

Warwickshire Pension Fund
Local Government Pension Scheme Regulations
Trade Dispute – Industrial Action

The above regulations provide that the period of absence will not count for pension purposes unless you elect whilst an active member of the Scheme to pay an Additional Pension Contribution (APC) to buy-back the amount of pension you would otherwise have earned on the pay 'lost' whilst absent due to the trade dispute.

The APC payment can be made by a single payment (usually via a deduction from pay) or spread over a period of time (deducted from your pay).

What are the implications if I decide not to buy-back the amount of pension I would otherwise have built up on the pay 'lost' whilst absent due to the trade dispute?

If you do not opt to make an APC payment the period of absence will not count for pension purposes. This has some potential implications. For example, each day of absence:

- will marginally reduce the amount of pension to be added to your pension account (compared to the amount of pension that would have been added had you not been absent – see examples below),
- will, in some cases, extend by one day¹ the date when a member who joined the Scheme before 1 October 2006 could retire before Normal Pension Age on an unreduced pension (i.e. add one day to the date on which a member's combined age and membership in the Scheme, both in whole years, add up to 85 (known as the "85 year rule"), and
- may, if you joined the Scheme prior to 1 April 2014, have a marginal impact on the final pay figure used in the calculation of your pre 1 April 2014 pension benefits² should you leave within 12 months of the end of the trade dispute period or, in some cases, within 3 years of the end of the trade dispute period. Whether the final pay figure might be more or less than if you had paid contributions to enable the day to count will depend on the date of leaving and

¹ For example, the 85 year rule for a person who would have attained 25 years membership at age 60 and 53 days will not, where there is a one day strike, be met until age 60 and 54 days, when the person's age in whole years (60) and membership in whole years (25) equals 85 years; conversely, the 85 year rule would not be affected by a one day strike where, for example, a person has 24 years membership at age 60 and 350 days. That is because the 85 year rule will not be met until the person's 61st birthday when age in whole years (61) plus membership in whole years (24) equals 85 years.

² Including the calculation of any underpin amount for a member who was an active member of the Scheme on 31 March 2012 and who was, on 1 April 2012, 10 years or less from their Normal Pension Age under the '2008 Scheme'. The underpin is a technical calculation to ensure that the benefits such members receive from the CARE Scheme are no less than the member would have received had they remained in the final salary '2008 Scheme'.

the level of promotions or pay rises, etc that occur after the trade dispute has ended and, in some cases, how these compare to the level of pay prior to the trade dispute.

By how much will the amount of pension credited to my pension account be less than it would have been had I not been absent due to a trade dispute? How much will it cost me to buy-it back?

You will have 'lost' pension equal to 1/49th of the pensionable pay you would have received had you not been absent (or half of that amount if you are in the 50/50 section of the Pension Scheme). If you want to buy-back the amount of 'lost' pension the cost will depend on how old you when you elect to buy it back and whether you are male or female.

The examples shown in the attachment to this note will help to give you an idea of the amount of pension 'lost' and the cost of buying-back that pension.

What do I do now?

If, having considered the information in this note and in the attachment you do not wish to pay any Additional Pension Contributions to buy-back the 'lost' pension you need take no action.

However, if you wish to buy-back the 'lost' pension you will need to make a formal application to do so. You can do this by obtaining a formal quotation and application form from the "How do I buy extra or 'lost' pension?" section of the LGPS2014 website at www.lgps2014.org. Before using the "Buy lost pension" facility you will need to obtain written confirmation of the amount of pensionable pay deducted for the strike period and the section of the Pension Scheme you are in (the main section or the 50/50 section) as that information has to be entered in order to obtain a formal quotation and application form. You can obtain this information from your employer. If you do not have access to a computer please contact your employer if you wish to buy-back the 'lost' pension and they will provide you with the relevant quotation and application form.

What if I am already paying extra pension contributions?

Please note that, regardless of whether or not you decide to pay Additional Pension Contributions to buy-back the pension 'lost' during the trade dispute absence, any additional contributions you may already be paying to buy:

- additional pension,
- added years of membership,
- previous part-time service
- pre 6 April 1888 membership for the purposes of counting towards the survivor's pension payable to a co-habiting partner

will continue to be collected from your pay.

If you are paying (Additional Voluntary Contributions (AVCs) for additional pension and the AVC deduction per pay period is a set amount then this will have been collected from your pay.

If you are paying AVCs for additional pension and the AVC deduction per pay period is a percentage deduction then you can choose to pay that percentage on the pay 'lost' during the trade dispute.

If you are paying Additional Voluntary Contributions (AVCs) to provide additional life cover we have assumed that you would not wish the life cover to lapse and so will have deducted these contributions from your pay.

By how much will the amount of pension credited to my pension account be less than it would have been had I not been absent due to a trade dispute? How much will it cost me to buy-it back?

Example 1

Annual pay = £6,217.50

Weekly pay = £119.57

Loss of pay for striking on 10 July = £23.91

Loss of annual pension = £23.91 x 1/49 = **£0.49** (or £0.24 if the member is in the 50/50 section of the Pension Scheme rather than the main section)

The cost of buying back £0.49 of 'lost' annual pension would be as shown below. The cost of buying back £0.24 of 'lost' annual pension (i.e. if the member in this example was in the 50/50 section of the Pension Scheme rather than the main section) would be half the figures shown below.

Male aged 25: **£2.42** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.21 per month for 12 months (£2.52 in total)**

Female aged 25: **£2.60** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.22 per month for 12 months (£2.64 in total)**

Male aged 35: **£3.16** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.27 per month for 12 months (£3.24 in total)**

Female aged 35: **£3.41** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.29 per month for 12 months (£3.48 in total)**

Male aged 45: **£4.31** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.37 per month for 12 months (£4.44 in total)**

Female aged 45: **£4.68** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.40 per month for 12 months (£4.80 in total)**

Male aged 55: **£5.94** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.51 per month for 12 months (£6.12 in total)**

Female aged 55: **£6.38** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.55 per month for 12 months (£6.60 in total)**

Notes:

1. This example shows the amount of lost pay as £23.91 (annual pay divided by 260) but the actual amount of lost pay will depend on the formula used by your employer.
2. All the figures shown above for the cost of buying back the amount of 'lost' pension are gross figures (i.e. prior to any tax relief) and the regular deduction figures are shown as monthly payments. To obtain the equivalent weekly payment figure multiply the monthly figure by 12 and divide by 52.143.
3. Tax relief will be given automatically if payments are made by deduction from pay.
4. The cost of paying a lump sum direct to the Pension Fund would be the same as paying by a lump sum deducted from pay (but tax relief would then have to be claimed via your self-assessment tax return).

Example 2

Annual pay = £12,435

Weekly pay = £239.13

Loss of pay for striking on 10 July = £47.83

Loss of annual pension = £47.83 x 1/49 = **£0.98** (or £0.49 if the member is in the 50/50 section of the Pension Scheme rather than the main section)

The cost of buying back £0.98 of 'lost' annual pension would be as shown below. The cost of buying back £0.49 of 'lost' annual pension (i.e. if the member in this example was in the 50/50 section of the Pension Scheme rather than the main section) would be half the figures shown below.

Male aged 25: **£4.84** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.41 per month for 12 months (£4.92 in total)**

Female aged 25: **£5.21** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.44 per month for 12 months (£5.28 in total)**

Male aged 35: **£6.32** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.54 per month for 12 months (£6.48 in total)**

Female aged 35: **£6.83** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.58 per month for 12 months (£6.96 in total)**

Male aged 45: **£8.63** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.74 per month for 12 months (£8.88 in total)**

Female aged 45: **£9.35** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.80 per month for 12 months (£9.60 in total)**

Male aged 55: **£11.88** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.02 per month for 12 months (£12.24 in total)**

Female aged 55: **£12.76** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.09 per month for 12 months (£13.08 in total)**

Notes:

1. This example shows the amount of lost pay as £47.83 (annual pay divided by 260) but the actual amount of lost pay will depend on the formula used by your employer.
2. All the figures shown above for the cost of buying back the amount of 'lost' pension are gross figures (i.e. prior to any tax relief) and the regular deduction figures are shown as monthly payments. To obtain the equivalent weekly payment figure multiply the monthly figure by 12 and divide by 52.143.
3. Tax relief will be given automatically if payments are made by deduction from pay.
4. The cost of paying a lump sum direct to the Pension Fund would be the same as paying by a lump sum deducted from pay (but tax relief would then have to be claimed via your self-assessment tax return).

Example 3

Annual pay = £15,598

Weekly pay = £299.96

Loss of pay for striking on 10 July = £59.99

Loss of annual pension = £59.99 x 1/49 = **£1.22** (or £0.61 if the member is in the 50/50 section of the Pension Scheme rather than the main section)

The cost of buying back £1.22 of 'lost' annual pension would be as shown below. The cost of buying back £0.61 of 'lost' annual pension (i.e. if the member in this example was in the 50/50 section of the Pension Scheme rather than the main section) would be half the figures shown below.

Male aged 25: **£6.06** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.52 per month for 12 months (£6.24 in total)**

Female aged 25: **£6.53** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.56 per month for 12 months (£6.72 in total)**

Male aged 35: **£7.93** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.68 per month for 12 months (£8.16 in total)**

Female aged 35: **£8.56** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.73 per month for 12 months (£8.76 in total)**

Male aged 45: **£10.08** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.92 per month for 12 months (£11.04 in total)**

Female aged 45: **£11.73** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.00 per month for 12 months (£12.00 in total)**

Male aged 55: **£14.90** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.28 per month for 12 months (£15.36 in total)**

Female aged 55: **£16.00** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.37 per month for 12 months (£16.44 in total)**

Notes:

1. This example shows the amount of lost pay as £59.99 (annual pay divided by 260) but the actual amount of lost pay will depend on the formula used by your employer.
2. All the figures shown above for the cost of buying back the amount of 'lost' pension are gross figures (i.e. prior to any tax relief) and the regular deduction figures are shown as monthly payments. To obtain the equivalent weekly payment figure multiply the monthly figure by 12 and divide by 52.143.
3. Tax relief will be given automatically if payments are made by deduction from pay.
4. The cost of paying a lump sum direct to the Pension Fund would be the same as paying by a lump sum deducted from pay (but tax relief would then have to be claimed via your self-assessment tax return).

Example 4

Annual pay = £23,945

Weekly pay = £460.48

Loss of pay for striking on 10 July = £92.10

Loss of annual pension = £92.10 x 1/49 = **£1.88** (or £0.94 if the member is in the 50/50 section of the Pension Scheme rather than the main section)

The cost of buying back £1.88 of 'lost' annual pension would be as shown below. The cost of buying back £0.94 of 'lost' annual pension (i.e. if the member in this example was in the 50/50 section of the Pension Scheme rather than the main section) would be half the figures shown below.

Male aged 25: **£9.31** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.80 per month for 12 months (£9.60 in total)**

Female aged 25: **£10.02** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£0.86 per month for 12 months (£10.32 in total)**

Male aged 35: **£12.17** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.04 per month for 12 months (£12.48 in total)**

Female aged 35: **£13.15** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.12 per month for 12 months (£13.44 in total)**

Male aged 45: **£16.61** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.42 per month for 12 months (£17.04 in total)**

Female aged 45: **£18.01** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.54 per month for 12 months (£18.48 in total)**

Male aged 55: **£22.87** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.96 per month for 12 months (£23.52 in total)**

Female aged 55: **£24.57** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£2.10 per month for 12 months (£25.20 in total)**

Notes:

1. This example shows the amount of lost pay as £92.10 (annual pay divided by 260) but the actual amount of lost pay will depend on the formula used by your employer.
2. All the figures shown above for the cost of buying back the amount of 'lost' pension are gross figures (i.e. prior to any tax relief) and the regular deduction figures are shown as monthly payments. To obtain the equivalent weekly payment figure multiply the monthly figure by 12 and divide by 52.143.
3. Tax relief will be given automatically if payments are made by deduction from pay.
4. The cost of paying a lump sum direct to the Pension Fund would be the same as paying by a lump sum deducted from pay (but tax relief would then have to be claimed via your self-assessment tax return).

Example 5

Annual pay = £30,311

Weekly pay = £582.90

Loss of pay for striking on 10 July = £116.58

Loss of annual pension = £116.58 x 1/49 = **£2.38** (or £1.19 if the member is in the 50/50 section of the Pension Scheme rather than the main section)

The cost of buying back £2.38 of 'lost' annual pension would be as shown below. The cost of buying back £1.19 of 'lost' annual pension (i.e. if the member in this example was in the 50/50 section of the Pension Scheme rather than the main section) would be half the figures shown below.

Male aged 25: **£11.79** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.01 per month for 12 months (£12.12 in total)**

Female aged 25: **£12.69** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.08 per month for 12 months (£12.96 in total)**

Male aged 35: **£15.41** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.32 per month for 12 months (£15.84 in total)**

Female aged 35: **£16.64** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.42 per month for 12 months (£17.04 in total)**

Male aged 45: **£21.03** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.80 per month for 12 months (£21.60 in total)**

Female aged 45: **£22.80** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.95 per month for 12 months (£23.40 in total)**

Male aged 55: **£28.95** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£2.48 per month for 12 months (£29.76 in total)**

Female aged 55: **£31.10** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£2.66 per month for 12 months (£31.92 in total)**

Notes:

1. This example shows the amount of lost pay as £116.58 (annual pay divided by 260) but the actual amount of lost pay will depend on the formula used by your employer.
2. All the figures shown above for the cost of buying back the amount of 'lost' pension are gross figures (i.e. prior to any tax relief) and the regular deduction figures are shown as monthly payments. To obtain the equivalent weekly payment figure multiply the monthly figure by 12 and divide by 52.143.
3. Tax relief will be given automatically if payments are made by deduction from pay.
4. The cost of paying a lump sum direct to the Pension Fund would be the same as paying by a lump sum deducted from pay (but tax relief would then have to be claimed via your self-assessment tax return).

Example 6

Annual pay = £42,032

Weekly pay = £808.31

Loss of pay for striking on 10 July = £161.66

Loss of annual pension = £161.66 x 1/49 = **£3.30** (or £1.65 if the member is in the 50/50 section of the Pension Scheme rather than the main section)

The cost of buying back £3.30 of 'lost' annual pension would be as shown below. The cost of buying back £1.65 of 'lost' annual pension (i.e. if the member in this example was in the 50/50 section of the Pension Scheme rather than the main section) would be half the figures shown below.

Male aged 25: **£16.34** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.40 per month for 12 months (£16.80 in total)**

Female aged 25: **£17.59** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.50 per month for 12 months (£18.00 in total)**

Male aged 35: **£21.36** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.83 per month for 12 months (£21.96 in total)**

Female aged 35: **£23.08** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£1.97 per month for 12 months (£23.64 in total)**

Male aged 45: **£29.16** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£2.49 per month for 12 months (£29.88 in total)**

Female aged 45: **£31.61** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£2.70 per month for 12 months (£32.40 in total)**

Male aged 55: **£40.15** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£3.44 per month for 12 months (£41.28 in total)**

Female aged 55: **£43.13** if paid by lump sum deducted from pay **or**, if paid by regular deductions from pay over a 12 month period, **£3.69 per month for 12 months (£44.28 in total)**

Notes:

1. This example shows the amount of lost pay as £161.66 (annual pay divided by 260) but the actual amount of lost pay will depend on the formula used by your employer.
2. All the figures shown above for the cost of buying back the amount of 'lost' pension are gross figures (i.e. prior to any tax relief) and the regular deduction figures are shown as monthly payments. To obtain the equivalent weekly payment figure multiply the monthly figure by 12 and divide by 52.143.
3. Tax relief will be given automatically if payments are made by deduction from pay.
4. The cost of paying a lump sum direct to the Pension Fund would be the same as paying by a lump sum deducted from pay (but tax relief would then have to be claimed via your self-assessment tax return).

