

London Borough
of Hounslow

EMPLOYER FACTSHEET

Paying extra

1. Employee only additional pension contributions (APCs) & employee / employer Shared Cost APCs

Members can buy extra annual pension with an additional pension contribution (APC) contract. This can be with or without a contribution from the employer which is known as a Shared Cost APC (SCAPC) when there is a contribution from the employer.

Members will have to arrange for their GP (registered medical practitioner) to sign a medical form and pay any fees the GP may charge for this. We may refuse a contract if this shows the member is not in reasonably good health. But with a satisfactory medical, members can take out an APC contract:

- To buy **extra** pension with a one-off payment or by paying regular contributions (**we cannot accept regular contributions of less than £10 per month due to administration costs**) with or without a contribution from you. The cost (a cash amount, not a percentage of pay) depends on age and how much pension they buy. You can meet some or all of the cost of this if you want to.

Note: if a member elects to pay by lump sum this should be paid in one payment and not paid over several months.

Note: members can't start APCs for extra pension if they are in the 50/50 section.

- To buy **'lost'** pension for authorised unpaid leave of absence including any period of unpaid additional maternity or adoption leave, unpaid parental bereavement leave, unpaid shared parental leave following ordinary maternity or adoption leave, paternity or paid shared parental leave and any paid additional maternity or adoption leave.

An employee may elect to pay an APC to purchase any or all of the amount of pension 'lost' during the period of absence. If they elect to do so within 30 days of returning to work (or such longer period as the employer may allow) the employer must pay 2/3rds of the cost of the APC. The employer is only required to pay for any individual period of absence up to 36 months and not any period after that.

If the member elects after the 30 day period the cost of the APC contract is at full cost to the member.

During any period of:

- sickness on reduced contractual pay or no pay
- relevant child related leave (ordinary maternity, adoption or paternity leave, plus paid additional maternity, paternity or adoption leave, plus unpaid additional maternity, paternity or adoption leave)
- reserve forces service leave (RFSL)
- absence because of strike
- jury service on reduced or no pay, or
- any other period of authorised leave of absence

pre-existing APC/SCAPC contracts remain payable unless the member decides to end them. During a period of sickness or injury on no pay the member contributions to an APC/SCAPC are deemed to have been paid.

At the end of each scheme year, or the date the APC contract stops, if that's earlier, we credit members' active pension accounts with the additional pension they bought that year.

If a contract ends early because a member retires on tier 1 or tier 2 ill-health pension, the remaining additional pension is deemed to have been paid and we will credit it to their active account when they leave.

2. Employer only additional pension contributions (APCs)

Employers can award additional annual pension to **active** members less any additional annual pension you have already paid towards or are contributing towards under a shared-cost APC.

You can also award additional annual pension to members who left on the grounds of redundancy or business efficiency, but you must do it within six months of them leaving.

Employer only APCs are a one-off payment that buys a set amount of additional pension. The cost depends on a member's age and how much pension you decide to buy.

3. Additional voluntary contributions (AVCs)

AVCs can be made by members or, in the case of a shared-cost AVC (SCAVC), by both employer and member. Contributions can be either a cash amount or a percentage of pensionable pay. Tell your payroll section what to deduct from the member per pay period and, for an SCAVC, what employer amount or percentage to pay per pay period.

The split between member and employer additional contributions for an SCAVC can be any proportion you agree, but you can't pay the whole cost.

During any period of

- sickness or injury on reduced contractual pay or no pay
- relevant child related leave (ordinary maternity, adoption or paternity leave, plus paid additional maternity, paternity or adoption leave)

- reserve forces service leave

any pre-existing AVC or SCAVC contracts remain payable unless members (or the employer if it's an SCAVC) ends them.

During any period of

- unpaid additional maternity, paternity or adoption leave
- absence because of strike, or
- any other period of authorised leave of absence

members can continue paying for an AVC or SCAVC contract.