

Human Resources Guide to the Local Government Pension Scheme (Northern Ireland)



Version 13 - Revised November 2024

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1. Introduction

This guide sets out the additional or changed requirements for Human Resources (HR) departments since the new Local Government Pension Scheme for Northern Ireland came into effect on 1 April 2015. Please note that this is not a replacement for any previous requirements agreed with NILGOSC regarding information to be provided. The examples provided in each section of this document are for illustration only and do not override any regulatory or statutory requirements.

You may find it helpful to read this guide in conjunction with the Payroll Guide as NILGOSC does not know how these functions are split within each employer.

The rules of the Local Government Pension Scheme are set out in Statutory Regulations made by the Department for Communities. The relevant regulations are:

- Local Government Pension Scheme Regulations (Northern Ireland) 2014 and
- Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014.

The regulations have since been amended by the:

- Local Government Pension Scheme (Amendment No.2) Regulations (Northern Ireland) 2015
- the Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2016
- Local Government Pension Scheme (Nursery Assistants) (Amendment) Regulations (Northern Ireland) 2016
- Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2019
- Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2020
- Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2022
- The Parental Bereavement Leave and Pay (Consequential Amendments to Subordinate Legislation) (No.2) Regulations (Northern Ireland) 2023
- The Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2023

- The Local Government Pension Scheme (Amendment No. 2) Regulations (Northern Ireland) 2023 and
- The Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2024.

This guide is intended to inform HR departments of the expected minimum additions and/or changes needed to effectively manage the Scheme.

A glossary provided at the end of the guide provides definitions of commonly used terms.

1.1 Acknowledgements

This guide is a 'Northern Ireland' version of a similar guide that has been produced in England and Wales. The assistance of the Local Government Association and the excellent work undertaken by the Administration Working Group in England and Wales is gratefully acknowledged.

2. Who can Join?

The employees (under age 75) who can join the LGPS (NI) are:

- Employees of an employing authority (an employing authority is a body with employees who are eligible to be members or a local authority as defined in Article 2 of the 1972 Order i.e. councils and NILGOSC); and
- Employees of an admission body whose employer has designated them as being eligible for membership of the Scheme under the terms of the Admission Agreement the employer has with NILGOSC.

Some employees may not be members of the LGPS (NI):

- employees aged 75 or over
- those eligible for membership of another public service pension scheme,
- retained or volunteer membership with the NI Fire and Rescue Service,
- staff within the University of Ulster who are eligible to participate in the Universities' Superannuation Scheme and
- those employed by an employing authority who are members of another occupational pension scheme.

If an employee has a contract of employment for at least three months, they are contractually enrolled into the LGPS (NI) from their first day of employment or the first date they become eligible, if later.

A person who is an eligible jobholder and employed under a contract of employment of less than three months must be enrolled on their automatic enrolment date. This means that an eligible jobholder with a contract of less than three months would join the LGPS (NI) on the first day of employment unless the employer issues a 'postponement notice' delaying the automatic enrolment date.

Non-eligible jobholders and entitled workers with a contract of less than three months will not be enrolled on their first day of employment. However, if they become an "eligible jobholder" they will be enrolled from the first day of the "pay reference period" in which they became eligible because of their earnings, or from age 22 if they first became an eligible jobholder on reaching that age (however, an employer could issue a "postponement notice" delaying the auto-enrolment date). Although these employees are not enrolled on their first day of employment, they do have the right to join the Scheme at any time if they wish.

If a person employed under a contract of less than three months has that contract extended to three months or more and they have not already joined the LGPS (NI) they should be brought into the Scheme on the first day of the payment period following the extension to their contract. You cannot backdate the date of joining the Scheme to the date that they started employment.

3. New Joiners from 1 April 2015

On commencement of employment all new employees who are contractually eligible for membership of the Scheme and who have a contract of employment of three months or more must be enrolled into the main section of the Scheme.

The rules for those with a contract of employment of less than three months are set out in Section 2.

The Scheme has two sections, the main section and the 50/50 section. Please see section 11 for more information on the two sections of the Scheme.

A person cannot choose to join the 50/50 section of the Scheme before becoming a member of the main section. For example, a new joiner with a contract of employment of three months or more must initially be brought into the main section on their first day of employment. However, if they choose to join the 50/50 section before the first payroll is closed, they can be treated as being in the 50/50 section from the first day of employment.

Notification of a new joiner should be sent to both your Payroll Department (with confirmation of the relevant section – main or 50/50 - and the appropriate employee contribution rate) and to NILGOSC (with a copy of the election to join the 50/50 section if relevant). Forms are provided to enable members to make this choice and a template spreadsheet is available to allow employers to notify NILGOSC. Alternatively, those employers using i-Connect will notify NILGOSC of new joiners via it.

Disclosure of Information regulations require NILGOSC to provide basic information about the Scheme:

- a) automatically to prospective members if it is practicable to do so, and
- b) automatically to new members if not already provided under a), and

- c) on request to existing members (if they have not already been given the information within the last twelve months).

This basic information is included in the NILGOSC Pension Guide and Member Guide which are provided by NILGOSC.

For those falling within a) or b) the information must be provided within two months of joining the Scheme and for those falling within c) by no later than two months of the request being made. If a person has been automatically enrolled the time limit is reduced to six weeks from the date that NILGOSC receives the jobholder information from the employer. The employer must provide the jobholder information to NILGOSC within six weeks of the employee's automatic enrolment date. There are significant fines for non-compliance.

The contribution rate bands for members from 1 April 2024/25 are detailed in Table 1. The employee pays contributions at the appropriate band rate on all pensionable pay received for each job or at half that rate if the employee is in the 50/50 section.

3.1 Table 1. Member Contribution Rates and Bands from 1 April 2024

Band	Pensionable pay range for an employment	Contribution rate for that employment Main Scheme	Contribution rate for that employment 50/50 Scheme
1	£0 to £18,000	5.5%	2.75%
2	£18,001 to £27,700	5.8%	2.90%
3	£27,701 to £46,300	6.5%	3.25%
4	£46,301 to £56,300	6.8%	3.40%
5	£56,301 to £111,700	8.5%	4.25%
6	More than £111,700	10.5%	5.25%

The pensionable pay ranges in Table 1 are reviewed on 1 April each year in line with Pensions Increase Orders.

If a person has more than one employment and these are treated as separate jobs, each job (and the pensionable pay from that job) is assessed separately when determining the contribution rate. Therefore, one job could have a rate of 5.5% and the other a rate of 5.8%. Conversely, if the employer determines that a single employment relationship exists then the pay from each job should be combined to determine the single contribution rate.

3.1.1 Example 1

Bob works as Building Supervisor in a school where he earns £18,500 per year. He also works as a Cleaner in the same school where he earns £5,000 per year. As these are two separate jobs his contribution rate for each job will be worked out separately.

As per Table 1 he will pay contributions of 5.8% in his role as a Building Supervisor and 5.5% in his role as a Cleaner.

5.8% of £18,500 = £1,073 per year / £89.42 per month

5.5% of £5,000 = £275 per year / £22.92 per month

3.1.2 Example 2

Mary works as a HR Advisor where she earns £20,000 per year. She also works as a Staff Mentor with the same employer where she earns £10,000 per year. If Mary left one job, she would have to leave both jobs, meaning that these jobs have a single employment relationship. Therefore, her contributions are worked out by adding both of her pays together to create a single pay figure.

£20,000 + £10,000 = £30,000

As per Table 1 Mary will pay contributions of 6.5%.

6.5% of £30,000 = £1950 per year / £162.50 per month

The employer must determine the contribution rate by estimating the annual equivalent of the actual (NOT full time equivalent) pay to be received in a full Scheme year (1 April to 31 March). The employer can use one of the following:

- the annual rate of contractual pay
- the annual rate of contractual pay plus an estimate of non-contractual overtime to be worked in a full year
- 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 (or whatever multiplier the employer deems appropriate)
- the weekly contractual rate multiplied by 52.143 (or whatever multiplier the employer deems appropriate) plus an estimate of other pensionable payments to be made in a full year.

Each employer should assess the appropriate rate in a reasonable and consistent manner e.g. on 1 April each year. It is advisable that each employer has a contribution banding policy in place, although this is not a regulatory requirement. Any reductions in pensionable pay at that time due to sickness, child-related leave, reserve forces leave or other absence from work are to be disregarded when determining the appropriate contribution rate.

Allocating employees to a contribution band should be relatively straightforward where the employee does not undertake additional hours or overtime. However, it is less straightforward where the number of hours an employee may work in a year is not known. An employer may wish to use the method in the second bullet point above to allocate an individual working additional hours or overtime to a contribution band.

If employees have no contractual hours of employment e.g. casual employees or those on zero hours contracts the employer may use one of the following:

- make a reasonable assessment of the number of hours the person is likely to work on an annual basis and review the band allocation at an appropriate time, or
- allocate the employee to the lowest band and review the band allocation at an appropriate time, or
- allocate the employee to the 6.5% band on the basis that this is the average contribution rate for Scheme members and review the band allocation at an appropriate time.

Once the employer has determined the contribution rate, the employer must notify the employee of:

- the contribution rate to be deducted from their pensionable pay and
- the date from which the rate is payable.

The employer can decide how to notify the employee; however they must provide the address where further information on the decision can be found and advise the employee of the right of appeal to the county court.

On joining the Scheme, NILGOSC will issue the employee with an online membership pack which will include a declaration form for them to advise of any previous pensionable employment. This information allows NILGOSC to determine what options are available to new members e.g. aggregation of benefits, qualifying breaks in service.

4. Opting out

A person stops being an active member of the Scheme from the date they specify in the Opt-Out Notice (LGS2), which is given to their employer. If no date is specified, or the form is dated earlier than the date the notice is given to the employer, they stop being an active member in that employment at the end of the payment period during which the notice is given (so from the end of the week, end of the month and so on). If an employee has more than one job they must opt-out of each job separately.

If they **opt out** within three months of joining they are treated as though they had never joined the Scheme and will be entitled to a refund via the employer payroll. The employer should reduce the total contributions it pays over by the employee and employer contributions paid in respect of that person's membership when it next pays its monthly contributions to NILGOSC. The employer will action these refunds. This is different from the treatment when a member **leaves** their employment with less than three months' Scheme membership. In this case, the refund of employee contributions can only be paid by NILGOSC from the pension fund (rather than via the employer's payroll) and no refund of employer contributions is due. NILGOSC will action these refunds.

If they opt out after having been in the Scheme for three months they should be treated as a normal leaver.

If they opt out after three months but before two years they will be entitled to claim a refund via NILGOSC, unless they are disqualified from receiving a refund e.g. they already have a deferred pension, are a pensioner or have had a transfer in where the membership in that scheme was for two years or more.

If the member was an active member on 31 March 2015 and moved to the 2015 Scheme on 1 April 2015 they can choose to have a deferred benefit instead of a refund, a cash equivalent transfer or an immediate benefit if they have reached their normal retirement age under the 2009 Scheme and have ceased the employment from which they opted out.

If the opt out was after two years' service, they would be entitled to a deferred benefit and would become a deferred member.

The opt-out forms are only available from NILGOSC and can be obtained by the member by one of the following methods:

- download from NILGOSC's website www.nilgosc.org.uk
- email info@nilgosc.org.uk
- telephone NILGOSC on 0345 3197 325
- write to NILGOSC

Opt-out forms are only available from NILGOSC to ensure that no employer can inadvertently breach automatic enrolment rules by issuing a member with an opt-out form. The opt-out form is in two parts, the first part, which is the opt-out request, must be returned directly to the employer and the second part, the monitoring section, should be returned to NILGOSC.

A person cannot complete a valid opt-out form before starting employment or the date they join the Scheme.

NILGOSC must be notified either via i-Connect or by MS Excel spreadsheet template of all optants out. In addition, LGS15s (Leavers' Forms) are required for all optants out with more than three months' membership.

Employers must retain the employees opt-out notice for four years, in line with legislation.

5. Re-joining after opting out

A person who is eligible for membership, but who is not an active member in that employment, can apply at any time to their employer to re-join the Scheme. If they do, they become an active member in the main section of the Scheme on the first day of the payment period following the application. A person can opt out of the Scheme and re-join as many times as they wish. However, the right to join previous benefits with new benefits does not apply if you have opted out.

A person cannot choose to join the 50/50 section of the Scheme before becoming a member of the main section of the scheme. Therefore, an employee opting to re-join the Scheme will initially be put into the main section. However, if they choose to join the 50/50 section before the first payroll is closed, they can be treated as being in the 50/50 section from the first day of re-joining the Scheme. Notification of the new member should be sent to both your Payroll Department (together with the confirmation of the relevant section – main or 50/50 - and the appropriate contribution rate) and to NILGOSC.

Once a contribution rate is determined, the employer must notify the employee of the contribution rate to be deducted from their pensionable pay and the date from which the rate is payable. The employer can decide how to notify the employee, however they must provide the address where further information on the decision can be found and advise the employee of the right of appeal to the county court.

NILGOSC must be advised of the new joiner via i-Connect or on a new member MS Excel spreadsheet template together with a copy of the election to join the Scheme and, if relevant, the election to join the 50/50 section.

6. Automatic enrolment

When your employer reaches its automatic enrolment date or automatic re-enrolment date all “eligible jobholders” who are eligible for membership, but who are not active members in that employment are brought into the main section of the Scheme. This does not apply if the employer has applied the transitional period or the member has opted out within 12 months before the automatic enrolment date.

Although the member would initially be brought into the main section they could choose, on or after joining the main section, to join the 50/50 section. If they do so

before the first payroll is closed (after they are enrolled into the Scheme), they can, in effect, be brought into the 50/50 section from the first day of joining the Scheme.

Notification of the new member should be sent to both your Payroll Department (together with the confirmation of the relevant section – main or 50/50 - and the appropriate contribution rate) and to NILGOSC.

Any reductions in pensionable pay at that time due to sickness, child-related leave, reserve forces leave or other absence from work are to be disregarded when determining the appropriate employee contribution rate.

Once a contribution rate is determined, the employer must notify the employee of the contribution rate to be deducted from their pensionable pay and the date from which the rate is payable. The employer can decide how to notify the employee, however they must provide the address where further information on the decision can be found and advise the employee of the right of appeal to the county court.

NILGOSC must be advised of the new joiner via i-Connect or on a new member MS Excel spreadsheet template together with a copy of the election to join the Scheme and, if relevant, the election to join the 50/50 section.

It should be noted that where an employer has an 'eligible jobholder' who has opted out of the LGPS (NI) and the employer has then enrolled them into another qualifying scheme before what would have been their automatic enrolment date or automatic re-enrolment date, that person will not be automatically enrolled or re-enrolled into the LGPS (NI) as they are already in a qualifying scheme. However, they and any other non-eligible jobholders or entitled workers who have opted out of the Scheme and been enrolled into another qualifying scheme do have the right to ask to join the LGPS (NI) at any time up to age 75.

Both the main section of the Scheme and the 50/50 section of the Scheme are a 'qualifying scheme' for automatic enrolment purposes.

7. Pensionable Pay

The definition of Pensionable Pay is similar to the 2009 scheme – i.e. all payments in respect of the job, apart from those listed in regulations as exclusions, but there are three main differences.

The first change is that non-contractual overtime has been pensionable since 1 April 2015.

The second change is that from 1 April 2015 a payment in consideration of loss of future pensionable payments or benefits is not pensionable. This will include marked time payments i.e. no increments or cost of living increases are paid until the old earnings are overtaken by the level of earnings under the new arrangements.

The third change is that any actual pay paid by the Scheme employer to a reservist during Reserves Forces Service Leave is not pensionable. While on reserve forces leave the employee and the Ministry of Defence pay contributions on the amount of Assumed Pensionable Pay (APP).

Fluctuating emoluments to the clerk of a district council should be added to the post 31 March 2015 pensionable pay (the CARE pay). However fluctuating emoluments to the clerk of a district council relating to the period before 1 April 2015 should be averaged over 3 years and added to the final pensionable pay for the purpose of calculating benefits.

The full list of exclusions from pensionable pay after 1 April 2015 is shown below:

- 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 of other employees;
- any payment made by the employing authority to a member on reserve forces service leave; or
- any non-consolidated non-pensionable payment paid to a member as part of an annual pay award.

8. Pensionable Pay and Salary Sacrifice

HMRC approved salary sacrifice arrangements where an employee has their contractual pay reduced by an agreed amount (supported by a variation to their contract) in return for a tax assessable benefit in kind from which income tax liability is then removed are pensionable (where the benefit in kind is specified in the employee's contract of employment as being a pensionable emolument).

The exception is any salary sacrificed for a car or any other motor vehicle, which cannot be pensionable.

However, from 6 April 2017, significant reforms to salary sacrifice arrangements were introduced by the Government. The reforms markedly restricted the types of benefits in kind which can benefit from income tax and National Insurance contribution (NIC) advantages via a salary sacrifice arrangement. Employer contributions into registered pension schemes were excluded from the April 2017 changes. Employers and LGPS(NI) members can continue to benefit from income tax and National Insurance savings when pension contributions are paid through a salary sacrifice arrangement.

Salary sacrificed through a Shared Cost Additional Voluntary Contribution (SCAVC) is pensionable if the employer specifies in the employee's contract of employment that the contribution the employer makes to the SCAVC is a pensionable emolument.

Where holiday entitlement is sold in return for additional remuneration the extra pay will not be pensionable as it is a 'payment in consideration of loss of holidays'.

Buying extra leave

Some employers have introduced schemes that allow employees to buy extra leave as a way of saving money. The impact on a member's pension and the options open to them depend on how the scheme works.

Method 1: The member's pay is reduced in return for additional leave and income tax liability is not determined on the value of that leave. This is, in effect, authorised leave of absence. The authorised leave of absence reduces the member's income before tax and NIC deductions. The value of this cannot be added back into the member's pensionable as a pensionable emolument because the sum has not had income tax liability determined on it.

There is no requirement for contributions to be paid for any part of a period of authorised unpaid leave of absence of more than 30 days. Instead, it is the employee's choice whether to cover the period of absence for pension purposes. If the employee chooses to do so, this will be by paying an age-related Additional Pension Contribution (APC) to cover the amount of pension 'lost' during the period of unpaid leave of absence. See section 14 for further details.

If the member's annual pay is £20,001 and they take 35 days authorised unpaid leave of absence, their pay will be reduced:

- the employee contribution rate would be based on a salary of £20,001.
- the employee could purchase the pension 'lost' during those 35 days leave of absence by electing to pay an APC.
- if the member makes the APC election within 30 days of returning from the absence, it would be a Shared Cost APC and the employer would have to contribute 2/3rds of the cost of that APC.

See section 14 for further details.

Method 2: member's contract of employment changed. The employer could make a change to the employee's contract of employment, reducing the number of days the employee is required to work in a year. This would be similar to the contract of a term-time employee that says they are only required to work term-time.

The pay of a member who earns £20,001 a year, whose contract was changed to say they are only required to work 330 days a year would reduce to £18,083. If the member wanted to purchase the equivalent of the pension they would have built up for 35 days of work, they could do so by paying an APC. This would be at whole cost to the member unless the employer voluntarily agreed to contribute towards the cost of that APC. See section 14 for further details.

If the employee has 2009 Scheme membership, this method could reduce their final pay. Regulation 8 to 10 of the LGPS (Benefits Membership and Contributions) Regulations 2009 would apply. The final pay used to work out the member's pre-2015 benefits would be the best out of the last three years or, if the pay reduction occurred in the 10 years before leaving, the average of any three consecutive years ending on 31 March in the last 13 years.

Method 3: net deduction from the member's full pay. The employer could continue to pay the employee in full and make a net deduction in respect of the value of the additional leave. Income tax and NICs would be deducted from the member's full pay. The member's pensionable pay would also be the full amount. The employer would need the agreement of the employee to deduct a net sum from their pay. The sum would be the amount the employee would have received for the period of leave after the deduction of tax, NI and pension contributions. There would be no effect on the employee's pension and no need for them to pay an APC. The member's final pay would not be reduced and so there would be no need to consider earlier years' pay if they have benefits in the 2009 Scheme.

The employer can make a net deduction if:

- it is authorised in the employee's contract and
- the employee has been given a written copy of the relevant terms or a written explanation of them before the deduction is made, or
- the employee consents to the deduction in writing before it is made.

9. Records to maintain

A separate record must be maintained for each job the employee holds unless the employer determines that a single employment relationship exists. This is the same requirement as under automatic enrolment legislation. The need to calculate pensions on an annual basis means that separate records are essential.

Examples of where the employer may determine a single employment relationship exists are:

- Two concurrent employments where, if one is terminated, the other must be terminated at the same time.
- Sequential employments without a break (e.g. a promotion).

Where there is no single relationship, separate records are required for each job so that the correct amount of pension accrued each year for each job can be worked out.

Example: An employee commences a new job and already holds a job with the same employer. Unless a single employment relationship exists they are to be treated as a

new joiner for pension purposes with Payroll instructed to hold a separate record and NILGOSC notified of a new joiner.

10. The two sections to the Scheme

The Scheme contains two sections – the main section and the 50/50 section. In the main section a member accrues pension benefits at 1/49th of pensionable pay for each year. In the 50/50 section a member pays half the contributions and builds up pension benefits at 1/98th of pensionable pay for each year.

Full employer contributions are paid while the employee is in either the main section or the 50/50 section (not half).

If a member who is paying extra pension contributions moves between the main and 50/50 sections, there could be an impact on the extra contributions they are paying. See section 11 for more information.

If a member in the 50/50 section dies in service or retires with an ill-health pension, the lump sum death grant will be calculated as if the member was in the main section of the Scheme. Any survivor benefits are also not affected by the member being in the 50/50 section.

The employee may elect to move between the main and 50/50 sections of the Scheme any number of times. Each election only takes effect from the next available pay period. For concurrent employments, the employee may elect to move between sections for any or all of the employments they hold.

An employer must give an employee who elects to join the 50/50 section information on the effect on that person's likely pension benefits from the Scheme. NILGOSC has provided this information on the 50/50 election form (LGS12) to enable the employer to provide this information to the employee.

Forms LGS11 (election to join main section of the Scheme) and LGS12 (election to join 50/50 section of the Scheme) and spreadsheet templates SS11 and SS12 are provided by NILGOSC to capture these changes as the employer needs to notify both its Payroll Department and NILGOSC of the date that an employee moves to a different section of the Scheme. The employer will also need to maintain a record of elections and pay earned in each section of the Scheme. At year end (or date of

leaving if earlier), employers should confirm to NILGOSC which section of the Scheme the member was in at that time.

Each employer will need to determine the most effective method to record dates of election and pay earned in each section of the Scheme, which may or may not involve Payroll systems holding this information. Employees must always be put into the main section on being brought into, or upon electing to join the Scheme in an employment. After joining the following events may lead to a change of section during the Scheme year:

Event	Action
Notification that the employee has elected to move either way between the main section and the 50/50 section	Move the employee from the beginning of the next pay period following the election.
The employee is in the 50/50 section and goes onto nil pay due to sickness or injury	The employee must be moved back into the main section from the beginning of the next pay period if they are still on nil pay due to sickness or injury at that time (but not if they are on nil pay for some other reason). This would even be the case where, for example, an employer has a policy of nil pay for the first three days of sickness, and the first two days of sickness fall at the end of one pay period and the third day is the first day of the following pay period – in such a situation the employee would have to be put into the main section from the beginning of that next pay period. The employee could make a further 50/50 election which, if made before the payroll closes, would mean

Event	Action
<p>The employee is in the 50/50 section and goes onto nil pay due to sickness or injury (continued)</p>	<p>the employee has continuous 50/50 membership.</p> <p>Example</p> <p>Bob is in the 50/50 section of the Scheme and is paid on 25th of each month. He falls ill and takes three days off work (24th, 25th and 26th of that month). As Bob's employer has a policy of nil pay for the first three days of sickness, he will not get paid for this time off.</p> <p>As his period of sickness falls over two pay periods Bob must be put back into the main section of the Scheme from the first day of the second pay period (26th). However, if Bob chooses to move back into the 50/50 section before the payroll for that month closes, he can be treated as having continuous 50/50 membership.</p>
<p>The employee is in the 50/50 section and goes on to no pay during ordinary maternity, adoption or paternity leave</p>	<p>The employee must be moved back into the main section from the beginning of the next pay period if they are still on nil pay at that time.</p>

Event	Action
The employee is in the 50/50 section and the employer reaches its automatic re-enrolment date	The employee then must be moved back to the main section from the beginning of the pay period following the employer's automatic re- enrolment date. The employee could make a further 50/50 election and remain in the 50/50 section.

11. Impact on APC and AVC contracts of moving between the Main and 50/50 Sections

Additional pension contribution contracts (APC) can be taken out to buy additional pension up to a maximum of £8,675 per year (2024/25 rates). These contributions can be paid fully by the employee, fully by the employer or the cost can be shared between them. More information on APCs is available in section 14.

The tables below set out the actions that can be taken on moving either to and from the main section and the 50/50 section as well as the options that are available while in each section.

11.1 Moving to the 50/50 Section

Type	Action
Additional Pension Contribution (APC) contract	Must stop if being paid fully by the employee (unless to purchase pension lost due to a trade dispute in which case contributions continue to be paid in full or due to a period of unauthorised leave of absence or period of unpaid additional maternity, paternity, adoption leave, unpaid shared parental leave or parental bereavement leave where the member is paying the full cost of the APC, in which case it continues unless the member terminates the contract).
Shared Cost Additional Pension Contribution (SCAPC)	Must stop (unless it is to purchase pension lost due to a period of authorised unpaid leave of absence or during an unpaid period of additional maternity, paternity, adoption leave or unpaid shared parental leave or parental bereavement leave, in which case it continues at the full rate unless the member terminates the contract).
AVC or Shared Cost AVC	Continues at the normal rate unless member decides to terminate the contract.

11.2 While in the 50/50 Section

Type	Action
Additional Pension Contribution (APC) contract	Cannot start an APC which is at whole cost to the employee to buy additional pension. They can commence payment of an APC if it is to cover an amount of pension lost due to a trade dispute, a period of authorised leave of absence, a period of unpaid additional maternity or adoption leave, unpaid shared parental leave or unpaid parental bereavement leave where the member is paying the full cost of the APC.
Shared Cost Additional Pension Contribution (SCAPC)	Can start an SCAPC only if it is to purchase an amount of pension lost during a period of authorised unpaid leave of absence or during a period of unpaid additional maternity, paternity, adoption or unpaid shared parental leave or unpaid parental bereavement leave.
AVC or Shared Cost AVC	Can start an AVC or Shared Cost AVC while in the 50/50 section.
Preston part-time buy back contributions	Can start while in the 50/50 section.

11.3 Moving to the Main Section

Type	Action
Additional Pension Contribution (APC) contract	Must continue
Shared Cost Additional Pension Contribution (SCAPC)	Must continue
ARCs, added years, additional survivor benefit contributions (ASBC)	Must continue
AVC or Shared Cost AVC	Must continue unless member decides to terminate contract/arrangement
Preston part-time buy back contributions	Must continue

11.4 While in the Main Section

Type	Action
Additional Pension Contribution (APC) contract	Can start
Shared Cost Additional Pension Contribution (SCAPC)	Can start
AVC or Shared Cost AVC	Can start
Preston part-time buy back contributions *see section 18.3	Can start

12. Reassessment and Movements between Contribution Bands

Once the initial band is set for contributions the employer must reassess it each April (in the pay period in which 1 April falls). The employer may choose to review the appropriate band and rate when there is a material change in pay. This means that the employer can review a band during the Scheme year if an employee has had a material change in contractual pay e.g. a promotion, pay award or a change in contractual hours.

Where the initial band was set as an estimate the employer may wish to review the actual pensionable pay received to ensure that the correct band is applied. Any reductions in pensionable pay due to sickness, child related leave, reserve forces service leave or other absence from work are to be disregarded when assessing / reviewing the appropriate band and rate.

It is advisable that employers have a contribution banding policy in place to ensure that any review process is reasonable and consistent in its application.

Example: The contribution band for an employee is set on the first day of employment and is based on contractual annual pay. However, when the band is reviewed at the end of the year, it is clear that the employee worked a significant amount of non- contractual overtime that would have placed them in the next band up. The employer may choose to apply the higher band for the following year.

Once a contribution rate is determined, the employer must notify the employee of the contribution rate to be deducted from their pensionable pay and the date from which the rate is payable. The employer can decide how to notify the employee, however, they must provide the address where further information on the decision can be found and advise the employee of the right of appeal to the county court.

13. Assumed Pensionable Pay (APP)

If an employee moves to a period of reduced contractual pay or nil pay because of:

- sickness or injury, or
- ordinary maternity or adoption leave
- paternity leave

- paid shared parental leave, or
- paid additional maternity or adoption leave, or
- paid parental bereavement leave

then your Payroll Department must be notified of the date of the reduction (for sickness or injury), or the date the relevant child related leave began. 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 received is greater than the APP for that part of the leave period.

The employee will pay contributions on any pensionable pay received during the periods of absence, but the employer will (other than during any part of relevant child-related leave where the pensionable pay received is greater than the APP for that part of the leave period) pay contributions on the APP.

If the member was in the 50/50 section before dropping to nil contractual pay because of sickness or before going on to no pay during ordinary maternity, ordinary adoption or paternity leave, they must be returned to the main section from the beginning of the next pay period, provided they are still on no pay at that time.

When does APP not apply?

APP does NOT apply during a period of authorised unpaid leave of absence of more than 30 days, unauthorised unpaid leave of absence or absence due to industrial action. APP must not be added to the cumulative pensionable pay for that period of absence.

APP does NOT apply during any part of relevant child-related leave during which the pensionable pay received is greater than the assumed pensionable pay for that part of the leave period. On those days, the employee and employer pay contributions on the actual pensionable pay received. Relevant child-related leave means ordinary maternity, paternity or adoption leave, paid share parental leave, paid additional maternity or adoption leave and paid parental bereavement leave.

APP does NOT apply during:

- unpaid additional maternity or adoption leave
- unpaid shared parental leave
- unpaid parental bereavement leave or
- unpaid carers leave.

These types of leave should be treated as unpaid leave of absence.

APP does not apply on a 'Stringer day' if the pensionable pay the member receives is greater than APP. A Stringer day is an annual leave day taken during a period of sick leave.

13.1 APP and Change of Employments

The calculation of APP uses the pensionable pay for the three complete months or 12 complete weeks that the member received relating to that employment before the period of reduced contractual pay or nil pay.

A member may cease one employment and be re-employed on a new contract of employment during the three months or 12 weeks before the period of reduced contractual pay or nil pay. In these circumstances the calculation of the value of APP is based on the pensionable pay received in the new employment only using the number of complete weeks or complete months available in that employment.

13.2 Reserve Forces Leave

While an employee is on Reserve Forces Leave the employer will calculate assumed pensionable pay (APP) and add that into the employee's pensionable pay cumulative on the payroll (i.e. into the main or 50/50 section) so the employee continues to build up a pension as if they were still at work.

The employer does not pay employer contributions to NILGOSC on that APP. They inform both the reservist and, via the reservist, the Ministry of Defence (MoD) of both the APP figure and the employee and employer contributions due on that amount. The employer should also include any additional contributions being paid by the employee. The MoD will deduct the employee contributions and any additional employee contributions from the reservist and pay that, together with the employer's contributions to NILGOSC. Any additional employer contributions (i.e. Shared Cost

APC's/Shared Cost AVC's) remain payable directly by the employer to NILGOSC or the AVC provider as appropriate.

If the employer continues to pay the reservist some pay whilst they are on reserve forces service leave, neither employee nor employer contributions are payable on that pay (because contributions are payable on the assumed pensionable pay figure). In addition that pay is not added into the person's cumulative (i.e. into the main or 50/50 section) because the assumed pensionable pay has been added into the cumulative.

13.3 End of APP accrual

APP stops accruing when a member stops being absent on reduced contractual pay or nil pay as a result of sickness or injury or on ending the relevant child-related leave or reserve forces service leave.

13.4 APP on ill-health retirement or death

The employer will need to calculate APP when a member is awarded ill-health retirement benefits or when an active member dies in service. The APP figure is calculated in the normal way but using the average of the pensionable pay for the three monthly or 12 weekly complete pay periods prior to the date of termination/death. Any regular lump sums paid in the 12 months prior to the date of retirement or death must be added into the annual amount of APP. A lump sum is a regular lump sum if the employer determines there is an expectation that it would have been paid on a regular basis.

This APP figure is needed to calculate the amount of enhancement to the pension benefits on ill-health retirement. Where the Independent Registered Medical Practitioner certifies that the member was working reduced contractual hours during the relevant 12 weekly or three monthly pay periods as a consequence of ill-health the APP figure is calculated on the pay the member would have received during the relevant pay periods if they had not been working reduced contractual hours.

APP is needed to calculate the death grant of an active member as the amount payable is three times the member's APP as at the date of the member's death. It is also required to calculate the increase due in a survivor's pension relating to the period from the deceased's date of death to the deceased member's normal pension age.

14. Buying extra pension

There are three methods of buying extra pension under the 2015 Scheme:

1. Employee only APCs and employee/employer shared costs APCs
2. Employer only APCs
3. AVCs

These methods are discussed separately below.

14.1 Employee only APCs and employee/employer Shared Cost APCs

Active members may choose to buy extra annual pension, up to a maximum of £8,675 (2024/25 rates), using Additional Pension Contributions (APCs) with or without a contribution from the employer. These are known as shared cost APCs when there is a contribution from the employer. The limit of £8,675 will be reviewed each April by Pensions Increase.

An employee can buy APCs to:

- Buy extra pension
- Buy 'lost' pension due to an authorised unpaid leave of absence
- Buy pension 'lost' during a trade dispute.

Buying extra pension. The member may choose to make a one-off contribution or regular additional contributions to buy a set amount of additional pension. The cost (a cash amount NOT a percentage of pay) is determined by the member's age and the amount they wish to purchase. An employer may, if they wish, agree to meet some or all of the cost of any additional pension purchased. A medical, which the member must pay for will be required to confirm that the employee is in good health.

A member cannot commence an APC if they are in the 50/50 section.

To buy lost pension for authorised unpaid leave of absence. This includes any period of unpaid authorised leave, such as:

- unpaid additional maternity or adoption leave of more than 30 days
- unpaid shared parental leave
- career breaks
- jury service
- unpaid parental bereavement leave.

Please note this list is not exhaustive.

Where a member elects to pay an APC to purchase any or all of the lost amount of pension within 30 days of returning to work (or such longer period as the employer may allow) the employer shall, for any individual period of absence up to 36 months (35 if the first 30 days have already been paid), pay 2/3rds of the cost of the APC (a shared cost APC). The amount of lost pension shall be calculated as 1/49th of the lost pensionable pay for the period of unpaid leave if they were in the main section during that period, or 1/98th of the lost pensionable pay for the period of unpaid leave if they were in the 50/50 section during that period.

A member can commence an APC or shared cost APC in this circumstance even if they are in the 50/50 section.

In the 2015 Scheme the member and employer are obliged to pay contributions for the first 30 days of authorised unpaid leave of absence where the absence is for 30 days or less. If the absence is for longer than 30 days then no contributions are due for the first 30 days. The member can choose whether or not to pay contributions to cover the pension 'lost' related to authorised absence. If the member wishes to buy back what could be a small amount of 'lost' pension they can do so by paying an age-related APC either over a period of time or as a one-off lump sum. NILGOSC may determine that payment by regular contributions would not be practicable for very small amounts.

If a member chooses to do this within 30 days of returning to work (or such longer period as the employer may allow) the costs of the APC contract, for any individual period of absence up to 36 months, will be split 1/3rd employee, 2/3rd employer. If the election is made after the 30 day period (or outside such longer period as the employer may allow) the cost of the APC contract will be at full cost to the employee

unless the employer chooses to contribute to the cost. The cost of purchasing 'lost' pension for a period of absence beyond 36 months will be at full cost to the employee as the employer cannot make any contributions to cover lost pension for a period greater than 36 months.

Members may wish to cover 'lost' pay to protect any final pensionable pay calculations for pre-1 April 2015 membership or to protect 85-year rule dates, which could be later if the break is not covered.

To buy lost pension for a trade dispute. Where an active member is absent due to a trade dispute, they may choose to buy extra pension to replace the amount lost. The amount of lost pension shall be calculated as 1/49th of the lost pensionable pay during the period of trade dispute if they were in the main section during that period, or 1/98th of the lost pensionable pay for the period of the trade dispute if they were in the 50/50 section during that period. Please note that where the employee has pre-2015 LGPS (NI) membership, different rules apply (see section 18).

An employee can commence an APC in this circumstance even if they are in the 50/50 section.

Purchase of additional pension. A self-service APC calculator with printable application forms is available on NILGOSC's website at <https://nilgosc.org.uk/members/boosting-your-pension/apcs/>.

If the member wishes to go ahead with a purchase of extra pension in any of the above circumstances, they will need to sign a contract to do so. Both your Payroll Department and NILGOSC must be notified of the amount to be purchased, the cash contribution, the period over which it is to be paid and the reason for the purchase. NILGOSC may determine that payment by regular contributions would not be practicable for very small amounts.

14.2 Employer only Additional Pension Contributions (APCs)

Employers can award additional annual pension to active members of up to £8,675 (2024/25 rates) (less any amount of additional pension that the employer is already contributing to or is contributing under a shared cost APC). This is an increase from the 2009 Scheme maximum of £5,000 and will be reviewed each April by Pensions Increase. This type of award can be made up to six months after leaving providing the reason for leaving is redundancy or business efficiency.

The employer makes a one-off lump sum contribution to buy a set amount of additional pension for the member. The cost is determined by the employee's age and the amount purchased.

14.3 Additional Voluntary Contributions (AVCs)

AVCs can be made by the employee or, in the case of a Shared Cost AVC (SCAVC), by both the employer and employee. Such contributions will be either a cash amount or a percentage of pensionable pay. The in-house AVC provider is Prudential and employees can set up a new AVC directly with Prudential applying online at www.pru.co.uk/localgov. Prudential will notify the relevant Payroll Department of the employee amount or percentage per pay period and, in the case of a SCAVC, the employer amount or percentage per pay period. NILGOSC will also be notified by Prudential. The split between an employee's and employer's additional contributions for an SCAVC can be any proportion as agreed but not 100% cost to the employer.

Any active member paying an AVC, regardless of when the AVC contract started, can pay up to 100% of their pensionable pay (less statutory deductions) into an AVC plan.

It is possible for all of a member's AVC fund to be taken as tax free cash at retirement, subject to HMRC rules.

During any period of:

- sickness or injury on reduced contractual pay or no pay, or
- relevant child related leave (ordinary maternity, adoption or paternity leave or paid shared parental leave, paid additional maternity, paid additional adoption leave or paid parental bereavement leave), or
- reserve forces leave

any pre-existing AVC/ SCAVC contracts remain payable (unless the member or the employer in the case of a SCAVC end the contract) for so long as the member has enough pay to cover them. Any member paying AVCs for additional life assurance cover will have to make arrangements to continue to pay these during any period when there is not enough pay to cover them if they wish to ensure that their life assurance cover does not lapse.

During any period of:

- unpaid additional maternity and adoption leave, unpaid shared parental leave or unpaid parental bereavement leave, or
- absence due to a trade dispute, or
- any other period of authorised leave of absence.

the member may continue payments in respect of any AVC/SCAVC contract.

14.4 Reserve Forces Service Leave

During any period of reserve forces leave any AVC/ SCAVC/ APC/ SCAPC contracts remain payable (unless the member or the employer in the case of a SCAVC end the contract) for so long as the member has enough pay to cover them. Any member paying AVCs for additional life assurance cover will have to make arrangements to continue to pay these when they do not have enough pay to cover them to ensure that their life assurance cover does not lapse.

When a member is going on reserve forces service leave the employer sends the relevant details to the reservist who should pass them on to the Ministry of Defence (MoD) in order to get them to arrange the relevant deductions from the MoD reservist's pay. The MoD should then pay the APC amounts to NILGOSC and the AVC amounts to the relevant AVC provider. Any employer contributions to a SCAPC or SCAVC remain payable by the employer.

15. Termination

Where a member either opts out of the Scheme after more than three months, retires, ceases pensionable employment, dies in service or attains age 75 both your Payroll Department and NILGOSC must be notified of:

- The date of opt-out or cessation
- The reason for cessation
- The relevant section of the Scheme on cessation i.e. main section or 50/50 section
- Any existing APC/ SCAPC contracts in force
- Pension contributions paid in relation to the job in the final Scheme year
- Cumulative pensionable pay (per section) in relation to the job in the final Scheme year

- An Assumed Pensionable Pay figure where an active member dies in service or employment has been terminated on ill-health grounds with a Tier 1 or Tier 2 ill- health pension. This APP figure is needed to calculate the amount of the enhancement to the benefits due under the LGPS (NI).
- The final pensionable pay figure, as under the 2009 Scheme and excluding additional hours and non-contractual overtime, for members who were in the Scheme before 31 March 2015, members who joined after and transferred final salary pension benefits from another public service pension scheme into the LGPS (NI) and for members protected by the underpin.
- Whether the employer has agreed under its discretions policy to apply the 85 year rule protection (for retirees who were members of the Scheme on 30 September 2006) for those members taking voluntary (non-flexible) retirement on or after age 55¹ and before age 60.
- Whether actuarial reductions are to be waived for voluntary and flexible retirements in accordance with the employer's discretions policy.

The LGS15 Leaver's Form will collect these details. If an employer is submitting data to NILGOSC through i-Connect on a monthly basis it may not need to send contribution and pay details for the whole final year.

16. Retirements

When a member retires, the employer must provide NILGOSC with the information set out in Section 15.

A Scheme member can elect to take payment of their pension from age 55¹ onwards. The member will not require employer consent and an estimate of the reduction to their pension should have been requested before making this decision.

The 85 year rule protections continue to apply automatically to a member's 2009 Scheme benefits if a member takes their pension at or after age 60. Older member's benefits built up between 2015 and 2020 may also be protected. To have 85 year rule protections a member must have joined the LGPS (NI) before 1 October 2006.

¹ *The Government is increasing the national minimum pension age, the earliest you can access pension benefits, from age 55 to age 57 from 2028.*

The 85 year rule does not automatically apply if the employee decides to voluntarily draw benefits on or after age 55¹ and before age 60 – but the employer can, subject to their discretions policy, agree to apply the 85 year rule. If the employer decides to apply the 85 year rule then the employer would have to meet the cost of any strain on the Fund. If the employer does not apply the 85 year rule then the member would meet the cost of any strain on the Fund by receiving a reduced pension.

The employer has the discretion, if their discretions policy permits, to waive actuarial reductions (at a cost to the employer) on benefits voluntarily drawn before normal pension age.

Normal Pension Age (NPA) is the employee's State Pension Age (with a minimum of age 65) for any benefits built up from 1 April 2015. Any benefits built up before 1 April 2015 will continue to be payable without reduction from age 65, however, pre 1 April 2015 benefits cannot be drawn earlier than the post 31 March 2015 benefits (other than on flexible retirement).

Under the 2015 Scheme a member must have two years' membership to be entitled to an ill-health, flexible, redundancy or efficiency retirement.

Flexible Retirement

Flexible retirement allows a Scheme member who is age 55 or over to move gradually into retirement. The member can take all or part of their retirement benefits (both pension and lump sum) if:

- Their employer consents, and
- There has been a reduction in hours, or
- A reduction in grade.

When an employer agrees to flexible retirement the member will take:

- all of their pre-1 April 2009 benefits
- some, all or none of their benefits accrued after 1 April 2009.

The 85 year rule automatically applies to flexible retirements (if the Scheme member is protected by the 85 year rule) even when flexible retirement occurs before age 60. Where flexible retirement occurs before NPA, the employer has discretion to waive in whole or in part (at a cost to the employer) any reductions that may apply.

Any other benefits that a member has paid extra contributions for will be payable in accordance with guidance issued by the Department for Communities.

Redundancy and business efficiency retirement

A Scheme member will receive immediate unreduced pension benefits if they:

- are made redundant, or are dismissed on business efficiency grounds (including termination by mutual consent in the case of business efficiency), and
- are age 55 or over, and
- have met the two-year vesting period.

The redundancy can be voluntary or compulsory.

Redundancy or business efficiency retirements will incur a strain on the fund cost if they occur before the member's Normal Pension Age. This is because the benefits (excluding any additional pension purchased by the member) 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.

Ill health retirement

If a member has to leave work due to illness, they may be able to take ill-health retirement.

To qualify for ill-health retirement, the employer must be satisfied that the member is:

- permanently unable to do their job until their Normal Pension Age, and
- have a reduced likelihood of being capable of undertaking gainful employment before their normal pension age.

The member must have met the two-year vesting period.

Change to normal minimum pension age

The government has confirmed that the normal minimum pension age will increase from 55 to 57 from 6 April 2028. The earliest age that people who joined the LGPS(NI) on or after 4 November 2021 can take their pension will rise to 57 from April 2028. We await a decision on whether there will be a protected pensionable age for the LGPS(NI). The changes will not affect members who retire due to ill-health.

17. Payments made after leaving

Any retrospective payments that fall within the definition of pensionable pay will require the relevant employee and employer contributions paid on them. If further pensionable payments are made after termination of Scheme membership in a job and after data has already been submitted to NILGOSC, the revised data (if the payment is made in the year of leaving) or new data (if the payment is made in a year after leaving) must be submitted to NILGOSC together with the date the additional payment was made.

The additional pension resulting from a retrospective payment made after leaving (e.g. from a backdated pay award or backdated re-grading) is treated as if it were received on the day before the active member's account was closed and the pension in the account is retrospectively recalculated. For a pension already in payment, NILGOSC would be required to calculate and pay any arrears due and to check the lump sum limits and the member's annual allowance position.

If the member has pre-1 April 2015 membership the retrospective pay will result in a recalculation of the final year's pensionable pay and any pension already paid in respect of the pre-2015 membership will need to be recalculated and arrears of pension paid. The same will apply to any pension protected by the underpin.

18. 2009 Scheme processes

The following elements of the existing 2009 Scheme are carried forward:

- Final pay
- Changes in contractual hours and weeks
- Additional Regular Contributions (ARCs)
- Added years contracts

- Preston part-time buy-back contracts
- Additional Survivor Benefit Contributions (ASBCs) for cohabitee survivor's pension
- Industrial Action/Strike
- Service Breaks.

as outlined below.

Final Pay

Employers are still required to provide final pay for members who:

- Have LGPS(NI) membership before 1 April 2015 or
- Have transferred in final salary membership from a different public service pension scheme or
- Are protected by the underpin (see section 18.5).

The employer must provide:

- a) Final Pay (2009 Scheme definition) at each 31 March, on flexible retirement and on ending membership of the Scheme (opting out, termination of pensionable employment, death in service or attaining age 75), for use in calculating pre 2015 benefits, final salary benefits resulting from a transfer in and any underpin protection.
- b) Final Pay at Normal Pension Age (NPA) (2009 Scheme definition – normally age 65) for members protected by the underpin who remain active members beyond this date.

The employer must calculate final pay in accordance with the Scheme regulations.

The regulations state that:

- The final pay period is the year ending with the last day of membership; however, one of the two immediately preceding years can be used if higher,
- If a member is subject to a reduction or restriction in pay in the 10-year period before leaving the Scheme, they can choose to have their final pay calculated as the best consecutive three years' pay in the last 13 years.

The reduction or restriction of pay in the second bullet above can be for a variety of reasons. These include, but are not limited to, where the member chooses to be employed with the same employer at a lower grade (or with less responsibility) or as a result of a job evaluation exercise.

Employers should be aware that to calculate final pay accurately under the Scheme regulations they will need complete pensionable salary data for the 13 years before the member's Scheme membership ended. If Scheme membership ends before the 2009 Scheme NPA (usually 65), the same final pay figure is used in underpin calculations. If the member remains active beyond their 2009 Scheme NPA, the employer must supply the final pay figure for the year ending on the 2009 Scheme NPA to calculate the underpin.

An employee who has a period of absence due to a trade dispute, authorised unpaid leave or unpaid additional maternity or adoption leave or unpaid shared parental leave (of more than 30 days) may choose to pay Additional Pension Contributions (APCs) to cover the amount of pension 'lost' during that absence. If that absence falls in the final pay period, whether the member pays APCs will affect the final pay calculation.

If the employee elects to pay APCs (or SCAPCs) to cover the whole amount of pension 'lost' during an absence, the employee is treated as having received the pay they would have received but for the absence when working out their final pay.

If the employee does not make such an election, or has a period of unauthorised unpaid leave of absence, the final pay will be the pay received during that final pay period divided by the number of paid days in that period multiplied by 365.

Changes of contractual hours and weeks

Employers are still required to provide changes of contractual hours for part-time employees (or the average hours for the Scheme year for employees who have no contractual hours) or changes in contractual weeks/contractual days per year (if NILGOSC prorates the membership of employees whose contractual weeks/contractual days per year are less than 52 weeks per year / 365 days per year) in respect of:

- Members who have an added years contract because the added years contract has to be adjusted when the member changes their contractual hours, and
- Members covered by regulation 20(7) of the LGPS (Benefits, Membership and Contributions) Regulations (NI) 2009. This regulation provides a minimum ill health enhancement for those who:
 - Were active members before 1 April 2009
 - Were aged 45 or over at that time
 - Have been in continuous membership since then, and
 - Have not already received any benefits in respect of that membership
- A change in contractual hours can affect the level of the minimum ill-health enhancement.
- Changes in contractual hours and changes in contractual weeks/days (if NILGOSC prorates the membership of employees whose contractual weeks/days are less than 52 weeks or 365 days per year) will also need to be taken into account in assessing the level of contributions payable under an ongoing Additional Survivor Benefit Contribution (ASBC) contract.

18.1 Additional Regular Contributions (ARCs)

Contributions under existing ARC contracts entered into before 1 April 2015 continue to be payable (but the member can elect to stop the contract). Payments under these contracts are flat sums payable per pay period (not percentages of pensionable pay).

During any period of:

- relevant child related leave (ordinary maternity, ordinary adoption or paternity leave, paid shared parental leave, paid parental bereavement leave or paid additional maternity or adoption leave), plus unpaid additional maternity, paternity or adoption leave, or
- unpaid additional maternity or adoption leave unpaid shared parental leave, unpaid parental bereavement leave, or
- reserve forces service leave where the reserve forces pay is equal to or greater than the pay that would have been paid had the member continued to be employed by the Scheme employer, or
- absence due to industrial action/strike, or
- jury service on reduced or no pay, or
- any other period of authorised leave of absence, or
- any period of unauthorised unpaid absence.

the employee must continue to pay contributions under any pre-existing ARC contract entered into before 1 April 2015 (unless the employee decides to end the contract).

During any period of absence due to sickness or injury on full or reduced pay the member will continue to pay the contributions under the ARC contract on the pay received. They do not pay contributions under the ARC contract during a period of sick leave on no pay.

During any period of reserve forces service leave where the reserve forces pay is less than the pay that would have been paid had the member continued to be employed by the Scheme employer, the employee is not required to pay contributions under the ARC contract (the contributions are deemed to have been paid).

No new ARC contracts can be taken out after 31 March 2015 (but the member can take out an Additional Pension Contributions contract).

18.2 Added Years Contracts

Contracts entered into by members before 1st April 2009 to purchase added years continue (unless the member decides to stop the contract). Payments under these contracts are expressed as a percentage of the member's pensionable pay. The

contributions should only be deducted on the 2009 Scheme definition of pensionable pay i.e. excluding any pay that is pensionable in the 2015 Scheme but which was not pensionable in the 2009 Scheme – such as non-contractual overtime.

During any period of:

- relevant child related leave (ordinary maternity, ordinary adoption or paternity leave, paid shared parental leave, paid parental bereavement leave and paid additional maternity or adoption leave),
- unpaid additional maternity or adoption leave, unpaid shared parental leave, unpaid parental bereavement leave,
- reserve forces service leave where the reserve forces pay is equal to or greater than the pay that would have been paid had the member continued to be employed by the Scheme employer,
- absence due to industrial action/strike,
- jury service on reduced or no pay,
- any other period of authorised leave of absence, or
- any period of unauthorised unpaid absence.

the employee must continue to pay contributions under any pre-existing added years contract entered into before 1st April 2009 (unless the employee decides to end the contract).

During any period of absence due to sickness or injury on full or reduced pay the member will continue to pay the contributions under the added years' contract on the pay received. They do not pay contributions under the added years contract during a period of sick leave on no pay.

During any period of reserve forces service leave where the reserve forces pay is less than the pay that would have been paid had the member continued to be employed by the Scheme employer, the employee is not required to pay contributions under the added years contract (the contributions are deemed to have been paid).

18.3 Preston part-time buy-back contracts

Any existing Preston part-time buy-back contracts continue to be payable and, where any new cases are conceded by the employer, the Scheme member can enter into a new contract to buy-back the part-time membership. Payments under these contracts are flat sums payable per pay period (not percentages of pensionable pay).

During any period of:

- sickness on reduced contractual pay or no pay, or
- relevant child related leave (ordinary maternity, ordinary adoption or paternity leave, paid shared parental leave, paid parental bereavement leave and paid additional maternity or adoption leave),
- unpaid additional maternity or adoption leave, unpaid shared parental leave, unpaid parental bereavement leave, or
- reserve forces service leave, or
- absence due to industrial action/strike, or
- jury service on reduced or no pay, or
- any other period of authorised leave of absence, or
- any period of unauthorised unpaid absence.

the employee must continue to pay contributions under any Preston part-time buy-back contract.

18.4 Additional Survivor Benefit Contributions (ASBCs) for cohabitee survivor's pension

Any existing ASBC contracts continue to be paid (unless the member elects to end the contract). Members who have not entered into an ASBC contract for all or part of their pre 6 April 1988 membership to count for a cohabitee survivor's pension will not be able to enter into a contract to achieve this after 31st March 2015. Payments under existing ASBC contracts at 31 March 2015 are expressed as a percentage of the member's full time equivalent pensionable pay. The contributions should only be deducted on the 2009 Scheme definition of pensionable pay i.e. excluding any pay that is pensionable in the 2015 Scheme but which was not pensionable in the 2009 Scheme – such as non-contractual overtime).

It should be noted that during any period of:

- relevant child-related leave (ordinary maternity, ordinary adoption or paternity leave, paid shared parental leave, paid parental bereavement leave and paid additional maternity or adoption leave),
- unpaid additional maternity or adoption leave, unpaid shared parental leave, unpaid parental bereavement leave,
- reserve forces service leave where the reserve forces pay is equal to or greater than the pay that would have been paid had the member continued to be employed by the Scheme employer,
- absence due to industrial action/strike,
- jury service on reduced or no pay,
- any other period of authorised leave of absence, or
- any period of unauthorised unpaid absence.

the employee must continue to pay contributions under any pre-existing ASBC contract entered into before 1 April 2015 (unless the employee decides to end the contract).

During any period of absence due to sickness or injury on full or reduced pay the member will continue to pay the contributions under the ASBC contract on the pay received. They do not pay contributions under the ASBC contract during a period of sick leave on no pay.

During any period of reserve forces service leave where the reserve forces pay is less than the pay that would have been paid had the member continued to be employed by the Scheme employer, the employee is not required to pay contributions under the ASBC contract (the contributions are deemed to have been paid).

18.5 Underpin

The underpin was introduced to protect the pensions of older members when the LGPS(NI) changed from a final salary to a CARE scheme in 2015. The Court of Appeal found that younger members of other public sector pension schemes had been discriminated against, because similar protections did not apply to them. The Government committed to changing all public service pension schemes, including

the LGPS(NI), to remove the discrimination. These changes came into force from 1 October 2023 and are known as the McCloud remedy.

A member is protected by the underpin if:

- They were an active member of the LGPS(NI) or another public service pension scheme before 1 April 2012, and
- They were a member of the LGPS(NI) in the remedy period (1 April 2015 to 31 March 2022)
- They were under age 65 in the remedy period, and
- They do not have a disqualifying break. A disqualifying break is a break of more than five years that ends after 31 March 2012 during which they were not a member of any public service pension scheme.

Pension built up from 1 April 2022 onwards is not protected by the underpin.

If a member qualifies for underpin protection, NILGOSC will compare the pension they built up in the remedy period with the pension they would have built up in the final salary scheme. If the final salary pension would have been higher, the difference will be added to their pension.

19. Retention of payroll data

Scheme employers must provide NILGOSC with the information required to calculate the value of each member's LGPS(NI) pension entitlement correctly. Employers' data retention schedules for payroll and HR data should take into account that there are circumstances where they will need to supply historical information to ensure that this requirement can be met.

Employers must also make payroll providers aware of their retention schedules so that they are able to retain access to the information needed.

19.1 Pensionable pay data

When a Scheme member with pre 2015 membership or underpin protection leaves, the employer must calculate their 'final pay' in accordance with the Scheme regulations. (See Section 18).

Employers should be aware that to calculate final pay accurately under the Scheme regulations, they may need complete pensionable salary data for the 13 years before the member's Scheme membership ended.

19.2 Hours data

A member who joined the LGPS(NI) before 1 April 2015 or who has underpin protections has membership in the final salary scheme. The member's working hours are used in the calculation of benefits built up in the final salary scheme. Member queries concerning working hours can be received many years after they change their working hours.

19.3 Other data

Important: providing data to NILGOSC is the employer's responsibility. Employers must put processes in place to retain access to historical payroll information when they change payroll providers so that they can continue to fulfil their responsibilities as a Scheme employer.

19.4 Service breaks

Employers are responsible for providing details to NILGOSC of breaks in "membership" that occur before Normal Pension Age (2009 Scheme definition) due to:

- industrial action/strike, or
- authorised unpaid leave of absence, or
- unpaid additional maternity or adoption leave or unpaid shared parental leave, or
- unauthorised unpaid absence of more than 30 days
- but only for those members:
 - protected by the underpin, or
 - protected by the 85 year rule.

and who have not taken out an Additional Pension Contribution (APC) or a Shared Cost APC contract to cover the whole of the pension that would have accrued during the unpaid period. Compulsory employer contributions to a shared cost APC are limited to a maximum period of 36 months.

In addition, employers will need to provide details to NILGOSC of breaks in members due to:

- unauthorised unpaid absence.

for those members:

- protected by the underpin, or
- protected by the 85 year rule, or
- who have not yet met the two year vesting period.

Important; unauthorised unpaid absences will always constitute a break as there is no facility to pay an APC specifically to cover the whole of the pension that would have accrued during a period of absence of this type.

Notification of service breaks is required in order that NILGOSC can determine:

- whether the final salary benefit underpin for members with this protection exceeds their career average pension for the remedy period, when the member meets the 85 year rule (as a break can potentially put back to a later date the date when the 85 year rule is achieved), and
- When the member meets the two year vesting period.

For data quality purposes NILGOSC may ask you to provide service break information for all active members.

20. Employer Discretions policy

Each employer must prepare, publish, and keep under review a policy statement in relation to the exercise of a number of discretions under the LGPS (NI). The employer should send a copy of their policy statement to NILSGOC. If an employer amends the policy statement, they must send a copy to NILGOSC within one month of the date of the revision.

In formulating and reviewing its policy, an employer is required by the regulations to have regard to the extent to which the exercise of their discretionary powers could lead to a serious loss of confidence in the public service.

20.1 Discretions for leavers after 31 March 2015

Employers must prepare, publish and review policy statements in four areas in respect of member who leave after 31 March 2015:

- Whether to contribute to the cost of purchasing additional pension by a Shared Cost Additional Pension Contributions (SCAPC) contract, either by regular ongoing contribution or one-off lump sum);
- Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement);
- Whether to waive all or part of any actuarial reduction where a member takes benefits before their Normal Pension Age; and
- Whether to award additional pension (at a whole cost to the employer).
- Whether to apply the 85-year rule to a Scheme member wishing to take (non-flexible retirement) benefits voluntarily between age 55 and 60.

The 85 year rule does not automatically apply if the employee decides to take (non-flexible retirement) benefits voluntarily between age 55 and 60. The employer can agree to apply the 85 year rule. If the employer does apply the 85 year rule, the employer must meet any strain on fund cost. If the employer does not apply the 85 year rule, the Scheme member would meet any strain on fund cost via an actuarial reduction applied to their pension. However, the employer also has discretion to waive actuarial reductions and pay the associated strain cost.

20.2 Discretions for leavers before 1 April 2015

An employer must also prepare, formulate and review certain mandatory policies in respect of members who left the Scheme before 1 April 2015. Full details of the requirements are set out in the Guidance for Employers; Developing your Policy Statement for the Exercise of Employer Discretions on our website:

<https://nilgosc.org.uk/employers/administering-the-scheme/discretions/>

There are numerous other discretions the employer is not required to have a written policy on. For at least some of these, the employer might wish to have a written policy or a statement of intent as to how such discretions might be exercised.

21. Payment of sums to NILGOSC

As well as the payment of employee and employer pension contributions, employers are required to pay to NILGOSC on or before such dates falling at intervals of not more than 12 months as NILGOSC may specify:

- any amount notified by NILGOSC during the interval to cover any extra charge for payment of ill-health pensions or early payment of deferred benefits or deferred pensioner benefits on ill-health grounds;
- the cost of any strain on the Fund in respect of flexible retirements, redundancy or business efficiency retirements;
- the cost of any strain on the Fund' relating to the waiver by the employer of any actuarial reduction;
- any strain on the fund cost relating to the employer 'switching on' the 85 year rule when a member voluntarily retires before age 60;
- the cost of any additional annual pension (up to £8,675 (2024/25 rates)) granted to the member by the employer;
- any amount specified in a notice given to the employer by NILGOSC in consequence of additional costs that have arisen as a result of the employer's level of performance; and
- Any employee and employer contributions received from the Ministry of Defence in respect of an employee on reserve forces service leave.

22. Glossary

Term	Definition
Additional Pension Contributions (APCs)	These allow Scheme members to buy additional pension by either regular or lump sum contributions. The maximum additional pension that can be bought is £8,675 per annum (2024/25 rates).
Assumed Pensionable Pay (APP)	This replaces notional or deemed pensionable pay. Assumed Pensionable Pay (APP) is used in cases of reduced pensionable pay or nil pay as a result of sickness or injury, ordinary maternity or adoption leave, paternity leave, paid shared parental leave, paid parental bereavement leave, paid additional maternity or adoption leave or while on reserve forces leave. This means that pensions for that period are worked out using the Assumed Pensionable Pay rather than the reduced rate of pay received.
Additional Voluntary Contributions (AVCs) pension	These voluntary contributions allow Scheme members to pay more to build up extra pension savings. AVCs can be made for both pension savings and life cover. The in-house AVC provider is Prudential.
Automatic enrolment date	The latest date by which an employer must have an automatic enrolment scheme in place for its employees.

Term	Definition
Career Average Revalued Earnings (CARE)	Pension benefits built up from 1 April 2015 are worked out using the pay in each Scheme year rather than the final pay, as under a final salary scheme.
Contractually enrolled	This means that a new employee is immediately enrolled in the LGPS (NI) from their first day of employment as their contract (of a duration of three months or more) makes them immediately eligible.
Eligible jobholder	<p>An eligible jobholder must be automatically enrolled into the employer's automatic enrolment scheme if they:</p> <ul style="list-style-type: none"> • are not already in a workplace pension scheme • are aged 22 or over • are under State Pension age • earn more than £10,000 a year (2024/25) and • work, or usually work, in the UK.
Entitled worker	<p>Entitled workers have a right to join their employer's pension scheme. They must be:</p> <ul style="list-style-type: none"> • aged 16-74 • working in the UK • earning below £6,240 (2024/25) <p>The employer only has to make a contribution for entitled workers if it is part of their contract of employment.</p>

Term	Definition
Normal Pension Age (NPA)	<p>Normal pension age is now linked to a member's State Pension age for benefits built up from April 2015. If members take their benefits before their normal pension age, the benefits are reduced. If the benefits are drawn after normal pension age then they are increased. Benefits built up before 1 April 2015 are payable without reduction from age 65 but these benefits cannot be drawn earlier than the post 31 March 2015 benefits.</p>
Non-eligible jobholder	<p>Non-eligible jobholders are employees:</p> <ul style="list-style-type: none"> • aged between 16 - 21 or State Pension age - 74 • working in the UK • earning above £10,000 (2024/25) <p>OR</p> <ul style="list-style-type: none"> • Aged between 16 and 74 • working in the UK • earning above £6,240 but below £10,000 (2024/25) <p>AND have a right to opt in to their employer's pension scheme.</p>
Pensionable Pay	<p>The new definition of pensionable pay includes non-contractual overtime and additional hours.</p>

Term	Definition
Postponement notice	<p>Employers can postpone the automatic enrolment date of an individual for up to three months. An employer can postpone from one of three dates:</p> <ul style="list-style-type: none"> • the employer's staging date • the date a new worker joins the organisation • the date on which an existing worker becomes eligible for automatic enrolment (for example, they turn 22 or earn more than £10,000 per year).
Qualifying Scheme	<p>A qualifying scheme is one that meets the conditions for being an automatic enrolment scheme e.g. an occupational or personal pension scheme which is tax registered and satisfies minimum requirements.</p>
Revaluation Adjustment	<p>At the beginning of every Scheme year your pension account is revalued so that your pension keeps up with the cost of living. Your pension is revalued in line with Department of Finance Orders which will be based on the change in Consumer Price Index (CPI) over the year to the previous September.</p>
Rule of 85	<p>The Rule of 85 refers to a provision of the Scheme where member may draw their pension entitlements without penalty if the sum of their age and length of membership equaled 85 years or more. This rule was abolished on 1st October 2006 however members who joined before this have some protections:</p>

Term	Definition
Rule of 85 (continued)	<ul style="list-style-type: none"> • All existing members at 30 September 2006 are protected until 31 March 2008 i.e. the benefits you accrue up to 31 March 2008 will be protected under the 85 year rule. • Those existing members at 30 September 2006 who will be 60 or over and meet the 85 year rule by 31 March 2016 are fully protected i.e. the benefits you accrue up to 31 March 2016 will be protected under the 85 year rule. • Those existing members at 30 September 2006 who will be 60 or over and meet the 85 year rule between 1 April 2016 and 31 March 2020 will have full 85 year rule protection to 31 March 2008 and have some 85 year rule protection, on a sliding scale, to 31 March 2020.
Shared Cost Additional Pension Contributions (SCAPC)	<p>(SCAPC) occurs when a member decides to pay APCs to buy an additional amount of pension and the employer contributes towards the cost. SCAPCs can be one off or regular payments. SCAPCs can be used to cover the pension 'lost' during a period of unpaid leave of absence or unpaid child-related leave providing the member makes an SCAPC election within 30 days of returning to work. In these cases the cost is shared 1/3 employee, 2/3 employer up to a period of 36 months.</p>

Term	Definition
Staging Date	All employers need to enrol their workers into a workplace pension. The date when an employer must do this is known as its staging date. The Pensions Regulator will write to each employer with its exact date nearer the time.
50/50 Section	The 50/50 section allows members to pay half the contributions and build up half the pension. The employer continues to pay the full level of employer's contributions, not half.