Southwark Council

Southwark Pension Fund

Employer Guide

for you, for now, for the future

lgps 2014

Contents

Introduction

The aim of this document is to provide a quick-reference guide for employers on their responsibilities when administering the Local Government Pension Scheme (LGPS).

Throughout this guide, reference is made to existing guidance and documents provided by the Local Government Association (LGA) and you should ensure that you are familiar with these. Wherever reference is made to either the Payroll or HR guide or other nationally-available guidance, you should ensure you read the relevant sections of that guidance in conjunction with this document.

The full LGA Payroll Guide can be found here

The full LGA HR Guide can be found here

The LGPS Member's Website can be found here

Nothing in this document can override the scheme regulations which can be viewed here. It is important to note that although you may outsource some of the tasks in this guide (e.g. to your payroll provider) responsibility remains with the employer and you should therefore ensure that your payroll provider is acting in accordance with the current Regulations and guidance. You can and should provide a copy of this guidance to your payroll provider and ensure that they receive all updates to this guidance, forms and any other information issued by Southwark Council's Pension Team.

You should also refer to the timescales set out in the Administration Strategy which are repeated at Appendix A of this document.

This guide has not been designed to cover every possible scenario and therefore if your situation is not covered by this guide please contact the Pensions Team for advice.

Throughout this document, reference to 'the Regulations' means The Local Government Pension Scheme Regulations 2013 (as amended). Reference to 'the Transitional Regulations' means The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended).

The LGPS has changed over the years, and Appendix B contains a table summarising the changes that have happened. The main changes took place firstly with effect from 1st April 2008 and again from 1st April 2014, and you will see references to these dates throughout the guidance. The regulations that came into force from 1st April 2008 are usually referred to as the 2008 Scheme and the regulations that came into force from 1st April 2014 are usually referred to as the 2014 Scheme. The regulations that applied prior to 2008 are usually referred to as the 1997 Scheme.

All forms mentioned in this document are available from the Pensions Team.

Further guidance can be provided by Southwark Council's Pensions Team:

Telephone: 0207 525 4924

Email: LBSpensions@southwark.gov.uk

Address: London Borough of Southwark Pension Fund

Finance & Governance

Floor 2, Hub 1, Zone B

Southwark Council

PO Box 64529

London, SE1P 5LX

Joining the Scheme

New Starters

Section 1 and Section 2A of the LGA HR Guide outline the eligibility requirements for someone to join the scheme and when they should be enrolled.

You should note the difference between contractual enrolment and automatic enrolment. Contractual enrolment is when an employee is admitted to the Scheme under the LGPS Regulations (for example when they commence employment). Automatic enrolment is when an employee is admitted to the scheme under the automatic enrolment regulations (for example when an existing employee who had opted out of the LGPS is put back into the scheme on the employer's staging date).

When an employee commences a new job, you should determine their eligibility for the scheme and contractually enrol them if required by the Regulations. This should be done from the first day of employment in the new job.

If an existing employee commences a new role (and there is a new employment relationship), you should consider their eligibility in the same way as for a brand new employee and contractually enrol them if required, even if they have previously opted-out of the scheme in an alternative role.

It is down to the employer to determine whether it is a single employment relationship or a separate employment relationship when an existing employee starts a new job with the same employer (see Section 7 of the LGA HR Guide).

You should issue a starter's form to all those enrolled into the scheme. They should complete the form and return it to the Pensions Team at Southwark Council as soon as possible so the team can ensure their records are correct and follow up on any requested transfers of previous service.

You should then ensure that the new scheme member is included on monthly and year-end submissions to the Pensions Team.

Automatic Enrolment

Section 5 of the LGA HR guide covers automatic enrolment. You should ensure that your payroll procedures identify those employees who need to be automatically enrolled so the appropriate action can be taken.

This will affect anyone who opted out of LGPS membership after being contractually enrolled on their commencement date, or anyone with a contract of less than 3 months who was not enrolled into the scheme on commencement.

Full and brief guides to the automatic enrolment legislation and its interaction with the Regulations, including sample letters, can be found on this page.

When you identify that an employee needs to be automatically enrolled into the scheme, you should enrol them and send them the appropriate automatic enrolment letter (see the Automatic Enrolment guide, link above) as well as a starter's form to be completed by the scheme member and returned to the Pensions Team.

You should then ensure that the new scheme member is included on monthly and year-end submissions to the Pensions Team.

Opting In

A member who has previously opted out, or who is eligible for the scheme but has not yet reached the requirement to be contractually or automatically enrolled, may opt in to the scheme.

An election to opt in should be processed from the next available pay period and other than that the process should be followed as for a new starter or automatically enrolled employee as described above (i.e. allocate contribution rate, notify the Pensions Team).

There is no limit to the number of occasions an employee may opt out of and back into the LGPS.

See Section 4 of the LGA HR Guide for more information.

50/50 Section

Section 8 of the LGA HR Guide and Section 3 of the LGA Payroll Guide cover the 50/50 section. This section of the scheme allows members to elect to pay half their normal rate of contributions, and receive half the pension that they would normally accrue in the main section of the scheme.

An employee cannot opt for the 50/50 section before they have actually been enrolled into the scheme (so they cannot elect before they have started a new job) but otherwise there are no restrictions – any employee can elect for the 50/50 section at any time of year. There are no limits to the number of times a member may move between the sections of the scheme.

If you receive an election from an employee to move into the 50/50 section, this should be processed from the next available pay period following the election. Likewise, an election to move back to the main section should be processed from the next available pay period.

There are two other occasions on which an employee in the 50/50 section must be moved back into the main section:

- If the employee goes onto no pay during a period of sickness absence or ordinary maternity, paternity or adoption leave (not additional maternity, paternity or adoption leave) they must be moved back into the main section from the next available pay period if they are still on no pay at the beginning of that pay period. For example, if an employee who is paid monthly on the last working day of the month goes onto no-pay on the 15th of the month, they must be moved back into the main section of the scheme if they are still on no-pay on the 1st of the following month.

- In the next available pay period following the employer's re-enrolment date under the automatic enrolment legislation

In both cases you should notify the member that they will be/have been moved back to the main section of the scheme. The member can, if they wish, make a further election for the 50/50 section. If they make a further election before the payroll is closed they can maintain continuous 50/50 membership - it is not necessary for a deduction of main section contributions to be made before the employee can re-elect for the 50/50 section. However, the member cannot re-elect for the 50/50 section before the date on which they are moved back to the main section.

During 50/50 section membership, the employer continues to pay their normal rate of contributions – it is only the employee's contribution rate that reduces to half.

When submitting pay and contribution information to the Pensions Team any information relating to membership of the 50/50 section must be split out from information relating to any membership of the main section so you must ensure that your payroll system can hold and report on this information separately.

During Employment

Contributions

The employer must deduct and pay over to the Pensions Team the correct rate of employee and employer contributions for each member of the scheme (see Section 9 of the LGA Payroll Guide).

The employer's rate is set by the Fund's actuary and each employer pays the same rate for all its employees (you should contact the Pensions Team if you do not know your employer's contribution rate). Note that when a member is absent and Assumed Pensionable Pay (APP) applies (see section below) the employer's contribution must be calculated on the APP amount and not the pay the employee is actually receiving.

Employee contribution rates are set by the Regulations. There are nine contribution bands, and the bands increase each April in line with inflation. The current bands can be found on the LGPS member's website here.

It is the employer who determines which contribution band an employee falls into. Section 2A of the LGA HR guide discusses what an employer should consider when allocating a contribution rate.

Every employee's contribution rate must be reassessed on 1st April each year, in relation to the new bandings. Beyond that it is up to the employer when to change an employee's contribution rate if their pay or post changes during the scheme year. This will obviously apply to employees who do not work a fixed number of hours per week, or who receive variable additions to their basic pay such as overtime or allowances. This is discussed in Section 10 of the LGA HR guide, which outlines the potential options employers have and the advantages and disadvantages of these. It is advisable for employers to have a written policy outlining when and how contribution rates will be assessed. This will be particularly important if you outsource your payroll to ensure your payroll provider is deducting contributions in accordance with your wishes.

Whenever an employee's contribution rate is changed you should write to the employee notifying them of the change, the reason for the change, and notifying them of their right of appeal. You should also ensure that the Pensions Team is notified of the new rate on the monthly i-Connect submission.

Contributions should be paid directly into the Fund's bank account (see below) to arrive by 22nd of the month following their deduction. This is the legal deadline but you are recommended to make the payment as soon as you have processed all your payrolls in a calendar month. You should also send a monthly report to the Pensions Team detailing the total amount of employee and employer contributions and the total amount of pensionable pay those contributions were based on. A template for the contributions return is available from the Pensions Team.

Payment Reference: F20158/Employer Reference

Sort Code: 51-50-03

Account Number: 27540006

The Pensions Team can confirm your Employer Reference number if you do not already know it.

Salary Sacrifice

There are many salary sacrifice schemes available. Most do not have an impact on a member's pensionable pay, as they should be specified in the employee's contract as being a pensionable emolument and pension contributions should be based on the pay before any salary sacrifice is applied. Childcare vouchers, cycle schemes, and mobile phone provision fall into this category.

Section 6A of the LGA HR Guide covers the pension implications of a salary sacrifice scheme to buy and sell annual leave, so if you run such a scheme please ensure that you are aware of the pension implications and that your procedures reflect these.

Further guidance on salary sacrifice is available from the Pensions Team.

Pensionable Pay

The Regulations dictate which elements of pay are pensionable and these are outlined in Section 6 of the LGA HR Guide.

The most common excluded pay elements are expenses, pay in lieu of holiday and pay in lieu of notice.

It is an employer's responsibility to apply these requirements by determining whether a pay element is pensionable or not. If a pay element is pensionable, employee and employer contributions must be paid in respect of it and it must be included in calculations of pensionable pay supplied to the Pensions Team.

There are two calculations of pensionable pay that you may be required to provide.

2014 scheme CARE pay is the actual pay earned in a scheme year or part-year (i.e. from 1st April up to 31st March or leave date). It should not be grossed up to full-time equivalent, and it should include any pay for overtime/additional hours.

When providing the 2014 scheme CARE pay on the monthly/year end submissions to the Pensions Team, the pay provided should be the actual pay that the employee has paid pension contributions on during the relevant period (adjusted for any APP – see below - and split between the 50/50 section and the main section of the scheme).

The second type of pensionable pay is 2008 scheme final pensionable pay. This is the figure that is used to calculate their final salary benefits accrued up to 31^{st} March 2014 and is usually the full-time equivalent of the pay earned over the last 365 days of employment.

Where a scheme member also has service in the scheme before 1^{st} April 2014, you must supply the Pensions Team with their full-time equivalent final pay figure using the 2008 Scheme final pay definition when they leave the scheme and on the year-end return.

The calculation of final pay using this 2008 definition is covered in Section 16 of the LGA HR Guide but the following are some key points that you should remember:

- This figure SHOULD NOT include any pay for non-contractual overtime or additional hours as this did not become pensionable until 2014 so cannot be used to calculate benefits accrued before that date.
- All members are entitled to the 'best of the last 3 years' 2008 Scheme final pay so you should check whether their full-time equivalent final pay in any of the two years prior to their final year is higher and if it is provide that figure to the Pensions Team (with confirmation of the dates the pay relates to).
- If the member has had a drop in their full-time equivalent pay within 10 years of their date of leaving the scheme (but after 1 April 2008) then they are entitled to additional protection. In this case, they are entitled to the best of the last 3 years OR the average of any 3 financial years (i.e. to 31^{st} March) within the last 13. You therefore need to ensure that pay history is retained for at least 13 years for those with pre-2014 scheme membership who suffer a drop in pay.
- If the member has been on reduced or no pay due to sickness, ordinary maternity/paternity/adoption leave, or **paid** additional maternity/paternity/adoption leave, the final pay calculation should be based on the pay they would have been earning if they were at work.
- If the member has had unpaid leave for any other reason and has opted to pay the contributions due to buy back lost pension, the final pay calculation should be based on the pay they would have earned had they been at work during that period.
- If the member has had unpaid leave and has NOT paid the contributions to buy back the lost pension, the leave period should be excluded from the calculation and the final pay grossed up to the full year equivalent. See Example 6 in Appendix C.

Appendix C contains some examples of calculating final pensionable pay.

Assumed Pensionable Pay

Assumed pensionable pay (APP) applies to the 2014 Scheme CARE pay. It is the figure that must be calculated and supplied to the Pensions Team in the following circumstances:

- Member goes onto reduced or no pay during a period of sickness absence
- Member goes onto reduced or no pay during a period of ordinary maternity, paternity or adoption leave or paid shared parental leave
- Member is on reduced pay during any period of paid additional maternity, paternity or adoption leave
- Member is on reserve forces leave
- Member is awarded Tier 1 or 2 ill-health pension benefits
- Member dies in service

Section 11 of the LGA HR guide explains the concept of APP and Section 4.2 of the LGA payroll guide explains how it is calculated.

It is important to note that where the member is absent and APP applies, the employer's contribution must be paid on the APP amount, not the pay the employee is actually receiving, with the exception of reserve forces leave where the MoD pays the contributions due.

It is vital that APP is calculated and added to the member's CARE pay in the monthly and year-end submissions to ensure that the member is awarded the correct pension benefits.

APP does not apply to 2008 Scheme final pay but other arrangements do apply in that calculation as described in Section 16 of the LGA HR Guide.

APP does NOT need to be calculated in the following circumstances:

- Member is on no pay during any period of additional maternity, paternity, adoption or shared parental leave
- Member is on strike
- Member is taking authorised or unauthorised unpaid leave

In the cases above, the member does not accrue pension rights and must be given the option to buy back the lost pension (see section on Absences below).

Changes During Employment

You should ensure that you notify the Pensions Team of any changes or updates to member data during the member's employment such as:

- Name (please provide Pensions Team with documentary evidence)
- Address

- Date of birth (please provide Pensions Team with documentary evidence)
- Hours worked per week plus full-time equivalent (hours worked should be adjusted appropriately where the employee does not work all year round – see below)
- Weeks worked per year (by amending weekly hours – see below)
- Pay reference/payroll number
- Employee contribution rate
- Significant pay changes

These changes should be included on the monthly i-Connect submission following the change, with any required documentary evidence sent directly to the Pensions Team.

Where an employee does not work all year round, you should adjust their weekly working hours. The calculation for this is:

(Actual weekly hours / total weeks per year e.g. 52.143) * actual weeks worked pa

For example, where an employee works 18 hours per week (50% of full-time assuming basic hours of 36) but only works 44.8 weeks per year, the weekly hours figure supplied to the Fund should be 15.47 (43% of full-time assuming total weeks per year of 52.143).

Absences

If a scheme member is absent from work and as a result of that absence receives reduced or no pay, their pensionable pay is reduced which has an impact on their pension.

In some cases, the employer is required to calculate (and pay pension contributions on) APP so the employee accrues full benefits during the absence. In other cases, the employee must be offered the opportunity to buy back the pension lost during the absence. The section above on APP outlines the circumstances in which APP does and does not apply and this is also covered in Section 12 of the LGA HR Guide.

Where the member has been absent from work on reduced or no pay, and APP does not apply, the member does not accrue any pension for the period of the absence. You should write to the member advising them of this, and providing the cost to the member of buying back the lost pension.

A calculator to work out the amount of pension lost and the cost of buying back the lost pension is available on the LGPS Member website here.

If the member opts to buy back the lost pension within 30 days of returning to work, the employer must pay two-thirds of the cost (the exception is where the member has been on strike or unauthorised unpaid leave). You have the discretion to extend the 30-day period if you wish (e.g. if you do not notify the member within this period).

You should ensure the details of any absence are notified to the Pensions Team (the dates of the absence, the reason, and confirmation of any lost pension the member has chosen to purchase).

Additional Contributions

Members can choose to pay additional contributions to increase their benefits. If a member is interested in this you should direct them to the Pensions Team who can provide information about the options available.

There are two types of additional contributions:

- Additional Voluntary Contributions (AVCs) – these are contributions deducted from the member's salary then paid over to Aegon Scottish Equitable, which invests the contributions on the member's behalf. On retirement, the member has an additional pot of money which can provide additional pension, spouse's pension or lump sum.
- Additional Pension Contributions (APCs) – these contributions buy additional pension for the member only in the main scheme. The member can purchase up to £6755 pa additional pension (as at April 2016) and the pension bought increases with inflation. On retirement, the additional pension can be commuted to lump sum in the same way as the standard LGPS pension.

If you receive confirmation from the Pensions Team or Aegon Scottish Equitable that an employee has chosen to pay additional contributions then you should do the following:

- Ensure that the appropriate level of contributions starts to be deducted from the next available pay period. If the member has chosen a set monetary amount then this is the amount that should be deducted. If the member has chosen a percentage of pay, then this should be calculated using the usual definition of pensionable pay (i.e. the same figure that their standard contributions are based on).
- The payroll system should hold these contributions separately to the standard contributions so they can be reported separately. If a member is paying more than one type of additional contribution these must be held and reported on separately from each other.
- If the member has opted to pay contributions to buy additional pension (APCs) or is paying contributions in respect of an existing contract to buy additional benefits (see Section 6.4 of the LGA Payroll Guide) the contributions should be paid to the Fund together with the standard contributions and split out separately on the monthly contributions schedule. You must be able to identify the type of additional contribution on monthly and year end submissions.
- If the member has opted to pay AVCs, these must be paid to Aegon Scottish Equitable by 19th of the month following deduction (22nd for electronic

payments) and the notification you receive from Aegon Scottish Equitable will advise their payment details.

- Details of additional contributions paid should be included (split out as described above) on the monthly and year-end submissions.

Further information about additional contributions can be found in Section 12 of the LGA HR Guide, Section 5.3 of the payroll guide and the LGPS member website here.

You may still have employees paying additional contributions under one of the scheme's previous methods (e.g. added years or additional regular contributions (ARCs)). You should continue to deduct these until instructed otherwise and ensure that the contributions are split out from the main scheme and any other additional contributions on the monthly and year-end returns.

Monthly and Year End Reports

Monthly reports should be submitted to the Pensions Team using the i-Connect system. Please see the i-Connect guide for more information.

Year-end reports, covering the period 1 April – 31 March, should be submitted to the Pensions Team by 30th April each year. The Pensions Team issues a template each year that should be used to provide this information.

The year-end report must include the information set out in Section 10 of the LGA payroll guide. This information should be provided for every employee who has been a member for part or all of the scheme year, except for those who opted out within 3 months of joining and who had a refund of contributions via payroll.

Note that for both types of report, where an employee has multiple jobs you should report information for each job separately, and you should also split the information where the employee has been in both the main section and the 50/50 section during the year.

Leaving the Scheme

Opting Out

Members must be enrolled into the scheme before they can opt out (i.e. a member cannot opt out of the scheme before their first day of employment).

There is no limit on the number of times an employee can opt out of and back into the scheme.

If an employee wishes to opt out of the scheme they should obtain an opt-out form from the Pensions Team. If an employee has multiple jobs they can opt out on some or all jobs – a separate form must be completed for each job.

You should process an opt-out election with effect from the next available pay period. If they opt out within 3 months of being enrolled into the scheme, they are treated as never having joined the scheme and any contributions they have paid should be refunded to them (with the appropriate tax adjustments). You should notify the Pensions Team on the next i-Connect monthly submission by including the leave date and ticking the opt-out indicator.

If they opt out more than 3 months after being enrolled, you should remove them from the scheme with effect from the next available pay period, include the leaver date and tick the opt-out indicator on the i-Connect monthly submission, and send a leaver form to the Pensions Team confirming the reason for leaving and providing the appropriate pay information for the Pensions Team to calculate the member's benefits.

In both cases you should forward a copy of the member's opt-out form to the Pensions Team.

An employee who opts out of the scheme with more than 2 years' service (so is entitled to a benefit under the Scheme) cannot receive payment of that benefit until they leave the job or they reach age 75, whichever is earlier.

Section 3 of the LGA HR Guide provides more information.

Early Leavers

This section applies where an employee leaves employment and does not have an immediate entitlement to retirement benefits (i.e. they are under 55 and have not been awarded ill-health pension benefits).

You should include the leaver date and reason for leaving on the i-Connect monthly submission, and complete a leaver form and send it to the Pensions Team as soon as possible after the employee's leave date.

Note that where an employee leaves employment within 3 months of joining the scheme, they are entitled to a refund of contributions but this is processed by the Pensions Team (this is different to the situation when an employee opts out within 3 months where a refund is paid via the payroll). The process to follow is the same as in the previous paragraph.

Section 13 of the LGA HR guide provides more guidance on the information that you should provide to the Pensions Team.

Retirements

A member who leaves employment with at least 2 years qualifying scheme membership and is over the age of 55 can take immediate payment of their benefits (depending on their age on leaving some or all of their benefits may be reduced for early payment).

You should ensure that you include the retirement date and reason for leaving on the i-Connect monthly submission and ensure that a leaver form is completed and sent to the Pensions Team. Ideally, this form should be sent in advance of the member's retirement date but if it is you must make clear to the Pensions Team whether the pay supplied on the form is the actual pay the member will receive to the point of retirement or whether it is estimated. If it is estimated, you should send a further form when the actual pay to retirement is known.

If the form cannot be completed in advance it should be completed as soon as possible after the member has left employment. Note that any delays in submitting information to the Pensions Team means a delay in the member receiving their money, as the Pensions Team must provide details of the options available to the member and await their decision before any payment can be made.

Section 14 of the LGA HR Guide provides more information on retirement.

Ill Health Retirement

Ill health retirement is available to any member who has at least 2 years qualifying scheme membership and whose employment is terminated by their employer on the grounds of ill-health or infirmity of mind or body before that member reaches normal pension age.

Whether or not a member qualifies for ill-health retirement is an employer's decision. Before making this decision, the employer must obtain a certificate from an Independent Occupational Health Practitioner (IOHP) approved by the Fund. The IOHP will give an opinion whether the member meets the criteria for ill-health retirement and if so which tier, but the employer is not bound by this certificate and must make its own decision based on all the medical evidence available. The employer should ask questions of the IOHP if anything in the report is not clear.

This process will be carried out by Southwark Council for those Local Authority maintained schools that buy into the Council's HR service.

In order to qualify, the member must be permanently incapable of carrying out their current job, AND must have a reduced likelihood of carrying out other gainful employment. The employer should first establish whether the member meets these criteria. If they do, the employer must then determine which tier the member falls under.

There are three tiers of payment. To qualify for the first tier, the member must be deemed unlikely to be capable of gainful employment before normal pension age. To qualify for the second tier, the member must be deemed unlikely to be capable of gainful employment within the next 3 years, but likely to be capable of gainful employment before their normal pension age. To qualify for the third tier, the member is deemed likely to be capable of obtaining gainful employment within the next 3 years.

Benefits awarded under tiers 1 and 2 are payable for life and are not reviewed once in payment, but benefits awarded under tier 3 are reviewable and are paid for a maximum of 3 years. Please see the section on reviewing tier 3 benefits.

The information you must provide to the Pensions Team on ill-health retirement is the same as per the previous section (retirement) but in addition you must provide:

- A copy of the Independent Occupational Health Practitioner (IOHP) certificate
- A cover letter confirming the employer's decision regarding the tier of benefits

The Department of Communities and Local Government (DCLG) has issued guidance for employers and IOHPs, and a FAQ document. The Pensions Ombudsman has issued a newsletter with useful guidance for employers when approaching a potential ill-health case.

Flexible Retirement

Flexible retirement is where a member is permitted to reduce either their hours or their grade, and receive payment of some or all of their pension benefits from the date that the hours or grade reduce.

Flexible retirement is an employer discretion and each employer must have a written policy regarding how it exercises that discretion (please see the section on Discretion Policies later in this guide).

Flexible retirement is available to any member aged 55 or above who has at least 2 years qualifying scheme membership, and employer consent is needed for flexible retirement even if the member is over their normal pension age.

The information you must provide to the Pensions Team on flexible retirement is the same as per the retirement section but in addition you must provide:

- A copy of the business case relating to flexible retirement and confirmation that it has been granted.
- Confirmation whether any of the actuarial reduction is to be waived (note that this will incur a strain cost).

Redundancy/Interests of Efficiency Retirement

If a member is made redundant, or retired in the interests of business efficiency, and they are aged 55 or over with at least 2 years qualifying scheme membership then they are entitled to (and must take) immediate payment of their LGPS benefits. These benefits are paid unreduced, and the employer must pay the cost to the Fund of paying unreduced benefits early (known as strain cost).

When considering redundancy/interests of efficiency retirement for a member over 55 you should contact the Pensions Team for an estimate of the benefits payable and the strain cost.

The information you must provide to the Pensions Team is the same as per the retirement section but you must ensure that the reason for retirement is given correctly on the leaver form.

Death of a member

If an active scheme member passes away, you should notify the Pensions Team immediately, providing the date of death and the details of the next of kin or the person dealing with the estate. Any knowledge about the member's personal circumstances (e.g. marital status, any dependent children) should also be passed on to the Pensions Team.

You should ensure that you include the date of death on the i-Connect monthly submission (by including this as a leave date) and that a leaver form is completed and sent to the Pensions Team. As part of this, you should also provide details of the member's pay – there are three separate figures you (may) need to provide:

- CARE pay: the actual pay earned from 1st April last to the date of death (adjusted for APP if the member had any periods of sickness absence)
- The annual rate of APP (used to calculate any dependants pension enhancement)
- 2008 scheme final pensionable pay (if the member had any pre-April 2014 scheme membership).

See the sections above regarding APP and pensionable pay.

Other

Outsourcing

If you are planning to award a contract to a third party and this involves the TUPE transfer of any employees, please contact the Pensions Team for advice as early as possible in the process. The Best Value Direction 2007 and New Fair Deal 2013 both require that transferred employees retain broadly equivalent pension rights, which in the majority of cases will mean that the new contractor will be required to sign an admission agreement to allow the transferred employees to remain in the LGPS. The original employer is also required to sign the Admission Agreement.

This can be a lengthy process so you should ensure the Pensions Team is given as much notice as possible to ensure everything is in place.

Further information on the pension implications of outsourcing a service is available from the Pensions Team.

Annual and Lifetime Allowance

The Annual Allowance is the amount that a member's pension benefits can grow in any one year before a tax charge applies. This is £40,000 for the majority of members (limit correct as at 2016/2017) although members with total taxable income (from all sources) of more than £110,000 (after employee pension contributions have been deducted) may have a lower annual allowance. In simple terms the value of pension benefits tested against the annual allowance is 16 x accrued pension plus lump sum calculated at the beginning of the tax year, compared with the same at the end of the tax year but allowing for inflation during the year and any AVC contributions made during the year. However, the growth in the value of all pension arrangements counts towards the limit.

The Lifetime Allowance is the amount of pension savings a member can accrue in all schemes before a tax charge is payable. This is £1million (limit correct as at 2016/2017) although some members may have a higher personal lifetime allowance if they have been awarded HMRC protection. In simple terms, the value of pension benefits tested against the lifetime allowance is 20 x pension plus the scheme lump sum. However, the value of all pension arrangements counts towards the limit.

It is the scheme member's responsibility to declare to HMRC if they breach either of these limits so you should ensure that members who may be affected contact the Pensions Team for advice.

You should particularly ensure that you make members aware of these limits in the following situations:

- Member receives a significant pay rise
- Employer awards additional pension to the member

- Member opts to pay a high rate of additional contributions
- Member retires with enhancement to benefits (e.g. tier 1 or 2 ill-health, unreduced pension paid early on redundancy)

You may wish to discuss the implications of the annual and lifetime allowances with employees before awarding significant pay rises or pension enhancement so they are aware of the implications before making any decisions and the Pensions Team can provide guidance on this.

The Pensions Team may need to request additional pay information from you when dealing with member queries relating to annual and lifetime allowance and you should provide the requested information as quickly as possible.

Early payment of deferred benefits

The employer's responsibilities do not end when a member leaves the scheme.

A member with deferred benefits can request to have these benefits paid early in certain circumstances and it is the employer's decision whether or not to agree to payment.

The circumstances in which this can be requested are as follows:

a. If the member becomes permanently incapable of work due to ill-health
b. The member reaches age 55

In the circumstance where a member requests early payment of their benefits on ill-health grounds, the employer must determine whether the member meets the criteria for payment (which depends on the regulations in force at the date the member left the scheme). Guidance on the criteria that apply can be obtained from the Pensions Team. Before making a decision, the employer must arrange for the deferred member to be assessed by an IOHP (see section on ill-health benefits above) and the employer must bear the cost of this. The appropriate certificate to be completed by the IOHP can be obtained from the Pensions Team.

In the circumstance where a member over the age of 55 requests early payment of their benefits, the employer must decide whether to agree to the early payment. Each employer should have a written policy regarding this matter (see section on discretion policies below) and any decision made should be in line with this policy. As well as the decision whether to agree to early payment or not, the employer must also decide whether or not to waive any actuarial reduction that would otherwise apply. In some cases (depending when the member left the scheme), the waiving of an actuarial reduction can only be done on compassionate grounds.

There could be a cost to the employer for agreeing to early payment of the benefits so employers should contact the Pensions Team for guidance if a request is received from a former employee.

If payment is agreed, you should confirm this in writing to the Pensions Team and this letter should include:

- Confirmation of the effective date of payment of the benefits
- Confirmation whether or not any actuarial reduction is to be waived
- If ill-health is the reason for payment, you should attach a copy of the IOHP certificate

Divorce

The Welfare Reform & Pensions Act 1999 introduced the concept of pension sharing, where the spouse of a scheme member can be awarded a proportion of the member's pension if they divorce (known as a pension sharing order).

It is the Court that decides whether a pension will be shared and if so, the amount. This will be based on a review of the whole financial situation of the divorcing couple.

The Pensions Team deals with all the administration relating to any pension sharing order query so you should direct employees affected to contact the Pensions Team.

In order to provide the necessary information to the member of their solicitor, the Pensions Team may need to request pay information and you should ensure that the requested information is provided as quickly as possible to ensure that the Pensions Team meets the strict legal timescales for the provision of information.

Internal Dispute Resolution Procedure (IDRP)

This is the procedure set up under the Regulations for members to raise a dispute or appeal against a decision or action taken (or not taken) in respect of the pension scheme.

This is a two stage process. At stage 1, the decision/action (or lack thereof) is reviewed by the employer (or the administering authority if the complaint relates to a decision/action of the administering authority). If the complainant is still unhappy, they can proceed to stage 2, where the decision/action (or lack thereof) is reviewed by the administering authority (this would be a different person where the stage 1 appeal was also dealt with by the administering authority).

If the complainant is still unhappy following the stage 2 decision, they can take their complaint to the Pensions Ombudsman, whose decision is final and binding on all parties.

Each employer is required to nominate an adjudicator to deal with any stage 1 appeals that arise. For example, in a school or academy this could be the Headteacher or Chair of Governors. It is helpful if the employer’s discretion policy (see below) states who the appointed stage 1 adjudicator is. For Local Authority maintained schools, the Stage 1 person appointed by Southwark Council will deal with any appeals.

Whenever an employer makes a decision under the Regulations, the member should be notified of the decision and told about their right of appeal using the IDRP process, including where they should send their appeal.

Discretion Policies

It is compulsory under the Regulations for each employer to publish a policy outlining how it will approach certain discretions. There are other discretions where it is not compulsory to have a written policy, but it is recommended.

Section 17 of the LGA HR guide provides some information. A list of all the discretions under the Regulations can be found here, along with more detailed guidance for employers on what their policy must cover and what they should consider when writing their policy.

The policy must be kept under review, and a copy of the policy must be sent to the Pensions Team.

The Pensions Team will expect any decisions made to be in accordance with the Policy unless there is written confirmation that an alternative decision has been made in an individual case due to specific circumstances

Note that there are some discretions under earlier sets of regulations where an employer still needs a written policy, which will apply to members who left the scheme under those earlier regulations.

Local Authority maintained schools fall under Southwark Council's discretions policy. Other employers are welcome to mirror the Council's policy if they wish and a copy is available from the Pensions Team.

Legal Timescales

The table below shows the main legal timescales that apply for the provision of information to scheme members when specific events happen (based on our understanding as at the time of writing in December 2016). The Pensions Team relies on employers to provide information to the Pensions Team to enable them to meet these timescales.

Breaches of these timescales could lead to a fine for Southwark Council from The Pensions Regulator. Under the administration strategy, any fine that is due to the failure of an employer to provide information in a timely manner will be passed on to that employer.

Process	Legal Requirement
To provide new starters with information about the scheme	2 months from date of joining (provide information about the scheme in this timeframe, or within 1 month of receiving jobholder information where the individual is being automatically enrolled / re-enrolled)
To inform members who leave the scheme of their rights and options	As soon as is practicable, and no more than 2 months from date of initial notification (from employer or scheme member)
To notify the amount of retirement benefits	1 month from date of retirement if on or after Normal Pension Age 2 months from date of retirement if before Normal Pension Age
To notify dependant(s) the amount of death benefits	As soon as possible but in any event no more than 2 months from date of becoming aware of the death, or from date of request
Provide annual benefit statements to active members	31st August in the same calendar year
Receipt of contributions from employers	19th of the month following their deduction (22nd for electronic payments)

Appendix A

Timescales as set out in the Administration Strategy.

New Appointments	
Employer's responsibility	**Target Service Standard**
To ensure that pensions information is included as part of any induction process	
To provide each new employee with basic scheme information	Within one month of start date
Administering Authority's Responsibility	
To provide employers (on request) appropriate tools for inductions	Within 10 working days of request

New Scheme Members	
Employer's responsibility	**Target Service Standard**
Provide new members with starter forms and scheme guides	Within 10 working days of start date
Decide and ensure the correct employee contribution rate is applied	Immediately on joining in line with employer's policy, and each April thereafter (as a minimum)
Send a Notification of Joining the LGPS to a scheme member	Within 10 working days of start date
*Provide new starter information to the administering authority for each new employee joining the LGPS	*Within 1 month of start date
Forward completed starter forms completed by scheme members to the administering authority	Within 3 working days of receipt
Administering Authority's Responsibility	
To accurately record and update member records on the pension administration system	Within 10 working days of receipt of data
To apply for any transfer value details from a previous fund or scheme	Within 10 working days of receipt of request
To send a Notification of Joining the LGPS to a scheme member	Within 10 working days of receipt of data from employer

Changes in circumstances	
Employer's responsibility	**Target Service Standard**
Arrange for reassessment of employee contribution rate in line with employer's policy	If applicable, as per employer's policy
Notify the administering authority of any eligible employees who opt out of the scheme within three months of appointment.	Within 10 working days of receipt of opt-out form
Send a Notification of Change (or equivalent) if legally required to a scheme member	Within 15 working days of change
*Notify the administering authority of all other relevant changes in the circumstances of employees	*Within 1 month of change
Refund any employee contributions deducted in error, or where the member opts out in writing within 3 months with no previous LGPS membership.	Month following the month of election
Notify the Fund of any periods of unpaid leave	Within 1 month of the member returning to work
Administering Authority's Responsibility	
To accurately record and update member records on the pension administration system	Within 15 working days of receipt of data
To send a Notification of Change (or equivalent) if legally required	Within 15 working days of receipt of data

Retirement Estimates (including ill-health)	
Employer's responsibility	**Target Service Standard**
Notify the Fund when a member is due to retire, including as accurate assessment of final pay as possible and reason for retirement (and authorisation where appropriate)	As early as possible and no later than 15 working days before date of retirement
Administering Authority's Responsibility	
Providing quotations on request for retirements	***Within 10 working days of request***
Providing provisional statement of retirement benefits for both active and deferred members	3 months before normal retirement date

Actual Retirements (including ill-health)	
Employer's responsibility	**Target Service Standard**
Notify the Fund when a member leaves employment, including an accurate assessment of final pay	Within 5 working days of leaving
Send a Notification of Entitlement to Benefit if legally required to a scheme member (including determining tier of ill-health retirement if applicable)	No later than 5 working days before date of retirement
Administering Authority's Responsibility	
To accurately record and update member records on the pension administration system	Within 5 working days of receipt of data
Notification of amount of retirement benefits and payment of tax free cash sum	***Within 5 working days of receipt of fully completed claim forms from member***
Notification of amount of recalculated retirement benefits and payment of any balance tax free cash sum following updated information	Within 7 working days of receipt of information

Ill-Health Retirements (additional responsibilities)	
Employer's responsibility	**Target Service Standard**
Appoint a qualified independent medical practitioner in order to consider all ill health retirement applications, and agree this appointment with the Fund.	Within one month of becoming an employer within the Fund
To keep a record of all Tier 3 ill-health cases and to review these cases after 18 months	
Notify the Fund of the results of any review of Tier 3 ill-health cases with appropriate information to allow the Fund to recalculate benefits if necessary	Within 5 working days of receiving results of review
Send a Notification of Entitlement to Benefit (or change in benefit) to a scheme member following the review of his/her Tier 3 ill-health benefits	Within 5 working days of receiving results of review
Administering Authority's Responsibility	
To notify employers prior to scheduled discontinuation of benefit payments, and before updating the member records to "pensioner with deferred benefits".	3 months prior to scheduled discontinuation date

Members leaving before retirement	
Employer’s responsibility	**Target Service Standard**
Notify the Fund of the member’s date of (and reason for) cessation of membership, and all other relevant information.	Within 10 working days of leave date
Administering Authority's Responsibility	
To accurately record and update member records on the pension administration system	Within 10 working days of receipt of data
To inform members who leave the scheme (and are not eligible for immediate benefits) of their options and their deferred benefit or refund entitlement as applicable	Within 20 working days of receipt of data
Provide a refund of contributions where requested	Within 10 working days of receipt of request
Provide a statement of current value of deferred benefits on request	Within 10 working days of receipt of request

Death Benefits	
Employer’s responsibility	**Target Service Standard**
Notify the Fund of the death of a member and provide details of next of kin where available	Within 2 working days of notification
Administering Authority's Responsibility	
Write to next of kin or other contact requesting information following the death of a scheme member	Within 1 working day of notification
Calculate and notify dependant(s) of amount of death benefits	***Within 5 working days of receipt of all relevant information***
Decide who should be recipient(s) of death grant and pay death benefits appropriately as directed	***Within 5 working days of receipt of all relevant information***

Transfers	
Employer's responsibility	**Target Service Standard**
Notify the Fund if the employer intends to outsource services that will involve TUPE transfers of staff, and work with the Fund to ensure an admission agreement is put in place and complied with or a bulk transfer arranged.	Initial notification within 2 working days of becoming aware of potential outsourcing
Administering Authority's Responsibility	
Obtain transfer details for transfer in, and calculate and provide quotation to member	***Within 10 working days of receipt of information***
Request transfer value upon acceptance of transfer in	Within 5 working days of receipt of acceptance
Notify scheme member of benefits purchased by transfer in on receipt of payment	Within 10 working days of receipt of payment
Provide details of transfer value for transfer out, on request	***Within 10 working days of receipt of request***
Provide payment of transfer value to appropriate recipient.	Within 10 working days of receipt of payment request

Additional Benefits (APCs and AVCs)	
Employer's responsibility	**Target Service Standard**
Commence, cease or amend (as appropriate) deduction of APCs and AVCs	In month following election
Administering Authority's Responsibility	
To provide information on APCs / AVCs on request to members and employers, and to issue quotations to members on their APC / AVC options.	Within 10 working days of request

Various Financial Obligations	
Employer's responsibility	**Target Service Standard**
Electronically pay the Fund all employee contributions deducted from payroll and all employer contributions.	Immediately when deducted when paid but within 10 working days of end of month.
Pay all rechargeable items to the Fund, including additional fund payments in relation to early payment of benefits.	Within 20 working days from receiving invoice
Pay all additional costs to the Fund associated with the unsatisfactory performance of the employer	Within 20 working days from receiving invoice
Administering Authority's Responsibility	
To allocate the received contributions to each employer's cost centre	Within 1 working day of receipt of contributions
Issue invoice in relation to additional fund payments in relation to early payment of benefits	Within 10 working days of retirement date (or information being received if later)
Inform the employers of any new contribution banding	5 working days
Notify member of calculation and new value of pension following annual pensions increase	No later than 2 working days before payment of revised pension

Annual Return, Valuation and Annual Benefit Statements	
Employer's responsibility	**Target Service Standard**
Provide the Fund with year-end information to 31 March each year, and any other information that may be required for the production of Annual Benefit Statements.	By 30 April annually
Administering Authority's Responsibility	
Process employer year end contribution returns	Within 1 month of receipt
Produce annual benefit statements for all active and deferred members.	***In line with LGPS regulations timescales***
Provide information to the Actuary (or GAD as appropriate) for both the triennial valuation and for accounting purposes.	As agreed between the Fund and the Actuary.
Provide an electronic copy of the valuation report and associated certificate to each employer, and to answer any questions arising.	Within 5 working days of receipt of report

General	
Employer's responsibility	**Target Service Standard**
Confirm a nominated representative to receive information from the Fund, and to take responsibility for disseminating it within the organisation.	By effective date of admission to the Fund or within 5 working days of previous representative leaving
Formulate and publish policies regarding all discretions that the employer may exercise, and provide a copy to the Fund.	Within 2 months of joining the Fund and also provided to administering authority every 3 years
Respond to enquiries from the Fund.	Within 10 working days of receipt
Distribute any information provided by the Fund to members / potential members	Within 5 working days of receipt
Put in place a Stage 1 Internal Dispute Resolution Procedure	Within 2 months of joining the Fund and before the effective date of any change to the existing procedure (e.g. an appointed person leaving)
Administering Authority's Responsibility	
Arrange for the setting up of an admission agreement where required	Within 3 months of all information being provided
Publish and keep up to date the Scheme Members' Guide and Employers' Procedural Guide.	Updates made within 10 working days of any legislation changes but preferably before effective date
Publish and keep up to date all forms that members, prospective members and employers are required to complete.	Updates made within 10 working days of any legislation changes but preferably before effective date
Publish the Fund's annual report and accounts and any report from the auditor	By 30 June annually
Provision of other responses to general enquiries from scheme members and employers	***Within 10 working days of receipt***
Put in place a Stage 1 Internal Dispute Resolution Procedure	Before the effective date of any change to the existing procedure (e.g. an appointed person leaving)
Put in place a Stage 2 Internal Dispute Resolution Procedure	Before the effective date of any change to the existing procedure (e.g. an appointed person leaving)

Pension Payments	
Administering Authority's Responsibility	**Target Service Standard**
Issue pension payments to designated bank accounts	To arrive on payment due date
Issue payslips to home addresses	Posted so as to arrive on the payment due date
Investigate returned payments and action appropriately	Within 10 working days of payment being returned
Respond to pensioner queries in writing	***Within 10 working days of receipt***
Implement a change to pension in payment	***By next payroll period***

Appendix B

	LGPS 1997	LGPS 2008	LGPS 2014
Basis of Pension	Final Salary	Final Salary	Career Average Revalued Earnings (CARE)
Accrual Rate	1/80th (plus 3/80ths cash)	1/60th	1/49th
Revaluation Rate	Based on final year's salary	Based on final year's salary	Consumer Prices Index (CPI)
Pensionable Pay	Pay excluding non-contractual overtime	Pay excluding non-contractual overtime	Pay including non-contractual overtime
Contributions	6% (5% for some)	5.5% - 7.5%	5.5% - 12.5%
Normal Retirement Age (NRA)	65 (+Rule of 85 until 2006)	65	Equal to the individual member's State Pension Age
Entitlement to benefits after	2 years (until 2004)	3 months	2 years
50% Benefits for 50% Contributions	Not available	Not available	Optional

Appendix C

Example Final Pensionable Pay calculations

Example 1 – full-time member

- Anita leaves scheme on 31st March 2016. She worked full-time.
- Pay @ 1st April 2015 £30,000 pa
- Pay @ 1st September 2015 £31,000 pa
- Calculation:
    - 1.4.15 – 31.8.15 = £30,000 / 365 x 153 = £12,575.34
    - 1.9.15 – 31.3.16 = £31,000 / 365 x 212 = £18,005.48
    - TOTAL = £30,580.82

Example 2 – part-time member

- Fred leaves scheme on 31st March 2016. He worked 18 hpw (50% of FTE).
- Pay @ 1st April 2015 £15,000 pa
- Pay @ 1st September 2015 £15,500 pa
- Calculation:
    - 1.4.15 – 31.8.15 = £15,000 / 365 x 153 = £6,287.67 /18 x 36 = £12,575.34
    - 1.9.15 – 31.3.16 = £15,500 / 365 x 212 = £9,002.74/ 18 x 36 = £18,005.48
    - TOTAL = £30,580.82

Example 3 – hours change during final year

- Sanjay leaves scheme on 31st March 2016. He worked full-time until 31st October then reduced his hours to 28.8 hpw.
- Pay @ 1st April 2015 £30,000 pa
- Pay @ 1st September 2015 £31,000 pa
- Pay @ 1st November 2015 £24,800 pa
- Calculation:
    - 1.4.15 – 31.8.15 = £30,000 / 365 x 153 = £12,575.34
    - 1.9.15 – 31.10.15 = £31,000 / 365 x 61 = £ 5,180.82
    - 1.11.15 – 31.3.16 = £24,800 / 365 x 151 = £10,259.73 / 28.8 x 36 = £12,824.66
    - TOTAL = £30,580.82

Example 4 – working term-time only

- Molly leaves scheme on 31st March 2016. She worked 18 hpw for 44.8 wpy.
- Equivalent to 43% of full-time hours or 15.48 hpw (assuming 36 basic hours per week and 52.143 basic weeks per annum)
- Pay @ 1st April 2015 £12,900 pa
- Pay @ 1st September 2015 £13,330 pa
- Calculation:
  - 1.4.15 – 31.8.15 = £12,900 / 365 x 153 = £5,407.40 /15.48 x 36 = £12,575.34
  - 1.9.15 – 31.3.16 = £13,330 / 365 x 212 = £7,742.36/ 15.48 x 36 = £18,005.48
  - TOTAL = £30,580.82

Example 5 – checking best of the last 3 years

Note that this check should be done for every member that leaves/retires.

- John leaves scheme on 31st March 2016. He worked full-time.
- Pay @ 1st April 2013 £31,000 pa
- Pay @ 1st September 2013 £32,000 pa
- Pay @ 1st April 2014 £33,000 pa
- Pay @ 1st September 2014 £29,000 pa
- Pay @ 1st April 2015 £30,000 pa
- Pay @ 1st September 2015 £31,000 pa
- Calculation (year 1):
  - 1.4.13 – 31.8.13 = £31,000 / 365 x 153 = £12,994.52
  - 1.9.13 – 31.3.14 = £32,000 / 365 x 212 = £18,586.30
  - TOTAL = £31,580.82
- Calculation (year 2):
  - 1.4.14 – 31.8.14 = £33,000 / 365 x 153 = £13,832.88
  - 1.9.14 – 31.3.15 = £29,000 / 365 x 212 = £16,843.84
  - TOTAL = £30,676.72
- Calculation (year 3):
  - 1.4.15 – 31.8.15 = £30,000 / 365 x 153 = £12,575.34
  - 1.9.15 – 31.3.16 = £31,000 / 365 x 212 = £18,005.48
  - TOTAL = £30,580.82
- Year 1 (highlighted) is the highest figure so this is the figure that should be provided to the Pensions Team (with confirmation that it is an earlier year's pay and the period it relates to).

Example 6 – unpaid leave during final year

- Emily leaves scheme on 31st March 2016. She worked full-time. She took unpaid leave 3rd – 15th December 2015 and did not pay the contributions due to buy back the lost pension.
- Pay @ 1st April 2015 £30,000 pa
- Pay @ 1st September 2015 £31,000 pa
- Calculation:
  - 1.4.15 – 31.8.15 = £30,000 / 365 x 153 = £12,575.34
  - 1.9.15 – 2.12.16 = £31,000 / 365 x 93 = £ 7,898.63
  - 16.12.15 – 31.3.16 = £31,000 / 365 x 106 = £ 9,002.74

    352 £29,476.71

  - £29,476.71 / 352 x 365 = £30,565.34

Appendix D

Glossary

See also the glossaries in the LGA HR Guide [here](), the LGA Payroll guide [here]() and on the LGPS Members' website [here.]()

1997 Scheme/LGPS 1997: the regulations that applied to membership up to and including 31st March 2008.

2008 Scheme/LGPS 2008: the regulations that applied to membership from 1st April 2008 up to and including 31st March 2014.

2014 Scheme/LGPS 2014: the regulations that apply to membership from 1st April 2014.

50/50 section: an option for members to pay half their normal rate of contributions and accrue pension at half the normal rate.

Actuarial increase: an addition made to a member's pension benefits when they are drawn after normal pension age.

Actuarial reduction: a deduction made to a member's pension benefits when they are drawn voluntarily before normal pension age.

Added years: the option in the 1997 scheme to purchase additional years of service in the scheme. No new added years contracts can be set up but existing contracts in force before 1st April 2008 continue to run.

Additional maternity, paternity or adoption leave: weeks 27-52 of the leave (if taken).

Administering authority: an authority which is responsible for maintaining a pension fund e.g. Southwark Council.

Administration Strategy: a document setting out the administration standards to be met by employers and Southwark Council (http://www.2.southwark.gov.uk/info/200175/pensions/4081/pension_administration_strategy).

Admission Body: an organisation that participates in the LGPS as a result of an admission agreement, usually to protect pension scheme membership for employees whose job has been TUPE transferred away from the public sector.

APC: Additional Pension Contributions, the option in the 2014 scheme to buy additional pension. This could be to boost their pension or to buy back pension lost through a period of absence.

APP: Assumed pensionable pay: the notional pay that is calculated when a member is absent from work on reduced or no pay due to illness or relevant child-related leave.

ARC: Additional Regular Contributions, the option in the 2008 scheme to buy additional pension. No new ARC contracts can be set up (it was replaced with APCs from 1st April 2014) but existing ones in force before that date continue to run.

Automatic enrolment: enrolment into the LGPS under the automatic enrolment legislation.

AVC: Additional Voluntary Contributions. These are contributions that a scheme member can choose to pay over and above their standard scheme contributions. AVCs are paid over to the Fund's chosen provider, Aegon Scottish Equitable, which invests them on the member's behalf.

CARE: Career Average Revalued Earnings. Pension benefits in the 2014 scheme accrue based on the member's pay in each scheme year, rather than their final salary.

CARE pay/2014 Scheme CARE pay: the actual pensionable pay earned by a member in each scheme year (or part year), including overtime.

Contractual enrolment: enrolment into the LGPS under the LGPS regulations.

DCLG: Department of Communities and Local Government – the Government department responsible for making the LGPS regulations and associated policy.

Deferred benefit: a pension benefit accrued by a member who has now left the scheme but has not yet reached retirement age.

Employing authority: an employer participating in the LGPS.

Final pensionable pay/2008 Scheme pay/Final pay: the full-time equivalent pensionable pay, excluding pay in respect of overtime and additional hours, for the last 365 days of employment (or either of the previous 2 years if higher).

Flexible retirement: taking pension benefits while continuing to work on reduced hours or grade.

i-Connect: an interface system which uploads data from the employer directly to member records.

IDRP: Internal Dispute Resolution Procedure, the complaints and appeal system of the LGPS.

IOHP/IRMP: Independent Occupational Health Practitioner/Independent Registered Medical Practitioner. Before making any decisions relating to a member's or dependent's state of health, the employer must obtain a certificate or report from an IOHP. The regulations set out what qualifications an IOHP must have, and the IOHP must also be approved by the Fund.

LGA: Local Government Association, which has a Pensions Committee providing advice and guidance on the LGPS.

Normal Pension Age: the age at which a member is entitled to draw their LGPS benefits with no actuarial reduction. This is equivalent to the member's state pension age (with a minimum age of 65).

Ordinary maternity, paternity or adoption leave: the first 26 weeks of the leave.

Pensionable emolument: an element of pay that is pensionable.

Pensionable pay: the pay on which pension contributions are calculated.

Pensions Team: the pension administration team at Southwark Council.

Relevant child-related leave: ordinary maternity, paternity and adoption leave and any period of paid additional maternity, paternity or adoption leave.

Resolution/Designation Body: an organisation that may choose to pass a resolution to participate in the LGPS, specifically designating which employees or groups of employees have access to the scheme (such as a parish or town council, or a company wholly owned by a scheduled body).

SCAPC: Shared Cost Additional Pension Contributions. These are contributions that a member and their employer pay to buy additional pension in the LGPS, usually when a member is buying back lost pension due to a period of absence.

SCAVC: Shared Cost Additional Voluntary Contributions. An arrangement where both the member and the employer contribute to a member's AVC fund.

Scheduled Body: an organisation that is required by the Regulations to participate in the LGPS, such as a London Borough council, a Local Authority maintained school, or an academy.

Strain cost: The cost to an employer of providing unreduced pension benefits when a member draws benefits earlier than their normal pension age, for example if the member has been made redundant or the employer has agreed to waive the actuarial reduction that would otherwise apply.