

LONDON BOROUGH OF HACKNEY PENSION FUND

PENSIONABLE PAY, FINAL PAY & PROTECTIONS

SALARY ADVICE		COST CODE
BASIC PAY	23624.00	
PENSIONABLE PAY	23624.00	
POST S/SACRIFICE	22206.56	
ACTING PAY	0.00	
ALLOWANCES	1963.00	
		£
		312.2
		145.0

**A guide for members of the Local Government
Pension Scheme (LGPS)**

What is Pensionable Pay?

If you have LGPS membership from 1 April 2014

For each year in the scheme (April – March), your pension will be based on your actual pensionable pay in that year. The definition of pensionable pay now includes non-contractual overtime and all additional hours.

Typical pensionable pay includes:

- your normal salary or wages
- bonuses
- overtime (both contractual and non-contractual)
- maternity, paternity, adoption and shared parental pay
- shift allowance
- additional hours payments if you work part-time
- any other taxable benefit specified in your contract as being pensionable

You do **not** pay contributions on:

- any travelling or subsistence allowances
- pay in lieu of notice
- pay in lieu of loss of holidays
- payment as an inducement not to leave before the payment is made
- any award of compensation (other than payment representing arrears of pay) made for the purpose of achieving equal pay
- pay relating to loss of future pensionable payments or benefits
- pay paid by your employer if you go on reserve forces service leave
- the monetary value of a car or pay received in lieu of a car
- any sum which has not had tax liability determined on it

For each scheme year that you are a member of the scheme, an amount equal to a 49th of your actual pensionable pay will be added to your pension account. If you elect to pay into the 50/50 scheme, an amount equal to a 98th of your actual pensionable pay which will be added to your pension account.

Your pension account will be revalued each year (1 April) so that it keeps up with the cost of living.

If you have LGPS membership before 1 April 2014

If you joined the scheme before 1 April 2014 you will also have built up benefits in the final salary scheme and you will retain the link to final salary for your pre 1 April 2014 membership. This means that when you leave the scheme, your pre 2014 benefits are calculated using your pensionable pay figures applicable to the last 12 months of your pensionable employment using the 2008 definition of pensionable pay = Final Pay.

The definition of 2008 pensionable pay for pre-2014 pensionable service does **not** include non-contractual overtime or additional hours.

Part-time - If you worked part-time before 1 April 2014, your membership is reduced accordingly, but benefits pre-1 April 2014 are always calculated on your whole-time rate of pay.

Pay reduced in last 3 years

If your pensionable pay has reduced in the last 3 years of your employment, then you can choose to use the best of the last 3 years (you can use the last 12 months or the previous 12 months or the previous 12 months) applicable pensionable pay in the calculation of your benefits.

Example: Leaving date 25th March 2015, you can use one of the following years:

26th March 2014 to 25th March 2015

26th March 2013 to 25th March 2014

26th March 2012 to 25th March 2013

(The final date must be the anniversary of your leaving date)

This option is automatic, although it would be best to inform the Fund that this option may apply to you so that we can request details of your pay over the last 3 years from your employer to assess which is the best to use

Pay reduced in the last 10 years (Reduction occurred since 1st April 2008)

If you have had a reduction or restriction (drop in rate of pay) in your permanent pensionable pay since 1st April 2008 and this falls within the 10 years before you leave, you can choose to use the best 3 year average in the last 13 years ending on 31st March pensionable pay in the calculation of your benefits.

You cannot make use of this option to use earlier years' pay in working out your benefits if the reduction or restriction to your pay was as a result of the loss of a temporary increase in pay, or resulted from a reduction in your grade in order to take retirement benefits on flexible retirement.

If you think this applies to you, you must notify the Fund in writing at least a month before you leave.

Please note if the final year is not used, cost of living revaluations will be added to the pensionable pay figure that is used in calculating your benefits. The Fund does not hold details of your pensionable pay and therefore we rely on your employer to provide us with the figures.

This pay protection only applies to the calculation of the pre 2014 benefits as the post 2014 pension is calculated using the actual pensionable pay amount.

Please note if you have received reduced or no pay due to sick or injury, your pensionable pay used to calculate both the pre and post 2014 benefits will be updated to full normal pay.

Certificate of Protection (Reduction occurred before April 2008)

If you had a permanent reduction or restriction (must not be voluntary reduction) in your pensionable pay before April 2008 and you were issued with a Certificate of Protection and you left the LGPS within 10 years of the reduction or restriction in pay, your benefits will be calculated on a protected final pay of either the best year's pay in the last 5 years prior to leaving, or the best consecutive 3 year average in the last 13 years after allowing for inflation.

FURTHER INFORMATION

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