he received a £1,250 one off pensionable emolument to reflect the work undertaken from 1 January 2013 to 31 March 2013. In February 2014 he received a £1,000 one off pensionable emolument to reflect the work undertaken from 1 October 2013 to 31 December 2013. In June 2014, 3 months after leaving, he received a £500 one off pensionable emolument to reflect the work undertaken from 1 February 2014 to 31 March 2014.  When calculating Mr A’s pay in the first final pay period (1 April 2013 to 31 March 2014), only the pensionable emoluments earned in this period should be included. In this case you would need to include £1,500 of pensionable emoluments (£1000 relating to work undertaken from 1 October 2013 to 31 December 2013 plus £500 relating to work undertaken from 1 February 2014 to 31 March 2014). Therefore, Mr A’s pay for this final pay period was £31,500.  The same approach would be followed for calculating the following final pay periods: 1 April 2012 to 30 March 2013, and 1 April 2011 to 30 March 2012 to determine the final period which produces the highest final pay of the last three years |

1. ***Actual pensionable pay paid on leaving the scheme***

**Post 31 March 2014**

This amount is used for actuarial valuation and is the annual rate of pensionable pay paid on exit, plus any pensionable emolument (e.g. performance related payment, annual car emolument) paid from the previous 1 April.

**Pre 1 April 2014**

This amount is used for actuarial valuation, aggregation and interfund adjustments and calculating final salary benefits. It is the annual rate of pensionable pay earned in the final year including any pensionable emolument (e.g. performance related payment, annual car emolument) **earned**.

**Absences**

1. ***Different types of absence***

This section sets out a summary of the different types of absences and explains the changes between the 2008 Scheme and the 2014 Scheme.

For a Protected final salary member (see [point 9](#Point_9)) it is essential that Capita is informed at the outset of a period of absence by the completion of the relevant PEN Form, even if the date of return is unknown. Upon return a revised notification should be issued. It is important that Capita receives this information as it prevents queries being raised via the monthly interface dialogue concerning reductions in contributions/pay.

If the member was paying additional contributions immediately before the period of leave began, [point 31](#Point_35) for further information.

**Illness or injury**

A member may be absent from work due to illness or injury.

|  |  |  |
| --- | --- | --- |
| **Description** | **2008 Scheme**  **(during the period of the absence)** | **2014 LGPS**  **(during the period of the absence)** |
| Pension benefits during the absence: | The membership is awarded in full regardless of any reduced / nil pay | CARE benefit is awarded at: -  1/49th or 1/98th (50/50) accrual  1/49th where the member is on nil pay. |
| Member contributions during the absence: | Member contributions are paid on any pensionable pay earned at their standard rate. | Member contributions are paid on any pensionable pay paid at their main Section or 50/50 Section rate. |
| Scheme employer contributions during the absence: | Scheme employer contributions are paid on any pensionable pay earned. | Scheme employer contributions are paid on: -   * pensionable pay paid where there is no reduction to pensionable pay, or   assumed pensionable pay (APP) where there is a reduction or nil pay occurs. |
| Pensionable pay used to calculate benefits in the LGPS: | Final salary benefits calculated on the date of leaving active membership.  Where the final pay period includes such absence, final salary is calculated ignoring any such absence (i.e. based on ‘notional pay’). | Pensionable pay paid during the Scheme year (1 April – 31 March, or date of leaving if earlier) is calculated by adding together: -   * pensionable pay paid (excluding any pensionable pay paid during an absence), plus   assumed pensionable pay (APP) pro rata for the period of the absence. |

**Child related leave**

A member may be absent from work due to child related leave. Some of the child related leave is paid (or deemed paid) and the remainder is unpaid leave.

|  |  |  |
| --- | --- | --- |
| **Description** | **2008 Scheme**  **(during the period of the absence)** | **2014 LGPS**  **(during the period of the absence)** |
| Pension benefits during the absence: | Ordinary and paid Additional Maternity / Paternity / Adoption Leave  The membership is awarded in full regardless of any reduced / nil pay | Ordinary and paid Additional Maternity / Paternity / Adoption Leave  CARE benefit is awarded at: -  1/49th or 1/98th (50/50) X APP  pro rata for the period of the absence. |
| Unpaid Additional Maternity / Paternity / Adoption Leave  Where the member elects to repay missed contributions on their, the membership is awarded in full, otherwise, a break in membership is applied for the period of absence. | Unpaid Additional Maternity / Paternity / Adoption Leave  Where lost pension is bought back through APCs – Additional pension bought, otherwise no earned pension is accrued |
| Member contributions during the absence: | Ordinary and paid Additional Maternity / Paternity / Adoption Leave  Member contributions are paid on any pensionable pay earned at their standard rate. | Ordinary and paid Additional Maternity / Paternity / Adoption Leave  Member contributions are paid on any pensionable pay paid at their Main section or 50/50 Section rate. |
| Unpaid Additional Maternity / Paternity / Adoption Leave  Member has the option to repay contributions that would have been paid during the Additional leave based on the pensionable pay immediately before the unpaid absence began earned at their standard rate. | Unpaid Additional Maternity / Paternity / Adoption Leave  Member has the option to purchase any lost pension through APCs. An election made within 30 days of the return to work will require the Scheme employer to pay 2/3rds of the cost of the APC |
| Scheme employer contributions during the absence: | Ordinary and paid Additional Maternity / Paternity / Adoption Leave  Scheme employer contributions are paid on the pensionable pay the member would have earned but for the absence (notional pay). | Ordinary and paid Additional Maternity / Paternity / Adoption Leave  Scheme employer contributions are paid on assumed pensionable pay (APP). |
|  | Unpaid Additional Maternity / Paternity / Adoption Leave  Where the member elects to repay missed contributions, Scheme employer contributions are paid on the pensionable pay the member would have earned but for the absence (notional pay), otherwise, no Scheme employer contributions are payable. | Unpaid Additional Maternity / Paternity / Adoption Leave  Where the member elects within 30 days of return to work to purchase ‘lost’ pension, Scheme employer contributions are equivalent to 2/3rds of the cost to purchase the shared cost additional pension (SCAPC), otherwise no Scheme employer contributions are payable unless the Scheme employer chooses to contribute towards the cost. |
| Pensionable pay used to calculate benefits in the LGPS: | Final salary benefits calculated on the date of leaving active membership.   * Ignoring any absence where the member has repaid any unpaid contributions; or * pensionable pay grossed up to 365 days where the member did not elect to repay contributions.   Note: for the purpose of calculating Protected final pay on or after 1 April 2014, the member must purchase the full value of ‘lost’ pension via 2014 SCAPC to avoid any impact on the calculation of Protected final pay, otherwise Protected final pay is calculated in accordance with 2 above. | CARE benefit calculated annually on 31 March (or date of leaving if earlier).  Pensionable pay paid during the Scheme year is calculated by adding together:-   * pensionable pay paid (excluding any pensionable pay paid during Maternity Leave) plus * assumed pensionable pay (APP) pro rata for the period of Maternity Leave. * Additional pension purchased through SCAPCs to cover ‘lost pension’ |

**Notes:**

A member may be required to go into work for up to a mutually agreed number of Keep-in-Touch (KIT) days during the period of absence. These days are in addition to the reasonable contact that employers and employees may make with one another. KIT days can be used for employees to carry out paid work for their Scheme employer as well as attend training events or appraisals without losing any SMP / SAP entitlement. Please consult Scheme employer’s policy on discretions for further details. The earnings received by the member for KIT days are pensionable and it is therefore important that the member is informed that these earning’s, will attract pension contributions. The contributions due will be deducted directly from the pay received for the KIT day(s). Both the employee and the Scheme employer pay contributions on the amount paid for the KIT day and the pensionable pay paid is used to calculate the benefits for the day(s).

**Reserve Forces Leave**

A member may be absent from work due to Reserve Forces Leave.

|  |  |  |
| --- | --- | --- |
| **Description** | **2008 Scheme**  **(during the period of the absence)** | **2014 LGPS**  **(during the period of the absence)** |
| Pension benefits during the absence: | The membership is awarded: -   * In full, where Reserve Forces Pay < pensionable pay the member would have earned but for the absence, or * In full, where Reserve Forces Pay >= pensionable pay the member would have earned but for the absence and member has paid contributions on MOD Pay, or   Break in Service applied where Reserve Forces Pay >= pensionable pay the member would have earned but for the absence and member has issued a cancelling notice. | CARE benefit is awarded at: -  1/49th or 1/98th (50/50) X APP. |
| Member contributions during the absence: | Member contributions are: -   * Not paid, where Reserve Forces Pay < pensionable pay the member would have earned but for the absence, or * Paid on MOD Pay at their standard rate, where Reserve Forces pay >= pensionable pay the member would have earned but for the absence (unless cancelling notice is issued). | Member contributions are paid on assumed pensionable pay on their Main section or 50/50 Section rate (if employer makes any payments to the member during Reserve Forces Leave these are non-pensionable). |
| Scheme employer contributions during the absence: | Scheme employer contributions are: -   * Not paid, where the Reserve Forces Pay is < pensionable pay the member would have earned but for the absence, or * Paid on MOD Pay, where Reserve Forces pay is >= pensionable pay the member would have earned but for the absence (unless cancelling notice is issued). | Scheme employer contributions are paid on assumed pensionable pay (APP). |
| pensionable pay used to calculate benefits in the LGPS: | Final salary benefits calculated on the date of leaving active membership.  Where the final pay period includes any absence, final salary is calculated: -   * Ignoring any such absence where the Reserve Forces Pay < pensionable pay the member would have earned but for the absence(i.e. ‘notional pay’), or * On MOD Pay, where Reserve Forces pay is >= pensionable pay the member would have earned but for the absence (i.e. ‘notional pay’)   Where cancelling notice is issued, pro rata pensionable pay earned up to 365 days. | CARE benefit calculated on pensionable pay paid during the Scheme year (1 April – 31 March, or date of leaving if earlier) is calculated by adding together   * pensionable pay paid (excluding any pensionable pay paid during Reserve Forces Leave) plus * assumed pensionable pay (APP)for the period of Reserve Forces Leave. |

**Notes:**

Reserve Forces leave is defined as absence from duty because of being called out or recalled for permanent service in Her Majesty’s armed forces pursuant to a call-out notice served or a call-out or recall order, under the Reserve forces Act 1996.

When the scheme employer makes a claim to the adjudication officer for an award in respect of a reservist who has been called out, the scheme employer should include within the claim, details of any scheme employer payments made to the pension scheme during the period of leave. The scheme employer will deal with the provision of information to the adjudication officer where a claim is to be made. Full details of the award scheme can be found in The Reserve Forces (Call out and Recall) (Financial Assistance) Regulations 2005

**Authorised absence**

A member may be absent with the permission of their employer.

|  |  |  |
| --- | --- | --- |
| **Description** | **2008 Scheme**  **(during the period of the absence)** | **2014 LGPS**  **(during the period of the absence)** |
| Pension benefits during the absence: | The membership is awarded: -   * In full for 1st 30 days of absence, and * In full (up to maximum of 36 months) where member elects to repay missed contributions, otherwise, break in service applied for the period of the absence. | CARE benefit is awarded at: -  Additional Pension purchased through SCAPCs. |
| Member contributions during the absence: | Member contributions are paid on: -   * pensionable pay earned for 1st 30 continuous days at their standard rate, and * Where member elects to repay missed contributions on the pensionable pay the member would have earned but for the absence at their standard rate, otherwise, none. | Member has the option to purchase any lost pension through APCs. |
| Scheme employer contributions during the absence: | Scheme employer contributions are paid on   * Pensionable pay earned for 1st 30 days, and * Where member elects to repay missed contributions; on the pensionable pay the member would have earned but for the absence, otherwise, none. | Where the member elects within 30 days of return to work will require the Scheme employer to pay 2/3rds of the cost of the APC. |
| Pensionable pay used to calculate benefits in the LGPS: | Final salary benefits calculated on the date of leaving active membership.   * Ignoring any absence where the member has repaid any unpaid contributions (i.e. ‘notional pay’), * pensionable pay grossed up to 365 days where the member did not elect to repay contributions.   Note: for the purpose of calculating Protected final pay on or after 1 April 2014, the member must purchase the full value of ‘lost’ pension via 2014 SCAPC to avoid any impact on the calculation of Protected final pay, otherwise Protected final pay is calculated in accordance with 2 above. | CARE benefit calculated annually on 31 March (or date of leaving if earlier).  Pensionable pay paid during the Scheme year is calculated by adding together: -   * pensionable pay paid (excluding any pensionable pay paid during Maternity Leave) plus * assumed pensionable pay (APP) pro rata for the period of Maternity Leave.   Any CARE benefits ‘lost’ during Additional Maternity / Paternity / Adoption Leave are replaced with the benefits purchased by SCAPC. |

**Notes:**

2008 Scheme: If the absence is intermittent (e.g. absence is 2 days per week for 6 months) contributions must continue to be deducted in full for the 6 months as the period of absence is not continuous for over 30 days.

See [point 31](#Point_35) if the member was paying additional contributions immediately before the period of leave began.

There are no longer any special provisions concerning Jury Service. Members who wish to purchase ‘lost’ pension as a result of undertaking Jury Service, must purchase additional pension in the same way as for any other authorised absence.

**Recognised trade dispute**

A member may be absent as a result of a recognised trade dispute.

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| --- | --- | --- |
| **Description** | **2008 Scheme**  **(during the period of the absence)** | **2014 LGPS**  **(during the period of the absence)** |
| Pension benefits during the absence: | The membership is awarded in full where member elects to repay missed contributions, otherwise, break in service applied for the period of the absence. | Where lost pension is bought back through APCs – Additonal pension bought, otherwise no earned pension is accrued. |
| Member contributions during the absence: | Where member elects to repay missed contributions, contributions are based on the pensionable pay the member would have earned at a rate of 16%, otherwise, none. | Member may elect to purchase ‘lost’ pension, through additional pension contributions (APC). |
| Scheme employer contributions during the absence: | Scheme employer contributions are not paid. | Scheme employer contributions are not paid. |
| Pensionable pay used to calculate benefits in the LGPS: | Final salary benefits calculated on the date of leaving active membership.  Where the final pay period includes such absence, final salary is calculated: -   * Ignoring any such absence where the member has repaid contributions (i.e. based on ‘notional pay’), or * Pro rata pensionable pay earned up to 365 days where the member did not elect to repay any contributions.   Note: for the purpose of calculating Protected final pay on or after 1 April 2014, the member must purchase the full value of ‘lost’ pension via 2014 APC to avoid any impact on the calculation of Protected final pay, otherwise Protected final pay is calculated in accordance with 2 above. | CARE benefit calculated annually on 31 March (or date of leaving if earlier).  Pensionable pay paid during the Scheme year is calculated by adding together: -   * pensionable pay paid plus * additional pension bought via APCs |

**Notes:**

If a member is on strike for less than 1 day then the member will pay contributions on the pensionable pay paid.

**Unauthorised absence**

A member’s absence may be unauthorised.

|  |  |  |
| --- | --- | --- |
| **Description** | **2008 Scheme**  **(during the period of the absence)** | **2014 LGPS**  **(during the period of the absence)** |
| Pension benefits during the absence: | None, Break in membership applied | None. |
| Member contributions during the absence: | None. | None. |
| Scheme employer contributions during the absence: | None. | None. |
| pensionable pay used to calculate benefits in the LGPS: | Final salary benefits calculated on the date of leaving active membership.  Where the final pay period includes such absence, final salary is calculated using  pensionable pay earned grossed up to 365 days  Note: for the purpose of calculating Protected final pay on or after 1 April 2014, the members Protected final pay will be impacted upon as a result of an unauthorised absence. | CARE benefit calculated annually on 31 March (or date of leaving if earlier) using pensionable pay paid during the Scheme year. |

1. ***Post 31 March 2014 – Assumed pensionable pay***

Assumed pensionable pay replaces the concept of notional pay on and after 1 April 2014. It is the responsibility of the Scheme employer to notify Capita of the value of the assumed pensionable pay including the calculation of any relevant revaluation adjustment included within the assumed pensionable pay.

1. ***When does assumed pensionable pay apply?***

Assumed pensionable pay is used to replace pensionable pay in cases of: -

* Reduced or nil pay as a result of sickness or injury (at the earlier of the reduction to pay or nil pay) : or
* Pensionable pay during ordinary maternity, paternity or adoption leave (at the outset of the ordinary’ leave), and
* Any paid additional maternity, paternity or adoption leave (at the outset of the ‘ordinary’ leave); or
* Reserve Forces Leave (at the outset of ‘reserve forces leave)
* Death in service death grants (on date of death)
* Tier 1 or 2 enhancements (on date of ill-health retirement)

1. ***When does assumed pensionable pay not apply?***

Assumed pensionable pay does not apply during: -

* Unpaid additional maternity, paternity or adoption leave; or
* authorised absence; or
* unauthorised absence; or
* Recognised trade dispute

‘Lost’ pension due to the above absences (excluding unauthorised absence) are replaced by additional pension purchased by the member and the employer (or in the case of a trade dispute by the member only). See [points 30, 31, 32, 33 and 34](#Point_30) for further details.

1. ***Calculating assumed pensionable pay***

The 2013 Regulations prescribe how assumed pensionable pay (APP) is calculated.

**APP calculation**: -

Calculate the total pensionable pay paid (relating to that employment) in the 3 months (12 weeks for members who are not paid monthly) preceding the start of the pay period in which the circumstance in [point 19](#Point_20) began.

1. **Deduct** any lump sum received during that period
2. **Gross** up the result to an annual figure (note: the method for grossing up is not defined and may lead to inconsistencies in calculations from one Scheme employer to the next)
3. **Add back** any regular lump sum (defined by the Scheme employer as a payment where there is a reasonable expectation that the payment would be made on a regular basis. CAUTION: Scheme employers need to be very careful when adding back into the annualised value any regular lump sum as double counting may inadvertently occur. There may not be a ‘one size fits all’ approach) paid in the 12 months preceding the day prior to the start of the pay period mentioned in (a).

The annual figure arrived at is then pro-rata to the period of the absence.

***Note:***

*If the Independent Registered Medical Practitioner certifies that a member was in part time service (working reduced hours and had reduced pay) wholly or partly as a consequence of ill health or infirmity of mind or body, then any reduction to pay is: -*

* *Ignored for the purpose of calculating the assumed pensionable pay used to calculate the enhanced element of the ill health pension.*
* *Taken into account for the purpose of calculating the assumed pensionable pay used to calculate a death in service death grant.*

*It is important to be aware that, unlike the 2008 Scheme, such certification is not backdated during the period for which the member was part time as an active member, regardless to the fact that the member may have been part time wholly or partly as a consequence of ill health or infirmity of mind or body. However, for the purpose of calculating any 2008 Scheme final salary Benefits the reduction is ignored.*

1. ***Indexation of assumed pensionable pay***

Assumed pensionable pay is adjusted by the revaluation adjustment (Treasury Orders) on the first day of the second scheme year, which commenced after the first date on which the member is treated as receiving assumed pensionable pay.

1. ***Pensionable pay paid during the APP period***

A number of queries have arisen regarding pensionable pay paid to an employee during the period in which assumed pensionable pay applies (e.g. back dated pay award, arrears of overtime). Whilst logic would dictate that these sorts of payments should be dropped into the cumulative pensionable pay at year-end (as the member will have paid contributions upon these payments), the 2013 Regulations do not provide for this to happen.

The 2013 Regulations provide that the member will pay contributions on any amount they receive but where the member: -

|  |  |
| --- | --- |
| (a) | is on leave due to sickness or injury and is on reduced contractual pay or no pay; |
| (b) | is on child-related leave; or |
| (c) | is absent on reserve forces service leave |

the value of the assumed pensionable pay (APP) drops into the cumulative pay. Therefore, a Scheme employer cannot include the backdated pay award as this wasn’t paid before the commencement of the circumstance noted above and also it doesn’t drop into the Cumulative Pensionable Pay Paid as the member is identified as being in receipt of assumed pensionable pay.

Also, a member on child-related leave who is in receipt of full pay will pay contributions on the pensionable pay paid but will only receive benefits based on the APP, even if this is lower.

Queries have been raised with DCLG. However, until any (if at all) amendment is made to the 2013 Regulations, Scheme employers must follow the extant Scheme rules.

1. ***Absences that began prior to 1 April 2014***

There may be occasions where the relevant date upon which assumed pensionable pay begins is prior to 1 April 2014 and the absence crosses over the 31 March 2014 / 1 April 2014 timeline. This may occur where a member is absent as a result of: -

* Paid maternity leave which commenced prior to 1 April 2014, or
* Illness or injury and moved to reduced / nil pay prior to 1 April 2014, or
* Reserve forces leave which commenced prior to 1 April 2014

For the period of the absence up to and including the 31 March 2014, the absence should be treated under the 2008 Scheme rules.

For the period of the absence on and after 1 April 2014 assumed pensionable pay is calculated as above. However, the assumed pensionable pay is calculated using the 2008 Scheme definition of pensionable pay using a relevant date prior to 1 April 2014 (prior to the start of the absence).

1. ***Example 1 of how to calculate assumed pensionable pay?***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| In this example the member was absent due to illness from 1 July 2014 on reduced and eventually nil pay for a period of 2 years 9 months, returning to employment on 1 April 2017.   1. Member is monthly paid. 2. Member received £13,600 (gross) pensionable pay in the 3 months preceding the start of the pay period in which the member was absent due to sickness on reduced pay. 3. Member received 2 lump sums totalling £10,000 in the 3 months preceding the start of the pay period on 1 July 2014. The first lump sum was in respect of an annual bonus £6,000 and the second lump sum £4,000 was in respect of a one off payment for out of hours work. 4. £13,600 less £10,000 multiplied by 12/3 = £14,400 (Grossed up annual figure). 5. Add back any regular lump sum defined by the employer as a payment where there is a reasonable expectation that the payment would be made on a regular basis received in the 12 months preceding the 1 July 2014. The employer has determined that the £6,000 bonus payment should be added to the grossed up figure calculated in (d) as this is a regular payment. However, the payment of £4,000 for out of hours work is to be excluded as this was a one off payment and would not be paid on a regular basis. 6. Total assumed pensionable pay for the scheme year = £20,400 (note this calculation produces an annual figure). 7. The Total pensionable pay paid (excluding any pensionable pay paid to the member on a reduced basis during illness) plus any assumed pensionable pay paid for the scheme year (1 April 2014 to 31 March 2015) =  * pensionable pay paid from 1 April 2014 to 30 June 2014 of basic gross pay of £3,600 plus lump sum of £6,000 (paid on 1 May 2014) plus lump sum of £4,000 (paid on 1 June 2014), plus * assumed pensionable pay of £15,300 (9/12 x £20,400)  1. Total = £28,900 (Note: Because the Scheme employer determined that the bonus payment of £6,000 was a regular payment, its value has been double counted to the tune of 9/12th x £6,000. This is because it is included within both the assumed pensionable pay (9/12th x £6,000) and the Total pensionable pay Paid (£6,000) to the member during the scheme year. The Scheme employer could have determined that this payment was not regular; hence, there may never be a ‘one size fits all’ approach). 2. **2014 LGPS CARE Benefits for the scheme year are calculated as follows: -**  * Within 3 months of 31 March 2015, Scheme employer notifies Capita of the value of the Total pensionable pay Paid (excluding any pensionable pay paid to the member on a reduced basis during illness) + Pro Rata assumed pensionable pay as calculated on 1 July 2014, totalling £28,900. Calculated as follows: -  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Month | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | CPP1  14/15 | | Status | Work | Work | Work | Sick | Sick | Sick | Sick | Sick | Sick | Sick | Sick | Sick |  | | Pay | Full | Full | Full | ½ | ½ | ½ | ½ | ½ | ½ | Nil | Nil | Nil |  | | PPP | 1200  +  6000 | 1200 | 1200  +  4000 | 600  Ignore | 600  Ignore | 600  Ignore | 600  Ignore | 600  Ignore | 600  Ignore | 0 | 0 | 0 | 13600 | | APP1 | N/A | N/A | N/A | 1700 | 1700 | 1700 | 1700 | 1700 | 1700 | 1700 | 1700 | 1700 | 15300 | | Total cumulative pensionable pay paid notified to EAPF within 3 months of the 31 March 2015 | | | | | | | | | | | | | 28900 |  * On 31 March 2015 £28,900 x 1/49th = £589.80   1 second after midnight on 31 March 2015 the sum of £589.80 is increased by the revaluation adjustment (Treasury Orders) on 1 April 2015 of 3% (for the purpose of the example) increasing the value to carry forward to £607.49.   1. **2014 LGPS CARE benefits for the scheme year 1 April 2015 to 31 March 2016 are calculated: -**  * Within 3 months of 31 March 2016, Scheme employer notifies Capita of the value of the assumed pensionable pay (as member is still absent due to illness) as calculated on 1 July 2014 of £20,400: Calculated as follows: -  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Month | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | CPP1  15/16 | | Status | Sick | Sick | Sick | Sick | Sick | Sick | Sick | Sick | Sick | Sick | Sick | Sick |  | | Pay | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |  | | PPP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | APP1 | 1700 | 1700 | 1700 | 1700 | 1700 | 1700 | 1700 | 1700 | 1700 | 1700 | 1700 | 1700 | 20400 | | Total cumulative pensionable pay paid notified to EAPF within 3 months of the 31 March 2016 | | | | | | | | | | | | | 20400 |  * On 31 March 2016 £20,400 x 1/49th = £416.33 * 1 second after midnight on 31 March 2016 the sum of £416.33 is increased by the revaluation adjustment (Treasury Orders) on 1 April 2016 of 2.5% (for the purpose of the example) increasing the carry forward value to £426.74. * A revaluation adjustment (Treasury Orders) is also made to the cumulative monies in the active member’s pension account based on the same order 1 second after midnight on 31 March 2016.  1. **2014 LGPS CARE benefits for the scheme year 1 April 2016 to 31 March 2017 are calculated: -**   Within 3 months of 31 March 2017, Scheme employer notifies Capita of the value of the assumed pensionable pay as calculated on 1 July 2014. This figure must include a revaluation adjustment (Treasury Orders) from the 1 April 2016 Order, made 1 second after midnight on 31 March 2016. In this example the April 2016 revaluation adjustment is 2.5% which when added to the assumed pensionable pay on 1 July 2014 increases this figure to £20,916 (adjusted for monthly rounding’s).   |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Month | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | CPP1  16/17 | | Status | Sick | Sick | Sick | Sick | Sick | Sick | Sick | Sick | Sick | Sick | Sick | Sick |  | | Pay | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |  | | PPP | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | APP1 | 1743 | 1743 | 1743 | 1743 | 1743 | 1743 | 1743 | 1743 | 1743 | 1743 | 1743 | 1743 | 20916 | | Total cumulative pensionable pay paid notified to EAPF within 3 months of the 31 March 2017 | | | | | | | | | | | | | 20916 |  * On 31 March 2017 £20,916 x 1/49th = £426.86 * 1 second after midnight on 31 March 2017 the sum of £426.86 is increased by the revaluation adjustment (Treasury Orders) on 1 April 2017 of 3.5% (for the purpose of the example) increasing the carry forward value to £441.80   A revaluation adjustment (Treasury Orders) is also made to the cumulative monies in the active member’s pension account based on the same order 1 second after midnight on 31 March 2017. |

1. ***Example 2 of how to calculate assumed pensionable pay***

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| In this example the member was absent due to maternity from 1 April 2015 returning to employment on 1 April 2016.   1. Member is monthly paid and received full pay up to and including week 39 of maternity leave (for the purpose of this example this date has been rounded to 31 December 2015 as opposed to 29 December 2015 – precise date upon which 39 weeks ends). 2. Member received £6,000 (gross) pensionable pay relating to an employment in the 3 months preceding the start of the pay period in which the member was absent due to maternity. 3. Member’s pay increased by 3% on 1 August 2015 as a result of a pay award, though the pay award was not implemented until October 2015 (Monthly pay increased from £2,000 to £2,060). 4. Member was paid £120 gross on 31 October 2015 as a lump sum relating to the backdated pay award in respect of August and September 2015. 5. £6000 x 12/3 = £24,000 (Grossed up annual figure) 6. Total assumed pensionable pay for the scheme year = £24,000 (£2,000 per month) 7. The Total pensionable pay Paid (excluding any pensionable pay paid to the member during maternity absence) is as follows: -  |  |  |  |  |  |  |  |  |  |  |  |  |  |  | | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | | Month | April | May | June | July | Aug | Sept | Oct | Nov | Dec | Jan | Feb | Mar | CPP1  15/16 | | Status | Mat | Mat | Mat | Mat | Mat | Mat | Mat | Mat | Mat | Mat | Mat | Mat |  | | Pay | Full | Full | Full | Full | Full | Full | Full | Full | Full | **Pensionable pay lost during the absence of £24,720 x 3/12 = £6,180**  **Main section**   * + 1. **Lost pension = £126.12 to be purchased through APCs**     2. **NOT INCLUDED IN CPP** | | |  | | PPP | 2000  Ignore | 2000  Ignore | 2000  Ignore | 2000  Ignore | 2000  Ignore | 2000  Ignore | 2060  +  120  Ignore | 2060  Ignore | 2060  Ignore | 0 | | APP1 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 18000 | | Total cumulative pensionable pay paid notified to EAPF within 3 months of the 31 March 2016 | | | | | | | | | | | | | 18000 | |

1. ***Additional Pension Contributions (APCs) and Shared Cost Additional Pension Contributions (SCAPCs)***

Under 2013 regulation 16, members of the Main section of the Scheme may choose to purchase extra pension or buy back lost pension whilst those in the 50/50 section may only choose to buy back lost pension. Buying back lost pension will also ensure the period relating to the lost pension is included when calculating protections under the underpin, rule of 85 and final pay. Pension purchased in either way will be subject to reduction or enhancement if taken before or after the individual's Normal Pension Age (NPA) under the 2014 Scheme.

Purchases may be by regular deductions from pay (depending on the members pay frequency), a lump sum deducted from pay or a lump sum paid directly to the EAPF. Those members who are a year or less from their normal pension age (or those members over their normal pension age but under age 75) may only pay by means of lump sum.

A shared cost additional pension is a sum of money that both the member and the Scheme employer purchases over a period of time, or by paying a one-off lump sum.

The maximum amount of additional pension a: -

* Member may buy from 1 April 2014 is £6,500 (less any additional pension the member may have purchased through pre 1 April 2014 ARCs)(this figure will increase each year in line with the cost of living).
* Scheme employer may contribute to purchase (or simply award) from 1 April 2014 is £6,500 (this figure will increase each year in line with the cost of living).

A member may choose to buy additional pension to increase their retirement benefits or to buy back lost pension following a relevant period of absence.

Additional pension bought only increases the member's retirement benefits. In the event of the member's death, no pension benefits will be payable to dependants in respect of the additional pension bought by the member or the employer. Any additional pension being purchased counts as post 31 March 2014 pension (and so has an NPA equal to SPA, or age 65 if later).

When making an application a member must specify the amount they wish to pay / the amount of pension they wish to purchase and, if payments are to be made by regular contributions, the period over which the contributions are to be paid (but the end date for regular contributions can be no later than the member’s normal pension age).

If the member has more than one active member pension account (i.e. because the member is in the Scheme in more than one job) the member must specify which account the additional pension is to be credited to. If the member wishes to pay additional pension contributions for each job, the member will have to submit separate additional pension contribution applications for each job.

1. ***APCs and SCAPCs for ‘lost’ pension***

Where the member elects within 30 days of return to work, SCAPCs (Scheme employer must pay 2/3rds of the cost) cover the amount of pension “lost” during periods of: -

* Unpaid additional Maternity, Adoption and Paternity leave, or
* Unpaid authorised leave of absence.

Where the member elects on or after 30 days of return to work, APCs (no Scheme employer contributions are required) cover the amount of pension “lost” during periods of: -

* Unpaid additional Maternity, Adoption and Paternity leave, or
* Unpaid authorised leave of absence.

However, a Scheme employer may choose to contribute towards the cost to the APC thus changing the APC to a SCAPC.

APCs and SCAPCs do not cover pensionable pay ‘lost’ due to: -

* Reduced or contractual pay or nil pay as a result of sickness or injury: or
* Reduced or nil pensionable pay during ordinary maternity, paternity or adoption leave, and
* Any paid additional maternity, paternity or adoption leave; or
* Reserve Forces Leave

Instead, pensionable pay ‘lost’ due to one of the above absences is replaced by assumed pensionable pay (APP). See [points 18 - 23](#Point_23) for further details.

1. ***APC procedure***

**Summary**

The costs to purchase ‘lost’ pension are calculated using the ‘National APC web-site’ [www.lgps2014.org](http://www.lgps2014.org) by the member, having first been provided with a written statement from the Scheme employer (Scheme employers should provide the above information to members either on request or automatically at the end of the period of absence) confirming: -

* The total assumed pensionable pay ‘lost’ during the absence
* Confirmation of the section of the scheme the member was in during the absence.

The website will use the lost pay and section information to determine the amount of pension which is to be purchased.

After getting the quote the member should, using the form provided on the National APC website [www.lgps2014.org](http://www.lgps2014.org), submit an application to both their Scheme employer and the EAPF. These applications may be submitted either by email if the member has attached an accurate reproduction of their signature, otherwise in the form of signed hard copy documents and must include copies of the lost pensionable pay and scheme section information provided by the Scheme employer.

**Monthly contributions**

Payments by regular deductions from payroll are to be paid over a number of whole years. The minimum is 1 year, and the maximum is the number of years to the member’s NPA. It is important to note that Secretary of State guidance (paragraph 3.6) says that in determining the factor to be used in calculating the cost of the extra or lost pension, the member’s NPA should be taken to be their SPA based on current stated Government policy, even if that has not yet been passed as legislation.

If the member has chosen to pay by monthly amounts (members who are one year or less away from their normal pension age cannot selecting this option) the Scheme employer should commence payments from the next pay period and notify the member that the application has been accepted unless: -

1. The pay and section information in the application does not match that originally supplied by the Scheme employer and/or the amount of pension to be purchased and/or the share of contribution to be met by the Scheme employer is not the same as that in the written agreement from the Scheme employer. The Scheme employer should, within a reasonable period of time, inform the member that the application has been rejected, provide the reasons for that rejection and inform the member that they may submit a new application based on the correct information.
2. The Scheme employer considers the member’s pay history suggests that the amount to be deducted per pay period cannot be reasonably deducted from the member’s pay. The Scheme employer should notify the EAPF together with details of the member’s pay history and notify the member that the application has been referred to the EAPF for clearance of the amount to be deducted from pay. The employer should wait for the EAPF to clear the application before commencing deductions.
3. The administering authority take the view that spreading payments would be impracticable and request that payment is made by lump sum.

The member and Scheme employer contributions to regular shared cost APCs should be paid over to the Pension Fund by the Scheme employer within the statutory deadlines.

**Lump Sum payment**

If the member has chosen to pay by lump sum they must also state on the application if they wish the payment to be made directly to the EAPF or via a deduction from the next payroll.

**Direct lump sum payment**

The EAPF should check that the pay and scheme section information, the amount of pension to be purchased and the share of contribution to be met by the Scheme employer matches that supplied by the Scheme employer and if necessary contact the Scheme employer to confirm the information provided.

If the application is

* Accepted the EAPF should request payment from the member (and from the Scheme employer) and inform the member to claim any tax relief due on the payment from HMRC via their self-assessment tax return.
* Rejected the EAPF should provide the reasons for that rejection and if the rejection is because the pay and scheme section information and/or the amount of pension to be purchased and/or the share of contribution to be met by the Scheme employer does not match that supplied by the Scheme employer, inform the member that they may submit a new application based on the correct information.

If any decision is delayed and the member passes a birthday which causes the costs of the purchase to change, the member must resubmit their application.

**Lump sum payment by deduction from pay**

The Scheme employer should notify the member that the application has been accepted and deduct the payment from the next pay period unless -

1. The pay and section information and/or the amount of pension to be purchased and/or the share of contribution to be met by the Scheme employer in the application does not match that originally supplied by the Scheme employer. The Scheme employer should, within a reasonable period of time,

* + inform the member that the application has been rejected,
  + provide the reasons for that rejection and
  + inform the member that they may submit a new application based on the correct information.

However, if any decision is delayed due to action or inaction by the member and the member passes a birthday which causes the costs of the purchase to change, the member must resubmit their application

1. The Scheme employer considers the member’s pay history to be such that the lump sum amount cannot be reasonably deducted from the member’s next pay period. The Scheme employer should notify the EAPF together with details of the member’s pay history and notify the member that the application has been referred to the EAPF for clearance of the amount to be deducted from pay. The employer should wait for the EAPF to clear the application before making the deduction.

The EAPF must, within a reasonable period of time, notify both the member and employer of their decision together with the reasons if the decision is to reject the application. However, if any decision is delayed and the member passes a birthday which causes the costs of the purchase to change, the member must resubmit their application.

A lump sum deducted from the member’s pay together with the Scheme employer share of the shared cost lump sum APC must be paid over to the EAPF by the Scheme employer within the statutory deadline (or such earlier deadline as the EAPF may specify).

**Applicable to both forms of lump sum payment**

Although the EAPF could ask for a medical report from the member before agreeing to an APC, it is not felt appropriate to do so where the member is buying back lost pension.

1. ***Scheme employer award of additional pension***

An alternative to contributing toward a SCAPC would be for the Scheme employer to award additional pension at full cost on payment of a lump sum.

Under 2013 Regulation 31, the maximum amount of additional pension that the employer may award on behalf of an active member is £6,500 in aggregate from 1st April 2014 (increasing in line with Pensions (Increase) Act orders using a PI date of 1 April 2013). This includes the employer share of any additional pension that the employer contributes towards, to purchase ‘lost’ pension in respect of an absence, any previous employer awards of additional pension. The scheme employer may also make an award of additional pension within 6 months from the date the member’s employment ended, to a member who was dismissed by reason of redundancy, business efficiency or whose appointment was terminated by mutual consent on the grounds of business efficiency.

The Scheme employer must prepare and publish a written statement of policy in relation to the exercise of its functions under 2013 Regulation 31 – award of additional pension. In addition, a copy of the statement must be sent to the EAPF before 1 July 2014. Thereafter, the Scheme employer must keep its statement under review, make any appropriate revisions following a change in policy and before the expiry of a month beginning with the date of any revision send a revised copy to the EAPF and publish the revised statement.

Additional pension cannot be awarded if a compensation payment was awarded under the Discretionary Compensation Regulations.

Please note, where a Scheme employer awards additional pension to a member, the additional pension is not reduced if that member is dismissed due to redundancy or efficiency of the service and the cost of early payment would be payable by the Scheme employer. This treatment of Additional pension awarded under Regulation 31 is treated differently to SCAPCs awarded under Regulation 16, even where the employer pays full cost of the SCAPC. This has been raised with DCLG as it is felt that the regulations should be amended.

If the employer is meeting the full cost of the additional pension to be purchased they should obtain a quote from the National APC website [www.lgps2014.org](http://www.lgps2014.org) of the lump sum cost for that member (from 1 April 2014, a Scheme employer award of additional pension, may no longer be calculated with reference to fund specific factors).

The Scheme employer should then submit the application to the EAPF together with written confirmation of the agreement to purchase that amount of pension.

The Scheme employer should pay the lump sum to the EAPF within the deadline specified by the EAPF.

1. ***How is additional pension allocated to a member’s active pension account (see*** [***point 43***](#Point_52)***)?***

Where the member is paying by regular contributions then the amount to be credited to the active pension account at the end of each scheme year is as follows:

* Where contributions have been paid for the full year
  1. Total AP being purchased / No of years purchased over
* Where contributions have been paid for only part of the year

1. Result of a) above / 12 X Number of monthly contributions made in Scheme year

The member's total pension account, including any amounts of additional pension bought and credited to their active account under (a) to (c), shall be revalued at the end of each scheme year in line with the relevant HM Treasury Order for that year (but subject to an adjustment in the year the member ceases to be an active member to ensure no double indexation).

If the member is granted Tier 1 or Tier 2 ill health benefits then the arrangement is deemed as paid up and any outstanding purchased pension should be added to the active account in the scheme year of the date of retirement.

Where the member is paying by lump sum then the total amount of pension purchased should be credited to the active account at the end of the scheme year in which the purchase was made.

1. ***Additional contributions during an Absence***

An active member, prior to absence, may be making additional contributions. Whether those additional contributions must continue to be paid will depend on the type of absence. The table below provides a quick reference guide for how additional contributions should be treated for depending upon the reason for the absence. A further detailed explanation follows the table.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Scheme** | **Type of additional contribution** | **Type of absence** | | | | | |
| **Sickness** | **Reserve forces** | **Child related leave** | **Authorised** | **Unauthorised** | **Trade dispute** |
| **2014** | **APCs** | Yes, if paid | Must be paid | Must be paid | Must be paid | Contract ceases | Must be paid |
| **2014** | **SCAPCs** | Yes, if paid | Must be paid | Must be paid | Must be paid | Contract ceases | Must be paid |
| **2014** | **AVCs – no life cover** | Optional | Optional | Optional | Optional | Not payable | Optional |
| **2014** | **AVC life cover** | Must be paid, if cover is to continue | Must be paid, if cover is to continue | Must be paid, if cover is to continue | Must be paid, if cover is to continue | Must be paid, if cover is to continue | Must be paid, if cover is to continue |
| **2008** | **SCAVCs** | Optional | Optional | Optional | Optional | Not payable | Optional |
| **2008** | **AVCs – no life cover** | Optional | Optional | Optional | Optional | Not payable | Optional |
| **2008** | **AVC life cover** | Must be paid, if cover is to continue | Must be paid, if cover is to continue | Must be paid, if cover is to continue | Must be paid, if cover is to continue | Must be paid, if cover is to continue | Must be paid, if cover is to continue |
| **2008** | **SCAVCs** | Optional | Optional | Optional | Optional | Not payable | Optional |
| **2008** | **ARCs** | Must be paid |  | Must be paid | Must be paid | Contract ceases | Must be paid |
| **2008** | **ASBCs** | Yes, on any pensionable pay earned | Must be paid on notional full pay | Must be paid on notional full pay | Must be paid on notional full pay | Contract ceases | Must be paid on notional full pay |
| **1998 and Earlier Schemes** | **Added years** | Yes, on any pensionable pay earned | Must be paid on notional full pay | Must be paid on notional full pay | Must be paid on notional full pay | Contract ceases | Must be paid on notional full pay |

**Notes:**

Additional contributions deducted in respect of Pre 1 April 2014 contracts/elections must be deducted from the 2008 Scheme definition of pensionable pay.

Unless the member opts to cease paying the additional contributions (other than AVCs or Life Cover) at the outset of the leave of absence, the contributions must be repaid on return to work or notification of leaving employment.

**Additional Voluntary contributions (AVCs) / shared cost Additional Voluntary contributions (SCAVCs)**

As an IHAVC contract is variable and can be stopped, started or varied at the member’s request, the scheme employer simply needs to advise the IHAVC provider of the period of absence. This is normally completed by payroll on the monthly return. On the member’s return to work they can recommence contributions and pay up to 100% (or 50% in any one pay period if the contract is a pre 1 April 2014 AVC contract) of their contractual pensionable pay less any standard LGPS contributions payable in each pay period. If the member wishes to keep the contributions continuous throughout a period of absence the member needs to arrange this facility with their scheme employer who will then liaise with the IHAVC provider on their behalf.

**AVC Life Cover**

In order for the life cover to remain valid, the member must continue to pay the monthly contribution during a period of absence. If a break should occur the policy will lapse and should the member wish to recommence the member will do so at a higher rate due to the increased age of the member. The member must liaise with their scheme employer about how to keep the contributions continuous during the period of absence.

1. ***2008 Scheme – Member purchase of additional pension (ARCs)***

New elections to purchase additional pension under Benefit Regulation 14 are not possible on and after 1 April 2014.

**Summary**

Under Benefit Regulation 14, a member may have elected to purchase additional pension by way of monthly contributions only. The additional pension purchased may have been in respect of the member only, or the member and their dependents.

The maximum amount of additional pension that may have been purchased by a member was £5,000 in aggregate (increasing in line with Pensions (Increase) Act orders) and increases take effect from the 1st day of the payment period in which contributions commenced. Additional pension purchased is increased in line with the Consumer Price Index where the contract commenced on or after 1 April 2012 and the Retail Price index prior to this date. Upon payment of benefits, the member will be paid the amount of revalued additional pension purchased. Where the benefits are paid before the member’s normal retirement age under the 2008 Scheme, the additional pension will be reduced for early payment (excluding dismissal on the grounds of Tier 1 and Tier 2 ill health).

Where a member elected to purchase additional pension by payment of additional regular contributions (ARCs) before 1 April 2014, the contributions will continue to be deducted from the pensionable pay earned by the member as defined in the 2008 Scheme. Contracts will continue until the member:

* Completes the contract, or
* Leaves active membership; or
* Makes a written request to the Administering Authority and the Employing Authority to cease the contract

1. ***2008 Scheme – Scheme employer award of additional pension (ARCs)***

Awards of additional pension under Benefit Regulation 13 are not possible on and after 1 April 2014, unless in respect of a member dismissed due to Redundancy or Efficiency before 1 April 2014, and awarded within 6 months of the date of dismissal.

**Summary**

Under Benefit Regulation 13, a Scheme employer may have awarded additional pension. The additional pension awarded was in respect of the member only.

The maximum amount of additional pension that may have been awarded by the Scheme employer was £5,000 in aggregate (increasing in line with Pensions (Increase) Act orders) and increases with effect from the date of award. Additional pension awarded increased in line with the Consumer Price Index where the contract commenced on or after 1 April 2012 and the Retail Price index prior to this date. Upon payment of benefits, the member will be paid the amount of revalued additional pension awarded. Where the benefits are paid before the member’s normal retirement age under the 2008 Scheme, the additional pension will be reduced for early payment (excluding dismissal on the grounds of Tier 1 and Tier 2 ill health).

Additional pension could not be awarded if a compensation payment was awarded under the Discretionary Compensation Regulations.

1. ***2014 Scheme –In-House Additional Voluntary Contributions (IHAVCs) and Shared Cost AVCs (SCAVCs).***

In the first instance, the member should contact Capita if they wish to enquire about the payment IHAVCs and Capita will send the member the relevant information. Should the member wish to commence making IHAVC payments they should contact their chosen IHAVC provider, who will issue the relevant starter information. The chosen provider will, in turn, inform both Capita and the Scheme employer that the member wishes to pay the additional contributions and deductions will start from the next available pay period (note: unless for the purposes of maintaining life assurance cover, contributions must be deducted via the payroll and PAYE, cheque payments are not permitted).

**Summary**

IHAVCs can be paid by active members of the Local Government Pension Scheme in order to increase their benefits at retirement. In addition the active member may also make contributions to provide life assurance cover for death in service. The EAPF currently has two AVC providers; Standard Life and Prudential, offering a range of investment options.

The EAPF also has two closed IHAVC arrangements with Equitable Life and Clerical Medical. No new contracts can be made with these two providers but some members may still have funds that they have not transferred to one of the new providers or may be continuing to contribute to one of the arrangements.

**Contributions**:

For election forms received by either Scheme employer or EAPF, on or after 1 April 2014, the maximum contribution a member may make to an IHAVC arrangement is 100% of pensionable pay paid defined under the 2014 Scheme, during the scheme year.

An election to pay IHAVCs must specify whether any of the contributions are to be used to provide for life assurance cover, and if so, the notice must indicate the proportion/amount of the contributions that are to be used to provide for that cover. Where a member is paying IHAVCs for life assurance cover and the pensionable pay in a pay period is less than the AVC due, the member may pay the life assurance payment direct to the IHAVC provider or to the Scheme employer to forward to the IHAVC provider to ensure that life assurance cover continues.

Contributions may be made as a % of pensionable pay paid or by a fixed amount and the member may vary the amount during the course of the scheme year or cease payment altogether.

All such notices must be given to the Scheme employer and EAPF by the member, or by the AVC provider authorised by the member to act on their behalf.

The rules surrounding the payment of SCAVCs are largely the same as those surrounding the payment of member only Additional Voluntary contributions, with the only difference being that the Scheme employer also contributes to the AVC fund on the members’ behalf.

**Payment of the IHAVC fund:**

As a general rule, upon payment of benefits to the member the IHAVC fund (or part thereof) may be used to: -

1. Purchase an annuity (pension) either with the In-house provider to which contributions have been made or another provider on the open market, and/or
2. Purchase additional pension within the LGPS and/or
3. Take up to 25% as tax-free cash subject to HMRC limits

Payment can also be deferred until the eve of the member’s 75th Birthday, at the latest, where upon payment the above rules (except ‘b’ are applied).

1. ***2008 & Earlier Schemes – IHAVCs and SCAVCs***

**Summary**

IHAVCs can be paid by active members of the Local Government Pension Scheme in order to increase their benefits at retirement. In addition the active member may also make contributions to provide life assurance cover upon death in service.

For the IHAVCs to be treated as 2008 IHAVCs the election to pay IHAVCs must have been received prior to 1 April 2014. The date ‘entered into is defined’ by determining the earliest date that either the Scheme employer or the EAPF received the completed election form from the member.

Upon payment of benefits the EAPFmust ensure that the correct benefit options are provided which are dependent upon the date the Scheme employer or the Administering Authority received the election form from the member to commence paying IHAVCs.

**Contributions**:

For election forms received by the earlier of the Scheme employer or EAPF, prior to 1 April 2014, the maximum contribution a member may make to an IHAVC arrangement is up to 50% of pensionable pay earned in each pay period deducted from the pensionable pay earned defined under the 2008 Scheme (Scheme employer must ensure the maximum contributions are not exceeded). Unless for the purposes of maintaining life assurance cover, contributions must be deducted via the payroll under PAYE; cheque payments are not permitted) ).

Contributions may be made as a % of pensionable pay paid or by a fixed amount and the member may vary the amount during the course of the scheme year or cease payment altogether.

All such notices must be given to the Scheme employer and EAPF by the member, or by the AVC provider authorised by the member to act on their behalf.

The rules surrounding the payment of SCAVCs are largely the same as those surrounding the payment of member only Additional Voluntary contributions, with the only difference being that the Scheme employer also contributes to the AVC fund on the members’ behalf and the aggregate contributions payable are 100% of the member’s pensionable pay.

**Payment of the IHAVC fund:**

As a general rule, upon payment of benefits to the member the IHAVC fund (or part thereof) may be used to: -

1. Purchase an annuity (pension) either with the In-house provider to which contributions have been made or another provider on the open market, and/or
2. Purchase additional pension within the LGPS, and/or
3. Take up to 100% as tax-free cash subject to HMRC limits , and/or
4. If the member commenced contributing to an In-house AVC prior to 13th November 2001, the member may use the fund to purchase final salary membership in the LGPS. Elections to purchase final salary membership may be made from age 50 onwards, or earlier where the member takes payment of benefits on health grounds.

Payment can also be deferred until the eve of the member’s 75th Birthday, at the latest, where upon payment the above rules (except ‘b’ are applied).

1. ***2008 & Earlier Scheme – Scheme employer award of Additional Membership (final salary)***

Benefit Regulation 12 and 1997 Regulation 52 provided for the Scheme employer to make an award of additional final salary membership to the scheme member during active membership and within 6 months a member being dismissed due to Redundancy, Business Efficiency. The maximum award in aggregate was 10 years and must be reduced by any previous award by either the current Scheme employer or a previous Scheme employer. Any award of additional years and days to a member may be made as well as, or instead of, an award of additional pension under Benefit Regulation 13.

The option for a Scheme employer to award an additional period of membership to an active member has been removed from on or after 1 April 2014. With the exception of and award made to a member who is dismissed due to Redundancy, Business Efficiency. In this instance members who are dismissed in such circumstances may still be awarded additional membership up to 6 months after dismissal, where the dismissal takes place prior to 1 April 2014.

Additional membership could not be awarded if a compensation payment is awarded under the Discretionary Compensation Regulations.

1. ***1998 & Earlier Schemes – Member purchase of Additional Membership (Added years)(final salary).***

1997 Regulation 55 and equivalent earlier scheme regulation provided for an active member to purchase additional final salary membership, by means of an ‘added years’ contract. This facility was ceased for all new elections on and after 1 April 2008 and was replaced with an option to purchase additional pension (ARCs).

Where a member elected to purchase added years before 1 April 2008, contributions will continue to be deducted from the 2008 Scheme definition of pensionable. Contracts will continue until the member:

* Completes the contract, or
* Leaves active membership; or
* Makes a written request to the Administering Authority and the Employing Authority to cease the contract

1. ***2008 Scheme – Member purchase of additional survivor benefits (ASBCs)(final salary membership)***

Benefit Regulation 14A provided for an active member to make additional contributions (known as Additional Survivor Benefit contributions (ASBCs)) in order for the whole or part (complete years only) of any period of membership occurring prior to 6th April 1988 to be used in the calculation of a nominated cohabiting partner’s pension entitlement.

Potentially, this facility ceased for all eligible new elections on and after 1 April 2014. However, a member could elect to purchase ASBCs within 12 months of nominating a cohabiting partner, therefore, members who nominated a cohabiting partner before 1 April 2014 may still elect to pay ASBCs potentially until 31 March 2015 depending on the date of nomination.

Where a member has elected to purchase ASBCs, contributions will continue to be deducted from the pensionable pay earned by the member as defined in the 2008 Scheme. Contracts will continue until the member:

* Completes the contract, or
* Leaves active membership; or
* Makes a written request to the Administering Authority and the Employing Authority to cease the contract

1. ***Funding and Approval for the Scheme employer payment / award of additional pension or shared cost additional voluntary contributions***

Approval to make the following payments must be obtained from the relevant parties within the Scheme employer’s organisation before any confirmation is issued to the employee or the EAPF. It is the responsibility of the Scheme employer to cover the relevant cost of the above awards

* Purchase a shared cost additional pension (SCAPC) (with the exception of ‘lost’ pension due to an absence which is automatic) (2013 Regulation 16(2)(e) or 16(4)(d)) to an active member,
* Award additional pension (2013 Regulation 31) to an active member,
* Pay shared cost additional voluntary contributions (SCAVC) (2013 Regulation 17),
* Award additional membership (Benefit Regulation 12) prior to 1 April 2014 or up to 6 months after dismissal of a deferred or pensioner member due to Redundancy or Business Efficiency

**Funding**

Costs to purchase / award additional pension are determined with reference to the National APC website [www.lgps2014.org](http://www.lgps2014.org). However, if making an award of additional pension under regulation 31 to a member who is being made redundant, please contact Capita for details of the additional strain costs which may be payable.

For the retrospective award of additional membership which may up to 6 months after dismissal be awarded to a deferred or pensioner member who was dismissed due to Redundancy, Business Efficiency prior to 1 April 2014, Capita will require the following information to be provided on a Pen 14 in order to determine the cost:

1. Employee details:-
   1. Full name, and
   2. Date of birth, and
   3. NI Number, and
2. The date the award is to be made, either,
   1. 1st day of appointment, or
   2. Exact date during employment, or
   3. Date of leaving.
3. The amount of the award.
   1. The monetary value of the additional pension that is to be awarded, up to a maximum of £6,500.
4. Final pay
5. Reason for leaving

**Payment of costs**

* Payment of SCAPC must be made to the EAPF by the 19th of the month following the pay period in which they are deducted.
* Payment of SCAVC must be made to the AVC provider by the 6th of the month following the pay period in which they were deducted.
* For all other costs payment must be made to the EAPF within one month of the date the invoice is issued by Capita. If payment is made outside of this timescale interest will be charged.

In all instances, the member is only entitled to any additional benefit once payment has been made to either the EAPF or the AVC provider.

**Section 2 – Active Members**

1. ***What is an active member?***

An active member is a member of the LGPS who is paying contributions and building up benefits under the Scheme. An active member can also be a member who is not paying contributions or building up membership as a result of an absence.

1. ***Active members on 31 March 2014***

A member who was an active member of the EAPF on 31 March 2014 remained an active member of the 2014 Scheme on 1 April 2014, providing they were on that date and remained, eligible in that employment.

Pension Benefits are calculated with reference to the date membership was built up as follows. Membership built up: -

* Prior to 1 April 2008 will continue to be calculated as 1/80th of final pay for annual pension and 3/80th final pay for standard lump sum, and
* On or after 1 April 2008 up to and including 31 March 2014 will continue to be calculated as 1/60th of final pay re annual pension, and
* On or after 1 April 2014 will be calculated as 1/49th (or 1/98th where the member has elected to pay 50/50contributions) of pensionable pay paid during the Scheme year.

1. ***‘Pension Accounts***

There are 8 different types of ‘pension accounts’, in relation to:

* Active members pension account
* Deferred members pension account
* Deferred refund members pension account
* Pensioner members pension account
* Deferred pensioner members pension account
* Flexible pension account
* Pension credit members pension account
* Survivor members pension account

The active members’ pension account is calculated on an annual basis (or earlier if the member left active Scheme membership) using the following information provided by the Scheme employer: -

1. Cumulative pensionable pay paid to the member (excluding pensionable pay paid whilst assumed pensionable pay is effective) during the Scheme year. plus assumed pensionable pay (APP) deemed to have been paid to the member during a relevant period of absence (see [points 18 to 23](#Point_19) inclusive) and
2. additional pension purchased during the Scheme year

Scheme employers must provide the information within 3 months of the year- end or the date the member left active membership of the Scheme if earlier. In practice this will be provided monthly through the monthly interface.

In addition, in order for Capita to calculate benefits due as a result of dismissal on the grounds of ill health, or a death in service death grant, assumed pensionable pay must also be provided on the relevant date of the event (see [points 18](#Point_19) to 23 inclusive for definition of assumed pensionable pay and relevant dates).

Further information regarding record keeping and the information to be provided to Capita can be found in section 5.

1. ***Information for protected final salary benefits?***

In addition to calculation of CARE benefits, Capita needs to continue to record information relative to calculating final salary Benefits, for leavers after 31 March 2014 who were in the Scheme prior to 1 April 2014.

Further information regarding record keeping and the information to be provided to Capita can be found in [Section 5](#Section_5).

1. ***Eligible employees***

Membership of the EAPF (and LGPS) is restricted to all eligible employees below age 75.

|  |  |
| --- | --- |
| **Scheme employers of the EAPF** | **Eligible employees** |
| Environment Agency (EA) | All employees of the Environment Agency are eligible for membership of the LGPS, with the exception of: -   1. Chairman of the Environment Agency 2. Environment Agency Board Members 3. Chairs and members of Environment Agency Regional Committees 4. Chairs and members of Environment Agency Regional Flood Defence Committees. 5. New lockkeepers 6. Lee Conservancy Catchment Board Pension Scheme Members. |
| National Resources for Wales (NRW) | All NRW employees who are members of the EAPF (past and current), or who are eligible to be members of the EAPF, will remain in, or eligible to be in, the EAPF (via a ‘closed’ admission agreement with the EAPF), for as long as they remain in their current post.  Employees who are eligible to join the PCSPS are not eligible to be a member of the LGPS. |
| Shared Services Connected Limited (SSCL). SSCL is 75% owned by Steria and 25% by the Government. | Active members who transferred from the Environment Agency to SSCL on 1 November 2013 remained in the LGPS. Any eligible non-members at the date of transfer can elect to join the EAPF whilst they remain in their current post.  Employees of SSCL who commenced employment on or after 1 November 2013, who work on the Environment Agency contract are not eligible to join the LGPS. |

1. ***Automatic enrolment***

Overriding legislation prescribes that from 1 October 2012 all employers have to enrol any eligible job holders into a qualifying pension scheme. Each employer has a staging date depending on the number of eligible workers in their employment. The LGPS is a qualifying pension scheme for auto enrolment and Scheme employers within the EAPF must use the LGPS when applying auto enrolment rules.

A Scheme employer may delay implementing auto enrolment for existing eligible jobholders on their staging date by using Transitional delay, however, all new employees who commence after the staging date will still be subject to the auto enrolment rules.

Each Scheme employer must also re-enrol eligible jobholders who are non-members every three years.

1. ***Joining the LGPS***

Employees with a contract of 3 months or more will be contractually enrolled into the LGPS.

Employees with a contract of less than 3 months will not be contractually enrolled into the LGPS but they may elect to become a member at any time. Employees with a contract of less than 3 months that is extended to greater than 3 months in aggregate, will be contractually enrolled from the1st day of the payment period following the extension to their contract (membership may not be backdated)**.**

However, a member with a contract of less than 3 months who is an eligible job holder is automatically enrolled into the LGPS on the employees’ enrolment / re-enrolment date. The Environment Agency has chosen to continue to issue postponement notices to employees with contracts of less than three months, as opposed to automatically enrolling employees into the LGPS.

Employees who have opted out of the scheme may elect to opt into the scheme at a later date. Scheme membership will commence from the 1st day of the payment period following application (backdated contributions are notpermitted). An eligible Scheme member may choose to opt in and out again at any time.

1. ***Re-employed deferred members (including members who have opted out and opted back in)***

An active member who is a re-employed deferred member (*excluding re-employed deferred pensioner members*) is an individual who holds deferred benefits, either in the EAPF or a different LGPS (England & Wales) fund and commences a new period of active membership due to a new eligible employment or opting back into the LGPS in an existing employment.

The member’s deferred benefits are automatically aggregated with the benefits from the new employment unless the member opts within 12 months of rejoining to retain separate deferred benefits.

The rules for aggregating deferred benefits and defining the benefits purchased within the active member pension account have changed significantly in the 2014 Scheme as a result of the Public Service Pension Act 2013. The table below, summarises the rules (excludingconcurrent employments (see [points 59 to 62](#Point_59) inclusive).

For the purpose of the table below a disqualifying break is defined as a continuous break in active membership of a public sector pension scheme of more than 5 years.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Deferred benefits contains** | | | **Disqualifying Break?** | | **Rule** | **Benefits purchased in active member pension account** |
| **Pre 1 April 2014 m’ship only** | **Pre and post April 2014 m‘ship** | **Post 31 Mar 2014 m’ship only** | **NO** | **YES** |
|  |  | **YES** | **C:\Users\drew.beedall\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\V2A6Q0M8\MC900434665[1].wmf** |  | **Deferred benefits automatically aggregated with active member pension account, unless the member elects to retain separate deferred benefits** | **Balance in deferred benefit account purchases earned pension in active member account.** |
|  |  | **YES** |  | **C:\Users\drew.beedall\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\V2A6Q0M8\MC900434665[1].wmf** | **Deferred benefits automatically aggregated with active member pension account, unless the member elects to retain separate deferred benefits.** | **Balance in deferred benefit account purchases earned pension in active member account.** |
|  | **YES** |  | **C:\Users\drew.beedall\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\V2A6Q0M8\MC900434665[1].wmf** |  | **Deferred benefits automatically aggregated with active member pension account, unless the member elects, to retain separate deferred benefits.**  **If member elects to retain separate benefits, the deferred benefit retains the final salary link (only where final salary higher) in the ongoing employment.** | **Post 31 March 2014 balance in deferred account purchases earned pension in active member account and balance recalculated using Treasury Orders.**  **Pre 1 April 2014 membership retains final salary link.** |
|  | **YES** |  |  | **C:\Users\drew.beedall\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\V2A6Q0M8\MC900434665[1].wmf** | **Deferred benefit automatically aggregated with active member pension account, unless the member elects, to retain separate deferred benefits.** | **Balance in Deferred benefit account purchases earned pension in active member account.**  **Pre 1 April 2014 membership purchases earned pension in active member account.** |
| **YES** |  |  | **C:\Users\drew.beedall\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\V2A6Q0M8\MC900434665[1].wmf- member elects to be treated as a on 31 March 2014 and 1 April 2014.** |  | **Deferred benefit aggregated by election with active member pension account.**  **If member does not elect to aggregate benefits, the deferred benefit retains the final salary link (only where final salary higher) in the ongoing employment.** | **Pre 1 April 2014 membership retains final salary link.** |
| **YES** |  |  | **C:\Users\drew.beedall\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\V2A6Q0M8\MC900434665[1].wmf- member does not elect to be treated as in the scheme on 31 March 2014 and 1 April 2014** |  | **Deferred benefit aggregated by election with active member pension account**  **If member does not elect to aggregate benefits, the deferred benefit retains the final salary link (only where final salary higher) in the ongoing employment.** | **Pre 1 April 2014 membership purchases earned pension in active member account.** |
| **YES** |  |  |  | **C:\Users\drew.beedall\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\V2A6Q0M8\MC900434665[1].wmf** | **Deferred benefit aggregated by election with active member pension account.** | **Pre 1 April 2014 membership purchases earned pension in active member account.** |

It is therefore important that details of previous LGPS membership are provided to Capita via form [Pen 1](#Pen_1) as it may affect benefit calculations.

A member who is a deferred benefit as a result of:

* a suspended Tier 3 ill health pension,
* councillor membership, or
* a pension credit

cannot combine those benefits with their active Scheme membership.

All requests that provide for the employer to extend a 12 month time limit must be dealt with in line with the Scheme employer’s statement of policy on discretions. Capita will initially decline the request and advise the member that they may re-apply to their Scheme employer, including an explanation as to why the deadline wasn’t met, for reconsideration. The Scheme employer will then make a decision on whether to allow the request to proceed.

1. ***Re-employed deferred refund member***

A re-employed deferred refund member is an individual who holds a deferred refund, either in the EAPF or a different LGPS (England & Wales) fund and commences a new period of active membership due to a new eligible employment or opting back into the LGPS in an existing employment.: -

For the purpose of the table below a disqualifying break is defined as a continuous break in active membership of a public sector pension scheme of more than 5 years.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Deferred benefits contains** | | | **Disqualifying Break?** | | **Rule** | **Benefits purchased in active member pension account** |
| **Pre 1 April 2014 m’ship only** | **Pre and post April 2014 m‘ship** | **Pre 1 April 2014 m’ship only** | **NO** | **YES** |
|  |  | **YES** | **C:\Users\drew.beedall\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\V2A6Q0M8\MC900434665[1].wmf** |  | **Deferred refund automatically aggregated with active member pension account.** | **Balance in deferred refund account purchases earned pension in active member account and balance recalculated using Treasury Orders.** |
|  |  | **YES** |  | **C:\Users\drew.beedall\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\V2A6Q0M8\MC900434665[1].wmf** | **No further action, refund must already been paid within 5 years of leaving employment.** | **None.** |
|  | **YES** |  | **C:\Users\drew.beedall\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\V2A6Q0M8\MC900434665[1].wmf** |  | **Deferred refund automatically aggregated with active member pension account.** | **Post 31 March 2014 balance in deferred refund account purchases earned pension in active member account and balance recalculated using Treasury Orders.**  **Pre 1 April 2014 membership retains final salary link.** |
|  | **YES** |  |  | **C:\Users\drew.beedall\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\V2A6Q0M8\MC900434665[1].wmf** | **No further action, refund must already been paid within 5 years of leaving employment.** | **None.** |
| **YES** |  |  | **N/A** | **N/A** | **Deferred refund aggregated automatically with active pension account.** | **Deferred refund purchases earned pension.** |

It is therefore important that details of previous LGPS membership are provided to Capita via form [Pen 1](#Pen_1) as it may affect benefit calculations.

1. ***Concurrent employments***

Concurrent employment is when an individual has more than one simultaneous employment with an LGPS Scheme employer, either where all employments are with a Scheme employer of the EAPF, or where the employments are with the Scheme employer(s) of a different LGPS Fund.

The individual may choose to contribute to the LGPS in one, some, all or none of their concurrent employments (please note prior to 1 April 2008 a member had to either contribute to all or none of their employments).

1. ***Ceasing a concurrent employment with deferred benefits or a deferred refund***

***Deferred benefits***

The rules for aggregating deferred benefits and defining the benefits purchased within the active member pension account have changed significantly in the 2014 Scheme as a result of the Public Service Pension Act 2013. The member’s deferred benefits are automatically aggregated with the benefits from the new employment unless the member opts within 12 months of rejoining to retain separate deferred benefits.

The table below, summarises the rules.

|  |  |  |  |
| --- | --- | --- | --- |
| **Deferred benefits contains** | | **Rule** | **Benefits purchased in active member pension account** |
| **Pre and post April 2014 m‘ship** | **Post 31 March 2014 m’ship only** |
|  | **C:\Users\drew.beedall\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\V2A6Q0M8\MC900434665[1].wmf** | **Deferred benefits automatically aggregated with concurrent active member pension account, unless the member elects to retain separate deferred benefits** | **Balance in deferred benefit account purchases earned pension in the concurrent active member account and the balance is recalculated using Treasury Orders.** |
| **C:\Users\drew.beedall\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\V2A6Q0M8\MC900434665[1].wmf** |  | **Deferred benefits automatically aggregated with concurrent active member pension account, unless the member elects to retain separate deferred benefits.**  **If member elects to retain separate benefits, the deferred benefit also retains the final salary link (only where final salary higher) in the ongoing employment.** | **Post 31 March 2014 balance in deferred account purchases earned pension in active member account and balance recalculated using Treasury Orders.**  **Pre 1 April 2014 membership retains final salary link.** |

All requests for the employer to extend a 12 month time limit must be dealt with in line with the Scheme employer’s statement of policy on discretions. Capita will initially decline the request and advise the member that they may re-apply, including an explanation as to why the deadline wasn’t met, to their Scheme employer for reconsideration if they feel that the request was not completed due to circumstances beyond the member’s control. The Scheme employer will then make a decision on whether to allow the request to proceed.

***Deferred refund***

An active member who holds a deferred refund (either within the EAPF or another LGPS Fund) as a result of the ceasing of a concurrent employment has various decisions to take upon the ceasing of that employment. Where a deferred refund is awarded, the refund must be paid after 5 years and therefore a disqualifying break cannot occur.

|  |  |  |  |
| --- | --- | --- | --- |
| **Deferred refund contains** | | **Rule** | **Benefits purchased in active member pension account** |
| **Pre and post April 2014 m‘ship** | **Post 31 March 2014 m’ship only** |
|  | **C:\Users\drew.beedall\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\V2A6Q0M8\MC900434665[1].wmf** | **Deferred refund automatically aggregated with concurrent active member pension account.** | **Balance in deferred refund account purchases earned pension in concurrent active member account and balance recalculated using Treasury Orders.** |
|  | **C:\Users\drew.beedall\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\V2A6Q0M8\MC900434665[1].wmf** | **No further action, refund must already been paid within 5 years of leaving employment.** | **None.** |
| **C:\Users\drew.beedall\AppData\Local\Microsoft\Windows\Temporary Internet Files\Content.IE5\V2A6Q0M8\MC900434665[1].wmf** |  | **Deferred refund automatically aggregated with concurrent active member pension account.** | **Post 31 March 2014 balance in deferred refund account purchases earned pension in active member account and balance recalculated using Treasury Orders.**  **Pre 1 April 2014 membership retains final salary link.** |

In all the above instances, there are no Scheme employer discretions to apply as the action is taken automatically by the EAPF.

1. ***Flowchart to explain concurrent employment***

If an employee has two concurrent employments in which they work at 18.5 hours per week in each, this must be shown as two separate employments; the employments should not be combined together and shown as one employment.

Please see the following example:

|  |
| --- |
| * Mr A currently works 37 hours per week in **employment 1**. * At a later date on or after 1 April 2014, Mr A undertakes a second permanent employment on 10 hours per week, **employment 2**   As employment 2 is completely unrelated to employment 1 and Mr A has not ceased employment 1, therefore there are two permanent employments running concurrently. Employment 2 would be treated as a new employment under 2013 Regulation 3, therefore, the process is different.  **Scheme employer**  Follow process flow titled [‘New Starters](#newstarter_proced)’ notifying Capita via updates to 1B1S and the weekly interface, including the completion of a PEN1 to take into account any payroll system limitations.  **Capita**  Upon receiving notification of employment 2, from the Scheme employer, Capita will create a second Hartlink records. If the member were to cease one of the employments prior to ceasing the other, the appropriate concurrency options shown in [points 53](#Point_59) to 55 inclusive would apply.  **Flow Chart**  **Employment 1 (Original substantive post)**  **Employment 2 (second concurrent substantive post)** |

1. ***Pension Credit members***

A pension credit member is a member who has been awarded deferred benefits in the LGPS as result of a court issuing a Pension Sharing order on divorce, or dissolution of a civil partnership. The ex-spouse/ex-civil partner is awarded a percentage of the value of the member’s benefits (the pension debit) at the date of the court order, which ‘funds’ a benefit entitlement for the ex-spouse (the pension credit) within the LGPS. The pension credit member may transfer this entitlement to another registered pension arrangement or retain the benefit within the LGPS.

For pension credits awarded on or after 1 April 2014, benefits are payable from: -

* NPA, or
* Voluntarily from age 55 (reduced for early payment), or
* After NPA (increased for late payment).

1. ***VIPs***

VIPs are classified as the Chief Executive, Directors, Executive Managers, Ex HMIP and [DoE](#DOE_ABBREV) transferees of the Environment Agency. Capita must be informed that a member falls into this category so that the VIP procedure can be followed.

Capita is informed that a member is a VIP via a monthly report sent by the Scheme employer. This allows Capita to compare the list against the member records to ensure that VIP status is correctly recorded. The recording of “VIP” remains on the record for life.

Please note that the Chief Executive and Board Directors pension arrangements are looked after by Capita’s Technical Consultancy Team.

1. ***Transfers into the LGPS***

An active member can make a request to the EAPF to transfer in accrued rights from another registered pension scheme or from a European pension’s institution.

The request must been made in writing to the EAPF and to the Scheme employer within 12 months of the member first becoming an active member of the LGPS in an employment (or such longer period as the Scheme employer and the appropriate administering authority may allow).

Both the Scheme employers and the EAPF are recommended to have written policies on the exercise of this discretion. If either (or both) the Scheme employer and / or the appropriate administering authority do not agree to the extension of the 12 month time limit, the transfer request cannot be accepted.

Even if a transfer request is made by a person within 12 months of first becoming an active member of the LGPS in an employment, the appropriate administering authority may still decline to accept the request.

A transfer in of pension rights that are directly or indirectly attributable to a pension credit, or LGPS councillor membership is not permitted.

Where the ‘relevant date’ for the transfer in is before 1 April 2014, the transfer will purchase pre 1 April 2014 membership.

Where the ‘relevant date’ is on or after 1 April 2014 the EAPF must credit the member’s active pension account with an amount of earned pension in accordance with actuarial guidance issued by the Secretary of State.

The ‘relevant date’ is the date on which the person first became an active member in the employment, or the date the transfer payment is received if more than 12 months later.

**Club transfers**

Club transfers are generally transfers between Public Sector Schemes, although, there are non-public sector employers who participate in the club. A transfer from another club scheme where payment is received more than 12 months after the date the member joined the LGPS will require Scheme employer and EAPF consent to proceed, but can only be dealt with on a non-Club basis

Transfers in from other club schemes before 1 April 2015 will buy final salary benefits. The proposals for Club transfers after that date are being discussed and this section will be updated once agreed and published.

1. ***An election to move into the 50/50 section***

The 50/50 Section allows a member to elect to pay half the contributions for half the benefits, with an accrual of 1/98th of pensionable pay paid rather than 1/49th,and members pay the appropriate contribution rate shown in the table (column 4) in [point 2](#Point_2) based on the assessed pensionable pay, paid to the member on the relevant date, in the same way as if the member was contributing within the main section.

**General rules**

All new eligible employees must be contractually enrolled into the main section of the 2014 Scheme upon commencement of employment. Optant outs electing to re-join and those being automatically enrolled or re-enrolled must also be placed in the main section. An employee with one job, who commences a further, concurrent job, must be placed in the main section in the new job.

Once enrolled into the main section, all members have the option to elect to join the 50/50 section at any time. The reduction in contribution would apply from the beginning of the next available pay period. Providing the payroll cut off has not passed, the next available pay period may be the period in which the election is received.

If an employee has more than one job they can elect for the 50/50 section in one, some or all of their jobs, and can elect to move between the main and 50/50 sections of the Scheme any number of times by completing a Pen 9a and Pen 9b accordingly.

If a member dies in service or retires with a Tier 1 or Tier 2 ill health pension whilst in the 50/50 section the lump sum death grant (in the case of death in service) and the amount of ill health enhancement granted (in the case of ill health retirement) will be calculated as if the member was in the main section of the Scheme.

The Scheme employer contributions are not halved and remain payable in full, with the impact accounted for at the next triennial valuation.

Members can elect to move from the main section (and vice versa) as many times as they wish by completing a Pen 9a and Pen 9b accordingly.

Scheme employers should notify payroll to adjust the contribution rate from the next available pay period. A copy of the election must be forwarded to the EAPF including notification of the revised contribution rate and applicable date.

Scheme employers are required to maintain a record of the section the member was in at year end (or date of leaving if earlier) for each employment and any changes of section, including dates, that occurred throughout the Scheme year, along with the cumulative pensionable pay paid and employee contributions deducted during membership of that section within the scheme year.

**Switching to the main section**

If an employee is in the 50/50 section and goes onto no pay due to sickness or injury, the employee must be moved back into the main section from the beginning of the next pay period if they are still on nil pay at that time. The employee can choose to make a further 50/50 election after they have returned to work and are in receipt of pay.

If an employee is in the 50/50 section they must be moved back to the main section from the beginning of the pay period following the member’s automatic re-enrolment date. The employee would have the right to make a further 50/50 election which, if made before the payroll is closed, would mean they would have continuous 50/50 membership. Note that the initial staging date for those employers yet to meet their staging date has no effect on 50/50 elections.

If an employee is moved back to the main section due to absence with no pay or automatic re-enrolment the Scheme employer will need to notify the EAPF of the applicable date and amended contribution rate.

**Additional Contributions and 50/50**

If a member elects to move to the 50/50 section, any existing APC or SCAPC contract **other than** to purchase an amount of lost pension due to a trade dispute, a period of authorised unpaid leave of absence or a period of unpaid additional maternity, paternity or adoption leave must cease.

Upon commencement in the 50/50 section any existing contributions to:

* AVCs or SCAVCs
* APCs or SCAPCs to purchase lost pension due to a trade dispute, a period of authorised unpaid leave of absence or a period of unpaid additional maternity, paternity or adoption leave
* an additional regular contribution (ARC), added years, Preston part-time buy-back, or additional survivor benefit contribution (ASBC) contract / arrangement in force prior to 1 April 2014

must continue at the full rate unless the member elects to amend or cease payments

Payments under existing ASBC contracts at 31 March 2014 are expressed as a percentage of the member’s full time equivalent pensionable pay (2008 Scheme definition of pensionable pay). The contributions should only be deducted on the 2008 Scheme definition of pensionable pay.

Payments under existing (Preston) part-time buy-back contracts as at 31 March 2014 continue to be payable as flat sums payable per pay period.

Payments under existing added years contracts at 31 March 2014 are expressed as a percentage of the member’s pensionable pay (2008 Scheme definition of pensionable pay). The contributions should only be deducted on the 2008 Scheme definition of pensionable pay.

Contributions under existing ARC contracts at 31 March 2014 continue to be payable as flat sums payable per pay period.

A member electing for 50/50 can take out an APC or a SCAPC arrangement to purchase an amount of lost pension due to a trade dispute, unpaid authorised leave of absence, or including a period of unpaid additional maternity, paternity or adoption leave.

A member electing for 50/50 can take out an AVC or SCAVC arrangement.

**Communicating to EAPF**

A change from the Main section into the 50/50 Section (or vice versa) of the 2014 Scheme must be notified via the interface or on a Pen 7. Please see [point 7](#Point_7) for more details regarding the information that should be communicated to Capita on a monthly basis accompanying the contribution return.

1. ***Material changes***

Where a member’s circumstances change Capita is, in the majority of cases, informed of the change via the weekly interface. Where automatic transmission of the data via the weekly interface is not possible the scheme employer must inform Capita of the change by the completion of a Pen 7.

A material change can be a change to the member’s own circumstances (e.g. name, title, marital status, hours, pensionable pay, movement within the business e.g. region, contribution rate, assignment, secondment or change of post). Alternatively it can be a change to the Scheme rules, for example the issuing of new regulations. Please see [section 5](#Section_5) regarding Record Keeping where this is discussed further.

Where the change is a material change, Capita as third party administrators of the fund must inform the member of the effect on their benefits in compliance with Disclosure Regulations. Fines may be imposed on the Administering Authority where the member has not been informed of any material changes. Where a fine has been imposed on the Administering Authority, the Administering Authority may recoup the charges from the Scheme employer if this is in the published Pension Administration Strategy document.

1. ***Secondments and Assignments.***

***Secondments***

The term secondment isused to describe a placement outside the scheme employer. Some scheme employers (such as the Environment Agency) also second people to other internal posts (Environment Agency call this form of secondment an assignment). A secondment is not a new post and as such the member continues contributing on the same pensionable record, employee and employer contributions continue through payroll.

Details of members who partake in secondments or assignments should be provided to Capita using a Pen 7.

**Assignments**

An assignment is a short term placement or project within the Environment Agency designed to develop an employee’s competencies and/or extend their experience in a way that meets their development needs as identified in the Individual Performance Plan. Assignment opportunities may arise from temporary vacancies, due to e.g. maternity leave or from an unexpected need for cover or for a specific project. Alternatively it may arise from a manager looking for ways to meet an employee’s development needs.

An assignment should start with clearly specified development goals and finish with a written appraisal against those goals. An assignment will normally last between three and twelve months. Less than three months will not normally provide the scope for genuine development. A business need for a placement of more than 12 months should normally lead to such a post or project being the subject of an actual appointment. Assignments usually involve a change of role.

During an assignment a member will continue to accrue earned pension within the LGPS to provide benefits on upon payment. Capita need to be informed of an assignment to assist in resolving monthly dialogue queries, where a member’s pay or hours of work may have increased / decreased between the substantive and assigned post. Please see [section 5](#Section_5) regarding Record Keeping where this is discussed further.

|  |
| --- |
| Please see the following example 1 for assignment within the Environment Agency.  Mr A currently works 37 hours per week in employment 1.  Mr A undertakes a temporary assignment (employment 1A) for 6 months on 37 hours per week.  After 6 months, Mr A’s assignment ceases and he returns to his substantive post – employment 1.  **Scheme employer**  Follow process flow titled ‘Notification of material changes’ notifying Capita via updates to 1B1S and the weekly interface regarding changes in pay, region etc, together with a PEN7 notifying that those changes relate to an assignment.  Caution should be exercised to ensure that the changes to 1B1S do not result in a new starter been notified to Capita as this will incorrectly create a second pension record on Hartlink.  **Capita**  The member continues to build up earned pension in 1 active member pension account.  **Flow Chart**  **Employment 1 (Original substantive post)**  **Employment 1A (temporary assignment)**  **Employment 1 (Original substantive post)** |

|  |
| --- |
| Please see the following example 2 for assignment within the Environment Agency.  Mr B undertakes a temporary assignment (employment 1A) for 6 months on 17 hours per week and reduces his hours in employment 1 to 20 hours per week (employment 1).  After 6 months, Mr A’s assignment ceases and he returns to his substantive post – employment 1 on 37 hours per week.  **Scheme employer**  Follow process flow titled ‘Notification of material change’s notifying Capita via updates to 1B1S and the weekly interface regarding to changes to the combined pay (pensionable pay represents both posts combined), together with a PEN7 notifying that those changes relate to an assignment.  The changes to 1B1S should result in a new starter being notified to Capita to create a second pension record on Hartlink.  **Capita**  The member continues to build up 1 pension account for the period of the assignment as the member has not had a permanent change.  **Flow Chart**  **Employment 1 – full time (Original substantive post)**  **Employment 1 – 20 hours (Original substantive post)**  **Employment 1A - 17 hours (temporary assignment)**  **Employment 1 – full time**  **(Original substantive post)** |

1. ***Permanent changes of employment***

Some Scheme employers (such as the Environment Agency) treat a permanent change in post as a variation of employment and not a new employment to prevent the regulatory requirement to produce leaver and new starter notification where the employee moves from one permanent role to another within the same organisation.

1. ***Annual benefit statements (ABS) for active members***

Administering authorities must ensure that the statements comply with the requirements of The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 and with the Public Service Pensions (Information about Benefits) Directions 2014 issued by HM Treasury under section 14 of the Public Service Pensions Act 2013. The Direction simply requires public service pension schemes to provide Annual Benefit Statements which include the information listed in Parts 1 and 2 of Schedule 5 to the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 and sets out the means by which the Annual Benefit Statement may be sent / communicated to the scheme member.

Below is a list of information which must be included on an active members benefit statement for the scheme years ending on and after 31 March 2013. Should you require any further information please contact Capita.

**2013/14**

ABS should be issued by the EAPF to scheme members no later than 5 October 2014 in respect of defined benefits built up to 31 March 2014. Scheme employers should ensure that all the necessary information is sent to the EAPF in order that the EAPF may carry out its statutory responsibilities. Thereafter the ABS should include the following information: -

1. the current value of the member’s final salary benefits (pension and any 3/80ths lump sum) built up to 31 March 2014 (payable from the member’s Normal Pension Age under the 2008 Scheme) and the member’s prospective survivor benefits based on membership built up to 31 March 2014.
2. the pensionable pay figure upon which the member’s benefits, and the prospective survivor benefits, shown in (i) have been calculated.
3. an explanation as to why there is no projection of the member’s benefits for prospective membership beyond 31 March 2014.
4. the current value of death in service survivor benefits built up to 31 March 2014 together with the death in service lump sum at 31 March 2014, and how they are calculated.
5. the date on which the member’s pensionable service started in that employment.
6. a summary of the method for calculating the member’s benefits and any survivors’ benefits.
7. how any deduction from benefits is calculated.

The statement should not include any projection of the member’s or prospective survivor’s benefits beyond 31 March 2014 with the exception of where the member is in the process of purchasing 1997 Scheme or Earlier Schemes additional years and 2008 Scheme additional survivor benefits, the statement should show what remains to be purchased and the current value.

**2014/15 and thereafter**

ABS should be issued by the EAPF to scheme members no later than 31 August 2015 and by no later than each 31 August thereafter. Scheme employers should ensure that all the necessary information is sent to the EAPF by no later than 3 months after the end of the Scheme year (by 31 July 2015 and each 31 July thereafter) in order that the EAPF may carry out its statutory responsibilities. The ABS should include the following information: -

1. the current value of the member’s final salary benefits based on membership built up to 31 March 2014 (payablefrom the member’s new Normal Pension Age under the 2014 Scheme and including the actuarial increase for the period old NPA to new NPA) and the member’s prospective final salary survivor benefits, if any, based on membership built up to 31 March 2014 and any membership purchased under a 1997 Scheme or Earlier Schemes additional years contract as at the relevant 31st March. These should be based on the 2008 Scheme final pay supplied to the EAPF by the Scheme employer as at the relevant 31st March.
2. the full-time equivalent (FTE) final pay figure upon which the member’s final salary benefits and the prospective final salary survivor benefits shown in (i) have been calculated.
3. the total accrued CARE pension (payable from the member’s new Normal Pension Age under the 2014 Scheme) at the relevant 31st March and the member’s prospective CARE survivor benefits based on membership accrued after 31 March 2014.
4. a projection of the member’s and prospective survivor’s CARE pension if the member remains an active member until the member’s Normal Pension Age (NPA) under the 2014 Scheme and on the assumption that the member remains in the CARE section they are in on the relevant 31st March through to their new NPA.
5. the pensionable pay figure on which the amount of additional CARE pension accrued during the year to which the statement relates has been calculated and on which the projection of the member’s and prospective survivor’s CARE pension under (iv) above has been calculated.
6. the current value of death in service survivor benefits accrued at the 31st March to which the ABS relates together with the death in service lump sum at that 31st March, and how they are calculated.
7. the date on which the member’s pensionable service started in that employment.

1. a summary of the method for calculating the member’s benefits and any survivors’ benefits.
2. how any deduction from benefits is calculated.

**Section 3 -** [**Leaving active membership of the Scheme**](#Section_3)**, payment of benefits and death of an active member.**

**Leaving active membership of the Scheme**

1. ***Ceasing active membership of the scheme - general***

An active member ceases active membership when they: -

* Are no longer eligible for membership of the scheme through their employment (this could be as a result of a member resigning or a change in the member’s terms and conditions) and active membership ceases on the date eligibility ceases.
* Give notice to their employer that they wish to leave the scheme (opt out). The date of leaving active membership of the scheme is at the end of the payment period in which the notice was given unless a later date is specified by the member.
* Reach age 75.

1. ***Ceasing active membership with 2 or more years qualifying service (Deferred Benefit)***

Deferred benefits are pension benefits that are due for payment at a future date.

The minimum qualification for entitlement to a benefit is 2 years qualifying service. A member who leaves the Scheme with 2 or more years service may either be awarded a deferred benefit or choose to receive immediate payment of pension benefits. Where a member has less than 2 years qualifying service the member is awarded a refund of contributions (see [points 65 to 68](#Point_75) inclusive).

A member is awarded a deferred benefit where the member ceases active membership of the scheme in an employment: -

* With 2 or more years qualifying service, and
* Has not started to receive any pension payments from the scheme in relation to that employment, and
* Has not reached age 75.

An active member may also hold deferred benefits within the LGPS, built up with another LGPS Scheme employer, including a previous employment with their current Scheme employer.

Deferred benefits increase in line with the pensions increase (Review) Order each year, from the date of leaving the scheme until they are brought into payment and thereafter.

On notification of a member’s resignation / dismissal under age 55, Capita will calculate the value of the member’s benefits at the date of leaving active membership. These benefits are based on the cumulative pension in the pension account (plus revaluation increases). A statement of deferred benefits will be issued to the member, along with details of how the member may transfer the benefits.

An annual benefit statement showing the current value (following the application of the pensions increase (Review) Order) of a member’s deferred benefits, will be issued to the member by 31 August following the end of the scheme year on 31 March.

Deferred benefits for members with active membership before 1 April 2014 will be calculated as the aggregate of:

* Pre 1 April 2014 final salary benefits; plus
* Post 31 March 2014 earned pension under the CARE scheme.

If appropriate the statutory underpin will also be calculated, though any resultant statutory underpin amount will not be included within the earned pension values, until, payment of the benefits takes place.

Where the member has been dismissed due to fraud or gross misconduct, approval must be gained from the Scheme employer for the statement of deferred benefits to be issued to the member.

There are certain scenarios that allow the Scheme employer to deduct payment or prevent payment of the deferred benefit depending on the reason for dismissal. In order for the scheme employer to withhold payment of a deferred benefit a Court Order must first be obtained. For further information regarding dismissal please contact Capita, where the individual case may be discussed in more detail.

**Payment**

A deferred member is entitled to the payment of their deferred benefit on or after their 55th birthday (a request for payment prior to age 55 may be made on the grounds of ill health) provided the member is not an employee in local government service at that point, but, if taken before age State Pension Age (or age 65 if this is later) these benefits will be reduced for early payment (see  [points 79 to 81](#Point_90) inclusive) (excluding payment on the grounds of ill health).

1. ***Annual benefit statements for deferred members***

ABS should be issued by the EAPF to deferred members, deferred pensioner members and pension credit members no later than 5 October 2014 in respect of defined benefits built up to 31 March 2014.

ABS should be issued to deferred members, deferred pensioner members and pension credit members no later than the end of each 31 August following the end of the scheme year.

There are a number of complications that the EAPF must be aware of in relation to ABS issued to members with deferred benefits.

1. It will not be possible to quote a specific NPA payable date on Annual Benefit Statements issued to members leaving with deferred benefits post 31 March 2014. Statements will have to state that the normal payable age for the post 31 March 2014 benefits will be whatever the member’s State Pension Age is at the time they draw their benefits and that this may change in the future.
2. Based on the current understanding of the HM Treasury policy position any death grant shown should include a caveat to the effect that if the member is back in active membership of the LGPS in England or Wales at the date of death, the death grant payable would be the greater of 5 times the deferred pension or 3 times their pay (Assumed Pensionable Pay) in the new job.
3. Based on the current understanding of the Public Service Pensions Act 2013, the statement will need to contain a caveat to the effect that if the deferred member rejoins the LGPS, elects to retain separate benefits, and has an ongoing final salary link (see [points 14 to 17](#Point_14) inclusive) the deferred benefits ultimately payable may be based on a pay figure from the new employment, and not that on which the deferred benefits were originally calculated (if this produces a higher benefit).
4. ***2 years qualifying service***

2 or more years qualifying service is achieved where a member has: -

* Contributed to the scheme for 2 years.
* Has transferred benefits into the scheme of 2 or more years in another occupational pension scheme (or under a European Institution).
* Has transferred benefits into the scheme from another occupational pension scheme (or under a European Institution) and the aggregate length of service in which the member built up benefits in that scheme together with that in the local government pension scheme was 2 or more years.
* Has transferred benefits into the scheme from a scheme or arrangement that does not permit a refund of contributions.
* Has paid national insurance contributions during active membership and ceases that membership after the end of the tax year preceding the tax year in which the member reaches GMP age.
* Holds a deferred benefit or is in receipt of a pension (excluding survivor’s pension or pension credit member’s pension, although if the member had less than 2 years active membership, payment of a refund would extinguish the member’s entitlement to payment of the pension credit benefits).

Where a member holds a deferred benefit from membership before1 April 2014 this is treated as having qualifying service of 2 years, even where the deferred benefit consists of more than 2 years membership.

* Has transferred their benefits to a qualifying recognised oversees pension scheme. This includes any transfer of this nature in relation to this active membership where the payment is made prior to 1 April 2014.
* Member ceases active membership at age 75.

The above may include benefits accrued or transferred into the scheme prior to 1 April 2014 where the member remained in continuous active membership

1. ***Refund of contributions***

Where the member ceases active membership of the scheme with between 3 months and 2 years service, including any continuous service built up before1 April 2014, the member must either: -

* Take payment of a refund of contributions directly from the EAPF, less any deductions for tax and the cost of buying back into the Second State Pension (S2P), or
* Elect to transfer an amount equal to the cash equivalent of his pension benefits into another pension scheme (see [point 58](#Point_65)), or
* Defer payment of the refund of contributions up to a maximum period of 5 years beginning with the date active membership ceased. If a request for payment or transfer of benefits is not received within 5 years of ceasing active membership, or the individual reaches age 75 during that period, the EAPF will refund the contributions to the individual automatically.

The member is not entitled to a refund of contributions where the member

* Becomes an active member again: -
  + Within 1 month and 1 day of ceasing active membership, or
  + Before the refund of contributions has been paid.
* Left employment due to an offense of fraudulent character or grave misconduct in connection with their employment.
* Transfers the benefits to another registered pension scheme or to a qualifying recognised oversees scheme.
* Continues in another employment held concurrently with the employment in which the person has ceased active membership.
* Holds active, deferred or pensioner member (including a pension credit) benefits in the same or another fund in England and Wales
* Dies in service (in such circumstances the employer may pay a sum equal to all or part of the member’s contributions to the member, the member’s spouse, civil partner or any of the member’s dependents.

1. ***Member’s with less than 3 months qualifying service.***

Where the member ceases active membership of the scheme before being an active member for 3 months, the member is eligible for a refund of contributions as in point 65.

If the member opts out of the Scheme within 3 months of joining the scheme they are treated as never having been a member and payroll should refund any contributions paid, and make necessary tax and National Insurance adjustments.

1. ***Members with pre and post April 2014 membership***

The vesting period for the Scheme rose from 3 months to 2 years or more on 1 April 2014. However, for members of the scheme in the same employment on 31 March 2014 and 1 April 2014, transitional rules apply.

A member of the 2014 Scheme who has a deferred benefit or a pension in payment in the Earlier Schemes is treated as having qualifying service of 2 years for purpose of regulation 3(7) (Active membership).

1. Where an active member: -

* Holds a deferred benefit with less than 2 years membership, and
* Aggregates those benefits with active benefits in the 2014 Scheme, and
* Subsequently ceases to be an active member with an aggregate of less than 2 years membership,

the member may elect for a refund of contributions as opposed to a deferred benefit. The refund will be made up of both the active membership and the aggregated membership. The election must be made in writing to the Administering Authority within 6 months of ceasing active membership. Where no election is made to the Administering Authority the default position is an award of deferred benefits.

1. Where an active member of the 2008 Scheme: -

* Who is in an employment immediately before 1 April 2014 and becomes an active member of the 2014 Scheme in that employment on 1 April 2014, and
* Who has at least 3 months qualifying service in the 2014 Scheme (this includes for the purpose of this provision only, any membership in the Earlier Scheme aggregated with membership of the 2014 Scheme), and
* Ceases to be an active member with less than 2 year qualifying service, the member may elect to the EAPF within 6 months of ceasing active membership to either: -

* Receive a refund of contributions (The refund will be made up of both the active membership and the aggregated membership) (providing any aggregated membership did not include membership from a scheme or an arrangement that did not permit a refund of contributions), or
* Be awarded a deferred benefit (providing the member has not reached age 75), or
* Draw a retirement pension provided the member has reached their normal retirement age in the 2008 Scheme (though this election may only be made to the EAPF within 6 months of ceasing local government service).

Where no election is made to the EAPF the default position is an award of deferred benefits or where the member has reached their normal retirement age in the 2008 Scheme and has ceased local government service, an immediate payment of pension.

1. ***Contributions paid in error***

Contributions may be deducted in error if, for example, the member has simply paid too many contributions as a result of being placed in the wrong contribution band (see [point 2](#Point_2)). Where this occurs, the member’s contributions must be refunded via the payroll system and not the pension fund

1. ***Opting out of the Scheme***

Active members can elect to opt out of the LGPS at any time after their employment has commenced. Scheme membership will cease from the date specified by the member in the written notice, or if no date is specified, or the date specified is earlier than the notice given, then Scheme membership ceases from the end of the payment period in which the notice is given.

However, there is a transitional provision covering where a member elects to opt out of active membership and that election is received by the Scheme employer before 1 April 2014. In this instance only, the member is opted out of the Scheme on 31 March 2014 and does not join the 2014 Scheme on 1 April 2014.

Where a member has elected to opt out, they may choose to opt back in again. The member may repeat these options without any restrictions to the number of times a member may opt out and back into the scheme.

If an employee is an active member in more than one employment at the same time, they may elect to opt out of the LGPS in one, some or all of their employments.

The opting out form must be obtained from the EAPF website at via [www.eapf.org.uk](http://www.eapf.org.uk) or directly from Capita and returned directly to the Scheme employer.

Where a member opts out having contributed for more than 3 months, Capita will liaise with the member to discuss what options are available.

1. ***T******ransferring benefits to another registered pension arrangement***

A member who has left the employment in which they were an active member of the LGPS may transfer their accrued benefits to another registered pension scheme (this includes the LGPS in Scotland, Northern Ireland and the Isle of Man) or to a qualified recognised overseas scheme.

If the member is interested in transferring their benefits after leaving they should contact Capita who will provide the relevant information.

1. ***Aggregation post 31/3/14 benefits***

This section applies to a member of the scheme who has left their employment on or after 1 April 2014 and as a result is either a: -

* Deferred member or
* Deferred refund member

Upon rejoining the scheme (or ceasing a concurrent employment) the deferred benefits will be automatically aggregated with the active membership, unless the member elects to retain separate benefits within 12 months of rejoining the scheme or ceasing the concurrent employment (or such a longer period as their current employer will allow).

The member should contact the administrators of the Local Government Pension Fund in which the later period of active membership or the remaining concurrent period of active membership is building up for further details.

1. ***Aggregation – pre 1/4/14 benefits***

This section applies to a member of the scheme who has left their employment prior to 1 April 2014 and as a result be either a: -

* Deferred member, or
* Deferred refund member.

Upon rejoining the Scheme on or after 1 April 2014: -

* The deferred member may elect to aggregate their deferred benefits with their active membership, within 12 months of rejoining the scheme.
* Where an election is made and where the member has not had a disqualifying break (a continuous break in any public sector pension scheme of more than 5 years), the benefits will retain final salary protection
* If the member elects to aggregate on or after 12 months of rejoining the Scheme (where the Scheme employer’s discretionary statement permits this policy) or the member has had a disqualifying break, the benefits may still be aggregated though they will not retain final salary protection.
* A deferred refund member will have their benefits automatically aggregated to purchase earned pension as the member is not entitled to a refund of contributions.

The member should contact the administrators of the Local Government Pension Fund in which the later period of active membership (or the continuing concurrent period of active membership) is building up for further details.

1. ***Estimate of benefits***

An estimate of benefits can be requested for all forms of retirement and death in service calculations.

Where early retirement or redundancy / efficiency retirement quotes are requested by the Scheme employer, Capita will automatically provide all the costs and information regarding the strain on the fund.

All estimates will be returned to the authorised signatory of the request via email. Copies will not be issued via the post.

It is also possible for a member to request an estimate of benefits directly from Capita, without the scheme employer’s knowledge. Such estimates are restricted to retirements from age 55 though a member cannot receive an estimate of ill health retirements.

**Payment of Benefits**

1. ***Strain costs***

‘Strain Costs’ become payable when there is a cost to the pension fund as a result of a member taking early payment of their benefits with the consent of the Scheme employer or former Scheme employer ( or EAPF where the former Scheme employer has ceased to be a Scheme employer)

This cost (calculated by the EAPF Fund Actuary) will need to be repaid to the pension fund as a one off lump sum payment.

Capita will automatically provide the costs to the Scheme employer / former Scheme employer where there is a strain on the fund.

1. ***Statutory underpin***

Protections are in place if a member is nearing retirement to ensure that they will get a pension at least equal to that which they would have received in the scheme had it not changed on 1 April 2014. This protection is known as the statutory underpin.

The underpin applies to members’ who:

* Were paying into the Scheme on 31 March 2012 and,
* Were within 10 years of your Normal Pension Age on 1 April 2012, and
* have not had a disqualifying break in service of more than 5 years,
* have not drawn any benefits in the LGPS before Normal Pension Age and
* leave with an immediate entitlement to benefits under the 2014 Scheme.

The references to Normal Pension Age re the statutory underpin section are references to the member’s protected Normal Retirement Age under the 2008 scheme (normally age 65 though age 60 for HMIP members).

If the member is covered by the statutory underpin a calculation will be performed at the date they cease to contribute to the Scheme, or at their 2008 Scheme Normal Retirement Age if earlier, to check that the pension they have built up (or, if the member has been in the 50/50 section at any time, the pension they would have built up had they always been in the main section of the scheme) is at least equal to that which they would have received had the scheme not changed on 1 April 2014. If it isn’t, the difference will be added to the member’s pension upon payment, unless the member voluntarily elects for payment prior to age 60 (excluding HMIP members) in which case the underpin will not apply. If the member opts out of the Scheme, the statutory underpin will not apply.

**Leavers on or after 1 April 2014**

1. ***Payment of benefits at Normal pension age***

A member who reaches normal pension age and who has left local government service (or ceases one employment whilst continuing in another concurrent employment) is entitled to immediate payment of unreduced benefits.

All aggregated benefits must be paid at the same time (other than on flexible retirement).

The last day of service with their Scheme employer under these circumstances is the day before the member’s normal pension age.

**Notification**

The member is not prescribed to give notice of election for payment.

Unless the member continues in active membership or elects to defer payment, benefits are paid from the day after the date on which employment ends.

1. ***Late Retirement***

A member who leaves local government service (or ceases one employment whilst continuing in another concurrent employment ) after their normal pension age is entitled to immediate payment of actuarially increased benefits upon leaving local government service

Payment must commence before age 75.

All aggregated benefits must be paid at the same time.

The last day of service with their Scheme employer under these circumstances is the day the member’s employment ceases.

**Notification**

The member is not prescribed to give notice of election for payment.

Unless the member continues membership or elects to defer payment, benefits begin to be paid from the day after the date on which employment ends.

1. ***Deferring benefits until after NPA***

A member may elect in writing to Capita to defer payment of their benefits to a date after their normal pension age (or if later the date of leaving employment), though payment must commence prior to age 75.

Where the member makes such an election, the benefits are actuarially increased to account for their late payment.

All aggregated benefits must be paid at the same time.

The last day of service with their Scheme employer under these circumstances is the day the member ceased active Scheme membership.

**Notification**

Notice of election for payment is made by the member to the EAPF and must specify the date upon which benefits begin to be paid.

The notice must be given at least 3 months before to the date upon which payments are to commence, though the EAPF may agree to waive these time limits.

A member may alter an earlier notice for payment providing the further notice is at least 3 months before the date upon which payments are to commence (in the further notice) and again the EAPF may agree to waive these time limits.

The member’s intention to work past age normal pension age and any subsequent changes to their date of payment are confirmed through completion of a Pen 7, completed by the Scheme employer. The date of the intended payment is required for actuarial valuation purposes.

1. ***Discretionary policies – early leavers***

This section refers to the Scheme employer’s/former Scheme employer’soptions to waive any early payment reduction either in whole or part, or on the grounds of compassion depending upon the member’s reason for payment, benefit history and age.

The table below summarises the regulations under which the discretions may be applied. Each part of a member’s benefits may have a different reduction depending on when the benefits were accrued and any protections held by the member based on the date they became an active member and any earlier benefits held.

Please read the brief notes following the table.

The Scheme employer must prepare and publish a written statement of policy in relation to the exercise of its functions under the regulations quoted within the table below. In addition, a copy of the statement must be sent to the EAPF before 1 July 2014. The Scheme employer must keep its statement under review, make any appropriate revisions following a change in policy and publish the revised statement before the expiry of a month beginning with the date of any revision send a revised copy to the EAPF.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Group of member** | **A**  **Benefits built up (or treated as having built up) prior to 1 April 2008** | **B1**  **Benefits built up on or after 1 April 2008 and prior to 1 April 2014** | **B2**  **Benefits built up on or after 1 April 2014 and prior to 1 April 2016** | **C**  **Benefits built up on or after 1 April 2016 and prior to 1 April 2020** | **D1**  **Benefits built up after 1 April 2020** |
| **1**  **Joined the scheme prior to 1 October 2006 and was born prior to 1 April 1956** | In whole.  Grounds of compassion.  R2 – Schedule 2 – 2014 Transtional Provisions. | In whole.  Grounds of compassion.  R2 – Schedule 2 – 2014 Transtional Provisions. | In whole.  Grounds of compassion.  R2 – Schedule 2 – 2014 Transtional Provisions. | In whole or part.  R30(8) – 2013 Regulations. | In whole or part.  R30(8) – 2013 Regulations. |
| *Flexible only*  In whole or part.  R3(5) – 2014 Transitional Provisions. | *Flexible only*  In whole or part.  R3(5) – 2014 Transitional Provisions. | *Flexible only*  In whole or part.  R3(5) – 2014 Transitional Provisions |
| Reductions from relevant date to Critical Retirement Age | Reductions from relevant date to Critical Retirement Age | Reductions from relevant date to Critical Retirement Age | Reductions from relevant date to NPA | Reductions from relevant date to NPA |
| **2**  **Joined the scheme prior to 1 October 2006 and was born on or after 1 April 1956 and prior to 1 April 1960 and meets rule of 85 before 1 April 2020** | In whole.  Grounds of compassion.  R2 – Schedule 2 – 2014 Transtional Provisions. | In whole.  Grounds of compassion.  R2 – Schedule 2 – 2014 Transtional Provisions. | In whole.  Grounds of compassion.  R2 – Schedule 2 – 2014 Transtional Provisions. | In whole.  Grounds of compassion.  R2 – Schedule 2 – 2014 Transtional Provisions. | In whole or part.  R30(8) – 2013 Regulations. |
| *Flexible only*  In whole or part.  R3(5) – 2014 Transitional Provisions. | *Flexible only*  In whole or part.  R3(5) – 2014 Transitional Provisions. | *Flexible only*  In whole or part.  R3(5) – 2014 Transitional Provisions | *Flexible only*  In whole or part.  R3(5) – 2014 Transitional Provisions |
| Reductions from relevant date to Critical Retirement Age | Taper Reductions apply | Taper Reductions apply | Taper Reductions apply | Reductions from relevant date to NPA |
| **3**  **Joined the scheme prior to 1 October 2006 and was born on or after 1 April 1960** | In whole.  Grounds of compassion.  R2 – Schedule 2 – 2014 Transtional Provisions. | In whole.  Grounds of compassion.  R2 – Schedule 2 – 2014 Transtional Provisions. | In whole or part.  R30(8) – 2013 Regulations. | In whole or part.  R30(8) – 2013 Regulations. | In whole or part.  R30(8) – 2013 Regulations. |
| *Flexible only*  In whole or part.  R3(5) – 2014 Transitional Provisions. | *Flexible only*  In whole or part.  R3(5) – 2014 Transitional Provisions. |
| Reductions from relevant date to Critical Retirement Age | Reductions from relevant date to Age 65 | Reductions from relevant date to NPA | Reductions from relevant date to NPA | Reductions from relevant date to NPA |
| **4**  **Joined the Scheme on or after 1 October 2006** | In whole.  Grounds of compassion.  R2 – Schedule 2 – 2014 Transtional Provisions. | In whole.  Grounds of compassion.  R2 – Schedule 2 – 2014 Transtional Provisions. | In whole or part.  R30(8) – 2013 Regulations. | In whole or part.  R30(8) – 2013 Regulations. | In whole or part.  R30(8) – 2013 Regulations. |
| *Flexible only*  In whole or part.  R3(5) – 2014 Transitional Provisions. | *Flexible only*  In whole or part.  R3(5) – 2014 Transitional Provisions. |
| Reductions from relevant date to Age 65 | Reductions from relevant date to Age 65 | Reductions from relevant date to NPA | Reductions from relevant date to NPA | Reductions from relevant date to NPA |

Notes:

The relevant date is the date on which the member’s benefits are first paid

For those members who take payment of their benefits prior to age 60, if the rule of 85 is not ‘switched on’ then reductions are calculated from the relevant date to age 60 or the member’s CRA iflater.

If the member held deferred benefits in the Scheme rejoined and subsequently aggregated, the group into which the member is placed may differ from the table above.

There is a further group of membership called ‘D2’ For membership treated as post 1/4/2020 which has a Normal Pension age of 65 (e.g. added years contracts)

Users should contact Capita for further information regarding these areas.

1. ***Early payment from age 55 to NPA - 85 year rule not ‘switched on’ .***

A member may elect for immediate payment of their benefits from age 55 onwards and prior to normal pension age providing they have left that local government employment.

Benefits will be reduced in accordance with guidance issued by the Secretary of State to account for early payment based on the period from the relevant date to the member’s NPA, CRA or taper (although with a minimum age 60) as shown in the table above.

All aggregated benefits must be paid at the same time.

A Scheme employer may agree to waive in: -

* Whole, on the grounds of compassion, any early payment reduction which is subject to a minimum age of 60 relating to that part of the member’s benefits which have been calculated with reference to any pre 1 April 2014 protections.
* Whole or part any reduction to account for ealy payment that part of the member’s benefits built up on or after 1 April 2014 which are not subject to the protection described in the previous point.

The EAPF may require the Scheme employer/former Scheme employer to make an additional payment to account for any additional ‘strain’ costs.

**Notification**

Notice of election for payment is made by the member to the EAPF and must specify the date upon which payment of benefits should commence.

If reduction for early payment is to be waived (in full or part, in full on grounds of compassion) then Scheme employer agreement must be included.

The notice must be given at least 3 months prior to the date upon which payments are to commence, though the EAPF may agree to waive these time limits.

A member may alter an earlier notice for payment providing the further notice is at least 3 months prior to the date upon which payments are to commence (in the further notice) and again the EAPF may agree to waive these time limits.

1. ***Payment of benefits between age 55 and age 60 - ‘switching on’ the rule of 85***

A member may elect for immediate payment of their benefits from age on or after age 55 and prior to normal pension age providing they have left that local government employment (excluding pension credit members to whom leaving local government service would not apply).

Benefits will be reduced in accordance with guidance issued by the Secretary of State to account for early payment based on the period from the date of request to the member’s NPA, CRA or taper (subject to a minimum of age 60)as shown in the table above. .

However, if the member is below age 60 at the date of payment, and reaches their CRA before age 60, the Scheme employer may consent to ‘switch on’ the rule of 85 and allow a reduction to the CRA subject to payment of the strain costs. If a member, meets their rule of 85 on or after age 60, there is no merit in the Scheme employer ‘switching on’ the rule of 85 as the early payment reduction will be no different to that mentioned in the previous point.

A Scheme employer having already agreed to ‘switch on’ the rule of 85, may also agree to waive in: -

* Whole on the grounds of compassion any early payment reduction relating to that part of the member’s benefits which have been calculated with reference to any pre 1 April 2014 protections, and/or
* Whole or part any reduction to account for ealy payment that part of the member’s benefits built up on or after 1 April 2014 which are not subject to the protection described in the previous point.

All aggregated benefits must be paid at the same time.

**Notification**

Notice of election for payment is made by the member to the EAPF and must specify the date upon which benefits begin to be paid.

If rule of 85 is ‘switched back on’ or/and any reduction for early payment is to be waived then Scheme employer consent must be included.

The notice must be given at least 3 months prior to the date upon which payments are to commence, though the EAPF may agree to waive these time limits.

A member may alter an earlier notice for payment providing the further notice is at least 3 months prior to the date upon which payments are to commence (in the further notice) and again the EAPF may agree to waive these time limits.

1. ***Flexible Retirement***

An active member may elect for immediate payment of all or part of their benefits from on or after age 55 where they have reduced their working hours or grade and with their employer’s consent. Reference to ‘part’ is defined as:

* All of the aggregated benefits accrued before 1 April 2008, and
* All, part or none of the aggregated benefits accrued between 1 April 2008 and 31 March 2014, and
* All part or none of the aggregated benefits accrued after1 April 2014, and

Employer award of additional membership or pension and any transferred in membership or benefits are drawn in the relevant percentages according to the relevant date credited.

Benefits from additional contributions can be taken as follows:-

* All member purchased of additional years and days (Added Years) (Regulation 55 of the LGPS Regulations 1997 or equivalent provisions in earlier schemes) where the contract commenced before 1 October 2006 .
* All or none of member purchased of additional years and days (Added Years) (Regulation 55 of the LGPS Regulations 1997 or equivalent provisions in earlier schemes) where the contract commenced on or after 1 October 2006 .
* All Additional voluntary contributions (AVCs) or shared cost additional voluntary contributions (SCAVCs) funds (Regulation 17 of the LGPS Regulations 2013 or equivalent provisions in earlier schemes) which commenced before 13 November 2001.
* All or none of AVCs or SCAVCs funds which commenced on or after 13 November 2001.
* All or none of a member purchase of additional pension (Pre or post 1 April 2014 contracts (ARCs or APCs)).

Benefits will be actuarially reduced in accordance with guidance issued by the Secretary of State to account for early payment based on the period from the relevant date to the member’s NPA, CRA or taper date (see table above).

Where a member takes payment of their benefits on flexible grounds they remain an active member of the Scheme unless they elect to opt out of the Scheme. As such, the active member pension account remains open and a flexible retirement pension account is opened.

An employer may agree to waive in whole or part any actuarial reduction to account for early payment. The EAPF may require the Scheme employer to make an additional payment to account for the additional ‘strain costs’.

The Scheme employer must prepare and publish a written statement of policy in relation to the exercise of its functions under 2013 Regulation 30(6) – Flexible Retirement and 30(8) waiving of actuarial reduction (either in whole or part). In addition, a copy of the statement must be sent to the EAPF before 1 July 2014. The Scheme employer must keep its statement under review, make any appropriate revisions following a change in policy at least one month before the date of any revision send a revised copy to the EAPF and publish the revised statement.

**Notification**

Notice of election for payment (providing Scheme employer has consented to payment) is made by the member to the EAPF and must specify the date of the reduction in hours or grade as the date payment of benefits begins.

The notice must be given no later than 1 month after the reduction in grade or hours, though the EAPF may agree to extend the time limit.

1. ***Redundancy and business efficiency***

If an active member, aged 55 or over is dismissed on the grounds of redundancy, business efficiency, or whose appointment is terminated by mutual consent on the grounds of business efficiency, the local government pension scheme benefits are payable immediately without actuarial reduction (except for additional pension which is adjusted in line with actuarial guidance provided by the Secretary of State). The EAPF will require the Scheme employer to make an additional payment to account for the additional ‘strain’ costs.

Compensation (above the level of statutory redundancy) may be paid by the scheme employer under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006. However, there are limitations as to the compensation that may be paid, notably that a simultaneous awards of additional pension and compensation above the Statutory amount cannot be made.

Members below age 55 are awarded a deferred benefit in these circumstances.

All aggregated benefits must be paid at the same time.

**Notification**

The employer is not set prescribed methods or timescales to notify the EAPF. Arrangements for notification should be set at local level and where a written administration strategy exists within agreed procedures and timescales.

Benefits begin to be paid from the day after the date on which employment ends.

1. ***Ill health –active members***

If an active member is dismissed on the grounds of ill-health or infirmity of mind or body before normal pension age and meets the conditions set out below (as certified by an Independent Registered Medical Practitioner), then the member must take payment of unreduced benefits from the date of leaving employment. The benefits may also be enhanced depending into which Tier of ill-health benefits the member is placed. Ill-health benefits must be paid where the member as a result of ill-health or infirmity of mind or body is:

1. Permanently incapable of discharging efficiently the duties of their employment, and
2. Not immediately capable of undertaking any gainful employment.

All aggregated benefits must be paid at the same time.

Where this form of payment occurs the Administering authority may require the employer to make an additional payment to account for the additional ‘strain’ costs. However, such costs are usually accounted for within the employer contribution rate which is set at each valuation.

Having satisfied the above conditions the member is placed by their employer (having regard to the certificate from an Independent Registered Medical Practitioner) into one of the following tiers depending upon the severity of their ill health.

**Tier 1**

The member must have a reduced likelihood of being capable of undertaking any gainful employment before normal pension age.

Unreduced benefits payable for life based on earned pension to date of termination.

Benefits are also enhanced (though see note below for restrictions) and the enhancement is based on pension that would have been earned during the period between date of leaving active membership and normal pension age, calculated using assumed pensionable pay on the date employment ends.

**Tier 2**

The member must not be entitled to Tier 1 benefits and must have a reduced likelihood of being capable of undertaking any gainful employment within 3 years of leaving employment though is likely to be able to undertake gainful employment before reaching normal pension age.

Unreduced benefits payable for life based on earned pension to date of termination.

Benefits are also enhanced (though see note below for restrictions) and the enhancement is based on ¼ of pension that would have been earned during the period between date of leaving active membership and normal pension age, calculated using assumed pensionable pay on the date employment ends.

**Notes regarding the payment of Tier 1 or Tier 2 ill health enhancement:**

If the Independent Registered Medical Practitioner certifies that a member was in part time service (working reduced hours and had reduced pay) wholly or partly as a consequence of ill health or infirmity of mind or body, then any reduction to pay is ignored for the purpose of calculating the assumed pensionable pay used to calculate the enhanced element of the ill health pension. It is important to be aware that, unlike the 2008 Scheme, such certification is not backdated during the period for which the member was part time as an active member, regardless to the fact that the member may have been part time wholly or partly as a consequence of ill health or infirmity of mind or body. However, for the purpose of calculating any 2008 Scheme final salary Benefits the reduction is ignored.

If a member in receipt of Tier 1 benefits again becomes an active member and subsequently becomes entitled to Tier 1 or Tier 2 benefits, no enhancement is added to the subsequent benefits.

If a member in receipt of Tier 2 benefits again becomes an active member and subsequently becomes entitled to Tier 1 or Tier 2 benefits, the number years upon which the member is treated as having received assumed pensionable pay (i.e. the ill health enhancement) is restricted to the following: -

* + - 1. period between the initial ill health retirement up to the member’s normal pension age, less
      2. ¼ of the period between the initial ill health retirement up to the member’s normal pension age, less
      3. The number of years during which the member has been an active member after the initial ill health retirement.

**Tier 3**

The member is likely to be capable of undertaking gainful employment within 3 years of leaving employment (or normal pension age if sooner).

Providing the member has not previously been in receipt of Tier 3 benefits, unreduced benefits based on pension earned to date of termination, payable up to a maximum of 3 years.

If the Independent Registered Medical Practitioner certifies that a member was in part time service (working reduced hours and had reduced pay) wholly or partly as a consequence of ill health or infirmity of mind or body, then for the purpose of calculating any 2008 Scheme final salary Benefits the reduction is ignored.

The pension may cease before the end of the 3 year period if the member takes up gainful employment or fails to answer any reasonable enquiries made by the former Scheme employer (or EAPF where the former employer ceases to be a Scheme employer) regarding employment status (e.g. pay and hours worked). If the member had previously been in receipt of Tier 3 benefits which had been discontinued, then the member would be awarded a deferred benefit as they are not entitled to the payment of further Tier 3 benefits in any employment.

If the member reaches normal pension age within the 3 year duration the benefits continue to be paid for life and the member is no longer considered to be in receipt of Tier 3 benefits from that date.

Tier 3 benefits must be reviewed after 18 months in payment by the former Scheme employer (or EAPF where the former Scheme employer ceases to be a Scheme employer). Following the review, the Tier 3 benefits may either:

* cease payment,
* continued to be paid for the remainder of the 3 years, or
* increase to Tier 2 benefits from the date of the review.

Tier 3 benefits may also be reviewed by the former Scheme employer (or EAPF where the former Scheme employer ceases to be a Scheme employer), following a request from the member regarding a worsening of the same condition, either whilst the Tier 3 benefits are in payment (as a pensioner member) or up to 3 years after payment had ceased (as a deferred pensioner member). With the result that the Tier 3 benefits may be increased to Tier 2 benefits from the date of the determination.

Where benefits cease payment for any of the reasons noted within these paragraphs, the pensioner member becomes a deferred pensioner member and benefits are payable in line with the rules for payment of deferred benefits.

**Notes regarding the uplift from Tier 3 to Tier 2 ill health benefits**

Where Tier 3 benefits are uplifted to Tier 2 benefits, the benefits are uplifted from either the date on which the former employer performed the 18 month review or the date on which a determination was made following a member’s request.

For the purposes of calculating the member’s benefits, the enhancement is based on ¼ of pension that would have been earned during the period between date of leaving active membership and normal pension age using assumed pensionable pay on the date employment ended.

The enhancement is added to the existing payment in payment or deferment from either the date on which the former employer (or appropriate administering authority where the former employer ceases to exist) performed the 18 month review or the date on which a determination was made following a member’s request

If the Independent Registered Medical Practitioner certifies that a member was in part time service (working reduced hours and had reduced pay) wholly or partly as a consequence of ill health or infirmity of mind or body, then any reduction to pay is ignored for the purpose of calculating the assumed pensionable pay used to calculate the enhanced element of the ill health pension. It is important to be aware that, unlike the 2008 Scheme, such certification is not backdated during the period for which the member was part time as an active member, regardless to the fact that the member may have been part time wholly or partly as a consequence of ill health or infirmity of mind or body.

**Notification**

The employer is not set prescribed methods or timescales to notify the administering authority. Arrangements for notification should be set at local level and where a written administration strategy exists within agreed procedures and timescales.

Benefits begin to be paid from the day after the date on which employment ends.

Where Tier 3 Benefits are uplifted to Tier 2 benefits payment of the uplifted benefits occurs from the date of the review.

1. ***Ill health –-deferred members***

A deferred member who has ceased employment may request payment of their unreduced benefits at any age where because of ill-health or infirmity of mind or body the member becomes:

1. Permanently incapable of discharging efficiently the duties of their former employment, and
2. Has a reduced likelihood of being capable of undertaking any gainful employment before normal pension age, or for at least 3 years, whichever is sooner.

The member’s former Scheme employer (having obtained a certificate from an Independent Registered Medical Practitioner (IRMP)) may agree to payment of unreduced benefits from the date of the determination by the IRMP. Benefits are payable for life.

All aggregated benefits must be paid at the same time.

Where this form of payment occurs the Administering authority may require the employer to make an additional payment to account for the additional ‘strain’ costs. However, such costs are usually accounted for within the employer contribution rate which is set at each valuation.

**Notification**

Notice of request for payment is made by the member to the former employer.

Benefits begin to be paid on the date of the determination that the member is permanently incapable.

1. ***Ill health –-deferred pensioner members***

A deferred pensioner member may request payment of their unreduced benefits (at any age) where because of ill-health or infirmity of mind or body the member has a reduced likelihood of undertaking any gainful employment before normal pension age

Where an application for payment is made within 3 years of the date the Tier 3 benefits were discontinued, the Tier 3 benefits may be uplifted to Tier 2 if the relevant criteria is met (See [Tier 3](#Tier3) above)

The member’s former Scheme employer (having obtained a certificate from an Independent Registered Medical Practitioner) may agree to payment of unreduced benefits from the date of the determination by the Independent Registered Medical Practitioner. Benefits are payable for life.

All aggregated benefits must be paid at the same time.

Where this form of payment occurs the Administering authority may require the employer to make an additional payment to account for the additional ‘strain’ costs. However, such costs are usually accounted for within the employer contribution rate which is set at each valuation.

**Notification**

Notice of request for payment is made by the member to the former Scheme employer / EAPF where the former Scheme employer has ceased to be a Scheme employer.

Benefits begin to be paid on the date of the determination that the member is permanently incapable.

1. ***Ill health – 2014 Transitional Rules - active members***

**2014 Scheme Tier 1 or Tier 2 ill health Benefits**

Where an active member of the 2014 Scheme would have benefitted from the protection in Benefit Regulation 20(13) (Active member before 1 April 2008, who reached age 45 before that date, who has remained in continuous membership since that date, and who has not received payment of any benefits in respect of that membership) is entitled to benefits equalling the higher of: -

* + - * 1. Tier 1 or Tier 2 benefits (as appropriate) calculated under the 2013 Regulations, or
        2. The benefits the member would have received under (a) if the amount added under the 2013 Regulations were calculated by reference to the period that would have been added had regulation 28 of the 1997 Regulations applied, and the period of membership the member built up in the Earlier Schemes and the 2014 Scheme counted as a period of membership in the 1998 Scheme, and the amount added under the 2013 Regulations were calculated by reference to a 1/60th accrual rate

If the Independent Registered Medical Practitioner certifies that a member was in part time service (working reduced hours and had reduced pay) wholly or partly as a consequence of ill health or infirmity of mind or body, then any reduction to pay is ignored for the purpose of calculating the assumed pensionable pay used to calculate the enhanced element of the ill health pension. It is important to be aware that, unlike the 2008 Scheme, such certification is not backdated during the period for which the member was part time as an active member in the CARE Scheme, regardless to the fact that the member may have been part time wholly or partly as a consequence of ill health or infirmity of mind or body. However, any reduction to service in the 2008 Scheme is ignored for the purpose of the comparrison noted herein.

**2008 Scheme ill health Certificate**

An ill health certificate produced by an IRMP under the 2008 Scheme may be used for the purposes of making a determination under the 2014 Scheme.

**2008 Scheme Tier 1 ill health Benefits**

Where a member is in receipt of Tier 1 benefits under the 2008 Scheme, this counts as if that person were in receipt of Tier 1 benefits under the 2014 Scheme.

**2008 Scheme Tier 2 ill health Benefits**

Where a member is in receipt of Tier 2 benefits under the 2008 Scheme, this counts as if that person were in receipt of Tier 2 benefits under the 2014 Scheme.

**2008 Scheme Tier 3 ill health Benefits**

Where a member is in receipt of Tier 3 benefits under the 2008 Scheme: -

* This counts as if that person were in receipt of Tier 3 benefits under the 2014 Scheme, though
* The 2008 Benefit Regulations and not the 2013 Regulations, continue to have effect with respects reviewing payment, gainful employment, uplift to Tier 2 etc.

**1998 and Earlier Schemes ill health Pension and Grant**

Where a member is in receipt of an ill health pension and grant under the 1998 Scheme or Earlier Schemes, this counts as if that person were in receipt of Tier 1 benefits under the 2014 Scheme.

1. ***Election for payment of benefits at normal retirement age –deferred & deferred pensioner members***

A member who reaches normal retirement age (age 65, though members who left the scheme prior to 1 April 1998 may have an earlier protected retirement age) and who has left that local government employment (or continues in a concurrent local government employment)is entitled to immediate payment of unreduced benefits.

**Notification**

The member is not prescribed to give notice of election for payment.

Unless the member continues membership or elects to defer payment, benefits begin to be paid from the day after the date on which employment ends.

1. ***Leavers between 6 April 2006 and 1 April 2014 – late retirement - deferred members.***

A member may elect to defer payment of their benefits to a date after their normal retirement age (or if later the date of leaving employment), though payment must commence prior to age 75.

Where the member makes such an election, the benefits are actuarially increased to account for their late payment.

**Notification**

Only applicable to members who left the scheme on or after 6 April 2006

Notice of election for payment is made by the member to the EAPF and must specify the date upon which benefits begin to be paid.

The notice must be given at least 3 months prior to the date upon which payments are to commence.

A member may alter an earlier notice for payment providing the further notice is at least 3 months prior to the date upon which payments are to commence (in the further notice).

1. ***Pre 1 April 2014 leavers – election for payment of benefits prior to normal retirement age - deferred & deferred pensioner members.***

A deferred or deferred pensioner member may make a request for early payment of benefits on or after age 55. Where payment is requested prior to age 60 consent from the former Scheme employer must be obtained. Thereafter if the member: -

1. Meets their rule of 85 upon date of request those benefits relating to the member’s protected rule of 85 membership (Group 1, 2, 3 & 4 members) will be not be actuarially reduced for early payment. Benefits not relating to the member’s protected rule of 85 membership built up after the relevant date will be actuarially reduced for early payment based on a period from date of request to age 65 (Note there will be no 2014 membership).

* The employer may consent to waive the actuarial reduction in whole on the grounds of compassion and pay the strain costs into the fund via draft Transitional Provision – Schedule 2 – Regulation 2.

1. Does not meet their rule of 85 upon date of request those benefits relating to the member’s protected rule of 85 membership (Group 1, 2, 3 & 4 members) will be actuarially reduced for early payment based on a period from date of request to the date upon which the member meets critical retirement age (CRA) or age 65 if earlier. Benefits not relating to the member’s protected rule of 85 membership will be actuarially reduced for early payment based on a period from date of request to age 65 (Note there will be no 2014 membership).

* The employer may consent to waive the actuarial reduction in whole on the grounds of compassion and pay the strain costs into the fund via draft Transitional Provision – Schedule 2 – Regulation 2.

The EAPF will require the Scheme employer to make an additional payment to account for the additional ‘strain’ costs.

The Scheme employer must prepare and publish a written statement of policy in relation to the exercise of its functions under the Earlier Scheme regulations and a copy of the statement must be sent to the EAPF. Thereafter, the Scheme employer must keep its statement under review, make any appropriate revisions following a change in policy and before the expiry of a month beginning with the date of any revision send a revised copy to the EAPF and publish the revised statement.

1. ***Leavers between 1 April 2008 and 31 March 2014 - ill health –-deferred members.***

A deferred member (Opt Out member providing the member has left that employment) may request payment of their unreduced benefits (at any age) where because of ill-health or infirmity of mind or body the member becomes:

1. Permanently incapable of discharging efficiently the duties of their former employment, and
2. Has a reduced likelihood of being capable of undertaking any gainful employment before normal pension age, or for at least 3 years, whichever is sooner.

The member’s former Scheme employer (having regard to a certificate obtained from an Independent Registered Medical Practitioner) may agree to payment of unreduced benefits. Benefits are payable for life from the date of the determination by the Independent Registered Medical Practitioner.

Where this form of payment occurs the administering authority may require the employer to make an additional payment to account for the additional ‘strain’ costs. However, such costs are usually accounted for within the employer contribution rate which is set at each valuation.

**Notification**

Notice of request for payment is made by the member to the former Scheme employer / EAPFwhere the former Scheme employer has ceased to be a Scheme employer.

Benefits begin to be paid on the date the member became permanently incapable as determined by the Independent Registered Medical Practitioner.

1. ***Leavers between 1 April 2008 and 31 March 2014 - payment of benefits on the grounds of ill health –-deferred members***

A pensioner member with deferred benefits may request payment of their unreduced benefits (at any age) where because of ill-health or infirmity of mind or body the member:

Has a reduced likelihood of undertaking any gainful employment before normal pension age

The member’s former employer (having regard to a certificate obtained from an Independent Registered Medical Practitioner) may agree to payment of unreduced benefits. Benefits are payable for life from the date of the determination by the Independent Registered Medical Practitioner.

Where this form of payment occurs the administering authority may require the employer to make an additional payment to account for the additional ‘strain’ costs. However, such costs are usually accounted for within the employer contribution rate which is set at each valuation.

**Notification**

Notice of request for payment is made by the member to the former Scheme employer / EAPFwhere the former Scheme employer has ceased to be a Scheme employer.

1. ***Pre 1 April 2008 leavers - payment of benefits on the grounds of ill health –-deferred members.***

A deferred member (Opt Out member providing the member has left that employment) may request payment of their unreduced benefits (at any age) where because of ill-health or infirmity of mind or body the member becomes permanently incapable of discharging efficiently the duties of their former employment.

The member’s former employer (having obtained a certificate from an Independent Registered Medical Practitioner) may agree to payment of benefits from the date of the determination by the Independent Registered Medical Practitioner. Benefits are payable for life.

Where this form of payment occurs the administering authority may require the employer to make an additional payment to account for the additional ‘strain’ costs. However, such costs are usually accounted for within the employer contribution rate which is set at each valuation.

**Notification**

Notice of request for payment is made by the member to the former Scheme employer.

Benefits begin to be paid on any date the member became permanently incapable, by reason of ill-health or infirmity of mind or body, of discharging efficiently the duties of the employment he has ceased to hold. Although not prescribed, this date may be determined by the Independent Registered Medical Practitioner.

1. ***Re-employment of a pensioner member (Abatement)***

**Leavers on or after 1 April 2014**

No abatement is required for members who leave employment on or after 1 April 2014.

**Leavers before 1 April 2014**

The Earlier Schemes regulations stipulate that the EAPF must formulate and keep under review its policy concerning abatement. This is a continuing policy and applies to pensions in payment where entitlement to payment was under the earlier schemes irrespective of when the pension came into payment. Abatement is automatic for leavers before 1 April 1998 who become re-employed as there was no employers discretion under the 1995 regulations.

Abatement is the extent, if any, to which the amount of Local Government retirement pension payable to a member from any Local Government pension fund in England and Wales, including the Environment Agency Pension Fund, is reduced where the member has entered a new employment with an employer that participates in the Local Government Pension Scheme.

Every Administering Authority has its own policy regarding abatement. Although it is ultimately the responsibility of the employee to inform the administering authority who is paying the pension from their former employment it is best practice for the scheme employer, if they are re-employing the individual to remind the employee of this obligation.

Please note that abatement does not apply to members who have taken flexible retirement.

***The Environment Agency Pension Fund Abatement policy***

It is the Environment Agency Pension Fund’s policy that pensions should not be abated where the member re-joins an employer that participates in the LGPS. However, if the member has been awarded Compensatory Added Years (award would have to have been made prior to 1 April 1999) this element of the member’s pension, although not subject to abatement, would still be subject to review within the “old” Inland Revenue Maximum Limits

**Death of an active member**

1. ***Death grants – Active members***

A death grant of three times the deceased member’s assumed pensionable pay at the date of the member’s death is paid following death of an active member.

The APP is calculated using the actual pay the member receive even if the member was in part time service (working reduced hours and had reduced pay) wholly or partly as a consequence of ill health or infirmity of mind or body.

However, where the deceased member is also a deferred, deferred pensioner or pensioner member in any of the Earlier Schemes, if the amount of death grant payable under the Earlier Schemes is higher than the amount payable under the 2014 Scheme, the death grant payable is the higher amount from the appropriate fund.

The EAPF, has absolute discretion as to whom the death grant may be paid, along with payment of any outstanding AVC fund held in respect of the employment and any life assurance lump sum realised from payments into an AVC fund which can be either the member’s nominee, personal representative (i.e. to their estate) or to any person appearing to the Administering Authority to have been the member’s relative or dependent at any time.

Where the deceased member has completed an “Expression of Wish Form” (Pen 16) the Pensions Committee will consider the wishes of the deceased member, although the Pen 16 is not binding, before making the payment of the death grant.

The 2 year qualifying service restrictions are not applicable to this benefit; therefore, all active members receive this life protection from the date of joining the scheme.

1. ***Survivor benefits - death in service.***

**Spouse’s or Civil Partner’s Pension**

If an active member dies in service leaving a surviving spouse (including married same sex couple) or civil partner, an annual pension will be payable, from the day after the member’s death, to such a person for the rest of their life. The survivor benefit is roughly 37.5% (subject to a number of exclusions) of what the deceased member would have been paid had they been dismissed on the grounds of Tier 1 ill health.

Assumed pensionable pay upon the member’s death is required to calculate the enhanced element of the survivor benefits pension. This is calculated using the actual pay in the 3 months even if the Independent Registered Medical Practitioner certifies the deceased was in part time service (working reduced hours and had reduced pay) wholly or partly as a consequence of ill health or infirmity of mind or body that led to the member’s death. However, where the reduction took place before 1 April 2014, the period from the date of reduction to 31 March 2014 is calculated using the unreduced hours for any 2008 Scheme final salary Benefits.

**Cohabiting Partner’s Pension**

If an active member dies in service leaving a surviving cohabiting partner, an annual pension will be payable from the day after the member’s death, to such person for the rest of their life. A cohabiting partner is a partner of the same or opposite sex who has met the following conditions for a continuous period of at least two years up to the date of the member’s death:

1. Both the scheme member and the cohabiting partner are, and have been, free to marry each other or enter into a civil partnership with each other, and
2. The scheme member and the cohabiting partner have been living together as if they were husband and wife, or civil partners, or in a same sex marriage, and
3. That neither the scheme member or the cohabiting partner is living with someone else as if they were husband and wife or civil partners, or in a same sex marriage, and
4. Either the cohabiting partner is financially dependent on the scheme member or they are financially interdependent on each other.

Elections for nominating cohabiting partners ceased on 1 April 2014 (though elections remain extant for leavers prior to 1 April 2014) and it is the EAPF’s responsibility to determine what evidence is needed to prove the above conditions have been met at the date of the member’s death.

The survivor benefit is the same as for a spouse or civil partner but based only on membership in the scheme on or after 6 April 1988 plus any additional membership the member has purchased via ASBCs.

***Eligible Children on and after 1 April 2014***

If an active member dies in service leaving one or more eligible children, an annual pension will be payable, from the day after the member’s death.

A child is classified as being eligible and therefore entitled to the payment of a child’s pension if, at the date of the member’s death, the following conditions are met:

1. A natural or adopted child of a member who meets any of conditions A to C and who was born before, or in the case of a natural child, within 12 months of the member’s death; or
2. a step-child or child accepted by the deceased as a member of the family (other than a child sponsored by the member through a registered charity) who:
   1. meets any of conditions A to C; and
   2. 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 age 23 (the EAPF may continue to treat a person as fulfilling condition B during a break in a course of education or vocational training, although the person does not fulfil condition B during the break).

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

1. has not reached the age of 23; or
2. the impairment is, in the opinion of an IRMP, likely to be permanent and the person is dependent on the member at the date of the member’s death because of that physical or mental impairment

The above definition applies to all children’s pensions in respect of a death on or after 1 April 2014 irrespective of the date active membership ceased. The payment of a child’s pension will continue for as long as the above eligibility conditions are met.

When a member of the LGPS dies in service it is normal that the personal representative of the deceased will notify the scheme employer of the death.

It is vital that Capita is informed immediately of the death together with any details of the beneficiary/personal representative in order that the calculation of any benefits due can commence.

Under Condition C, a child who is unable to engage in gainful employment because of physical or mental impairment is an eligible child with regard to the payment of a children’s pension. No age limit is placed on a child in these circumstances.

The EAPF must refer such a child who is aged over 23 to an IRMP in order to determine whether the physical or mental impairment is likely to be permanent. The IRMP should complete form Pen 20.

It is the EAPF’s decision on whether the conditions have been met before any payment is made. Capita cannot make a decision on the eligibility unless this is specified under the Scheme of Delegation.

1. ***Recovery of Overpaid Pension in relation to a death of a Scheme member***

Occasionally, overpayments of pension will be made due to late notification of a member’s death where the payroll has been processed before the pension has been ceased. Under the EAPF Scheme of Delegation certain powers have been authorised to Capita, as third party administrators of the EAPF, whereby all overpayments up to £500 can be written off without the need for further authorisation. Decisions on payments above £500 and up to £5000 can be made by the Head of Pension Fund Management (HoPFM). Overpayments over £5000 will need the authorisation of the Pensions Committee.

If the overpayment is less than £200 it can be written off immediately.

If the overpayment is over £200, reasonable attempts should be made to recover the overpayment before write off can occur, and details should be recorded and evidenced in the quarterly administration report.

The process is as follows:

1. Raise invoice to next of kin / solicitor / contact name on death certificate
2. If no reply after 1 month, issue reminder with a copy of the invoice

Capita finance will then continue to chase payment at monthly intervals for 2 months. After they have issued 2 reminders they will confirm to Capita operations that no further reminder will be sent.

1. If no prospect of payment the overpayment should be passed to the HoPFM for write off.
2. A list will be sent to the HoPFM on a quarterly basis showing amount, reason for overpayment and details of the steps taken to recover the money (2 copies to HoPFM, 1 copy to Capita Client Director and 1 copy to Asst Operations Manager.
3. HoPFM returns an authorised copy of the list for write off to Operations Manager or Asst Operations Manager– note any amendments made to the list
4. ***R******epayment of underpaid pension in relation to the death of a scheme member***

If a member dies with a balance of pension outstanding, the procedure to follow will depend on the amount of the outstanding payment(s) and whether or not there is a surviving spouse or civil partner. In all cases a copy of the death certificate should have been requested and the pension should have been suspended on payroll and details of the underpayment should be sent to payroll to make adjustments for tax.

**Member dies and leaves a surviving partner**

Underpayment of pension should be paid directly to the surviving spouse or civil partner following receipt of all relevant documents for payment of the survivor’s pension

**Member dies with no surviving partner**

**Balance less than £200 –** pay balance by cheque to the informant

**Balance between £200 and £5000 –** issue Small Estates and Claims and Indemnity form with bank mandate. Pay balance by BACS to relevant person on return of form.

**Balance over £5000 –** Request Grant of Probate or Letters of Administration. Pay balance by BACS to relevant person on return of form.

**Member dies but no next of kin can be found**

If no response to chaser letters process credit write off. Details should be recorded and evidenced in the quarterly administration report.

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| **Section 4 – Legacy Schemes** |

1. ***Civil Servants who transferred to the Environment Agency (Former HMIP)***

**Background**

Former employees of the DoE/HMIP/Civil Service ("the protected members") transferred their employment to the Environment Agency on 1 April 1996 ("the transfer date"). Some employees were compulsorily transferred at a later date during the 1990s and they are also covered by the protections.

With effect from the transfer date, all the protected members became members of the Environment Agency's Active Pension Fund ("the Active Fund"). All matters relating to the retirement benefits of the protected members (and their dependants) are governed by the Local Government Pension Scheme Regulations applying to the Active Fund at the time that the pension benefits are brought into payment or deferred should the member leave the fund prior to pension benefits being paid.

Statutory Instrument (SI) 2010.2090 came into force on 30 September 2010 amending the LGPS (Benefits, Membership and Contributions) Regulations 2007, the Administration Regulations 2008 and the Transitional Provisions Regulations 2008. The provisions introduced by SI 2010.2090 were backdated to 1 April 2008 and largely replicate the entitlements of the “protected members” that was in the scheme under the LGPS Regulations 1997 and predecessor regulations. Statutory Instrument 2014.525 comes into force on 1 April 2015 and provides for the provisions enacted by 2010.2090 to be carried forward into the 2014 Scheme, though with the same adjustments for normal members re benefits built up after 31 March 2014.

Below is a list of the protections which varies the entitlement to that quoted elsewhere in this manual: -

|  |  |
| --- | --- |
| **Meaning of 2008 Scheme Pensionable Pay Earned** (Benefit Regulation 3) **and 2014 Scheme Pensionable Pay paid** (2013 Regulation 20) | Same definition as applicable to active members with respects 2008 Scheme and 2014 Scheme.  Any supplement paid by the Environment Agency in recognition of the difference in contribution rates between members of the principle civil service pension scheme and the LGPS shall be treated as non-pensionable.  A non-pensionable uplift allowance was introduced in 1996 to cover the cost of increased pension contributions as a result of the transfer from the Principal Civil Service Pension Scheme (PCSPS) to the Environment Agency Pension Fund. The intention was to ensure that take home pay was not adversely affected as a result of moving into the LGPS. Pension contributions in the PCSPS had been set at 1.5% to pay towards the costs of providing benefits for a widow or a widower following the member’s death. Pension contributions for protected members were increased to 6% following the transfer. The uplift allowance payable was approximately 4.5% and is recalculated on an annual basis following the implementation of the pay award. This allowance may be consolidated into basic pay following an appointment to a new role. In cases where the allowance has been consolidated no uplift allowance for pension contributions is paid.  The pension uplift allowance will continue for protected members, who receive a non pensionable pay supplement at the rate of approximately 4.5% of their pensionable pay. It will not be extended to compensate protected members for any increase of pension contributions payable as a result of the introduction of tiered contribution rates from 1 April 2008, i.e. the uplift allowance is based on pension contributions up to a maximum of 6%. The uplift allowance will not be paid where it has been consolidated into basic pay following a move to a new role. |
| **Normal Pension Age**  (Regulation 24(2) – 2014 Transitional Provisions)  **Normal Retirement**  (Benefit Regulation 16) | **Leavers on or after 1 April 2014:**  Applicable to active and deferred members who leave on or after 1 April 2014 taking payment at normal pension age  Benefits built up on and after 1 April 2014:   * Normal pension age is the defined at the point of payment as the member’s state pension age or age 65 if later.   Benefits built up prior to 1 April 2014:   * Benefits built up prior to that date retain age 60 as the date upon which benefits may be paid unreduced.   **Leavers prior to 1 April 2014:**   * Applicable to deferred members retiring at age 65. * However, the member may retire at age 60 without any actuarial reduction to benefits under Benefit Regulation 30 (Choice of Early Payment).   NOTE: All aggregated benefits must be paid together (unless flexible retirement) |
| **Payment of benefits after normal pension age**  (Regulation 24(2) – 2014 Transitional Provisions)  **Late Retirement**  (Benefit Regulation 17) | **Leavers on or after 1 April 2014:**  Applicable to active and deferred members who leave on or after 1 April 2014 taking payment after normal pension age  Benefits built up on and after 1 April 2014:   * Normal pension age is the defined at the point of payment as the member’s state pension age or age 65 if later, and benefits paid after this date will be increased for late payment.   Benefits built up prior to 1 April 2014:   * Benefits built up prior to 1 April 2014 if paid after age 65 will be increased for late payment.   **Leavers prior to 1 April 2014**   * Applicable to deferred members taking payment after age 65. * Benefits built up prior to 1 April 2014 if paid after age 65 will be increased for late payment.   NOTE:  All aggregated benefits must be paid together (unless flexible retirement) |
| **Flexible Retirement**  (Regulation 24(2) – 2014 Transitional Provisions)  **Flexible Retirement**  (Benefit Regulation 18) | Applicable to active members retiring on or after age 55.  Employer consent always required regardless of age.    **Leavers on or after 1 April 2014:**  Applicable to active members who leave on or after 1 April 2014 taking payment of benefits on the grounds of flexibility  Benefits built up on and after 1 April 2014:   * Normal pension age is the defined at the point of payment as the member’s state pension age or age 65 if later. Benefits paid before NPA will be reduced for early payment or if paid after NPA will be increased for late payment.   Benefits built up prior to 1 April 2014:   * Benefits built up prior to 1 April 2014 if paid before age 60 will be reduced for early payment or if paid after age 65 will be increased for late payment.   NOTE:  All aggregated benefits must be paid together (unless flexible retirement)   * The Environment Agency may waive whole or part of any reduction. * Early retirement strain costs should be calculated using Pension Fund Actuary Guidance (Estimated costs may be calculated by the Environment Agency using the calculators supplied by the Pension Fund Actuary and both estimated and actual costs are calculated by Capita using the actual guidance supplied by the Pension Fund Actuary). |
| **Inefficiency and Redundancy Retirement**  (Regulation 24(2) – 2014 Transitional Provisions)  **Inefficiency and Redundancy Retirement**  (Benefit Regulation 19) | Applicable to active members dismissed on or after age 55.  The benefits must be paid without any actuarial reduction.     * Early retirement strain costs should be calculated using Pension Fund Actuary Guidance (Estimated costs may be calculated by the Environment Agency using the calculators supplied by the Pension Fund Actuary and both estimated and actual costs are calculated by Capita using the actual guidance supplied by the Pension Fund Actuary). |
| **Ill Health**  (Regulation 24(2) – 2014 Transitional Provisions)  **Ill Health**  (Benefit Regulations 20 and 31) | Applicable to active and deferred members at any age.  The rules remain the same as for all members of the LGPS. |
| **Payment of pension prior to normal pension age**  (Regulation 24(2) – 2014 Transitional Provisions)  **Early Payment of Pension**  (Benefit Regulation 30) | **Leavers on or after 1 April 2014:**  Applicable to active and deferred members who leave on or after 1 April 2014 taking payment on or after age 50 (former employer consent required if before age 55).  Benefits built up on and after 1 April 2014:   * Normal pension age is the defined at the point of payment as the member’s state pension age or age 65 if later, and benefits paid before this date will be reduced for early payment. * Environment Agency may waive any reduction in whole or part.   Benefits built up prior to 1 April 2014:   * Benefits built up prior to 1 April 2014 if paid on or after age 50 and before age 60 will be reduced for early payment. * Environment Agency may waive any reduction in whole on the grounds of compassion.   **Leavers prior to 1 April 2014**   * Applicable to deferred members taking payment before age 60. * Benefits built up prior to 1 April 2014 if paid on or after age 50 and before age 60 (former employer consent required for payment prior to age 60) will be reduced for early payment. * Environment Agency may waive any reduction in whole on the grounds of compassion.   NOTE:  All aggregated benefits must be paid together (unless flexible retirement)   * Early retirement strain costs should be calculated using Pension Fund Actuary Guidance (Estimated costs may be calculated by the Environment Agency using the calculators supplied by the Pension Fund Actuary and both estimated and actual costs are calculated by Capita using the actual guidance supplied by the Pension Fund Actuary). |
| **Choice of Payment for Pensioner Member with Deferred Benefits (suspended Tier 3 Ill Health)**  (Benefits Regulation 30A) | **Leavers on or after 1 April 2014:**  Applicable to deferred pensioner members who takes payment tier 3 ill health benefits on or after 1 April 2014, and whose benefits are subsequently suspended and who elects to take payment on or after age 50 (Environment Agency consent required if before age 55).  Benefits built up on and after 1 April 2014:   * Normal pension age is the defined at the point of payment as the member’s state pension age or age 65 if later, and benefits paid before this date will be reduced for early payment. * Environment Agency may waive any reduction in whole or part.   Benefits built up prior to 1 April 2014:   * Benefits built up prior to 1 April 2014 if paid on or after age 50 and before age 60 will be reduced for early payment. * Environment Agency may waive any reduction in whole on the grounds of compassion.   **Leavers prior to 1 April 2014**  Applicable to deferred members taking payment before age 60.   * Benefits built up prior to 1 April 2014 if paid on or after age 50 and before age 60 (former employer consent required for payment prior to age 60) will be reduced for early payment. * Environment Agency may waive any reduction in whole on the grounds of compassion.   NOTE:  All aggregated benefits must be paid together (unless flexible retirement)  Early retirement strain costs should be calculated using Pension Fund Actuary Guidance (Estimated and actual costs are calculated by Capita using the actual guidance supplied by the Pension Fund Actuary). |
| **Death in Service – Death Grants and dependents benefits** | Applicable to active members at any age.  The rules remain the same as for all members of the LGPS. |
| **Award of Additional Pension**  **(**2013 Regulation 31) | The rules remain the same as for all members of the LGPS. |
| **Purchase of Additional Pension**  (2013 Regulation 16) | The rules remain the same as for all members of the LGPS. |
| **Refund of Contributions if not married at retirement**  (No regulatory provision) | Not applicable, provision removed. |
| **Right to Count PCSPS service towards determining entitlement for Ill Health.**  (No regulatory provision) | Where the 2014 Transitional provisions provide for protection for all scheme members the service below is counted where relevant with respects any old ill health protections.  Applicable to active members.  Under regulation K14 of the LGPS Regulations 1995, service credits would have been granted to all protected members who elected to transfer the service they had accrued in the PCSPS into the Active Fund and for whom transfer payments were subsequently made. The pension service credit is equal to the amount of accrued service in the PCSPS.  Protected members who elected not to transfer their pension entitlement from the PCSPS into the LGPS at the time of transfer were entitled; if they were to subsequently retire on the grounds of ill health, to count the length of their “non-transferred PCSPS service” towards any entitlement to ill-health enhancement or an ill health grant. This is relevant where protections, under the 1997 ill health Regulations, for members age 45 and over as at 31 March 2008, are more beneficial than the New Look 2008 ill health Regulations.  The 2008 regulation changes do not affect this protection where protected members transferred their service into the EA Active Fund. However, the 2008 regulation changes do not give effect to this protection where protected members retained their service in the PCSPS and therefore, this provision has not been carried forward. |
| **rule of 85 protections**  (Regulation 24(1) – 2014 Transitional Provisions) | All rule of 85 protections have been dis-applied for this group of members, in all instances. |
| **Reserve Forces**  (Administration Regulation 19) | The rules remain the same as for all members of the LGPS. |
| **Annual Benefit Statements**  **(**Administration regulation 68) | In line with 2013 Regulations |
| **Pension Sharing**  (Extant LGPS Regulations 1997 – Part VI – Regulations 146 to 158 inclusive) | Rules to be confirmed from Department of Communities and Local Government. Should a case arise please contact Capita LGPS Consultancy Team. |
| **Rights to Payment our of fund authority’s pension fund** | Rules to be confirmed from Department of Communities and Local Government. Should a case arise please contact Capita LGPS Consultancy Team. |
| **Inward Transfers of Pension Rights** | Rules to be confirmed from Department of Communities and Local Government. Should a case arise please contact Capita LGPS Consultancy Team. |
| **Elections as to the use of accumulated AVCs – protected right to purchase service credits** | Rules to be confirmed from Department of Communities and Local Government. Should a case arise please contact Capita LGPS Consultancy Team. |

1. ***Lee Conservancy Catchment Board Pension Scheme (LCCBPS)***

A question was raised at the national technical group on 14 March 2014 as to the status of statutory by-analogy schemes beyond 31 March 2015. Conclusion: where the by-analogy scheme keeps pace with its public sector parent scheme then changes would need to be made after 31 March 2015, however, where the by-analogy scheme is simply a replica of the public service pension scheme at a given point in time then no changes need to be made. It is the latter that the LCCBPS falls within; therefore, no changes beyond 1 April 2015 need to be made.

**Scheme employer - Environment Agency only.**

**Description of the Scheme**

The LCCBPS is a completely separate pension scheme to the LGPS. It attracts its own contracting out reference numbers as quoted in the glossary to this manual. The draft rules shown below detail the provisions of the scheme in their explicit form and remain unchanged since the draft booklet was issued in 1989. Please note that a final copy of the scheme rules is not held by Capita.

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| **Extract from draft booklet dated 30/05/1989**  **PART II**  **CONTENTS**  Introduction  Membership  Contributions  Retirement Benefits  Early Retirement  Ill Health Pension  Dependants Benefits  Leaving before age 60  Miscellaneous  Definitions  THIS SUMMARY QUOTES FROM H M TREASURY’S “A GENERAL GUIDE” TO THE CIVIL SERVICE PENSION SCHEME, ADAPTED WITH THE PERMISSION OF THE CONTROLLER OF HER MAJESTY’S STATIONARY OFFICE.  **INTRODUCTION**  This part of the announcement is closely based on the Government’s short guide to the Principal Civil Service Pension Scheme. As explained in Part 1, it is only an outline of the main provision of the TWMIPS; it cannot override the rules of the scheme.  As mentioned in Part 1 of this announcement (“Why the Thames Water Mirror Image Pension Scheme?”) it is intended that the TWMIPS will be contracted out of the State Earnings-Related Pension Scheme (SERPS).  The amount of your TWMIPS pension can never be smaller than the amount you would have been entitled to under SERPS. In fact it is usually larger.  **MEMBERSHIP**  The choices available to Members on the transfer date under the Water Bill are explained in Part 1 of this announcement (under “Introduction” and “Membership”). Leaving the scheme is also dealt with in Part 1.  **As a member can I leave the scheme?**  You will be able to choose to leave the scheme at any time and your option will take effect from the next convenient pay period.  **CONTRIBUTIONS**  **What will it cost me?**  As a member of the scheme you will contribute one and half per cent of your pay, mainly towards the cost of providing benefits for your widow / widower.  In fact, because your contributions will under present legislation qualify for full tax relief, it will cost you considerably less than this in take home pay.  **Can I make additional voluntary contributions?**  You may purchase added years of pension credit to provide for a bigger pension and lump sum. And you may make, subject to certain limits, additional contributions, to provide extra death benefit, enhanced ill health retirement benefits, or an annuity at retirement for yourself or your dependants.  **Can I increase my benefits in any other way?**  You may transfer service from another pension scheme.  **RETIREMENT BENEFITS**  **What benefits will I receive?**  If you retire at or after your retiring age, you will qualify for a pension and tax free lump sum on top of the basic state pension you receive. The maximum number of years that count towards a TWMIPS pension at retiring age is forty. But, service after that age counts – so long as the total does not exceed forty-five.  **How is my TWMIPS pension calculated?**  Your TWMIPS pension will be one-eightieth of your pensionable pay for each year of your reckonable service. Your lump sum on retirement will be equal to three times your pension. For example:  If you retire on pensionable pay of £12,000 and reckonable service of 30 years, your pension would be:  £12,000 x 1/80 x 30 = £4,500 pa  And the tax free lump sum would be:  £4,500 x 3 = £13,500  A proportionate pension and lump sum will be provided for part-time service of 15 or more hours a week.  The lump sum will be reduced if there are outstanding survivor’s pension contributions.  **Are pensions increased when in payment?**  Yes, you or your dependants will receive annual increase in line with rises in the cost of living, so that the benefit maintains its original buying power. However, the increases will only be paid to persons under 55 in the following circumstances:  \* you retired on grounds of ill health or are permanently incapacitated  \* the pension us a widows’, child’s or invalidity pension  \* the pension is paid to a woman with a dependent child.  In all other cases where you are receiving a pension, any payments from age 55 will take full account of inflation.  **EARLY RETIREMENT**  **Can I retire early?**  Yes, subject to certain conditions, you will be able to retire voluntarily at any time from age 50, with your pension and lump sum actuarially reduced to take into account the longer period you are likely to be drawing the benefits.  Benefits may be paid without actuarial reduction, or in some cases may be enhanced, if you retire early for management reasons.  **ILL HEALTH PENSION**  **What if I have to give up working because of ill health?**  In that case you will receive an immediate pension and lump sum based on your pensionable pay and reckonable service (reckonable service may be enhanced if you have 5 or more years’ service).  If the Trustees of the TWMIPS are satisfied that you have a breakdown in health which prevents you carrying out your duties, and that the condition is likely to be permanent you may be retired early on grounds of ill health. Benefits will generally be calculated in such a way as to provide some form of compensation for the early retirement, However, if, on appointment to the Thames Water Authority you were unable to satisfy any applicable health standard; or, if you are serving on a period appointment; or, if you have opted out of the TWMIPS you will not receive additional benefits, but will be treated as if you had resigned.  Note: If you had a preserved award prior to opting out of the scheme it can be paid immediately.  **DEPENDANTS BENEFITS.**  The following paragraphs are a brief guide to the benefits available.  **What happens if I die in service?**  If you die in service whilst still a member of the TWMIPS, a pension is paid to your widow/widower. As well as this, a lump sum is also payable.  A widow’s / widower’s pension is payable only to the person you are married to when you die. Where a marriage takes place after leaving the TWMIPS a widow’s pension will be based only on service from 6 April 1978, and a widower’s only on that from 6 April 1988.  If you had less than 2 years’ qualifying service your partner will receive a short-term pension equal to your pensionable pay at the time. It will be paid for 3 months; or, if there are two or more children, for 9 months.  If you had 2 or more years’ qualifying service a broadly similar arrangement will apply, except that, when the short-term pension stops, your partner will receive a pension until death or remarriage.  **How is a surviving partner’s pension calculated?**  Normally this will be based on half the pension you would have received if you had retired because of ill health on the day you died. (Note: it will be less in respect of a man in the LCCBPS on 1 June 1972, who decided, in 1973, not to increase his widow’s pension cover from the old third rate to the new half rate or for a woman, in that scheme on 1 July 1987, who decided that year not to make additional contributions to cover service before that date.)  **How much is the lump sum on death?**  Your nominee will get a lump sum death in service benefit of two years’ pensionable pay, irrespective of the length of your employment. Deducted from it will be any outstanding contributions for widow’s/widower’s or other dependants’ pensions.  **What if I die after leaving service or the scheme?**  If you die after leaving the service or the TWMIPS and you have preserved benefits:  Your surviving spouse will get a pension of half your pension.  (Note: It will be less in respect of a man in the LCCBPS on 1 June 1972, who decided, in 1973, not to increase his widow’s pension cover from the old third rate to the new half rate or for a woman in that scheme on 1 July 1987, who decided that year not to make additional contributions to cover service before that date.)  A child’s pension is also payable if the child was dependent on you both at the time of your death and when you ceased to be a member of the scheme.  In addition a lump sum death benefit equal to the preserved lump sum will be paid to your nominee.  **What if I die after retirement?**  Your widow/widower will receive a continuing pension of half your pension (but see previous note).  In addition, a pension is payable in respect of children dependent on you at the time you die.  If you die shortly after you retire your nominee will get a supplementary death benefit of the difference between 5 times your annual pension when you died and the pension and lump sum you have already received.  **LEAVING BEFORE AGE 60.**  **What happens if I leave the scheme before retiring age?**  If you have less than 2 years’ qualifying service you may be able to transfer such benefits as you have to another suitably approved occupational or personal pension scheme. Otherwise your employer will “buy you back” into the State Earnings Related Pension Scheme and you will get a refund of widow’s/widower’s contributions, if you are unmarried.  If you have 2 or more years’ qualifying service you may be able to transfer your benefits to another suitably approved occupational or personal pension scheme, or you may make a transfer payment to an insurance policy providing deferred annuity benefits. Otherwise your benefits, calculated as for a normal pension on your pensionable pay and reckonable service at the date of ceasing to be a member, will be preserved and paid when you reach retiring age.  **Are preserved benefits protected from inflation?**  The purchasing power of a preserved pension and lump sum will be increased in line with the rise on the cost of living from the time you cease to be a member of the scheme.  **Can preserved benefits be drawn before retiring age?**  They will be payable if:   * your health breaks down, so that you would have been retired on grounds of ill health, if you had still been in service with a TWIPS employer; * you are aged 50 or over, and there are personal reasons which prevent your seeking employment; * you are aged 50 or over, and ask for your benefits to be paid early on an actuarially reduced basis.   **MISCELLANEOUS**  **What is an invalidity pension?**  If you have in your care a permanently incapacitated child, who is unlikely to be able to earn his/her own living you will be able to make additional contributions of 2 per cent of your pay; so that he/she may get an invalidity pension when no longer eligible for a child’s pension.  **Can I allocate part of my pension to someone else?**  When or after you retire, you will be able to allocate for all time, part of your pension, to provide a pension for either your wife or husband or some other person dependent on you at the time of allocation, and likely to remain so. Once made, an allocation cannot be amended or cancelled. It is not affected by changes in your personal circumstances, such as divorce or remarriage; nor can it be transferred to a later wife or husband. You will need to have a medical examination.  **Refund of widows’ / widowers’ contributions.**  If you are unmarried when you retire, or when you leave with less than 2 years service, you may be eligible for a refund with interest of widows’ / widowers’ pension contributions. Refunds cannot necessarily be made immediately you leave. The availability of a refund is subject to a number of conditions.  **INLAND REVENUE LIMITS.**  The benefits outlined above are subject to the Inland Revenue’s rules on maximum benefits.  **DEFINITIONS**  **LCCBPS –** Is the Lee Conservancy Catchment Board Pension Scheme.  **Retiring age –** Is the earliest age at which you may retire voluntarily, and get immediate pension benefits. For most people it is sixty.  **Pensionable pay** – Is calculated from whichever period of 12 months in your last 3 years’ service gives the highest figure. It includes London Weighting, but not, for instance, overtime.  **Qualifying service** – Is the service which counts towards the period that makes you eligible for the award of pension benefits. A week’s full time or part-time service (if 15 hours or more worked) is one week’s qualifying service. Weeks of less than 15 hours count if they are part of a regular pattern in which you also work weeks of more than 15 hours.  **Reckonable service** – Is the service which counts towards the period that determines the amount of benefit. One week’s full time service is one week’s reckonable service. Part time service of 15 hours or more a week counts in proportion to full time service; half a week’s service counts as half a week’s reckonable service.  Qualifying service and reckonable service are normally the same, and the same as you actual service. But there may be differences, particularly if you work part time.  Service in a previous pension scheme adds to your qualifying and reckonable service if it is transferred to the TWMIPS and you can also increase your qualifying and reckonable service by buying added years. |

**Scheme Correspondence**

Due to the small number of members in the Lee Conservancy Catchment Board Pension Scheme correspondence is drafted on an individual basis to meet the needs and circumstances of the member concerned.

**Scheme Pen Forms and Procedures**

Please contact the Technical Consultants at Capita for information on pen forms and procedures.

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| **Section 5 - Record keeping** |

1. ***Introduction***

As part of the new scheme requirements from 1 April 2014, Scheme Employers will be responsible for compiling and retaining much more data to enable the Administering Authority to carry out their duties in calculating member benefits.

As well as information required to administer the 2014 CARE Scheme, information will also be needed to:

* calculate and pay benefits for any member with membership before 1 April 2014 under final salary regulations and using pay data in line with the 2008 Scheme regulations.
* Calculate and pay any statutory underpin amount
* Adjust rule of 85 protections following relevant absences where the member has not paid an APC to buy lost pension

**2014 CARE Scheme - Information to be provided at year-end or on cessation if earlier.**

Scheme Employers must record and keep the following information in respect of the 2014 CARE Scheme:

1. ***Multiple Employments***

As in the 2008 Scheme, where a member has more than one employment with a Scheme Employer, separate records must be maintained for each job. Should a member wish to switch sections (either from 100/100 to 50/50 or vice versa), the member will need to specify which employment their election applies to, or where they wish to move sections in respect of all employments, the member will need to complete a separate election in respect of each employment held .

Likewise, where jobs are paid at different rates, assessment of contributions could determine that different contribution rates are applied to each separate post.

1. ***50/50 Section***

It is important that separate cumulative amounts of employees contributions are kept, including dates joined and ceased. Separate values are not required for employer contributions as these are all paid at the same rate irrespective of the Section the member is active in.

1. ***M******aterial changes that occur during active Scheme membership***

Where a member’s circumstances change Capita is, in the majority of cases, informed of the change via the weekly interface. Where automatic transmission of the data via the weekly interface is not possible the scheme employer must inform Capita of the change by the completion of a Pen 7. Where the change is, by definition, a material change, Capita as third party administrators of the fund must inform the member of the effect on their benefits in compliance with Disclosure Regulations.

The Disclosure of Information Regulations 2006 instruct the Administering Authority that the member must be informed of any material change within designated time limits. Fines may be imposed on the Administering Authority where the member has not been informed of any material changes. Where a fine has been imposed on the Administering Authority, the Administering Authority may, if they wish, outline how those charges may be recouped from the Scheme employer within the Pension Administration Strategy document.

For the procedure to follow when notifying Capita of a material change, please see Section 5 – Notification of a material change.

**Commencing and ceasing secondment (including temporary assignments for Environment Agency).**

1. ***Secondments***

Details of members who partake in secondments or assignments should be provided to Capita using a Pen 7.

1. ***Assignment***

During an assignment a member will continue to accrue earned pension within the LGPS to provide benefits on upon payment. Capita need to be informed of an assignment to assist in resolving monthly dialogue queries, where a member’s pensionable pay or hours of work may have increased / decreased between the substantive and assigned post.

1. ***Information required on leaving***

A Pen 17 must be submitted on leaving to show the members pensionable pay paid (but see below):

* From the later of the date of joining active membership or the previous 1 April to the date of leaving; and
* From the previous scheme year (1 April to 31 March) if this has not already been submitted on a year-end return.

Any pensionable pay paid within any Scheme year which relates to a period before 1 April 2014 must be counted as pensionable pay in the year in which it was earned, and should not be included as pensionable pay in the year of leaving

1. ***Sample information required at year-end***

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| **2014 Scheme – Year-end information for each employment** | | |
| Active Membership Date | | Date became an active member of the Scheme in the employment if this was during the Scheme year\* |
| Scheme Leaver Date | | Date ceased active membership of the Scheme in the employment if this was during the Scheme year\* |
| Main Section Cumulative pay | | **CPP1**: Cumulative pensionable pay received in the employment during the Scheme year whilst in main section (including the Assumed Pensionable Pay the member was treated as receiving during the Scheme year whilst in the main section and the value of emoluments specified in the contract of employment as being pensionable emoluments whilst in the main section, including the pensionable emolument value of salary sacrificed for such items as child care vouchers, and for pension contribution salary sacrifice via a shared cost AVC arrangement) |
| Main Section Employee Cumulative Contributions | | **CEC1**: Cumulative employee contributions (if any) deducted from pensionable pay in previous field |
| 50/50 Section Cumulative Pay | | **CPP2**: Cumulative pensionable pay received in the employment during the Scheme year whilst in 50/50 section (including the assumed pensionable pay the member was treated as receiving during the Scheme year whilst in the 50/50 section and the value of emoluments specified in the contract of employment as being pensionable emoluments whilst in the 50/50 section, including the pensionable emolument value of salary sacrificed for such items as child care vouchers, and for pension contribution salary sacrifice via a shared cost AVC arrangement) |
| 50/50 Section Employee Cumulative Contributions | | **CEC2**: Cumulative employee contributions (if any) deducted from pensionable pay in previous field |
| Section of the scheme | | Section of the Scheme the employee was a member of in the employment at the end of the Scheme year (or at the date of cessation of active membership in the employment if on or after the start of the Scheme year and before the end of the Scheme year)\*\* |
| Cumulative Employer Contributions (CRC) | | **CRC**: Cumulative employer contributions deducted from pensionable pay in respect of the employment (including the assumed pensionable pay the member was treated as receiving during the Scheme year and the value of emoluments specified in the contract of employment as being pensionable emoluments, including the pensionable emolument value of salary sacrificed for such items as child care vouchers, and for pension contribution salary sacrifice via a shared cost AVC arrangement) |
| Cumulative Additional Employee’s Contributions (CAC) per type i.e.: - additional pension contribution (EAPC) | | **EAPC CAC**: Cumulative additional pension contributions (APCs), if any, paid in respect of the employment by the employee |
| Cumulative Additional Employer’s Contributions - additional pension contribution (RAPC) | | **RAPC CARC**: Cumulative additional pension contributions (APCs), if any, paid in respect of the employment by the employer |
| Cumulative Additional Employee’s Contributions (CAC) per type i.e.: - additional voluntary contribution (EAVC) | | **EAVC CAC**: Cumulative additional voluntary contributions (AVCs), if any, paid in respect of the employment by the employee |
| Cumulative Additional Employee’s Contributions (CAC) per type i.e.:- shared cost additional voluntary contribution (RAVC) | | **RAVC CARC**: Cumulative additional voluntary contributions (AVCs), if any, paid in respect of the employment by the employer |

***2008 Final Salary Scheme - Information to be provided on the year-end return and on leaving active membership of the Scheme.***

As well as the 2014 Scheme data, Scheme Employers will also need to keep and maintain records to enable various calculations to be carried out for members with membership before 1 April 2014 such as:

1. ***Final Salary***

A Final salary calculation will have to be performed by the Scheme Employer to enable calculation of all benefits accrued up to 31 March 2014. The calculation will need to be made using the 2008 definition of pensionable pay to include:

* 1. The full time equivalent pensionable pay earned during the last 365 days of the member’s active scheme employment or either of the two immediately preceding years if a higher figure is produced.
  2. Where a member has had a reduction or restriction in their pensionable pay in the 10 years preceding the date of ceasing active membership in accordance with BR 10 of the 2008 Scheme, the previous 13 years ending on 31 March up to the date of ceasing active membership.
  3. Where a member was issued a Certificate of Protection under Regulation 23 of the 1997 Regulations in the 10 years preceding the date of ceasing active membership, the last 13 years ending on the anniversary of the date of ceasing active membership.

Final pay calculations will have to be carried out and provided at:

* 31 March each year for calculating Annual Benefit Statements
* NPA (2008 definition) or date ceased active membership for all members subject to the Statutory Underpin

1. ***Breaks in membership – final pay***

Where a member has had a period of authorised absence where Assumed Pensionable Pay has been used to calculate earned pension under the 2014 Scheme, or the member has purchased APCs to purchase the ‘lost pension’, the final pay calculation is calculated using the ‘notional full pay’ during the period of absence.

Where a member has had a period of authorised absence where Assumed Pensionable Pay has NOT been used to calculate earned pension under the 2014 Scheme, or the member has NOT purchased APCs to purchase the ‘lost pension’, the final pay calculation is calculated by grossing up the final pay to a full year.

1. ***Breaks in membership – rule of 85***

Where a member who has membership before 1 October 2006 (a protected member) has had a period of authorised absence other than a period covered by Assumed Pensionable Pay and has NOT purchased APCs to purchase the ‘lost pension’, the absence must be notified to the Administering Authority in order to allow them to determine the members rule of 85 at the date they cease active membership. Any period of authorised absence or unpaid additional child related leave where the member has not paid APCs to purchase the lost pension will not be counted toward the rule of 85 and will move the member’s CRA to a later date depending on the length of the period of absence.

All changes in hours must continue to be notified to Capita on a Pen 7.

1. ***Change in hours***

Where a member has a change in hours (informed to Capita via the weekly interface), this must continue and the details will be recorded in a ‘shadow’ pension account on Hartlink. A change of hours may occur where:

* A whole time member commences part time employment.
* A part time member commences full time employment.
* A part time member varies their part time hours.
* A member undertakes a secondment or assignment
* Any other change in contractual hours.

A member that works part time hours is credited with pro-rated membership for the period part time hours are worked. A subsequent change in hours will therefore have a direct impact on the service credited to the member and will affect any protected Final Salary benefit calculations. Changes in hours must continue to be notified on a Pen 7 for any member who:

* The Statutory underpin applies where the change occurs before NPA (2008 definition)
* Has an Added Years contract under the 1997 Regulations
* Members who were in active membership on 1 April 2008 and were aged 45 or more at that date

1. ***Types of employee - pre 1 April 2014***

Although the hours worked by an employee is not relevant in a CARE scheme, the following definitions should be kept up to date in respect of membership before 1 April 2014 and statutory underpin calculations.

1. ***Whole time employee***

Whole-time employment is defined by the scheme employer. A whole-time employee is either an employee whose contract of employment stipulates that they are a whole-time employee for the purpose of the scheme, or a member whose contractual hours are not less than the number of contractual hours required for a whole-time employment.

1. ***Part time employee***

A part-time employee is a member whose contract of employment provides that they are such a member or their contractual hours are less than the standard rate of hours required to be a member on a whole time basis.

The membership accrued by a part time member is pro-rated to reflect the hours that the member works. For example if an employee worked 18 hours 30 minutes per week (half the standard whole time rate of 37 hours) for a year, they would accrue 183 days service, compared to the 365 days accrued by a whole time member. Because membership is pro-rated to reflect the actual time that the member is at work, the pay used to calculate the member’s benefits is the whole time equivalent (the rate of pay the member would have received had they worked as a whole time employee).

1. ***Term time employee***

A term time employee is an employee that is only employed during term time, with the maximum weeks in the year the post may be worked being less than 52. It should be noted that this is not limited to employees who work in educational establishments, but is restricted to term time only posts.

Neither the Environment Agency nor Natural Resources Wales have any posts which may be classified as term time only posts within the LGPS Regulations.

A member who chooses to work whole or part time term time though has the potential to work 52 weeks of the year is classified as a part time employee not a term time employee.

1. ***Variable time employee***

Variable time employee means an employee whose contract of employment provides that the employee is such an employee for the scheme and:

* 1. whose pay is calculated by reference to their duties (rather than necessarily by reference to the number of hours they have worked); or
  2. whose duties only have to be performed on an occasional basis.

1. ***Casual employee***

Specific rules apply to casual employees. Neither the Environment Agency nor Natural Resource Wales employ on a casual basis.

1. ***Information required on leaving***

Where a member has any membership before 1 April 2014, the Pen 17 must also include the member’s final pay calculated under the 2008 Regulations (see above).

Any pensionable pay paid within any Scheme year which relates to a period before 1 April 2014 must be counted as pensionable pay in the year in which it was earned and counted as final pay if earned in any of the relevant years.

1. ***Sample information required at year-end***

In order to provide an Annual Benefit Statement to members, the full time equivalent pensionable pay must also be notified at each year end based on the 2008 Scheme definition of pensionable pay

|  |  |
| --- | --- |
| **2008 Scheme - Additional information required for each employment** | |
| FTE Final Pay (FFP) | Full time equivalent pensionable pay in respect of the employment for the scheme year |
| Cumulative Employee’s Additional Regular Contributions | Cumulative additional regular contributions (ARCs), if any, paid in respect of the employment by the employee |
| Cumulative Employer’s Additional Regular Contributions | Cumulative shared cost additional regular contributions (SCARCs), if any, paid in respect of the employment by the Scheme Employer |
| Cumulative Employees Contributions to buy additional membership | Cumulative Contributions to buy additional membership (Added Years) in respect of the employment by the employee. |
| Cumulative Employees AVCs (pre April 2014 contract) | Cumulative Contributions to AVCs (pre April 2014 contract) based on 2008 definition of pensionable pay in respect of the employment by the employee |
| Cumulative Employer’s SCAVCs (pre April 2014 contract) | Cumulative Contributions to a SCAVC arrangement (pre April 2014 contract) based on 2008 definition of pensionable pay in respect of the employment by the Scheme Employer |
| Cumulative Employee’s Part-time buy back contributions | Cumulative contributions in respect of part-time buy back (Preston cases) paid in respect of the employment by the employee |

**Section 6 – Glossary**

1. ***Glossary***

This is the glossary of pension’s terms and abbreviations that is to be used for a reference to terms within the Administering Authority and Employing Authority Procedure manual and where appropriate terms and abbreviations are hyperlinked throughout.

Index of the terms defined within the glossary for ease of reference: -

|  |
| --- |
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| [Abatement](#Abatement) |
| [Absences](#Absences) |
| [Absences and ‘Lost’ pension](#Lost) |
| [Additional contributions](#Additional) |
| [Approved pension scheme - LGPS](#Approved) |
| [Auto Enrolment](#Auto) |
| [Business case](#Business) |
| [Career Average Revalued Earnings Scheme (CARE)](#Career) |
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| [Estimate of benefits – Employee requests](#Estimateemployee) |
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| [Local Government Pension Scheme (LGPS)](#Local) |
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| [Pay](#Pay) |
| [Pension accounts](#Pension) |
| [Procedure manual (EAPF and Scheme employers)](#Procedure) |
| [Protected rule of 85](#Protected) |
| [Regulations](#Regulations) |
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| [Scheme contracting out numbers](#SchemeCO) |
| [Scheme of delegation](#Scheme) |
| [Scheme PSTR numbers](#SchemePSTR) |
| [Scheme year](#SchemeYR) |
| [Sections of the Scheme](#Sections) |
| [Service level agreement](#Service) |
| [State benefits](#State) |
| [Starter packs](#Starter) |
| [Survivor](#Survivor) |
| [Third party administrator](#Third) |
| [Transfers](#Transfers) |
| [Triennial Valuation](#Triennial) |
| [Types of members/membership](#Types) |

**1B1S**

The Environment Agency’s integrated HR and Payroll system is known as “1B1S” and is supplied by Oracle UK Ltd. 1B1S contains a number of pensions-related features and an automatic interface provides Capita with financial information on a monthly basis and HR information on a weekly basis.

**Abatement**

Abatement may occur when a pensioner member who is a pre 1 April 2014 leaver commences a new period of employment with a Scheme employer who participates in the LGPS. The pension fund may choose to reduce or extinguish the member’s pension where the member has entered a new employment with a LGPS Scheme employer, other than one in which the member is eligible to belong to a teachers’ scheme.

**Absences**

There are a number of reasons why an employee will be absent from work other than annual leave, these are listed below. See [points 17 to 34](#Point_18) inclusive to determine contributions during absences.

|  |  |
| --- | --- |
| **authorised absence** | An employee remains an active member during a period, where they are absent from work with permission from their scheme employer. |
| **Adoption Leave** | To qualify for adoption leave, the employee must:   * Be newly matched with a child for adoption by an adoption agency. * Have worked continuously for their employer for 26 weeks ending with the week in which they are notified of being matched with a child for adoption. |
| **Ordinary Adoption Leave** | Ordinary Adoption Leave is for the first 26 weeks. |
| **Additional Adoption Leave** | Additional Adoption Leave is for up to a further 26 weeks, allowing the employee to take 52 weeks in total. |
| **Flexible Parental Leave** | From 2015, parents will be able to choose how they share care of their child during in the first year after birth. Employed mothers will still be entitled to 52 weeks of maternity leave; however, working parents will be able to opt to share the leave.  Mothers will have to take at least the initial two weeks of leave following the birth as a recovery period. Following that they can choose to end the maternity leave and the parents can opt to share the remaining leave as flexible parental leave. |
| **Keep in Touch Days** | During maternity leave, the employee and employer can agree to have up to 10 keep in touch days. APP does not count on KIT days and any pensionable pay paid is used to calculate earned pension. |
| **Ordinary Maternity Leave** | Ordinary Maternity leave is for the first 26 weeks. |
| **Additional Maternity Leave** | Additional Maternity leave is for up to a further 26 weeks, allowing the employee to take 52 weeks in total. |
| **Ordinary Paternity Leave** | Ordinary Paternity Leave is up to 2 weeks. |
| **Additional Paternity Leave -** | Additional Paternity Leave is up to a further 26 weeks, if the mother/ co-adopter returns back to work |
| **Illness or Injury** | An employee remains an active member during a period, where they are absent from work with illness or leave due to injury. |
| **Jury service** | Refers to the period of time during which an employee is a member of a jury and is dealt with in the same way as an authorised absence. |
| **Recognised trade dispute** | Any recognised dispute between employers and workers which is connected with the employment or non-employment, or the terms or conditions of or affecting the employment, of any person”. An industrial action is any action which may affect the terms of a contract which is taken by workers acting together to compel their employer “to accept or not to accept terms or conditions of or affecting employment. |
| **Reserve Forces Leave** | Is when an employee is absent from work (ignoring any service for the purpose of training only or service of a period in regards to a cancellation notice that has been served) because the employee has been called out to:   * perform permanent/ actual change or is a employee of the reserve or auxiliary force * observe an obligation as a commissioned officer   Employee’s service has been rendered by virtue of section 14(1) or 34 of the Reserve Forces Act 1980. |
| **Unauthorised absence** | An employee ceases to be an active member during a period, where they are absent from work without permission from their scheme employer. |

**Absences and ‘Lost’ Pension**

Lost pension is the term given to the pension that a member has ‘lost’ as a result of an authorised absence (including unpaid additional maternity leave) or as a result of a recognised trade dispute. Lost pension can be replaced with additional pension and repaid by APC (recognised trade dispute) or SCAPC (authorised pension). See [points 27 to 34](#Point_30) inclusive.

**Additional contributions**

|  |  |
| --- | --- |
| **Additional contributions – Member purchase of Additional Membership (Added Years)** | Prior to 1 April 2008 it was possible for an active member to purchase additional years and days within the LGPS, by means of an added years’ contract. Despite the removal of the facility for a member to enter into a new added years contract on or after 1 April 2008, those contracts that had already commenced continue based on their original terms until the contract ceases, or the member elects to cease making payments, or leaves active membership of the scheme. Where the member is dismissed on the grounds of redundancy or in the interests of efficiency the member may elect to pay any outstanding sums to complete the contract as a capital value, though election for this provision may only be made within 3 months of leaving. The additional membership will be added to the member’s final salary entitlement already built up in the EAPF and, in most cases, will purchase both additional pension (1/80th accrual) and lump sum (3/80th accrual). See [point 38](#Point_47). |
| **Additional contributions – Member purchase of additional pension (APCs)** | From 1 April 2014, an active member can elect to purchase additional pension in the 2014 Scheme for themselves only, to either replace ‘lost’ pension as a result of an absence or as an option to simply increase their earned pension within their active member pension account. See [point 28](#Point28). |
| **Additional contributions – Employer purchase of shared cost additional pension (SCAPCs)** | From 1 April 2014, where contributions are made by an active member to purchase additional pension in the 2014 Scheme, the member’s employer may also contribute towards the cost. Where the additional pension is to replace ‘lost’ pension as a result of an authorised absence, the Scheme employer must pay 2/3rds of the cost. See [point 28](#Point28). |
| **Additional contributions – Member purchase of additional pension (ARCs)** | From 1 April 2008 to 31 March 2014 an active member could have elected to purchase additional pension in the 2008 Scheme either for themselves only, or for themselves and their survivors. See [point 33](#Point_40). |
| **Additional contributions – Member purchase of additional survivor benefits (- ASBCs)** | From 1 April 2008 to 31 March 2014, ASBCs were a means, for members with membership before 6 April 1988 who have a nominated [cohabiting](http://www.eapf.org.uk/web.chi/?a=11689&s=11749#cohabiting) partner, of increasing any survivor pension payable to such partner on the event of the member’s death. See [point 39](#Point_48). |
| **Additional contributions –free standing additional voluntary contributions (FSAVCs)** | These are contributions that are made by a member to retirement benefit scheme, which is approved by Her Majesty Revenue & Customs under schedule 36 of the Finance Act 2004 including a Free Standing Additional Voluntary Contribution Scheme, that are over and above the standard rate of contribution to the LGPS, to which the member elected to pay in order to secure additional retirement benefits. The employee arranges the payment of contributions directly with the FSAVC provider and the contributions cannot be deducted via payroll. The benefits that built up are not linked to the LGPS Scheme and the funds can be used to secure an annuity via the provider or on the open market. |
| **Additional contributions –in house additional voluntary contributions (IHAVCs)** | These are additional contributions that are made by an active member to a defined contribution plan with a provider that is appointed by the Administering Authority. The EAPF has appointed Prudential and Standard Life to be their IHAVC providers. See [point 35](#Point_42). |
| **Additional contributions –Employer payment of shared cost in house additional voluntary contributions (SCAVCs)** | Where an active member makes additional contributions to an IHAVC plan, the member’s employer may also contribute. See [points 35](#Point_43). |

**Approved Pension Scheme - LGPS**

The LGPS (England & Wales) is a registered public service scheme under Chapter 2 of Part 4 of the Finance Act 2004. It achieved automatic registration by virtue of Part 1 of Schedule 36 of that Act (because the Scheme was, immediately before 6 April 2006, a retirement benefits scheme approved under section 611A of that Act). This means that the tax relief is given on the contributions paid. It complies with the relevant provisions of the Pension Schemes Act 1993, the Pensions Act 1995 and the Pensions Act 2004.

**Auto-Enrolment**

The LGPS is a qualifying pension scheme for auto-enrolment and Scheme employers with the EAPF have to use the LGPS when applying auto-enrolment. There are various types of job holder who qualify for auto-enrolment at different time during their employment. A Scheme employer may delay implementing auto-enrolment for existing eligible job holders, by using a Transitional delay. All new employees who commence after the employers staging date will be subject to auto-enrolment rules.

|  |  |
| --- | --- |
| **Auto – Enrolment – Eligible Job Holder** | An eligible job holder is worker:   * Who is aged at least 22, and * Who is under SPA, and * Who earns more than £10,000 (rates for 2014/15)   If an eligible job holder is eligible for the LGPS but has opted out and been enrolled in another qualifying scheme (for example NEST) they are in a qualifying scheme therefore they would not be automatically enrolled in the LGPS. They retain the right to join the LGPS at anytime up to age 75.  An eligible job holder who is not a member will become an active member on the automatic enrolment or re-enrolment date relating to that specific employment. |
| **Auto – Enrolment – Entitled Workers** | An entitled worker is a worker:   * Who is aged at least 16, and * Who is aged less than 75, and * Who earns more than £5,772 (rates at 2014/15)   Non eligible job holders and entitled workers with a contract of less than three months would not be contractually enrolled from commencement but would be enrolled from the first day of the pay reference period in which they became an eligible job holder. |
| **Auto – Enrolment – Non Eligible Job Holders** | A non eligible job holder can be a worker:   * Who is aged at least 16, and * Who is under 75, and * Who earns more than £5,772 (rates at 2014/15) * Who earns less than £10,000 (rates at 2014/15)   Alternatively a non eligible job holder can be a worker:   * Who is aged at least 16 but less than 22, and * Who is over SPA but under 75, and * Who earns more than £10,000 (rates at 2014/15)   Non eligible job holders and entitled workers with a contract of less than three months would not be contractually enrolled from commencement but would be enrolled from the first day of the pay reference period in which they became an eligible job holder. |
| **Auto – Enrolment – Postponement Notice** | By issuing a postponement notice employer who have passed their staging date can exclude employees from the LGPS, although the employee does have the option to opt into the Scheme at anytime. Postponement notices should be issued where a new starter who is an eligible jobholder commences an employment on a contract of less than 3 months as they are not contractually enrolled at the date of commencement. |
| **Auto – Enrolment – Re-enrolment** | An employer’s re-enrolment date is the 3rd anniversary of the employer’s staging date (or a date chosen by the employer which can be up to 3 months either side of the 3rd anniversary date). On the employer’s re-enrolment date the employer must re-enrol any eligible jobholders who are not currently active members of the LGPS except for those eligible jobholder’s who had opted out of the LGPS in the 12 months immediately preceding the employer’s re-enrolment date. |

**Business Case**

All redundancy and early retirement cases that require scheme employer approval must be submitted as a business case. This outlines the reasons for leaving and estimated costs and savings to the scheme employer for allowing the retirement to occur. The business case also indicates how the costs will be funded. The business case must be approved by the relevant authorised signatory within the scheme employer.

**Career Average Revalued Earnings (CARE)**

From 1 April 2014 the LGPS (England & Wales) is a defined benefit career average revalued earnings scheme. Active members’ have an active member pension account that builds up earned pension on an annual basis. See [point 46.](#Point_52)

**Contributions**

|  |  |
| --- | --- |
| **Contributions** | The LGPS is a funded pension scheme and contributions are paid by both the: -   * Members in accordance with the contribution band into which they have been banded by their Scheme employer. See [point 2](#Point_2). * Employers in accordance with the extant rates and adjustment certificate. See [point 1](#Point_1). |
| **Contributions - Assessed pensionable pay** | Assessed pensionable pay is the pensionable pay used to determine into which contribution band a member should be placed. See [points 3 and 4](#Point_3). |
| **Contributions - Contribution Bands** | The contribution bandings are the 9 contributions bands (potentially 18 contribution bands if the 50/50 section is included) ranging from 5.5% to 12.5% depending upon earnings. See [point 2](#Point_2). |
| **Contributions - Contributions Policy** | This is the policy in which the Scheme employer sets outs its determinations regarding the assessed pensionable pay. See [point 6.](#Point_6) |

**Cost of Living increases**

Increases to pensions in payment and deferred pensions under the LGPS, are increased by the pensions increase (Review) Order which from April 2011 is linked to the rise in the Consumer Prices Index (CPI). Increases before April 2011 were linked to the Retail Price Index (RPI).

From 1 April 2014 active member pension accounts will be increased by Treasury Orders which are currently linked to CPI, the major difference between Treasury Orders and Pension Increase Orders is that Treasury Orders can be negative leading to a reduction in an active member’s pension account.

Below is a table showing the increases that have been applied to pensions in payment and deferred pensions since 12 November 1979. Prior to that date, increases were applied in a slightly different format.

|  |  |
| --- | --- |
| **Applicable From** | **% Increase** |
| 07 April 2014 | 2.7 |
| 08 April 2013 | 2.2 |
| 09 April 2012 | 5.2 |
| 11 April 2011 | 3.1 |
| 06 April 2010 | 0 |
| 06 April 2009 | 5 |
| 07 April 2008 | 3.9 |
| 09 April 2007 | 3.6 |
| 10 April 2006 | 2.7 |
| 11 April 2005 | 3.1 |
| 12 April 2004 | 2.8 |
| 07 April 2003 | 1.7 |
| 08 April 2002 | 1.7 |
| 09 April 2001 | 3.3 |
| 10 April 2000 | 1.1 |
| 12 April 1999 | 3.2 |
| 06 April 1998 | 3.6 |
| 07 April 1997 | 2.1 |
| 08 April 1996 | 3.9 |
| 10 April 1995 | 2.2 |
| 11 April 1994 | 1.8 |
| 12 April 1993 | 3.3 |
| 06 April 1992 | 4.1 |
| 08 April 1991 | 10.9 |
| 09 April 1990 | 7.6 |
| 10 April 1989 | 5.9 |
| 11 April 1988 | 3.85 |
| 06 April 1987 | 2.1 |
| 28 July 1986 | 1.1 |
| 25 November 1985 | 7 |
| 26 November 1984 | 5.1 |
| 21 November 1983 | 3.7 |
| 22 November 1982 | 11 |
| 23 November 1981 | 9.06 |
| 24 November 1980 | 16.5 |
| 12 November 1979 | 16 |

**Defined Benefit**

The LGPS (England & Wales) is a defined benefit pension scheme. This means that the benefits received by members are defined in advance and not dependent on the contributions that are made.

**Discretionary Policy Statements**

These are the choices given by the 2013 Regulations and earlier Scheme regulations to enable a scheme employer and/or EAPF to choose how they will apply the scheme in respect of certain discretionary provisions. Under the LGPS the both parties:

* Must consider relevant mandatory discretionary provisions;
* May consider relevant non-mandatory discretionary provisions
* Must form a statement of policy of how any mandatory provisions will be applied (or not relevant party determines not to adopt a provision, make a statement to that effect). Where the policy relates to the 2013 Regulations the Scheme employer must send a copy of the statement to the EAPF by 1 July 2014;
* May form a statement of policy of how any non-mandatory provisions will be applied (or not relevant party determines not to adopt a provision, make a statement to that effect);
* Must send a copy of the statement of policy to the EAPF and publish the policy.
* Must keep statement of policies under review and make any revisions following a change in policy and within one month of making those revisions the Scheme employer must send a copy to the EAPF and publish its revised statement.

For further information regarding statements of policy please contact Capita’s LGPS Technical Consultancy Team.

**Earned Pension**

For each scheme year when an active member is paying contributions, the active member will build up an amount of earned pension and this will be added to their active member pension account, and revalued by Treasury Orders 1 second after midnight on each 31 March. See [point 43](#Point_52)

**Estimate of Benefits - Employee requests**

A member may request an estimate of benefits directly from Capita; these requests are restricted to payment of benefits from age 55. In addition a member cannot request an ill health estimate.

**Estimate of Benefits – Scheme employer requests**

A Scheme employer may request an estimate for any type of payment of benefit (cost of awarding additional pension is done via the National APC website, see [point 30](#Point_38)) See [point 73](#Point_84).

**Final Salary Defined Benefit**

The LGPS 2008 earlier schemes were final salary Defined Benefit pension schemes, meaning that the pension is defined by an accrual for each year (or part thereof) of membership built up calculated against the members final salary upon leaving active membership. See [points 14 to 17](#Point_14) inclusive.

**Financially Interdependent**

This term is mainly applied to the eligibility conditions for cohabiting (nominated cohabiting for leavers on or before 31 March 2014) partners and means that partners depend on joint finances to support their standard of living. It does not mean that each partner should be contributing equally. For example, if one partner’s income is a lot more than the other partners, they may pay for the mortgage and the majority of the bills, but the other partner will pay for the weekly shopping.

**Governance**

The Public Service Pensions Act 2013 set out distinct roles to be performed within the LGPS:

|  |  |
| --- | --- |
| **Governance – The Responsible Authority** | The Responsible Authority is the Secretary of State for Communities and Local Government who make the LGPS Regulations and is responsible for policy however the consent of Her Majesty’s Treasury (HMT) is required before any regulations can be laid. |
| **Governance – The Scheme Manager** | The Scheme Manager is the person responsible for managing or administrating the Scheme, the Scheme Manger for the LGPS is the Administering Authority (EAPF). |
| **Governance – The Administering Authority** | The Administering Authority runs the LGPS in accordance with regulations approved by Parliament. The Environment Agency is the administering authority for the LGPS. The Environment Agency Pension Fund administers the LGPS for its scheme employers and those members who have left employment but retain pension benefits within the fund (such as deferred benefits or benefits that are now in payment). The Environment Agency Pension Fund has delegated the day-to-day administration of the LGPS to Capita. |

**Government and other relevant bodies**

|  |  |
| --- | --- |
| **Capita** | Capita are the third party pension administrators appointed by the Environment Agency to administer the EAPF. |
| **DCLG** | Department of Communities and Local Government. |
| **DoE** | Department of the Environment |
| **DWP** | **D**epartment for Work and Pensions |
| **EA** | The Environment Agency |
| **EAPF** | The Environment Agency Pension Fund |
| **GAD** | The Government Actuary’s Department |
| **HoPFM** | Head of Pension Fund Management for the Environment Agency Pension Fund. |
| **HMIP** | Her Majesty’s Inspectorate of Pollution |
| **LGE** | Local Government Employers Association |
| **LGPS (England & Wales)** | Local Government Pension Scheme in England & Wales. |
| **NRW** | National Resource Wales |
| **PCSPS** | Principle Civil Service Pension Scheme |
| **Secretary of State for Works and Pensions** | This the Cabinet Minister who issues guidance produced by GAD |

**HMRC Limits**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **HMRC Limits – Annual Allowance** | This is the amount by which the value of the member’s pension benefits may increase in any one year without incurring an income tax charge. Increases in excess of the annual allowance attract an income tax charge. The Scheme year runs from each 1 April to 31 March. The annual allowance is set by the Treasury. The table below shows those annual allowance rates already set.   |  |  | | --- | --- | | **Tax Year** | **Annual Allowance** | | 2008/09 | £235,000 | | 2009/10 | £245,000 | | 2010/11 | £255,000 | | 2011/12 | £50,000 | | 2012/13 | £50,000 | | 2013/14 | £50,000 | | 2014/15 | £40,000 |   A member’s ‘pension input’ is calculated by determining the value of the member’s pension benefits at the end of the year and deducting from this the value as at the end of the previous year (revalued to current date) then multiplying this figure by 16 and comparing against the annual allowance. Where the increase in pension benefits, for 2011/12 onwards, exceeds the annual allowance, a tax charge will be payable at the member’s marginal rate; however, any unused allowance from the previous three years can be used to offset the excess, with 08/09, 09/10 and 10/11 annual allowance assumed to be £50,000 for this purpose. A tax charge in excess of £2,000 may be paid by the pension fund where the scheme member elects for this to happen, and reclaimed from the member’s benefits when they come into payment.    The annual allowance test will be applied each Scheme year including the year the benefits are paid except the following:   * deferred benefits where the revaluation is within reasonable limits; * the year in which a member dies; * the year in which a lump sum is paid to a member diagnosed as being severely ill.   Where a member’s EAPF pension exceeds the annual allowance, Capita, as the scheme administrator, will provide the member with their ‘pension input’ amount for a relevant year within six months of the end of the tax year. If a member requests the value of their ‘pension input’ amount, Capita will provide this by the later of three months from the date of request or six months from the end of the tax year. To enable Capita to meet its reporting duties, the scheme employer will need to provide all required information by 6th July following the end of the tax year. |
| **HMRC Limits - Lifetime Allowance** | This is the total capital value of all pension benefits the member can have without triggering an excess benefits tax charge. If the value of the member’s pension benefits when drawn is more than the lifetime allowance, the member will have to pay tax on the excess benefits (subject to various protections). The lifetime allowance is set by the Treasury. The table below shows those lifetime allowance rates already set by the Treasury.   |  |  | | --- | --- | | **Tax Year** | **Lifetime Allowance** | | 2008/09 | £1.65m | | 2009/10 | £1.75m | | 2010/11 | £1.80m | | 2011/12 | £1.80m | | 2012/13 | £1.50m | | 2013/14 | £1.50m | | 2014/15 | £1.25m |   The lifetime allowance covers any pension benefits the member may have in all tax-registered pension arrangements – not just the LGPS. Most scheme member’s pension savings will be significantly less than the lifetime allowance.  When any LGPS benefit, or any other pension arrangement the member may have, is brought into payment the member uses up some of their lifetime allowance – so even if the pensions are small and will not exceed the lifetime allowance individually the member should keep a record of any pensions they receive. If the member has a pension in payment before 6 April 2006, this will be treated as having used up part of the lifetime allowance.  If the member’s LGPS benefits exceed the lifetime allowance, a tax charge will be made against the excess The charge on excess benefits paid as a pension will be 25%, with income tax deducted thereafter; excess benefits taken as a lump sum will be taxed once only at 55%. |

**Ill health Pensions (See** [**points 84 to 87**](#Point_95) **and** [**points 90 to 93**](#Point_102) **inclusive)**

|  |  |
| --- | --- |
| **Ill health Pension - Comparable Employment (for Pre 1 April 2008 determinations)** | Means an employment which when compared with the member’s employment the:   * Contractual provisions as to capacity either are the same or differ only to the extent that it is reasonable given the nature of the members ill health or infirmity of mind or body, or * The contractual provisions as to place, remuneration, hours of work, holiday entitlement, sickness or injury entitlement and other material terms do not differ substantially from those of the member’s employment. |
| **Ill health Pensions - Gainful Employment** | Gainful employment is defined as paid employment for not less than 30 hours per week for a period of not less than 12 months. |
| **Ill health Pensions - Independent Registered Medical Practitioner (IRMP)** | An IRMP is registered with the General Medical Council and:   * holds a diploma in occupational health medicine (D Occ Med) or an equivalent qualification issued by a competent authority in an EEA state; and for the purposes of this definition, “competent authority” has the meaning given by section 55(1) of the Medical Act 1983 * is an Associate, a Member or a Fellow of the Faculty of Occupational Medicine or an equivalent institution of an EEA state. |
| **Ill health Pensions - Permanently Incapable (including Pre 1 April 2008 determinations)** | Permanently incapable within the Local Government Pension Scheme Regulations means that the member will, more likely than not, be incapable of doing the job for which the member was employed until normal pension/retirement age at the earliest. |
| **Ill health Pension - Reduced Likelihood (Pre 1 April 2014 determinations)** | An ill health pension can only be awarded to a member whose likelihood of being immediately capable of undertaking gainful employment because of that permanent incapacity is reduced. |

**Legacy Schemes**

The EAPF has a two Legacy Schemes relating to Ex-HMIP members and members of the Lee Conservancy Catchment Board Pension Scheme.

Ex-HMIP members have specific rules within the LGPS (England & Wales). See section 4.

The Lee Conservancy Catchment Board Pension Scheme is a by by-analogy scheme, based on the rules of the Principle Civil Service Pension Scheme in 1989 and the rules have not been changed since that date. See section 4.

**Local Government Pension Scheme (LGPS)**

The LGPS is a public sector pension scheme for employees working in local government. The EAPF belongs to the Local Government Pension Scheme (England & Wales), there are also Local Government Pension Schemes in Scotland, Northern Ireland and the Isle of Man which are separate to that in England & Wales.

**Open Market Option**

The open market option is for a member to apply the proceeds of an insurance contract, for example an IHAVC or FSAVC, to buy an annuity (retirement benefits) at a current market rate from an insurance company different from that which the member invested contributions. An annuity is a series of payments made at standard intervals (e.g. monthly pension) until a particular event occurs, such as death of the member.

**Participating Scheme employers of the EAPF**

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| --- | --- |
| Environment Agency | See [point 45.](#Point_54) |
| National Resources Wales (NRW) | A new Single Environment Body for Wales called Natural Resources Wales was created on 1 April 2013.  Existing Forestry Commission for Wales (FCW), Countryside Council for Wales (CCW) and Environment Agency Wales (EAW) employees, mainly based in Wales but including some English based employees transferred employment to this new body.  FCW and CCW both currently participate in the Principal Civil Service Pension Scheme (PCSPS). EAW currently participates in the EAPF, part of the Local Government Pension Scheme (LGPS). Pension options for EAW staff transferring to NRW Pension protection for EAW staff past and present is that:   * All former EAW employees who are eligible to be members of the EAPF, will remain in, or eligible to be in, the EAPF (for as long as they remain in their current post; * Any EAW employee who has a voluntarily change of post will cease to be eligible for continued membership of the LGPS from that time, but will instead become eligible for membership of the PCSPS for future service benefits.  Responsibility for the funding of past service benefits relating to existing EAW deferred and pensioner members (including dependents) will be automatically transferred to the NRW on the transfer date. .   See [point 45](#Point_54). |
| Shared Services Connected Limited (SSCL) Steria | On 1 November 2013, the Environment Agency outsourced its HR and financial transactional services to Shared Services Connected Limited (SSCL). This includes the signing of the EAPF agreed Admission Agreement allowing SSCL to become an employer in the EAPF from 1 November 2013. SSCL is a joint venture between Steria (75%) and Government (25%).  Existing employees who were members of the EAPF on 31 October 2013 retained membership of the EAPF. Eligible employees were contractually enrolled on 1 November 2013.  Only eligible employees who transferred from the Environment Agency to SSCL on 1 November 2013 can join the EAPF.  See [point 45](#Point_54) |

**Pay**

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| --- | --- |
| **Pay – Actual pensionable pay paid** | See [point 16.](#Point_16) |
| **Pay – Assumed pensionable pay** | See [points 18 to 22](#Point_19) inclusive. |
| **Pay – Final pay** | See [points 14 to 17](#Point_14) inclusive. |
| **Pay – Irregular payments** | Irregular payments are those payments which are made that cannot be guaranteed and will not occur with regularity. |
| **Pay – Lower Earnings Limit** | This is the amount of pay that the member can receive before he pays any National Insurance contributions. It is usually increased annually by Parliament. |
| **Pay – Next Pay period** | The next pay period is generally the pay period following receipt of an election by a member or in certain circumstances if the payroll has not shut down that same pay period. |
| **Pay – Notional Pay** | The pensionable pay earned in respect of final salary benefits, that would have been earned but for an absence. |
| **Pay – Pensionable Emoluments** | A pensionable emolument refers to a payment or benefit which is not classified as salary, wages or fees, but is specified in the member’s contract of employment as being pensionable (e.g. uniform allowance).  When calculating final pay, the emolument should only be included if it was earned in the final pay period irrespective of whether it was paid in such period. |
| **Pay – pensionable pay paid - 2014 Scheme** | See [point 10.](#Point_10) |
| **Pay – pensionable pay earned - Pre 1 April 2014 Scheme** | See [points 11.](#Point_11) |
| **Pay – Performance Related Pay** | PRP for the Environment Agency is a discretionary payment which is a pensionable emolument and is based on earnings for a specific year running from 1 April to 31 March. It is normally paid in June and can be up to 20% of salary which does not get consolidated into basic pay. |
| **Pay – Protected final salary** | See [points 14 to 17](#Point_14) inclusive. |
| **Pay – Reduced or Nil Pay** | An employee when absent may depending on the length of the absence sees a reduction in their pay. |
| **Pay – Upper Accrual Point** | This is the amount of pay beyond which the member ceases to pay the full, contracted out rate of National Insurance contributions. |
| **Pay – 2008 Scheme - Final pay Reductions** | See [point 14](#Point_14). |
| **Pay – 1997 Scheme and Earlier Schemes – Certificate of Protection** | Although Certificates of Protection are no longer issued on or after 1 April 2008 (though a member may still have been issued with a certificate from 1 April 2008 relating to a reduction or restriction that took place prior to that date providing it was issued within 12 months of the reduction or restriction), all certificates already in existence will continue to be valid for 10 years from their effective date.  A Certificate of Protection was appropriate under the following circumstances where, through circumstances beyond the member’s control, the member suffered a permanent:   1. reduction in pay, or 2. a restriction in the way the rate of pay is increased in such a way that it is likely to adversely affect the member’s retirement pension.   The member was entitled to be issued with a certificate by the Scheme employer if the member applied within 12 months of the date of reduction or restriction, as long as this date was prior to 1 April 2008. The scheme employer could also issue a certificate without an application from the member, within those timescales. In either case the date of reduction or restriction must be specified on the certificate.  The certificate is effective for 10 years from the date of restriction or reduction. If the member leaves the LGPS during this 10 year period the member’s benefits will be calculated by reference to the final pay for whichever of the following final pay periods is the most beneficial:   1. The year ending with the last day on which the member was an active member, or 2. Any of the previous 5 years ending on the anniversary of the member’s date of leaving active membership. 3. The average of any three consecutive years falling within the period of 13 years ending on the anniversary of the member’s date of leaving active membership.   See [point 14.](#Point_14) |

**Pension Accounts**

In the LGPS 2014 membership is clearly defined and split into the following types of accounts:

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| --- | --- |
| **Pension Accounts - Active member’s pension account** | An active member holds an active member pension account for each separate employment. For each scheme year, the amount of earned pension built up in an employment is added to the member's pension account. The pension account will hold the entire pension built up for that employment during active membership. See [point 43](#Point_52). |
| **Pension Accounts - Deferred members pension account** | Where a member ceases to be an active member in relation to an employment with qualifying service of 2 years or more, the member becomes a deferred member and the active member pension account must be closed and a deferred member’s pension account is opened. See [point 43](#Point_52). |
| **Pension Accounts - Deferred refund account** | Where a member ceases to be an active member in relation to an employment with less than 2 years qualifying service, the member becomes a deferred refund member and the active member pension account must be closed and a deferred refund account is opened. See [point 43.](#Point_52) |
| **Pension Accounts - Retirement pension account** | Where a member becomes entitled to payment of a benefit, the member becomes a pensioner member and the relevant active or deferred member pension account must be closed and a retirement pension account is opened. See [point 43.](#Point_52) |
| **Pension Accounts – Flexible retirement pension account** | Where a member takes payment of benefits on flexible grounds, benefits are deducted from the active member pension account and added to a flexible retirement pension account. See [point 43](#Point_52). |
| **Pension Accounts – Deferred pensioner member account** | Where a member ceases to be a pensioner member in relation to an employment following the suspension of the payment of Tier 3 ill health benefits, the member becomes a deferred pensioner member and the retirement pension account must be closed and a deferred pensioner account opened. See [point 43](#Point_52). |
| **Pension Accounts - Pension credit account** | Where an individual becomes the beneficiary of a pension sharing order, a pension credit account must be opened. See [point 43](#Point_52). |
| **Pension Accounts – Survivor member’s account** | Where a member ceases to be an active member, deferred member, deferred pensioner member or pensioner member in relation to an employment following the death of the member, the extant account must be closed and the appropriate survivor (s) account is/are opened. See [point 43](#Point_52). |

**Protected rule of 85**

This applies to members who were in the Scheme prior to 1 October 2006 (excluding HMIP members) and is reached when the sum of the member’s age (in whole years) added to the member’s total membership (in whole years) equals 85. Achieving the rule of 85 does not constitute a right to retire with unreduced retirement benefits. Rather it is a tool for determining whether any actuarial reduction should be applied to a member’s benefits upon payment.

**Regulations**

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| --- | --- |
| **Regulations - Public Services Pension Act 2013 (PSPA2013)** | The PSPA2013 was announced in the Queens Speech in May 2012. It relates most public sector pension schemes including the LGPS 2014. The Act provides protections form existing public sector pensions and allows (subject to eligibility) continued membership of those schemes. |
| **Regulations - LGPS Regulations 2013** | The LGPS Regulations 2013 are new regulations that replace all the Earlier Regulations below, with protection for existing members provided by the PSPA2013 and by the Transitional Provision and Savings Regulations 2014. The major changes from previous LGPS Regulations are benefits are now payable from SPA, the accrual has increase to 1/49 and the scheme is now CARE. |
| **Regulations - LGPS (Transitional Provision and Savings) Regulations 2014** | The LGPS (Transitional Provision and Savings) Regulations 2014 are expected to protect members of the 2008 scheme’s pension rights. |
| **Regulations - Earlier Regulations** | The Earlier Regulations mentioned in this document may include one or more of:   * The 1974 Regulations means the Local Government Superannuation Regulations 1974 * The 1974 Scheme means the occupational pension scheme constituted by the 1974 Regulations * The 1986 Regulations means the Local Government Superannuation Regulations 1986 * The 1986 Scheme means the occupational pension scheme constituted by the 1986 Regulations * The 1995 Regulation means the Local Government Pension Scheme Regulations 1995 * The 1995 Scheme means the occupational pension scheme constituted by the 1995 Regulations * The 1997 Regulations means the Local Government Pension Scheme Regulations 1997 * The 1997 Transitional Regulations means the Local Government Pension Scheme (Transitional Provisions) Regulations 1997 * The 1998 Scheme means the occupational pension scheme constituted by the 1997 Regulations and the 1997 Transitional Regulations * The 2008 Scheme Transitional Regulations means the Local Government Pension Scheme (Transitional Provisions) Regulations 2008 * The 2008 Scheme means the occupational pension scheme constituted by the Administration Regulations, the Benefits Regulations and the 2008 Scheme Transitional Regulations * Administration Regulations means the Local Government Pension Scheme (Administration) Regulations 2008 * Benefits Regulations means the Local Government Pension Scheme (Benefits, Membership and contributions) Regulations 2007 |

**Retirement Ages**

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| --- | --- |
| **Normal Pension Age (NPA)** | The normal pension age of an active member of the 2014 Scheme or a member who left active membership on or after 1 April 2014 is their SPA or their 65th birthday if later. See [point 79](#Point_87). |
| **Normal Retirement Age** | The normal retirement age of a member who left active membership of the Scheme prior to 1 April 2014 is age 65. However, some members have a protected pre 98 normal retirement age.  Where a member either left the scheme prior to 1 April 1998 or was continuously employed from 31 March 1998, but ceased contributing prior to 1 April 2008, the member’s NRD is:   1. Their 60th birthday if on the day before that day they have a total membership of at least 25 years total membership, or 2. The day after the date on which the member first has at least 25 years total membership if that date is on or after their 60th birthday but before their 65th birthday, or 3. Their 65th birthday.   See [point 88](#Point_99) |

**Retirement (Payment of Benefits)**

There are many ways in which a member may elect for payment of benefits or be automatically entitled to payment of benefits dependent upon the reason for ceasing active membership of the Scheme. Payment of benefits may only take place on or after age 55 (excluding dismissal on the grounds of ill health which can be certified at any age) up to the day prior to age 75. Please see section 3 for the different ways in which benefits may be paid to a member of the scheme.

**Scheme of Delegation**

A scheme of delegation allows the administering authority to take some decisions on behalf of the employer.

**Scheme Contracting Out Reference Numbers**

|  |  |  |
| --- | --- | --- |
| **Pension Scheme** | **ECON (employers contracted out number)** | **SCON (scheme contracted out number)** |
| Local Government Pension Scheme | E3900002R | S2700134E |
| Lea Conservancy Catchment Board Pension Scheme | E3900002R | S2734002H |

**Scheme PSTR Numbers**

|  |  |
| --- | --- |
| **LGPS (England and Wales)** | **00329946RE** |
| **Lee Conservancy Catchment Board Pension Scheme (LCCBPS)** | **00329592RP** |

**Scheme Year**

The scheme year starts on each 1 April and ends on 31 March.

**Sections of the Scheme**

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| --- | --- |
| **Section – 50/50** | The 50/50 Section that allows a member to elect to pay half the contributions for half the benefits, 1/98th of pensionable pay paid rather than 1/49th.Members pay the appropriate contribution rate shown in the table in [point 2](#Point_2) which shows the 50/50 % up to 2 decimal places, which is how the 50/50 % should be deducted from a members pensionable pay paid, unlike the 100/100 % which is shown to 1 decimal place. See [point 56](#Point_66). |
| **Section – Main or 100/100** | This is the main section of the LGPS (England & Wales) and the accrual is 1/49th for each year of membership. See [point 2](#Point_2) and [56](#Point_52). |

**Service Level Agreement (SLA)**

A SLA is an agreement describing what each party expects, how the performance is measured, and any penalties that are available.

**State Benefits**

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| --- | --- |
| **State Benefits - Contracted Out** | The LGPS is contracted-out of the State Second Pension (S2P). This means that, up to state pension age, a member of the LGPS pays reduced National Insurance contributions and does not earn a pension under S2P. This reduction does not apply if the member has opted to pay the married woman’s/widow’s reduced rate of National Insurance. The LGPS must guarantee to pay a pension that in general is as high as would have been earned had the member been in S2P. Contracted out membership on and between 6 April 1978 and 5 April 1997 is dealt with under guaranteed minimum pension. For membership after 5 April 1997, the LGPS has guaranteed that the benefits it provides will, in general, be no less favourable than those provided under a reference scheme prescribed under the Pensions Act 1995. |
| **State benefits - Guaranteed Minimum Pension (GMP)** | This is the minimum pension that the LGPS must pay in relation to membership of the LGPS between 6 April 1978 and 5 April 1997. It is calculated by reference to the State Earnings Related Pension Scheme entitlement that would have been earned if the individual had not been a member of the LGPS during this period. |
| **State Benefits - S2P** | The State Second Pension (S2P) replaced the State Earnings Related Pension Scheme (SERPS) with effect from April 2002.  S2P is being introduced in two phases. Initially it continued to provide earnings related benefits on the same basis as SERPS, but from 6 April 2009 it began building up as a flat rate pension, achieving full flat rate accrual by around 2030. Benefits are paid by the Department for Work and Pensions and are based on the National Insurance contributions paid by a member between the lower and upper earnings limits. Benefits cannot be paid before a member reaches state retirement age.  Members of the LGPS are contracted out of S2P and therefore will not receive S2P benefits for the period of LGPS membership. |
| **State Benefits - State Pension Age** | The State Pension Age (SPA) is the earliest date the member is entitled to receive Basic State Pension, though the member can choose to defer payment. Historically, the SPA for men was 65 and 60 for women. This date has now changed, to find out what date SPA is for a member the SPA calculator can be accessed at <http://pensions-service.direct.gov.uk/en/state-pension-age-calculator/home.asp> |

**Starter Packs**

This is the pack of forms issued with the appointment letter and includes the pension forms [Pen 1](#Pen_1) and [Pen 16](#Pen_16) plus the short scheme guide and the scheme employer’s Code of Conduct form. If relevant other information may be included in the starter pack, on for example, relocation, lease cars and part time hours.

**Survivor**

In the event of a death of a member, the member’s survivors may be entitled to a benefit. A survivor may be a legally married spouse (including a legally married same sex spouse), or a legally registered civil partner, or a cohabiting partner (nominated for leavers prior to 1 April 2014) and an eligible child. See [point 96](#Point_107).

**Third Party Administrator**

Third Party Administrators are companies that are brought in through a tender process to provide services which and provide services through a service contract. This contract will have SLAs attached to it which must be met.

**Transfers**

From the 1 April 2014, an active member can make a request to the EAPF to transfer in accrued rights from another LGPS Fund in England & Wales, a registered pension scheme or from a European pension’s institution. The benefits purchased are dependent upon a number of factors, see [point 70](#Point_81).

A member who has left the employment in which they were an active member of the LGPS may transfer their accrued benefits to another registered pension scheme (this includes the LGPS in Scotland, Northern Ireland and the Isle of Man) or to a qualified recognised overseas scheme.

**Triennial Valuation**

The triennial valuation is a review of the pension fund carried out by an actuary to assess funding levels and suggest employer contribution rates going forward and whether there is a deficit that needs paying possibly by lump sum.

**Types of members/membership**

Active members are usually categorised accordingly to their work patterns and the table below describes those patterns together with terms associated with membership.

|  |  |
| --- | --- |
| **Types of members/membership**  **- Concurrent Employment** | Concurrent employment is when an employee holds more than one simultaneous employment with a Scheme employer. These employments may not be with the same employer and may even be with a different LGPS fund. See [point 50.](#Point_59) |
| **Types of members/membership**  **- Continuous membership** | This is the treatment by the Local Government Pension Scheme of the pensionable service of a member with previous pensionable service within the Local Government Pension Scheme. For membership to be treated as continuous the member must begin paying contributions in a new employment within one month of leaving. |
| **Types of members/membership**  **- Contractual hours** | For most employees, contractual hours mean the number of hours specified in their contract of employment for the purpose of the scheme. |
| **Types of members/membership - Material Change** | A material change is when a member’s circumstances change and these are normally transmitted to Capita via the weekly interface, and this change affects the member’s benefits. See [point 57](#Point_67). |
| **Types of members/membership - Membership** | This means the years and days an employee has contributed to the scheme and is used to actually calculate a member’s benefits. For the calculation of final salary benefits, where a member is part time, membership is pro-rata based on the whole time equivalent hours worked. |
| **Types of members/membership - Pension Credit Member** | A Pension Credit Member is a deferred member of the LGPS as a result of a court ordered Pension Sharing Order or an Earmarking Order following divorce or dissolution of a civil partnership. The ex-spouse/ex- civil partner is awarded a percentage of the member’s benefits at the date of the court order which funds a benefit entitlement in the LGPS.   * An Earmarking Order is also known as a Attachment Order and directs the Scheme administrator to pay the amount specified in the order directly to the ex-spouse/ex-civil partner. * A Pension Sharing Order is where a court order states an amount of the member’s pension is to be shared with the ex-spouse/ex-civil partner. |
| **Types of members/membership - Permanent Change** | A permanent change is when a member move from one permanent role to another within either the same or a different Scheme employer. |
| **Types of members/membership - Secondment** | A Secondment is used to describe a placement outside the Scheme employer. The EA also allow internal Secondment, the member continues contributing to the same pension record, and both employee and employer contributions continue through payroll. |
| **Types of members/membership - Term-time members** | A term-time member is a member who is employed to only work during term time where the maximum weeks per year are less than 52. |
| **Types of members/membership - Variable-time members** | A variable time member is either paid with reference to their duties or who only performs their duties on an occasional basis. |
| **Types of members/membership - Whole-time members** | A whole-time member is defined by the Scheme employer as working whole-time. |
| **Types of members/membership - VIP Members** | A VIP Member of the EAPF is classified as the Chief Executive, Directors, Executive Managers, Ex HMIP and [DoE](#DOE_ABBREV) transferees of the Environment Agency. Capita must be informed that a member falls into this category so that the VIP procedure can be followed. See [point 54](#Point_64). |