

The Local Government Pensions Committee
Secretary: Jeff Houston

CIRCULAR

Please pass on sufficient copies of this Circular to your Treasurer/Director of Finance and to your Personnel and Pensions Officer(s) as quickly as possible

No. 283A – JULY 2014 THIS CIRCULAR REPLACES CIRCULAR 283 (WHICH INCORRECTLY REFERRED ON PAGE 14 TO A DATE OF 1888 INSTEAD OF 1988)

Purpose of this Circular

1. As employers in England and Wales will be aware, the three main local government trade unions – UNISON, GMB and UNITE – have been balloting their membership to seek a mandate for industrial action, following their rejection of the National Employers' full and final pay offer. On 23 June 2014 UNISON announced the outcome of their ballot and confirmed that its local government and school support staff members in England and Wales¹ will be taking a day of industrial action on 10 July in support of better pay. At the time of preparing this Circular GMB and UNITE had not announced their results.
2. This Circular² has been issued to inform employers who participate in the Local Government Pension Scheme (LGPS) in England and Wales of the provisions in the Local Government Pension Scheme Regulations 2013 relating to absence from work during and because of a trade dispute.

What effect does an absence due to a trade dispute have on a Scheme member's pension rights?

3. During a period of absence from work because of a trade dispute the Scheme member remains an active member of the LGPS during the

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¹ And in Northern Ireland

² Circular 253 issued in November 2011 still applies to employers who participate in the LGPS in Scotland.

absence³, but no pension benefits accrue for the period of the absence.

4. This means that, for example, each day a Scheme member is absent during and because of a trade dispute will:
 - marginally reduce the amount of pension to be credited to their CARE pension account (compared to the amount of pension that would have been credited had they not been absent)
 - may have a marginal impact on the final pay figure used in the calculation of benefits⁴ for a Scheme member who was in the Scheme prior to 1 April 2014 and who leaves within 12 months of the end of the trade dispute period or, in some cases, within 3 years of the end of the trade dispute period (see Annex 1), and
 - in some cases, extend by a day the date the 85 year rule⁵ is attained⁶

Can the Scheme member pay contributions to cover the pension benefits 'lost' during the period of absence?

5. Yes. There are provisions in the Local Government Pension Scheme Regulations 2013⁷ which enable a Scheme member to elect to purchase the pension benefits 'lost' during an absence due to a trade dispute.
6. It will be for employers to determine whether or not the absence of any particular Scheme member is because of a trade dispute, as defined in Section 218 of the Trade Union and Labour Relations (Consolidation) Act 1992.

³ See regulation 11(4)(b) of the Local Government Pension Scheme Regulations 2013.

⁴ Including the calculation of any underpin amount for a member who was an active member of the Scheme on 31 March 2012 and who was, on 1 April 2012, 10 years or less from their Normal Pension Age under the '2008 Scheme'. The underpin is a technical calculation to ensure that the benefits such members receive from the CARE Scheme are no less than the member would have received had they remained in the final salary '2008 Scheme'.

⁵ The 85 year rule applies to members who were in the Scheme before 1 October 2006 and impacts on the actuarial reduction to be applied to a member's benefits if they are paid before their Normal Pension Age (under the '2008 Scheme'). The 85 year rule is met if the member's combined age and membership, both in whole years, add up to 85 years.

⁶ For example, the 85 year rule for a person who would have attained 25 years membership at age 60 and 53 days will not, where there is a one day strike, be met until age 60 and 54 days, when the person's age in whole years (60) and membership in whole years (25) equals 85 years; conversely, the 85 year rule would not be affected by a one day strike where, for example, a person has 24 years membership at age 60 and 350 days. That is because the 85 year rule will not be met until the person's 61st birthday when age in whole years (61) plus membership in whole years (24) equals 85 years.

⁷ See regulation 16 of the Local Government Pension Scheme Regulations 2013.

7. If a Scheme member wishes to make a payment so that the absence due to a trade dispute counts for pension purposes, he/she can elect to do so by paying Additional Pension Contributions (APCs) to purchase the amount of pension 'lost' during the absence. The Scheme member can do this regardless of whether they are in the main or 50/50 section of the Scheme.
8. Buying back the whole of the 'lost' pension will ensure the period on no pay due to a trade dispute is counted for the purposes set out in paragraph 4.
9. Buying back 'lost' pension following a trade dispute is at full cost to the Scheme member (i.e. no contributions are due from the employer unless the employer exercises a discretion under its pension discretions policy to contribute towards the cost via a Shared Cost APC).
10. Unlike under the '2008 Scheme' the Scheme member does not have to make an election to buy back the 'lost' pension within 30 days of the date he / she returns to work following the end of the trade dispute. The Scheme member can make an election at any time after returning to work whilst still an active Scheme member. However, as each birthday passes before a member makes an election, the cost of buying back the 'lost' pension via an APC increases. That is because the cost of buying back the 'lost' pension is based on age and gender related APC factors. The older a Scheme member is at the date of making an election, the higher the cost to buy back the amount of 'lost' pension.
11. If the Scheme member wishes to buy back the 'lost' pension they can spread payment of the APCs over a number of complete years or by making a one-off lump sum payment. However, if the Scheme member is within a year of, or over, their Normal Pension Age (or the pension fund administering authority takes the view that spreading payments would be impracticable) the Scheme member can only pay by means of lump sum.
12. If the Scheme member chooses to spread the payments, the additional contributions would be deducted from their pay each pay period and attract automatic tax relief. If the Scheme member chooses to make payment by a one off lump sum this would normally be deducted from their pay (with automatic tax relief). However, the Scheme member has the option to make a lump sum payment direct to the pension fund administering authority but would then be responsible for claiming any tax relief on the payment direct from HM Revenue and Customs via their self-assessment tax return.
13. The maximum amount of additional pension that can be bought is £6,500, including any additional pension being bought under an existing APC contract taken out after 31 March 2014 and any additional pension being purchased under an Additional Regular Contribution (ARC) contract taken

out prior to 1 April 2014 under the '2008 Scheme'⁸. This means that if a member already has a contract (or contracts) to purchase £6,500 additional pension, they cannot purchase the pension 'lost' due to the trade dispute absence. They can, however, if they wish, contribute to an Additional Voluntary Contribution (AVC) arrangement under the Scheme.

14. If the Scheme member chooses to buy the 'lost' pension by making a lump sum payment, they will immediately be credited with the full amount of 'lost' pension bought.
15. If the Scheme member chooses to spread payment of the APCs over a number of complete years they will be credited with the full amount of 'lost' pension bought if they complete the payments or if, before completing payments, they are retired on the grounds of ill health with a Tier 1 or Tier 2 enhanced pension. In all other cases, if they cease payments early (either because they choose to cease making the payments or because they cease membership of the pension scheme) they will be credited with the amount of 'lost' pension they had bought at that time.
16. It should be noted that if the period of absence lasts for less than a day, normal contributions are payable on the remuneration received for the remainder of the day.

The Process

17. An APC modeller and quotation system is available on the national LGPS2014 website at www.lgps2014.org. Employers can use the modeller to calculate the amount of pension 'lost' by any individual member and to determine for that individual the cost of buying-back their 'lost' pension; or the employer can simply direct Scheme members to the site so that the Scheme member can use the site on a self-service basis. However, if the Scheme member is to use the modeller on a self-service basis they will need to first obtain a written statement from the employer showing the total pensionable pay lost during the period of absence and confirmation of the section of the scheme they were in (i.e. main section or 50/50 section). The examples provided in the sample letter at Annex 2 should, hopefully, reduce the number of requests to employers for the provision of such information.
18. Employers should check with their pension fund administering authority first before using the modeller on the national site or directing Scheme members to that site, as the pension fund administering authority may

⁸ This has been confirmed via an e-mail from DCLG to the LGPC Secretariat. The Secretariat has suggested that regulation 15 of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 should have a further paragraph added to state that the £6,500 additional pension limit referred to in regulations 16(5) and (6) and 31(1) and (2) of the LGPS Regulations 2013 includes the amount of any ARCs being purchased under regulation 14 of the LGPS (Benefits, Membership and Contributions) Regulations 2007 and regulation 23 of the LGPS (Administration) Regulations 2008.

have its own system that they would wish employers and / or Scheme members to use instead.

19. If a Scheme member wishes to purchase the 'lost' pension the member will have to make an application to do so. The application has to be sent to both the employer and the pension fund administering authority (unless the member wishes to make a lump sum payment direct to the pension fund administering authority, in which case the application should only be sent to the administering authority).
20. The pension fund administering authority may require a satisfactory medical report to be submitted, at the Scheme member's cost, before an application can be accepted.
21. If the Scheme member has more than one active pension account in the scheme (i.e. because they are in the Scheme in more than one job) they must specify which job the 'lost' pension is in respect of. If the Scheme member wishes to pay additional pension contributions (APCs) for each job, they must submit separate applications to buy 'lost' pension for each job.
22. If the Scheme member applies to pay by regular additional contributions, or by a one off lump sum deduction from pay, the employer should, if the employer agrees that the information on the application is correct, commence deduction of the additional pension contributions from the member's pay from the next available pay period and notify the Scheme member that their application has been accepted unless:
 - the pension fund administering authority requires a satisfactory medical report to be submitted first, or
 - the employer considers that, based on the member's previous pay history, it is not likely to be possible to collect the additional pension contributions the member wishes to pay, or
 - the pension fund administering authority takes the view that spreading payments would be impracticable and requires that the member pays via a lump sum.
23. Where a Scheme member pays APCs via the payroll to cover the 'lost' pension these will be treated as contributions to the Fund and should be included in the normal monthly contribution payover to the pension fund administering authority. The APC amount collected via payroll should be included on the end of year return to the pension fund administering authority and should show the cumulative amount of APCs paid in respect of an employment by the Scheme member. If the employer has chosen to contribute towards the cost via a Shared Cost APC, the cumulative amount of APCs paid by the employer should also be shown (separate from those paid by the Scheme member) on the end of year return.

24. Additional guidance on APCs is available in the [Administration Guides](#) section of the website at www.lgpsregs.org under the heading “Additional Pension Contributions (APCs)”. The latest version of that additional guidance is version 1.2.

What is the effect of a trade dispute absence on pre-existing contracts to pay extra contributions?

25. It is important to note that if a Scheme member has a **pre-existing** contract to pay Additional Pension Contributions (APCs) or Shared Cost APCs, the contributions under that contract remain payable by the Scheme member on the pensionable pay (‘2014 Scheme’ definition) they would have received had they not been absent during and because of the trade dispute and, in the case of a Shared Cost APC, by the employer (unless the Scheme member elects to terminate the contract), regardless of whether or not the Scheme member opts to pay APCs to cover the amount of pension ‘lost’ during the trade dispute absence.

26. If a Scheme member has a contract:

- to buy “added years” of membership⁹, or
- to pay Additional Regular Contributions (ARCs), or
- to pay (Preston) part-time buy-back contributions, or
- to pay Additional Survivor Benefit Contributions (ASBCs)¹⁰ so that their pre 6 April 1988 membership can count towards a survivor’s pension payable to a cohabiting partner

the contributions under that contract remain payable by the Scheme member on the pensionable pay (‘2008 Scheme’ definition) they would have received had they not been absent during and because of the trade dispute (unless the member elects to terminate the contract), regardless of whether or not the Scheme member opts to pay APCs to cover the amount of pension ‘lost’ during the trade dispute absence.

27. If a Scheme member has an Additional Voluntary Contribution (AVC) contract the member can pay AVCs on the amount of pay ‘lost’ due to the trade dispute. Clearly, if the member is paying AVCs as a flat sum deduction each pay period, there will usually still be enough pay in the pay

⁹ The employer element of any old shared cost added years’ contracts (if any still exist) would also have to be paid by the employer.

¹⁰ Whilst regulation 20(5) of the LGPS (Administration) Regulations 2008 does not make it clear that such contributions remain payable it seems logical that they should given that ASBCs are payable under a contract. This view is reinforced by the fact that the equivalent regulation in Scotland, regulation 17(5)(b) of the LGPS (Administration) (Scotland) Regulations 2008, clarifies the intention by specifically providing that ASBCs shall continue to be paid during absence due to a trade dispute.

period from which to still deduct the AVC flat sum. If the member is paying AVCs as a percentage of pay and wishes to have that percentage applied to the pay that was 'lost', this will require a positive action to be taken on the payroll. If the member is paying Shared Cost AVCs and pays their share during the period of absence, the employer will have to pay the employer share.

28. Any Additional Voluntary Contributions (AVCs) or Shared-Cost AVCs that are being paid to provide additional life cover ought to continue in order to ensure that life cover does not lapse.

Actions to be taken by employers

29. Employers should inform those members of the LGPS who are absent from duty during and because of a trade dispute 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 (as set out in paragraph 4).
30. Employers should either send a copy of that letter to the pension fund administering authority or send a list to the administering authority 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. This information is required because, if the Scheme member does not elect to pay APCs to cover the whole of the 'lost' pension, the period of absence will not count for pension purposes. The administering authority will need to record the period of absence on the scheme member's computerised pension record if the member does not elect to pay APCs to cover the whole of the 'lost' pension and either:
 - is subject to the 85 year rule (i.e. was in the Scheme before 1 October 2006 and their combined age and membership, both in whole years, would add up to 85 years or more before their Normal Pension Age under the '2008 Scheme'), or
 - is subject to the underpin (i.e. was an active member of the Scheme on 31 March 2012 and was, on 1 April 2012, 10 years or less from their Normal Pension Age under the '2008 Scheme').

Strictly speaking, it is only where a Scheme member falls into one of these two categories that a copy of the letter needs to be sent by the employer to the pension fund administering authority. However, rather than having to make such a determination it might be easier for employers to simply notify the pension fund administering authority of all Scheme members who have been absent due to a trade dispute, showing the dates of absence. Employers should first check with their pension fund administering authority to determine what notification procedure the administering authority wishes the employer to follow.

31. As mentioned in paragraphs 18 and 30, employers should, before acting on the information in this Circular, first check what procedures the pension fund administering authority wishes them to follow. Employers should follow any advice issued by their pension fund administering authority including the use of any standard letters and forms provided by the administering authority. If standard letters / forms are not provided, employers may wish to use those in Annex 2 to this Circular as a template.

Actions for administering authorities

32. Administering authorities may wish copy this Circular to employers in their Fund or bring the Circular to the attention of employers by directing them to the [Circular on the LGA website](#).

Terry Edwards,
Senior Pensions Adviser,
June 2014

Annex 1

Potential impact on the final pay figure used in the calculation of:

- a) final salary benefits accrued to 31 March 2014, and
- b) the underpin amount¹¹ for a member who was an active member of the Scheme on 31 March 2012 and who was, on 1 April 2012, 10 years or less from their Normal Pension Age under the '2008 Scheme'

where a Scheme member leaves within 12 months of the end of the trade dispute period or, in some cases, within 3 years of the end of the trade dispute period.

Example A

Regulation 9(4) of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, as protected by the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014, provides that where a Scheme member is only entitled to count part of the final year as a period of membership (e.g. because he / she has been absent for one day without permission during and because of a trade dispute and has not paid the contributions for that day to count) the final pay to be used in the calculation of benefits is the pensionable pay during that part multiplied by 365 and divided by the number of days in that part.

Thus, the final year's pay of a Scheme member who is absent on 10 July 2014, who elects to pay Additional Pension Contributions (APCs) to cover the amount of pension 'lost' during the trade dispute absence, and who leaves on 30 September 2014 would be the whole time equivalent pensionable pay ('2008 Scheme' definition) in respect of the period 1 October 2013 to 30 September 2014 e.g.

1.10.13. – 31.3.14. :	6/12 x £20,000 = £10,000
1.4.14. – 30.9.14. :	6/12 x £22,000 = £11,000
Total	£21,000

If the person did not elect to pay Additional Pension Contributions (APCs) to cover the amount of pension 'lost' during the trade dispute absence, the pensionable pay would be the pay received for the period 1 October 2013 to 30 September 2014 (less 1 day's pay) x 365 divided by 364, which (in this particular example) would produce a slightly lesser final pay figure e.g.

1.10.13. – 31.3.14. :	6/12 x £20,000 = £10,000.00
1.4.14. – 30.9.14. :	6/12 x £22,000 = £11,000.00
Less	1/260 x £22,000 = £ 84.62
Total	£20,915.38 x 365/364 = £20,972.84

¹¹ The underpin is a technical calculation to ensure that the benefits such members receive from the CARE Scheme are no less than the member would have received had they remained in the final salary '2008 Scheme'.

Example B

Regulation 9(4) of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, as protected by the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014, provides that where a Scheme member is only entitled to count part of the final year as a period of membership (e.g. because he / she has been absent for one day without permission during and because of a trade dispute and has not paid the contributions for that day to count) the final pay to be used in the calculation of benefits is the pensionable pay during that part multiplied by 365 and divided by the number of days in that part.

Thus, the final year's pay of a Scheme member who is absent on 10 July 2014, who elects to pay Additional Pension Contributions (APCs) to cover the amount of pension 'lost' during the trade dispute absence, and who leaves on 30 June 2015, having had a large promotion on 1 August 2014, would be the whole time equivalent pensionable pay ('2008 Scheme' definition) in respect of the period 1 July 2014 to 30 June 2015 e.g.

1.7.14. – 31.7.14. :	1/12 x £20,000 = £	1,666.67
1.8.14. – 31.3.15. :	8/12 x £33,000 = £	22,000.00
1.4.15. - 30.6.15. :	3/12 x £33,330 = £	8,332.50
Total		£31,999.17

If the person did not elect to pay Additional Pension Contributions (APCs) to cover the amount of pension 'lost' during the trade dispute absence, the pensionable pay would be the pay received for the period 1 July 2014 to 30 June 2015 (less 1 day's pay) x 365 divided by 364, which (in this particular example) would produce a slightly lesser higher pay figure e.g.

1.7.14. – 31.7.14. :	1/12 x £20,000 = £	1,666.67
1.8.14. – 31.3.15. :	8/12 x £33,000 = £	22,000.00
1.4.15. - 30.6.15. :	3/12 x £33,330 = £	8,332.50
Less	1/260 x £20,000 = £	76.92
Total		£31,922.25 x 365/364 = £32,009.95

Example C

Regulation 8(2) of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, as protected by the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014, provides that where the pay for either of the two years preceding the final year is higher than that for the final year, the higher pay figure is used as the final pay figure. So, for example, let's assume a member retires on 31 March 2015 and has not had a pay increase since 1 April 2013.

Final pay 1.4.13. – 31.3.14. : **£20,000.00**

Final pay 1.4.14. – 31.3.15. :

If the member elected to pay Additional Pension Contributions (APCs) to cover the amount of pension 'lost' during the trade dispute absence, final pay would be:

1.4.14. – 31.3.15. : **£20,000.00**

If the member did not elect to pay Additional Pension Contributions (APCs) to cover the amount of pension 'lost' during the trade dispute absence, final pay would be:

1.4.14. – 31.3.15. :	£20,000.00
Less deduction for strike day	
1/260 x £20,000	£ <u>76.92</u>
Total	£19,923.08
X 365/364	= £19,977.81

As this is lower than the year ended 31 March 2014, the final pay figure of £20,000 for that previous year can be used and pensions increase would be applied to the benefits using a Pensions Increase date of 1 April 2014.

NOTIFICATION FROM THE EMPLOYER TO A SCHEME MEMBER WHO HAS BEEN ABSENT DUE TO A TRADE DISPUTE – ENGLAND AND WALES

Dear

Local Government Pension Scheme Regulations 2013

I write with regard to your recent absence from duty due to a trade dispute on

The above regulations provide that the period of absence will not count for pension purposes unless you elect whilst an active member of the Scheme to pay an Additional Pension Contribution (APC) to buy-back the amount of pension you would otherwise have earned on the pay 'lost' whilst absent due to the trade dispute.

The APC payment can be made by a single payment (usually via a deduction from pay) or spread over a period of time (deducted from your pay).

What are the implications if I decide not to buy-back the amount of pension I would otherwise have built up on the pay 'lost' whilst absent due to the trade dispute?

If you do not opt to make an APC payment the period of absence will not count for pension purposes. This has some potential implications. For example, each day of absence:

- will marginally reduce the amount of pension to be added to your pension account (compared to the amount of pension that would have been added had you not been absent – see examples below),
- will, in some cases, extend by one day¹² the date when a member who joined the Scheme before 1 October 2006 could retire before Normal Pension Age on an unreduced pension (i.e. add one day to the date on which a member's combined age and membership in the Scheme, both in whole years, add up to 85 (known as the "85 year rule"), and
- may, if you joined the Scheme prior to 1 April 2014, have a marginal impact on the final pay figure used in the calculation of your pre 1 April

¹² For example, the 85 year rule for a person who would have attained 25 years membership at age 60 and 53 days will not, where there is a one day strike, be met until age 60 and 54 days, when the person's age in whole years (60) and membership in whole years (25) equals 85 years; conversely, the 85 year rule would not be affected by a one day strike where, for example, a person has 24 years membership at age 60 and 350 days. That is because the 85 year rule will not be met until the person's 61st birthday when age in whole years (61) plus membership in whole years (24) equals 85 years.

2014 pension benefits¹³ should you leave within 12 months of the end of the trade dispute period or, in some cases, within 3 years of the end of the trade dispute period. Whether the final pay figure might be more or less than if you had paid contributions to enable the day to count will depend on the date of leaving and the level of promotions or pay rises, etc that occur after the trade dispute has ended and, in some cases, how these compare to the level of pay prior to the trade dispute.

By how much will the amount of pension credited to my pension account be less than it would have been had I not been absent due to a trade dispute? How much will it cost me to buy-it back?

You will have 'lost' pension equal to 1/49th of the pensionable pay you would have received had you not been absent (or half of that amount if you are in the 50/50 section of the Pension Scheme). If you want to buy-back the amount of 'lost' pension the cost will depend on how old you when you elect to buy it back and whether you are male or female.

The examples shown in the attachment to this letter will help to give you an idea of the amount of pension 'lost' and the cost of buying-back that pension.

What do I do now?

If, having considered the information in this letter and in the attachment you do not wish to pay any Additional Pension Contributions to buy-back the 'lost' pension you need take no action.

However, if you wish to buy-back the 'lost' pension you will need to make a formal application to do so. You can do this by obtaining a formal quotation and application form from the "How do I buy extra or 'lost' pension?" section of the LGPS2014 website at www.lgps2014.org. Before using the "Buy lost pension" facility you will need to obtain written confirmation of the amount of pensionable pay deducted for the strike period and the section of the Pension Scheme you are in (the main section or the 50/50 section) as that information has to be entered in order to obtain a formal quotation and application form. You can obtain this information from [employer to insert contact details e.g. for payroll section]. If you do not have access to a computer please contact [employer to insert contact details] if you wish to buy-back the 'lost' pension and we will provide you with the relevant quotation and application form. [Employers should amend the above paragraph as appropriate to fit in with the procedures they wish to follow]

¹³ Including the calculation of any underpin amount for a member who was an active member of the Scheme on 31 March 2012 and who was, on 1 April 2012, 10 years or less from their Normal Pension Age under the '2008 Scheme'. The underpin is a technical calculation to ensure that the benefits such members receive from the CARE Scheme are no less than the member would have received had they remained in the final salary '2008 Scheme'.

What if I am already paying extra pension contributions?

Please note that, regardless of whether or not you decide to pay Additional Pension Contributions to buy-back the pension 'lost' during the trade dispute absence, any additional contributions you may already be paying to buy:

- additional pension,
- added years of membership,
- previous part-time service
- pre 6 April 1988 membership for the purposes of counting towards the survivor's pension payable to a co-habiting partner

will continue to be collected from your pay.

If you are paying (Additional Voluntary Contributions (AVCs) for additional pension and the AVC deduction per pay period is a set amount then this will have been collected from your pay.

If you are paying AVCs for additional pension and the AVC deduction per pay period is a percentage deduction then you can choose to pay that percentage on the pay 'lost' during the trade dispute.

If you are paying Additional Voluntary Contributions (AVCs) to provide additional life cover we have assumed that you would not wish the life cover to lapse and so will have deducted these contributions from your pay.

Yours sincerely,

By how much will the amount of pension credited to my pension account be less than it would have been had I not been absent due to a trade dispute? How much will it cost me to buy-it back?

Example 1

Annual pay = £6,217.50

Weekly pay = £119.57

Loss of pay for striking on 10 July = £23.91

Loss of annual pension = £23.91 x 1/49 = **£0.49** (or £0.24 if the member is in the 50/50 section of the Pension Scheme rather than the main section)

The cost of buying back £0.49 of 'lost' annual pension would be as shown below. The cost of buying back £0.24 of 'lost' annual pension (i.e. if the member in this example was in the 50/50 section of the Pension Scheme rather than the main section) would be half the figures shown below.

Male aged 25: **£2.42** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.21 per month for 12 months (£2.52 in total)**

Female aged 25: **£2.60** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.22 per month for 12 months (£2.64 in total)**

Male aged 35: **£3.16** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.27 per month for 12 months (£3.24 in total)**

Female aged 35: **£3.41** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.29 per month for 12 months (£3.48 in total)**

Male aged 45: **£4.31** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.37 per month for 12 months (£4.44 in total)**

Female aged 45: **£4.68** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.40 per month for 12 months (£4.80 in total)**

Male aged 55: **£5.94** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.51 per month for 12 months (£6.12 in total)**

Female aged 55: **£6.38** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.55 per month for 12 months (£6.60 in total)**

Notes:

1. This example shows the amount of lost pay as £23.91 (annual pay divided by 260) but the actual amount of lost pay will depend on the formula used by your employer.
2. All the figures shown above for the cost of buying back the amount of 'lost' pension are gross figures (i.e. prior to any tax relief) and the regular deduction figures are shown as monthly payments. To obtain the equivalent weekly payment figure multiply the monthly figure by 12 and divide by 52.143.
3. Tax relief will be given automatically if payments are made by deduction from pay.
4. The cost of paying a lump sum direct to the Pension Fund would be the same as paying by a lump sum deducted from pay (but tax relief would then have to be claimed via your self-assessment tax return).

Example 2

Annual pay = £12,435

Weekly pay = £239.13

Loss of pay for striking on 10 July = £47.83

Loss of annual pension = £47.83 x 1/49 = **£0.98** (or £0.49 if the member is in the 50/50 section of the Pension Scheme rather than the main section)

The cost of buying back £0.98 of 'lost' annual pension would be as shown below. The cost of buying back £0.49 of 'lost' annual pension (i.e. if the member in this example was in the 50/50 section of the Pension Scheme rather than the main section) would be half the figures shown below.

Male aged 25: **£4.84** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.41 per month for 12 months (£4.92 in total)**

Female aged 25: **£5.21** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.44 per month for 12 months (£5.28 in total)**

Male aged 35: **£6.32** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.54 per month for 12 months (£6.48 in total)**

Female aged 35: **£6.83** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.58 per month for 12 months (£6.96 in total)**

Male aged 45: **£8.63** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.74 per month for 12 months (£8.88 in total)**

Female aged 45: **£9.35** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.80 per month for 12 months (£9.60 in total)**

Male aged 55: **£11.88** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.02 per month for 12 months (£12.24 in total)**

Female aged 55: **£12.76** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.09 per month for 12 months (£13.08 in total)**

Notes:

1. This example shows the amount of lost pay as £47.83 (annual pay divided by 260) but the actual amount of lost pay will depend on the formula used by your employer.
2. All the figures shown above for the cost of buying back the amount of 'lost' pension are gross figures (i.e. prior to any tax relief) and the regular deduction figures are shown as monthly payments. To obtain the equivalent weekly payment figure multiply the monthly figure by 12 and divide by 52.143.
3. Tax relief will be given automatically if payments are made by deduction from pay.
4. The cost of paying a lump sum direct to the Pension Fund would be the same as paying by a lump sum deducted from pay (but tax relief would then have to be claimed via your self-assessment tax return).

Example 3

Annual pay = £15,598

Weekly pay = £299.96

Loss of pay for striking on 10 July = £59.99

Loss of annual pension = £59.99 x 1/49 = **£1.22** (or £0.61 if the member is in the 50/50 section of the Pension Scheme rather than the main section)

The cost of buying back £1.22 of 'lost' annual pension would be as shown below. The cost of buying back £0.61 of 'lost' annual pension (i.e. if the member in this example was in the 50/50 section of the Pension Scheme rather than the main section) would be half the figures shown below.

Male aged 25: **£6.06** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.52 per month for 12 months (£6.24 in total)**

Female aged 25: **£6.53** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.56 per month for 12 months (£6.72 in total)**

Male aged 35: **£7.93** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.68 per month for 12 months (£8.16 in total)**

Female aged 35: **£8.56** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.73 per month for 12 months (£8.76 in total)**

Male aged 45: **£10.08** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.92 per month for 12 months (£11.04 in total)**

Female aged 45: **£11.73** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.00 per month for 12 months (£12.00 in total)**

Male aged 55: **£14.90** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.28 per month for 12 months (£15.36 in total)**

Female aged 55: **£16.00** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.37 per month for 12 months (£16.44 in total)**

Notes:

1. This example shows the amount of lost pay as £59.99 (annual pay divided by 260) but the actual amount of lost pay will depend on the formula used by your employer.
2. All the figures shown above for the cost of buying back the amount of 'lost' pension are gross figures (i.e. prior to any tax relief) and the regular deduction figures are shown as monthly payments. To obtain the equivalent weekly payment figure multiply the monthly figure by 12 and divide by 52.143.
3. Tax relief will be given automatically if payments are made by deduction from pay.
4. The cost of paying a lump sum direct to the Pension Fund would be the same as paying by a lump sum deducted from pay (but tax relief would then have to be claimed via your self-assessment tax return).

Example 4

Annual pay = £23,945

Weekly pay = £460.48

Loss of pay for striking on 10 July = £92.10

Loss of annual pension = £92.10 x 1/49 = **£1.88** (or £0.94 if the member is in the 50/50 section of the Pension Scheme rather than the main section)

The cost of buying back £1.88 of 'lost' annual pension would be as shown below. The cost of buying back £0.94 of 'lost' annual pension (i.e. if the member in this example was in the 50/50 section of the Pension Scheme rather than the main section) would be half the figures shown below.

Male aged 25: **£9.31** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.80 per month for 12 months (£9.60 in total)**

Female aged 25: **£10.02** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.86 per month for 12 months (£10.32 in total)**

Male aged 35: **£12.17** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.04 per month for 12 months (£12.48 in total)**

Female aged 35: **£13.15** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.12 per month for 12 months (£13.44 in total)**

Male aged 45: **£16.61** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.42 per month for 12 months (£17.04 in total)**

Female aged 45: **£18.01** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.54 per month for 12 months (£18.48 in total)**

Male aged 55: **£22.87** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.96 per month for 12 months (£23.52 in total)**

Female aged 55: **£24.57** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£2.10 per month for 12 months (£25.20 in total)**

Notes:

1. This example shows the amount of lost pay as £92.10 (annual pay divided by 260) but the actual amount of lost pay will depend on the formula used by your employer.
2. All the figures shown above for the cost of buying back the amount of 'lost' pension are gross figures (i.e. prior to any tax relief) and the regular deduction figures are shown as monthly payments. To obtain the equivalent weekly payment figure multiply the monthly figure by 12 and divide by 52.143.
3. Tax relief will be given automatically if payments are made by deduction from pay.
4. The cost of paying a lump sum direct to the Pension Fund would be the same as paying by a lump sum deducted from pay (but tax relief would then have to be claimed via your self-assessment tax return).

Example 5

Annual pay = £30,311

Weekly pay = £582.90

Loss of pay for striking on 10 July = £116.58

Loss of annual pension = £116.58 x 1/49 = **£2.38** (or £1.19 if the member is in the 50/50 section of the Pension Scheme rather than the main section)

The cost of buying back £2.38 of 'lost' annual pension would be as shown below. The cost of buying back £1.19 of 'lost' annual pension (i.e. if the member in this example was in the 50/50 section of the Pension Scheme rather than the main section) would be half the figures shown below.

Male aged 25: **£11.79** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.01 per month for 12 months (£12.12 in total)**

Female aged 25: **£12.69** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.08 per month for 12 months (£12.96 in total)**

Male aged 35: **£15.41** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.32 per month for 12 months (£15.84 in total)**

Female aged 35: **£16.64** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.42 per month for 12 months (£17.04 in total)**

Male aged 45: **£21.03** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.80 per month for 12 months (£21.60 in total)**

Female aged 45: **£22.80** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.95 per month for 12 months (£23.40 in total)**

Male aged 55: **£28.95** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£2.48 per month for 12 months (£29.76 in total)**

Female aged 55: **£31.10** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£2.66 per month for 12 months (£31.92 in total)**

Notes:

1. This example shows the amount of lost pay as £116.58 (annual pay divided by 260) but the actual amount of lost pay will depend on the formula used by your employer.
2. All the figures shown above for the cost of buying back the amount of 'lost' pension are gross figures (i.e. prior to any tax relief) and the regular deduction figures are shown as monthly payments. To obtain the equivalent weekly payment figure multiply the monthly figure by 12 and divide by 52.143.
3. Tax relief will be given automatically if payments are made by deduction from pay.
4. The cost of paying a lump sum direct to the Pension Fund would be the same as paying by a lump sum deducted from pay (but tax relief would then have to be claimed via your self-assessment tax return).

Example 6

Annual pay = £42,032

Weekly pay = £808.31

Loss of pay for striking on 10 July = £161.66

Loss of annual pension = £161.66 x 1/49 = **£3.30** (or £1.65 if the member is in the 50/50 section of the Pension Scheme rather than the main section)

The cost of buying back £3.30 of 'lost' annual pension would be as shown below. The cost of buying back £1.65 of 'lost' annual pension (i.e. if the member in this example was in the 50/50 section of the Pension Scheme rather than the main section) would be half the figures shown below.

Male aged 25: **£16.34** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.40 per month for 12 months (£16.80 in total)**

Female aged 25: **£17.59** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.50 per month for 12 months (£18.00 in total)**

Male aged 35: **£21.36** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.83 per month for 12 months (£21.96 in total)**

Female aged 35: **£23.08** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.97 per month for 12 months (£23.64 in total)**

Male aged 45: **£29.16** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£2.49 per month for 12 months (£29.88 in total)**

Female aged 45: **£31.61** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£2.70 per month for 12 months (£32.40 in total)**

Male aged 55: **£40.15** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£3.44 per month for 12 months (£41.28 in total)**

Female aged 55: **£43.13** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£3.69 per month for 12 months (£44.28 in total)**

Notes:

1. This example shows the amount of lost pay as £161.66 (annual pay divided by 260) but the actual amount of lost pay will depend on the formula used by your employer.
2. All the figures shown above for the cost of buying back the amount of 'lost' pension are gross figures (i.e. prior to any tax relief) and the regular deduction figures are shown as monthly payments. To obtain the equivalent weekly payment figure multiply the monthly figure by 12 and divide by 52.143.
3. Tax relief will be given automatically if payments are made by deduction from pay.
4. The cost of paying a lump sum direct to the Pension Fund would be the same as paying by a lump sum deducted from pay (but tax relief would then have to be claimed via your self-assessment tax return).

Specimen Letter

NOTIFICATION FROM AN EMPLOYER TO A SCHEME MEMBER WHO HAS ELECTED TO MAKE A PAYMENT IN RESPECT OF A PERIOD OF ABSENCE DUE TO A TRADE DISPUTE – ENGLAND AND WALES

Dear

Local Government Pension Scheme

Thank you for completing the form opting to pay Additional Pension Contributions to cover the 'lost pension' for the whole period of your absence due to a trade dispute.

A single sum of £ will be collected from your next instalment of salary / wages.

OR

The sum of £..... will be collected from your salary / wages each pay period from to

[Employer to complete one of the above two paragraphs and delete the other]

Yours sincerely,

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Officer advisory group
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