

**Pension Option : Reduced or Restricted Pay**  
**For current members with pre 1 April 2014 membership**

**Member completes Member Details (Page 1) electronically and sends to Employer.**

**Employer reviews and completes Employer section (Page 2) and submits via i-Connect  
(NCC send to PenDocs)**

**(Employers not yet onboarded, post paper copy to:  
Norfolk Pension Fund, County Hall, Martineau Lane, NORWICH. NR1 2DH)**

You must opt within one year of the pay reduction or restriction if you want to keep your pension accounts separate.

If your pay has dropped in more than one job, please fill in a separate form for each.

**Employer**

**Member Details**

**Surname**

**Title**

**First  
Names**

**NI  
Number**

**Payroll  
Ref**

**Job Title**

**Please read the notes on pages 3-6**

**Sign and date the bottom box if you want to keep your pension accounts separate**

**Declaration**

Please keep my pension scheme membership before my pay dropped / was restricted separate from my membership from then onwards.

**Wet signature if paper copy otherwise input your email address in the 'Signed' box:**

I have read the notes on pages 3-6 and understand I won't be able to change my mind later.

**Signed**

**Date**

**Telephone**

**This form should be submitted via i-Connect.  
(NCC send to PenDocs)**

### Instructions

Please check the payroll reference/assignment and NI numbers overleaf are correct. For employees paid on Norfolk County Council payrolls, in particular, check the suffix number matches the job title if the member has more than one job.

If the member's pay has dropped / been restricted in more than one job, please make sure they've had a separate form for each (as the best option for one post may not be the best for others).

If the member has more than one job but their pay has only fallen in one of them, please double-check the right job has been shown.

**If the member has opted to keep their pension accounts separate**, please fill in all the boxes, sign the form and send it to NPF with a Member Leaving Scheme Form (L45).

The termination date on the L45 should be the day before the date the pay first dropped. The reason membership ended should be "**S1**".

The date in the box below should be the actual day the pay dropped / was restricted as NPF will record this as the start of the second period of LGPS membership or (if the pension accounts are not kept separate) as the date from which any pension protection comes into force.

The annual pensionable pay rate shown below should include all pensionable items, not just basic pay.

**Employer**

**Member's  
Full Name**

**Payroll  
Ref**

**New (reduced)  
Pensionable Pay Rate**

 £

**Date Pay First Dropped  
or Was Restricted**

**Contractual Hours  
Worked (per week)**

Actual

Average

Full-time Hours

### Declaration

I confirm I am authorised to complete this form on behalf of an Employer participating in the Norfolk Pension Fund.

**Wet signature if paper copy otherwise input your email address in the 'Signed' box:**

**Signed**

**Date**

**Contact  
Name**

**Telephone**

**This form should be submitted via i-Connect.  
(NCC send to PenDocs)**

**These notes only apply if you are a current member of the LGPS and have membership prior to 1 April 2014.**

### **What does this information cover?**

This information is designed to explain the possible protections for members of the Local Government Pension Scheme if their pay (including allowances or enhancements) is being reduced or restricted. You have a year from the date your pay first drops or is frozen to decide what to do.

These notes apply if your basic pay is being reduced; or if you're losing pensionable 'extras' (e.g. bonus, weekend enhancements or qualification allowance); or if your pay is being frozen. If your pay will be the same as it would have been, your pension rights shouldn't be affected. If it's going up, they should be improved.

### **My pay is being reduced : how will this affect my pension?**

Benefits built up before 1 April 2014 are based on membership and final pay. Benefits built up from 1 April 2014 are based on actual pay each year.

If you have taken a drop in your rate of pay all of your pre 1 April 2014 benefits will be based on the lower final pay rate when you leave / retire, (unless this increases before then). However, there are certain protections if you leave or retire within 10 years of the drop in pay.

The important thing is your grade, scale point and the value of any 'extras'. These notes apply if any of these is being reduced but not if the only change is to contractual hours.

### **What are the LGPS options if I have a drop in grade, scale point or pay, or my pay is rate is frozen?**

The LGPS offers varying levels of pension protection if you leave or retire within ten years of the change in pay. Protection would begin on the day it first caused your pay (including any protected pay) to be less than it would have been; and it would last for up to ten years as explained below. Strictly you should opt for it when you leave or retire but in practice, we'd give it to you automatically provided we knew the change had taken place.

#### **I expect to leave or retire within the next year or two**

Although pre 1 April 2014 benefits are normally based on the final year's pay, either of the two previous years could be used if this gave a higher figure. This gives you fairly good protection but the scheme would extend this for up to ten years if your plans changed and you ended up working for longer (see next paragraph).

#### **I expect to leave or retire within ten years of the pay reduction**

In this situation, you could opt to have your benefits based on the average pay of any three consecutive financial years ending within the previous ten if that would give a higher figure (after adjusting upwards to allow for inflation) than the final year's pay. This is an automatic entitlement.

## **I don't expect to leave or retire within the next ten years**

If you did nothing now, the LGPS would still cover you for up to ten years but the protection would then expire. It would only benefit you if you left within that time. After that, your pre 1 April 2014 benefits would reflect the pay level you left on. Unless you moved back up the grades, the benefits for all your pre 1 April 2014 membership would be less than if the drop in pay had not taken place.

You couldn't prevent this for your future benefits but you could protect those you'd already earned by keeping the two pension accounts separate. You could opt for deferred benefits for the higher-paid job and start a new membership in the lower-paid one. You'd then get two sets of benefits when you retired (but paid together).

Deferred benefits are benefits calculated as if you'd left the day before the change in pay took place but held for you until retirement age. They'd be protected against inflation.

Taking a deferred benefit (i.e. keeping the memberships separate) would protect the pay level of the earlier membership but any protections you might have would not apply in the new membership.

### **Your pension option**

As you've taken a drop in pay or your pay has been frozen, you have the option to take a deferred benefit based on your membership of the LGPS up to the date of the change. This is explained later.

You'd start another pension account on the new rate of pay and build up a second set of benefits. As your pay has fallen, this may turn out to be in your best interests if you're not close to retirement or leaving.

*Your pension rights won't be kept separate if you don't return your option form.*

### **Time limit**

You must make your decision within one year after the date on which your pay first falls.

You won't be able to change your mind later.

Your employer has discretion to extend the time limit.

### **Moving onto a lower pay rate**

Benefits in the LGPS built up before 1 April 2014 are based on length of membership and final year's pay. As you've taken a drop in pay, it may be in your interests to keep the two pension accounts separate.

In comparing the two pay rates, you should always use the rate a whole-timer would get. If the new rate is significantly lower, it may be better to keep the two pension accounts separate.

However, you'd need to weigh this against any loss of a protected retirement condition.

## **Keeping your pension accounts separate**

If you did this, you'd be awarded a deferred benefit (based on the old rate of pay) and would earn a second set of benefits in the new one (based on the new rate).

The advantage of this is that only the new benefits would be based on the lower rate of pay. One possible disadvantage is that you can't change your mind later, even if you change employer. So if you were promoted or re-graded and your pay rose back above the old level (allowing for inflation), only the new benefits would increase as a result. You'd need to judge this based on how you expect (or hope) your future career will go.

If you were paying extra contributions in the old job to buy additional membership, they could carry on in the new job. The extra benefits would be split between the two posts.

If you were paying extra contributions to buy additional pension, they'd have to end. You'd be able to start a new additional pension contribution in the new job.

## **What is a deferred benefit?**

A deferred benefit is a pension worked out now and held for you until retirement age. If you were a member before 1 April 2008, there'd be a deferred lump sum benefit as well.

It would normally be paid in full at your Normal Pension Age (NPA) or at a reduced rate at any time from age 55. Members with a protected retirement date may be able to take benefits without full reduction.

It could be paid earlier than age 60 (in full) on ill-health grounds.

Deferred benefits go up each year in line with the Consumer Prices Index (CPI for short).

If you'd like to know more, please ask for our booklet 'Deferred Benefits Explained'.

## **When is my Normal Pension Age?**

Normal Pension Age is your state retirement age. This could currently be any date between age 65 and age 68, depending on your date of birth. This could also change in the future and would affect the payable date of your LGPS benefits.

You can find your state pension age here: [www.gov.uk/calculate-state-pension](https://www.gov.uk/calculate-state-pension).

## **Protected retirement conditions**

Members can retire voluntarily from age 55 but their benefits would be reduced for early payment if they took benefits before NPA.

However, some members have a protected retirement date for their pre 1 April 2014 membership. Unless your LGPS membership started before 1 April 1998, this doesn't apply to you and your normal retirement date will be your SPA whatever you decide.

If you do keep your pension accounts separate following the drop in pay you would lose any protections on the new account going forward.

**I still have questions: where can I get more information?**

**Questions about the Local Government Pension Scheme should be addressed to:**

**Postal Address:** Norfolk Pension Fund, County Hall, Martineau Lane, NORWICH, NR1 2DH

Telephone : (01603) 495923

E-mail : [pensions@norfolk.gov.uk](mailto:pensions@norfolk.gov.uk)

NPF website : [www.norfolkpensionfund.org](http://www.norfolkpensionfund.org)

You can get a pension scheme booklet from your Employer or HR team  
if you've mislaid your copy

The scheme guide (and other information) is also on the NPF website

**Your pension accounts will not be kept separate unless you return the attached form**

