

WEST MIDLANDS



PENSION FUND

West Midlands Pension Fund

Reductions in pay



This information is intended for members whose level of pay is reduced by reasons other than a change in the hours worked.



Protecting your pension benefits

This information is intended for members whose level of pay is reduced by reasons other than a change in the hours worked. It does not apply if you are changing to part-time hours or reducing the part-time hours you work.

It also does not apply when a payment of either an honorarium or acting-up allowance ends. This is because neither is deemed to be a reduction in pay; it is merely the ending of a temporary increase.

The Local Government Pension Scheme (LGPS) is a final salary scheme, which means that your pension benefits are usually based upon your length of membership of the Scheme and your final pay during the last 12 months before retirement. For part-time workers the final pay is the equivalent to that of a full time employee; however, membership is reduced to reflect the part-time hours.

There are circumstances in which, because someone suffers a reduction in their pay, that an earlier pay figure may be used:

Best of the last three years

You can choose to have your pension benefits based upon your final pensionable pay for any of the last three years ending with the anniversary of your retirement date, if that is higher than your final year's pay.

If you are likely to retire more than three years after the reduction, then this protection will not apply to you.

Best three year average in the last ten years

You may also choose to have your pension benefits calculated on an average of your annual pensionable pay in any three consecutive years ending on 31 March, within the last ten years before retirement.

The reduction in pay must take place on or after 1 April 2008.

The protection does not apply if the reduction is because a temporary increase in pay ceases to be paid.

This protection only applies if you have been continuously employed by the same employer who you worked for when the reduction happened.

Certificate of protection

Those members whose employer imposed a compulsory reduction or restriction in pay prior to 1 April 2008 are entitled to be issued with a certificate of protection. If you retire/leave the Scheme within ten years of the date of the restriction/reduction, then the final pay used in the calculation of your retirement benefits can be:

- Any of the previous five years ending on the anniversary of your leaving date; or
- The average of any three-year consecutive period in the previous 13 years before you retire.

Pension increases

When a pay figure other than your final year is used, the benefits are adjusted to reflect inflation. Any inflationary increase are payable from age 55, unless the reason for your retirement was ill-health.



Keeping your benefits separate

Your employer may offer to split your Scheme membership at the date, you suffer a reduction in pay. If you choose this, you will have a deferred benefit based on the membership of the Scheme and your final pensionable pay up to the date your pay was reduced. This will increase each year in line with inflation. You will then start a second pension benefit entitlement the following day, which will be based on your new pay and membership will be built up from that date.

This is the decision of your employer as to whether they terminate your employment and re-engage you. Even if your employer offers to allow you to separate your pension benefits, there are a number of issues to consider:

- If you keep a period of membership separate, you have 12 months from rejoining the pension scheme to decide if you wish to combine the earlier membership with your later membership. It is impossible to predict what changes may lie ahead before you eventually retire. If your pay, allowing for inflation, reaches or exceeds the level before the reduction, the total benefits payable to you from two separate periods of membership may be less than if you had combined all of your membership calculated on the final, higher pay figure. Your employer can extend the 12-month limit, but would incur additional costs if they did so.
 - If you are paying extra contributions to purchase added years, or are a man purchasing pre-1972 membership to avoid a reduction to the lump-sum, or are
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paying into AVCs or ARCs, please contact the Fund, as there may be problems if you choose to opt out.

- If you die in service, the Fund will pay out more than one death grant if you do not aggregate your periods of membership. If you have aggregated the membership, the death grant will be three times your final pensionable pay in your current job.
 - If your earlier membership included protection for the 85-year rule, because you were a member of the Scheme as at 1 April 2008 and were born prior to 1 April 1956, this would still apply to your deferred benefit, but would not apply to your new period of membership, unless you choose to combine the two periods together and you have continuous membership of the LGPS. Your decision should be made within 12 months of rejoining the Scheme
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Information produced by the Fund can be made available in several formats including large sight text, Braille and several community languages. If you have any special requirements or would like to speak face to face with a member of staff, please contact us to arrange how we may best meet your needs.

Please remember that special requirements may take a little longer than normal to organise, but you have our assurance that we will do our best to ensure you receive the information in the most appropriate and efficient manner possible.

Data Protection

To protect any personal information held on computer, Wolverhampton City Council is registered under the Data Protection Act 1998. This allows members to check that their details held are accurate. The Fund may, if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example, the Fund's AVC provider. Members who wish to apply to access their data on Data Protection Act grounds should contact the City Council's Data Protection Officer on (01902) 554498, via e-mail at dataprotection@wolverhampton.gov.uk

This authority is under a duty to protect the public funds it administers, and to this end may use information for the prevention and detection of fraud. It may also share this information with other bodies administering public funds solely for these purposes.



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Contact information

Email us on:
PensionFundEnquiries@wolverhampton.gov.uk

Telephone our Helpdesk on:
0300 111 1665

Visit our website at:
wmpfonline.com

Fax us on:
0845 230 1565

Minicom/Typetalk:
01902 554607

Write to us at:
West Midlands Pension Fund
PO Box 3948
Wolverhampton
WV1 1XP

Send us a text on:
Text WMPF + your message
to 60066
Standard short code network charges apply

Lines are open during the
following times:
8:30am to 5.00pm Monday-Thursday
8:30am to 4.30pm Friday

Calls may be monitored for
training purposes

Help and information

Further information

We will ensure that all of our members are provided with relevant further information on request.

Comments and complaints

We welcome and value your comments on the standards of service we provide. If you have any comments you wish to make please contact us at the address shown at the top of the page.

We would also like to hear from you if you are not satisfied with the way you have been treated. If you wish, you can

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speak to Brian Bailey, Director of Pensions, on his personal number (01902) 552020 on any weekday between 9.00 and 9.30am or via email:

brian.bailey@wolverhampton.gov.uk

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If you wish to make a formal complaint, you can write to:

Complaints and Compliments

Office of the Chief Executive
Civic Centre

St. Peter's Square
Wolverhampton
WV1 1NX