



Nottinghamshire
Pension Funds

MATERNITY LEAVE PROVISIONS

INFORMATION FOR EMPLOYERS

Local Government Pension Scheme Maternity Provisions

Paid Maternity Leave

During the paid period of 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.

Unpaid Maternity Leave

Members have the right to pay pension contribution arrears in respect of any unpaid period of their 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. Where arrears are not paid a break will occur in the member's pensionable service. The contribution arrears must be calculated using the rate of pay which was being received immediately before the unpaid period commenced (up until April 2003 this would normally be the reduced pay being paid at 18 weeks but statutory maternity pay was then increased to 26 weeks and is now 39 weeks in respect of births from April 2007).

The election to pay arrears should generally be made within 30 days of returning to work (or ceasing employment if not returning). It is the employer's responsibility to calculate maternity arrears and arrange for their payment. It is important that the employer also informs the Pensions Office 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.

The Calculation of Pensionable Remuneration where Maternity Leave has occurred

The following rules apply where Pensionable Remuneration 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 Pensionable Remuneration.
- ❖ For periods of unpaid maternity leave where arrears have been paid to prevent a break in service the pay that the member would have earned under normal working circumstances must be used in the calculation of Pensionable Remuneration.
- ❖ For periods of unpaid maternity leave where arrears have not been paid a break in the member's service will occur. Calculating the final year's pensionable pay in these circumstances will involve going backwards beyond the final year to use the final 365 days where pay has actually been received.
- ❖ Where a member's leaves immediately following maternity leave the leaving date should be shown as the date her contact officially ceases and the above rules will apply to the calculation of Pensionable Remuneration.

In all cases the Pensions Office must be notified of the dates of the unpaid period of maternity leave irrelevant of whether arrears are to be paid or not.