



## **'Lost' pension rights - during a trade dispute.**

Where an employee is absent due to a trade dispute they may choose to replace the amount of pension 'lost' during the period of the trade dispute.

The amount of 'lost' pension shall be calculated as 1/49th of the pensionable pay 'lost' during the period of the trade dispute if the person was in the main section during that period, or 1/98th of the pensionable pay 'lost' for the period of the trade dispute if they were in the 50/50 section during that period. Note that an employee can commence an APC in this circumstance even if they are in the 50/50 section.

If the member wishes to go ahead with a purchase of extra pension in any of the above circumstances they will need to sign a contract to do so and both the payroll and Pension Fund administering authority must be notified of:

- the amount to be purchased, the cash contribution,
- the period over which it is to be paid,
- the reason for the purchase and,
- if the member has more than one pensionable employment, the employment to which the APC contract is to be attached.

**A self-service calculator via which members must complete an application to purchase extra or lost pension is available on <https://calc.lgpsmember.org/scotlgps2015/apc/> as such employers will need to make internet access available to staff in order that they can access the repayment application form.**

### **The Process**

#### **Employers –**

Before members can obtain a quote for buying back the amount of lost pension you must first provide a written statement to affected employees showing the total amount of pensionable pay lost during the trade dispute and confirmation of the section of the scheme (main section or 50/50 section) during the period of trade dispute and also confirmation of the last day of the absence. As such it would seem appropriate that until the dispute is resolved that details are not cumulated and issued to members.

Members are to specify the amount of pensionable pay lost during the dispute and, if payments are to be made by regular contributions, the period over which the contributions are to be paid (but the end date for regular contributions can be no later than members Normal Pension Age under the scheme).

If members have more than one active pension account in the scheme (i.e. because they are in the scheme in more than one job) they must specify which job the lost pension is in respect of. If they wish to pay APCs for each job, they will have to submit separate applications to buy lost pension for each job and as an employer you will need to advise them of the relevant pensionable earnings per post as well.

After getting the APC quote from this website employees should submit the application to you. On receipt of your application, you will check the details outlined in Part A of the completed application Employers



will need to sign and date the form and following application on the payroll submit it to the pension fund (please upload to your sharefile folder).

### **Employees –**

If you have a period of due to a trade dispute, you will not be building up pension during that period.

However, you can, if you wish, buy back the amount of pension you lost during that period by paying Additional Pension Contributions (APCs). You can do this regardless of whether you are in the main or 50/50 section of the pension scheme.

Buying back the whole of the lost pension will ensure the period of no pay due to a trade dispute, is included when calculating scheme benefits.

Buying back lost pension following a trade dispute would be at full cost to you.

You can choose to buy the lost pension by spreading payment of the APCs over a number of complete years or by making a one-off lump sum payment. However, if you are within a year of, or over, your Normal Pension Age (NPA) under the pension scheme (or your pension fund administering authority take the view that spreading payments would be impracticable), you can only pay by means of lump sum.

If you choose to spread the payments, the APCs would be deducted from your pay each pay period and, if you earn enough to pay tax, attract automatic tax relief. If you choose to make payment by a one-off lump sum this would normally be deducted from your pay (with automatic tax relief).

If you choose to buy the lost pension by making a lump sum payment, you will be credited with the full amount of pension bought immediately. If you choose to spread payment of the APCs over a number of complete years you will be credited with the full amount of lost pension if you complete the payments or if, before completing payments, you are retired on the grounds of ill health with an enhanced pension. In all other cases, if you cease payments early (either because you choose to cease making the payments or because you cease membership of the pension scheme) you will be credited with the amount of lost pension you had bought at that time.

Any lost pension bought increases the pension payable to you when you draw your pension. If you draw your pension before your Normal Pension Age (NPA) under the pension scheme the lost pension that has been bought will, unless retirement is on the grounds of ill health, be subject to a reduction (because you are drawing it early) and if you draw your pension after your Normal Pension Age (NPA) it will be subject to an increase (because you are drawing it late). Your NPA is equal to your State Pension Age at the time you start to draw your pension (but with a minimum of age 65).

In the event of your death, a proportion of the additional pension benefits bought in respect of your lost pension will be payable to your dependants (where a dependant's pension is payable under the scheme rules).

It should be noted that if you enter into a contract to buy APCs via regular payments, the contributions you pay are subject to periodic review and may increase in the future. By signing the application form to buy lost pension you agree to the amounts shown as payable by you being deducted from your pay. Should you



fail to meet any of the payments due the agreement shall cease and the amount of pension purchased shall be adjusted to take account of the period over which payments have not been received.

Once the period of trade dispute is resolved your employer will provide you with a statement which will confirm the amount of pensionable pay lost during your absence and the last day of that absence, both of these values are essential for completing the application to purchase lost pension.

**A self-service calculator via which you must complete an application to purchase extra or lost pension is available on <https://calc.lgpsmember.org/scotlgps2015/apc/>. If you do not have internet access please ask your employer to provide you with this.**

The calculator will ask you input the following details -

- Your gender
- Your date of birth
- Lost Pensionable Pay (as supplied by your employer)
- Reason for Absence – Trade Dispute
- Section during the Absence – this will (for most) be main – but if you have elected to join the “50/50” please select that option.
- Last day of absence (as supplied by your employer)
- Method of Payment (please select either regular or lump sum deduction)
- Years (enter a value in whole years if you have previously selected regular deductions)
- Pay Frequency (enter either weekly, 4 weekly or monthly – only required where regular deductions have been selected).

Next click “Get Results” – this will show you the cost in line with the information input, and as such you can adjust the method of payment and the duration until you calculate the value which is suitable for your circumstances. However please remember that if you select regular deductions over a period, that where the values are very small, it may be that this will be deemed impracticable to apply and your request may be refused.

Once you have calculated the values please complete the section at the bottom of the screen by entering –

- Your Name
- Your National Insurance Number
- Your Employer
- Your Payroll Number
- Your Job Title
- Your email address (optional)

By also add a tick to the terms and conditions box. To sign the form, you have the option of either –

- Print application and adding a “wet signature” or,
- Sign and download application – this allows you to apply a digital signature to the form.

**Once signed please forward this onto your employer’s payroll team for application against your payroll record.**