

**Bath & North East
Somerset Council**



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Employers Guide to the LGPS

Increasing Benefits

3 - INCREASING BENEFITS

3.1 Power of employing authority to increase total membership of active members - Regulation 12 (Benefit Regulations) - Augmentation

This regulation allows an employer to grant extra membership to an employee who is an active member of the LGPS, by resolution. The maximum award is a period of 10 years.

The employer must meet the cost of awarding extra membership as outlined in Section 9.

3.2 Power of employing authority to award additional pension - Regulation 13 (Benefit Regulations)

An employing authority may resolve to award an active member additional pension of not more than £5000 a year payable from the same date as his/her pension is payable under any other provisions of the 2007 Regulations.

The employer will meet the cost of awarding an additional pension by a single, up-front payment calculated in accordance with advice received from the Government Actuary.

3.3 Member's election to purchase additional pension – Regulation 14 (Benefit Regulations)

An active member may choose to pay additional regular contributions in order to be credited with additional pension, in respect of him / her alone or in respect of him / her and any survivor, of £250 a year or multiples thereof to a maximum of £5000.

The additional regular contributions will be payable over a whole number of years chosen by the member and will be a fixed monthly amount unless amended by the Government Actuary.

The Avon Pension Fund website at www.avonpensionfund.org.uk contains a calculator via which Members can find out the cost of purchasing additional pension. This is located in the ARC Calculator section of the Active Members Area of the website.

If one of your employees decides to pay these additional contributions the pensions section will advise you of the start date, the amount that has to be paid and the date that the contribution is to cease.

3.4 Member's election to pay AVCs – Regulation 15 (Benefit Regulations)

An active member can elect to pay additional voluntary contributions ("AVCs") or to contribute to a shared cost AVC in addition to any other contributions he / she may be paying under these Regulations and is entitled to additional benefits in accordance with one of the methods permissible under the Finance Act 2004.

"a shared cost AVC" means an arrangement established and maintained by an employer for the purpose of enabling contributions to be paid both by an active member and his/her employer and is only applicable to those employers whose policy decision on discretions includes an SCAVC Scheme. Contributions are required from both the employee and the employer but the contributions from the employer do not have to match those of the employee.

AVC contributions are made via the employer's payroll thereby obtaining immediate tax relief. The contributions made by the employee and the employer, where a shared cost AVC arrangement exists, must be sent by the employer directly to Friends Provident the current in-house AVC provider for the Fund.

3.5 Buying Extra Membership (Added years) – Regulations 55 – 57 of the 1997 Regulations

The facility for LGPS Members to start buying extra Membership is no longer available after 31 March 2008. Members were able to purchase extra membership by paying additional contributions. The additional contributions were payable by an additional percentage paid in the same way as basic contributions.

Members who elected for this method will still pay an additional percentage up to a given date between the ages of 60 and 65. If you have any members paying this additional percentage and you do not know the date that this contribution is due to cease.