

TECHNICAL BULLETIN

NO.10

JANUARY 2005



TO ALL EMPLOYERS WITH MEMBERS IN THE LOCAL GOVERNMENT PENSION SCHEME. PLEASE ENSURE COPIES ARE PASSED TO RELEVANT STAFF.

Maternity Leave

Strathclyde Pension Fund Office have recently been asked some questions regarding pension contributions payable by employees while on maternity leave and would like to take the opportunity to clarify this for all employers.

While on **Ordinary Maternity Leave**, (i.e. weeks 1 to 26) contributions are payable on actual CMP (Contractual Maternity Pay) and or SMP (Statutory Maternity Pay), if any, received (including any CMP paid as a lump sum on return to work).

During any period of **unpaid Additional Maternity Leave** (i.e. weeks 27 to 52) the unpaid period will not count for pension purposes unless the employee makes an election for it to count. Such an election would have to be made within the period of 30 days beginning with the day the person returns to work, or ceases employment (if earlier), or such longer period as the employer may allow. If the employee makes an election to count the service for pension purposes, her basic pension contributions for the unpaid period will be based on the pay she was **entitled to receive** on the day before the unpaid period began but the employer's pension contributions would be due on **notional full pay**.

Member pays contributions using notional pay based on:

- a) The rate of CMP and / or SMP the employee was entitled to receive on last day of paid maternity leave (treating the CMP as if it had been paid during the weeks she was entitled to receive it, not over any longer period over which it may have been spread), or
- b) If the employee was not entitled to any maternity pay (due to her length of service), the employee's full rate of pay prior to going on maternity leave

If you have any questions regarding this bulletin please contact Tom Hammond on 0141 287 7441 or Sarah Mallon on 287 7348 and we will be happy to discuss this with you. Alternatively LGPC Circular No. 133 gives more in depth information on this subject and can be found at the following web site:

<http://www.lg-employers.gov.uk/pensions/circulars.html>.

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