

Royal County of Berkshire Pension Fund

Impact of working part-time

This guide is for you if you are currently paying into the Local Government Pension Scheme (LGPS) and you want to find out more about how working part-time affects your pension.

What qualifies as part-time employment under the LGPS?

For the purposes of this guide a part-time employee is anyone whose contractual hours of work are less than 37 per week for 52 weeks of the year. A part-time employee may also be someone who works 37 hours per week but for less than 52 weeks of the year such as an employee of a school who works during term-time only.

How does part-time employment affect my membership of the LGPS?

The LGPS is a Defined Benefit, Career Average Revalued Earnings (CARE) pension scheme. As such benefits are defined in line with statutory regulations and based on your pensionable pay in each year from 1 April to 31 March (this is known as the 'scheme year').

For each scheme year that you are a member, a pension equal to 1/49th of your pensionable pay will be added to your pension account. Inflationary increases will then be added to ensure that your pension account keeps up with the cost of living.

Benefits are not based on the contributions that you and your employer pay into the scheme (as they would be if you belonged to a 'money purchase' scheme).

The longer you are a member of the scheme, and the greater your pensionable pay, the higher your benefits will be when you retire or leave the scheme. The pensionable pay used in the calculation of your pension will reflect periods of full and part-time employment that you may have.

How does part-time employment affect my pensionable pay?

As we have already mentioned your pension is built up based on 1/49th of your pensionable pay during each scheme year running from 1 April to 31 March.

Since 1 April 2014 your pensionable pay includes any pay received in respect of overtime and any pay received in respect of hours worked in excess of your contractual hours.

If you are part-time the pensionable pay used in calculating your pension will be your actual part-time pensionable pay from 1 April to 31 March each year. This is demonstrated in the following example:



Example

<p>An employee works full-time for 1 year in the LGPS from 1 April 2024 to 31 March 2025. Their full-time annual pensionable salary is £26,500.</p> <p>The pension they will earn for that year is calculated as follows:</p>			
Pensionable pay	Hours of employment	Formula	Annual Pension
£26,500	37/37 (full-time)	£26,500 ÷ 49	£540.82
<p>This will mean that £540.82 of annual pension will be added to the member's pension account for 2024/2025.</p>			
<p>If, however, the same person worked at 50% of full-time for that year, their pension would be calculated as follows:</p>			
£13,250	18.5/37 (part-time)	£13,250 ÷ 49	£270.41
<p>This will mean that £270.41 of annual pension will be added to their pension account for 2024/2025.</p>			

What happens if, as a full-time employee, I decide to reduce my hours?

Your pension benefits built up before the date from which you decide to reduce your hours will be protected. From the date that you reduce your hours, your pension benefits will build up at a part-time rate.

How does part-time employment affect my pre 1 April 2014 benefits?

Your pre 1 April 2014 pension benefits will be calculated based on your pre 1 April 2014 membership (in years and days) and your final pay at your eventual date of leaving. Your final pay is normally the average full-time equivalent pay in respect of your final year of scheme membership. Therefore, if you reduce your hours but remain on the same full-time equivalent grade your final salary benefits will be unaffected.

Is it possible for me to draw my pension benefits and continue working?

Since April 2006 the LGPS Regulations have allowed employers the discretion to release scheme members' benefits whilst keeping them employed on reduced hours or at a lower grade. This is known as '**flexible retirement**'.

Once you reach the age of 55 your employer can agree to the release of your benefits thereby avoiding the perceived "cliff-edge" that many face at retirement. Benefits released early may be subject to reduction if you do not satisfy certain conditions of the scheme, although your employer also has discretion to waive any reduction that may be applied.

Can I continue to pay contributions on my full-time equivalent pay if I work part-time?

No. You can only pay contributions on the actual pay you receive. There are ways in which you can increase your pension benefits by paying additional contributions, but these would be deducted from your part-time pay.

The options you have are to pay Additional Pension Contributions (APCs) into the LGPS or pay Additional Voluntary Contributions (AVCs). You can even pay into your own Personal Pension or a Stakeholder Pension Scheme. If you are interested in knowing more about these options a guide to 'Increasing Your Pension Benefits' is available from the Pension Team or by downloading a copy from www.berkshirepensions.org.uk

What about my death in service cover if I go part-time?

As a member of the LGPS there is a lump sum death grant payable in the event of your death. This is equal to 3 times your Assumed Pensionable Pay (APP). For part-time employees this is your actual part-time rate of pay. You can state to whom you would like your death grant to be paid by completing an expression of wish form which can be printed from the Royal County of Berkshire Pension Fund website.

Are any other benefits affected by going part-time?

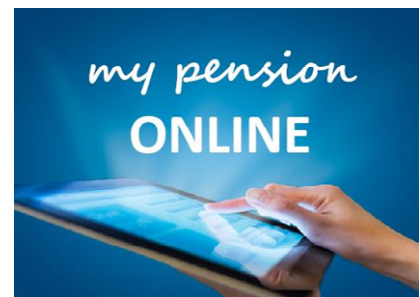
If you reduce your hours, perhaps because of poor health, you need to consider the impact that this could have of any future ill-health retirement. If your employer agrees to your early retirement because of permanent ill-health, any enhancement afforded by the scheme may reflect the part-time hours worked.

'my pension ONLINE'

Don't forget you can now view your pension information online through our online service - **'my pension ONLINE'**.

'my pension ONLINE' enables you to securely update your personal details, perform benefit calculations and update your nominated beneficiaries from the comfort of your own home or workplace.

It's easy to sign up - just visit our website at www.berkshirepensions.org.uk and click on the **'my pension ONLINE'** logo.



More information

More detailed information about the scheme is available from the pension team at the following address: **Royal County of Berkshire Pension Fund, Zone C Town Hall, St Ives Road, Maidenhead, Berkshire, SL6 1RF**

Tel: 01628 796 668

E-mail: info@berkshirepensions.org.uk

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