lgps | Local Government Pension Scheme

Cronfa Bensiynau CLWYD Pension Fund

Local Government Pension Scheme

Absent from Work

April 2023

Contents

Introduction 3
Will you continue to build pension during unpaid absence? 3
Can you buy back 'lost pension'? 3
What about an unauthorised period of absence? 3
How is the cost of buying back your lost pension calculated? 3
How do you buy back your lost pension? 4
What if you decide not to buy back your lost pension? 4
What if you pay additional contributions? 4
Where can you find more Information? 5
Disclaimer 5

Introduction

Your pension benefits under the Local Government Pension Scheme (LGPS) are affected by a period of authorised or unauthorised unpaid absence. However, this factsheet does not cover any period of child related absence. For further information on this, please refer to the Maternity, Paternity & Adoption Leave factsheet.

Will you continue to build pension during unpaid absence?

During any period of authorised or unauthorised unpaid absence you will build up NO further pension benefits during this time. This is referred to as Lost Pension. However, there will be NO effect to your pension benefits if you are absent from work due to sickness or injury.

Can you buy back 'lost pension'?

When you return to work, you will have the choice to buy back the pension lost via an Additional Pension Contribution (APC) contract.

For an authorised period of unpaid absence, the cost of buying back your lost pension will be shared between you and your Employer; 1/3rd to you as the member, and 2/3rds to your Employer. However, you must make an election to buy back within 30 days of returning to work (or such longer period as your Employer allows). If you elect to buy back the lost pension after 30 days and your employer will not extend this window, you will pay 100% of the contributions.

What about an unauthorised period of absence?

For any period of unauthorised absence, such as strike, you will only have the option of paying the full cost of the lost pension, as NO contribution will be made by your Employer. There is no requirement to make your election within 30 days of returning to work, although your election should be made as early as possible, as the factors used to calculate the cost of buying back your lost pension are age-related.

How is the cost of buying back your lost pension calculated?

For an authorised period of unpaid absence, the cost is based on guidance issued by the Government Actuary's Department (GAD) and your Assumed Pensionable Pay (APP), which is an average of the pensionable pay that you received within the 3 complete months (or 12 weeks if weekly paid) prior to reduction in your pay. However, if unauthorised (such as strike), the calculation is based on the pensionable pay that you lost during your period of absence.

How do you buy back your lost pension?

To buy back your lost pension, you will need to find out how much pensionable pay you have lost during your period of absence. Your Employer is responsible for providing you with this information.

You will then be able to access the online APC Calculator to determine the cost of buying back your lost pension:

https://www.lgpsmember.org/help-and-support/tools-and-calculators/buy-lost-pension-calculator/

You will then need to complete the application form from the online Modeller and return a copy to your Employer and the Pension Fund.

You can buy back your lost pension in different ways:

- as a one-off lump sum payment via the payroll so that your payment attracts tax relief
- as a one-off lump sum paid directly to the pension fund, but you will have to contact HMRC yourself to receive your tax relief
- monthly over a minimum period of one year via the payroll so that your payments attract tax relief

However, if you wish to pay monthly, you may be required to undergo a medical examination by a Registered Medical Practitioner (at your own expense) to certify that you are in 'reasonably good health'.

What if you decide not to buy back your lost pension?

The pension built up during the scheme year (1 April to 31 March) in which your period of absence falls will be proportionately less as a result, which means the pension payable when you retire (or in the event of your death) will be less. It may also have an impact on the date at which you can retire and receive the payment of unreduced benefits before your Normal Pension Age (NPA).

What if you pay additional contributions?

Any Additional Voluntary Contributions (AVCs) that you are paying will remain payable during your period of absence, provided you receive enough pay to cover your contribution.

If you are paying AVC for additional life cover, you will have to make the necessary arrangements to continue paying during your period of absence to ensure your cover does not lapse. If this is the case, please contact your Pension Fund.

If you are paying Additional Regular Contributions (ARCs) or Additional Pension Contributions (APCs) towards purchasing additional pension, or if you are purchasing

additional membership, you must continue to pay contributions during your period of absence, or your contract will stop.

Where can you find more Information?

This factsheet gives general guidance only, if you need further information, please contact the Pension Fund:

Tel: 01352 702980 / 01352 702950

Email: pensions@flintshire.gov.uk

Disclaimer

The Pension Fund is unable to provide any financial advice. After reading this factsheet, you may want to seek independent financial advice to make an informed decision.

These bodies may be able to help you:

Unbiased:

https://unbiased.co.uk

MoneyHelper:

https://www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser?source=mas

Cronfa Bensiynau
CLWYD
Pension Fund

mss.clwydpensionfund.org.uk

Clwyd Pension Fund, County Hall, Mold, Flintshire, CH7 6NA

Please note that Flintshire County Council is the administrative authority of the Clwyd Pension Fund and we use your personal data in accordance with Data Protection legislation to provide you with a pension administration service. For more information about how we use your data, who we share it with and what rights you have in relation to your data, please visit the Privacy Notice on our website.