

# TECHNICAL BULLETIN

NO. 44

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**TO ALL EMPLOYERS WITH MEMBERS IN THE LGPS.  
PLEASE ENSURE COPIES ARE PASSED TO RELEVANT STAFF.**

## **Absences / APCs (additional pension contributions) Effective: immediately**

### **Background**

The introduction of the new Local Government Pension Scheme (LGPS) on 1 April 2015 has changed:

- what you need to do re absences
- how “lost” (due to absence) or “extra” (like ARCs or added years) pension is bought

For service before 1 April 2015, telling SPFO about gaps in service and making service good is still done by using one of our S4s. NOTE: S4s do **not** need to be completed if the employee has no pre 01 04 15 LGPS service.

For service after 31 March 2015, APCs are available to buy lost or extra pension.

An APC calculator is available from the hotspots at the top of every page on our website. The calculator includes links to the APC application forms and the APC terms and conditions.

Further detailed guidance about APCs is also available from the APC Administration Guides at <http://www.lgpsregs.org/index.php/scotland/admin-guides>

### **New**

Three slightly amended S4s at <http://www.spfo.org.uk/index.aspx?articleid=2639>

The following process for APCs to buy lost pension:

1. Employee contacts employer to obtain lost pensionable pay to enter into the calculator
2. Employee uses the APC calculator to find out about APCs
3. Employee provides application form to employer
4. Employer provides SPFO with the application form, making sure to also **supply the lost pensionable pay** and full contact details in the covering email / letter
5. Employer makes the appropriate deductions via its payroll

NOTE: a slightly different process applies if the employee is buying extra pension. In these cases the employee does not contact the employer at all. The employee provides SPFO with the application form. After the employee has been certified as being in reasonable good health, SPFO advises the employer that the APC can proceed / the APC’s commencement date / the amount to deduct from payroll.

### **FAQs**

1. How do I treat absences that include pre 01 04 15 (final pay) and post 31 03 15 (CARE) service? According to the different rules applying to each part of the total absence.
2. Is it too late to use APCs to buy back lost pension with the employer paying his share if it is already more than 30 days since the employee's return to work? No: as the APC calculator has only recently been launched there is a general amnesty up to 30 June on the 30 day rule to allow APCs to be set up with the employer contributing even if an employer's policy is to decline them.
3. Is there a minimum APC? No.
4. Must the employee return to work to buy lost pension? No: lost pension can be bought via a lump sum before an absence starts if the employee knows that they won't be returning to work.
5. What is the maximum absence that an employer must pay their share on? 36 months but an APC can be set up for longer, with the employer not paying their share after 36 months.
6. Must an employee buy back all lost pension? No: but, if they were a member before 1 April 2015 and do not, the benefits of the Rule of 85 and the underpin may not be protected. NOTE: SPFO will only provide figures on the benefits of paying APCs re Rule of 85 and the underpin for absences of at least 3 months, as the impact is likely to be small pre 2020.
7. What happens to an APC if the employee leaves? The APC paid to date will be used to provide extra pension. It is not possible to pay the remainder of contributions by lump sum.
8. Why is there the choice of paying APCs by lump sum from the employer's payroll or by direct lump sum? To cater for the lump sum payment being larger than the employee's pay. In such cases, the employee is responsible for claiming any tax relief direct from HMRC via a self-assessment return.

**SPFO contact**

If you require further information, please get in touch with one of our Liaison Officers:

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