



# **CHECKLIST OF FORMS REQUIRED BY THE PENSIONS OFFICE AND EMPLOYERS NOTES - THE CALCULATION OF FULL TIME EQUIVALENT PAY (PENSIONABLE REMUNERATION)**

## **Checklist of Forms Required by the Pensions Office**

All Local Government Pension Scheme employers are responsible for providing information to the Pensions Office to notify of any changes to employment or personal circumstances, hours changes, starters, leavers, retirements and deaths. Documentation is also required at the end of each financial year.

A checklist of forms required by the Pensions Office is attached which explains which specific forms are required under each circumstance.

## **Employers Notes – The calculation of full time equivalent pay (Pensionable Remuneration)**

As shown on the checklist, upon someone leaving or retiring from the Local Government Pension Scheme the employer must notify the Pensions Office and provide details of the final year's full time equivalent pay using the SU31/41 form and SU34 form. This information is then used by the Pensions Office to calculate the member's Local Government Pension Scheme Benefits.

The following notes explain how the final year's full time equivalent pay (pensionable remuneration) should be calculated in a number of different circumstances. The circumstances listed below are covered:-

- (1) FULL TIME WITH ADDITIONAL PENSIONABLE PAYMENTS
- (2) TERM TIME ONLY EMPLOYMENT
- (3) LESS THAN 12 MONTHS SERVICE
- (4) FREQUENT HOUR CHANGES
- (5) VARIABLE HOURS EMPLOYMENT

(6) BREAK IN SERVICE IN FINAL YEAR

(7) MATERNITY LEAVE BREAK IN SERVICE IN FINAL YEAR

## **CHECKLIST OF FORMS REQUIRED BY PENSIONS OFFICE**

### **STARTING**

- Su1 Form completed by member and employer for each individual employment (including copy birth certificate if possible).
- Dummy new starter form if Su1 Form not returned by member.
- Su1 Form (and Su31) for optants out within 3 months if refund to be paid by the Pensions Office.
- Ideally the option should be made prior to any contributions being deducted to avoid refunds having to be made for under 3 months optants out.

### **DURING EMPLOYMENT**

- Notification of any hours changes (Su6 Form)
- Notification of the dates of any maternity leave breaks and whether or not pension contribution arrears have been paid to cover any unpaid period (Su6 Form)
- Notification of the dates of any other authorised breaks in service and whether or not pension contribution arrears have been paid (Su6 Form). Please note that for authorised breaks pension contribution arrears must be paid in respect of the first 30 days of the break and can be paid in respect of a maximum of 3 years.
- Notification of changes to personal details (surname, marital status, address etc.) (Su6 Form).
- Notification where a member is on long term sickness (in order that a drop in contributions will not be queried) (Su6 Form).
- Notification of Certificates of Protections awarded as applicable
- Breakdown of the monthly payovers of pension contributions (employees, employers and any additional contributions)

## **LEAVING/RETIREMENT**

- Su31 and Su34 forms for leavers or optants out of the scheme irrelevant of the length of service.
- Su41 and Su34 forms for retirements and additional information depending on the reason for retirement, eg. permanent ill health certificate for ill health retirements, details of any enhancements for redundancy/efficiency retirements.
- Su50 and Su34 forms for deaths in service including as much detail as possible about next of kin, eligible children etc.

## **YEAR END**

- A pension contribution data file
- A year end pension contribution return with details of contributions paid per employee, per employment
- A final statement of contributions to balance monthly payments with the year end return.
- Details of the average hours worked for any employments where hours have varied from week to week during the financial year.

### **(1) FULL TIME MEMBER WITH ADDITIONAL PENSIONABLE PAYMENTS**

Please note the following points when providing information, upon leaving/retirement, in respect of a Local Government Pension Scheme employment where a full time scheme member has received additional payments during the final 365 days. Part time scheme members with additional payments are covered separately:

- The Pensions Office will require a full breakdown of the pensionable pay earned in respect of the final 365 days of employment. (SU34 form). If the pay is reduced due to sickness during this time the pensionable pay which would have been earned should be substituted instead.
- Where arrears in respect of a backdated pay award have been paid during the final 365 days the SU34 form should show the pay the member was entitled to during this time and not the pay physically received. This is because an arrears payment due to a pay award may include an amount which does not relate to the final 365 days.

- Payments received due to non-contractual overtime and payment in lieu of notice or holiday are not classed as pensionable and therefore will not need to be included in the final 365 days pensionable pay shown on the SU34 form.
- Any pensionable additional payments made during the final 365 days (ie. bonus payments, additional contractual payments, regular percentage allowances) should be listed separately on the SU34 form and will need to be included in the total pensionable pay.
- Where additional hours have been worked, this should really be treated as a separate employment for pension purposes and individual starter and leaver information will therefore be required. This is because different rates of pay may be applicable and one job may finish prior to the other. The separate section covering variable hours employments may be relevant where additional, sporadic hours have been worked.

## (2) TERM TIME ONLY EMPLOYMENT

Please note the following points when providing information, upon leaving/retirement, in respect of a Local Government Pension Scheme employment where a scheme member works on a term time only basis:

- ◆ An SU31/41 and SU34 form is required per each pensionable employment a scheme member may leave.
- ◆ The Pension Regulations state that where a scheme member works on a term time only basis, the 'base' hours (ie. the unreduced hours) will be used in the calculation of service for pension purposes, in the apportionment of part time service and for the rounding up of part time pay to the full time equivalent.
- ◆ The term time only reduced actual pay received during the final 365 days should be used on the SU34 form in order to balance the above. If the pay is reduced due to sickness during this time the actual pay which would have been earned should be substituted instead.

- ◆ The total pensionable pay in the last 365 days needs to be rounded up to the full time equivalent in respect of any periods of part time service. As noted above for any rounding up the term time only 'base' hours should be used. Wherever part time hours have changed within the final 365 days each period of pensionable pay will need rounding up separately against the relevant 'base' hours.
- Any additional payments made which are not reflected by the hours should be listed on the SU34, eg. bonus payments etc. These need to be added to the full time equivalent salary.

### (3) LESS THAN 12 MONTHS SERVICE

Please note the following points when providing information, upon leaving/retirement, in respect of a Local Government Pension Scheme employment where less than 12 months service has been accrued:

- An SU31/41 and SU34 form is required per each pensionable employment a scheme member may leave.
- Where there is less than 365 days service the Pensions Office will require a full breakdown of the pensionable pay earned throughout the employment. This will then need to be rounded up to a full 365 days to represent what would have been earned over a full 365 days. If the pay is reduced due to sickness during this time the pensionable pay which would have been earned should be substituted instead.
- If the member is also part time the pensionable pay calculated (as above) will need to be rounded up to the full time equivalent in respect of any periods of part time service. Wherever part time hours have changed within the final 365 days, or the length of the employment if shorter, each period of pensionable pay will need rounding up separately against the relevant hours.
- Any additional payments made which are not reflected by the hours should be listed on the SU34, eg. bonus payments etc. These need to be added to the full time equivalent salary.

- Please note that, where the rate of pay has not changed throughout the period of employment, the full time equivalent salary can be used as the pensionable pay.

#### (4) FREQUENT HOUR CHANGES

Please note the following points when providing information, upon leaving/retirement, in respect of a Local Government Pension Scheme employment where hours have changed on a frequent basis and have changed during the final 365 days:

- An SU31/41 and SU34 form is required per each pensionable employment a scheme member may leave.
- The Pensions Office will require notification each time the weekly hours change. These notifications should be provided at the time of change (SU6 form) but it is helpful if a full list of changes is provided on the SU31/SU41 form.
- The Pensions Office will require a full breakdown of the pensionable pay earned in respect of the final 365 days of employment. (SU34 form). If the pay is reduced due to sickness during this time the pensionable pay which would have been earned should be substituted instead.
- The total pensionable pay in the last 365 days needs to be rounded up to the full time equivalent in respect of any periods of part time service. Wherever part time hours have changed within the final 365 days each period of pensionable pay will need rounding up separately against the relevant hours.
- Any additional payments made which are not reflected by the hours should be listed on the SU34, e.g. bonus payments etc. These need to be added to the full time equivalent salary.

## (5) VARIABLE HOURS EMPLOYMENT

Please note the following points when providing information, upon leaving/retirement, in respect of a Local Government Pension Scheme employment where hours vary from week to week (eg. casual or relief employment):

- An SU31/41 and SU34 form is required per each pensionable employment a scheme member may leave.
- The Pensions Office will require averages of the weekly hours the member has worked in each financial year since joining the scheme. Ideally this should be provided on a yearly basis whilst the member is an active member of the pension scheme.
- The Pensions Office will require a breakdown or an average of weekly hours worked in respect of the final 365 days of employment. (on the SU34 form or separately)
- The Pensions Office will require a full breakdown of the pensionable pay earned in respect of the final 365 days of employment. (SU34 form). If the pay is reduced due to sickness during this time the pensionable pay which would have been earned should be substituted instead.
- The total pensionable pay should be rounded up by the average weekly hours in the last year to calculate the full time equivalent salary to be used in the calculation of Local Government Pension Scheme benefits.
- Any additional payments made which are not reflected by the hours should be listed on the SU34, e.g. bonus payments etc. These need to be added to the full time equivalent salary.

## (6) BREAK IN SERVICE IN FINAL YEAR

Please note the following points when providing information, upon leaving/retirement, in respect of a Local Government Pension Scheme employment where a break in service has occurred during the final 365 days. Please note that breaks in service due to maternity leave are covered separately:

### Breaks in Service - General

- During an authorised break in service a member should make contributions in respect of the first 30 days of the break. There is also an option to repay pension contribution arrears in respect of a maximum of three years of an authorised break in service. Such contribution arrears will be based on the pensionable pay which would have been earned during the period. Employers arrears will also be applicable wherever employees contributions are repaid.
- Where arrears are paid the period will count in full for pension purposes. Where arrears are not paid a break will occur in the member's pensionable service. Arrears are normally paid following a member's return to work.
- It is the employers responsibility to calculate 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 arrears in respect of breaks in service to ensure that pension records are updated correctly and to prevent future contribution queries.

### SU31/41 and SU34 forms

- For break in service periods within the final 365 days, 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 pay on the SU34 form.
- For break in service periods within the final 365 days where arrears have not been paid a break in the member's service will occur. Calculating the final years 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.

- The total pensionable pay in the last paid 365 days needs to be rounded up to the full time equivalent in respect of any periods of part time service.
- Where a member leaves immediately following a break in service the leaving date should be shown as the date the contract officially ceased and the above rules will apply to the calculation of pensionable pay.

### (7) MATERNITY LEAVE BREAK IN SERVICE IN FINAL YEAR

Please note the following points when providing information, upon leaving/retirement, in respect of a Local Government Pension Scheme employment where a break in service due to maternity leave has occurred during the final 365 days:

#### Maternity Leave - General

- 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.
- 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. Employers arrears will also be applicable wherever employees contributions are repaid.
- It is the employers 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.

- SU31/41 and SU34 forms
- For any 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 pay on the SU34 form.
- 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 pay on the SU34 form.
- For periods of unpaid maternity leave where arrears have not been paid a break in the member's service will occur. Calculating the final years 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.
- The total pensionable pay in the last paid 365 days needs to be rounded up to the full time equivalent in respect of any periods of part time service.
- Where a member leaves immediately following maternity leave the leaving date should be shown as the date her contract officially ceased and the above rules will apply to the calculation of pensionable pay.