| **Cambridgeshire**Pension Fund | **Northamptonshire**Pension Fund |
| --- | --- |

Retirement form guide



C**ontents**

[1. Introduction 3](#_Toc146094182)

[When you don’t need to fill in a retirement form 3](#_Toc146094183)

[Which employees should I fill in a retirement form for? 3](#_Toc146094184)

[When should I give you the retirement form? 3](#_Toc146094185)

[2. How to fill in and submit the retirement form 3](#_Toc146094186)

[3. Guidance notes 3](#_Toc146094187)

[Section 1 – Employer details 3](#_Toc146094188)

[Section 2 - Employee’s personal details 4](#_Toc146094189)

[Section 3 – Employee’s leaving details 4](#_Toc146094190)

[Leaving date 4](#_Toc146094191)

[Waiver of early payment reduction 4](#_Toc146094192)

[Purchase order number 4](#_Toc146094193)

[Reason for leaving 4](#_Toc146094194)

[Section 4 – Membership details, pensionable pay details and pension contributions 5](#_Toc146094195)

[CARE pay (2014 definition) 5](#_Toc146094196)

[Final pay (2008 definition) 5](#_Toc146094197)

[Other periods of final pay 5](#_Toc146094198)

[Final pay – things to watch out for 6](#_Toc146094199)

[Pension contributions 6](#_Toc146094200)

[Additional voluntary contributions (AVCs) 6](#_Toc146094201)

[Section 5 – Employee’s contractual details 6](#_Toc146094202)

[Section 6 – Other jobs with you 7](#_Toc146094203)

[Section 7 – Employer’s declaration 7](#_Toc146094204)

[4. Glossary of terms used 7](#_Toc146094205)

[50/50 Section 7](#_Toc146094206)

[Actuarial reduction 7](#_Toc146094207)

[Additional pension contributions (APC) 7](#_Toc146094208)

[Additional regular contributions (ARC) 7](#_Toc146094209)

[Assumed pensionable pay (APP) 7](#_Toc146094210)

[Assumed pensionable pay (APP) - Tier 1 and 2 ill-health retirement 8](#_Toc146094211)

[AVCs 8](#_Toc146094212)

[CARE pay (Career Average Revalued Earnings) - 2014 definition of pensionable Pay 8](#_Toc146094213)

[Definition of Pensionable Pay (2014) 8](#_Toc146094214)

[Exclusions from pensionable pay 2014 8](#_Toc146094215)

[CPI 9](#_Toc146094216)

[Final Pay (Final Salary Scheme) - 2008 Definition of Pensionable Pay 9](#_Toc146094217)

[Reduction in pensionable pay 9](#_Toc146094218)

[Pension strain cost 10](#_Toc146094219)

# Introduction

Please read these notes before completing the retirement form. If you’ve any queries, please get in touch by emailing penemployers@westnorthants.gov.uk

## When you don’t need to fill in a retirement form

If:

* you’ve been using our i-Connect monthly returns for over 12 months; and
* we’re happy with the quality of your data; and
* your employee doesn’t need immediate payment or a refund;

Then you **don’t** need to fill in a retirements form. For example:

You **don’t** need a retirement form for:

* Voluntary resignation
* End of fixed term contract not treated as redundancy
* Redundancy under 55
* Dismissal – other (no recovery of pension requested)
* Dismissal - recovery of some/all their pension requested
* Opting out

## Which employees should I fill in a retirement form for?

You must fill in a retirement form when your employee leaves the Local Government Pension Scheme (LGPS) for:

* Voluntary retirement 55+ (let us know if you’ve agreed to waive part or all the early payment reduction)
* Flexible retirement (if the employee has reduced their hours or moved to a less senior role at age 55+)
* Redundancy 55+
* Business efficiency dismissal / end of contract by mutual agreement 55+
* Retirement 55+ with a settlement agreement
* Ill-health retirement
* Age 75 (all members must have taken their pension by age 75)

## When should I give you the retirement form?

* **At least two weeks** before their last day if your employee is:
	+ is on **regular pay** which is guaranteed not to change until they retire.
* **As soon as possible** after you’ve worked out their final pay if your employee:
	+ gets pay and/or allowances which **aren't regular** and consistent.

This will help us to work out their pension and pay them as soon as possible after they retire.

# How to fill in and submit the retirement form

You should fill in the retirement form from the relevant website below:

<https://pensions.cambridgeshire.gov.uk/>

<https://pensions.westnorthants.gov.uk/>

Please complete this form in Word and submit with all the other documents needed either by:

* **uploading** them onto the member’s record on i-Connect. Please see the [Employer i-Connect guide](https://content.govdelivery.com/attachments/UKCAMBSCC/2022/10/21/file_attachments/2304986/i-Connect%20-%20Employer%20Guide%20%20-%20v1.pdf) if you need help; or
* **scanning** and **emailing** them securely to pensions@westnorthants.gov.uk

# Guidance notes

## Section 1 – Employer details

You must always complete this section.

## Section 2 - Employee’s personal details

You must answer all the questions in this section.

## Section 3 – Employee’s leaving details

### Leaving date

Please tell us when the member left the LGPS. The date the employee left is the last day of their contract with you. This will normally be the last day you paid them. However, if they stop work after having unpaid:

* leave, or
* sickness

the last day is the day their contract ends. N**ot** the last day you paid them.

### Waiver of early payment reduction

You should fill this in if you’ve agreed to waive all or part of the early payment reductions. You’ll have:

* Completed an employer decision form from our [website](https://pensions.northamptonshire.gov.uk/lgps/forms/).
* Worked out the extra costs that you need to pay us.

The most common agreements are for:

* Flexible retirement - where you pay all/part of the member’s pension after reducing their hours/grade.
* Paying a pension in full, from age 55 instead of the reduced pension for retiring early.
* Paying additional pension.

### Purchase order number

Please give us a purchase order number so we can raise an invoice for any costs for:

* redundancy retirement
* business efficiency retirement
* flexible retirement
* waiver of early payment reduction.

### Reason for leaving

Please answer ‘Yes’ to one of the questions if your employee’s allowed their pension straight away.

#### Voluntary retirement 55+

If the employee wants to retire and have their pension straight away.

#### Voluntary retirement 55+ (you’ve agreed to waive part or all the early payment reduction)

If your discretions policy allows you to waive any early payment reductions when a member retires early. You also need to fill in and send us a ‘Notification of employer decision’ before we can pay their pension.

#### Flexible retirement (if the employee has reduced their hours or moved to a less senior role at 55+)

If the employee is 55 or older and you’ve allowed them to take flexible retirement. You still need to fill in a retirement form and ‘Notification of employer decision form’. Please send them both to us as we need the information before we can pay their pension.

Make sure you fill in section 6 of the retirement form to let us know about the job they’ll be doing. You also need to collect their appropriate pension contributions unless they opt out of the LGPS.

#### Redundancy 55+

You should choose this if the employee is:

* 55+ and wants to take compulsory or voluntary redundancy. This is **not** dependent on paying redundancy.
* forced to leave because the **job no longer exists**, **including the end of fixed term contracts**.

#### Business efficiency dismissal / End of contract by mutual agreement for business efficiency 55+

If the employee’s employment has ended because of service efficiency and they’re getting ‘early retirement’.

#### Retirement 55+ with a settlement agreement

This is when you’ve waived any actuarial reductions when a member retires early (55 or older). You need to fill in and send us a ‘Notification of employer decision’ before we can pay their pension.

#### Ill-health retirement

Please answer ‘Yes’ to tell us which tier of ill-health benefits you’ve approved for your employee. Please attach a copy of the medical certificate and final medical report if you haven’t given us copies already.

We won’t be able to pay your employee’s pension until we’ve had a completed medical certificate.

#### Age 75 (all members must have taken their pension by age 75)

We need to pay any LGPS benefits before 75. Members that continue to work after this age aren’t allowed to contribute. Please make sure you remove them from the LGPS at least 1 day before their 75th birthday.

## Section 4 – Membership details, pensionable pay details and pension contributions

### CARE pay (2014 definition)

Please tell us:

* whether they were in the main or 50/50 section of the LGPS when they left; and
* the date they joined that section; and
* the final year’s cumulative pensionable pay from 1 April to the date they left.

CARE pay is pensionable pay under the definition applied from 1 April 2014. It’s usually the member’s actual pay and includes non-contractual overtime. If the employee was on reduced or no pay and assumed pensionable pay (APP) applied, you should include this in the figure(s) you give us.

You can find the definitions of CARE pay and APP in the glossary section of these notes.

Please give us the following for the last 3 financial years:

* details of the basic full-time equivalent pay rates: and
* confirmation of contractual overtime or allowances or non-contractual overtime paid (if applicable); and
* confirmation of non-pensionable deduction eg purchase of annual leave (if applicable).

### Final pay (2008 definition)

Pension built up before 1 April 2014 is based on the 2008 scheme definition of final pay (without non-contractual overtime). Please give us the details of the final pay for:

* the calendar year ending on the date they left; and.
* a previous year, if higher.

Your employee may also have pre-April 2014 benefits from another employer. Please give details of final pay for the calendar year ending on the date they left. You can find more information on the LGPS 2008 definition of pensionable pay in the glossary.

Final pay is normally the pay on which you took pension contributions in the last 365 days of their job.

### Other periods of final pay

#### For everyone

* If their pay in one of the 2 years before is higher, you should use that year for their final pay.

#### For members before 1 April 2008

* If they had
	+ an enforced reduction or restriction in pensionable pay; and
	+ the date they left is within 10 years of the date of a certificate of protection they have;

you must take into account the effect of the certificate when assessing the period over which you work the Final Pay out.

#### For members after 31 March 2008

If they had a reduction or restriction in their full time equivalent pensionable pay, either voluntarily or otherwise, they could choose to use the protection under the LGPS regulations. This allows you to work out the final pay as an average over an alternative period. For example, a consecutive 3 year period within 13 years of leaving, ending on 31 March. If they choose this option, you must work out final pay based on this period.

You can find more information on how to work out final pay on the employer pages of our website:

<https://pensions.westnorthants.gov.uk/>

<https://pensions.cambridgeshire.gov.uk/>

### Final pay – things to watch out for

* Part time or term time workers. You need to scale up the actual pay to a full time equivalent role.
* Reduced or suspended pay because of sickness. You need to do the calculations on the pensionable pay you would have paid them if they hadn’t been sick.
* Maternity leave, paternity leave, or adoption leave. Where you’ve taken contributions within the potential final pay period. You need to do the calculations on the pensionable pay you would have paid them if they hadn’t been on maternity, paternity, or adoption leave.
* Suspended pay (eg, industrial action, unpaid maternity leave, authorised unpaid leave beyond 30 days) -during the 365 days before the date for the estimate of benefits. If the member chooses not to pay pension contributions for this period, you need to work out the FTE pensionable pay based on the months and days where you took pension contributions in the last 365 days. You then need to scale it up to a full year.
* Member hasn’t worked for a full year. You need to scale up the actual full-time equivalent pensionable pay (FTEPP) as if they had worked a full year. For example, you multiply their FTEPP by 365 / the number of days of their pensionable employment.
* Where employment is due to end after the date to which they’ve paid pension contributions. For example, unpaid maternity leave, other authorised leave and the member won’t be paying back the contributions for this period. The final pay for the final year of employment should be the actual full time equivalent pensionable pay (FTEPP) scaled up to a full year. For example, you multiply their FTEPP by 365 / the number of calendar days membership in their final year of employment.
* Payment in lieu of holidays and in lieu of notice. Youshould **not** include these when calculating final pay.

### Pension contributions

If the employee has been a member of the LGPS for less than 2 years, please give us:

* details of the pension contributions paid for the financial year to the date they left; and
* the previous financial year.

This will help us to refund the pension contributions to the member if they’re entitled.

### Additional voluntary contributions (AVCs)

Please show whether the employee has had AVCs taken from their pay in the last 2 years. If they have, give details of the AVC provider and the amounts taken.

## Section 5 – Employee’s contractual details

You must fill this section in if the member has underpin protection. They’re covered by this protection if they:

• were an active member of the 2008 scheme on 31 March 2012: and

• don’t have a break of more than 5 years in active membership in any public service pension scheme; and

• haven’t already taken any benefits from the 2014 scheme (flexible retirement).

If the member has an underpin, please give us in date order during their last year with you:

* contractual hours;
* weeks/days paid; and
* details of any periods of unpaid leave.

The definition of full time is set by your employment policies. Most employers will have hours and weeks that they count as a full-time job which applies to all staff. Typically, this is between 35 and 42 hours per week throughout the year. Some employers may have more than one definition of full-time depending on the type of job the individual does. You should indicate that the person is full-time if the hours they work reflect your definition of full time for that grade of staff.

The contractual days/weeks paid per yearwill include their annual leave entitlement and bank holidays. For part time/term time, please also quote the full-time equivalent hours/weeks per year. This will be the full time equivalent for the role (e.g. 37/52.1429, 32.5/52.1429 etc).

**Breaks in pensionable membership**

Please give us details of any breaks in membership, where the member has not chosen to pay additional pension contributions\* to us. A break in membership can be for either of the following:

* additional unpaid maternity, paternity, or adoption leave;
* strike;
* absence with permission (except for sickness or injury).

## Section 6 – Other jobs with you

Please confirm if the employee is leaving all their jobs with you. If they’re still working for you, including where they’ve taken flexible retirement, please give us the details.

## Section 7 – Employer’s declaration

The declaration must be filled in by someone who’s authorised to complete the form on behalf of the employer.

# Glossary of terms used

## 50/50 Section

LGPS members are in the main section by default. They may choose to join the 50/50 section. In this section, they pay contributions at half their normal rate and build up pension at half the rate.

## Actuarial reduction

Also called ‘early retirement reduction factor’ or ‘early retirement factor’. When an LGPS pension is reduced at retirement because it’s earlier than the member’s Normal Pension Age.

## Additional pension contributions (APC)

A contract where a member can pay back lost or buy more LGPS pension.

## Additional regular contributions (ARC)

ARCs were introduced to the LGPS on 1 April 2008. They were replaced from 1 April 2014 with Additional Pension Contributions (APC) - see above. If the member had an existing ARC contract in place before 1 April 2014, this will have continued from April 2014 on the terms of the original contract.

## Assumed pensionable pay (APP)

Assumed Pensionable Payis the assessment of pay(worked out by the employer) which the employee would have had if they hadn’t been away from work and moved to reduced contractual payor no paybecause of:

* sickness or injury
* child related leave (maternity/paternity/adoption/paid shared parental/paid additional maternity or adoption leave)
* being on reserve forces service leave (if the employee, although allowed to be in the Armed Forces Pension Scheme, has chosen to stay in the LGPS).

APP is used to tell us what pensionable pay the employee would have built up had they been on their regular pay. During periods of APP the employee pays pension contributions based on their actual received pay. You must pay their contributions based on the APP amount.

A member’s pension continues to build up as if they were at work getting their normal pay. The pay figure used to represent the member’s normal pay is assumed pensionable pay (APP). In the circumstances listed above, the amount added to the cumulative pensionable pay (CPP) should be the APP and not any pensionable pay (PP). The exception is if the PP they had for any day in that period is greater than the APP. For example, pay from:

* keep in touch (KIT) day(s);
* shared parental leave in touch (SPLIT) day(s); or
* Stringer day(s) (paid annual leave whilst off sick);

in which case, you need to add PP to CPP for that day and APP for the other days.

The APP figure worked out before 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 rest of the relevant child related leave.

You can find more information on APP, in Section 4.2 of the [Payroll Guide](https://www.lgpsregs.org/employer-resources/guidesetc.php) to the LGPS 2014.

## Assumed pensionable pay (APP) - Tier 1 and 2 ill-health retirement

Where an employer ends an active member’s employment because of permanent ill-health with a tier 1 or tier 2 ill-health pension, you must work out an APP figure using the last three full months’ pay. This should include any APP already credited and applied in those months. Even if the employee hadn’t been on APP, you still need to work out the APP figure for the extra amount that needs to be added to the pension because of ill health.

You can find more information on APP, in Section 4.2 of the [Payroll Guide](https://www.lgpsregs.org/employer-resources/guidesetc.php) to the LGPS 2014.

## AVCs

Additional Voluntary Contributions are extra contributions to increase a members income at retirement. An AVC is a contract set up with an external company chosen by us as an in-house AVC provider.

## CARE pay (Career Average Revalued Earnings) - 2014 definition of pensionable Pay

CARE pay is the actual pay on which you take pension contributions over the scheme year (1 April to 31 March). It’s based on the definition of pensionable pay since 1 April 2014. You can find more information in the LGA’s HR Guide on the [LGPS Regulations and Guidance website](https://lgpsregs.org/resources/guidesetc.php). Here’s a summary of what’s included (and excluded) from pensionable pay (2014):

### Definition of Pensionable Pay (2014)

20. -(1) Subject to regulation 21 (assumed pensionable pay), an employee's pensionable pay is the total of-

(a) all the salary, wages, fees, and other payments paid to the employee, and

(b) any benefit in the employee's contract of employment that’s classed as a pensionable emolument.

This includes the following:

* Normal salary or wages
* Bonuses
* Maternity, paternity, adoption, and shared parental pay
* Shift allowance
* Overtime (both contractual and non-contractual)
* Additional hours payments for part time workers
* Any other taxable benefit specified in the contract as being pensionable.

Other pay not listed above may be classed as pensionable pay if it meets the definition above.

### Exclusions from pensionable pay 2014

The exclusions from pensionable pay 2014 includes:

* Any payment which has not had income tax taken.
* Any travelling, subsistence or other expenses incurred in their job.
* Any payment for loss of holidays.
* Any payment in lieu of notice to end their contract of employment.
* Any payment as an inducement not to end their job.
* Any amount paid to buy or lease a motor vehicle. Unless the employee has this item as pensionable under the 1986 Regulations before 31 December 1992.
* Any payment for loss of future pensionable payments or benefits.
* Any compensation (excluding arrears of pay) for achieving equal pay.
* Any payment made to a member on reserve forces service leave.
* Returning or acting returning officer fees other than fees paid for:
	+ local government elections;
	+ parliamentary elections; or
	+ European parliamentary elections.

## CPI

Consumer Price Index. The current measure of inflation that the government uses to make sure LGPS related factors keep pace with increases in the cost of living.

## Final Pay (Final Salary Scheme) - 2008 Definition of Pensionable Pay

It’s the pay on which you take your employees’ contributions. For pension purposes an employee’s pay is all the:

* salary;
* wages;
* fees; and
* other payments;

made to an active member for their job. It may also include any other payment or benefit in their contract of employment that’s classed as a pensionable emolument.

The pay can’t include:

* Payments for **non-contractual overtime**.
* Any travelling, subsistence or other allowance paid for **expenses** they’ve had at work.
* Any payment for **loss of holidays**.
* Any payment in **lieu of notice** to end their contract of employment.
* Any payment as an **inducement** not to end their employment before you make the payment.
* Any amount paid to **buy or lease a motor vehicle.** Unless the employee has this item as pensionable under the 1986 Regulations before 31 December 1992.
* **School achievement awards**.

The member’s final pay is the best of the following options:

* The **average** of the full-time equivalent salary in the **365 days before they left**.
* The **best year of the last three**. If the member’s pay had been higher in either of the two years before the final year, the average of the best year may be used. The dates must be consistent with the final year. Eg, If the member’s final year was 1 August 2020 to 31 July 2021, the best of the previous two years could be either:
	+ 1 August 2018 to 31 July 2019; or
	+ 1 August 2019 to 31 July 2020.
* If the member has a **reduction in pensionable pay protection**, the **average** of the **best three consecutive** years in the **final 13**.

### Reduction in pensionable pay

From 1 April 2008, if a member has a reduction or restriction to their pensionable pay, a form of pension protection may be possible.

The restriction in pay mustbe because of one of the following reasons:

* Member chooses a job with the same employer at a **lower grade** or with **less responsibility**.
* To achieve **equal pay** with other employees with that employer
* As a result of a **job evaluation** exercise; or
* Because a **change in the members contract** of employment results in a:
	+ restriction of; or
	+ end of; or
	+ reduction in;

payments or benefits that are pensionable emoluments; or

* Because the rate at which you may increase the members pay is restricted that it’s likely their pension will be adversely affected,

The reduction **must not** be following a temporary increase to pensionable pay or after taking ‘flexible retirement’.

Once you’ve approved the application, we’ll work out the pension built up before 1 April 2014. We’ll look back at the last 13 years of pay (to the date they left) and use the best average of any three consecutive years, ending on 31 March.

## Pension strain cost

The figure paid by the employer to us, for not applying an actuarial reduction to a pension. Usually when you’ve made an employee redundant (see actuarial reduction above).