

Questions from Employer Training Day – 01.10.2024

1. Tendering for service contract for one employee that is currently opted out of LGPS?

You can either put the admission agreement in place from the start of the contract so that the employee can be enrolled in the Scheme should they opt-in at a later date, or you could consider only putting in place at point member does join the Scheme (if at all).

2. Ill health when you have run out of sick pay do you go down the ill health route?

An employer will normally consider an active member for ill health retirement if they are considering terminating their employment on health grounds **or** if the member requests it.

Therefore, we would expect ill-health retirement to be explored once it is decided that the employee is unable to return to work due to ill-health. Note: you must ensure that the medical ill-health retirement process commences before terminating employee's employment.

It is ultimately the employer's decision as to whether the member meets the criteria for ill health retirement. The employer will also decide on the appropriate tier of ill health. The employer will need to consider the opinion of the independent registered medical practitioner (IRMP) when reaching a decision and the employer must be able to justify their decision.

3. Academy Trust with 2 employees that cover 1 job working over 2 locations? (This was to do with one role or two)

If an employee has a single contract of employment (or job), but are working over two or more locations, for pension purposes this can be reported as a single pensionable employment i.e. submit details of the total contributions and pensionable salary.

However, if an employee has two contracts of employment then that would need to be reported separately for pension purposes.

4. Can you buy back missing service?

It is no longer possible for Scheme members to purchase a period of membership (years and days) in the LGPS. However, Scheme members may choose to buy extra annual pension using an Additional Pension Contribution (APC) contract.

An employee may elect to pay APCs to purchase some or all of the amount of pension 'lost' during a period of unpaid leave of absence. Authorised unpaid leave of absence includes any period of unpaid additional maternity or adoption leave, unpaid parental bereavement leave, unpaid shared parental leave and unpaid carer's leave. If they elect to pay APC within 30 days of returning to work (or such longer period as the employer allows), the employer must pay 2/3rds of the cost (a Shared Cost APC). However, if the member elects after the 30-day period (or such longer period as the employer allows), the employee must then pay the full cost of the contract themselves.

Note: Where an employee is absent due to a trade dispute (strike action) and they choose to buy extra pension to replace the amount of pension 'lost', the employee will be required to meet full cost of any additional pension purchased.

The cost of buying the extra/lost pension can be met via a lump sum payment or can spread by making regular payments from the employee's salary.

The LGA provides an online extra or lost pension calculator which will show the employee how much it would cost to buy more pension. This is available on the national LGPS member website: <https://www.lgpsmember.org/help-and-support/tools-and-calculators/>

5. Is agreed unpaid leave the same as a work break?

Authorised unpaid leave of absence is treated the same way as a 'work break'. If the employee elects to purchase the amount of 'lost' pension within 30 days of returning to work, the employer must pay 2/3rds of the cost of the APC.

Note: The employer is only required to pay for any individual period of absence up to 36 months. For any period of absence beyond 36 months, the employee would pay the full cost of purchasing the 'lost' pension, unless the employer voluntarily chooses to contribute towards the cost.

6. Maternity leave – does that included shared parental leave and child related leave? (This was when talking about assumed pensionable pay)

Assumed Pensionable Pay will apply if an employee moves to a period of reduced contractual pay or nil pay because of:

- sickness or injury
- ordinary maternity or adoption leave
- paternity leave
- paid shared parental leave
- paid parental bereavement leave, or
- paid additional maternity or adoption leave

Payroll should be instructed to apply Assumed Pensionable Pay (APP) for pension purposes during the period of absence. APP does not apply during any part of relevant child related leave where the pensionable pay the member receives is greater than the APP for that part of the leave period.

The employee will pay contributions on any pensionable pay received during such periods of absence. However, the employer will pay contributions on the amount of APP.

7. Is the pension age moving from 55?

The Government has announced that the earliest age a Scheme member can take their pension will increase from age 55 to 57 with effect from 6 April 2028.

We understand that some members could be protected from the increase if they joined the LGPS before 4 November 2021 (or have transferred previous pensions into the LGPS that meet certain conditions). However, the Ministry of Housing, Communities and Local Government (MHCLG) have not yet confirmed if it will allow members who qualify for protection to take their LGPS pension before age 57 from 6 April 2028 onwards. This will also require amendments to the Scheme rules.

8. Redundancy Retirements

Where an employee who has attained age 55 or over is dismissed from an employment by reason of redundancy or business efficiency, and have met the two-year vesting period, their Pension is paid immediately and unreduced.

Redundancy or business efficiency retirements will incur a strain on fund cost if they occur before the member's Normal Pension Age. This is because the benefits are not reduced for early payment.

It is always in the employer's interest to obtain a quote including the strain cost when a member of the Scheme could be made redundant over age 55. Although the member may not have a substantial amount of service or pension accrual with their current employer, they may have transferred in previous pension benefits which the employer is not aware of. This could mean a large and unexpected cost due to the unreduced payment of the member's benefits.

The previous Government planned to restrict exit costs in the public sector (regulations came into force in November 2020 but revoked on 19 March 2021). The current redundancy rules could change if current Government adopts the policy.

9. What is the procedure for claiming pension when retire from both an employer and employee perspective?

Where an employee is voluntarily retiring, they should first notify their line Manager and agree leaving date. We would also advise that the employee informs the Fund of their last day of service.

In order for the Pension Fund to provide pension details to the member, we will require relevant employee payroll data. The 'leaver form (PEN LV1)' can be obtained from the Staffordshire Pension Fund website. This is used to provide leaver details i.e. date of leaving, reason for leaving and salary information. Leaver Form may still be required even if using i-Connect ('final pay' required for any pre-April 2014 benefits or if the member is retiring).

Note: if it is an employer driven retirement e.g. ill-health, redundancy, efficiency or flexible retirement, additional information will be required i.e. suitable approval, and this must be provided by the scheme employer not the payroll provider if that function has been outsourced.

Prompt receipt of leaver information is required. The Pension Fund must notify member of their pension options within 2 months of leaving date, or

one month if they have attained Normal Pension age. The Fund is duty bound to capture this on its breaches log. If deemed material, will be reported to the Pensions Regulator.

On receipt of the leaver details, the Fund will aim to provide the following information to the member within 15 working days of receipt of this information:-

- a final estimate of Pension benefits, and
- the paperwork to be completed and returned to the Fund in order that we can put the pension into payment (we will also ask for verification of date of birth and marital/partnership status).

On receipt of the completed documentation from member, we will aim to make payment of any lump sum retirement grant within 18 working days (which includes the Bankers Automated Clearing System transaction). The pension (together with any arrears) will be paid in the next payroll run after the information has been received.

10. What are the time scales for your processes / what the employee can request from you vs what we can request from you as an employer?

The Fund's Pensions Administration Strategy sets out both the Employer and Administering authority responsibilities. This can be found on our website: <https://www.staffspf.org.uk/Governance/Pensions-administration-strategy/Pensions-administration-strategy.aspx>

The Fund has also provided an 'Employer Factsheet' which summarises the employer role: <https://www.staffspf.org.uk/Employers/Guides-and-factsheets/Employer-Roles-and-Responsibilities-V0.1-Janaury-2019.pdf>

We are aware that the Pensions Administration Strategy was last updated back in November 2019 so is overdue a review. We have been waiting for the Pensions Regulator's general (single) code of practice, which came into effect on 28 March 2024, and also the outcome of the Good Governance project (statutory guidance still yet to be issued). However, the Fund will be reviewing the Administration Strategy over the course of the next few months. this may require a consultation with Scheme employers.

Employees who are a member of the Staffordshire Pension Fund can access their Local Government Pension Scheme (LGPS) records online via [My Pension Portal \(MPP\)](#). This service enables them to view their personal, financial and membership details, update their contact details and run their own estimates. Employees can also submit enquiries/requests online via the portal.

11. Can Scheme employers have access to the Altair pensions administration system to run estimates for their own employees?

Staffordshire Pension Fund previously provided access to Altair for some employers. However, this was removed in 2018 following the introduction of the GDPR legislation which prevents us sharing members pension details without their explicit permission. Furthermore, there are licensing costs for providing access to the administration system which are charged per individual user which is prohibitive.

For employers that are live on i-Connect, there is the function available to run Strain Cost calculation quotations for early retirement or redundancy. This can be run across your entire active LGPS membership, or you can choose which individual employees you require the data for. Staffordshire Pension Fund will need to run some further testing to configure the i-Connect Strain report but hopefully this will be something we can make available in the future.

Note: at present, it is likely that only certain staff members i.e. Payroll Officers, will have access to i-Connect and therefore you may require access to be given to others in your organisation for them to run the Strain reports.