

October 2022	EMPLOYER NEWSLETTER	Issue 3
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Welcome to the third issue of the JSS employer newsletter. Thank you for your feedback, please continue to let us know if there is something you would like to see in future editions.

Annual Benefit Statements 2022

We have finished issuing this year's Annual Benefit Statements (ABS) to all eligible scheme members, in total 5,640 were sent out. In the most recent JSS Customer Survey 30% of respondents said they don't understand their pension very well but 80% said the information we provide was clear and helpful.

We know from anecdotal evidence some staff don't read their statement, yet it is a critical piece of information to help inform their retirement planning and pension choices. Please help by encouraging your employees to read their statement. If they don't understand it or need more information, they should contact JSS directly. We can arrange a meeting face to face at our offices in Swindon or a remote Zoom meeting or simple phone call.



Pensions in pay keep pace with the cost of living because they are uprated annually in line with inflation. The Consumer Prices Index (CPI) is used to set the rate of increase. Increases are applied in April using the CPI rate from the previous September. For example, if CPI for September 2022 is 10% then pensions in pay will be increased by 10% in April 2023.

If a pension has come in to pay between April 2022 and March 2023 then the increase is pro-rata; if someone retired in September 2022, they would not get the full increase in April 2023, they would get part of it.

Preserved Awards

If someone leaves the scheme before drawing their pension, or opts out, subject to qualifying conditions, they will be given a Preserved Award. This will also attract annual inflationary increases and is based on the same principles in that to get a full increase in 2023 the benefits need to have been preserved before April 2022.

PARTNERSHIP PENSION ACCOUNT

The Partnership Pension account is a (DC) Defined Contribution arrangement that RCPS members can elect to set up as an alternative.

Individuals can join from their first day of employment or can switch in at any other time (subject to payroll cut off points).

A member can only switch once each way while they are eligible for the RCPS.

There are two providers for the Partnership Pension account: Scottish Widows and Standard Life. The employee chooses the provider and selects from a range of fund or investment strategies. Both providers have default funds as well if members do not know which one is best for them.

Employers pay an age-related contribution to the provider of between 8% and 14.75%.

Employees don't have to pay anything into Partnership, but if they do the employer will match up to 3% of their contributions.

Contributions are invested and build up a 'pot' which could be used to buy an annuity, or it can be accessed flexibly by taking periodic lump sum withdrawals, for example.

Unlike the RCPS, there is no minimum qualifying period for a Partnership pension account.

Please share the [Partnership Pension Guide](#) with interested employees.

How a final salary pension is calculated

Although we touched on this in the last newsletter, we thought it would help to give some additional examples and look at 'final pay', otherwise called Final Pensionable Earnings. Final salary schemes are Classic, Classic Plus and Premium. They all have a normal scheme pension age of 60.

The pension is calculated using three main elements: 1) the 'final pensionable earnings', 2) the reckonable service, and 3) a scheme factor. In these examples 40 years' service and £40,000 'final pay'.

The calculation is: (final pensionable earnings x service) / scheme factor = pension per annum

Classic is a 1/80th scheme with an automatic lump sum of 3x the pension. The pension is calculated as $(40,000 \times 40) / 80 = £20,000$ pension p.a. Classic also provides for a standard tax-free lump sum of 3 times the pension; in this example, the tax-free lump sum is £60,000.

Premium is a 1/60th scheme and doesn't have an automatic lump sum. Using the same method; $(40,000 \times 40) / 60 = £26,667$ pension p.a. A tax-free pension lump sum can be created by giving up £1 of pension for £12 of lump sum

Final Pensionable Earnings

The scheme rules define Final Pensionable Earnings as follows:

Classic scheme

The best consecutive twelve months' pensionable earnings during the last three years of scheme reckonable service ('stepping back' in 91-day periods).

Premium and Classic Plus Schemes

The best of:

- a) Pensionable earnings in the final 12 months of scheme membership; or
- b) The highest pensionable earnings in any of the last four scheme years; or
- c) The highest average pensionable earnings in any three consecutive scheme years ending up to 13 years before scheme leaving date.

Under b) and c) inflation, as appropriate, is applied.

Nuvos pension accrual

Nuvos is a career average scheme where the pension is based on 2.3% of the members pensionable earnings for each year of service. Each year of pension accrual is revalued for inflation, by the same CPI as used in the Pension Increases.

For example, an employee earning £40,000 in one scheme year would accrue a pension of £920 p.a. (2.3% of £40k). If they work another year, with no pay rises they accrue another £920. At the end of each year the cumulative pension is revalued by inflation, so assuming inflation was 2% for two years (Bank of England target) then they'd accrue a pension of £1,895 p.a. at the end of two years.

RCPS Reform Update

We anticipate that the RCPS will migrate into the Civil Service Pension Scheme arrangements in 2026. The transfer has moved due to several reasons and is subject to ongoing discussions with Cabinet Office and UKRI. In the meantime, the RCPS will continue as is, continuing to be administered by JSS and pensions paid for us by UK SBS.

Employees working beyond 75?

Did you know that when an RCPS member reaches 75 they are no longer able to accrue any more pension (within the RCPS), and their pension needs to be put into pay? Upon cessation of RCPS membership at age 75, they could choose to open a Partnership pension arrangement, but they cannot pay into it, only you – the employer – can pay contributions in. When someone approaches their 75th birthday JSS contact them to discuss their pension options.

Pension increase letters

Each year we send letters to all our pensioner and preserved scheme members to tell them what their pension has been increased to. HM Treasury publish the rate of increase around January, and it is always based on the CPI from the previous September. In April 2022 we sent c.15,000 pensioner and 9,000 preserved letters.

We also write to preserved members around six weeks before they reach pension age to organise payment of their pension. Some public service pension scheme administrators don't send annual notices out or even proactively tell members their pension is due to come into pay. It is important that once an employee leaves your employment, they keep JSS up to date on any change of details.

Pension Tracing Service

You may hear employees talking about pensions they had many years ago and lost touch with the provider, in part maybe related to moving home, or where the administrator doesn't actively write out. The Government's Pension Tracing Service can be used to find 'lost' pensions: <https://www.gov.uk/find-pension-contact-details>

Auto Enrolment provisions could be extended

Whilst this is not specific to the RCPS this could be of interest to employers that participate in other pension schemes. In January 2022 MP Richard Holden put forward a private members bill to change Auto-Enrolment (AE) legislation by lowering the age staff need to be enrolled to 18 and make earnings pensionable from the first £1. Currently eligible employees are those aged between 22 and State Pension age earning more than £10,000 a year. (This is not applicable to staff enrolled in the RCPS).



The Bill - Pensions (Extension of Automatic Enrolment) Bill 2022-23 - had its second reading in July. The government have stated that whilst there will be no changes before the next general election, the legislative framework will be established for the future government to implement any proposed changes. The aim, clearly, is to give many more people the opportunity to save for retirement at the same time as minimising their potential entire reliance on the State Pension.

Lifetime Allowance

There is limit on how much individuals can build up before having to pay a tax charge. This is called the Lifetime Allowance, or LTA.

The LTA is currently £1,073,100 and set at this rate until at least April 2026.

Anything above the LTA is subject to a tax charge of 25% if paid as pension, or 55% if paid as a lump sum.

We will look at the Annual Allowance in the next newsletter.

More information is on our website: <http://jsspensions.nerc.ac.uk/help/tax.asp>

Administration Standards

We would like to remind you about our '[Administration Standards' document](#). It summarises employer's and JSS' obligations for the effective and efficient delivery of the scheme administration.

Complying with these obligations also aims to ensure that JSS can meet any statutory requirements, as well as enabling us to issue accurate Annual Benefit Statements.

Contact JSS

You can visit us in Polaris House, Swindon
<https://goo.gl/maps/3rYFX1BsrTtk3c2TA>
Phone one of the team, our contact details are [here](#)
Email us: memberships@jss.ukri.org
We can also meet with you using Zoom or Teams

Reminder – Forms and information to be provided to JSS

This is specifically for HR and payroll colleagues involved with JSS and the RCPS

We'd like to remind you about the importance of sending the appropriate forms to JSS at the right time with accurate information, for example: new starters, change of hours, non-reckonable absences, leaver forms etc. Failure to promptly notify JSS could result in mistakes being made on the members record, which could over or understate their pension benefit entitlement, and in the worst cases could result in fines being imposed on employers by The Pension Ombudsman if they failed to provide accurate or proper information.

The forms you need are all on our website: [JSS \(Joint Superannuation Services\) - Scheme guides and forms \(nerc.ac.uk\)](https://www.nerc.ac.uk/jss/).

Forms should only be uploaded to the secure SharePoint site. If you are unable to access this, please ask your manager or HR lead to email us at memberships@jss.ukri.org and we will arrange access.

We have provided a list of the forms you may need to use and what information is required, please note that:

- For Nuvos leavers, the JSS1A nuvos leaver forms no longer need to incorporate nuvos earnings to 31 March 2022 as this would already have been provided as part of this year's Annual Benefit Statement data collection exercise.
- If you have any members on unpaid leave who are full-time employees in receipt of a full-time equivalent payment for a Keeping in Touch (KIT) or Shared Parental Leave Keeping in Touch (SPLIT) day regardless of the hours they worked or part-time employees OR employees working a compressed pattern who receive a KIT/SPLIT payment based on their contractual day simply email JSS, a form isn't necessary in these cases.

We have included an extract from the Civil Service Pension Scheme guidance regarding **contributions and reckonable service when staff are on sick, maternity, or paternity pay** (annex 5C).

Form	Purpose / Information Required
JSS1 Starter	New starter form for appointments pensionable under the RCPS only.
JSS N/R	Non-reckonable absence notifications (unpaid leave). For any long term non-reckonable absences, we would need a form at the beginning of the absence (showing the commencement date of the absence) and then a second form at the end of the absence. <i>It is important that we are informed as soon as possible.</i>
JSS HRS/Change	Notification of change of hours – <i>it is important that we are informed as soon as possible.</i>
JSS1 Leaver	Request for scheme benefit award when a member leaves, retires or leaves the scheme. This form is also required when a member partially retires. For members leaving on Ill Health or over retirement age please send the form as soon as possible. Please include personal details such as date of birth, NI number, home address and marital status. Full time equivalent salary and pensionable allowances, Saturday and Sunday Premium payments if pensionable but not weekday overtime, for the 3 years prior to the member's last day of service. Please see details relating to ' assumed pay ' below. If someone leaves to join another employer that participates in the RCPS, they may be eligible to remain part of the RCPS arrangements. In this respect, if you are aware of someone moving to another council please e-mail JSS to inform us in advance. This will mean that if they are able to remain part of the RCPS arrangements – when the leaver paperwork is received within JSS, we will know that we need to follow a certain procedure at our end.
JSS1 A Leaver	Full time equivalent pensionable earnings for the last 13 tax years for members of the Premium, Classic Plus Scheme and Nuvos members who have transferred in service. JSS will request this information if required.
JSS1 A Nuvos Leaver	Pensionable earnings in the last two scheme years before the member's last day of service. Assumed pay is required in certain circumstances – see note below.

Form	Purpose / Information Required
JSS1 C Leaver	Any changes in hours in the year before the member's last day of service including any extra hours worked.
JSS 2 Leaver	Members details for immediate payment of benefits.
JSS4 Leaver	This form is required for under two-year leavers and Classic and Classic Plus members who are unmarried on their last day of service . The 1.5% contributions element should be provided from the latter of the member's start date or the date the member's marriage ended. For Classic Plus members we only require this information up to 30 September 2002.
JSS5 Leaver	Member contributions paid in scheme years for the purchase of Added Years and / or Added Pension.
JSS6 Leaver	Leaving information for members in the Partnership Scheme including the last day of service and last day of payment to the Partnership provider.
JSS 8 Cross council transfer form	To be completed when a member transfers from one council to another and remains in the same payroll system.

Assumed pay/notional earnings

There are times when a member is treated as still building up reckonable service despite being unpaid. This will apply to RCPS members and **partnership** members who are:

- seconded to a different employer under an arrangement where they continue to be a member of the RCPS arrangements.
- on sick leave on reduced pay, e.g., receiving sick pay at half rate or receiving Statutory Sick Pay (SSP) – it does not apply for members receiving Sick Pay at Pension rate (SPPR) (even if they are also in receipt of SSP) or members receiving no pay.
- being paid statutory maternity pay.
- receiving other forms of statutory pay, including adoption pay, ordinary statutory paternity pay, additional statutory paternity pay, statutory paternity pay for adoption.
- on ordinary maternity/adoption/paternity leave.
- on unpaid leave for a period which the Civil Service Pension Scheme Manager (Cabinet Office) has agreed can count as reckonable service. For example, where the member is allowed time off to undertake public duty such as service as a magistrate.
- absent from duty because they have been called out or recalled for permanent service in the reserve forces.
- being paid at a reduced rate because of the abatement rules.
- voluntarily surrendering pensionable earnings.

Employer contributions continue to be made to the RCPS or the members partnership pension provider. This is done based on assuming that the member was paid normally during these special circumstances. The employee makes contributions based on the pay received or normally received during the period their special circumstances apply depending on which circumstance applies at the time. Members of partnership can make increased contributions on their return to normal working to make up any shortfall.

Annex 5C

Table showing contributions and reckonable service when on sick, maternity and paternity pay

Sick Pay

	Full Pay	Half Pay	Statutory Sick Pay (SSP)	Pension Rate	Nil Pay
Employee Contributions	Full	Full contributions on half pay received	Full contributions on SSP received	None	None
Employer Contributions	Full	Full contributions on assumed pay	Full contributions on assumed pay	None	None
Reckonable/Not Reckonable	Reckonable	Reckonable	Reckonable	Not Reckonable	Not Reckonable

Please note:

If a member receives Statutory Sick Pay whilst also in receipt of sick pay at pension rate, the 'Pension Rate' column applies.

Maternity Pay

	Ordinary Maternity Leave Weeks 1 to 26	Ordinary Maternity Leave Weeks 27 to 39	Additional Maternity Leave Weeks 40 to 52
Employee Contributions	Full contributions on pay received	Full contributions on pay received	None
Employer Contributions	Full contributions on assumed pay	Full contributions on assumed pay	None
Reckonable/Not Reckonable	Reckonable	Reckonable	Not Reckonable

Statutory Maternity Pay (paid by DWP)

	Ordinary Maternity Leave Weeks 1 to 26	Ordinary Maternity Leave Weeks 27 to 39	Additional Maternity Leave Weeks 40 to 52
Employee Contributions	Full contributions on pay received	Full contributions on pay received	None
Employer Contributions	Full contributions on assumed pay	Full contributions on assumed pay	None
Reckonable/Not Reckonable	Reckonable	Reckonable	Not Reckonable

Maternity Allowance

(paid for first 39 weeks if no entitlement to Statutory Maternity Pay)

	Ordinary Maternity Leave Weeks 1 to 26	Ordinary Maternity Leave Weeks 27 to 39	Additional Maternity Leave Weeks 40 to 52
Employee Contributions	Full contributions on pay received	Full contributions on pay received	Not applicable
Employer Contributions	Full contributions on assumed pay	Full contributions on assumed pay	Not applicable

Adoption Pay

	Adoption Leave Weeks 1 to 26	Adoption Leave Weeks 27 to 39 (statutory pay)	Additional Adoption Leave Weeks 40 to 52
Employee Contributions	Full contributions on pay received	Full contributions on pay received	None
Employer Contributions	Full contributions on assumed pay	Full contributions on assumed pay	None
Reckonable/Not Reckonable	Reckonable	Reckonable	Not Reckonable

Paternity Leave

(1-2 weeks paid)

Employee Contributions	Full
Employer Contributions	Full
Reckonable/Not Reckonable	Reckonable

Parental Leave

Employee Contributions	None
Employer Contributions	None
Reckonable/Not Reckonable	Not Reckonable