Staffordshire Pension Fund
Local Government Pension Scheme

Employer Focus

This bulletin from the Staffordshire Pension Fund, focuses on the key responsibilities / actions required by Employers in the submission of their Annual Employer Returns as at 31 March 2020.

Issue March 2020

Important Information for Scheme Employers and Payroll Departments

- **Submission of Year End Pension Data Returns- Deadline 24 April 2020**
- **Revised Employer and Employee pension contributions effective from 1 April 2020**

Submission of Year End Pension Data Returns

Background

Employers will be familiar with this annual business critical and regulatory requirement, to maintain the accuracy / integrity of all the Fund Members' pension data. This also enables the Fund to issue our Members' Annual Benefit Statements by 31 August 2020.

Deadline for Employer's submission (except Employers using i-Connect)

The submission of data for the financial year ending 31 March 2020 **must** be received by Pensions Services no later than **24 April 2020**, in order that we can comply with the requirement to issue Annual Benefits Statements within statutory time limits. This deadline will allow for data validation processes to be completed and any necessary data cleansing to be performed prior to the issue of our Members' Annual Benefit Statements.

Failure to respond by 24 April 2020 will result in the late issue of Members' Annual Benefit Statements, which constitutes a breach of law and which further invokes a legal requirement for the breach to be reported to the Pensions Regulator, exposing both the Employer and the administrator to the risk of censure and financial penalty.

Employer Guidance

To assist Employers with completing their annual return we have a dedicated area of the Pension Fund's website, which contains all the necessary documentation for completion including guidelines and supporting information (please see link below*)*.

https://www.staffspf.org.uk/Employers/Year-end/Year-End.aspx

The above link includes the following:

Common Employer data return issues https://www.staffspf.org.uk/Employers/Year-end/Common-issues-with-the-data-supplied-previous-year-end-Scheme-Employers.aspx

How to complete the year end return https://www.staffspf.org.uk/Employers/Year-end/Completion-of-Contpostmaster-Scheme-employers.aspx

How to complete the career average pay https://www.staffspf.org.uk/Employers/Year-end/Guidance-for-the-completion-of-CARE-return-Scheme-Employers.aspx

Documents you are required to complete https://www.staffspf.org.uk/Employers/Year-end/Year-End.aspx

LGPS Payroll Guide – if you are uncertain of the data that should be supplied, then please refer to this guide. The guide sets out the requirements for payrolls in respect of the LGPS http://www.lgpslibrary.org/assets/gas/ew/Pv4.0c.pdf

Revised Employer Pension Contributions effective from 1 April 2020

As a participating Employer in the Staffordshire Pension Fund, unless you are a contractor operating on a fixed contribution rate admission basis, you will have received notification of your Employer's 2019 valuation schedule which outlines your organisation's expected Employer LGPS contribution rate for the three years commencing 1 April 2020.

To assist Payroll Managers, details of the Employer Contribution rates due from 1 April 2020, for all participating Employers in the Staffordshire Pension Fund, can be found on our website:

https://www.staffspf.org.uk/Employers/Year-end/Year-End.aspx

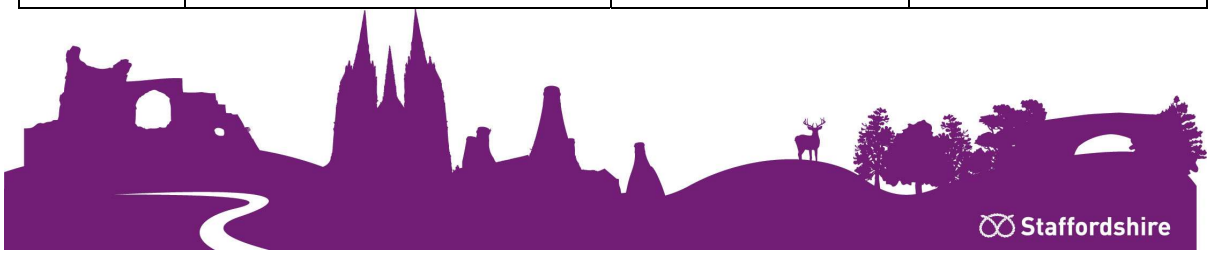
N.B. If the contribution rate your organisation pays is fixed for the life of your current contract, the Fund Actuarial Valuation will not alter the contribution rate payable.

LGPS contribution banding from 1 April 2020

The table below sets out the contribution bands which will be effective from 1 April 2020. These are based on the pay bands for 2019/20 as increased by the September 2019 Consumer Price Index (CPI) figure of 1.7%.

Please ensure your HR and Payroll Teams take the necessary action to implement the changes from 1 April 2020.

Band	Pensionable Pay Range	Main Section Contribution Rate	50/50 Section Contribution Rate
1	Up to £14,600	5.5%	2.75%
2	£14,601 to £22,800	5.8%	2.9%
3	£22,801 to £37,100	6.5%	3.25%
4	£37,101 to £46,900	6.8%	3.4%
5	£46,901 to £65,600	8.5%	4.25%



6	£65,601 to £93,000	9.9%	4.95%
7	£93,001 to £109,500	10.5%	5.25%
8	£109,501 to £164,200	11.4%	5.7%
9	£164,201 or more	12.5%	6.25%

IMPORTANT - CARE Pay that should include Assumed Pensionable Pay (APP)

Assumed Pensionable Pay provides a notional pensionable pay to ensure the members pension is not affected by any reduction in pensionable pay, due to a period of sickness or injury on reduced contractual pay or no pay, or relevant child related leave, or reserve forces service leave.

Why is APP so important?

Since 1 April 2014, a Member's pension has been linked to their earnings. For every year they are a member of the scheme they add pension to their individual account.

The pension added each year is based on 1/49th of their earnings for that year (1/98th if they have opted to be a member of the 50/50 section of the scheme).

The pension account is then increased each year by the consumer price index (CPI) up to their retirement date. This is known as a career average revalued earnings (CARE) pension.

Example calculations of CARE pensions for the financial year 2019/20

Member A

A Member who earns £20,000 from 1/4/2019 to 31/03/2020 will build up 1/49th of that pay towards their pension account for that year.

i.e. £20,000 x 1/49th = **£408.16** per annum pension

Member B

If we take an identical Member who has been on reduced pay of £15,000 due to sickness or relevant child related pay during the same period 1/04/2019 to 31/03/2020

i.e. £15,000 x 1/49th = **£306.12** per annum pension.

- Member A's pension = £408.16 p.a. versus Member B's pension = £306.12 p.a. a difference of £102.04 per annum.
- In this example the Member has 'lost pension' of £102.04 per annum, plus future increases in line with Consumer Price Index (CPI).
- This will result in a lower Member's or spouse's pension than they are entitled to under the LGPS regulations.

Consequence

In this example, as the Member is on reduced pay due to sickness or relevant child related pay, the Employer must include a notional APP of £5,000, thereby increasing the pensionable pay to the amount the Member would have received had they not been on reduced pay.

Under the LGPS regulations the Employer is required to ensure a notional APP is included in the Member's pensionable pay which is notified to the Fund in their organisations Year End Returns.

The example above is only a summary of assumed pensionable pay. **For more detailed information of how APP is calculated, please see this document**:

HR guide to the 2014 scheme

If you require any further information or clarification, please do not hesitate to contact Martin Griffiths, Communication Officer
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