

**Nottinghamshire  
County Council**

# The New Look Local Government Pension Scheme

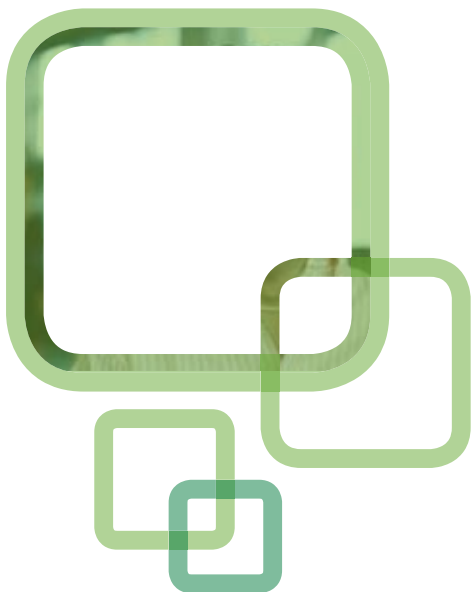
**PEN 4**

Part-Time Employment Fact Sheet

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The practice of job sharing has become commonplace over the years, and a good proportion of scheme members are part-time employees. Many employees who are members of the Local Government Pension Scheme are, however, unsure as to how any decision to move to a job sharing option or to begin working on a part-time basis would affect their pension position.

As might be expected, any decision to begin working a lesser number of hours will mean a reduction in pension benefits as compared with those which would have been payable had the hours of employment remained unchanged. This is because one of the factors to be taken into account in calculating pension benefits is the amount of membership in the Pension

Scheme and any such membership which is less than whole-time is reduced accordingly - so, for example, an employee who works half-time for a year would be credited with a period of six months for pension purposes, whereas an employee working whole-time would receive a credit of one year. Equally of course, the employee working half-time would not change the % contribution rate paid and so would only pay half the pension contributions of someone working full-time. The other factor used in the calculation of pension benefits is the Final Pay.

In the case of an employee working less than whole-time, the Final Pay figure is increased so that it is the same as the amount which would have been earned if the employee had been whole-time. Because the membership of such an employee has already been reduced, it ensures that, for example, an employee working half-time will receive a pension half that payable to someone else doing the same job but on a whole-time basis for the same period.

The example below shows the effect of an option to job share on a half-time basis for a period of two years prior to retirement and it can be seen that the loss of pension benefits is not great. Clearly however, the longer the period of job sharing, the greater will

be the loss of benefits compared to those which would have been payable had the hours of work remained unchanged.

If, for instance in the example below, the employee had worked on the same half-time basis but for a period of 10 years instead of 2 up to retirement, the pension payable would have been £5,133 per annum as against the £6,300 per annum for an employee who had been whole-time throughout.

### Example of effects of Job sharing:

A female employee with 30 years membership in the Pension Scheme up to her 63rd birthday decides to job share for two years and then retire at the age of 65. The job sharing is on a half-time basis and the whole-time salary for the post is £14,000 per annum.

Membership	Years	Days
Membership to 31st March 2008	20	000
Membership from 1st April 2008 to 63rd birthday	10	000
Age 63 to 65: - 2 years at half-time	1	000
Total Membership for Pension Calculation	31	000

### Earnings:

Actual earnings are £7,000 but the whole-time salary is £14,000 so this figure is used in the calculation.

### Benefits:

A pension is based on 1/80th of membership up to 31st March 2008 and 1/60th of membership from 1st April 2008 multiplied by the whole-time equivalent pensionable earnings in the final 12 months of employment (assuming a reduction in rate has not occurred). An automatic lump sum retiring allowance (LSRA) of three times the annual pension is also payable in respect of the pre April 2008 membership. In this case, therefore, the figures are:-

$$20/80 \times \text{£}14,000 = \text{£}3,500 \text{ plus}$$

$$11/60 \times \text{£}14,000 = \text{£}2,566$$

$$\text{Total pension payable} = \text{£}6,066 \text{ per annum}$$

$$\text{Automatic LSRA} = \text{£}3,500 \times 3 = \text{£}10,500$$



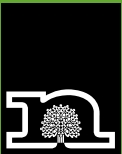
If the employee had remained whole-time, the final two years would, of course, have counted as two years for pension purposes and the benefits would then have been:-

$20/80 \times \text{£}14,000 = \text{£}3,500$  plus  
 $12/60 \times \text{£}14,000 = \text{£}2,800$

**Total pension payable = £6,300 per annum**

**Automatic LSRA = £3,500 x 3 = £10,500**

If you require any further information or assistance regarding the implications of going part-time or job sharing on your pension position, or on any other aspect of Local Government Pensions, please do not hesitate to contact the Pensions Office who will be pleased to help you.



### Contacting us

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This information can be made available upon request in alternative formats and languages.

This short guide cannot cover every personal circumstance and does not cover rights that apply to a limited number of employees. In the event of any dispute over your pension benefits the appropriate legislation will prevail.