

LOCAL GOVERNMENT PENSION SCHEME ABSENCE DUE TO TRADE DISPUTE

Regulation 20 of the Local Government Pension Scheme (Administration) Regulations 2008 (as amended) deals with 'Contributions during trade dispute absences' (strike).

Where a scheme member is absent from work without permission for one or more days due to a strike, those days will not be counted towards the calculation of any pension benefits payable from the Local Government Pension Scheme (LGPS).

Why do days of absence due to a strike not count towards pension benefits?

If you choose to go on strike you will lose a day's pay for every day that you are absent from work. As a result, you do not pay any contributions into the pension scheme for the days that you are on strike and therefore no benefits are built up for those days.

What effect will being on strike have on the value of my LGPS pension?

Under current regulations, an LGPS pension builds up at a rate of 1/60th of your final pay for every year and part year that you are a member. Therefore, for every day that you are on strike, your total membership of the scheme will be reduced by one day. If you work part time, your membership will be proportioned accordingly.

Don't forget that under current regulations your pension will be based on your final pay at the point you retire or leave the scheme. Therefore, the full impact of losing one day of membership will not be known until then. Also, if you are close to retirement, the reduction in your pay as a result of being on strike could lead to the final pay used in the calculation of your pension being slightly lower than it would otherwise have been had you not been on strike.

Is it possible to avoid the loss membership by paying extra contributions?

Yes it is. Scheme regulations allow scheme members to pay contributions at the rate of 16% of the pay that would have been received but for being on strike. This rate is set out in the scheme rules and is the same for all Local Government pension funds in England and Wales. It is not a rate that has been set by the Berkshire Pension Fund or any employer associated with the Fund.

As a strike break is unauthorised absence, employers do not pay any contribution toward the cost of re-instating an employee's membership of the pension scheme. Therefore, the full cost has to be met by the scheme member, hence the rate of 16%.

How do I go about paying back the 16% contribution?

In order to avoid a break in membership, you will need to make an election, in writing, to your employer within 30 days of returning to work (although your employer can extend the 30 day deadline at their discretion).

Your employer will work out the contribution payable in order to avoid any loss of scheme membership. **Please note that no-one connected to the Berkshire Pension Fund can calculate the 16% contribution for you as we do not have access to your payroll details. You should therefore contact your employer immediately upon returning to work should you be interested in paying your 16% contribution.**

I am currently paying additional contributions into the LGPS. Do I need to do anything about these?

There are two ways in which you may be paying additional contributions into the LGPS:

- i) Added years; and/or
- ii) Additional Regular Contributions (ARCs).

You will only be paying for added years if you were a member of the LGPS immediately prior to 1st April 2008 and had entered into a contract to purchase an additional period of scheme membership (known as added years).

You will only be paying ARCs if you have elected to pay additional contributions in order to boost the value of your LGPS pension at retirement.

If you are not certain as to whether or not you have elected to pay additional contributions, you should be able to see from your payslip if additional pension contributions have been deducted from your pay.

In the case of both added years and ARCS, you are required by law to pay the additional contributions on the pay that you would otherwise have received but for being on strike.

You may also have elected to pay Additional Voluntary Contributions (AVCs). If you have elected to pay a fixed amount of AVC each month then deductions will continue to be made as normal. If, however, you pay AVCs as a percentage of your pay the amount deducted and paid to your AVC plan will be less in any month that you have been on strike as you will not receive any pay for any days of absence. Whereas you must pay your added years contributions or ARCs on the earnings that you would otherwise have received but for being on strike, you do not have to pay your AVCs.

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