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10 March 2008

Circular 01/2008

To: Chief Executives
Salaries & Wages Officers
Human Resource Officers
All Employing Authorities

Dear Colleagues

**Re: Employer's Contribution Rate 2008/09
Annual Returns
Nomination Forms
Strike Breaks
Invoicing for Employer's contributions to cover an unpaid break**

1. Employer's Contribution Rate for 2008/09

The actuary has confirmed that the provisional rate of 15% from 1 April 2008 will apply. Please ensure that your payroll software is updated after the March payroll run to reflect the new rate. At this stage, while final actuarial results are awaited, it is anticipated that there will be further 1% increase to 16% applying at 1 April 2009 and a further increase to 17% effective from 1 April 2010. The actuary's full report is due to be received by the Committee before the end of March and a copy will be sent to you as soon as possible thereafter.

2. Annual Returns

I'm afraid it's that time again! Employers are reminded that annual returns must be submitted to NILGOSC no later than 30 May 2008. This will allow our staff to process the annual returns and resolve any queries prior to issue of annual pension forecasts to members. Late submission of annual returns will incur an administrative charge, unless a later date of submission has been agreed with NILGOSC. Late, inaccurate or incomplete annual returns will result in delayed processing and possible delays or non issue of annual pension forecasts to members.

2.1 Pre-populated spreadsheet

Last year 129 employing authorities used a pre-populated spreadsheet to remit their annual return data. This resulted in a significant improvement in the accuracy of the data which NILGOSC received. The same spreadsheet is available this year and will be emailed to those authorities who confirm that they wish to receive it. A short description of this spreadsheet is attached but more detailed instructions will accompany the email. The format of this spreadsheet may be viewed on our website at <http://www.nilgosc.org.uk/AnnualReturnForms.htm>. If you wish to use the pre-populated spreadsheet then either telephone Colin Carlisle on 028 9076 8025 or email annualreturns@nilgosc.org.uk to request the pre-populated spreadsheet and advise NILGOSC of the email address which you wish to use **by 20 March 2008**. Please note that the pre-populated spreadsheet will be password protected, contains macros and will only be sent to an authorised email address. You may need to check

that your email system can accept an attachment of this type. Last year we experienced some difficulties with the C2K Internet Service Provider (ISP) which repeatedly failed to deliver the emails. If C2K is your ISP please check that they can accept and deliver these emails, otherwise, you will either need to use an alternative email account to send and receive the spreadsheet or contact Colin to arrange to download the pre-populated spreadsheet directly from our web-site.

If you request a pre-populated spreadsheet and do not receive it within two weeks, please contact us again. When you submit your completed return to annualreturns@nilgosc.org.uk, an acknowledgement will automatically be sent to you. If you do not get an acknowledgement within 48 hours, please contact us.

2.2 Alternative methods of submitting annual returns

If you are unable to deal with the return in the above type of electronic format and intend to use an alternative method of remittance it would greatly assist us if you could **confirm your method of remittance and email address by 20 March 2008 to annualreturns@nilgosc.org.uk**.

2.3 Other annual return queries

Any other queries regarding the content of annual returns should either be emailed to annualreturns@nilgosc.org.uk or contact Colin Carlisle on 028 9076 8025.

2.4 Casual Employees – recording of hours worked

An additional spreadsheet must be completed for all casual employees within your employing authority. These will be sent out separately to you and should be completed detailing the hours worked in casual posts and the hourly rate at 31 March 2008 for each employee. Please return these to annualreturns@nilgosc.org.uk.

3. Nomination Forms and Death Grants

When a member dies in service a death grant of two times pensionable pay is payable at the absolute discretion of the Committee to or for the benefit of the member's nominee or personal representative or any person appearing to the Committee to have been his relative or dependant at any time.

The Committee endeavours to pay a death grant as soon as possible. However, in the absence of an up-to-date Nomination of Beneficiary Form, LGS20, and if the amount payable exceeds £10,000, the Committee must wait for Letters of Administration or a Grant of Probate to be extracted in order to reach a decision on the beneficiaries. Consequently this will delay the payment of a death grant.

As nomination forms are held on less than 22% of records, I should be grateful if you could remind your employees of the importance of completing a nomination form, especially if their personal circumstances change. The nomination form, LGS20, may be downloaded from <http://www.nilgosc.org.uk/nomination.pdf>.

Furthermore, I intend to include a nomination form with this year's pension forecasts.

4. Strike Breaks

Please note that if a person is away from work because of a trade dispute they may make contributions for the relevant period at the rate of 16 per cent of the lost pay.

If they do not make the contributions, the period of absence counts as a break in service and NILGOSC must be notified of the period.

5. Invoicing for Employer's contributions to cover an unpaid maternity break or career break when the employee wishes to count the period

After a period of unpaid leave of absence e.g. career break or maternity leave, an employee can choose to pay contributions, within 30 days of returning to work, in order to count the period of unpaid absence as membership. If the member opts to pay contributions to count the period of absence then the employer must pay the employer's portion. The employer completes form LGS35, Re-employment Following a Break form, which advises NILGOSC of the break, the employee and employer contributions due. To date it has been understood that the employer remits the employer contribution to NILGOSC with their next monthly payment, however, these payments have proved difficult to identify along with the normal employer contributions. Therefore, in future NILGOSC will invoice the employer directly for the amount of employer contributions which is shown on the LGS35 and these payments should not be sent along with the normal employer contributions.

6. Finally

Thank you to all of you who submitted prompt accurate returns in 2007. We processed information for over 42,000 members and it was an enormous help when the returns were accurate and queries were dealt with promptly.

Please do not hesitate to contact me if you have any queries regarding the content of this circular.

Yours sincerely

A handwritten signature in black ink that reads "Zena Kee". The signature is written in a cursive, slightly slanted style.

Zena Kee
Pensions Manager

Annual Return Pre-populated Spreadsheet

Data provided

All members who have been active in your authority during the year are listed alphabetically and the following information from our records is displayed:

- Job Description
- NI Number (read only)
- Surname (read only)
- Forename (read only)
- Date of birth (read only)
- Date joined scheme (read only)
- Dated Commenced with employer (read only)
- Employee's contribution rate
- Employer's Staff number
- Employer's Dept Number/Location
- Employer's contribution rate (read only)
- Date left
- Current status (e.g. active, deferred, pensioner) (read only)
- Current hours held for part-timers
- Previous year's salary rate (read only)
- Previous year's pensionable pay (read only)

You may update any of the details which are not marked 'read only'. If any of the 'read only' details have changed, please enter the changes in the 'Comments' column.

Member Data to be completed

- Pensionable Remuneration. This is the **actual pensionable pay earned** by the employee during the financial year. It must not be enhanced to the full time equivalent figure for part-time employees.
- Salary Rate. This is the salary rate at the 31 March 2008 and must be equivalent to a full year's pay. It must not be enhanced to the full-time equivalent figure for part-time employees. This figure is used for the Annual Pension Forecasts and is not used for any other purpose.
- Employee Contributions. This is the amount of basic contributions deducted for the employee during the financial year. It must not include AVCs or Additional Contributions.
- Employer Contributions. This is the amount of employer pension contributions paid during the financial year.
- Additional contributions. This must be the amount of additional LGPS(NI) contributions deducted from pensionable pay during the financial year. It does not include AVCS.
- Contracted out NI earnings. This is the earnings between the Lower Earnings limit (£4,524 p.a. for the year 2007/08) and the Upper Earnings Limit (£34,840 p.a. for the year 2007/08). Contracted out earnings, therefore, cannot exceed £30,316 for the year. They should be rounded down to the nearest whole pound).
- Additional voluntary contributions – Equitable Life. Any contributions paid to Equitable Life during the financial year should be listed here.
- Additional voluntary contributions – Prudential. Any contributions paid to Prudential during the financial year should be listed here.

New Records

If any LGPS(NI) member is missing from your spreadsheet, please add their details on supplementary spreadsheet for new starts. Please complete and forward a LGS1 form for each of these entries.

Ceased Membership

If any of your employees have left the scheme and you have yet to inform NILGOSC please complete a Leavers Form LGS15 and input their leaving date in the Comments column.

Employer Checks

Before submitting the spreadsheet to NILGOSC please carry out the following checks:

- CO Earnings Validation Column – are all entries 'OK'? If not check data, correct, or add explanation in Comments Column.
- Employees' Contributions validation column – are all entries 'OK'? If not check data, correct, or add explanation in Comments column.
- Employers' Validation Column – are all entries 'OK'? If not check data, correct, or add explanation in Comments column.
- Full Time Equivalent Earnings – this is the pay that the employee would have earned if they were full time for the year. It is calculated by bringing the part-time pay up by the hours currently held on our system. Please check any whole time equivalent pays that are higher or lower than expected (i.e. higher or lower than whole time pay at the Spinal Point for that post). Either the pensionable pay is incorrect, the hours are incorrect, or arrears have been paid during the last financial year. Please correct the pay or hours and make a note in the Comments box. It is important that these full-time equivalent pays are checked as this pay will be used in the actuarial valuation and will be a factor in the determination of the employer's future contribution rate.

Reconciliation

The reconciliation sheet must be completed and submitted with each annual return.