# Additional Pension Contributions

**Buying pension lost due to absence**

**General**

If you have a period of authorised leave of absence on no pay (otherwise than because of illness or injury, or ordinary unpaid additional child related leave, or reserve forces service leave), or a period on no pay due to a trade dispute, you will not be building up pension during that period.

However, you can, if you wish, buy back the amount of pension you lost during that period by paying Additional Pension Contributions (APCs). You can do this regardless of whether you are in the main or 50/50 section of the pension scheme.

Buying back the whole of the lost pension will ensure the period of leave of absence on no pay, or the period on no pay due to a trade dispute, is included when calculating certain protections due under the scheme if you were a member of the scheme before 1 April 2015 e.g. if you are a member to whom the underpin or Rule of 85 apply.

If you wish to buy back lost pension resulting from leave of absence (other than due to a trade dispute), your employer will meet 2/3rds of the cost provided you make an election to do so whilst you are an active member of the Scheme and within 30 days of returning to work after the period of absence. If you make an election after 30 days and whilst still an active member you can still buy back the amount of lost pension but it will be at whole cost to you (unless your employer extends the period for you to make such an election and therefore chooses to contribute towards the cost). You can cover lost pension for any period of absence but the maximum period for which an employer must meet 2/3rds of the cost, is a period of 36 months.

Buying back lost pension following a trade dispute would be at full cost to you (unless your employer chooses to contribute towards the cost).

You can choose to buy the lost pension by spreading payment of the APCs over a number of complete years or by making a one-off lump sum payment. However, if you are within a year or over your Normal Pension Age (NPA) under the pension scheme (*or* *The Highland Council Pension Fund Authority takes the view that spreading payments would be impracticable*) you can only pay by means of lump sum.

If you choose to spread the payments, the APCs would be deducted from your pay each pay period and, if you earn enough to pay tax, attract automatic tax relief. If you choose to make payment by a one off lump sum this would normally be deducted from your pay (with automatic tax relief). However, you have the option to make a lump sum payment direct to The Highland Council Pension Fund Authority but you would then be responsible for claiming any tax relief due (if you earn enough to pay tax) on the payment direct from HM Revenue and Customs via your self-assessment tax return.

If you choose to buy the lost pension by making a lump sum payment, you will be credited with the full amount of pension bought immediately. If you choose to spread payment of the APCs over a number of complete years you will be credited with the full amount of lost pension bought if you complete the payments or if, before completing payments, you are retired on the grounds of ill health with an enhanced pension. In all other cases, if you cease payments early (either because you choose to cease making the payments or because you cease membership of the pension scheme) you will be credited with the amount of lost pension purchased up to the point of leaving.

Any lost pension bought increases the pension payable to you when you draw your pension. If you draw your pension before your Normal Pension Age (NPA) under the pension scheme the lost pension that has been bought will, unless retirement is on the grounds of ill health, be subject to a reduction (because you are drawing it early) and if you draw your pension after your Normal Pension Age (NPA) it will be subject to an increase (because you are drawing it late). Your NPA is equal to your State Pension Age at the time you start to draw your pension (but with a minimum of age 65).

In the event of your death, a proportion of the additional pension benefits bought in respect of your lost pension will be payable to your dependants (where a dependants pension is payable under the scheme rules).

It should be noted that if you enter into a contract to buy APCs via regular payments, the contributions you pay are subject to periodic review and may increase in the future. If this applies, your pension fund administering authority will let you know the revised contributions payable and the new contributions will apply from the April following the review.

**The Process**

You can make an application to purchase lost pension via an APC contract using an online calculator.

Before using the online calculator to obtain a quote for buying back the amount of lost pension, you must first obtain a **written statement** from your employer showing the total amount of pensionable pay lost during the period of absence or trade dispute and confirmation of the section of the scheme you were in (main section or 50/50 section) during the period of absence or trade dispute. You will need this information when obtaining a quote of the cost of buying back the amount of lost pension. You should keep a copy of the written statement from your employer for your records. You can request the statement from your employer if they have not automatically sent it to you following the period of absence or trade dispute. If your period of absence is authorised unpaid leave or unpaid additional child related leave and your election is made more than 30 days after the date you return to work you may seek agreement from your employer that they will contribute towards the cost of the lost pension, but your employer is not obliged to contribute. If your employer does agree to contribute in this situation, your employer will need to sign the completed application form to confirm that this has been duly authorised.

To obtain a **written statement**, please download this [Written Statement](http://www.highlandpensionfund.org/media/4529/application-to-buy-lost-pension.docx) form, complete section 1 and forward to your **employer** who will complete the rest. Once you have received the form back from your employer you are able to obtain a quote using the online calculator: <http://scotlgps2015.org/apc/>

When making an application you must specify the amount of pensionable pay lost during the absence (as provided by your employer) and, if payments are to be made by regular contributions, the period over which the contributions are to be paid (but the end date for regular contributions can be no later than your Normal Pension Age under the scheme).

If you have more than one active pension account in the scheme (i.e. because you are in the scheme in more than one job) you must specify which job the lost pension is in respect of. If you wish to pay APCs for each job, you will have to submit separate applications to buy lost pension for each job.

Once you have obtained your quote using the online calculator, you are required to print a copy of the application form and submit the application along with the written statement to both **The Highland Council Pension Fund Authority** and **your employer**. On receipt of your application, your employer will check they agree the details outlined in Part A of the completed application and, where they have agreed to contribute towards the cost of any lost pension when their contribution is not required under the Scheme regulations, duly authorise this. Your employer will sign and date the form and submit it to The Highland Council Pension Fund Authority:

## The Pension Section – Corporate Resources Service

## The Highland Council

## Glenurquhart Road

## Inverness

## IV3 5NX

If you choose to pay by regular additional contributions, or by a one off lump sum deduction from pay, your employer will commence deduction of the APCs from your pay from the next available pay period after they receive agreement from The Highland Council Pension Fund Authority and notify you that your application has been accepted unless: (a) your employer considers that, based on your previous pay history, it is not likely to be possible to collect the APCs you wish to pay, or (b) The Highland Council Pension Fund Authority takes the view that spreading payments would be impracticable and requires that you pay via a lump sum. You will be notified if your application to pay APCs has been turned down and, if so, the reason your application has failed.

If you choose to pay by a lump sum payment made direct to The Highland Council Pension Fund Authority you should not submit the payment to them until they have confirmed that your application has been accepted and they have provided you with details of how to make the payment.

If there is a delay in a decision on whether your application can be accepted which is caused by you and you pass a birthday which results in the cost of purchasing lost pension to change, you will be asked to resubmit a new application.

**Please note**: *if you choose to go ahead with purchasing lost pension you will notice in the Terms and Conditions it makes reference to the pension fund administrating authority requiring a satisfactory medical report to be submitted first. The Highland Council Pension Fund Authority has taken the decision not to insist on a medical before a member can buy back “lost” pension due to absence. (Buying lost pension due to an absence is different to purchasing additional pension).*

**The Agreement**

By signing the application form to buy lost pension you agree to the amounts shown as payable by you being deducted from your pay or invoiced to you depending on the method of payment chosen. If regular payments have been selected then your agreement to deduct the amount shown as payable by you continues for the period shown on the application form.

Should you fail to meet any of the payments due the agreement shall cease and the amount of pension purchased shall be adjusted to take account of the period over which payments have not been received.

**Buying Pension Lost Due to Absence**

# Before using the online calculator to obtain a quote for buying back lost pension you must first obtain a written statement from your employer. Please complete Section 1. Your employer is required to provide the information requested in Sections 2 and 3 to enable you to complete the online form.

Please print this form and complete in **BLOCK CAPITALS** using **BLACK INK**

**SECTION 1 To be completed by the scheme member**

## National Insurance Number Title

Surname Forename(s)

Employer Payroll Ref.

Period of absence: from to

Reason for Absence:

**When you have completed Section 1, please forward this form to your payroll department who will supply the relevant information to enable you to obtain a quote using the online calculator.**

*Please note: if you wish to buy back lost pension resulting from leave of absence (other than due to trade dispute), your employer will meet 2/3rds of the cost provided you make an election to do so within* ***30 days*** *of returning to work after the period of absence. If you make an election after 30 days you can still buy back the amount of lost pension but it will be at whole cost to you (unless your employer chooses to contribute towards the cost).*

***Buying back lost pension following a trade dispute would be at full cost to you.***

**SECTION 2 For completion by the employer**

## Confirmation of

Period of absence: from to

Confirmation of Reason for Absence:

Total assumed pensionable pay lost during period of absence £ Section of Scheme: Main Section 50/50 Section

**SECTION 3 Declaration by the employer**

Name Organisation

Position in Organisation

Signed Date

**Once completed please pass this form back to the scheme member.**

**DATA PROTECTION**

The information you provide on this form will be processed on a database, strictly for the purposes of pensions administration in accordance with relevant legislation. Authorised and regulated by the Financial Conduct Authority

**February 2019**