

Pension Bulletin No. 33

Monthly Pension Contributions 2015/16

April 2015

Key Points:

- All Cambridgeshire and Northamptonshire Pension Fund employers must complete the specifically designed spreadsheet called a PEN18 to report monthly deductions of employee and employer contributions.
- The deadline for the payment of employee and employer contributions remains the 19th of the month following that within which the contributions were deducted.
- Late payments of contributions will be monitored and reported to the Pensions Regulator.
- Where an external payroll bureau is used it is the employers responsibility to make sure the correct payments are made to the Fund's bank accounts and correct forms are completed and received by the Pensions Service.

The Monthly Contribution Return—PEN18

A sample of the PEN18 can be found alongside this bulletin together with detailed instruction notes.

The PEN18 is pre-populated with the relevant employer contribution rate, past service deficit amount (if applicable), bank details for payment and your unique reference to quote on BACS payments.

New PEN18's covering the period from 1st April 2015 should now have been sent to all employers payroll departments or external payroll providers. If you are unsure if your organisation has received one please ask your payroll team or provider.

It is essential that every employer uses the new PEN18 to enable LGSS Pensions to automatically upload the data held on the spreadsheet and reconcile it with your payment. Failure to submit a PEN18 will prevent us from posting contributions to your record and therefore the payment will be treated as not being received.

Employer Contribution Rate 2015-16

All employers of the Fund should be aware of their employer contribution rates. These were sent out with the valuation details last year. If you are a new employer who joined the Fund over the past year, you would have received a contribution rate assessment with your employer contribution rate stated. The PEN18 will be pre-populated with the employer contribution rate for your employer for the year 2015-16. Please be aware, in the majority of cases, this will be different to what you paid last year.

Past Service Deficit Payment

Following the 2013 Actuarial Valuation some employers will be paying a cash amount known as the Past Service Deficit. If you are one of these employers your PEN18 will be pre-populated with this information. The Pension Fund is expecting to receive payment of the Past Service Deficit in equal payments spread over the 12 months of the financial year. Should an employer wish to pay this amount in one payment, this must be done before 30th September 2015 and you should contact LGSS Pensions to formalise this arrangement and a revised PEN18 will be issued.

Submitting the PEN18

For both Cambridgeshire and Northamptonshire Pension Fund employers, please submit your completed PEN18 form to PenContributions@northamptonshire.gov.uk.

Making Payment of Pension Contributions

Deadline for Payment

Payment of monthly pension contributions must be made before the 19th of the month following that from which they were deducted. Therefore, contributions deducted from salaries paid in April must be paid over to the Pension Fund by the 19th May. Where the 19th falls on a weekend the payment must reach the Pension Fund by the last working day prior to the 19th. This is a requirement of the Pensions Act 1995. Failure to meet this deadline is considered a breach of this Act and the Fund is duty bound to report the late payment to the Pensions Regulator.

BACS Payments

The preferred method of payment of contributions to the Fund is by BACS. The Pension Fund bank account sort code and account number are detailed on the PEN18. Please ensure that these bank details are used when making payment. Please do not make payment to the Administering Authority (Cambridgeshire/Northamptonshire County Council) as the Pension Fund will not receive this payment.

Please also ensure that the PEN18 is sent by email to LGSS Pensions before payment reaches the Pension Fund bank account so that the payment can be processed and posted to your record immediately. Payment will not be classed as being received until we have received the PEN18.

BACS Payments Reference

It is now essential that every BACS payment has an identifiable reference. The PEN18 will generate a unique reference that must be quoted on BACS payments for employee, employer and past service deficit payments. The reference will consist of the unique reference for each employer, employer name and the description of the payment i.e. contributions.

Alternative Payment Methods

It is understood that a limited number of employers are unable to use BACS as a method of payment. In these cases, payment by cheque is acceptable. Please ensure that you email the completed PEN18 to LGSS Pensions as soon as possible. LGSS Pensions is unable to accept a paper copy of the PEN18. Please also ensure that when sending your cheque that a covering letter is included to identify what the payment is in respect of.

Additional Voluntary Contributions (AVCs)

Please do not make payment of AVCs to the Pension Fund. AVCs need to be paid direct to the AVC provider.

More Information

For further detailed information on how to complete the new PEN18 please refer to the instructions accompanying this bulletin. These instructions will also be sent to each employer alongside the pre-populated PEN18 and will be available on the LGSS Pensions website.

For all queries concerning the matters covered in this bulletin please contact the following members of the LGSS Pensions Funding Team;

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