

THE LOCAL GOVERNMENT PENSIONS SCHEME (LGPS)

OPTION TO PAY BACK CONTRIBUTIONS TO AVOID A PERIOD OF 'LOST' PENSION



Whilst a member of the Local Government Pension Scheme (LGPS) there may be occasions when you are away from work and in some cases do not pay pension contributions. This may be because of a **period of agreed absence** or a **period of child-related leave (maternity, paternity or adoption leave)**.

If you are away from work for any of the above reasons the amount of pension credited to your pension account during this time will be reduced. This is often referred to as **'lost'** pension.

Can I pay contributions to recover the amount of pension 'lost' as a result of my absence?

Yes, there is an opportunity for you to pay contributions to cover the period of 'lost' pension by entering into a **Shared Cost Additional Pensions Contract (SCAPC)**.

You can enter into an SCAPC contract to purchase the amount of pension 'lost'. This option is available to both members of the MAIN and 50/50 sections of the LGPS.

What is meant by a SCAPC?

Shared Cost Additional Pension Contributions (SCAPCs) cover the amount of pension 'lost' during periods of unpaid additional Maternity, Adoption and Paternity leave or periods of unpaid authorised leave of absence.

Shared cost means that if you want to cover such a period, the cost of buying the 'lost' pension is shared between you and your employer, with your employer meeting 2/3rds of the cost.

You can pay these additional contributions in a one-off lump sum or through regular payments from your wages.

When do I have to elect to buy back the 'lost' pension?

An election to buy back the 'lost' pension can be made at any time whilst you are an active member of the LGPS. However in order to buy back an amount of 'lost' pension through SCAPCs you must make an election to do so **within 30 days of returning to work**. If your election is received outside of the 30 days following your return to work, you are still eligible to buy back a period of 'lost' pension but this will be calculated at the 'Full-Cost' and not the 'Shared Cost'

The maximum period of absence you can elect to buy back by a SCAPC is a period of 3 years.

What happens if I am on leave due to sickness?

Please note that you don't need to buy 'lost' pension if you are on sick leave. Your pension benefits continue to build up assuming you had remained at work during this time.

In addition if you are a new parent on a period of ordinary maternity, paternity or adoption leave and any period of paid additional maternity, paternity or adoption leave, you do not need to buy back 'lost' pension. It is only if you enter a period of unpaid additional maternity, paternity or adoption leave that you would lose some pension and may wish to enter into a SCAPC contract.

How do I calculate the value of my 'lost' pension and how much will it cost me to buy it back?

An online calculator is available to calculate how much it would cost to buy 'lost' pension due to a period of absence.

By using the online modeller you can print off an application form to send to your employer.

In order to use the modeller to calculate the amount of 'lost' pension your employer will need to provide you with the following information:

- **Dates of absence period**
- **Reason for absence**
- **Total Assumed Pensionable Pay lost during period of absence**
- **Section of LGPS you contributed to during period of absence. (i.e. MAIN or 50/50)**

The above information should be provided to you in the letter which accompanies this factsheet. Please contact your employer directly if you have not received this information.

Once you have this information you can work out the cost of buying back that amount of 'lost' pension by visiting <https://lgpsmember.org/more/apc/lost.php> where you will find an APC modeller. If you do not have access to the internet please contact the payroll team who will provide this information for you and send you an application form for completion should you wish to proceed with the buy back of your 'lost' pension.

You will initially be presented with the screen below. In the first section of the screen you need to input your personal details and pay information in fields **1** to **9**.

The screenshot shows a web form divided into two main sections: "Details for calculation (1)" and "Details for calculation (2)".

Details for calculation (1) includes the following fields:

- 1. Gender: A dropdown menu with "-- select --" as the current selection.
- 2. Date of Birth: Three input boxes for day (00), month (00), and year (YYYY).
- 3. Lost Pensionable Pay (from employer) £: A text input box.
- 4. Reason for absence: A dropdown menu with "-- select --" as the current selection.
- 5. Section during absence: A dropdown menu with "main section" as the current selection.

Details for calculation (2) includes the following fields:

- 6. Last day of absence: Three input boxes for day (00), month (00), and year (YYYY). Below this is a checkbox for "30 day override (employer confirmation must be provided)".
- 7. Method of payment: A dropdown menu with "-- select --" as the current selection.
- 8. Years: A text input box.
- 9. Pay frequency: A dropdown menu with "-- select -" as the current selection.

At the bottom of the second section is a "Get results" button. A red arrow points to the top of the "Details for calculation (2)" section.

Once you have completed fields 1 to 9 please select the 'Get Results' button.

Details for calculation (2) ?

6. Last day of absence
 30 day override (employer confirmation must be provided)

7. Method of payment

For regular deductions enter the years you wish to pay over and your pay frequency.

8. Years 9. Pay frequency

The results of your quote will be shown on the screen below:

Results ?

Age used in calculation	
Your Normal Pension Age (NPA)	65
Annual pension lost during absence	£
Years of agreement	
Pension added to account each year of agreement	£
Gross total cost of pension being bought	£
Cost to employer	£
Cost to member before tax relief	£

Based on a gross cost of £ per £100 of lost pension

If you need any assistance in filling out the details a help screen is available by clicking on the question mark icon on screen.



If you wish to proceed with the purchase of lost pension please complete the 'Buy Lost Pension - Apply' section and complete fields 10 to 14:

Buy Lost Pension - Apply

To apply for a lost pension APC based on the quote above complete the personal details below and print and send your application form

Personal details ?

10. Full name	<input type="text"/>
11. National Insurance Number	<input type="text"/>
12. Employer	<input type="text"/>
13(a). Payroll Number	<input type="text"/>
13(b). Job Title	<input type="text"/>
14. Your email (optional)	<input type="text"/>

To complete the application process please read the terms and conditions and click on the **'Print application'** button below:


APPLICATION

Please check the box to confirm that the information entered is correct and that you have read and understood the terms and conditions for additional pension applications (not required for quotes)

Clicking on the button below will open a new window with a PDF version of your application form. Please print, sign and send to your employer.

Print application

Your application form must then be signed and dated and returned to your Payroll Department.

Local Government Pension Scheme 

Buying Lost Pension - Application for Additional Pension Contribution (APC)
Payment method: deduction from payroll Version 1.6

Part A: Applicants details		Lost pensionable pay	£ 1000.00
Name	TEST	Gender	female
NI Number	TN171178A	Age used in calculation	37
Employer	BERKSHIRE	State Pension Age	68 y 0 m 0 d
Pay Number	12345	Next birthday	14/07/16
Job Title	ASSISTANT	Pay Frequency	monthly
Email		Last day of absence	29/04/2016

Part B: Regular deduction from payroll
Reason for absence: unpaid additional child related leave

Annual pension lost during absence	£20.41
Years of agreement	1
Pension added per year of agreement	£20.41
Gross Regular cost to buy lost pension	£12.87
Regular cost to employer	£8.58
Regular cost to member before tax relief	£4.29
Gross Regular cost per £100 of pension (for information)	£63.08

Application
I agree that the regular or lump sum amount shown as **cost to member** may be taken from my pay on the next available payroll. For regular amounts I agree that the deduction may continue for the duration of the agreement period (unless I elect at some future time to cease payments). **Please sign and date this application form and send it to your employer.** By submitting this application you confirm that you have read and understood the [terms and conditions](#).

Applicants signature Application date

For employer use only
I am authorised to complete this section on behalf of the employer and confirm that the information in Part A above is correct. Where a cost to employer is outlined in Part B and this cost to the employer is not mandatorily payable under Scheme Regulations, I confirm this cost has been duly authorised. **Please sign and forward this form to your LGPS administering authority.**

Name Date
Signature

What if I have more than one job?

If you hold more than one job and you are absent from those jobs as a result of unpaid leave of absence you can elect to pay SCAPCs in respect of each of your jobs in order to buy back the pension 'lost' as a result of your absence.

Because each of your jobs is treated separately for pension purposes, a separate calculation will need to be undertaken to work out the pay you have lost in each job and the cost of buying back the pension 'lost' in respect of each job. If you wish, you can choose to buy back the pension 'lost' in respect of all of the jobs you hold or only one or some of the jobs you hold. You will need to make sure that you inform your employer of the jobs in respect of which you wish to buy back the 'lost' pension when applying to pay SCAPCs.

What if I am already paying additional pension contributions?

Any additional contributions that you are already paying to purchase additional pension benefits will continue to be deducted in the normal way throughout a period of absence. There are, however, two circumstances that you need to consider:

- 1 If you have already entered into an APC contract to purchase the maximum additional pension possible (currently £7,194 per year) you will not be able to buy back the 'lost' pension as result of your absence and;
- 2 If you currently pay Additional Voluntary Contributions (AVCs) as a percentage of your monthly pay (as opposed to a fixed amount) the amount of earnings lost due to your absence will not generate an AVC deduction. If you wish to ensure the full amount of your AVC is paid, you will need to request that your employer makes an adjustment to the contributions deducted in the pay period to which the leave of absence relates. Otherwise, the amount of AVC paid into your AVC account for that pay period will be reduced.

What is meant by Assumed Pensionable Pay (APP)?

APP is calculated based on the average of your pensionable pay for the 3 complete months prior to the relevant event (this being the date on which you first commence your leave of absence). If you are weekly paid we would replace 3 months with 12 weeks.

EXAMPLE:

Leave of absence from 1 July to 15 July 2019 (15 days).

Last 3 full pay periods would be April, May and June 2019.

Earnings were:

April £1,000

May £1,000

June £1,200

Total earnings for the 3 months is: £3,200 x 12/3 = £12,800 p.a.

$\text{£12,800} / 12 = \text{£1,066.67} / 31 \times 15 \text{ (days)} = \text{£516.13 (APP)}$

The APP figure of £516.13 would then be input into field 8 – 'Lost Pensionable Pay' on

What happens if I am on Reserve Forces Service Leave?

If you enter into a period of reserve forces service leave you will continue to pay a contribution to the Fund in order to continue to build up a pension as if you had been at work throughout. In order to do this your employer will calculate contributions based on your Assumed Pensionable Pay whilst you are on leave and add the pension to your pension account. The Ministry of Defence would then be required to deduct these contributions from you and pay them over to the Berkshire Pension Fund in order to maintain your continued pension entitlement.

Disclaimer

The guide cannot cover every personal circumstance. Readers may wish or will need to take, their own legal advice on the interpretation of any particular piece of legislation. No responsibility will be assumed by the Royal County of Berkshire Pension Fund for any direct or consequential loss, financial or otherwise, damage or inconvenience, or any other obligation or liability incurred by readers relying on information contained herein. In the event of any dispute over your pension benefits, the appropriate legislation will prevail. This guide does not confer any statutory rights and is provided for information purposes only.