

Pension Bulletin No. 21

Deadlines for Monthly Pension Contributions

Key Points:

- We have updated our processes for dealing with the payment of monthly pension contributions.
- Contributions should be received by the 19th of the month following collection.
- If an Employer is late in making contribution payments they will be sent a warning letter.
- Once an Employer has received **three** warning letters, the next late payment will incur a **penalty interest fee** and **The Pensions Regulator will be notified**.

Further Details:

Dealing with the payment of monthly pension contributions – overview

Payments of pension contributions' relating to any month are technically due at the Pension Fund on the first day of the following month.

We recognise and appreciate that there are many competing deadlines however; Section 49 (8) of the Pensions Act 1995 makes it a legal requirement that, as from April 6th 1997, contributions deducted in a month **must be received by the Pension Fund within 19 days of the end of the month in which they were deducted**. Failure to meet this deadline is considered to be a criminal offence and The Pensions Regulator is able to impose a fine on an Employer of up to £50,000 for failure to comply with this.

Should the 19th fall on a weekend, payments should be received by the last working day before the 19th of the month.

Specific BACS Instructions

Payments should be made as soon as contributions are collected. BACS payments should be timed to arrive no later than the last working day before the 19th of the month after collection. For example, contributions collected in April 2013 should be received by Friday 17th May 2013.

Specific Cheque Instructions

Payments should be made as soon as contributions are collected. Cheque payments should be timed to arrive no later than three working days before the 19th of the month after collection to allow time for them to be cashed. For example, contributions collected in April 2013 should be received by 15th May 2013.

Notification of pension contributions – PEN 18

Please ensure that the PEN 18 spreadsheet is sent to the Pensions Service (employerschoolsadmin@northamptonshire.gov.uk) so that it is received no later than the last working day before the 19th of the month after collection.

Interest payable in late payments

It continues to remain important that the pension fund receives contributions on time and it has become apparent that we need to continue to ensure that this does happen. As part of this, it has been decided, from April 2013, to introduce a system of applying penalties for the late payment of contributions.

The following sanctions are to be introduced:

- If an Employer is late in making contribution payments they will be sent a warning letter.

Once an Employer has received **three** warning letters within any one tax year, the next late payment will incur a **penalty interest fee of 1% above the Bank of England base rate**

(currently 0.5%) on outstanding contributions, chargeable on a daily basis, for each late day.

This new system of introducing penalty interest is aimed at promoting the importance of making contribution payments by the required date.

Additional Voluntary Contributions (AVCs)

Please note: AVC's have to be paid to the LGPS AVC providers as soon as they are collected.

Pensions Service Contacts:

John Hopwood – Pension Fund Accountant
01604 368598

Katherine Smith – Pension Fund Accounting Technician
01604 368674

Sue Driscoll – Pensions Officer
01604 366526