

Administration Guide for Employers and Schools

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Introduction

This guide has been produced by the Pensions Shared Service for Camden, Merton, Richmond, Waltham Forest and Wandsworth. It has been written with the aim of assisting employers and schools in meeting their responsibilities for pension matters for non teaching employees from April 2014 onwards. It is hoped that the guide will contribute to ensuring that all employees are fully aware of their pension rights and will assist the Pensions Shared Service in providing an effective and efficient service to pension scheme members.

Background

The Pensions Shared Service performs two main functions:-

- administering the Local Government Pension Scheme (LGPS) for members of Camden, Merton, Richmond, Waltham Forest and Wandsworth pension funds and
- providing advice and guidance on pension matters for employees, employers and schools.

Important

Please remember that this is a guidance document only. It is not an interpretation of the LGPS Regulations. The regulations will be used to reach any decision as to the entitlements of scheme members. The LGPS Regulations and HR and Payroll guides to the LGPS 2014 can be viewed here: <http://www.lgpsregs.org>

How to Obtain Scheme Literature

All forms can be downloaded directly from the following websites. These will be the most up to date versions. Please do not keep hard copies or save copies locally.

Glossary

The following terms used throughout the manual should be interpreted as having the meaning described below:-

“the scheme” means the Local Government Pension Scheme

“the scheme regulations” means either the Local Government Pension Scheme Regulations 2013 or The Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014

LGPS – Local Government Pension Scheme

Eligibility

Non-teaching employees must be brought into the LGPS if they have a contract of employment for at least 3 months. Employees with a contract of employment for less than 3 months can elect to join the LGPS.

Employees of admitted bodies will automatically join the scheme if allowed to do so under the terms of the admission agreement.

Employees may not become a member of the LGPS on or after the day before their 75th birthday.

You should ensure your payroll provider is aware that all eligible employees automatically become members of the scheme.

Admission Procedure

Your 'offer of appointment' letters and contracts should refer to membership of the LGPS. The Pensions Shared Service can review these on request.

Please provide new non-teaching employees with a link to the national members LGPS website.

<http://www.lgpsmember.org/>

Additionally you should provide all new non-teaching employees **who are eligible** to join the LGPS with the following:

- an Expression of Wish Form
- a Previous Pension Rights Form

For all eligible employees, including existing members starting new posts, please send to the Pension Service

- The completed and signed Confirmation of New Employee form
- An Expression of Wish form completed and signed by member
- A Previous Pension Rights form completed and signed by the member

And

- Ensure that your payroll provider is deducting contributions correctly.

Further information on the admission procedure is provided on the following pages.

Previous Pension Rights Form

This fulfills a number of statutory requirements and provides the employee with the opportunity to investigate a transfer of any previous pension rights they may have. It is important that employees complete this form as soon as possible after they commence employment as the scheme regulations impose a 12 months time limit on the acceptance of a transfer of previous pension rights.

Expression of Wish Form

In the event of a member's death, there will be a lump sum payable which is normally three times their pay. This form gives employees the opportunity to indicate to whom they would like the lump sum to be paid.

Confirmation of New Employee Form

This should be completed and signed by a responsible officer. It is a statutory requirement that you provide the information necessary to set up the member's pension record.

A previous election to opt out of the pension scheme for any other post or posts is not valid for a new post.

Contribution Rates

You (or your payroll provider) will need to assess the contribution rate at which the employee will make contributions in respect of each post. The contribution rate applicable is based on the employee's actual pensionable pay (not the full time equivalent figure), **including** non contractual overtime and additional hours in each LGPS post they hold. The contribution rates that will apply to each pensionable pay range are shown below:

Band	Range	Contribution Rate
1	Up to £13,700	5.5%
2	£13,701 to £21,400	5.8%
3	£21,401 to £34,700	6.5%
4	£34,701 to £43,900	6.8%
5	£43,901 to £61,300	8.5%
6	£61,301 to £86,800	9.9%
7	£86,801 to £102,200	10.5%
8	£102,201 to £153,300	11.4%
9	£153,301 or more	12.5%

The pay ranges shown above are correct for 2017/18. The Pensions Shared Service will keep you informed of any changes.

Employee contribution rates should be assessed on 1 April each year and in line with the employer policy statement.

Pre 2014 Pensionable Pay

The rate of pre 2014 scheme pensionable pay (full time equivalent) needs to be recorded and shown on the monthly and annual return although the amount of normal pension contribution is not based on this.

This is all the salary, wages, fees and other payments paid to the employee for their own use in respect of their employment and any other payment or benefit specified in their contract of employment as being a pensionable emolument.

It does not include

- payments for non-contractual overtime;
- any travelling, subsistence or other allowance paid in respect of expenses incurred in relation to the employment;
- any payment in consideration of loss of holidays;
- any payment in lieu of notice to terminate their contract of employment;
- any payment as an inducement not to terminate their employment before the payment is made
- any award of compensation (excluding any sum representing arrears of pay) for the purposes of achieving equal pay in relation to other employees
- additional hours

Changes During Employment

Change of Personal Details

You should notify the Pensions Shared Service by email of any change to an employee's:

- Name
- Address
- National Insurance Number
- Date of Birth (where previously incorrect)

Please also provide us with any copies of supporting documentation i.e. marriage or birth certificates. Where you have seen the original document you should certify the copy to indicate this. This will save your employee providing this documentation at a later date.

Hours/Term Time Only (TTO) Changes

To ensure that the pension rights of part-time employees are calculated correctly, a **Confirmation of Change of Hours/TTO** form should be completed each and every time an employee changes their **contractual** hours/weeks. This applies even if the change of hours is temporary, except where an employee is simply working additional hours on an ad hoc basis. You should also note that every individual employment is treated separately for pension purposes and you need to send a separate notification form if there has been a change in hours on more than one post.

Child Related Absence

Employees who take maternity, paternity or adoption leave should continue to contribute to the scheme whilst they are in receipt of maternity, paternity or adoption pay.

Your payroll provider should only deduct employee contributions on their reduced pay (including any Statutory Maternity, Paternity or Adoption Pay) but the employee will be credited with the pension they would have had, but for the maternity, paternity or adoption leave. The employer pays pension contributions on the assumed pensionable pay for the period. For any unpaid periods of maternity, paternity or adoption leave, employees may elect to buy additional pension to cover the pension lost on their return to work (or after they have left if they do not return). If the election is made within 30 days of returning to work this will be a shared cost contract with the employer paying 2/3 of the cost.

It is important that the Pensions Shared Service is notified when an employee is either returning to work or leaving employment having taken a period of maternity, paternity or adoption leave. The **Confirmation of Child Related Absence** form should be completed by a responsible officer. If there is a period of additional unpaid parental leave, the employee must be given the **Authorised Unpaid Absence Employee Notes**.

Keeping in Touch Days

When an employee works a Keeping in Touch (KIT) day, contributions are payable on the pay the employee receives for that day and this will count towards their pension. As such, it is important to inform the Pensions Shared Service if this day falls within a period of unpaid parental leave.

Unpaid Leave

Employees who take an authorised period of unpaid leave may elect to purchase pension to cover the period once they return to work. If the election is made within 30 days of returning to work this will be a shared cost contract with the employer paying 2/3 of the cost.

The **Confirmation of Employee Absence Form** should be completed by a responsible officer and returned to the Pensions Shared Service. The employee must be given the **Authorised Unpaid Absence Employee Notes**.

Unauthorised Leave or Absence Without Permission

Any period of unauthorised leave will not count towards the employee's membership in the scheme.

The Pensions Shared Service should be notified that an employee is either returning to work or leaving employment following unauthorised leave. The **Confirmation of Employee Absence Form** should be completed by a responsible officer and the Pensions Shared Service will update their records accordingly.

Industrial Action

Where an employee is absent for one or more days because of industrial action, no contributions are payable for this period and it will not count towards the employee's pension benefits. The **Confirmation of Employee Absence Form** should be completed by a responsible officer of the School and the Pensions Shared Service will update their records accordingly.

Additional Information During Employment

Opting Out

If an employee wishes to opt out of the pension scheme, they must obtain an opt out form from the Pensions Shared Service who will then inform the employer.

50/50 Section and Main Section

If an employee wishes to join the 50/50 section or rejoin the main section of the scheme, they must obtain an election form from the Pensions Shared Service who will inform the employer. For further important guidance relating to employees who join the 50/50 section please the Pensions Shared Service website.

Paying Additional Contributions

Employees who wish to enhance their pension benefits can do so by paying additional contributions. Paying additional contributions is a tax-efficient method of saving.

Employees can either elect to pay Additional Pension Contributions (APCs) in the LGPS or pay into an Additional Voluntary Contributions (AVC) fund. Money paid into an AVC fund is invested separately from the scheme's main fund.

Employees who are interested in paying additional contributions should be referred to the Pensions Shared Service who will provide information.

Should an employee wish to commence paying additional contributions the Pensions Shared Service will inform you and you will need to ensure that your payroll provider deducts the additional contributions correctly.

Leaving The Scheme Before Retirement

Where an employee resigns, opts out of the scheme or is dismissed you should complete the **Notification of Leaver Form** as soon as possible.

Please ensure that a Notification of Leaver form is completed when each post ends, even if the employee has other posts which are continuing.

On receipt of this form the Pensions Shared Service will write to the employee with details of the options that are available to them.

The form you provide will be the basis on which your employee's benefits are calculated. It is therefore vital that the pay information on the form is completed accurately.

If there is a change to an employees salary details after the final notification form has been issued, a further notification form marked as **revised** should be completed.

Death of an Employee Before Retirement

When an employee dies before retirement you should contact the Pensions Shared Service as soon as possible, preferably by telephone or email. The Pensions Shared Service will require

- the completed **Notification of Leaver Form**
- the death certificate (please indicate that the original has been seen)
- contact details of the next of kin/surviving family

The Pensions Shared Service will rely on good communications with you in order to contact the next of kin/surviving family quickly and sensitively.

If there are partners or dependants benefits payable from the scheme, it is likely that we will need to see birth and/or marriage certificates. While you are not expected to obtain these from the next of kin/surviving family, it may be helpful to them if you mention that this will be needed.

Retirements (not including Flexible Retirement)

When an employee is retiring and the leaving date is confirmed, a copy of the **Notification of Leaver Form** marked as **provisional** should be sent to the Pensions Shared Service.

You should aim to provide this at least 4 months before the employee's retirement date, along with a copy of the latest available payslip. This will ensure that the necessary documentation is issued and will help to avoid delays with the payment of benefits.

Please ensure that a **Notification of Leaver form**, marked provisional is sent for the following:

- **Age Retirement (over 55's)**
- **Ill-Health Retirement**
- **Early Retirement (Redundancy/Efficiency/Voluntary)**

As soon as the relevant information is available, a further **Notification of Leaver Form**, marked actual, should be completed for ALL employees, regardless of whether or not they are retiring. **The form you provide will be the basis on which your employee's benefits are calculated. Inaccuracy could result in an overpayment of benefits being made to the employee.**

If there is a change to an employees salary details after the final notification form has been issued, a further notification form marked **revised** should be completed and sent as soon as possible.

Employees are not permitted to remain in the scheme on or after the day before their 75th birthday.

Flexible Retirements

An employee can only take flexible retirement with the agreement of their employer and in line with their employer's LGPS discretions policy.

If the appropriate director/Governors have agreed to a flexible retirement you should ensure that a **Flexible Retirement form**, marked actual is sent to the Pensions Shared Service along with;

- Your employee's application for Flexible Retirement
- Your employer's LGPS discretions policy
- A copy of the flexible retirement agreement signed by the appropriate director/Governors as set out in your policy

The form you provide will be the basis on which your employee's benefits are calculated. Inaccuracy could result in an overpayment of benefits being made to the employee.

If there is a change to an employees salary details after the final notification form has been issued, a further notification form marked **revised** should be completed and sent as soon as possible.

Employees are not permitted to remain in the scheme on or after the day before their 75th birthday.

Monthly Return and Payment of Contributions

The monthly return spreadsheet provided to you must be submitted by email using Egress Switch encryption to the Pensions Shared Service by the 19th of the following month and the advised payment must be made by this date to the specified bank account. Returns in other formats cannot be accepted.

All new starters, changes and leavers must be recorded as advised. Any discrepancies will be notified to you for correction to ensure that member records are correct.

End of Year Procedures

You are required to complete listings of individual salary and contribution data at the end of each financial year. Specifications of the exact data and the format for submission will be provided at the appropriate time.