

To: Salaries and Wages Departments  
Human Resources  
Pension Contacts

Circular 09B/2010  
20 August 2010

At: All Voluntary Grammar Schools, Grant Maintained Integrated Schools and  
Education and Library Boards

Dear Colleagues,

**Local Government Pension Scheme (Amendment) Regulations (Northern  
Ireland) 2010  
(SR 2010 No. 164)**

**1. Purpose of this Circular**

This circular has been issued to advise education sector employing authorities of regulations amending the Local Government Pension Scheme (Northern Ireland). The amendments only apply to staff employed as classroom assistants.

**2. Background to the amending regulations**

The amending regulations were made on 22 April 2010 and are effective from 31 May 2010. These regulations were made to allow implementation of the Joint Negotiating Council's Collective Agreement for job evaluations of classroom assistants and thus ensuring that classroom assistants' pensions are protected. The buy-out of historic terms and conditions included whole-time hours of 32.5 hours, and the re-evaluated jobs are on the basis of 36 whole-time hours per week.

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

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

Classroom assistants employed by the Education and Library Boards who accrued pension rights on the basis of a whole-time equivalent of 32.5 hours per week during the period from 1 January 1995 to 30 November 2007 inclusive will have those rights protected. Thereafter their pension rights will be accrued on the basis of the whole-time equivalent of 36 hours per week.

Classroom assistants employed by Voluntary Grammar and Grant Maintained Integrated schools have a protection period for pension accrued on the basis of whole-time equivalent hours of 32.5 hours per week from 1 January 1995 to 6 February 2009 inclusive. Thereafter their pension rights will be accrued on the basis of the whole-time equivalent hours of 36 hours per week.

#### **4. Calculations of pension benefits for those classroom assistants who accepted the terms of the Collective Agreement**

The following calculation illustrates how pension benefits will be calculated for classroom assistants who signed up to the Collective Agreement. It should be noted that the calculation has not been complicated by introducing the 1/60<sup>th</sup> accrual which applies from 1 April 2009 – the purpose of this illustration is to show that the amending regulations ensure that the final pension and lump sum are the same as would have been expected prior to the amending regulations.

##### ***Assumptions***

Part-time classroom assistant working 30 hours per week who was on a 32.5 hour divisor for 5 years before moving to a 36 hour divisor for 5 years under the terms of the Collective Agreement i.e. 10 years of membership in total and earning £12,000 per annum.

##### ***Pension Benefits accrued prior to the Collective Agreement***

Classroom Assistant works 30/32.5 hours per week

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

$$\text{i.e. } \quad \quad \quad \pounds 12,000 \times 32.5/30 = \pounds 13,000$$

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

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

Accrued annual pension for 32.5 hour membership

$$\begin{aligned} &= 1/80 \times \text{whole-time equivalent pensionable pay} \times \text{whole-time equivalent membership} \\ &= 1/80 \times \pounds 13,000 \times 4 \text{ years } 225 \text{ days} \\ &= \pounds 750 \end{aligned}$$

Accrued lump sum for 32.5 hour membership

$$\begin{aligned} &= 3/80 \times \text{whole-time equivalent pensionable pay} \times \text{whole-time equivalent membership} \\ &= 3/80 \times \pounds 13,000 \times 4 \text{ years } 225 \text{ days} \\ &= \pounds 2,250 \end{aligned}$$

##### ***Pension Benefits accrued post Collective Agreement***

Classroom Assistant works 30/36 hours per week

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

$$\text{i.e. } \quad \quad \quad \pounds 12,000 \times 36/30 = \pounds 14,400$$

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

$$\text{i.e. } \quad \quad \quad 5 \text{ years} \times 30/36 = 4 \text{ years } 61 \text{ days}$$

Accrued annual pension for 36 hours membership  
=  $1/80 \times$  whole-time equivalent pensionable pay  $\times$  whole-time equivalent membership  
=  $1/80 \times$  £14,400  $\times$  4 years 61 days  
= £750

Accrued lump sum for 36 hours membership  
=  $3/80 \times$  whole-time equivalent pensionable pay  $\times$  whole-time equivalent membership  
=  $3/80 \times$  £14,400  $\times$  4 years 61 days  
= £2,250

**Total benefits accrued**

Total annual pension = £750 + £750 = £1,500

Total lump sum = £2,250 + £2,250 = £4,500

In summary, classroom assistants who accepted the terms of the Collective Agreement will have two final pensionable pay figures calculated – one pay which is based on 32.5 hours per week and is used to calculate the benefits during the dates their protection applies (1st January 1995 to either 30<sup>th</sup> November 2007 or 6<sup>th</sup> February 2009) and one which is based on 36 hours per week and is used to calculate the benefits accrued before 1<sup>st</sup> January 1995 and after the dates of protection. The benefits payable are the sum of both calculations (pre and post Collective Agreement).

**5. Notification of amending regulations to classroom assistants**

The letter attached in Appendix 1 is being sent to all classroom assistants who have been identified as accepting the terms of the Collective Agreement. We asked employers for final confirmation of the classroom assistants who accepted the terms of the Collective Agreement in May 2010. Many of you have since provided this information and it has enabled us to update our records and now to write directly to those classroom assistants.

If you have not responded to our request in May 2010 and subsequent reminders you will receive a separate letter asking you to notify us immediately of any classroom assistants who have accepted the Agreement and asking you to forward the attached letter to those employees. **This letter must be forwarded to your classroom assistants by 31<sup>st</sup> August 2010 as there is a statutory requirement to notify members of Scheme amendments within three months of the regulations being made.**

**6. No impact of amending regulations on those classroom assistants who did not accept the terms of the Collective Agreement**

It should be noted that those classroom assistants who did not accept the terms of the Collective Agreement and the consequent one-off payment to buy out their terms and conditions are not affected by these amending regulations. These members will continue to have a 32.5 hour divisor for pension purposes while they remain in their current posts. My understanding is that they will lose this 32.5 hour protection if they take up a new post.

**7. How are newly recruited classroom assistants treated?**

All new classroom assistants employed from 1 December 2007 with the Boards or from 7 February 2009 with the Voluntary Grammar and Grant Maintained Integrated schools should have whole-time equivalent hours of 36 hours per week.

**8. Software Amendments and Pension Benefit Statements for Classroom Assistants who accepted the terms of the Collective Agreement**

As these regulations have altered the calculation of final pay for the classroom assistants who signed up to the collective agreement (to a 32.5 hour *and* a 36 hour pay) it has been necessary to request software amendments to NILGOSC's pensions administration software. This programming is continuing at present and is expected to be fully tested and available from the beginning of September. However, all these classroom assistants' records will then require to be updated. Early indications are that, due to the time lag from the date of the Collective Agreement to date, it will be a manual exercise to update the records of 4,000 members. It is also essential to split out any other posts which may still be held on the same member record.

Any quotations issued for classroom assistants following the software implementation and update of records will have an additional calculation page showing a breakdown of the calculation of pension and lump sum. An illustration of this breakdown is attached to the Classroom Assistants' letter at Appendix 1.


The annual Pension Benefit Statements for classroom assistants will also be revised and will be issued later in the year. NILGOSC has been unable to issue pension benefit statements for classroom assistants since the date of the Collective Agreement as the amending regulations were required and then the records needed updated to reflect the change in divisor.

**9. Finally....**

**If you have not yet advised NILGOSC of your classroom assistants who accepted the terms of the Collective Agreement please do so urgently. It is essential that these members are identified and member records are updated with the correct divisor otherwise incorrect benefits will be paid on retirement.**

If you have any queries regarding the content of this circular then please contact either myself, Christina Hanna, Maddi O'Neill or Alison Hodgett.

Yours sincerely



Zena Kee  
Pensions Manager

**Appendix 1 – Copy of letter being sent to each classroom assistant who accepted the terms of the Collective Agreement**

Dear Member

**Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2010 relating to Classroom Assistants (SR 2010 No. 164)**

Your employer, <Employer Name>, has advised us that you are employed as a Classroom Assistant and have signed up to the Joint Negotiating Council (JNC) Collective Agreement of <vgi/boards date>.

As you will be aware, one of the main conditions of this agreement was a Job Evaluation which increased the whole-time equivalent working hours from 32.50 hours per week to 36.00 hours per week.

Although you may not have changed the number of hours you actually work, this change has a direct effect on the calculation of your pension benefits as your benefits are calculated with reference to your whole-time length of membership and whole-time equivalent pensionable pay.

To ensure that all classroom assistants' benefits are not affected by their decision to sign up to the Collective Agreement, the Department of the Environment has made the above regulations which allow NILGOSC to use an amended version of final pay for all membership from 1<sup>st</sup> January 1995 to <vgi/boards date>.

The calculations in Appendix 1 show that pension benefits will be exactly the same as they would be if you had remained on a 32.5 hour whole-time equivalent working week.

Other staff employed in your school, including Classroom Assistants who have not signed up to the Collective Agreement, may shortly be receiving their Annual Pension Forecasts from NILGOSC. Unfortunately due to the changes to the calculations we are unable to issue your forecast at the same time, but we are working on a statement which will be specifically for classroom assistants. We will post this to your home address as soon as we have the software to process this.

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

I hope this explains the amendments to the Scheme to take account of the Collective Agreement. Please do not hesitate to contact us if you have any queries.

Yours sincerely



Zena Kee  
Pensions Manager

### **Appendix 1**

To show you that the benefits are unaffected by the change to the regulations, we have used an example for someone who worked five years before the Collective Agreement and five years after.

It should be noted that the calculation has not been complicated by introducing the 1/60<sup>th</sup> accrual which applies from 1 April 2009. The purpose of this illustration is to show that the amending regulations ensure that the final pension and lump sum are the same as would have been expected prior to the amending regulations.

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

The calculation below shows how we would work out whole-time equivalents for a part-time employee who worked for 5 years at 30 hours per week earning £12,000 per annum if the whole-time equivalent is 32.5 hours.

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

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

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

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

The accrued annual pension for this time would be

=  $1/80 \times \text{whole-time equivalent pensionable pay} \times \text{whole-time equivalent membership}$

=  $1/80 \times £13,000 \times 4 \text{ years } 225 \text{ days}$

= £750

and the lump sum would be

=  $3/80 \times \text{whole-time equivalent pensionable pay} \times \text{whole-time equivalent membership}$

=  $3/80 \times £13,000 \times 4 \text{ years } 225 \text{ days}$

= £2,250

If the same part-time employee worked for another 5 years at 30 hours per week earning £12,000 per annum with a whole-time equivalent of 36 hours, the calculation below would apply.

Pensionable pay is brought up to whole-time equivalent of 36 hours  
i.e.  $£12,000 \times 36/30 = £14,400$

Membership is brought down based on a whole-time equivalent of 36 hours  
i.e.  $5 \text{ years} \times 30/36 = 4 \text{ years } 61 \text{ days}$

The accrued annual pension for this time would be  
=  $1/80 \times \text{whole-time equivalent pensionable pay} \times \text{whole-time equivalent membership}$   
=  $1/80 \times £14,400 \times 4 \text{ years } 61 \text{ days}$   
= £750  
and the lump sum would be  
=  $3/80 \times \text{whole-time equivalent pensionable pay} \times \text{whole-time equivalent membership}$   
=  $3/80 \times £14,400 \times 4 \text{ years } 61 \text{ days}$   
= £2,250

***Total benefits accrued***

Total annual pension =  $£750 + £750 = £1,500$

Total lump sum =  $£2,250 + £2,250 = £4,500$

In summary, classroom assistants who accepted the terms of the Collective Agreement will have two final pensionable pay figures calculated – one pay which is based on 32.5 hours per week and is used to calculate the benefits during the dates their protection applies (1st January 1995 to either 30<sup>th</sup> November 2007 or 6<sup>th</sup> February 2009) and one which is based on 36 hours per week and is used to calculate the benefits accrued before 1<sup>st</sup> January 1995 and after the dates of protection. Both pays produce identical benefits.

## Appendix 2

### NILGOSC - EDUCATION & LIB. BOARD

#### Classroom Assistants Calculations (Benefits Split 95-07)

Mrs C Assistant	NI Number Date of Leaving	TN010101F 31/03/2009
<b>Membership Calculations</b>		
A) LG Membership between 01/01/1995 and 30/11/2007		4 Yrs 225 Days
B) Balance of membership at 1/80 <sup>th</sup>		4 Yrs 61 Days
C) Membership at 1/60 <sup>th</sup>		0 Yrs 0 Days
<b>Pensionable Pay Details</b>		
Pensionable Pay for A)		£13000
Pensionable Pay for B)		£14400
Pensionable Pay for c)		£14400
<b>Pension Calculations</b>		
Pension based on A)		£750.00
Pension based on B)		£750.00
Pension based on c)		£000.00
		£1500.00
<b>Lump Sum Calculations</b>		
Lump Sum based on A)		£2250.00
Lump Sum based on B)		£2250.00
		£4500.00
<b>Partner's Pension Calculations</b>		
Partner's Pension based on A)		£375.00
Partner's Pension based on B)		£375.00
		£750.00