



## Local Government Pension Scheme Member Contributions 2014/15

### Main Scheme Changes

The Local Government Pension Scheme (LGPS) in England and Wales is changing from 1<sup>st</sup> April 2014. The scheme will change from a Final Salary Scheme to a Career Average Re-valued Earnings (CARE) scheme. However arrangements are in place to ensure that benefits accrued up to 31<sup>st</sup> March 2014 are fully protected.

The introduction of a CARE Scheme brings a number of changes. The main changes are:

- The way in which the pension is calculated for service after 1<sup>st</sup> April 2014 will no longer be based on final salary. The pension will build up as a proportion of pensionable pay and be calculated on the average annual earnings over the period of membership. Earlier years are re-valued by inflation (Consumer Price Index) to ensure that each year's salary is of equivalent 'real' value.
- A 50/50 pension option has been introduced offering 50% lower contributions but only providing 50% of the normal pension entitlements.
- Accrual rates, i.e. Pension entitlement for service after 1st April 2014 will accrue at the rate of 1/49th instead of the previous 1/60th rate.
- Contribution rates for 2014 have been amended (see table) and are now based on actual pensionable pay, not full-time equivalent pensionable pay as at present, and will include non-contractual overtime.

### Allocating Employees to Contribution Bands

Allocating employees is relatively straight forward where the employee is not expected to undertake any additional hours or overtime. However, it is less straight forward where the number of hours an employee may

work in a year is not known e.g. where the employee's contract is part time, zero-hours, casual or where they have variable overtime arrangements. Our intention is to allocate employees to bands as follows:

- Allocate based on Basic Pay as at 1st April 2014 plus a best estimate of other pensionable pay elements (e.g. non-contractual overtime) from 2013/14 data.
- Review exceptions at the end of April 2014 where the actual pensionable pay does not match the initial band to which each employee has been allocated.
- Review exceptions quarterly (end of June, September etc.) on an ongoing basis.

In addition any employee changes (e.g. promotions, changes in hours) which impact on bandings will be applied as they occur. The effective date for these will be the 1<sup>st</sup> day of the month following notification.

Employees have the right to appeal against the basis of their contribution banding allocation. Any appeals need to be directed to Chris Little, Chief Finance Officer.

### Overtime Claims

From 1st April any non-contractual overtime will be included in Pensionable Pay. Overtime forms need to be completed promptly and submitted on a monthly basis to ensure that contribution bandings are able to be calculated accurately.

### Contribution Bands 2014/15

Contribution rates shown are gross before tax relief.

Band	2014/15 Bands	Gross Contribution Rate
1	Up to £13,500	5.5%
2	£13,501 to £21,000	5.8%
3	£21,001 to £34,000	6.5%
4	£34,001 to £43,000	6.8%
5	£43,001 to £60,000	8.5%
6	£60,001 to £85,000	9.9%
7	£85,001 to £100,000	10.5%
8	£100,001 to £150,000	11.4%
9	£150,001 or more	12.5%

## Further Guidance & Contacts

### Teesside Pension Fund

Guidance and information of how these changes will affect you can be obtained from the Teesside Pension Fund (Mouchel) website.

<http://www.teespen.org.uk/news/index.php?name=REFORM>

There is also a range of supporting information at:

Website: [www.teespen.org.uk/](http://www.teespen.org.uk/)

Telephone: 01642 727777

Email: [pensionsunit@mouchel.com](mailto:pensionsunit@mouchel.com)

### LGPS 2014

Further information can also be found at [www.lgps2014.org](http://www.lgps2014.org).

The LGPS site also has a calculator which you can use to calculate your pensions band and contribution costs at <http://lgps2014.org/contcalc/>

### Hartlepool Borough Council

Guidance is also available from the Payroll section on:

Email: [payroll@hartlepool.gov.uk](mailto:payroll@hartlepool.gov.uk)

Telephone: 01429 284068 or 523183

### Hartlepool Borough Council Adjudicator Details

Chris Little, Chief Finance Officer, Civic Centre

Email: [chris.little@hartlepool.gov.uk](mailto:chris.little@hartlepool.gov.uk)

Telephone 01429 523003

## **Teachers' Pension Scheme Member Contributions 2014/15**

### **Scheme Changes**

The Department for Education has announced the contributions increases that will apply to members of the Teachers' Pension Scheme in the financial year 2014-15.

The Department's response to the consultation that took place can be found at:

[www.gov.uk/government/consultations/teachers-pension-regulations](http://www.gov.uk/government/consultations/teachers-pension-regulations)

Contribution bands and contribution rates that will apply from the 1<sup>st</sup> April 2014 to 31st March 2015 are set out in the following table. The rates that will apply to you as a member of the Teachers' Pension Scheme are based on your full time equivalent salary.

The design structure and distributional approach for the contribution increases that will apply in 2015-16, and beyond, will be discussed with unions and employers.

The contribution rates shown are gross before tax relief.

## **Contribution Bands 2014-15 & Changes from 2013/2014**

<b>Lower Salary</b>	<b>Higher Salary</b>	<b>Contribution Rate in 2014/15</b>	<b>Increase (against 2013/14 Rates)</b>
£0	£14,999	6.40%	0.00%
£15,000	£25,999	7.20%	0.20%
£26,000	£31,999	8.30%	0.40%
£32,000	£39,999	9.50%	0.70%
£40,000	£44,999	9.90%	0.70%
£45,000	£74,999	11.00%	0.90%
£75,000	£99,999	11.60%	1.00%
£100,000	>£100,000	12.40%	1.20%

### **What do these proposed changes mean?**

The Teachers' Pension Scheme has issued guidance to help you understand what the impact of the revised contribution rates will mean for you.

It has a contributions calculator on its website that shows how your monthly contributions will be affected before and after tax at:

[www.teacherspensions.co.uk/members/resources/calculators](http://www.teacherspensions.co.uk/members/resources/calculators)

The Teachers' Pension Scheme has also issued a member factsheet this can be viewed/downloaded at:

[www.teacherspensions.co.uk/news/public-news/2014/march/tiered-contributions-2014-15-members.aspx](http://www.teacherspensions.co.uk/news/public-news/2014/march/tiered-contributions-2014-15-members.aspx)

## **Further Guidance & Contacts**

### **Teachers' Pensions Contact Details**

The Teachers' Pension Scheme provides a range of supporting information on its website:

[www.teacherspensions.co.uk/members/resources/](http://www.teacherspensions.co.uk/members/resources/)

Website: [www.teacherspensions.co.uk](http://www.teacherspensions.co.uk)

Telephone: 0845 606 6166

Alternatively contact the Hartlepool Borough Council Payroll section on:

Email: [payroll@hartlepool.gov.uk](mailto:payroll@hartlepool.gov.uk)

Telephone: 01429 284068 or 523183