

# Employer Guide

March 2020

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## **INTRODUCTION**

This Employers' Guide has been published to assist employers with procedures and the interpretation of the Local Government Pension Scheme Regulations. This guide is not intended to be a detailed and exhaustive explanation of the Local Government Pension Scheme. It aims to provide employers with advice on the administration of the scheme in terms of what action needs to be taken in specific key situations, for example when a person leaves or retires, when contributions are paid into the Fund, or at financial year end.

It will also provide employers with guidance about the forms and documents the Pensions Team will need to process the various situations you or your employees face in relation to pensions administration.

Every effort will be made to keep this Employers' Guide updated and please note that the latest version will always be the one published on the Fund's website. If you print local copies of this document (or any sections of it) we strongly recommend that you refer to our website to ensure that you are still using latest version.

This guide should also be read in conjunction with more detailed guidance published by the Local Government Association's Pension Team.

[LGPS/HR Guide](#)

[LGPS/Payroll Guide](#)

[LGPS/Administration Guide](#)

## **ABOUT THE LOCAL GOVERNMENT PENSION SCHEME**

The Local Government Pension Scheme (LGPS) is one of the largest public sector pension schemes in the UK.

The LGPS is a nationwide scheme for employees working in local government or working for other employers participating in the scheme, for example in education from primary to higher, police staff, the voluntary sector, environment agencies and private contractors.

The LGPS is a statutory public service scheme, so the scheme's benefits and terms are set out in regulations passed through parliament.

Although a nationwide scheme, each Pension Fund is administered locally for participating employers through 90 regional 'Administering Authorities'. County Councils, London Boroughs; lead Metropolitan District Councils, the London Pension Fund Authority and the Environment Agency.

Cheshire West and Chester Council is the 'administering authority' for the Cheshire Pension Fund and as such is responsible for the management and administration of the Fund.

The Council publishes a Governance Compliance Statement which sets out how it delivers its responsibilities as administering authority for the Pension Fund. This can be viewed on the Fund's [website](#).

# EMPLOYERS PARTICIPATING IN THE LGPS

The member's eligibility to the scheme depends on the type of employer, The Regulations set out the four main types of employer who can participate in the LGPS (Parts 1 to 4 of Schedule 2).

## **Part 1 employers known as “Scheduled Bodies” –**

An employer explicitly defined in the Regulations, whose employees **must** be offered membership of their local LGPS Fund.

These include District, Borough and County councils, colleges, universities, academies, police and fire authorities etc.

## **Part 2 Employers also known as “Designating Bodies”**

An employer listed in **Part 2 of Schedule 2** of the Regulations who have the power to designate who within the organisation can join the scheme.

These include town and parish councils.

## **Part 3 Employers also known as “Admission Bodies” –**

Admission Bodies are bodies that are referred to in paragraphs **1(a) to 1(e) of Part 3, Schedule 2**. Under the previous Regulations they were known as Transferee Admission Bodies (“TABs”) and Community Admission Bodies (“CABs”).

Community admission body (CAB), Admitted Bodies defined in **Paragraphs 1(a), (b), (c) and (e), Part 3, and Schedule 2**.

Community Admission Bodies (CAB) are mainly those bodies which provide a public service in the UK, which are not for profit and as such have a ‘community of interest’ with local government employers. This may include for example Citizens’ Advice Bureau, an employee-led (Staff) Mutual, Staff Enterprise or a Local Government Trading Company.

Transferee admission body (TAB), Admitted Bodies defined in Paragraph **1(d), Part 3, Schedule 2** ‘provide or will provide a service or assets in connection with the exercise of a function of a Scheme employer as a result of the transfer of the service or assets by means of a contract or other arrangement’.

TABs are therefore organisations that have taken on work, under a contract or other arrangement with a Scheme employer, to provide services or assets, for that Scheme employer e.g. on outsourcing a service and when a TUPE transfer has taken place (a ‘relevant transfer’).

## Part 4 Employers –

Bodies listed in **Part 4 of Schedule 2** and are those with employees designated as eligible for LGPS membership such as the governing body of a voluntary or foundation schools.

The following table shows the right of membership and entry according to the type of employer:

	<b>Employer</b>	<b>Which Employees</b>
Scheduled Body	Must participate in LGPS	All Employees by right - Automatic Entry
Designation Body (Resolution Body)	Can participate in LGPS	Employer Choice - Automatic Entry
Admission Body	Can participate in LGPS through an Admission Agreement	Employer Choice - Automatic Entry

More information for [prospective employers](#) and details of the Funds Admissions Policy can be found on the Fund's website.

# JOINING THE LOCAL GOVERNMENT PENSION SCHEME

## Who can join/opting out

All new eligible employees under age 75 and who have a contract of more than three months or under three months and make an election to join are eligible to participate in the LGPS.

If the employee is eligible they must be contractually enrolled from their employment start date or automatically enrolled (from your Auto Enrolment staging date). In both cases you need to:

- Issue the employee with the [Brief Scheme Guide](#) within 6 weeks of starting, this can be done electronically, if the employee has access to a computer and specific instructions are given where these documents can be obtained. If not, please supply a hard copy to the member.
- Ensure employee and employer contributions are deducted from the first pay period.
- Either include the new member details on the monthly spreadsheet for the new job/post they have started or the [Notification of Appointment Form](#) must be returned by the employer to the Pensions Team for the relevant records to be set up and the Pensions Team can investigate any transfer requests the member may have.
- Ensure this person is added to the monthly contribution return.

All employees that are eligible to join the Pension Scheme are able to opt in and opt out of the Scheme as many times as they wish, although this should be done in line with payroll periods.

Members can also elect to pay reduced contributions by electing to join the 50/50 Scheme, but they cannot do so before they commence employment.

Note:

most eligible employees should automatically be brought into the Pension Scheme when they start. An exception to this is casual workers and those workers with a contract of three months or less (unless they are an 'eligible jobholder' under auto-enrolment and the employer's staging date has passed).

## Automatic Enrolment

The first thing you should do under automatic enrolment is identify your staging date. Further details on your staging date can be found here: [Automatic Enrolment](#)

Automatic re-enrolment occurs every three years after your staging date and is basically a repeat of the duties that you carried out on your staging date – or deferral date if you used postponement. You must re-enrol eligible staff into an automatic enrolment pension scheme if they're not already active members of one.

Full and brief guides detailing the automatic enrolment requirements for employers and administering authorities under the LGPS regulations and other legislation. Can be found at: [LGPSRegs.org](http://LGPSRegs.org)

## Employee Contributions

For the latest employee contribution bands please follow the link below:

[How much does it cost?](#)

The appropriate contribution rate is to be determined by the employer estimating the actual pay to be received in a full Scheme year (1st April to 31st March). This can be done in a number of ways for example:

- The annual rate of contractual pay
- The hourly contractual rate multiplied by an estimate of the number of hours to be worked in a full year
- The weekly contractual rate multiplied by 52.143

Each employer should assess the appropriate rate in a reasonable and consistent manner.

Employees should be re-banded each April. However, you can decide how often you wish to re-band throughout the year. (E.g. after a material change in pay from a change of job, a promotion / demotion, a re-grading, a pay award or a change in contractual hours), please ensure you supply us with a copy of your contribution banding policy.

## What happens if the member's salary increases or decreases or they change the number of hours they work during the year and this takes them into a different band?

Allocating employees to an appropriate band is relatively straight forward where the employee is not expected to undertake any additional hours or overtime. However, it is less straight forward where the number of hours an employee may work in a year is not known. The [HR guide](#) issued by the LGA provides examples of how re-banding could work. It is at an employer's discretion whether or not to review the bands for every change or to wait until the following April to re-assess members' rates.

Please note that the employer must re-assess all rates each April regardless. Your approach should be published in your employer discretion policy and sent to the administering authority. See section on [Employer Discretions](#).

Important:

Every time a member's band changes, the employer is required to notify the member which contribution band they have been assigned to and this should be specific to the member.

- a good way to do this may be to include this somewhere within the payslip but each employer should consider assessing the appropriate rate in a reasonable and consistent manner.

The notification must also contain a conspicuous statement giving the address from which further information about the decision may be obtained. They must also notify the employee of the right to appeal, the appeal process and the nominated adjudicator to write to.

## Other things to note:

The contribution rate for part time/term - time employees is determined by their **actual** pay - not grossed up to full time or 52 weeks pay.

The bands will be reviewed each year and will increase in - line with CPI.

**Want to know how and where to pay over the contributions to the Fund once deducted from the employee?** See the section on [Payment of Monthly Contributions](#).

## Employer Contributions

An actuarial valuation of the Cheshire Pension Fund is carried out every three years to determine the contribution rate for each individual employer.

This will take account of (but is not limited to) each employers own membership profile, pensionable payroll, funding level (whether there is deficit or a surplus) and tenure remaining in the LGPS.

Once an individual employer's position is assessed, the minimum employer contributions due for the next three years are certified by the actuary in the published Valuation Report.

The last valuation was in 2016 which certified the employer contribution rates for the next three years starting from 2017/18.

The Pension Fund is required to consult with employers in developing and setting its strategy for employers to fund their pension obligations. Each valuation year the Pension Fund will communicate with you and give you the opportunity to comment on its published [Funding Strategy Statement](#).

If you have any questions about the valuation process, how the Fund sets contribution rates or anything related to funding your pension obligations please contact us at:  
[pensioncomms@cheshirewestandchester.gov.uk](mailto:pensioncomms@cheshirewestandchester.gov.uk)

## Employees requesting to join the 50/50 scheme

Since 1 April 2014, members have a choice between paying into the main scheme or the 50/50 section of the scheme. In the 50/50 section a member can choose to pay half of their employee contributions in exchange for half of the pension benefits they would have accrued in the main section of the Scheme. This provides far greater membership flexibility, which maintains the affordability of the scheme and therefore reduces the number of members who elect to opt out of the scheme completely.

Members who are interested in joining the 50/50 section should be encouraged to visit the member's section of the website.

## Some important points for employers to note:

Members with multiple employments can be in the 50/50 section for one employment and the main section in the other(s) or any other similar combination.

For all members of the 50/50 Scheme, following re-enrolment (under Auto-enrolment legislation) all of these members should be re-enrolled in the main section of the Scheme, even if they are not an eligible jobholder. Also, employers will need to make members aware of this change and that the member has the right to sign another form to stay in the 50/50 section (Although this form cannot be completed before the re-enrolment has occurred).

Note: that even if a member has elected for the 50/50 section just before the re-enrolment date, they will still need to be put back into the main section with effect from the re-enrolment date.

For any member who goes on to no pay as a result of sickness or injury, these members should be re-enrolled into the main section of the scheme from the beginning of the next pay period following the date the member went onto nil pay.

## Changing between the 50/50 and Main Section

The default option should always be for members to join the main section of Scheme (for auto-enrolment and re-enrolment purposes). However, a member can opt to change from one section to the other by completing either a 50/50 Join form or a 50/50 Cancel form, which can be found on the [forms](#) pages of our website.

## What you need to do upon receiving a 50/50 election form?

Whenever a member changes between one section of the Scheme and another you need to:

- Ensure you make (or instruct your payroll provider to do so) the appropriate adjustment to the employee's contributions on your payroll system.
- Ensure that the figures on your monthly contribution return are adjusted accordingly to reflect the change.

**Note: Employer's contribution rates are the same regardless of whether or not a member is in the main or 50/50 section of the Scheme.**

## Transfer of previous pension rights

Where a scheme member requests to transfer any previous pension rights into the Cheshire Pension Fund it must normally be arranged within 12 months of entry to the scheme and details of the previous scheme should be completed on the [Notification of Appointment Form](#). However, individual employers have discretion to extend this time limit and although this is not a mandatory discretion policy it is recommended to employers that this issue is covered in their policy statement.

# **CHANGES DURING EMPLOYMENT**

## **Opting out**

If an employee wishes to opt out of the LGPS an Opt Out form must be obtained from the Pensions Team. A form can be obtained by calling the Pensions helpdesk on 01244 976000, or by downloading the [form](#) from our website.

The completed paper form should then be returned to the employer to action, record and to notify their payroll provider and the Pensions Team.

Please note an opt out form cannot be accepted if an employee completes and signs it before their employment start date.

As individual employments are treated separately in the LGPS, members with multiple employments can just opt out of individual employments if they wish.

If a Member opts out with less than two years service then they are entitled to receive a refund of contributions, if they have less than three months membership the refund must be made by yourselves, more than three months and the pension fund will make the refund. For further guidance please contact the pension fund helpdesk on 01244 976000.

## **Additional Contributions**

A scheme member or the employer can elect to make extra contributions towards the member's retirement in a number of different ways. These are described below along with what you need to do in each circumstance:

### **Additional Pension Contributions (APC's)**

Members have the option to purchase extra scheme pension at full cost to themselves up to a maximum additional annual pension of £6,755 (2016/17 rates). If the member has more than one employment the total cannot exceed these limits. The member has the choice of either paying a lump sum or a regular amount into an APC to provide a pension for themselves. APCs do not include a pension for a survivor on death.

Please refer any scheme member who is interested in this option to the [APC calculator](#) where they can work out the cost of purchasing additional pension and can print off the required forms. There are further details available on our [APC FAQ](#) document.

Note:

this arrangement must cease if the member elects to join the 50/50 section of the Scheme.

## Shared Cost Additional Pension Contributions (SCAPCs) - extra pension purchase by employer

Employers can use APCs to purchase additional annual pension on behalf of a member (up to a limit of £6,755 per year). Your approach to this area should be outlined in your employer's discretion policy. It is the employers role to assess whether the member is in good health before commencing an APC contract, further guidance is available at [www.lgpsregs.org/index.php/guides/administration-guides-to-the-2014-scheme](http://www.lgpsregs.org/index.php/guides/administration-guides-to-the-2014-scheme)

## Additional Voluntary Contributions (AVCS)

The Cheshire Pension Fund has a group "In - house" AVC scheme with both Clerical Medical and Standard Life.

If an employee wishes to start an AVC they need to contact the fund. To find out more about paying AVCs members can call the pensions helpdesk on 01244 976000 or by completing the option form available on our website ([AVC Option](#)). We also have a dedicated [AVC page](#) on our website where members will find further information from both providers.

Once the member has set up the AVC you will be sent a schedule which will outline how much to deduct, the start date and how to send the payments. This must be given to your payroll department to set up the deduction.

In addition to the in - house schemes, members can contribute to Stakeholder/ Personal pensions or Free Standing AVC schemes. Arrangements for these schemes are not the responsibility of employers.

## Shared Cost Additional Voluntary Contributions (SCAVCs)

An employer also has the discretion to contribute into a shared cost AVC facility. If this is something that you wish to offer then your discretion policy should include details on how much, and in what circumstances you would contribute to a shared cost AVC arrangement.

## Other additional contributions contracts

Some members may have set up under old regulations any of the following:

- Added Years (buying additional membership)
- Additional Voluntary Contributions (AVCs)
- Additional Regular Contributions (ARCs)
- Additional Survivor Benefit Contributions (ASBCs)
- Preston part - time buy back

These continue from 1 April 2014 and under the same rules as before and on the terms of the contract when they were originally taken out.

For added years and ASBC contracts these will continue to be deducted as a % of the 2008 definition of pensionable pay.

It is essential that if a member contacts you as their employer, to express a wish to cease a contract for the purchase of Added Years or ARCs, that you contact us providing a copy of the members written request.

A letter will then be issued to you and the member's record amended.

## Dealing with absences

There will be times when members of the scheme are not at work because of an absence. Since the regulations changed on 1 April 2014 there is no longer the requirement to take the first 30 days of contributions when a member is absent.

There are many reasons why members may be absent from employment through authorised and unauthorised leave. The types of absence are listed below:

- Unpaid leave of absence
- Paid child related leave (including any period when only Statutory Maternity or Paternity, Adoption Pay is paid)
- Any unpaid child related leave
- Strike break because of a trade dispute
- Sick absence

## What happens if a member is off sick?

During a period of sick leave members benefits will continue to build up as if they were working normally and receiving full pay.

Employers contributions should still continue in full and employee contributions should continue on any pay employees receive while they are off sick. If an employee moves on to unpaid sick leave, they will not pay any contributions - please note that employer contributions should continue as normal.

## What pay is used to calculate benefits if the member leaves the LGPS and has been on reduced/no pay?

See the section on [Assumed Pensionable Pay](#).

## What options do members have to cover the cost of 'lost' pension due to absence?

Depending on the type of absence the member has two options:

[Additional Pension Contributions \(APCs\)](#)

[Shared Cost Additional Pension Contributions \(SCAPCs\)](#)

## Strike action

If a member goes on strike they can elect after the absence, to cover the cost of 'lost' pension via an Additional Pension Contribution (APC) either paid regularly or as a one-off lump sum.

For trade disputes (and any other unauthorised absences), the APC will always be fully funded by the member regardless of when they make the election.

## What do employers need to do during strike action?

1. Inform members of the LGPS who are absent from duty because of strike action of their right to purchase the amount of pension 'lost' during the trade dispute period. The implications of not opting to pay the contributions should also be pointed out.
2. If a member wishes to calculate the 'lost' pensions then employers are required to let them know they can do this via an Additional Pension Contributions (APCs) and they can use the online modeller to calculate the cost. The modeller does require the member to provide a figure of the pay lost to see how much they will need to pay to cover the absence. This will mean that employers will have to provide details of the lost pay to the members, employers will also have to calculate the cost of an APC for members who don't have access to the modeller.  
If the member wishes to cover the absence, the form is held online for them to complete and send back to their employer and a copy to the Pensions Team.  
The modeller and form can be found [here](#).

### Action:

Employers are required to let the Pensions Team know who has gone on strike and elected to repay the contributions via an APC or if no employees went on strike confirmation via a nil return.

### Please note:

The Pensions Team will assume that the employee has not elected to purchase the 'lost' and the strike day will not count for pension purposes until we receive notification otherwise. This is particularly important for members with pre 1 April 2014 service as lost membership still affects these benefits.

3. Employers can if they wish to use a standard letter to provide a notification to a member who has elected to make a payment to cover a period of absence.
4. You should confirm a nil return or send a list to the Pensions Team of all Scheme members who were absent due to a trade dispute showing their name, NI number, payroll number(s), unique identifier(s) of the post(s) in which the employee took industrial action (if the employee holds more than one job with the employer) and the date(s) of absence.
5. A spreadsheet should be used when confirming to the Pensions Team who were absent the preferred spreadsheet template is available by contacting the Pension helpdesk on 01244 976000. Please send the spreadsheet to: [pensions@cheshirewestandchester.gov.uk](mailto:pensions@cheshirewestandchester.gov.uk) ensuring you follow information sharing guidelines and apply password protection as it will contain personal data.

## Unpaid child related or unpaid authorised leave

When an employee is absent from work and wishes to cover a period of unpaid child related/or authorised unpaid leave they have the option to either pay a Shared Cost Additional Pension Contribution (SCAPC) or Additional Pension Contributions (APCs) to replace the 'Lost Pension'.

For authorised unpaid leave, if a member elects within 30 days of returning to work, then they have the option to pay a Shared Cost Additional Pension Contributions (SCAPCs) to cover their 'lost' pension - this option must be brought to their attention if at all possible prior to the absence. If they elect to do this then you the employer cover 2/3rds of the cost with the remaining 1/3rd being covered by the member via a Shared Cost Additional Pension Contribution (SCAPC). If they don't elect to do this within 30 days of returning to work then this is solely funded by the employee.

Please note as there is no discretion to extend the time limit beyond the 30 days, you may wish to consider adapting your discretion policy (reg 16 (2) (e) and 16 (4) (d)) on offering SCAPC's to allow for a SCAPC in cases where a member has not been informed of the 30 day time limit.

### What do employers need to do?

Prior to a member taking a period of child related leave they should be given a copy of the [child related leave form](#), this informs all employees that when they return to work they have the option of paying Shared Cost Additional Pension Contributions (SCAPCs) to cover the 'lost' pension if they make the election within 30 days of returning. Employees should also be informed that the APC or SCAPC deduction amount can be calculated by using the online modeller and an election form is available once the modeller has been completed should they wish to pay. If they do wish to pay they can use regular payments (depending on pay frequency) or by a single lump sum.

If your employee does not have access to the modeller then you will need to undertake the calculation on their behalf. You will need to provide the employee with Assumed Pensionable Pay for the unpaid period.

Once you have received the completed form you will need to make the appropriate adjustments to payroll, ensuring that the payments are sent across to us and the details of the payments are entered on the monthly contribution return. If the member is making regular payments, you will need to enter the end date of the contract onto payroll. Please also send us a copy of the member's form.

For other authorised absences please use the [Leave of Absence form](#). This form confirms member decision and you should then process the additional payments as above.

## Changes affecting scheme members

It is important that all changes affecting a scheme member are notified to Pension Team as soon as possible. Any change not notified could have a significant effect on the eventual benefits payable or cause a delay in payment.

The following changes to employee's circumstances must be issued via the [notification of amendment form](#) and sent to Pensions@cheshirewestandchester.gov.uk:

- change of name
- change of National Insurance number
- change of marital status
- change of address
- change of email address
- change in contribution rate (i.e. change of band)
- increase in hours
- decrease in hours
- change in working year - this would normally apply where salary is based on less than a full year as in the case of term time employees.

## Pensions and Divorce

If a scheme member approaches you for details about their pension in relation to divorce proceedings, please direct the member to our website section on [divorce](#), along with the [Cash Equivalent Transfer Value Form](#) which they will need to complete or alternatively they can contact Pensions directly on 01244 976000 for further information.

# LEAVING EMPLOYMENT

## Scheme leavers other than retirements

If a member leaves their employment or opts out what happens to their benefits depends on how long they have been in the scheme.

### Refund or deferred pension?

A member leaves with between 3 months and 2 years' membership in total can choose between:

- A refund of contributions
- A deferred pension

From 1 April 2014 members are required to have 2 years qualifying membership in the scheme to be entitled to deferred benefits.

If they have less than 2 years they could be entitled to a refund of contributions providing:

- They have not subsequently re - joined the LGPS in England or Wales within a month and a day of ceasing the employment in respect of which they are claiming the refund of contributions
- They are not currently making contributions to the LGPS in England or Wales
- They do not already hold a deferred benefit in the LGPS in England or Wales
- They are not in receipt of a pension from the LGPS in England or Wales and
- They have not previously transferred pension rights from the LGPS in England or Wales to an overseas pension scheme

If the employee opts out of the scheme with under 3 months membership and a refund is requested (providing the employee does not meet any of the above criteria) then the refund of contributions can be made via the employers' payroll bureau, please ensure that a completed leaver form is forwarded to the pensions team.

For leavers over 3 months a leaver's form must be completed and the options relevant to the employee will be given by the Pensions Team.

Whatever the reason, for an employee leaving the LGPS after 3 months, the [leavers form](#) must be completed.

## Retirements

Under the Local Government Pension Scheme Regulations, the employer is responsible for determining if and what type of benefit is payable – the leavers form notifies the Pensions Team of a retirement and therefore must be completed and signed by an authorised signatory before any benefits are paid.

## When should employers notify the Pensions Team of a retirement?

When a member is retiring, certificates and various forms have to be completed in order for the benefits to be paid. As this can take some time it is important that the Pension Team are notified as soon as possible of an impending retirement.

Retirements fall into the following categories:

### Normal Retirement - Normal Pension Age (NPA):

Since 1 April 2014 the normal pension age for all members (Men and Women) is linked to the individual's 65th birthday or State Pension Age if this is later. Where employment continues beyond NPA, the member can continue to contribute to the scheme, however, pension benefits will need to be brought into payment prior to age 75, even if the member continues to work.

If a member works beyond their NPA the benefits they have built up to NPA will be increased to compensate for their late payment.

### What does the Pensions Team need to process a Normal Retirement?

- Completed leavers form
- Completed [Retirement Pack](#) (This includes Lifetime Allowance Declaration Form, Pension Commencement Lump Sum Form, Payment Details Form, Personal Status Form and the members Birth certificate along with all other relevant certificates)
- In House AVC's - If a member is contributing to one of our in house AVC schemes then in order to release payment of these at retirement we will require a completed AVC option form.
- P45 (if available) - this should be sent in order for income tax deductions from the pension to be assessed.

Please follow the [Leaver process flowchart](#).

## Early Retirement:

This is a retirement on or after age 55 and before NPA where a member retires and elects to receive the retirement benefits immediately, subject to an early retirement reduction. The amount of the reduction applicable to the members' benefits depends on how many years before the members NPA the pension is being paid. If a member chooses to retire from the age of 60 and they meet certain criteria for the "85 year rule" protections then the reduction applied may be tapered or not applied at all. Employers have the discretion, where the 85 year rule does not automatically apply to members who choose to voluntarily draw their benefits on or after age 55 and before age 60 (and would meet the rule of 85, to 'switch' the rule of 85 back on in full for such members but this would come with a 'fund strain' cost for the employer.

It is important that the individual employers' policy on this discretion is outlined in their policy document as this requires a written statement. Where the employer does not 'switch' the 85 year rule back on, then even if the member has already met the 85 year rule, the member's benefits are to be reduced. However, it is important to remind any members who are considering this option that they should contact the Pensions Team for further information and a quotation before making any decision.

## What do the Pensions Team need to process an Early Retirement?

- Completed leavers form
- This includes Lifetime Allowance Declaration Form, Retirement Benefit Options Form, Pension Commencement Lump Sum Form, Payment Details Form, Personal Status Form and the members Birth certificate along with all other relevant certificates)P45 (if available) - this should be sent in order for income tax deductions from the pension to be assessed.
- In House AVC's - If a member is contributing to one of our in house AVC schemes then in order to release payment of these at retirement we will require a completed AVC option form.

Please follow the [Leaver process flowchart](#).

## Flexible Retirement:

Scheme members aged 55 or over, with their employer's agreement, can receive their LGPS pension and continue to work so long as there has been a reduction in hours or grade. There can be a 'fund strain' cost if flexible retirement is granted before age 60, so it is important that employers ask the Pensions Team for a quote if they receive a request for flexible retirement. An early retirement reduction will also be applied to the members' benefits if the '85 year rule' protections are not met. Employers have the discretion to waive this reduction in full or in part, but this will also incur a charge in respect of the 'fund strain'.

An employer is required to have a published discretion policy outlining the criteria under which they will award flexible retirement, along with a secondary discretion on whether they will waive the reduction.

## What do the Pensions Team need to process a flexible retirement?

- Completed leavers form
- Copy of agreement confirming the flexible retirement.
- Employers flexible discretion policy.
- Completed [Retirement Pack](#) (This includes Lifetime Allowance Declaration Form, Pension Commencement Lump Sum Form, Payment Details Form, Personal Status Form and the members Birth certificate along with all other relevant certificates)
- In House AVC's - If a member is contributing to one of our in house AVC schemes then in order to release payment of these at retirement we will require a completed AVC option form.
- P45 (if available) - this should be sent in order for income tax deductions from the pension to be assessed.

Please follow the [Leaver process flowchart](#).

## Redundancy/Efficiency Retirement:

Pension benefits are payable at any age from 55 if the employer certifies that termination is on the grounds of redundancy, or as an efficiency exercise of the employer's functions.

Please note there will be an employer strain cost for members who are made redundant/leave on efficiency grounds and are over 55 so it's important that employers ask the Pensions Team for an estimate.

## What do the Pensions Team need to process a Redundancy/Efficiency retirement?

- Completed leavers form
- Completed [Retirement Pack](#) (This includes Lifetime Allowance Declaration Form, Pension Commencement Lump Sum Form, Payment Details Form, Personal Status Form and the members Birth certificate along with all other relevant certificates)
- In House AVC's - If a member is contributing to one of our in house AVC schemes then in order to release payment of these at retirement we will require a completed AVC option form.
- P45 (if available) - this should be sent in order for income tax deductions from the pension to be assessed.

Please follow the [Leaver process flowchart](#).

## When is Early Retirement Strain (Fund Strain) payable?

When a member retires before NPA with employers consent or if employers choose to waiver any reduction to benefits there is usually a 'fund strain'. This is due to the pension benefits being paid earlier than normal retirement age, being in payment to the member for a longer period of time and at a full rate (if reduction is waived). These factors impact on the funding of the scheme because the fund is valued on the basis that the member continues to work and contribute to the scheme until their normal retirement date. If you have any retirements that have a strain on the fund you will receive an invoice for the strain amount shortly after the members' retirement. It is strongly advised that if you are considering members for early retirement that you request a quotation (using the [estimate of benefits form](#)) from the Pension team.

## Ill Health Retirement:

An active member who has qualifying service for a period of two years and whose employment is terminated by an employer on the grounds of ill - health or infirmity of mind or body before the member reaches Normal Pension Age, is entitled to, and must take, early payment of a retirement pension if that member satisfies the conditions below:

- 1) The first condition is that the member is, as a result of ill - health or infirmity of mind or body, permanently incapable of discharging efficiently the duties of the employment the member was engaged in.
- 2) The second condition is that the member, as a result of ill - health or infirmity of mind or body, is not immediately capable of undertaking any gainful employment\*.

\* In the regulations, "gainful employment" means paid employment for not less than 30 hours in each week for a period of not less than 12 months."

The amount of the retirement pension that a member who satisfies the conditions receives, is determined by the **employer**. The benefit tiers are as outlined below:

Tier 1 - If the member is unlikely to be capable of undertaking gainful employment before normal pension age. Benefits paid to the member – The members' service is enhanced up to Normal Pension Age. i.e. 47 year old whos NPA is age 67 would receive 20 years enhanced service.

Tier 2 - If the member is not entitled to Tier 1 benefits and is unlikely to be capable of undertaking any gainful employment within three years of leaving the employment; but is likely to be able to undertake gainful employment before reaching normal pension age.  
Benefits paid to the member – The members' service is enhanced by 25% of membership to Normal Pension Age. i.e. 47 year old whos NPA is age 67 would receive 5 years enhanced service 25% of 20 years.

Tier 3 - If the member is likely to be capable of undertaking gainful employment within three years of leaving the employment, or before normal pension age if earlier, that member is entitled to Tier 3 benefits for a maximum period of three years from the date the member left the employment, as long as the member is not in gainful employment,. Benefits paid to the member – Benefits built up to date with no enhancement.

It is the employer who makes the decision to terminate a member's employment on the grounds of ill health and it is also for you to decide whether to award 1st, 2nd or 3rd tier ill health retirement benefits but you cannot make this decision without having first obtained an opinion from an Independent Registered Medical Practitioner (IRMP) qualified in Occupational Health medicine.

If an employer is intending to dismiss a LGPS member on ill health/capability grounds, the following steps must be followed:

- The member must be referred to a qualified Independent Registered Medical Practitioner (IRMP). According to the LGPS Regulations this means an IRMP who is registered with the General Medical Council and; who 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(j); or is an Associate, a Member or a Fellow of the Faculty of Occupational Medicine or an equivalent institution of an EEA state; Also, the IRMP from whom a certificate is obtained must not have previously advised, or given an opinion on, or otherwise been involved in the particular case for which the certificate has been requested.

Note: The administering authority, must give approval ([IRMP Form](#)) for the use of any IRMP who meets the criteria above. If the IRMP determines that the members' meets one of the three tiers, employers are required to complete a [Leaver form](#) along with a copy of the certificate completed by the IRMP.

If a member is awarded a 3rd tier benefit, a review will need to be undertaken at the point when 3rd tier payments have been made for 18 months. The employer is required to write to the 3rd tier member asking for details of their employment status. If, from the information provided, the employer decides that gainful employment had been obtained, the 3rd tier payments should be stopped and deferred benefits awarded to the member. Alternatively if gainful employment has not been obtained the member should be reassessed by an IRMP to determine if the member should be a tier 2 member, continue as a tier 3 member for another 18 months or the pension should be stopped as the member is now fit for work, in this scenario you will need to contact the Pensions Team and ensure the [review form](#) is completed.

## Certificates to be used for ill health retirements

Employers cannot make a decision on an ill health retirement without having first obtained an opinion from an Independent Registered Medical Practitioner (IRMP) qualified in Occupational Health medicine. The IRMP's opinion should be provided by completing an ill health certificate. The certificates to be used for each type of member can be found [here](#).

## Finding a IRMP

The Fund has a list of approved IRMPs. If an employer wishes to add an IRMP to the list they must first meet the regulatory requirements and then seek approval from the Pensions Team by completing the [approved medical practitioner form](#).

## What does the Pensions Team need in order to process an ill health retirement?

- Completed leavers form
- Copy of the certificate completed by IMRP
- Completed [Retirement Pack](#) (This includes Lifetime Allowance Declaration Form, Pension Commencement Lump Sum Form, Payment Details Form, Personal Status Form and the members Birth certificate along with all other relevant certificates)
- Copy of the letter sent to the member clarifying the date of leaving and the tier of ill health.
- In House AVC's - If a member is contributing to one of our in house AVC schemes then in order to release payment of these at retirement we will require a completed AVC option form.
- P45 (if available) - this should be sent in order for income tax deductions from the pension to be assessed.

Please follow the [Ill health process flowchart](#)

## Rule of 85

So what is the Rule of 85 and why does it matter?

Briefly, it is the mechanism by which a scheme member can retire before normal retirement age on a full pension (i.e. receiving full credit for all service accrued up to the retirement date). Where the 85-year rule applies, the sum of the scheme member's age and scheme service must equal at least 85, (e.g. a scheme member can retire at age 60 with 25 years' service or at age 63 with 22 years' service). Without the Rule of 85 protection anyone retiring before normal pension age would have their pension actuarially reduced.

Any member who joined the LGPS on or after 1 October 2006 **does not** have the 85-year rule protection so if they retire before normal retirement age their benefits will be reduced for early payment. For those members who were in the scheme as at 30 September 2006, the 85-year rule protection that will be applied is dependent on their date of birth therefore some members may only have protection applied to part of their benefits (so if they retire before normal retirement age part of their benefits may be unreduced while part is reduced).

The reduction is calculated in accordance with guidance issued by the Government Actuary. As a guide, the percentage reductions, issued in January 2019, for retirements up to thirteen years early between and including the ages of 55 and normal retirement age are shown in the table below. Where the number of years is not exact, the reduction percentages are adjusted accordingly.

Years Early	Pension Reduction (%) - Males	Pension Reduction (%) - Females	Retirement Grant Reduction (%) - All Members
0	0.0%	0.0%	0.0%
1	5.1%	5.1%	2.3%
2	9.9%	9.9%	4.6%
3	14.3%	14.3%	6.9%
4	18.4%	18.4%	9.1%
5	22.2%	22.2%	11.2%
6	25.7%	25.7%	13.3%
7	29.0%	29.0%	15.3%
8	32.1%	32.1%	17.3%
9	35.0%	35.0%	19.2%
10	37.7%	37.7%	21.1%
11	41.6%	41.6%	
12	44.0%	44.0%	
13	46.3%	46.3%	

The employer may, however, determine on compassionate grounds not to apply any reduction. This is an employer's discretion and all employers must have a published policy on this matter. If members voluntarily retire before normal retirement age, they do not have to receive immediate payment of their benefits and can defer them within the LGPS for payment at a later date.

#### Points to Note

- Generally, if employees were a member of the Scheme before 6th April 1997 their pension must not be reduced lower than a minimum level.
- This will equal 1/80th of final pay for each year of total membership in contracted-out employment on and between:
  - 6th April 1978 and 30th April 1995 for females, and
  - 17th May 1990 and 30th April 1995 for males.
- In addition, once members have attained State pension age, the LGPS must guarantee to pay pension at least at the level of their Guaranteed Minimum Pension (GMP). A female Scheme member, who chooses to receive her benefits before age 65 in circumstances where her pension is reduced to less than the level of her GMP, will have her pension increased immediately to the level of her GMP on attaining State pension age. A male Scheme member will receive a reduced pension until age 65 when it will be increased to match his GMP if greater.
- If a female Scheme member leaves her employment, but defers payment of her benefits after State pension age, then her GMP is payable from the later of State pension age or her date of leaving. If employment continues for more than five years beyond State pension age, payment of the GMP cannot be delayed beyond five years unless the Scheme member agrees to the postponement.

## Death in service

### How does an employer notify the Pensions Team of a Death in Service?

Notification should be made on the [Leaver Form](#). Dependants' details should be included (if known) together with a copy of the death certificate if it is available. It can very often be helpful if first contact with the next of kin is made by the employer, preferably someone known to the bereaved. If you are at all unsure about what to do or need further information on the benefits due please contact the pension team.

### Death Grant:

Where a scheme member dies while in employment, a death grant is payable. The death grant is a lump sum payment of three times the member's assumed pensionable pay (not full time equivalent if member was part time). The Administering Authority (Cheshire West and Chester Council) has the final discretion with regard to the payment of the death grant, but will endeavour to follow the wishes of the member as defined under the regulations. The member will have had the option to nominate who they would like to receive this grant.

Where the death grant payment is to be made to the estate, either Grant of Probate of Will or Letters of Administration will be required.

## **Benefits for a Widow/er, Civil Partner, Co - habiting Partner & Children**

If there is a surviving spouse, or civil partner's or co - habiting partner, benefits will be payable upon receipt of appropriate certificates. If there are eligible children, children's pensions will also be payable.

\*Eligible children - For the purposes of the LGPS, a child is someone who, at the time of your death is:

- Under the age of 18.
- Between the ages of 18 and 23 but in continuous full-time education.
- Physically or mentally impaired, which has a substantial and long-term adverse effect on their ability to carry out day to day activities.

A long-term pension will be paid for as long as the child continues to meet the above conditions.

## Pensionable pay (PP)

### What is pensionable pay?

Pensionable pay within the LGPS has two definitions based on the regulations in place – the 2008 and 2014 scheme definitions.

### What is the definition of pensionable pay in the 2014 regulations?

An employee's pensionable pay is the total of:

- all the salary, wages, fees and other payments paid to the employee, and
- any benefit specified in the employee's contract of employment as being a pensionable emolument

But an employee's pensionable pay does not include:

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

### What is the definition of pensionable pay in the 2008 regulations?

For the purpose of calculating pension remuneration figures for members with pre-April 2014 service under the LGPS Benefits, Contributions and Membership Regulations 2007 the definition of pensionable pay is given in the excerpts below:

An employee's pensionable pay is the total of:

- all the salary, wages, fees and other payments paid to him for his own use in respect of his employment; and
- any other payment or benefit specified in his contract of employment as being a pensionable emolument.

But an employee's pensionable pay 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 his contract of employment; or
- any payment as an inducement not to terminate his employment before the payment is made.
- the amount of any supplement paid –
  - by the Environment Agency
  - to an employee in recognition of the difference in contribution rates between, members of the Principal Civil Service Pension Scheme, and the LGPS. These would be members that have transferred on 1st April 2010, under a staff transfer scheme, from the Learning and Skills Council for England to either a local authority or London Council Limited.
- any award of compensation (excluding any sum representing arrears of pay) for the purpose of achieving equal pay in relation to other employees.

## Assumed pensionable pay (APP)

### What is Assumed Pensionable Pay from April 2014 onwards?

Assumed Pensionable Pay is the pay the employee would have received in cases of reduced contractual pay or nil pay as a result of sickness or injury; or during relevant child related leave (i.e. ordinary maternity, paternity or adoption leave and any paid additional maternity, paternity or adoption leave).

### When does it apply?

In most cases of reduced or nil pay Assumed Pensionable Pay applies instead of normal pensionable pay for active members in the following circumstances and for periods covering the following:

- The member is on leave due to sickness or injury and is on reduced contractual pay or no pay;
- The member is on relevant child - related leave (i.e. ordinary maternity, paternity or adoption leave and any paid additional maternity, paternity or adoption leave but NOT unpaid additional maternity leave) or
- The member is absent on reserve forces services leave.

For all Ill Health Retirements Tiers 1 & 2 and Death in Service cases, we would calculate the ill health enhancements and death grants respectively using a calculation of Assumed Pensionable Pay.

### How is it calculated?

Assumed Pensionable Pay is attempting to approximately re - create the scenario of what the person would have been earning if they had been working as normal for a certain period of time. Assumed Pensionable Pay should be calculated as an annual rate then applied to the relevant period as a proportion of that rate. Examples of how to calculate this (including any employee whose pay periodically is other than monthly (e.g. weekly, fortnightly, lunar, quarterly, half yearly) can be found at the [lgpsregs.org](http://lgpsregs.org).

## **ADDITIONAL INFORMATION**

### **A). Main tasks – Regular**

#### **Issuing Scheme Guidance**

All employees entering into the LGPS must be issued with a details of the pension scheme. The Member should be issued with the contract of employment and accompanied with a Brief Scheme Guide (Or web link to the brief scheme guide). Instructions should also be given on how to opt out if they do not wish to join the scheme. See section on, [Who can join/Opting Out](#).

Where the employee wishes to become a scheme member, the completed form should be forwarded to the Pension team along with appropriate certificates (members birth, marriage, spouse or civil partner certificate) if available (Copies of certificates are acceptable). If the certificates are not available, employees should return the form to Pension team and they will be requested from the member at a later date.

#### **Deducting Pension Contributions**

Employers must (or instruct payroll providers) to deduct the correct amount of employee contributions each month and pay across these contributions (along with employer contributions) into the Fund's bank account by the 22nd of the month following deduction from pay (if paid electronically, or by the 19th if not paid electronically).

#### **Forms & Spreadsheets**

Employers or their authorised nominated Payroll or HR bureau must let the Pensions Team know all of the information required when new members start, leave or change their details. How to do this is described in greater detail in this guide and all the forms and spreadsheets can be found on our website or from the pension team.

### **B). Monthly & Annual Tasks**

#### **Information for Benefit Calculations**

Every year Annual Benefit Statements will be issued to all scheme members. A proposed timetable will be drawn up well in advance of the date that the Statements will be produced, highlighting the information needed from employers.

In addition to the above, from time to time, information will be requested from you so that various calculations can be made. This is usually when a scheme member has requested an estimate of benefits or transfer from a previous pension provider.

## End of tax year procedure (LGS50)

End of Year Return Spreadsheet (LGS50) Since 1 April 2014 the LGPS is a Career Average Re - Valued Earnings (CARE) Defined Benefits Scheme. We require the annual completion of the contribution return spreadsheet(LGS50). The spreadsheet requires details of each members CARE pay. The CARE pay will then be electronically input to each individual member's record to ensure that their pensions account builds up.

As any service up to 31 March 2014 is still linked to the final salary Defined Benefits Scheme. we also require a Full time equivalent pensionable pay as defined in the 2008 regulations.

The return spreadsheet needs to be completed and returned at the end of each financial year and no later than the date we will issue (This enables the production of Annual Benefit Statements to be completed on time).

## List of Authorising Signatures

Periodically employers will be contacted to obtain a current list of authorising signatures. The authorising signatory form should include the name, position and a sample signature of any member of staff who has the authority to complete pension forms. If employers use Payroll or HR bureaux written authorisation must be received from the employer before the Pensions Team can liaise with external providers. You can supply a updated list by completing the [Authorised Signatory Form](#).

## Assistance with the distribution of Communication Material

Employers help may be needed on various occasions, particularly when scheme rules change. This will usually be implemented by asking employers to distribute newsletters either paper copy or via email to members giving details of the changes.

Employers help will also be appreciated in displaying posters and distributing invitations in relation to Pension Consultations.

## Funding and Triennial Valuation

The contribution rates paid by employers in the Scheme vary every three years following the actuarial valuation of the Fund by an independent Actuary.

At each valuation member information will be requested from employers to enable the actuary to calculate individual employer contribution rates, employers will be told in advance what information is required. The latest valuation report can be found [here](#).

## Employer Discretions

Under the Local Government Pension Scheme Regulations employers are required to formulate, publish and keep under review a policy statement in relation to the exercise of a number of discretions under the LGPS. These must be kept under review and where changes are made, members must be given one month's notice of the change.

The full list of employer discretions can be found by viewing the following page:  
[www.lgpsregs.org/index.php/guides/administration-guides-to-the-2014-scheme](http://www.lgpsregs.org/index.php/guides/administration-guides-to-the-2014-scheme)

The discretions that must be included in the policy are referred to on the list of discretions with a \* next to them and employers must have a published statement while the others are discretionary.

In order to aid our employers the Fund has produced a template policy which provides details of the mandatory discretions required, this can be found at the following link:

[Employer Discretions](#)

Some key points for employers around discretions:

- The LGPS requires employers to publish a policy statement which needs to be completed and approved by the appropriate people in your organisation. "published" means it is available to employees.
- The LGPS Regulations state that all employers should have an employer's discretions policy in line with the current regulations.
- A copy must be sent to the Fund, and re - sent when any changes take place, within a month of them becoming active.

The application of individual discretions can be applied to individual posts, to particular groups, be universal or decided on a 'case by case basis', but you must state this in your policy (although we recommend that you take account of discrimination laws when considering the wording for these).

Any costs which occur as the result of an employer exercising a discretion are re-charged to the employer and a quote should be requested from the Pensions Team before a decision is made.

A copy of your completed policy should be sent to: [pensions@cheshirewestandchester.gov.uk](mailto:pensions@cheshirewestandchester.gov.uk).

Finally in formulating and reviewing your employer policy you are required by the Regulations to have regard to the extent to which the exercise of its discretionary powers could lead to a serious loss of confidence in the public service.

## Other Interfaces

We are also working on other ways of receiving data electronically.

## Payment of monthly contributions

Employers must pay over to the Cheshire Pension Fund, the employee and employer contributions on a monthly basis. The Pension Scheme Regulations stipulate that the contributions due must be paid into the Fund monthly and must be received in the Fund by the 19th of the month (or the 22<sup>nd</sup> if paid electronically) following deductions from pay. The Fund is entitled to charge interest on any contributions remaining unpaid after this date.

Our preferred method for payment of contributions is BACS, and all payments should be sent to:

<b>Account Name</b>	<b>Cheshire Pension Fund</b>
Account Number	02896090
Sort Code	30-91-92
Bank Name	Lloyds Bank plc
Bank Address	Chester Branch, Foregate Street, Chester, CH1 1XP

## Additional Voluntary Contributions (AVCs)

Local Government Pension Scheme (LGPS) members can choose to pay Additional Voluntary Contributions (AVCs) to top up their retirement benefits through a separate, money purchase, pension policy. All Funds must make arrangements to provide Scheme Members with access to an “in-house” provider for them do this and Cheshire Pension Fund’s current providers of in house AVCs are Scottish Widows and Standard Life.

Employers must make any agreed deductions of AVCs from pay and make the payments to the company by no later than the 19th day of the month following the deduction. Payment details are shown below.

**Please ensure a payment schedule is sent for each payment.**

	Ref.	Address	Telephone No.	E-Mail	Sort Code	Account No.
<b>Scottish Widows</b>		Po Box 902 15 Dalkeith road Edinburgh EH16 5BU	0345 733 0804	localgovtavg@scottish widows.co.uk	30-18-05	00016825
<b>Standard Life</b>	H93226	Standard Life, Group AVC Schemes, Standard Life House, 30 Lothian Road, Edinburgh, EH1 2DH	0845 2798831	service_gp@standardli fe.com	40-03-28	22288192

<b>Equitable Life (Closed to new members)</b>	E0758	Equitable Life, Group AVC Schemes, PO Box 391, Walton Street, Aylesbury, Bucks, HP21 7YH	0870 6076791	gps@equitable.co.uk	40-02-50	71018930
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## Requesting information from the pensions team

Employers often require estimates of a member's benefits. Requests for benefit estimates should be made on the [Estimate of benefit form](#). We aim to despatch benefit estimates within 10 days of receipt of the request – please note at busier times this may take longer. Time can be saved by faxing your request on 01244 972087, or by e - mailing the form to [pensions@Cheshirewestandchester.gov.uk](mailto:pensions@Cheshirewestandchester.gov.uk). It is not normally possible to take the information over the telephone. If a large number of estimates are required, the Pension team would appreciate advance notice and completion of a template spreadsheet with all the relevant information to assist with performing the calculations. Please contact the Pensions Team to discuss this prior to the request.

## Appeals - internal dispute resolutions procedure (IDRP)

If a member is unhappy about a decision made by their employer, we encourage them to contact the Pensions Team or their Employer to discuss their concerns before making a formal complaint. Many problems that members have are, in fact, resolved in this way. They may be caused by misunderstandings or incorrect information, which can be explained or put right easily. If a member is not satisfied, they have the right to ask for the decision /problem to be looked at again under the formal complaint procedure.

The complaint procedure's official name is the Internal Dispute Resolution Procedure (IDRP).

The process is as follows:

- In the first instance the member should write to the person who has been nominated by each employer to deal with appeals. They must do this within six months of notification of the decision or the act or omission about which they are complaining (or such longer period as the nominated person considers reasonable).
- The nominated person should consider the complaint and notify the member of his or her decision. If the member is still dissatisfied with that decision, they may, within six months of the date of this decision, apply to the Administering Authority to have it reconsidered. A more detailed leaflet on the Internal Disputes Resolution Procedure and relevant time limits from can be found [here](#).

Employers are required to nominate their designated contact by completing the following form: [IDRP – Nominated Person Form](#).

## Transfer of staff - outsourcing

This section is designed to give you a brief overview of outsourcing as it relates to pension arrangements and to the Local Government Pension Scheme.

Outsourcing members is a complex legal process largely governed by the Collective Redundancies and Transfer of Undertakings (Protection of Employment) (Amendment) Regulations 2014, the Local Government Pension Scheme Regulations, and Government directions and guidance. Human Resources and Payroll staff involved in an outsourcing exercise should refer any questions on how to proceed to your Manager who is expected to be familiar with the relevant legislation.

The Best Value Authorities Staff Transfers (Pensions) Direction 2007 states that a 'Best Value Authority' is legally required to ensure that transferring employees are offered either continuing membership of the Local Government Pension Scheme or a 'broadly comparable' pension scheme if their employment is transferred under TUPE to another employer. A 'Best Value Authority' (under the Local Government Act 1999) includes Local Authorities such as District and Parish Councils), and Police, Fire and Waste Authorities. The Secretary of State can order that levying and precepting bodies under the Local Government Finance Acts are also Best Value Authorities. Other Public Sector employers (e.g. organisations funded by the State) which are not Best Value Authorities, should follow the guidance in the Cabinet Office's 'Staff Transfers in the Public Sector' document which states that TUPE terms ought to apply (even if they don't have to legally), that there should be 'appropriate terms' to protect occupational pensions, and that ministers expect Public Sector employers to adopt the policy set out in HM Treasury's 'A Fair Deal for Staff Pensions' (i.e. offering continuing membership of the Local Government Pension Scheme or transferring to a 'broadly comparable' scheme).

The outsourcing Scheme Employer should ensure that the organisation to which staff are being transferred either becomes a Transferee Admission Body of the Cheshire Pension Fund, in which case that organisation would become the new Scheme Employer of the transferred staff. Or offers the staff membership of a pension scheme which is 'broadly comparable' to or better than the Local Government Pension Scheme. As outlined in HM Treasury's 'A Fair Deal for Staff Pensions' a Best Value Authority or other Public Sector employer must consider pensions right at the start of an outsourcing exercise. Pensions are a fundamental part of the reward package an employer gives its staff, so if a Scheme Employer doesn't include pension arrangements in a tender document then a potential service provider, to which staff will transfer under TUPE, won't be able to submit a realistic bid to provide the service.

## How does a Scheme Employer find out the cost of providing Scheme benefits for a group of employees?

Cheshire Pension Fund's Scheme Actuary will work out the costs involved. They will set out the new Employer Contribution Rate and overall liabilities for providing pensions for the staff (so the Scheme Employer can decide if it requires a bond in the event of the premature termination of the contract e.g. if the outsourcing company goes into liquidation). The assessment of this cost is likely to cost the Scheme Employer several thousand pounds. For further information please contact the employer liaison team at [pensioncomms@cheshirewestandchester.gov.uk](mailto:pensioncomms@cheshirewestandchester.gov.uk).

## How does an organisation to which staff will transfer join the Local Government Pension Scheme?

The organisation must apply to become a Transferee Admission Body of the Cheshire Pension Fund. This will involve the Scheme Employer, the organisation and the Cheshire Pension Fund jointly signing an 'Admission Agreement' drawn up by lawyers. This process will take several weeks. The organisation must also put an indemnity bond in place if required by the Scheme Employer, to cover the level of risk arising on premature termination of the contract.

## Once staff have been transferred, can an outsourcing Scheme Employer have any continuing liability towards the Scheme?

Yes, at the end of the contract the original Scheme Employer will have to pay any outstanding liabilities owed to the Cheshire Pension Fund if the contract is terminated prematurely, e.g. the organisation to which the staff transfer goes into liquidation, the original Scheme Employer will have to pay any outstanding liabilities owed to the Cheshire Pension Fund which are not covered by a bond or paid by the Transferee Admission Body.

## Useful information and contacts

### General Information

Employer Contracted Out Number (ECON)	- E3900002R
Scheme Contracted Out Number (SCON)	- S2700140Y
Scheme PSTR Number	- 00329946RE
Pension Scheme Registry Number	- 10027832

### Contacts

We aim to provide an excellent administration service for all our employers and pension scheme members. To ensure that we monitor our progress we always welcome your feedback, about your experience in dealing with the Cheshire Pension Fund.

You can write directly to the Cheshire Pension Fund at the address detailed below.

Cheshire Pension Fund,  
Cheshire West & Chester Council,  
Council Offices,  
4 Civic Way,  
Ellesmere Port,  
CH65 0BE.

Helpdesk: 01244 976000

email: [pensions@cheshirewestandchester.gov.uk](mailto:pensions@cheshirewestandchester.gov.uk)

## Useful Links

The Cheshire Pension Fund or Cheshire West and Chester Council do not endorse or necessarily support the views of any the organisations listed or guarantee the accuracy of any information therein.

Please let us know if a link does not work or takes you to an incorrect location.

[Department of Communities and Local Government](#)

[The Pensions Ombudsman](#)

[The Pensions Advisory Service \(TPAS\)](#)

[Pensions Regulator](#)

[Local Government Pension Scheme \(LGPS\) Regulations](#)

[Local Government Pension Scheme \(LGPS\) National Website](#)

[Department for Work and Pensions \(DWP\)](#)

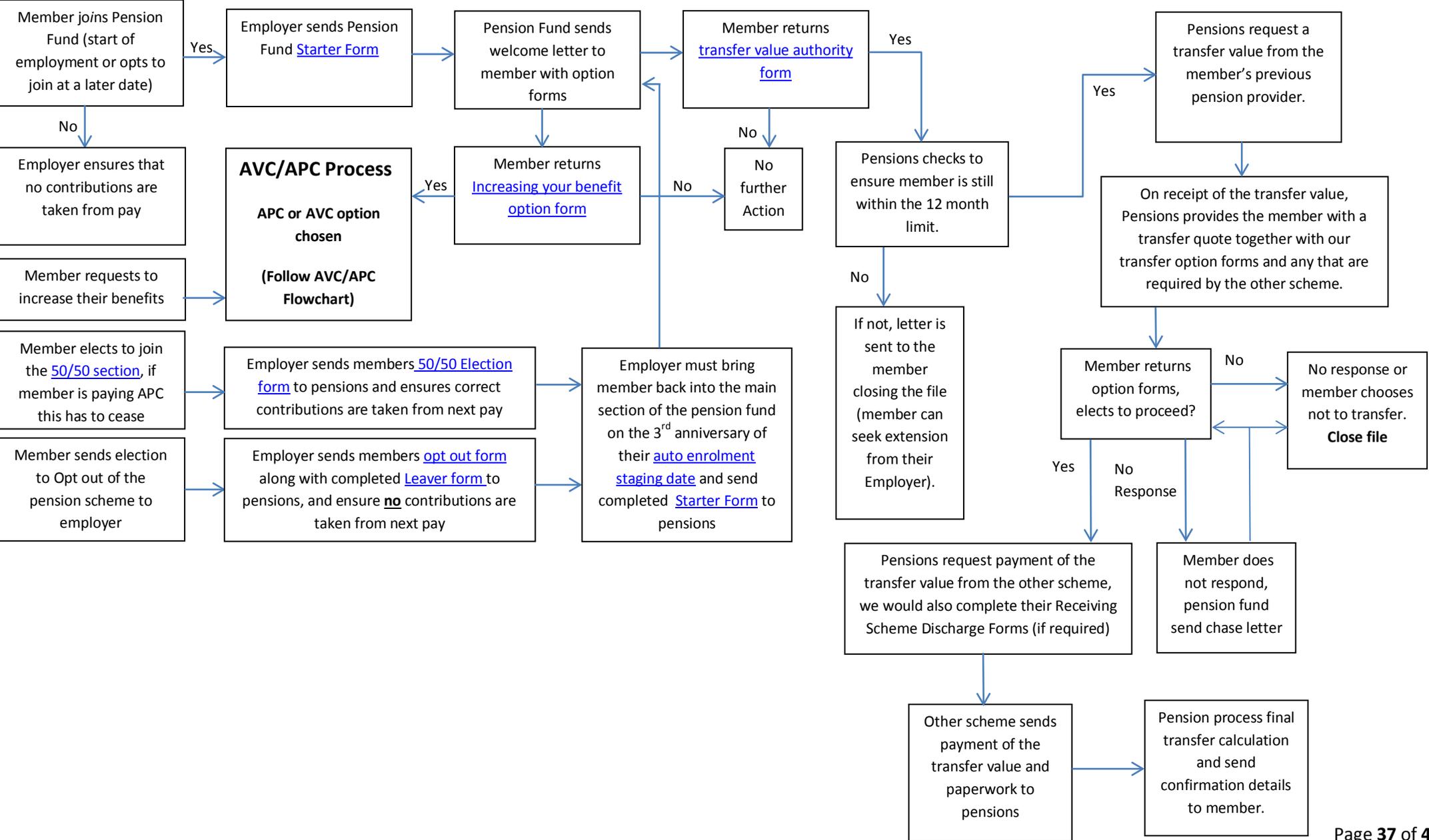
[State Pension Age Calculator](#)

[Local Government Association](#)

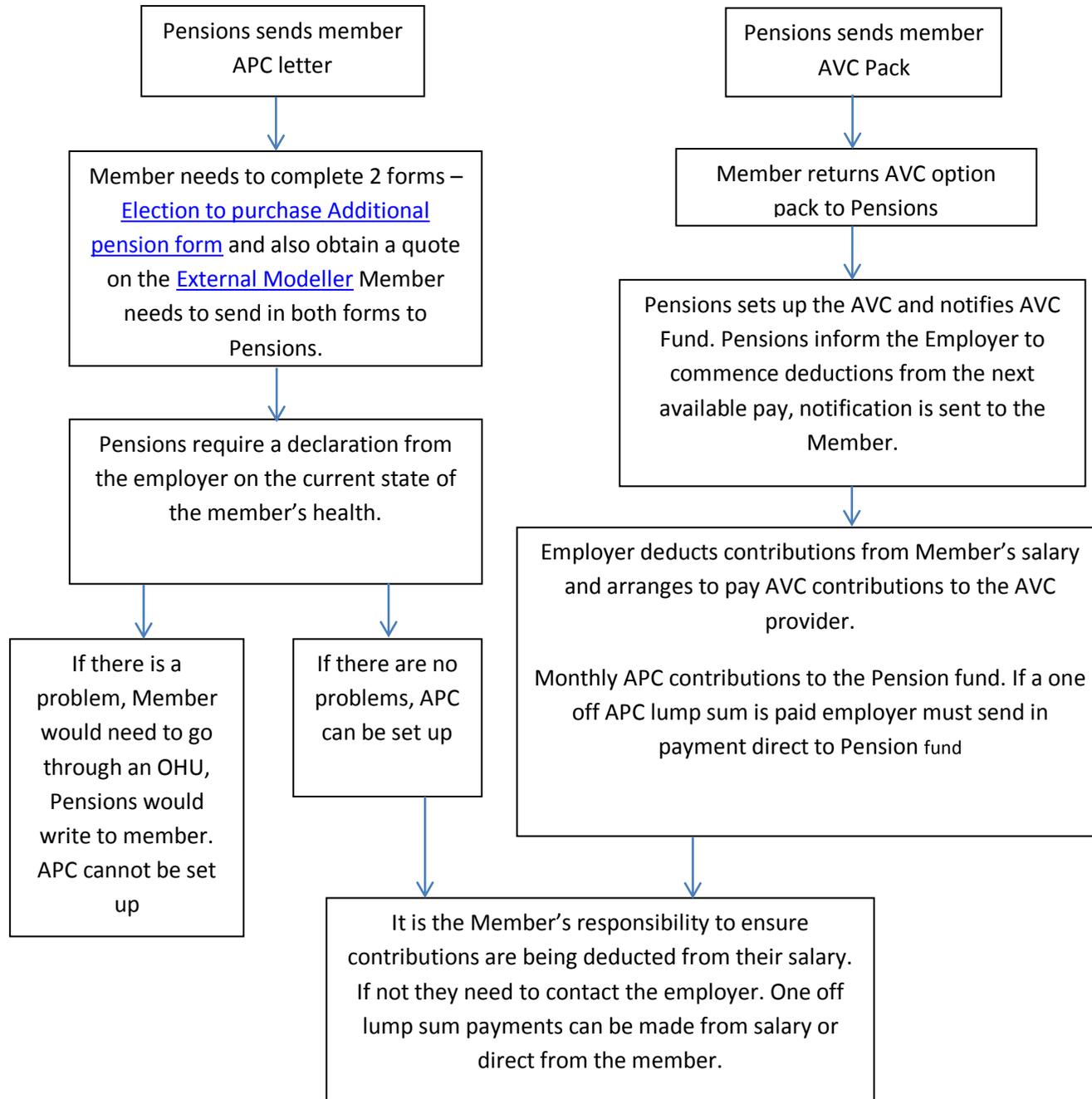
[HM Revenue & Customs \(HMRC\)](#)

# Process Flowcharts

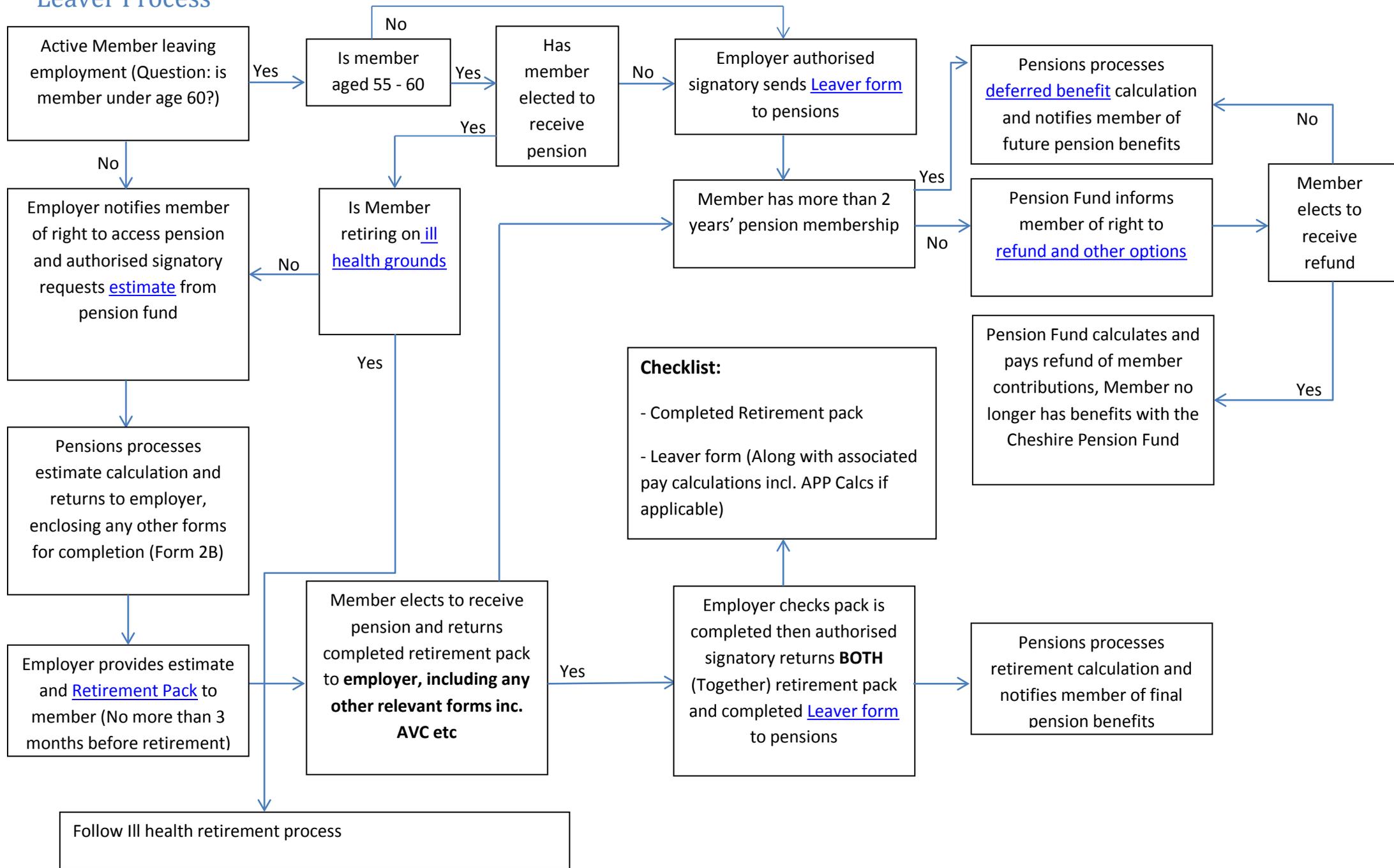
## New Starter / Active Member Process



## AVC / APC Flowchart



# Leaver Process



## Ill Health retirement process

