



Nottinghamshire
County Council

Maternity Leave Provisions Information for Employers

Nottinghamshire Pension Fund

Local Government Pension Scheme Maternity Provisions

Paid Maternity Leave

During the paid period of Ordinary Maternity Leave and any paid period of Additional Maternity Leave, pension contributions should continue to be deducted as normal on the actual pay being received. For pension purposes this period will count as if the member was paying full contributions on her ordinary pay.

During the period of Ordinary Maternity Leave, the service will count for pension purposes regardless of whether any pay is being received.

The employer must always pay contributions during the Ordinary Maternity Leave period, and should be based on the pay the member would have received had they been at work as normal.

Unpaid Maternity Leave

Members have the right to pay pension contribution arrears in respect of any unpaid period of Additional Maternity Leave. Where arrears are paid the unpaid period will count, for pension purposes, as if the member was paying full contributions on her ordinary pay. Again, employer's arrears payable in respect of any unpaid Additional Maternity Leave period should be based on the notional full pay.

Contribution arrears must be calculated using the rate of entitlement, usually the rate of statutory maternity pay (SMP), immediately before the unpaid period commenced. The election to pay arrears should generally be made within 30 days of returning to work (or ceasing employment if not returning), although the employer can extend this at their discretion. It is the employer's responsibility to calculate maternity arrears and arrange for their payment.

Where arrears are not paid employers arrears will also not be payable for the unpaid period and a break will occur in the member's membership.

It is important that the employer also informs the Pensions Office, on form PEN51, of members' options with regard to the payment of maternity arrears to ensure that pension records are updated correctly and to prevent future contribution queries.

Additional Contributions

If a person is paying additional regular contributions (ARCs) to purchase extra annual pension, or is paying additional pension contributions to purchase added years of membership, or nominated co-habiting partner's pension contract, those additional contributions continue to be paid throughout the whole period of any maternity leave on the employee's notional full pay (unless she opts to stop paying those contributions). AVCs continue to be paid on any pay received (unless she opts to stop paying those contributions).

Calculation of Final Pay

The following rules apply where final pay needs to be calculated and a period of maternity leave occurs within the final year: -

For periods of paid maternity leave the pay that the member would have earned under normal working circumstances must be used in the calculation of final pay.

For periods of unpaid maternity leave where arrears have been paid to prevent a break in membership, the pay that the member would have earned under normal working circumstances must be used in the calculation of final pay.

For periods of unpaid maternity leave where arrears have not been paid a break in the member's pensionable service will occur. Calculating the final pay in these circumstances will involve using the last 365 calendar days as the final pay period and then rounding the notional pay received during this time up to a full 365 days. For example: -

Final year = 01/01/2008 to 31/12/2008

Unpaid Additional Maternity Leave = 01/11/2008 to 31/12/2008

Final Pay Period = 01/01/2008 to 31/12/2008 (last 365 calendar days)

If no arrears were paid for the unpaid period the notional pay (i.e. what would have been received had the member worked as normal) for the period from 01/01/2008 to 31/10/2008 should be rounded up to a full 365 days (i.e. notional pay x 365/304 days).

Where a member leaves immediately following maternity leave the leaving date should be shown as the date her contract officially ceases and the above rules will apply to the calculation of final pay.

Adoption Leave

Paid Adoption Leave

During the paid period of Ordinary Adoption Leave and any paid period of Additional Adoption Leave, pension contributions should continue to be deducted as normal on the actual pay being received. For pension purposes this period will count as if the member was paying full contributions on her ordinary pay.

During the period of Ordinary Adoption Leave, the service will count for pension purposes regardless of whether any pay is being received.

The employer must always pay contributions during the Ordinary Adoption Leave period, and should be based on the pay the member would have received had they been at work as normal.

Unpaid Adoption Leave

Members have the right to pay pension contribution arrears in respect of any unpaid period of Additional Adoption Leave. Where arrears are paid the unpaid period will count, for pension purposes, as if the member was paying full contributions on her ordinary pay. Again, employer's arrears payable in respect of any unpaid Additional Adoption Leave period should be based on the notional full pay.

Contribution arrears must be calculated using the rate of entitlement immediately before the unpaid period commenced. The election to pay arrears should generally be made within 30 days of returning to work (or ceasing employment if not returning) although the employer can extend this at their discretion. It is the employer's responsibility to calculate adoption arrears and arrange for their payment.

Where arrears are not paid employers arrears will also not be payable for the unpaid period and a break will occur in the member's pensionable service.

It is important that the employer also informs the Pensions Office, on form PEN51, of members' options with regard to the payment of adoption arrears to ensure that pension records are updated correctly and to prevent future contribution queries.

Additional Contributions

If a person is paying additional regular contributions (ARCs) to purchase extra annual pension, or is paying additional pension contributions to purchase added years of membership, or nominated co-habiting partner's pension contract, those additional contributions continue to be paid throughout the whole period of any maternity leave on the employee's notional full pay (unless she opts to stop paying those contributions). AVCs continue to be paid on any pay received (unless she opts to stop paying those contributions).

Calculation of Final Pay

The following rules apply where final pay needs to be calculated and a period of adoption leave occurs within the final year: -

For periods of ordinary adoption leave the pay that the member would have earned under normal working circumstances must be used in the calculation of final pay.

For periods of additional adoption leave where arrears have been paid to prevent a break in membership the pay that the member would have earned under normal working circumstances must be used in the calculation of final pay.

For periods of additional adoption leave where arrears have not been paid a break in the member's pensionable service will occur. Calculating the final year's pay in these circumstances will involve

using the last 365 calendar days as the final pay period and then rounding the notional pay received during this time up to a full 365 days. For example: -

Final year = 01/01/2008 to 31/12/2008

Unpaid Additional Adoption Leave = 01/11/2008 to 31/12/2008

Final Pay Period = 01/01/2008 to 31/12/2008 (last 365 calendar days)
If no arrears were paid for the unpaid period the notional pay (i.e. what would have been received had the member worked as normal) for the period from 01/01/2008 to 31/10/2008 should be rounded up to a full 365 days (i.e. notional pay x 365/304 days).

Where a member leaves immediately following adoption leave the leaving date should be shown as the date her contract officially ceases and the above rules will apply to the calculation of final pay.

Paternity Leave

An employer must pay pension contributions throughout any periods of statutory paternity leave whether or not the employee actually receives any pay. The employer's contributions will be based on what the employee would have been earning had they been working normally.

The employee will pay basic contributions, at the employee's normal contribution rate, based on any pay they actually receive. If they receive no pay during this period, they will not have to pay any basic pension contributions but the period will still count as membership in the pension scheme.

In all cases the Pensions Office must be notified, on form PEN51, of the dates of the unpaid period of paternity leave irrelevant of whether arrears are paid or not.