

**The Local Government Pension Scheme (Scotland)
Schedule 7 (Councillor Members)
Purchase of pre-eligibility service**

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1 Background

1.1 Under Schedule 7 of the Local Government Pension Scheme (Scotland) Regulations 1998 (“the Principal Regulations”) (SI 1998/366) as inserted by the Local Government Pensions Etc (Councillors and VisitScotland) (Scotland) Amendment Regulations 2007 (SSI 2007/71), regulation 55A is inserted into the Principal Regulations as they apply to councillor members. The inserted regulation enables a councillor member who:

- is elected at the ordinary election held on 3 May 2007; and
- had previously been a councillor for one or more periods of time between 1 January 1995 and 3 May 2007

to elect to make a payment so that some, or all of his ‘pre-eligibility councillor service’ counts as membership of the LGPS. ‘Pre eligibility councillor service’ is the total period in which the elected councillor had acted previously as a councillor between 1 January 1995 and 3 May 2007. If service is made up of more than one period, then pre-eligibility councillor service is the aggregate over all periods.

1.2 Regulation 55A(6) provides that the payment(s) required to purchase pre-eligibility councillor service must be as shown in guidance issued by the Government Actuary. Regulation 55A(11) provides that the benefits payable if a councillor purchasing pre-eligibility benefits by instalments leaves service without having paid all the instalments must be as shown in guidance by the Government Actuary. The purpose of this note prepared by the Government Actuary's Department for the Scottish Public Pension Agency (SPPA) and issued to them for onward transmission to administering authorities and employing authorities, is to provide the guidance required by Regulations 55A(6) and 55A(11).

1.3 The regulations state that councillors can purchase pre-eligibility membership. This has been interpreted to mean that the councillors can purchase a benefit in line with the benefits they would have accrued if councillor pensions had been available in the pre-eligibility period based on the councillor roles defined in legislation at that time and councillor salaries at 3 May 2007. This approach has been agreed by SPPA.

1.4 This GAD guidance note comes into effect from 2 May 2007, and applies in regard of elections to purchase pre-eligibility councillor service made on or after that date. Regulation 55A(4) states that elections to purchase pre-eligibility service must be made within 12 months of the ordinary election on 3 May 2007. Other elections to purchase additional pension are covered by separate GAD guidance.

2 Benefits

- 2.1 If a councillor member purchases pre-eligibility service, this will provide the following benefits:

Retirement

- 2.2 On attaining age 65, an additional pension will be payable for life and a lump sum equal to three times the initial rate of pension will be payable. The pension will be indexed in line with the Retail Prices Index (RPI) from the date contributions commenced to the date of death. The pension payable at retirement may be commuted to provide a larger lump sum subject to HMRC limits.
- 2.3 In order that the full additional pension is credited on retirement, other than on death in service or on retirement on grounds of permanent incapacity, the member must continue paying additional contributions to the end of the agreed payment period.
- 2.4 If a councillor leaves service other than on death in service or on retirement on grounds of permanent incapacity, then they may pay the remaining instalments within three months and still receive the full additional membership.
- 2.5 Should a councillor leave employment for reasons other than death or invalidity and not take up the option of paying the balance of the outstanding instalments, regulation 55A(11) requires the Government Actuary to specify what proportion of pre-eligibility councillor service counts towards membership. The Government Actuary is also required to specify, under regulation 55A(12), what proportion of pre-eligibility councillor service counts as membership following discontinuance of instalments due to financial hardship.
- 2.6 The proportion of pre-eligibility councillor service that should count towards membership in the two circumstances described in paragraph 2.5 is the ratio of total instalments made from the date of the election to the final instalment to the total instalments due from the outset of the election.
- 2.7 All additional pensions are indexed in line with inflation once in payment.
- 2.8 In deciding how much additional pension to purchase, such members may wish to take into account that the additional pension actually purchased will fall short of their "headline" target if they retire before attaining age 65. The additional benefits would be reduced if the contributions had ceased before the due end date. In addition, the benefits would be reduced in line with the guidance under regulations 30 and 34 if drawn before age 65 (other than on the grounds of permanent ill health).

Death before retirement

- 2.9 In accordance with regulation 55A(9), should a councillor die before retirement while making contributions, the attaching additional long-term spouse's or civil partner's pension payable will be 50% of the full rate of pension being purchased. Any long-term children's pensions payable will be calculated based on a member pension including the full rate of additional pension being purchased.
- 2.10 If the death occurs after contributions have ceased, then the long-term spouse's or civil partner's pension is 50% of the additional pension after the reduction described in paragraph 2.6. Any long-term children's pensions payable will be calculated based on a member pension including the additional pension after the reduction described in paragraph 2.6.

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- 2.11 In both cases the pension will then be indexed in line with RPI from the date contributions commenced up to the date of death.
- 2.12 The short-term pensions and death grant payable on the death of a councillor member while in active service are unaffected by contracts to purchase pre-eligibility membership since they are based on multiples of career average pay.
- 2.13 The member pension used when calculating the death grant payable on the death of a deferred councillor member who has commenced a pre-eligibility membership contract should include the additional pension after the reduction described in paragraph 2.6 if payments were not completed, and the full rate of additional pension if the payments were completed.

Ill health

- 2.14 In accordance with regulation 55A(9), should a councillor cease paying contributions due to incapacity before age 65, the pension paid on retirement will include the full amount of additional pension purchased, together with an attaching lump sum of three times the initial pension. The pension will be indexed in line with inflation from the date contributions commenced up to the date of retirement.

Death after retirement

- 2.15 On death of a member after retirement, the additional short and long-term pensions payable to a spouse, civil partner or child are calculated with reference to the member pension payable before the member's death including the additional pension payable as is the death grant that may be payable.

3 Maximum additional pension

- 3.1 The maximum pre-eligibility service that can be purchased is limited to the period referred to in Regulation 55A(1(b)), (that is the period(s) of time between 1 January 1995 and 3 May 2007 where the elected councillor had acted previously as a councillor).
- 3.2 The maximum additional pension that may be purchased is calculated as follows:
- 3.2.1 Calculate the number of years (with part years counting proportionately) in service as a councillor between 1 January 1995 and 3 May 2007.
- 3.2.2 Split this into periods when the councillor was a convener, when the councillor was a deputy convener and all other periods of councillor service. The periods as a convener or deputy convener should be split between periods serving in councils falling each of the bands A, B, C and D as defined in the Local Governance (Scotland) Act (Remuneration) Regulations 2007 (SSI 2007/183).
- 3.2.3 The periods of service should each be multiplied by the following amounts which are one eightieth of the equivalent annual salary payable from 3 May 2007.

Additional Pension (£ pa) for 1 year of service	
Ordinary councillor	193.15
Deputy convener Band A	241.45
Deputy convener Band B	289.74
Deputy convener Band C	338.01
Deputy convener Band D	434.60
Convener Band A	321.93
Convener Band B	386.31
Convener Band C	450.69
Convener Band D	579.46

- 3.3 Consider the following two examples:
- 3.3.1 A councillor who was an ordinary councillor from 1 January 1995 to 31 December 1999 (5 years) and deputy convener in a band C council from 1 January 2000 to 2 May 2007 (7 years 122 days). The councillor was elected in the election on 3 May 2007. The maximum pre-eligibility pension that can be purchased is therefore $5 \times \text{£}193.15 + (7+122/365) \times \text{£}338.01 = \text{£}3,442.93$ pa.
- 3.3.2 A councillor who was deputy convener in a band B council from 6 May 1999 to 30 April 2003 (3 years 360 days) and deputy convener in a band C council from 1 May 2003 to 2 May 2007 (4 years 2 days). The councillor was elected in the election on 3 May 2007. The maximum pre-eligibility pension that can be purchased is therefore $(3+360/365) \times \text{£}289.74 + (4+2/365) \times \text{£}338.01 = \text{£}2,508.88$ pa.
- 3.4 Regulation 55A(5) states that if a councillor wishes to purchase only some of their pre-eligibility service then they should state the period which they wish to purchase. However it is acceptable and administratively simpler for a councillor to state the annual rate of pension which they wish to purchase, rather than calculating the period of time which would imply the desired amount of pension.
- 3.5 In addition to this restriction, members considering purchase of this service may wish to consider the limits on the tax relief in respect of pension contributions by HMRC and the likelihood and implications of exceeding their Annual or Lifetime Allowance as a result of purchasing pre-eligibility service.

Contributions

- 3.6 Under Regulation 55A(5), the payment should be made by lump sum or instalments, and where payment is made by instalments the period over which payments are made can be chosen by the councillor but should be no longer than 5 years or, if less, the period between the date of the election and the councillor's 65th birthday.
- 3.7 The tables in sections 4 and 5 should be used in order to determine the additional lump sum contribution for an additional pension of £250 pa (indexed in line with inflation from the date contributions commence to the councillor's 65th birthday), payable from 65. This payment will also purchase the associated benefits described in section 2. The lump sum factors may be interpolated for individuals who make a lump sum contribution on a date other than their birthday. If a councillor applies to make a lump sum contribution after their 65th birthday, then authorities should apply to GAD for the cost of purchasing the service desired.
- 3.8 The tables in sections 6 and 7 should be used in order to determine the additional contributions, expressed as fixed level monthly amounts, for an additional pension of £250 pa (indexed in line with inflation from the date contributions commence to the councillor's 65th birthday), payable from 65. This contribution will also purchase the associated benefits described in section 2. Regular contributions should commence on the councillor's next birthday after the election to purchase pre-eligibility service.
- 3.9 This guidance may be replaced by updated guidance in the future. In this event, the regular contributions under contracts that have already commenced may be revised. If following such a review of contributions a councillor decides to cease contributions, the additional benefits purchased will be calculated as if the councillor had ceased to pay contributions other than on death in service or on leaving service on grounds of permanent incapacity.

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4 Pre-eligibility councillor service – Lump sum contribution - Males

Lump sum to be made by a male serving councillor member who has elected to purchase pre-eligibility service providing a pension of £250 a year

Exact age at election	Lump sum contribution for an increase in pension of £250 pa (£)	Exact age at election	Lump sum contribution for an increase in pension of £250 pa (£)
20	1,230	45	2,950
21	1,280	46	3,050
22	1,320	47	3,150
23	1,370	48	3,250
24	1,420	49	3,340
25	1,470	50	3,450
26	1,520	51	3,550
27	1,580	52	3,650
28	1,640	53	3,750
29	1,690	54	3,860
30	1,760	55	3,970
31	1,820	56	4,080
32	1,880	57	4,190
33	1,950	58	4,310
34	2,020	59	4,430
35	2,100	60	4,560
36	2,170	61	4,690
37	2,250	62	4,840
38	2,330	63	5,010
39	2,410	64	5,180
40	2,490	65	5,380
41	2,580		
42	2,670		
43	2,760		
44	2,860		

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5 Pre-eligibility councillor service – Lump sum contribution - Females

Lump sum to be made by a female serving councillor member who has elected to purchase pre-eligibility service providing a pension of £250 a year

Exact age at election	Lump sum contribution for an increase in pension of £250 pa (£)	Exact age at election	Lump sum contribution for an increase in pension of £250 pa (£)
20	1,250	45	3,050
21	1,300	46	3,150
22	1,350	47	3,250
23	1,400	48	3,360
24	1,450	49	3,470
25	1,500	50	3,580
26	1,560	51	3,690
27	1,620	52	3,790
28	1,680	53	3,900
29	1,740	54	4,010
30	1,810	55	4,110
31	1,870	56	4,220
32	1,940	57	4,330
33	2,010	58	4,440
34	2,090	59	4,560
35	2,160	60	4,670
36	2,240	61	4,800
37	2,320	62	4,940
38	2,400	63	5,080
39	2,480	64	5,240
40	2,570	65	5,420
41	2,660		
42	2,750		
43	2,850		
44	2,950		

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6 Pre-eligibility councillor service – Regular instalments - Males

Additional contributions, as a level monthly payment, to be made by a serving male councillor member who has elected to make additional contributions to the LGPS to increase his total membership

Age on next birthday after election	Monthly contribution for an increase in pension of £250 pa (£)				
	Payment period (years)				
	1	2	3	4	5
20	105.20	53.90	36.80	28.30	23.20
21	108.90	55.80	38.10	29.30	24.10
22	112.80	57.80	39.50	30.40	24.90
23	116.90	59.90	40.90	31.50	25.80
24	121.10	62.10	42.40	32.60	26.70
25	125.50	64.30	43.90	33.80	27.70
26	130.10	66.60	45.50	35.00	28.70
27	134.80	69.10	47.20	36.30	29.80
28	139.70	71.60	48.90	37.60	30.80
29	144.70	74.10	50.70	39.00	32.00
30	149.90	76.80	52.50	40.40	33.10
31	155.40	79.60	54.40	41.80	34.30
32	161.00	82.50	56.40	43.30	35.60
33	166.80	85.50	58.40	44.90	36.80
34	172.70	88.50	60.50	46.50	38.20
35	178.90	91.70	62.70	48.20	39.60
36	185.40	95.00	64.90	49.90	41.00
37	192.00	98.40	67.30	51.70	42.50
38	198.80	101.90	69.70	53.60	44.00
39	205.80	105.50	72.10	55.50	45.60
40	213.10	109.30	74.70	57.50	47.20

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Age on next birthday after election	Monthly contribution for an increase in pension of £250 pa (£)				
	Payment period (years)				
	1	2	3	4	5
41	220.60	113.10	77.40	59.50	48.90
42	228.30	117.10	80.10	61.70	50.60
43	236.20	121.20	82.90	63.80	52.40
44	244.20	125.30	85.70	66.00	54.30
45	252.40	129.50	88.70	68.30	56.20
46	260.80	133.90	91.70	70.70	58.20
47	269.30	138.40	94.80	73.10	60.20
48	277.90	142.80	97.90	75.60	62.30
49	286.60	147.40	101.10	78.10	64.40
50	295.40	152.00	104.40	80.70	66.60
51	304.40	156.80	107.70	83.40	68.80
52	313.40	161.60	111.10	86.10	71.10
53	322.60	166.50	114.60	88.80	73.50
54	332.00	171.40	118.10	91.70	75.90
55	341.50	176.60	121.90	94.70	78.60
56	351.50	182.00	125.80	97.90	81.40
57	361.80	187.70	130.00	101.30	84.30
58	372.60	193.60	134.20	104.80	87.30
59	383.70	199.70	138.70	108.40	90.40
60	395.60	206.20	143.30	112.20	93.70
61	408.10	212.90	148.20	116.10	N/A
62	421.50	220.20	153.50	N/A	N/A
63	436.10	228.10	N/A	N/A	N/A
64	452.30	N/A	N/A	N/A	N/A

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7 Pre-eligibility councillor service – Regular instalments - Females

Additional contributions, as a level monthly payment, to be made by a serving female councillor member who has elected to make additional contributions to the LGPS to increase her total membership

Age on next birthday after election	Monthly contribution for an increase in pension of £250 pa (£)				
	Payment period (years)				
	1	2	3	4	5
20	106.80	54.70	37.40	28.70	23.60
21	110.70	56.70	38.80	29.80	24.40
22	114.90	58.90	40.20	30.90	25.40
23	119.20	61.10	41.70	32.10	26.30
24	123.70	63.40	43.30	33.30	27.30
25	128.30	65.80	44.90	34.60	28.30
26	133.20	68.20	46.60	35.90	29.40
27	138.20	70.80	48.40	37.20	30.50
28	143.40	73.50	50.20	38.60	31.70
29	148.70	76.20	52.10	40.10	32.90
30	154.30	79.10	54.00	41.60	34.10
31	160.00	82.00	56.10	43.10	35.40
32	166.00	85.10	58.20	44.70	36.70
33	172.10	88.20	60.30	46.40	38.10
34	178.30	91.40	62.50	48.10	39.50
35	184.80	94.70	64.80	49.80	40.90
36	191.40	98.10	67.10	51.60	42.40
37	198.10	101.60	69.50	53.50	43.90
38	205.10	105.20	71.90	55.40	45.40
39	212.40	108.90	74.50	57.30	47.10
40	219.80	112.70	77.10	59.40	48.70

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Age on next birthday after election	Monthly contribution for an increase in pension of £250 pa (£)				
	Payment period (years)				
	1	2	3	4	5
41	227.50	116.70	79.80	61.50	50.50
42	235.50	120.80	82.70	63.60	52.30
43	243.60	125.00	85.50	65.90	54.10
44	252.00	129.30	88.50	68.20	56.00
45	260.50	133.80	91.60	70.60	58.00
46	269.40	138.30	94.80	73.00	60.00
47	278.50	143.10	98.00	75.60	62.20
48	287.70	147.90	101.30	78.20	64.40
49	297.10	152.70	104.80	80.90	66.70
50	306.70	157.80	108.30	83.80	69.10
51	316.30	162.90	112.00	86.70	71.60
52	325.80	168.00	115.60	89.60	74.10
53	335.30	173.10	119.20	92.50	76.60
54	344.80	178.20	122.90	95.50	79.20
55	354.30	183.40	126.70	98.60	81.90
56	364.20	188.80	130.70	101.80	84.70
57	374.30	194.40	134.80	105.20	87.70
58	384.60	200.10	139.00	108.60	90.70
59	395.20	206.00	143.30	112.20	93.70
60	406.30	212.10	147.70	115.80	96.90
61	418.00	218.50	152.40	119.70	N/A
62	430.40	225.40	157.40	N/A	N/A
63	444.00	232.90	N/A	N/A	N/A
64	458.90	N/A	N/A	N/A	N/A