

# Payroll Guide to the Local Government Pension Scheme (Northern Ireland)



**Version 14 - Revised November 2024**

## Contents

1	Introduction .....	4
2	Acknowledgements .....	5
3	Data Requirements .....	5
4	Records.....	8
5	Main Section and 50/50 Section.....	9
5.1	If a member moves to the 50/50 section: .....	11
5.2	If a member moves to the main section: .....	12
6	Pensionable Pay (PP).....	13
6.1	Pensionable Pay – General .....	13
6.2	Cumulative Pensionable Pay (CPP1 and 2).....	15
6.3	Backdated payments .....	15
6.4	Pensionable pay and salary sacrifice.....	16
6.5	Buying extra leave .....	16
	<b>Method 1: The member’s pay is reduced in return for additional leave .....</b>	<b>17</b>
	<b>Method 2: member’s contract of employment changed .....</b>	<b>17</b>
	<b>Method 3: net deduction from the member’s full pay .....</b>	<b>18</b>
6.6	Assumed Pensionable Pay (APP).....	18
6.6.1	Calculation of APP .....	19
6.6.2	Monthly paid.....	20
6.6.3	Lump sums .....	20
6.6.4	APP and separate employments .....	21
6.6.5	Proportioning .....	21
6.6.6	Keeping In Touch (KIT), Shared Parental Leave In Touch (SPLIT) and Stringer Days .....	22
6.6.7	Increasing the APP figure by inflation.....	22
6.6.8	The 50/50 rule .....	24
	<b>50/50 and child related leave.....</b>	<b>25</b>
6.6.9	End of APP accrual .....	26
6.6.10	APP for ill-health retirement or death in service .....	26
7	Cumulative Contributions (CEC, CRC, CAC, CARC) .....	27
7.1	Cumulative Employee Contributions (CEC1 & CEC2) .....	27

7.1.1	Contribution rates.....	27
7.1.2	Appropriate contribution bands .....	28
7.1.3	50/50 section contributions .....	30
7.1.4	Contributions during periods of reduced or nil pay .....	30
7.1.5	Sickness absence and the 50/50 section.....	31
7.1.6	Child-related leave and the 50/50 section.....	32
7.1.7	Keeping In Touch (KIT) days / Shared Parental Leave In Touch (SPLIT) .....	32
7.2	Cumulative Employer Contributions(CRC) .....	35
7.3	Cumulative Additional Contributions (CAC, CARC) – per job .....	35
7.3.1	Additional Pension Contributions (APC).....	35
7.3.2	Additional Voluntary Contributions (AVC).....	39
8	2009 Scheme Data .....	43
8.1	Final Pay (AFP and FFP) .....	43
8.2	Retention of payroll data .....	45
8.2.1	Pensionable pay data .....	45
8.2.2	Hours data .....	46
8.3	Changes in contractual part-time hours and/or contractual weeks per year .....	46
8.4	Breaks in membership.....	47
8.5	Existing additional pension contracts.....	48
8.5.1	Additional Voluntary Contributions (AVCs) .....	48
8.5.2	Additional Regular Contributions (ARCs).....	49
8.5.3	Added Years Contracts .....	50
8.5.4	Additional Survivor Benefit Contributions (ASBCs) for eligible cohabitee survivor's pension .....	51
9	The underpin.....	52
10	Payments in respect of a period prior to 1 April 2015 .....	53
11	Monthly payment of contribution .....	53
12	Payment of Deficit Recovery Contributions.....	54
13	End of year annual return (for those employers not on i-connect).....	54
14	Glossary.....	59
14.1	Glossary of Acronyms.....	62

# 1 Introduction

This guide sets out the requirements for Payroll departments in respect of the Local Government Pension Scheme for Northern Ireland (LGPS (NI)), effective from 1 April 2015. 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 Human Resources Guide and Employers' 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 and
- 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 Payroll 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.

## 2 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.

## 3 Data Requirements

Employers must hold the data in Table 1 so that it can be made available to NILGOSC within two months of the end of each Scheme year (the Scheme year runs from 1 April to 31 March) (see Section 13, End of Year Annual Returns), or on termination of Scheme membership, or via i-Connect, in respect of each job.

Sometimes further pensionable payments will be made after termination of Scheme membership in a job. If this happens after data has already been submitted to NILGOSC, then the employer will need to supply:

- 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)
- the date the additional payment was made.

Termination of Scheme membership in a job occurs when the employer notifies payroll that:

- the employee has opted out of the Scheme (in that job),
- the employee's job has ended, or
- the employee has reached age 75.

The employer must tell NILGOSC when any of these events occur.

Termination does not occur when an employee moves between jobs with the same employer. See the definition of single employment relationships in Section 4 - Records.

Where an employee holds more than one job with the employer, each of the fields in the table below must be held per job. The employee can be in the main section in one job and the 50/50 section in another job.

Table 1: Data Requirements

<b>Data</b>	<b>Description</b>
Main section Cumulative Pensionable Pay (CPP1)	The total Pensionable Pay* (PP) and/or Assumed Pensionable Pay (APP) in the main section for the Scheme year 1 April to 31 March
Main section Cumulative Employee's Contributions (CEC1)	The total employee's contributions in the main section for the Scheme year
50/50 section Cumulative Pensionable Pay (CPP2)	The total Pensionable Pay* (PP) and/or Assumed Pensionable Pay (APP) in the 50/50 section for the Schemeyear
50/50 section Cumulative Employee's Contributions (CEC2)	The total employee's contributions in the 50/50 section for the Scheme year
Cumulative Additional Employee's Contributions (CAC) per type i.e.: Additional Pension Contribution (EAPC) Additional Voluntary Contribution (EAVC)	<p>The total additional employee's contributions for the Scheme year per type:</p> <ul style="list-style-type: none"> <li>• Additional Pension Contribution (EAPC) – both where the whole cost is to the employee and also the employee element of a shared cost APC.</li> <li>• Additional Voluntary Contribution (EAVC) – inclusive of non life assurance (whole cost to employee), life assurance (whole cost to employee), and employee element of a Shared Cost AVC for life assurance, pension salary sacrifice, or other part cost to the employee.</li> </ul>

<b>Data</b>	<b>Description</b>
Cumulative Employer's Contributions (CRC)	The total employer's contributions in both sections for the Scheme year.
Cumulative Additional Employer's Contributions (CARC) per type i.e.: Additional Pension Contribution (RAPC) Shared Cost Additional Voluntary Contribution (RAVC)	The total additional employer's contributions for the Scheme year (per type): <ul style="list-style-type: none"> <li>• Additional Pension Contribution (RAPC) – both where the whole cost is to the employer and also the employer element of a Shared Cost APC</li> <li>• Shared Cost Additional Voluntary Contribution (RAVC) – employer element of a shared cost AVC for life assurance, pension salary sacrifice, or other part cost to the employer</li> </ul>
Dates of active membership during the Scheme year	Either: the date of: <ul style="list-style-type: none"> <li>• the beginning of the Scheme year, or</li> <li>• the date the employee became an active member in the job during the Scheme year (if later)</li> </ul> Plus the date: <ul style="list-style-type: none"> <li>• of the end of the Scheme year, or</li> <li>• the date the employee ceased to be an active member of the Scheme in the job the Scheme year (if earlier)</li> </ul>
Section of the Scheme	Section of the Scheme the employee was a member of in the job at the end of the Scheme year or the date of leaving active membership in the job.
Date entered the main section of the Scheme	The date the member joined the main section of the Scheme
Date left main section of the Scheme	The date the member left the main section of the Scheme

<b>Data</b>	<b>Description</b>
Date entered 50/50 section of the Scheme	The date the member entered the 50/50 section of the Scheme
Date member left 50/50 section of the Scheme	The date the member left the 50/50 section of the Scheme
Actual Final Pay (AFP)	Actual pensionable pay as defined by the LGPS (NI) 2009 Scheme (i.e. excluding overtime and additional hours) in respect of the job for the Scheme year
Full-time equivalent actual final pay (FFP)	Full-time equivalent pensionable pay as defined by the LGPS (NI) 2009 Scheme (i.e. excluding overtime and additional hours) in respect of the job for the Scheme year

\*Including the value of emoluments specified in the contract of employment as being pensionable such as the pensionable emolument value of salary sacrificed for such items as childcare vouchers and for pension contribution salary sacrifice via a Shared Cost AVC arrangement.

## 4 Records

Separate payroll software records of cumulative amounts 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 2015 Scheme pensions on a year by year basis means that separate records are essential and must be retained.

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

- Two concurrent jobs where, if one is terminated, the other must be terminated at the same time.
- Two sequential jobs without a break in contract of employment (e.g. a promotion).

Where a single relationship does not exist separate records will be required for each job in order to calculate and hold the data needed to correctly determine the amount of pension accrued in each year for each job. Separate NILGOSC reference numbers will be issued for each job.

### **Example 1: Concurrent Employment**

An employee has two concurrent part-time jobs with the same employer. Two records should be held for this employee and the data should be supplied to NILGOSC as two lines of data both identifiable as the employee (e.g. NI Number, unique NILGOSC reference number for that job) and a unique employer identifier (e.g. post/payroll number). If one of the jobs ends this should be treated as a leaver for pension purposes. The employer would need to send NILGOSC data in respect of that leaver.

### **Example 2: Promotion**

An employee is promoted to a new job and no termination of employment notice has been received by payroll. The monthly and end of year data should be supplied to NILGOSC as a single set of cumulatives which include amounts from both jobs.

If separate employment relationships exist and the person is being paid on timesheet claim, that timesheet design must include information that identifies which hours relate to which job.

## **5 Main Section and 50/50 Section**

The 2015 Scheme has two sections – the main section and the 50/50 section. The data requirements for both sections are the same apart from the employee contribution calculation. In the 50/50 section the employee contribution is half of what would be due in the main section (see the Section 7 - Cumulative Contributions).

**Important:** If a member joins the 50/50 section the employer contribution is still the normal full contribution rate not half.

An employee cannot choose to join the 50/50 section before:

- commencing employment
- the date their Scheme membership is due to start if they are being automatically enrolled or reenrolled, or
- joining the Scheme as a result of electing to join.

The following groups of employees should automatically be put into the main section of the Scheme:

- a new employee
- an existing employee commencing an additional job for which a separate record is required (see Section 4)
- an optant out electing to join the Scheme
- an employee who is being automatically enrolled or re-enrolled

The events in Table 2 may lead to a change of section during the Scheme year.

Table 2: Events Leading to a Change of Section

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 no 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).
The employee is in the 50/50 section and goes on to no pay during ordinary maternity leave, ordinary adoption leave or paternity leave	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.
The employee is in the 50/50 section and the employer reaches its <a href="#">automatic re-enrolment date</a>	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 can make a further 50/50 election and if they do so before payroll closes would have continuous 50/50 membership.

Event	Action
A member has elected for the 50/50 section and the employer has not reached their automatic enrolment staging date.	The member does not need to join the main section at the initial <a href="#">staging date</a> .

The dates an employee joined and ceased membership of a section must be held (per job).

Separate in-year cumulative amounts for pensionable pay and employee contributions should be maintained for each section (as specified in Table 1 in Section 3). However, it is not necessary to maintain separate cumulative amounts for employer's contributions per section (other than as specified in Table 1 in Section 3).

#### 5.1 If a member moves to the 50/50 section:

- Any existing Additional Pension Contribution (EAPC) contract which is at whole cost to employee must stop.
- Any Shared Cost Additional Pension Contribution (EAPC/ RAPC) contract to buy extra pension must stop.
- Any AVC (EAVC) or Shared Cost AVC (EAVC/RAVC) contract continues unless the member elects to terminate the contract.
- An existing Shared Cost Additional Pension Contributions (EAPC/RAPC) contract to buy lost pension continues if it is to purchase an amount of pension lost due to:
  - A period of unpaid additional maternity, paternity or adoption leave or
  - any other period of unpaid authorised leave of absence.

unless the member elects to end the contract.

- Any existing Additional Pension Contract (EAPC) which is at whole cost to the employee to buy lost pension continues if it is to purchase an amount of pension lost due to:
  - a trade dispute or
  - a period of authorised unpaid leave of absence or
  - a period of unpaid additional maternity, paternity, adoption leave or parental bereavement leave

unless the member elects to end the contract.

A member in the 50/50 section **cannot** start payment of an Additional Pension Contribution (EAPC) contract which is at whole cost to the employee. They can begin an EAPC contract if it is to purchase an amount of pension "lost" due to

industrial action, a period of authorised leave of absence, a period of unpaid additional maternity, paternity or adoption leave or unpaid shared parental leave where the member is paying the full cost of the APC.

A member in the 50/50 section **can** only start payment of a Shared Cost Additional Pension Contribution (EAPC/ RAPC) contract 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 or adoption leave or unpaid shared parental leave.

A member in the 50/50 section **can** start payment of an AVC (EAVC) or Shared Cost AVC (EAVC/RAVC) contract.

## 5.2 If a member moves to the main section:

- any existing additional pension contribution (EAPC)
- any Shared Cost Additional Pension Contribution (EAPC/ RAPC) contract
- any AVC (EAVC) or Shared Cost AVC (EAVC/RAVC) contract
- any Additional Regular Contributions (ARC) contract
- any added years contract
- any additional survivor benefit contributions (ASBC) contract
- any Preston part-time buy-back contributions
- must continue, unless the member elects to terminate the contract.

A member in the main section **can** begin payment of:

- an Additional Pension Contribution (EAPC) contract which is at whole cost to the employee
- a Shared Cost Additional Pension Contribution (EAPC/ RAPC) contract.
- an AVC (EAVC) or Shared Cost AVC (EAVC/RAVC) contract
- Preston part-time buy-back contributions.

### **Example 3: Opting for the 50/50 section**

A monthly paid employee opts for the 50/50 section on 29th June (after the June payroll had closed). The payroll must be amended to show the employee in the 50/50 section from the July pay period. Movements between sections are unique to each job unless a single employment relationship exists in which case movements will apply across all of the jobs in that relationship.

#### **Example 4: 50/50 and multiple employments**

An employee with two concurrent jobs opts for the 50/50 section. If no single employment relationship exists the employee may opt to be in the 50/50 section in either or both employments. If a single employment relationship exists the option applies to both jobs.

#### **Example 5: 50/50 and promotion**

An employee finishes one job and starts another without any notification that employment has ended. This may happen when they are promoted with the same employer. If the employee had opted for the 50/50 in the first job that option should be carried forward to the second job. If a notification was received from the employer that employment has ended then the jobs should be treated as a termination and a new starter and the employee put into the main section in the new job.

Employers will need to provide the dates of movements between sections of the Scheme to NILGOSC when they occur, at monthly or year end (or date of leaving if earlier) and confirm to NILGOSC which section the member was in at that time. Each employer must determine the most effective method to achieve this which may or may not involve the payroll system holding these dates..

## **6 Pensionable Pay (PP)**

### **6.1 Pensionable Pay – General**

The definition of pensionable pay under the 2015 Scheme is, basically, the same as the 2009 Scheme apart from three main differences.

The regulations define pensionable pay for the 2015 Scheme as follows:

An employee's pensionable pay is the total of:

- all the salary, wages, fees and other payments paid to the employee; and
- any benefit specified in the employee's contract of employment as being a pensionable emolument.

but an employee's pensionable pay does not include-

- 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 to 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

The three changes to the 2009 Scheme definition of pensionable pay are:

1. Non-contractual overtime has been removed from the exclusions list. Therefore, from 1 April 2015, non-contractual overtime has been pensionable.
2. From 1 April 2015 a payment in consideration of loss of future pensionable earnings is not pensionable e.g. marked time payments.
3. From 1 April 2015 any actual pay paid by the Scheme employer to a reservist during reserve forces service leave is not pensionable. While on reserve forces service leave the employee and the Ministry of Defence pay contributions on the [Assumed Pensionable Pay](#) (APP) (see section 6.6).

Unlike in the 2009 Scheme, where benefits are based on the pensionable pay due for a period, not pensionable pay received in that period, benefits in the 2015 [CARE Scheme](#) will be calculated based on the pensionable pay that is received in the Scheme year (1 April to 31 March) and not the pay due during that period. There is therefore no need to adjust pensionable pay on payment of arrears or other payments which are paid in the current pay period but not related to the current pay period.

Any pensionable pay received after 31 March 2015 that relates to a period before 1 April 2015 should not be included in CPP1 or CPP2 – see Section 10.

<p><b>Important:</b> Any pensionable pay received after 31 March 2015 which relates to a period before 1 April 2015 should <b>not</b> be included in CPP1 or CPP2.</p>
--

## 6.2 Cumulative Pensionable Pay (CPP1 and 2)

Cumulative Pensionable Pay is the total of the Pensionable Pay (PP) and/or Assumed Pensionable Pay (APP) in either section of the Scheme in the Scheme year. They must be provided separately for each section and for each job as different accrual rates will apply to each section. If the employee moves between sections more than once in a Scheme year there is no requirement to differentiate cumulatives between different periods in the same section although the dates the member was in each section need to be provided to NILGOSC. The cumulative amounts should contain all of the PP and/or APP in each section during the year.

### **Example 6: Cumulative pay and the 50/50 section**

An employee opts for 50/50 three months into the Scheme year when the accrued CPP1 is £3,000. They spend six months in the 50/50 section accruing £6,000 in CPP2 then opt back into the main section for the final three months of the year accruing a further £3,300 in CPP1. The cumulatives at the end of the Scheme year are CPP1 £6,300 and CPP2 £6,000.

## 6.3 Backdated payments

Benefits in the 2015 Scheme are calculated based on the pensionable pay that is received in the Scheme year (1 April to 31 March) and not the pay due for that period. There is therefore no need to adjust an earlier year's pensionable pay if arrears or other backdated payments are paid in the current Scheme year that relate to an earlier Scheme year.

**Important:** Any pensionable pay received after 31 March 2015 that relates to a period before 1 April 2015 should not be included in CPP1 or CPP2.

It would seem logical that any payments made after an employee elects to join the Scheme or is automatically enrolled or re-enrolled into the Scheme that relate to a period before the employee joined should not be pensionable and so should not be included in CPP1 or CPP2. However, the LGPS Regulations (NI) 2014 are not clear on this point. An argument for including such pay in CPP1 or CPP2 is that regulation 22(1)(a) states that pensionable pay is 'all the salary, wages, fees and other payments paid to the employee' and regulation 22(2) does not exclude payments made to a member of the Scheme that relate to a period before joining the Scheme.

An alternative argument would be that regulation 11(1) of the LGPS Regulations (NI) 2014 says that where an employee commences membership part way through a Scheme year, pension contributions are payable on 'the annual pensionable pay the

member receives at the commencement of membership'. Therefore, any payment made after commencement of membership that relates to a period before commencement of membership is not 'pensionable pay' as it relates to pay due before commencement of membership. If the payment had been made at the correct time (before commencement of membership) it would not have been pensionable; so why should the payment become pensionable simply because payment is delayed (either by the employee or the employer) until after the employee has joined the Scheme?

#### 6.4 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, remain pensionable under the LGPS (NI) (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.

From 6 April 2017, significant reforms to salary sacrifice arrangements were introduced by the Government. These 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 be non-pensionable, because it is a 'payment in consideration of loss of holiday'.

#### 6.5 Buying extra leave

Many 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 will depend on how the scheme works.

## **Method 1: The member's pay is reduced in return for additional 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 pay 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 authorised unpaid leave of absence. See [section 7.3](#) 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 and:

- 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 A P C.
- if the member makes the A P C election within 30 days of returning from the absence, it would be a Shared Cost A P C and the employer would have to contribute 2/3rds of the cost. See [section 7.3](#) 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 that 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 work, they could do so by paying an APC. This would be at the whole cost to the member unless the employer voluntarily agreed to contribute towards the cost of that APC. See [section 7.3](#) for further details.

If the employee has 2009 Scheme membership, this method could reduce their final pay. This depends on how the administering authority treats employees who are required to work less than 365 days per year. If the administering authority treats this change as a reduction in final pay, Regulations 8 to 11 of the LGPS(NI) (Benefits, Membership and Contributions) Regulations 2009 would apply. The final pay used to

work out the member's pre-1 April 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.

### **6.6 Assumed Pensionable Pay (APP)**

APP replaces the concept of notional or 'deemed' pay in cases of reduced contractual pay, or nil pay:

- as a result of sickness or injury
- during relevant child-related leave (i.e. ordinary maternity, paternity or adoption leave, paid share parental leave or paid parental bereavement leave and any paid additional maternity or adoption leave) and
- during reserve forces service leave.

In these circumstances the members pension continues to build up as if they were at work receiving their normal pay. The amount added to the CPP should be the APP and not any PP received.

The exception is when the PP received for any given day in that period is greater than the APP. This might occur on a Keeping in Touch (KIT) day, Shared Parental Leave in Touch (SPLIT) day or Stringer day. If this happened the PP is added to CPP for that day and APP is added for the other days. The APP figure calculated prior to the KIT, SPLIT or Stringer day(s) is not recalculated following the KIT, SPLIT or

Stringer day(s). The same APP figure continues to apply during the remainder of the relevant child related leave. Members on child-related leave who receive pay which is greater than their APP for any part of that period, accrue benefits on that higher level of pay for that part of the period. Please also refer to Circular 03/2016 for further details.

#### 6.6.1 Calculation of APP

APP is calculated as an annual rate then applied to the relevant period as a proportion of that rate. The annual rate of APP for employees is as follows:

**Paid other than monthly** - calculate the average of the pensionable pay for the 12 complete weeks before the relevant event:

- after removing any pensionable lump sum payments
- include any APP previously credited and relating to those pay period
- ignore any reduction due to a trade dispute or authorised absence
- if arrears of pay are paid in the 12 week period some or all of which relate to an earlier period, the back pay can be treated as a non-regular lump sum payment and removed from the calculation.

Gross up to an annual figure and add any regular lump sum payment the member received in the 12 months before the relevant event. A lump sum is 'regular' if the employer determines there is an expectation that the payment would be paid on a regular basis.

**Important:** If the average pensionable pay for the 12 weeks before the relevant event is, in the opinion of the employer, materially different from the level of pensionable pay that the member normally receives, then the Scheme employer may substitute a revised level of pensionable pay to reflect the pensionable pay the member would have normally received in the last 12 months.

Where 12 complete weeks' pay do not exist use whatever number of complete periods is available.

The relevant event is the date on which:

- the employee drops to reduced contractual pay or nil pay due to sickness or injury
- starts relevant child related leave\* (i.e. ordinary maternity, paternity or adoption leave, paid shared parental leave or paid parental bereavement leave), or
- the member starts reserve forces service leave.

The annual amount for a term-time worker is not based on 52.2 weeks but should be calculated on their term-time weeks e.g. 46.6 weeks.

\*this does NOT include the unpaid additional maternity, paternity or adoption leave, unpaid shared parental leave, unpaid carers leave, or unpaid parental bereavement leave. These are to be treated as unpaid leave of absence.

### 6.6.2 Monthly paid

For a monthly paid employee three complete pay periods should be used instead of 12 complete weeks but the calculation is the same as set out above.

#### **Example 7: Basic APP calculation**

A monthly paid employee has received the following pensionable pay in the three complete months before the relevant event.

Month 1 £1,400

Month 2 £1,500 (including £100 overtime)

Month 3 £1,400.

The calculation of APP is as follows:

Annual rate of APP =  $(£1,400 + £1,500 + £1,400) / 3 * 12 = £17,200$ .

### 6.6.3 Lump sums

The annual rate should be increased if the employee received any regular lump sum payments in the last 12 months before the relevant event. A payment is a regular lump sum if the employer determines that there is an expectation that the lump sum would be paid on a regular basis. There may be more than one regular lump sum to be taken into account.

### **Example 8: APP and regular lump sums**

The member from Example 7 received a regular annual bonus of £1,000 in the period before going on to APP.

Month 1 £1,400

Month 2 £2,500 (including £1,000 bonus and £100 overtime)

Month 3 £1,400

Annual rate =  $[(£1,400 + £1,500 + £1,400)/3 * 12] = £17,200$

Then the bonus and any regular lump sum payments received by the employee in the last 12 months before the relevant date must be added. In this example we assume there are no other regular lump sum payments.

Annual rate of APP =  $£17,200 + £1,000 = £18,200$ .

#### **6.6.4 APP and separate employments**

The calculation of APP uses the three complete months or 12 complete weeks pensionable pay the member receives relating to that employment before the relevant date.

If, during the period of three months or 12 weeks, the member ends one employment and is re-employed on a new contract of employment, the calculation of the APP is based on the pensionable pay received in the new employment only. The number of complete weeks or complete months available in that employment should be used.

#### **6.6.5 Proportioning**

When determining the proportion of the annual APP rate to be added to the CPP the same method used for determining part periods for example industrial action / strike breaks should be maintained. Therefore, if you need to calculate one day's APP use whatever method you would normally use to calculate one day's pay from an annual rate. These methods can differ across employers.

### **Example 9: APP and cumulative pensionable pay**

A monthly paid employee is absent due to sickness, drops to reduced pay on 15th June and stays on that until 4th September. The employee is in the main section throughout. CPP1 accrues as follows:

June – 14 days of Pensionable Pay plus 16 days at the APP rate

July – APP

August – APP

September – 3 days of APP plus 27 days of pensionable pay.

#### **6.6.6 Keeping In Touch (KIT), Shared Parental Leave In Touch (SPLIT) and Stringer Days**

Keeping In Touch (KIT) and Shared Parental Leave In Touch (SPLIT) days are optional days that an employee can work during maternity, adoption or paternity leave. Stringer days are when an employee has been unable to take their holiday entitlement within a leave year due to sickness absence. These days can be carried forward into a new leave year.

Note that in cases of employees on relevant child-related leave (i.e. ordinary maternity, paternity or adoption leave and any paid additional maternity, shared parental, parental bereavement leave or adoption leave) who return for KIT or SPLIT days or in the event of Stringer days the PP (and not APP) for those days should be added to the CPP if the PP received for that day is higher than the APP daily rate. The APP applying after the KIT day, SPLIT day or Stringer day will be the same as that applying before the KIT, SPLIT or Stringer day (i.e. there is no need to recalculate APP simply because the employee has undertaken a KIT day during the period of relevant child related leave). Please see Example 19 to see how this works for both the CPP and CEC cumulatives.

#### **6.6.7 Increasing the APP figure by inflation**

The APP is adjusted where the APP figure continues for a period that crosses two 31 March dates. If an employee is on long term sick leave, APP is adjusted at midnight on the second 31 March following the date APP started. The adjustment is the percentage adjustment in the consumer prices index of annual inflation published by the Office of National Statistics for the September preceding the end of the Scheme year for that (second) Scheme year ending on that 31 March.

If the APP continues for a further year it will be revalued at midnight on the third 31 March following the date APP started. The adjustment is the percentage adjustment for that (third) Scheme year ending on that 31 March (and so on thereafter).

**Example 10: Adjusting the APP figure**

A monthly paid employee goes on sick leave on reduced pay from 15th June. The annual APP figure is calculated as shown in example 8 and is £18,200. On the following 31 March the member is still on sick leave. The annual APP figure of £18,200 is not increased at that 31 March and continues to be used from 1 April.

If the employee is still on sick leave on the next 31 March the figure of £18,200 will be increased by the annual percentage increase as stated in 6.3.6. If this is 2%, then the annual APP figure from the second 1 April following the date the person went onto sick leave on reduced pay will be increased to £18,564.

The member returns to work on the following 4th September. The employee is in the main section throughout. CPP1 is therefore accrued as follows:

June – 14 days of Pensionable Pay plus 16 days at the APP rate (annual rate of £18,200)

July to March – APP at the annual rate of £18,200

April to March - APP at the annual rate of £18,200

April to August – APP at the annual rate of £18,564

September – 3 days of APP (at the annual rate of £18,564) plus 27 days of pensionable pay.

### 6.6.8 The 50/50 rule

If the member was in the 50/50 section before dropping to nil contractual pay because of sickness or injury they should be placed in the main section from the beginning of the next pay period (provided they are still on no pay at that time) and the APP should be added to CPP1 rather than CPP2 as from the beginning of that pay period.

#### **Example 11: The 50/50 rule**

A monthly paid employee in the 50/50 section drops to reduced contractual pay due to sickness on 15th June then on 15th September they drop to nil pay.

They return to work on 1 December. The CPP accrued throughout is as follows:

June – 14 days of pensionable pay plus 16 days of APP is added to CPP2

July – APP is added to CPP2

Aug – APP is added to CPP2

Sept – APP is added to CPP2

Oct – APP is added to CPP1 (next pay period following the drop to nil pay and member has been put back into the main section of the Scheme)

Nov – APP added to CPP1

Dec – PP added to CPP1

Note that the employee remains in the main section unless and until they make another election to return to the 50/50 section.

**Important:** The employee remains in the main section unless they make another election to join the 50/50 section.

### **Exceptions to 50/50 rule for short periods of sickness**

The exception to the 50/50 rule above is for short periods of reduction where the employer has a policy of nil pay for the first few days of sickness. In these cases APP is applied in the pay period of reduction even if this is later than the date of the relevant event. Adjustments do not have to be made in arrears.

The employee does not have to be placed back in the main section if they have elected for the 50/50 section unless the period of unpaid leave due to sickness or injury crosses two pay periods. For example, if an employer has a policy of nil pay for the first three days of sickness, if the first two days were the last two days of one pay period and the third day was the first day of the following pay period, the regulations require the member to be put into the main section from the beginning of that next pay period.

#### **Example 12: 50/50 and short periods of sickness**

A monthly paid employee who is in the 50/50 section is off sick for two days in the middle of June and the employer has a policy of nil pay for the first three days of sickness. The adjustment to pay is not done until July when two days' pay are taken from that month's payment. The CPP accrued is as follows:

June – PP is added to CPP2

July – PP (which has been reduced by two days) plus 2 days of APP are added to CPP2.

### **50/50 and child related leave**

A member in the 50/50 section must be moved to the main section of the Scheme if they go on to nil pay during a period of ordinary maternity leave, ordinary adoption leave or paternity leave. 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.

### 6.6.9 End of APP accrual

APP stops accruing at the end of:

- a member's period of absence on reduced contractual pay or nil pay as a result of sickness or injury,
- relevant child-related leave which includes ordinary maternity, paternity or adoption leave, paid shared parental leave, paid bereavement leave and any paid additional maternity or adoption leave), or
- a period of reserve forces service leave.

### 6.6.10 APP for ill-health retirement or death in service

The employer will need to calculate APP when:

- the employer terminates an active member's employment on the grounds of ill-health with a Tier 1 or Tier 2 ill-health pension, or
- an active member dies in service.

The APP figure is calculated in the normal way:

- using the average of the pensionable pay for the 12 (weekly) or three (monthly) complete pay periods prior to the date of termination or death
- the average pensionable pay should include any APP credited in and relating to those pay periods
- plus any regular lump sums paid in the 12 months before the date of ill-health retirement or death.

This APP figure is needed to calculate the amount of the enhancement to the benefits due under the Scheme.

There is a further adjustment for members who were working reduced contractual hours in the relevant 12 (weekly) or three (monthly) pay periods. If the Independent Registered Medical Practitioner (IRMP) certifies that the member was working reduced contractual hours or at a lower grade during the relevant 12 (weekly) or three (monthly) pay periods because of the ill-health condition that caused or contributed to the ill-health retirement or death, the hours reduction should be ignored when working out APP. APP should be calculated on the pay the member would have received during the relevant pay periods if they had not been working reduced contractual hours. NILGOSC will request this figure from an employer should it be needed.

**Important:** If the average pensionable pay for the 12 weeks before the date of termination or death is, in the opinion of the employer, materially different from the level of pensionable pay that the member normally receives, then the Scheme employer may substitute a revised level of pensionable pay to reflect the pensionable pay the member would have normally received in the last 12 months.

## 7 Cumulative Contributions (CEC, CRC, CAC, CARC)

This section is split into sub-sections including cumulative employee contributions (CEC1 and CEC2), cumulative employer contributions (CRC) and cumulative additional contributions (CAC and CARC).

Table 3 displays the contribution rates and bands that will apply from 1 April 2024.

### 7.1 Cumulative Employee Contributions (CEC1 & CEC2)

CEC1 are the employee's contributions while in the main section of the Scheme.

CEC2 relates to an employee's contributions while in the 50/50 section.

#### 7.1.1 Contribution rates

The bands of contribution rates for members from 1 April 2024 are detailed in Table 3. 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.

The appropriate employee contribution rate is determined by the employee's actual pensionable pay, not their FTE pensionable pay.

If a person holds more than one job 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 5.8% and the other a rate of 6.5%. If the employer determines that a single employment relationship exists (see Section 4) then the pay from each job should be combined to determine the single contribution rate.

Table 3: Member Contribution Rates from 1 April 2025

<b>Band</b>	<b>Pensionable pay range for an employment</b>	<b>Main section member contribution rate</b>	<b>50/50 section member contribution rate</b>
1	£0 to £18,300	5.5%	2.75%
2	£18,301 to £28,100	5.8%	2.9%
3	£28,101 to £47,000	6.5%	3.25%
4	£47,001 to £57,200	6.8%	3.4%
5	£57,201 to £113,500	8.5%	4.25%
6	More than £113,500	10.5%	5.25%

The above table will be revised from 1 April 2026.

#### **Example 13: Contribution band**

An employee begins employment and is placed in band 2 by the employer. The employee will pay 5.8% (or 2.9% if in the 50/50 section) on all pensionable pay received. The band will only change in the Scheme year if the employer notifies payroll of a new appropriate band or the employer automatically moves the employee to a different band in accordance with the employer's policy.

These bands and rates may change from time to time so should not be hardcoded into payroll systems. Systems should have the ability to change both the rates, the pay figures in the bands, and the number of bands as required by Scheme regulations. In normal circumstances such changes will happen annually however there may be circumstances when changes may need to be made more frequently.

#### 7.1.2 Appropriate contribution bands

Employers will need to determine the correct band for the employee and notify payroll accordingly when:

- a new employee starts their job
- an employee opts into the 2015 Scheme
- an employee's contract is extended from less than three months to more than three months.

NILGOSC should be notified of the correct band via the annual or monthly return process, or with new member information.

For part-time workers, workers on 'zero hours' contracts and workers on variable hours contracts, etc. the employer will have to make an assumption about the pensionable pay the person will receive in the Scheme year. Employees will remain in that band unless the employer notifies payroll that the band should be changed.

Employers are required by the regulations to reassess the appropriate band and rate each April, in the pay period in which 1 April falls. Employers may also review the appropriate band 'where there is a change in job, or a material change which affects the member's pensionable pay in the course of a financial year'.

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 or reviewing the appropriate contribution band.

**Example 14: Contribution rate for part-time workers**

An employee starts part-time employment at a full-time equivalent (FTE) rate of £35,000 per annum but is contracted to work 18.5 hours per week where the full-time hours are 35. The appropriate band on starting would normally be band 2 as the employee's actual pay will be £18,500 in the Scheme year.

**Example 15: Contribution rate and additional hours**

At the end of the Scheme year it is clear that the employee in Example 14 is regularly working additional hours which brought their actual pensionable pay in the year up to £27,800. The employer may decide to place the employee in band 3 in the next Scheme year if they expect the employee will continue to work those additional hours.

**Example 16: Contribution rate and changes in working hours**

The same employee agrees to go full-time part way through the second Scheme year and is issued with a new contract. At that point the employer could determine that the appropriate band is band 3 as the actual pensionable pay will be £35,000 from that point forwards.

### 7.1.3 50/50 section contributions

When an employee is in the 50/50 section the employee contributions are calculated using the same bands as above. However, the rate for each band is halved.

Membership of the 50/50 section does not affect the appropriate band as the amount of pensionable pay does not change. When in the 50/50 section, employee contributions should be added to the CEC2 cumulative and not the CEC1 cumulative.

Employer contributions are payable at the full employer rate (and not 50% of the normal employer rate).

#### **Example 17: 50/50 section contributions**

The employee in Example 16 opts for the 50/50 section in July. The contributions in July and August are:

July	PP in period x 6.5% added to CEC1 (and PP in period added to CPP1)
August	PP in period x 3.25% (6.5%/2) added to CEC2 (and PP in period added to CPP2)

Movements between the two sections of the Scheme will take effect from the next available pay period and, therefore, payrolls should not have to split contributions between CEC1 and CEC2 in the same pay period (or split PP between CPP1 and CPP2 in the same pay period).

### 7.1.4 Contributions during periods of reduced or nil pay

If the employee has a reduction in pay they will continue to pay contributions on the amount of pensionable pay (PP) received, if any, and NOT on any amount of APP being added to the CPP.

The only exception to this is an employee on reserve forces service leave. In this case the employee pays contributions on APP and not on any pensionable pay received from the Scheme employer. However, the employee contributions on the APP figure are not deducted via the employer's payroll but, instead, they are usually deducted by the MoD from the reservist's pay. The contributions are then paid over to NILGOSC by the MoD. If the contributions were not deducted from the reservist's pay by the MoD, the member would have to pay the contributions directly to NILGOSC and claim the tax relief from HMRC via self-assessment.

#### 7.1.5 Sickness absence and the 50/50 section

If the employee is in the 50/50 section and goes onto no 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 at that time. This would even be the case where 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 this situation, the employee must be put into the main section from the beginning of the next pay period.

### **Example 18: contributions during sick leave**

An employee in the 50/50 section (and contribution band 4) drops to reduced pay on 15th June due to sickness and then on 15th September they drop to nil pay. They return to work on full pay on 1st December. The employee contributions calculated and CEC accrued are as follows:

June PP x 3.4% added to CEC2

July PP x 3.4% added to CEC2

Aug PP x 3.4% added to CEC2

Sept PP (i.e. 14/30 of normal month's pensionable pay) x 3.4% added to CEC2

Oct pay period after drop to nil pay

PP x 6.8% (= £nil) added to CEC1

Nov PP x 6.8% (= £nil) added to CEC1

Dec PP x 6.8% added to CEC1 Although pensionable pay dropped to half from 15th June and to no pay from 15th September, the reductions in pensionable pay are ignored when determining the relevant contribution band. The employee remains in band 4 (6.8%), equating to 3.4% when in the 50/50 section.

The person was in receipt of pensionable pay from 15<sup>th</sup> June to 14<sup>th</sup> September, but the pensionable pay received during this period is not added into CPP2. Instead, APP accrues during the period of sick leave on reduced contractual pay and no pay and is added into CPP2 for the period 15<sup>th</sup> June to 30<sup>th</sup> September and into CPP1 for the period 1 October to 30 November.

#### **7.1.6 Child-related leave and the 50/50 section**

A member in the 50/50 section must be moved to the main section of the Scheme if they go on to nil pay during a period of ordinary maternity leave, ordinary adoption leave or paternity leave. The employee must be moved into the main section from the beginning of the next pay period if they are still on nil pay at that time.

#### **7.1.7 Keeping In Touch (KIT) days / Shared Parental Leave In Touch (SPLIT)**

When on child related leave the employee may return for KIT or SPLIT days. Employee contributions should be taken on the pay received for a KIT or SPLIT day

at the rate appropriate for that pay period. If the pay is more than the APP, then actual pay should be included in PP.

**Example 19: KIT and SPLIT days**

A monthly paid employee goes onto maternity leave from 16th June 2020 and her ordinary maternity leave and paid additional maternity leave run out after 39 weeks (i.e. on 15 March 2021). She returns to employment on full pay from 1 May 2021. She is in the main section of the Scheme and is paying a contribution rate of 6.8%. She returns for a KIT day in November. PP is accrued on that KIT day was more than APP. PP is added into CPP1, not APP for that day. The calculations for CEC1 and CPP1 are:

<b>Month</b>	<b>CEC1</b>	<b>CPP1</b>
June	PP X 6.8%	15 days of PP plus 15 days of APP
July	PP X 6.8%	APP
Aug	PP X 6.8%	APP
Sept	PP X 6.8%	APP
Oct	PP X 6.8%	APP
Nov	PP X 6.8% (KIT day at 6.8%)	One month less one day of APP plus PP on KIT day
Dec	PP X 6.8%	APP
Jan	PP X 6.8%	APP
Feb	PP X 6.8%	APP
March	15 days' PP X 6.8%	15 days APP
April	NIL	NIL

### Example 20: Pay and contributions during maternity leave

Based on the member in Example 19 and assuming:

an unreduced monthly pay figure of £2,976 (£684.89 per week)

conditions of service providing 6 weeks at 9/10ths pay

followed by 12 weeks at half pay plus SMP of £148.68 per week

followed by SMP of £148.68 per week for 21 weeks

APP monthly rate of £2,976 (£684.89 per week i.e.  $\text{£2,976} \times 12/52.143$ )

The amounts allocated to CEC1 and CPP1 cumulatives would be as shown in the following table.

This is one way to calculate during maternity leave. It is not the only one as we are aware that the methodology adopted to pay SMP varies across employers.

Month	CEC1	CPP1
June	$(15/30 \times \text{£2,976}) + (2.2 \text{ weeks} \times \text{£684.89} \times 9/10)$ $\times 6.5\% = \text{£184.87}$	$(15/30 \times \text{£2,976})$ $+ (15/30 \times \text{£2,976}) =$ $\text{£2,976}$
July	$(3.8 \text{ weeks} \times \text{£684.89} \times 9/10) + (0.8 \text{ weeks} \times$ $\text{£684.89} \times 0.5) + (0.8 \text{ weeks} \times \text{£148.68}) \times 6.5\%$ $= \text{£177.79}$	£2,976
Aug	$(4.2 \text{ weeks} \times \text{£684.89} \times 0.5) + (4.2 \text{ weeks} \times$ $\text{£148.68}) \times 6.5\% = \text{£134.07}$	£2,976
Sept	$(4.4 \text{ weeks} \times \text{£684.89} \times 0.5) + (4.4 \text{ weeks} \times$ $\text{£148.68}) \times 6.5\% = \text{£140.45}$	£2,976
Oct	$(2.6 \text{ weeks} \times \text{£684.89} \times 0.5) + (2.6 \text{ weeks} \times$ $\text{£148.68}) + (2 \text{ weeks} \times \text{£148.68}) \times 6.5\%$ $= \text{£102.33}$	£2,976
Nov	$(3.8 \text{ weeks} \times \text{£148.68}) + \text{KIT day } \text{£99.20} \times 6.5\%$ $= \text{£43.17}$	£2,876.80 plus £99.20 KIT day = £2,976
Dec	$(4.6 \text{ weeks} \times \text{£148.68}) \times 6.5\% = \text{£44.46}$	£2,976
Jan	$(4.4 \text{ weeks} \times \text{£148.68}) \times 6.5\% = \text{£42.53}$	£2,976
Feb	$(4 \text{ weeks} \times \text{£148.68}) \times 6.5\% = \text{£38.66}$	£2,976
March	$(2 \text{ weeks} \times \text{£148.68}) \times 6.5\% = \text{£19.33}$	$(15/31 \times \text{£2,976}) =$ $\text{£1,440}$
April	NIL	NIL

## 7.2 Cumulative Employer Contributions(CRC)

Employer contributions are not split between the two sections of the Scheme and are based on:

- the actual pensionable pay received by the employee in the pay period or part pay period when APP does not apply and
- the APP figure for the pay period or part pay period when APP applies.

$CRC = (CPP1 \text{ (i.e. APP) } + CPP2 \text{ (i.e. APP)}) \times \text{employer contribution rate}$

During reserve forces service leave the employer does not directly pay contributions on the APP and so there is no employer contribution to deduct via payroll. Instead the employer contributions on the APP figure are remitted by the MoD directly to NILGOSC.

The employer contribution rate is a single rate for all employees of that employer and will be subject to change. The rate may change annually but it will almost certainly change after each valuation of the Pension Fund. Employer contribution rates should not be hardcoded into payroll systems. Employers will be responsible for notifying payroll of the employer contribution rate and any changes to it.

**If the employee is in the 50/50 section, the employer rate is still paid in full (not at half rate).**

## 7.3 Cumulative Additional Contributions (CAC, CARC) – per job

### 7.3.1 Additional Pension Contributions (APC)

Additional Pension Contributions can be made by both or either the employee or employer. The cost of an APC can be:

- met in full by the employee
- met in full by the employer, or
- split between employee and employer in any proportion agreed between the employee and the employer, but not 100% cost to the employer.

Where an employer and employee both contribute this is known as a Shared Cost APC (SCAPC). APC / SCAPC contributions may be one off or regular and will always be cash amounts not percentages of pay. If the contributions are regular the Payroll Department should be notified of the employee amount and the employer amount, if any, to be deducted per pay period, and number of payments in the APC contract. If the employee has more than one pensionable job the notification must specify the job that the APC contract relates to.

**Example 21: One-off APC payment**

The Payroll Department is notified that an employee has elected to pay a one-off APC of £500. This amount should be deducted in the pay period following notification and £500 added to the EAPC CAC cumulative for that Scheme year.

**Example 22: Regular APC payments**

The Payroll Department is notified that an employee has elected to pay an APC of £50 per month for the next 60 pay periods. This deduction should begin in the pay period following notification and £50 should be added each month to the EAPC CAC cumulative for that job.

Employers may agree to share the cost of APC contracts either on a one-off or regular basis. Except for SCAPC contracts taken out to cover the pension 'lost' during a period of unpaid leave of absence, the employer share can vary across employees but the combined amount in respect of any individual employee will be consistent throughout the contract.

Where a SCAPC contract is taken out to cover the pension "lost" during a period of unpaid leave of absence, the cost is shared 1/3 employee, 2/3rds employer. This applies for any individual period of absence up to 36 months. The cost of purchasing "lost" pension for a period of absence beyond 36 months will be at full cost to the employee, unless the employer chooses to contribute towards the cost.

**Example 23: One-off SCAPC payment**

The Payroll Department is notified that the employer has agreed to share equally with the employee a one-off APC of £500. The employee's £250 should be deducted in the pay period following notification with £250 added to the EAPC CAC and £250 added to the RAPC CARC cumulatives for that job.

**Example 24: Regular SCAPC payments**

The Payroll Department is notified that an employer has agreed to share equally with the employee the cost of buying an amount of additional pension. The arrangement is due to last for 60 months and the cost, based on the factors in force at the time the contract started, is £50 per month. The employee's deduction of £25 should begin in the pay period following notification and £25 should be added each month in the Scheme year to each of the EAPC CAC and RAPC CARC cumulatives for that job.

The actuarial factors which determine the cost of purchasing additional pension are subject to review. If the factors change and a member has an ongoing contract to purchase additional pension, then both the employee and employer contributions change from the effective date of the new factors, unless the member elects to end the contract.

Table 4: Payment of APC / SCAPC contracts under various types of absences

<b>Absence Event</b>	<b>Action</b>
Sickness on reduced contractual pay	Pre-existing APC / SCAPC contracts remain payable unless the member ends the contract. The payments need to be added to the EAPC CAC and, as appropriate, the RAPC CARC cumulatives for that job.
Sickness on no pay	Employee contributions for the APC/SCAPC are deemed to have been paid but the deemed contributions are not to be added into the EAPC CAC cumulatives for that job. The employer contributions to an APC / SCAPC should always be collected and added into the RAPC CARC cumulative for that job.
Relevant child related payable leave (ordinary maternity, paternity or adoption leave, paid parental bereavement leave or paid shared parental leave and paid additional maternity or adoption leave)	<p>Any pre-existing APC / SCAPC contracts remain payable unless the member ends the contract. The payments need to be added to the EAPC CAC and, as appropriate, the RAPC CARC cumulatives for that job.</p> <p>If the employee is in receipt of no pay the employer contributions to a SCAPC remain payable and should be added to the RAPC CARC cumulative for job.</p>

<b>Absence Event</b>	<b>Action</b>
Relevant child related payable leave (continued)	<p>The employee payments due to an APC or SCAPC which could not be collected roll over as a debt to be recovered from pay upon return to work when they will be added to the EAPC CAC cumulative for that job or, failing that, by direct payment from the individual to NILGOSC.</p>
Other child related leave (i.e. during unpaid additional maternity, paternity or adoption leave, unpaid parental bereavement leave or unpaid shared parental leave)	<p>Pre-existing APC / SCAPC contracts remain payable unless the member ends the contract. Although the employee is in receipt of no pay, the employer contributions to a SCAPC remain payable and should be added to the RAPC CARC cumulative for that job.</p> <p>The employee payments that were due to an APC or SCPAC which could not be collected roll over as a debt to be recovered from pay upon return to work (when they will be added into the EAPC CAC cumulative for that job) or, failing that, by direct payment by the individual to NILGOSC.</p>
Industrial action or unauthorised unpaid absence	<p>Any pre-existing APC / SCAPC contracts remain payable. Although the employee is in receipt of no pay for the period of the industrial action, the employer contributions to a SCAPC remain payable and should be added to the RAPC CARC cumulative for that job.</p> <p>The employee payments that were due to an APC or SCAPC should be deducted and added to the relevant EAPC CAC cumulative for that job if there is enough pay in the period from which to deduct the payment. Otherwise, the employee payment that was due to an APC or SCAPC will roll over as a debt to be recovered from pay upon return to work (when they will be added into the EAPC CAC cumulative for that job) or, failing that, by direct payment by the individual to NILGOSC.</p>

Absence Event	Action
Reserve forces service leave	Any pre-existing APC / SCAPC contracts remain payable unless the member ends the contract but these are not paid via Payroll. The employer sends the relevant details to the reservist to pass on to MoD in order to get them to deduct the relevant APC contributions from the MoD reservist's pay and for MoD to pay these over NILGOSC. The employer must continue to pay employer contributions to a SCAPC.
Other period of authorised leave of absence	Any pre-existing APC / SCAPC contracts remain payable unless the member ends the contract. Although the employee may be in receipt of no pay, the employer contributions to a SCAPC remain payable and should be added to the RAPC CARC cumulative for that job. Any of the employee payments that were due to an APC or SCAPC which could not be collected roll over as a debt to be recovered from pay upon return to work (when they will be added into the EAPC CAC cumulative for that job) or, failing that, by direct payment by the individual to NILGOSC.

### 7.3.2 Additional Voluntary Contributions (AVC)

Additional Voluntary Contributions (AVCs) can be made by the employee or, in the case of a Shared Cost AVC (SCAVC), by both the employer and employee. These contributions will be either a cash amount or a percentage of pensionable pay. The Payroll Department is notified by Prudential of the employee amount or percentage per pay period and, in the case of a SCAVC, the employer amount or percentage per pay period. AVCs can be made as additional pension savings or for life insurance cover and NILGOSC may need employers to be able to account for these separately.

The split between an employee's and employer's additional contributions for an SCAVC can be agreed as any ratio but **not** 100% cost to the employer.

The employee's AVC contributions are limited to 100% of pay subject to any employer deductions. However, at retirement an employee will be able to withdraw up to 100% of their AVC fund as cash, subject to HMRC limits.

**Example 25: Paying a fixed cash amount of AVCs**

The Payroll Department is notified that an employee has elected to pay an ongoing life assurance AVC of £100 per month. This amount should first be deducted in the pay period after notification and £100 should be added to the EAVC CAC cumulative each month in the Scheme year for that job.

**Example 26: AVCs as a percentage of pay**

The Payroll Department is notified that an employee has elected to pay an ongoing non-life assurance AVC of 5% of pay per month. This deduction should start in the pay period following notification and the amount of AVC collected each month added to the EAVC CAC cumulative in the Scheme year for that job.

Employers may agree to share the cost of an AVC contract. This share can vary across employees but the proportion for any individual employee will not vary.

**Example 27: Paying a fixed cash amount of SCAVCs**

The Payroll Department is notified that the employer has agreed to a Shared Cost non-life assurance AVC with an employee, with the employee contributing £60 per month and the employer contributing £40 per month.

The AVC deductions should start in the pay period following notification. The employee's £60 per month deduction should be added to the EAVC CAC and the employer's £40 per month contribution added to the RAVC CARC cumulatives each month in the Scheme year for that job.

**Example 28: SCAVCs as a percentage of pay**

The Payroll Department is notified that the employer has agreed to a Shared Cost non-life assurance AVC with an employee, with the employee contributing 3% of pay per month and the employer contributing 2% of pay per month. The AVC deduction should start in the pay period following notification with the employee's 3% deduction added to the EAVC CAC and the employer's 2% contribution added to the RAVC CARC cumulatives each month in the Scheme year for that job.

Table 5: Payment of Additional Voluntary Contributions / Shared Cost contracts under various types of absences

<b>Absence Event</b>	<b>Action</b>
Sickness on reduced contractual pay or no pay	<p>Any pre-existing AVC / SCAVC contracts entered into after 31 March 2015 remain payable only when there is enough pay to cover them. The payments need to be added to the EAVC CAC and, as appropriate, RAVC CARC cumulatives for that job.</p> <p>No AVC / SCAVC contributions are payable when the employee is on no pay and nothing is to be added to the EAVC CAC or, as appropriate, RAVC CARC cumulatives for that job when the employee is on no pay.</p> <p>The employer element of a SCAVC in respect of pension sacrifice is not payable in full where the employee is on reduced or no pay. During the half pay period the employer contribution is half and during the no pay period the employer makes no contribution.</p>

<b>Absence Event</b>	<b>Action</b>
<p>Relevant child related leave (ordinary maternity, paternity or adoption leave, paid parental bereavement leave or paid shared parental leave and paid additional maternity or adoption leave)</p>	<p>Any pre-existing AVCs / SCAVC contracts entered into after 31 March 2015 remain payable when there is enough pay to cover them.</p> <p>The payments made need to be added to the EAVC CAC and, as appropriate, RAVC CARC cumulatives for that job.</p> <p>The employer element of SCAVC in respect of pension sacrifice must continue to be paid in full on APP or, for any days during the relevant child related leave period where pay received is greater than APP, on the pay received and added to the RAVC CARC cumulative for that job</p>
<p>Other period of child related leave of more than 30 days (i.e. during unpaid additional maternity, paternity or adoption leave, unpaid shared parental leave, or unpaid parental bereavement leave)</p>	<p>The member may continue with any pre-existing AVC / SCAVC entered into after 31 March 2015 and, if the member does so, the employer must meet the cost of the employer element of any SCAVC. However, in reality this is not an option on the payroll as there is no pay from which to collect AVCs / SCAVCs.</p>
<p>Industrial action</p>	<p>The member may continue with any pre-existing AVC / SCAVC contracts entered into after 31 March 2015 and, if the member does so, the employer must meet cost of the employer element of any SCAVC.</p> <p>The employer contributions to a SCAVC should be added to the RAVC CARC cumulative for that job and the employee contributions to the AVC or SCAVC should be added to the EAVC CAC cumulative for that job.</p>

Absence Event	Action
Reserve Forces Leave	<p>Any pre-existing AVCs / SCAVC contracts entered into after 31 March 2015 remain payable unless the member, or the employer in the case of a SCAVC, elects to end the contract. Employer contributions to a SCAVC are collected via payroll.</p> <p>The employer sends the relevant details to the reservist to pass on to MoD in order to get them to arrange the relevant AVC deductions from MoD reservist's pay and for MoD to pay these over to Prudential.</p>
Any other period of authorised leave of absence	<p>The member may elect to continue with any pre-existing AVC / SCAVC contracts entered into after 31 March 2015 and, if the member does so, the employer must meet the cost of the employer element of any SCAVC. However, in reality this is not an option on the payroll as there is no pay from which to collect AVCs / SCAVCs.</p>

### Life assurance AVCs and unpaid periods

If the member is paying AVCs for additional life assurance cover, they must make arrangements to continue to pay the life assurance AVCs during any period when there is not enough pay to cover them if they wish to ensure their AVC life assurance cover does not lapse.

See section 8.5 on AVC/SCAVC contracts entered into before 1 April 2015

## 8 2009 Scheme Data

This section deals with the data requirements for Scheme members who have pre-2015 benefits. It contains information on final pay, part-time hours, breaks in membership and existing additional pension contracts.

### 8.1 Final Pay (AFP and FFP)

Employers are required to calculate and provide NILGOSC with final pay details 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.

The employer must provide:

1. Final Pay at each 31 March, and on flexible retirement or 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.<sup>2</sup>
2. Final Pay at [Normal Pension Age \(NPA\)](#) (under the 2009 Scheme this is defined as 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 of 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 above bullet point 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 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 the 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 calculation the underpin.

An employee who has a period of absence due to a trade dispute, authorised unpaid leave of absence or unpaid additional maternity or adoption 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.

The 2009 definition of final pay continues to apply i.e. the pay used in calculating retirement benefits for the final pay period is either the last 12 months' pay or that in either of the two preceding years, if that is higher.

Where a Scheme member is subject to a reduction or restriction in pay, regulations 8 and 10 of the LGPS (Benefits, Membership and Contributions) Regulations (Northern Ireland) 2009 continue to apply for the purposes of the final pay calculation for (a) and (b) above regardless of whether the reduction or restriction in pay occurs before, on or after 1 April 2015.

Where a Scheme member is in receipt of fluctuating emoluments, regulation 11 of the LGPS (Benefits, Membership and Contributions) Regulations (Northern Ireland) 2009 continues to apply for the purposes of the final pay calculation for (a) and (b) above regardless of whether the fluctuating emoluments are paid before, on or after 1 April 2015.

Where a Scheme member is in receipt of child related leave payments it is the pay that they would have earned but for the absence that is reported as the final pay for the purposes of the final pay period.

There is more information on final pay calculations on the 'employer bite size training' page of [www.lgpsregs.org](http://www.lgpsregs.org). Please note that this website relates to the LGPS in England and Wales, which has slightly different regulations than the LGPS (NI). However, the training in this section is also relevant to the NI Scheme.

## 8.2 Retention of payroll data

Scheme employers must provide NILGOSC with the information it needs to calculate the value of each member's Scheme pension entitlement correctly. Employers' data retention schedules for payroll and HR data should take into account that there are circumstances when 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.

### 8.2.1 Pensionable pay data

When a Scheme member with pre-2015 membership or underpin protections leaves, the employer must calculate their 'final pay' in accordance with the Scheme regulations.

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.

### 8.2.2 Hours data

A member who joined the Scheme before 1 April 2015 or who has underpin protection 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 worked hours.

**Important:** Provision of data to NILGOSC remains the responsibility of the employer. It is important that employers put processes in place to retain access to historical payroll information when they change payroll provider so that they can continue to fulfil their responsibilities as a Scheme employer fully.

### 8.3 Changes in contractual part-time hours and/ or contractual weeks per year

Employers are required to notify NILGOSC of 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 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 regulations 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 before 1 April 2009
  - Were aged 45 or over at that time (i.e. born before 1 April 1964)
  - 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 week / days (if NILGOSC prorates the membership of employees whose contractual weeks / days per year are less than 52 weeks / 365 days per year will also need to be taken into account in assessing the

level of contributions payable under than ongoing Additional Survivor Benefit Contribution (ASBC) contract.

#### 8.4 Breaks in membership

Employers will still be responsible for providing details of breaks in “membership” that occur before Normal Pension Age (NPA) due to:

- industrial action/strike, or
- authorised unpaid leave of absence of more than 30 days, or

unpaid additional maternity, shared parental or adoption leave of more than 30 days.

but only for members:

- protected by the underpin, or
- protected by the 85 year rule.

and who have not taken out an Additional Pension Contributions (APC) contract to cover the whole of the pension that would have accrued during the industrial action/strike, or taken out an APC or Shared Cost APC contract to cover the whole of the pension that would have accrued during the period of unpaid leave of absence (with compulsory employer contributions to a shared cost APC being limited to cover a maximum of 36 months) or unpaid period of additional maternity, shared parental or adoption leave.

In addition, employers need to provide details of breaks in membership due to:

- unauthorised unpaid absence

for members:

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

Unauthorised unpaid absences will always constitute a break as there is no facility to pay an APC specifically to cover the pension that would have accrued during such a period of absence.

Notification of service breaks is required so NILGOSC can determine:

- whether the final salary benefit underpin for protected members exceeds the career average pension for the remedy period, and
- 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 met) and
- when the member meets the two-year vesting period.

## 8.5 Existing additional pension contracts

Existing Additional Voluntary Contribution (AVC), shared cost Additional Voluntary Contribution (SCAVC), Additional Regular Contribution (ARC), Preston part-time buy-back, added years, and Additional Survivor Benefit Contributions (ASBC) contracts in force immediately prior to 1 April 2015 will continue.

If a member paying additional contributions under such contracts moves to the 50/50 section of the Scheme, the additional contributions under such contracts remain payable in full and are not reduced to half rate.

### 8.5.1 Additional Voluntary Contributions (AVCs)

Contributions made by an employee to an AVC or, made by both the employer and employee in the case of a shared cost AVC (SCAVC) continue to be payable for a contract taken out before 1 April 2015 (unless the employee, or the employer in the case of a SCAVC, elects to end the contract). These contributions will be either a cash amount or a percentage of pensionable pay, payable per pay period.

Employee contributions to AVC contracts entered into before 1 April 2015 are no longer limited to 50% of the employee's pensionable pay. The maximum contribution is 100% of pensionable pay, after relevant deductions, (based on the 2015 definition of pensionable pay) irrespective of whether the AVC contract was entered into before or after 1 April 2015.

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, paid parental bereavement leave or paid shared parental leave, plus paid additional maternity or adoption leave), plus unpaid additional maternity, paternity or adoption leave or unpaid shared parental 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 can continue with any pre-existing AVC / SCAVC contract entered into before 1 April 2015 (or can elect to end the contract). If the member continues with the contract, and is paying AVCs for additional life assurance cover, they will have to make arrangements to continue to pay the life assurance AVCs during any period when there is not enough pay to cover them if they wish to ensure their AVC life assurance cover does not lapse.

### 8.5.2 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 cease 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, adoption or paternity leave, paid parental bereavement leave or paid shared parental leave plus paid additional maternity or adoption leave), plus unpaid additional maternity, paternity or adoption leave or unpaid shared parental 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 elects to end the contract). Where necessary, these contributions can be collected from pay when the member returns to work.

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).

### 8.5.3 Added Years Contracts

Contracts entered into before 1 April 2009 to purchase added years of membership continue unless the member elects to cease the contract. Payments under these contracts are expressed as a percentage of the member's pensionable pay (2009 Scheme definition of pensionable pay). The contributions should only be deducted on the 2009 Scheme definition of pensionable pay. This excludes 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, adoption or paternity leave, paid parental bereavement leave or paid shared parental leave, plus paid additional maternity or adoption leave), plus unpaid additional maternity, paternity or adoption leave or unpaid shared parental 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 added years contract entered into before 1 April 2009 unless the employee elects 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.

## 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
- relevant child related leave (ordinary maternity, adoption or paternity leave, paid parental bereavement leave or paid shared parental leave, paid additional maternity or adoption leave), unpaid additional maternity, paternity or adoption leave or unpaid shared parental leave
- reserve forces service leave
- absence due to a trade dispute
- jury service on reduced or no pay
- any other period of authorised leave of absence, or
- any period of unpaid unauthorised absence.

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

### 8.5.4 Additional Survivor Benefit Contributions (ASBCs) for eligible cohabitee survivor's pension

Any existing ASBC contracts continue to be paid unless the employee 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 an eligible cohabitee survivor's pension will not be able to enter into a contract to achieve this after 31 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 (2009 Scheme definition of pensionable pay).

The contributions should only be deducted on the 2009 Scheme definition of pensionable pay. This excludes 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, adoption or paternity leave, paid parental bereavement leave or paid shared parental leave, plus paid additional maternity or adoption leave), plus unpaid additional maternity, paternity or adoption leave or unpaid shared parental 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 ASBC contract entered into before 1 April 2015 unless the employee elects 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.

## 9 The 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 section pension scheme 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 a 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 protections, 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.

## **10 Payments in respect of a period prior to 1 April 2015**

Where a payment is made after 31 March 2015 that relates to a period prior to 1 April 2015 the employee contribution rates applicable at the time the payment relates to should be applied to the pre (and post) 2015 pensionable pay. The employer contribution rate is the current rate at the date that the backdated payment is made. Note, however, that the pensionable pay for the pre 1 April 2015 element should be based on the 2009 Scheme definition of pensionable pay (e.g. excluding non-contractual overtime) and not the 2015 Scheme definition of pensionable pay, which would include non-contractual overtime.

Any pensionable pay received after 31 March 2015 which relates to a period prior to 1 April 2015 should **not** be included in CPP1 or CPP2.

## **11 Monthly payment of contribution**

Employers participating in the Scheme are required to pay over to NILGOSC on a monthly basis all contributions paid by employees (both basic contributions and employee contributions to an APC or SCAPC) and employer contributions set as a percentage of payroll. The amounts must be paid over as described below.

The employee contributions deducted from pay and the employer contributions set as a percentage of payroll must be paid over to NILGOSC by the first working day of the month following the month to which the contributions relate. These monthly contributions must be paid by bank electronic credit transfer. The employer must forward details of the payment amount on an LGS6 to NILGOSC before the payment date. If payment is made more than 10 working days late then interest may be charged in accordance with the regulations.

Employee contributions to the in-house AVC provider, Prudential, should be made directly from the employer to Prudential and shall be paid within 10 days of the deduction. Employee contributions to the in-house AVC with Utmost Life are paid to NILGOSC for onward transmission to Utmost Life.

If payment of contributions, including AVCs, is not made by 19 days after the end of the month in which the contributions were deducted from pay, NILGOSC may notify the Pensions Regulator and the members. The Pensions Regulator may levy a fine. Any fines levied in this respect will be recharged to employers.

Payments in respect of monthly agency invoices must be made within 30 days of the date of the invoice.

There are other payments that employers may have to pay to NILGOSC but these are unlikely to impact on payroll – [see section 21](#) of the HR guide.

## 12 Payment of Deficit Recovery Contributions

Deficit Recovery Contributions, if applicable, will be invoiced in April each year and must be paid either upfront upon receipt of the invoice or in 12 equal monthly instalments.

If payment is made monthly along with monthly employee and employer contributions, this must be noted in the Comments box on the LGS6.

## 13 End of year annual return (for those employers not on i-connect)

Within two months of each Scheme year end (by 30 April), each Scheme employer must send NILGOSC a statement detailing all employees who have been active members of the LGPS (NI) during that Scheme year. A detailed specification is provided in a circular each year. The specification for monthly i-connect returns is available as a separate document.

Table 6: Draft Specification and End of Year Annual Return (for 2016). Later years are described in a circular for that year. (All fields should be Text and uppercase).

Information	Format
Scheme year ending	ddmmyyyy 8 characters Acceptable characters: 0 to 9

Information	Format
Surname	Alphanumeric 25 characters Acceptable characters: A to Z, apostrophe, hyphen
Forename(s). Full forenames must be provided. Initials are not acceptable.	Alphanumeric 25 characters Acceptable characters: A to Z, space
Gender	Alphanumeric 1 character Acceptable characters: F, M
Date of birth	ddmmyyyy 8 characters Acceptable characters: 0 to 9
National Insurance number	Alphanumeric 9 characters Acceptable characters: A to Z, 0 to 9 Must be 9 characters in length and conform to the general NI number format 2 letters + 6 digits + 1 letter HMRC NINO reference - <a href="http://www.hmrc.gov.uk/MANUALS/nimmanual/nim39110.htm">http://www.hmrc.gov.uk/MANUALS/nimmanual/nim39110.htm</a> A NINO is made up of two letters, six numbers and a final letter, which is always A, B, C, or D. The characters D, F, I, Q, U and V are not used as either the first or second letter of a NINO prefix. The letter O is not used as the second letter of a prefix. In addition the following administrative prefixes that were previously used are no longer accepted by HMRC MW, NC, PP, PY, PZ, TN.

<b>Information</b>	<b>Format</b>
NILGOSC Reference number	Alphanumeric Acceptable characters: 0 to 9 Must include any leading zeros
Unique ID for the job	Alphanumeric 15 characters Acceptable characters: any character
Date joined the Scheme in the job if this was during the Scheme year	ddmmyyyy 8 characters Acceptable characters: 0 to 9
Date ceased active membership of the Scheme in the job if this was during the Scheme year	ddmmyyyy 8 characters Acceptable characters: 0 to 9
CPP1: Cumulative pensionable pay received in the job during the Scheme year when in main section (including the assumed pensionable pay the member was treated as receiving during the Scheme year when in the main section) *	Text representing a number to 2 decimal places. Acceptable characters: 0 to 9, period
CEC1: Cumulative employee contributions (if any) deducted from pensionable pay in previous field	Text representing a number to 2 decimal places. Acceptable characters: 0 to 9, period
CPP2: Cumulative pensionable pay received in the job during the Scheme year when in 50/50 section (including the assumed pensionable pay the member was treated as receiving during the Scheme year when in the 50/50 section) *	Text representing a number to 2 decimal places. Acceptable characters: 0 to 9, period

<b>Information</b>	<b>Format</b>
CEC2: Cumulative employee contributions (if any) deducted from pensionable pay in previous field	Text representing a number to 2 decimal places. Acceptable characters: 0 to 9, period
Section of the Scheme the employee was a member of in the job at the end of the Scheme year (or at the date of cessation of active membership in the job if on or after the start of the Scheme year and before the end of the Scheme year)	Alphanumeric To be defined
LGPS MAIN from date: The date the member entered the LGPS Main Scheme	ddmmyyyy 8 characters Acceptable characters: 0 to 9
LGPS MAIN to date: The date the member left the LGPS Main Scheme	ddmmyyyy 8 characters Acceptable characters: 0 to 9
LGPS 5050 from date: The date the member entered the 50/50 Scheme *	ddmmyyyy 8 characters Acceptable characters: 0 to 9
LGPS 5050 to date: The date the member left the 50/50 Scheme *	ddmmyyyy 8 characters Acceptable characters: 0 to 9
CRC: Cumulative employer contributions deducted from pensionable pay in respect of the job	Text representing a number to 2 decimal places. Acceptable characters: 0 to 9, period
EAPC CAC: Cumulative additional pension contributions (APCs), if any, paid in respect of the job by the employee	Text representing a number to 2 decimal places. Acceptable characters: 0 to 9, period

<b>Information</b>	<b>Format</b>
RAPC CARC: Cumulative additional pension contributions (APCs), if any, paid in respect of the job by the employer	Text representing a number to 2 decimal places Acceptable characters: 0 to 9, period
EAVC CAC: Cumulative additional voluntary contributions (AVCs), if any, paid in respect of the job by the employee	Text representing a number to 2 decimal places Acceptable characters: 0 to 9, period
RAVC CARC: Cumulative additional voluntary contributions (AVCs), if any, paid in respect of the job by the employer	Text representing a number to 2 decimal places Acceptable characters: 0 to 9, period

For employees with membership of the LGPS prior 01/04/2015

<b>Information</b>	<b>Format</b>
FTE Final pay for year	Text representing a number to 2 decimal places. Acceptable characters: 0 to 9, period
Actual final pay for year	Text representing a number to 2 decimal places. Acceptable characters: 0 to 9, period

\* May need to be provided on a supplementary return

## 14 Glossary

<b>Term</b>	<b>Definition</b>
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).
Assumed Pensionable Pay (APP)	<p>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, relevant child-related leave or while on reserve forces leave.</p> <p>This means that pensions for that period are worked out using the Assumed Pensionable Pay rather than the reduced rate of pay received.</p>
Additional Voluntary Contributions (AVCs)	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 has to have an automatic enrolment scheme in place for its employees.
Career Average Revalued Earnings (CARE) year	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.

<b>Term</b>	<b>Definition</b>
Normal Pension Age (NPA)	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.
Pensionable Pay	The 2015 definition of pensionable pay includes non-contractual overtime and additional hours. The full list of exclusions from pensionable pay is shown at section 6.1.
Revaluation Adjustment	This is the amount by which a pension account is revalued at the beginning of the next Scheme year. It is usually the percentage change in prices in the Consumer Price Index (CPI) to the previous September.
Shared Cost Additional Pension Contributions (SCAPC)	A Shared Cost Additional Pension Contribution (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 of 30 days or more 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.
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.

<b>Term</b>	<b>Definition</b>
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.

## 14.1 Glossary of Acronyms

<b>Term</b>	<b>Definition</b>
APC	Additional Pension Contributions (paid by scheme member)
APP	Assumed Pensionable Pay
ARC	Additional Regular Contributions (paid by scheme member)
ASBC	Additional Survivor Benefit Contributions (paid by scheme member)
AVC	Additional Voluntary Contributions (paid by scheme member)
CAC	The total additional employee's additional contributions (per type) for the Scheme year in respect of the job
CARC	The total additional employer's additional contributions (per type) for the Scheme year in respect of the job.
CEC1	Cumulative employee contributions (if any) deducted from pensionable pay in previous field.
CEC2	Cumulative employee contributions (if any) deducted from pensionable pay in previous field.
CPP1	Cumulative pensionable pay received in the job during the Scheme year when in the main section.
CPP2	Cumulative pensionable pay received in the job during the Scheme year when in the 50/50 section.
CRC	Cumulative employer contributions deducted from pensionable pay in respect of the job.
EAPC CAC	Cumulative additional pension contributions (APCs), if any, paid by the employee in respect of the job.
EAVC CAC	Cumulative additional voluntary contributions (AVCs), if any, paid by the employee in respect of the job.

Term	Definition
FTE	Full-Time Equivalent final pay in respect of the job for the Scheme year.
FPP	FTE Final Pay
KIT	Keep In Touch day
LGPS (NI):	Local Government Pension Scheme (Northern Ireland)
RAPC CARC	Cumulative additional pension contributions (APCs), if any, paid by the employer in respect of the job.
RAVC CARC	Cumulative additional voluntary contributions (AVCs), if any, paid by the employer in respect of the job.
SCAPC	Shared Cost Additional Pension Contributions (cost met by scheme member and the employer)
SCAVC	Shared Cost Additional Voluntary Contributions (cost met by scheme member and the employer)
SPLIT	Shared Parental Leave in Touch day.