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9 November 2007

Circular 08/2007

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

Dear Colleagues

Re:

- 1. Local Government Pension Scheme (Amendment No. 3) Regulations (Northern Ireland) 2007**
- 2. Annual Returns and Pension Benefit Statements**
- 3. New LGPS (NI) Scheme 2009 – Can your payroll deal with banded contribution rates? Questionnaire to complete.**
- 4. Training for employing authority staff on employer discretions and scheme benefits**

1. Local Government Pension Scheme (Amendment No. 3) Regulations (Northern Ireland) 2007

These regulations were made on 25th October 2007 and the main changes are detailed below:

Active membership ceases on the day before a member's 75th birthday

Employees who remain in service after age 65 will not be able to count any period of membership on or after the day before their 75th birthday. Payment of pension benefits must be made to such employees on the day before their 75th birthday. *Please ensure that NILGOSC is advised well in advance of the retirement of anyone who is continuing to work and is nearing their 75th birthday*

Ill-health enhancement no longer limited by 40 years membership with effect from 6 April 2006

The amount of ill-health enhancement that can be awarded following ill-health retirement is no longer restricted by the maximum membership period of 40 years. However, the enhancement cannot exceed the total membership that the member could have achieved if (s)he continued in employment to age 65.

NILGOSC has re-calculated the ill-health pensions for 9 members who were affected by this amendment and arrears will be paid to them in December. *No further action is necessary by employing authorities.*

How membership counts in the continuing employment after flexible retirement or in the case of a re-employed pensioner

Any membership accrued up to the date of retirement will only count in the continuing employment to determine whether the member has:

- the 3 months membership necessary to qualify for a benefit when (s)he finally leaves the ongoing employment, and

- the 5 years membership necessary to qualify for an enhanced ill-health pension, should s(he) cease the ongoing employment on the grounds of permanent ill-health.

It should be noted that membership accrued up to the date of retirement will not count towards the 85-year rule in the continuing employment.

Employing authorities should ensure that anyone considering flexible retirement is aware that they will not be able to count membership accrued prior to the flexible retirement towards the 85 year rule in the ongoing employment.

No death grant payable on or after age 75

A death grant can no longer be paid if a member dies on or after his/her 75th birthday.

The maximum period which may be augmented is increased to 10 years effective from 1 April 2007

The maximum period by which an employer can augment membership is increased to 10 years from 6 years 243 days. It should be noted that there is no statutory provision to claw back redundancy pay if an employer decides to augment membership under Regulation 54 of the LGPS(NI) Regulations 2002 by more than 6 years 243 days.

Employing authorities should check that their policy statement is updated if necessary. Please also ensure that you specify the period by which you wish to augment membership when requesting quotations from NILGOSC.

Additional Voluntary Contribution limit of 50% of remuneration with effect from 6 April 2008

The amount of Additional Voluntary Contributions that a member may make, per employment, is limited to 50% of annual remuneration for that employment with effect from 6 April 2008. Furthermore the regulations require that AVC contributions are deducted from pay and therefore, lump sum payments by cheque will not be possible from 6 April 2008.

Any payments in excess of 50% of remuneration in the 2007/08 tax year are unaffected and no adjustments are necessary in respect of them. However, any members paying in excess of 50% will need to reduce their contribution level from 6 April 2008.

I will shortly be writing to all active members to advise them of the AVC amendments.

Payroll departments should ensure that their staff are aware that the reduced AVC contribution limit applies from 6 April 2008 and that all AVC payments from that date must be made through the payroll.

2. Annual Returns and Pension Benefit Statements

Thank you to all who assisted us with the prompt submission of annual returns. The Annual Pension Forecasts have now been issued for the majority of members. In future, we will not issue forecasts for members for whom we do not have a current address. Instead we will send a letter to the relevant Human Resources Department for forwarding to the employees. These individual letters will state that NILGOSC is unable to issue a forecast as we do not have a valid home address and ask the member to advise us of the correct address.

3. New LGPS(NI) Scheme 2009 – Can your payroll deal with banded contribution rates?

In Circular 05/07 I outlined the proposed banded contribution rates based on whole-time pay for the new LGPS Scheme in England and Wales, where it is proposed that there will be seven rates for employees' contributions. The contribution rates are determined by the whole-time-equivalent pensionable pays as detailed in the table below. These whole-time-equivalent pays will increase each year by the rise in the Retail Price Index. We expect that a similar banded contribution rate will apply to the new Local Government Pension Scheme in Northern Ireland, which is expected to be effective from April 2009.

Band	Range	Contribution Rate
1	£0 - £12,000	5.5%
2	£12,001 - £14,000	5.8%
3	£14,001 - £18,000	5.9%
4	£18,001 - £30,000	6.5%
5	£30,001 - £40,000	6.8%
6	£40,001 - £75,000	7.2%
7	£75,001 +	7.5%

I suspect that this change may require significant payroll software reprogramming. I should be grateful if you could let me know whether this amendment is something which you can immediately implement or if you will need to have your payroll software altered. If the latter applies, please indicate how long you think it will take to make the amendments. I have attached a fax-back form for your reply. Alternatively, you may email info@nilgosc.org.uk stating 'Banded Contribution Rates' as the subject.

4. Training for Employing Authority Staff on Discretionary Functions and Scheme Benefits.

Policy Statement and Discretionary Functions training

In Circular 03/2007 I reminded employing authorities that they needed to update their policy statements on the exercise of their discretionary functions. Since then, I have received numerous telephone calls requesting guidance on these discretions. I have been able to source external training which will focus on the discretions and explain the financial implications (i.e. showing why pension strain exists and illustrating the cost). I envisage that this training will be most appropriate for Human Resources staff and those responsible for maintaining the Employer's Policy Statement. In order to assess the level of interest and the number of attendees, I should be grateful if you could indicate your interest and the number of staff whom you would like to attend by emailing

info@nilgosc.org.uk and stating 'Training on Discretionary Functions' as the subject or by completing the enclosed fax reply on Employer Training. If there is enough interest I hope to secure training on this early in the New Year.

Scheme Benefits Seminars – administering staff only

I propose to run two seminars at NILGOSC during 2008. These will be designed primarily for Human Resource and Payroll Staff who would like an overview of the current pension scheme. The content will include the features of the current scheme as well as focusing on the employer's obligations and duties in relation to the administration of the Pension Scheme. The training sessions will be held in the Committee Room at NILGOSC at 10am on the following dates:

- Tuesday 5th February 2008, and
- Tuesday 23rd September 2008.

Again, I should be grateful if you could complete the attached fax reply on Employer Training and return to NILGOSC by 17th December 2007.

Yours sincerely



Zena Kee (Mrs)
Pensions Manager

**NILGOSC – ABILITY OF CURRENT PAYROLL SOFTWARE TO
DEAL WITH BANDED CONTRIBUTION RATES**

Name: _____

Position: _____

Employing Authority: _____

Contact Address: _____

Email: _____

Telephone: _____

I wish to confirm that our current payroll software
can deal with banded contribution rates

Yes

No

Our software will need amended

We expect the amendments will require _____ months notice to the software
provider.

Other comments:

Signed: _____ Date: _____

**Please send your reply to NILGOSC at the fax number above on or before
17 December 2007. Alternatively you may contact NILGOSC on 028 9076
8025 or by email to info@nilgosc.org.uk.**

NILGOSC – EMPLOYING AUTHORITY TRAINING

1. We are interested in attending the proposed training for **Employer Discretions** at Templeton House, 411 Holywood Road, Belfast.

There will be _____ attendees from _____.

2. We are interested in the training for **administering staff of employing authorities on the Local Government Pension Scheme (NI)** at Templeton House, 411 Holywood Road, Belfast on

Tuesday 5th February 2008 and the following staff will be attending:

Tuesday 23rd September 2008 and the following staff will be attending:

Name: _____

Position: _____

Employing Authority: _____

Contact Address: _____

Email: _____

Telephone: _____

Signed: _____ Date: _____

Please send your reply to NILGOSC at the fax number above on or before 17 December 2007. Alternatively you may contact NILGOSC on 028 9076 8025 or by email to info@nilgosc.org.uk.