

To: Chief Executive
 Salaries and Wages Departments
 Human Resources
 Pension Contacts

Circular 10B/2016
 17 November 2016

At: All Education Authority Regions

Dear Colleagues,

The Local Government Pension Scheme (Nursery Assistants) (Amendment) Regulations (Northern Ireland) 2016 (SR 2016 No.329)

This Circular has been issued to advise the Education Authority of recent regulations amending the Local Government Pension Scheme (Northern Ireland). The amendments only apply to staff employed as Nursery Assistants who signed up to the Collective Agreement within the Education Authority.

Contents

Section	Content	Page
1	Background to the amending regulations	1
2	Impact of amending regulations on those who accepted the terms of the Collective Agreement	2
3	Calculations of pension benefits for those Nursery Assistants who accepted the terms of the Collective Agreement	2
4	Notification of amending regulations to Nursery Assistants	3
5	No impact on those Nursery Assistants who did not accept the terms of the Collective Agreement	3
6	How are newly recruited Nursery Assistants treated?	4
7	Software Amendments and Pension Benefit Statements for Nursery Assistants who accepted the terms of the Collective Agreement	4
8	** Action list for Education Authority regions **	4
Appendix	Copy of letter being sent to each Nursery Assistant	6

1. Background to the amending regulations

The amending regulations were made on 16 September 2016 and are retrospectively effective from 27 March 2015. These regulations were made to facilitate implementation of the Joint Negotiating Council's Collective Agreement for job evaluations of Nursery Assistants and protect the pensions of Nursery

Assistants. The buy-out of historic terms and conditions included whole-time hours of 32.5 hours, and the re-evaluated jobs are on the basis of 36 whole-time hours per week.

2. Impact of amending regulations on those who accepted the terms of the Collective Agreement

The regulations protect Nursery Assistants' pensions by keeping the denominator of the fraction used to calculate their pension entitlement at a whole-time equivalent of 32.5 hours per week within the protected periods detailed below.

Nursery Assistants employed by the Education Authority who accrued pension rights on the basis of a whole-time equivalent of 32.5 hours per week during the period from 1 January 1995 to 27 March 2015 inclusive will have those rights protected. Thereafter their pension rights will be accrued on the basis of the whole-time equivalent of 36 hours per week.

3. Calculations of pension benefits for those Nursery Assistants who accepted the terms of the Collective Agreement

The following calculation illustrates how pension benefits will be calculated for Nursery Assistants who signed up to the Collective Agreement. It should be noted that the calculation has not included the Career Average Revalued Earnings method of calculating pension benefits which applies from 1 April 2015 – the purpose of this illustration is to show that the amending regulations ensure that the final pension and lump sum are the same as would have been expected prior to the amending regulations.

Assumptions

Part-time Nursery Assistant working 30 hours per week who was on a 32.5 hour divisor for 5 years before moving to a 36 hour divisor for 1 year 4 days under the terms of the Collective Agreement i.e. 6 years 4 days of membership in total and earning £12,000 per annum.

Pension Benefits accrued during the protected Collective Agreement period

Nursery Assistant works 30/32.5 hours per week

Pensionable pay is brought up to whole-time equivalent for 32.5 hours membership

i.e. $£12,000 \times 32.5/30 = £13,000$

Membership is brought down to whole-time equivalent for 32.5 hour membership

i.e. $5 \text{ years} \times 30/32.5 = 4 \text{ years } 225 \text{ days}$

Accrued annual pension for 32.5 hour full-time equivalent membership
= $1/60 \times \text{whole-time equivalent pensionable pay} \times \text{whole-time equivalent membership}$
= $1/60 \times £13,000 \times 4 \text{ years } 225 \text{ days}$
= £1000.23

Pension Benefits accrued post-Collective Agreement period

Nursery Assistant works 30/36 hours per week

Pensionable pay is brought up to whole-time equivalent for 36 hours membership

i.e. $£12,000 \times 36/30 = £14,400$

Membership is brought down to whole-time equivalent for 36 hours membership

i.e. $0 \text{ years } 4 \text{ days } \times 30/36 = 0 \text{ years } 3 \text{ days}$

Accrued annual pension for 36 hours full-time equivalent membership
= $1/60 \times \text{whole-time equivalent pensionable pay} \times \text{whole-time equivalent membership}$

= $1/60 \times £14,400 \times 0 \text{ years } 3 \text{ days}$

= £1.97

Accrued CARE pension for one year from 1 April 2015-31 March 2016

= $\text{CARE pay}/49$

= $£12,000/49$

= £244.90

Total benefits accrued

Total annual pension = $£1000.23 + £1.97 + £244.90 = £1,247.10$

In summary, Nursery Assistants who accepted the terms of the Collective Agreement will have two final pensionable pay figures calculated – one pay which is based on 32.5 hours per week and is used to calculate the pension benefits during the dates their protection applies (1 January 1995 to 27 March 2015) and one which is based on 36 hours per week and is used to calculate the benefits accrued before 1 January 1995 and for the four days after 27 March 2015. The benefits payable are the sum of both calculations (pre and post Collective Agreement).

4. Notification of amending regulations to Nursery Assistants

The letter attached in Appendix 1 is being sent to all Nursery Assistants who the Education Authority regions have advised us have accepted the terms of the Collective Agreement.

You should advise us urgently of any late acceptances where the individuals may not already be identified on our records as protected Nursery Assistants. It is essential that these members are identified and member records are updated with the correct divisor otherwise incorrect benefits will be paid on retirement and incorrect pension benefit statements will be issued.

5. No impact on those Nursery Assistants who did not accept the terms of the Collective Agreement

Those Nursery Assistants who did not accept the terms of the Collective Agreement and the consequent one-off payment to buy out their terms and conditions are not affected by these amending regulations. These members will continue to have a 32.5 hour divisor for pension purposes while they remain in their current posts. My understanding is that they will lose this 32.5 hour

protection if they take up a new post. *You should continue to advise us of their 32.5 hours full-time equivalent final salary pay for annual return purposes.*

6. How are newly recruited Nursery Assistants treated?

All new Nursery Assistants employed from 28 March 2015 with the Boards should have full-time equivalent hours of 36 hours per week. *You should advise us of their 36 hour full-time equivalent final salary pay for annual return purposes.*

7. Software Amendments and Pension Benefit Statements for Nursery Assistants who accepted the terms of the Collective Agreement

As these regulations have altered the calculation of final salary pay for the Nursery Assistants who signed up to the collective agreement (to both a 32.5 hour *and* a 36 hour pay) it has been necessary to request software amendments to NILGOSC’s pensions administration software. This programming is now complete. ***In future you will need to advise us of the 36 hour full-time equivalent final pay on your annual returns. This is the hourly ‘protected’ 32.5 hour pay brought up to a 36 hour pay. The programming within our software will then derive the 32.5 hour pay. It is also essential to split out any other posts which may still be held on the same member record.***

Any quotations issued for ‘protected’ Nursery Assistants will have an additional calculation page showing a breakdown of the calculation of pension and lump sum. An illustration of this breakdown is attached to the Nursery Assistants’ letter at Appendix 1.

The annual Pension Benefit Statements for Nursery Assistants have also been revised. We were able to issue the new format pension benefit statements to ‘protected’ Nursery Assistants in the Western, Belfast, North Eastern and Western regions before the 31 August 2016. We will be issuing pension benefit statements to those remaining Nursery Assistants in the South Eastern and Southern regions before the end of December 2016.

8. Action List for Education Authority Regions

Action	Completed
1. You should advise us urgently of any late acceptances where the individuals may not already be identified on our records as protected Nursery Assistants (refer to section 4).	
2. Nursery Assistants who did not sign up to the terms of the Collective Agreement – you should continue to advise us of their 32.5 hours full-time equivalent final salary pay for annual return purposes (refer to section 5).	
3. Newly recruited Nursery Assistants - you should advise us of their 36 hour full-time equivalent final salary pay for annual return purposes (refer to section 6).	
4. Nursery Assistants who signed up to the terms of the Collective Agreement - you will need to advise us of the 36 hour full-time equivalent final pay on your annual returns. This is the hourly ‘protected’ 32.5 hour pay brought up to a	

36 hour pay. The programming within our software will then derive the 32.5 hour pay. It is also essential to split out any other posts which may still be held on the same member record. (Refer to section 7)

If you have any queries regarding the content of this circular then please contact either myself, Ruth Benson or John Wheeler.

Yours sincerely

A handwritten signature in black ink that reads "Zena Kee". The letters are cursive and slightly slanted to the right.

Zena Kee
Pensions Manager

Appendix 1 – Copy of letter being sent to each Nursery Assistant who accepted the terms of the Collective Agreement

Nursery Assistants – Collective Agreement to Implement Job Evaluation

The Education Authority has advised us that you are employed as a Nursery Assistant and have signed up to the Joint Negotiating Council (JNC) Collective Agreement of 27 March 2015.

As you will be aware, one of the main conditions of this agreement was a Job Evaluation which increased your full-time equivalent working hours from 32.50 hours per week to 36 hours per week.

Although you may not have changed the number of hours you actually work, this change to your full-time hours could have had a direct effect on the calculation of the pension benefits you had built up before 28 March 2015, as these final salary benefits are calculated with reference to your full-time length of membership and full-time equivalent pensionable pay. **There is no impact on the pension benefits that you will build up from 1 April 2015 as these are calculated on the pensionable pay that you actually receive under the Career Average Revalued Earnings (CARE) Scheme.**

To ensure that your benefits are not affected by your decision to sign up to the Collective Agreement and the change in full-time hours, the Department for Communities has made regulations which allow us to continue to calculate your benefits for the period from 1 January 1995 to 27 March 2015 (the protected period) on a 32.5 hour full-time equivalent pay. **This means that there will be no change to the calculation of your benefits for this period.** Any final salary benefits built up outside the protected period will be calculated on a 36 hour full-time equivalent pay. Adjusting the pay to accommodate the change in full-time hours means there will also be **no change to the benefits provided.**

The calculations in Appendix 1 show that your protected pension benefits for the protected period will be calculated in the same manner as if you had remained on a 32.5 hour full-time equivalent working week.

Other staff employed in your school, including Nursery Assistants who have not signed up to the Collective Agreement, will have received their Annual Pension Forecasts from NILGOSC. Unfortunately, due to delays receiving revised full-time equivalent pay details from a few regions some Nursery Assistants' forecasts will be issued slightly later and will be sent to you before 31 December 2016.

When we provide you with any future quotations you will see an additional page attached which explains how your benefits are calculated. An illustration of this new page is attached at Appendix 2.

I hope this explains the amendments to your pension calculations to take account of the Collective Agreement. Please do not hesitate to contact our Pensions Administration Team by email to info@nilgosc.org.uk or by telephone on 0845 308 7346 if you have any queries.

Yours sincerely

A handwritten signature in black ink that reads "Zena Kee". The signature is written in a cursive, slightly slanted style.

Zena Kee
Pensions Manager

Appendix 1

To show you that the benefits are unaffected by the change to the calculation, we have used an example for a Nursery Assistant who worked five years before the date of the Collective Agreement.

The purpose of this illustration is to show that the calculation results in the same final salary pension and lump sum (if applicable) for the protected period as would have been expected prior to the amending regulations.

For all part-time members, NILGOSC will scale membership down to its full-time length and scale pensionable pay up to its full-time equivalent.

The calculation below shows how we would work out full-time equivalents for a part-time employee who worked for 5 years at 15 hours per week earning £6,923 per annum when the full-time equivalent is 32.5 hours.

Pensionable pay is brought up to full-time equivalent of 32.5 hours

i.e. $£6,923 \times 32.5/15 = £15,000$

Membership is brought down based on a full-time equivalent of 32.5 hours

i.e. $5 \text{ years} \times 15/32.5 = 2 \text{ years } 112 \text{ days}$

Calculation of pension for membership up to 28 March 2015 (with full-time-equivalent of 32.5 hours) – Before signing up to the Collective Agreement

Pension in respect of membership before 28 March 2015 =

$1/60 \times \text{full-time equivalent pensionable pay} \times \text{full-time equivalent membership to 27 March 2015}$

$\text{Pension} = 1/60 \times £15,000 \times 2 \text{ years } 112 \text{ days} = £576.71$

Calculation of pension for membership up to 28 March 2015 (with protected full-time equivalent of 32.5 hours) – After signing up to the Collective Agreement

Pension in respect of protected membership before 28 March 2015 =

$1/60 \times \text{protected full-time equivalent pensionable pay} \times \text{full-time equivalent membership to 27 March 2015}$

$\text{Pension} = 1/60 \times £15,000 \times 2 \text{ years } 112 \text{ days} = £576.71$

Summary

In summary, Nursery Assistants who accepted the terms of the Collective Agreement will continue to have the same pension calculation used to work out their pension for the period from 1st January 1995 to 27th March 2015. They will then have a 36 hour pay used to calculate their benefits for the four days from 28 March to 31 March 2015 and the service for that period will be reduced according to the hours that they work. By adjusting the pay to accommodate the change in full-time hours there is no change to the benefits provided. There is no difference to the post 31 March 2015 benefits as these Career Average Revalued Earnings (CARE) benefits are calculated on the pay received and not on full-time equivalent pays.

Appendix 2**NILGOSC - EDUCATION AUTHORITY****Nursery Assistants' Calculations (Benefits Split 95-15)**

Mrs N Assistant

NI Number TN010101F

Date of Leaving 31/03/2015

Membership Calculations

A) LG Membership between 01/01/1995 and 31/03/2009	0 Yrs	0 Days
B) LG Membership between 01/04/2009 and 27/03/2015	2 Yrs	112 Days
C) Balance of membership at 1/80 th	0 Yrs	0 Days
D) Membership at 1/60 th between 28/03/2015 and 31/03/2015	0 Yrs	2 Days

Pensionable Pay Details

Pensionable Pay for A)	£15000
Pensionable Pay for B)	£15000
Pensionable Pay for C)	£16615
Pensionable Pay for D)	£16615

Pension Calculations

Pension based on A)	£ 0.00
Pension based on B)	£ 576.71
Pension based on C)	£ 0.00
Pension based on D)	£ 1.52
	<hr/>
	£578.23

Lump Sum Calculations

Lump Sum based on A)	£0.00
Lump Sum based on B)	£0.00
	<hr/>
	£0.00

Partner's Pension Calculations

Partner's Pension based on A and B)	£216.27
Partner's Pension based on C and D)	£ 0.57
	<hr/>
	£216.84

NB. The above summary sheet included in any NILGOSC quotations will only provide final salary scheme information. Details of any CARE benefits due after 31 March 2015 will appear on a separate calculation sheet.