

This document is designed to be an employer overview to the LPP EoY process, to be used as part of the End of Year process and in conjunction with the End of Year returns and query letters.

The information contained in this document should assist in the completion of the EoY return, ensuring that the information submitted to the LPP is as detailed and accurate as possible, and in the resolution of any EoY queries which may follow.

## Common End of Year Terminology

- **ABS** : Annual Benefit Statement
- **Average Hours** : hours provided for variable time members, worked out as hours worked during the year divided by weeks of the year the member was in the scheme.
- **Conts** : contributions
- **DJF**: Date member commences paying contributions into the fund, NOT the date they join employment
- **DoL** : Date member leaves fund, NOT the date they leave employment
- **Ees and Ers** : Employees and Employers contributions
- **EoY** : End of Year
- **FTE** : Full time equivalent (of a part-timers pay or hours)
- **Notional Pay** : FTE of pensionable pay member would have received if they had not had period of reduced or unpaid leave
- **Pensionable Pay** : Any element of a members pay or salary which is pensionable (i.e. contractual overtime)
- **PR** : Pensionable Remuneration
- **The return** : The main EoY contributions return
- **TTO/Term Time Only** : a member who contractually works less than 52 weeks per year

## What you should include in your EoY return?

Other than the basic details required, you should also include the following information on your EoY return where possible:

### **Notional Pay**

For any member who has had a period of reduced pay or unpaid leave, such as sickness or maternity/paternity/adoption leave (this should be provided in the 'Notes' column (i.e. Maternity Leave, FTE notional pay of £25,000).

### **Backpaid contributions**

For any member who has underpaid contributions in previous years, paid back a previous period of unpaid leave (including industrial action) or has paid contribution on pay arrears relating to previous years. Any contributions relating to these should not be included in basic contributions, they should instead be entered in the 'Addcash' column and an explanation provided in the 'Notes' column (i.e. Add cash relates to backpaid conts: £20.00 Ees + £50 Ers for 2008/09)

### **Significant changes to pensionable pay**

If a member has had a pay increase of more than £2500 or a pay decrease of more than £1000 then a comment should be added to the 'Notes' column along with the pay grade the member is now on (i.e. Pen Pay increase due to Acting Up, £35,000). This allows us to check any unexpectedly high or low PRs earlier in the process, and prevents us having to ask you for an explanation later.

### **Term Time Only**

For members who contractually work less than 52 weeks per year, the number of weeks worked (including annual leave) should be entered in the 'Notes' column, along with the FTE weeks (i.e. TTO 42/52.14 weeks).

Including this information will result in members' records being more accurate and less EoY queries being raised.

### ***What you DON'T need to include....***

Please find below a list of information which **we do not need to know** about on the EoY return:

- AVCs – these are between the member and Prudential and do not form part of their LGPS benefits.
- Any members who have not received any contributions or pensionable pay in that particular year.



## Checks to carry out before submission

There are a number of checks you should carry out before submitting your EoY return. These will ensure that the information you are submitting is accurate and eradicate many basic EoY queries later in the process.

Some of these checks may seem very basic or common sense but they are based on simple errors which we see every year.

It is particularly important for employers whose EoY returns are prepared by payroll providers to carry out these checks, as it is the employer's ultimate responsibility to ensure that the information provided to the LPP is accurate, whether it is coming from themselves or from an external source.

### General Checks

Before submitting your return ensure that:

- a joiner form has been submitted for any member who started in that year
- a leaver form has been submitted for any member who left during that year
- there are separate lines on the return for each separate job a member holds (even if they are both paid under one payroll number), this includes the posts a member holds pre- and post-flexible retirement
- there are separate lines on the return for any members who have changed contribution rate during the year



*N.B. The LPP Data Matching facility, available at [www.yourfund.org.uk](http://www.yourfund.org.uk), allows you to check for any discrepancies with regard to joiners, leavers and hours (excluding variable hour and TTO members) throughout the year. For more information on this please contact any member of the Employer Services team.*

### National Insurance Number

Ensure that the NI Number you are providing for all members is correct and matches the NI Number provided to us on joiner forms and/or previous EoY returns.

### Date of Leaving

Ensure that anyone with a Date of Leaving (DoL) on the return has indeed left the pension scheme (they may still be in your employment) and that a leaver has been completed for them. N.B. The DoL should always be a date which is within that year, if a member left in a previous year they should not be on the return, and if they are due to leave in the following year their DoL should be shown on that year's return.

### Hours

Ensure that hours are the correct hours as at 31st March for all members but particularly for those who work part-time or term-time only. For part-time and full-time members hours can be checked throughout the year using the LPP data matching facility on [www.yourfund.org.uk](http://www.yourfund.org.uk)

## Checks to carry out before submission (continued...)

### Basic Contributions

Ensure that the basic contributions are the correct percentage of the PR return for each member (i.e. if a member pays 6.5% on a PR of £25,000 basic contributions should be £1625 on the return).

### Additional Contributions

As above, ensure that the additional contributions are the correct percentage of the PR on the return for each member. Unless they stopped or started during the year. In the case of ARCs ensure that the amount on the return is correct compared to the monthly payments (i.e. if a member has been paying £200 per month for 10 months the amount on the return should be £2,000).

### Add Cash

Ensure that for any amount in this column there is a corresponding explanation in the 'Notes' column (as per the note on backpaid contributions in the section on 'What you should include in you EoY return').

### Employer Contributions

Ensure that the employer contributions for each member are the correct percentage of the PR on the return for each member, unless the member was on reduced or unpaid Maternity/Sickness leave as employers contributions will be based on their notional pay not their actual PR. As per the section on Notional Pay above there should be a comment in the 'Notes' column which makes it clear that the member had a period of unpaid or reduced leave and details of what their Notional Pay should be.

### Notes

Ensure that there are explanations in the notes column for any members who have had periods of reduced or nil pay, have backpaid contributions or have had significant increases or decreases in the FTE pay during the year (further details on what you need to include in these cases are shown in the sections above). This column should also include details of the weeks worked for any TTO members.

### Payroll Number

Ensure that for members with more than one post have distinct payroll number in this section where applicable, to allow us to distinguish between their records.



## How we process the information you provide

Once you have submitted your EoY return via our secure site [yourfund.org.uk](https://yourfund.org.uk), it goes through 4 stages of checks at the LPP:

1. A number of **automated checks** are carried out by our IT system to pick out and missing joiners or leavers, along with members where there is a contribution mismatch (i.e. PR x contribution rate  $\neq$  basic contributions paid and/or additional contributions paid)
2. A member of Employer Services carries out **manual checks** to ensure that all the automatic queries raised are in fact legitimate queries.
3. At this stage the **contributions** are then posted either automatically or manually depending on the size of the employer. A further check is then done to pick up any queries for members where contributions haven't been posted.
4. Following this **Pensionable Remuneration** is automatically calculated for each member where contributions have been posted. PR is calculated as: contributions x contribution rate x PT hours/FT hours (if applicable) x days worked/365 (if started during the year). Once this has been done checks are carried out on any which appear very high or very low in comparison to previous years or the member's starting salary. Queries are then created for any members with a PR outwith our tolerances or where the hours on the return do not match those on our system.

Once all these stages are completed **Annual Benefit Statements (ABS)** are produced in late July for all members for whom no queries have arisen. For members where queries have been raised throughout the process we do not send an ABS, as we are not satisfied that the record we hold for them is accurate enough for a true estimate of their benefits to be produced.

The queries which have arisen for these members are sent to you by the end of August in the form of **an EoY Query** letter, and once they have been resolved the member will receive an ABS in the second run, normally done in the following March.

A **Reconciliation statement** is then produced and sent to each employer by the end of October, highlighting any discrepancies between the cumulative monthly contributions paid through the LG221 system and the contributions recorded on the return.

Under the **Pensions Administration Strategy (PAS)** you will be charged for any queries remaining on 31st October which represent over 10% of your active membership as at 31st March. As such we would advise you to respond to the queries below as soon as possible to ensure that your organisation is not affected. We also recommend all employers use our data match facility throughout the year to identify any missing joiners, leavers or changes of hour's forms. The system compares your records against ours and will help you reduce the number of queries generated at year end.

## Standard EoY Queries and how to resolve them

Please note that whilst this list details all the standard and most common EoY queries it is by no means exhaustive and other more unusual queries will arise from time to time. Where this is the case we will endeavour to provide you with as much information as possible regarding the query and suggestions on how it might be resolved.

Query	Description	Resolution
<b>Membership Queries</b>		
Potential Missing Joiner	A member appears on your EoY return but we do not hold a record for them.	Complete an online joiner form or confirm to Employer Services that member opted out within first 3 months and contributions were refunded.
Potential Missing Leaver	A member has a record on our system but doesn't appear on your EoY return.	Complete an online leaver form or confirm to Employer Services member's contributions, contribution rate and pensionable pay for relevant year(s).
DoL on Return	There is a date of leaving on your return but a leaver form has not been received for the member.	Complete an online leaver form or inform Employer Services if member is still active and DoL was shown in error.
DoL Mismatch	The date of leaving on the return does not match the date of leaving on the member's record.	If the DoL on return is correct, please submit online revised leaver; otherwise confirm to Employer Services that DoL on record is correct.
Multiple Entry Mismatch	The number of records on our system for a member does not match the number of lines shown for that member on the return.	Where there are records on our system for which a member is no longer active, complete online leaver form. If there are lines on the return for which the member has no record on our system, complete an online joiner form. N.B. This error type often includes members who have taken flexible retirement during the year or who have left the scheme and then rejoined in the same year. In both these cases we require two lines to be shown on the return.

## Contribution Queries

N.B. Any underpaid employee or additional contributions can be recovered from the member at your discretion and over any timescale; however they must be paid to the LPP as a lump sum as soon as possible, as with employer contributions. Once we have been informed of the amount owing we will calculate the interest owing and provide you with an invoice for the full amount.

Contribution Rate Mismatch	The contribution rate on the return does not match the contribution rate we hold for the member on our system.	Confirm the correct contribution rate for the member to Employer Services.
Basic Contribution Rate Discrepancy	The basic contributions on the return do not equate to the PR divided by the basic contribution rate.	This error is commonly caused by either an incorrect PR or incorrect basic contributions being entered on the return. Please check your return and provide the Employer Services team with any amended figures. If the discrepancy is due to the member changing their basic contribution rate during the year then please provide a split in the contributions paid at each rate and the date the rate changed.
Additional Contribution Rate Discrepancy	The additional contributions on the return do not equate to the PR divided by the additional contribution rate. OR in the case of Additional Regular Contributions (ARCs) the amount on the return does not reflect what we expected to be paid.	This error is commonly caused by either an incorrect PR or incorrect additional contributions being entered on the return. Please check your return and provide the Employer Services team with any amended figures or confirm if a member has ceased paying additional contributions during the year.
Additional Contributions Missing from Return	The member has an additional contribution arrangement but there are no additional contributions shown on the return.	Provide Employer Services with confirmation of additional contributions paid but not shown on return or provide details of amounts owing and when they will be repaid.

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## Standard EoY Queries and how to resolve them

Additional Contributions Missing from System	The member has additional contributions shown on the return but we have no record of them having an additional contributions contract.	Check that the additional contributions should be included on the return (see section on 'What not to include on the EoY return'). If the member is paying a relevant type of additional contributions then provide Employer Services with details of member's additional contributions contract.
Missing Contributions from Previous Years	The member's record is missing contributions from previous years when they were active in the scheme.	This is a common error where a member has had a missing joiner query going back a number of years. Provide details of PR, employee contributions and contribution rate for all years requested.
Member missing from New Contribution Rate (NCR) return	The member does not appear on the NCR return, which should contain details for all members who are active on 1st April of the new tax year.	Confirm the member's contribution rate as at 1st April of the new tax year to Employer Services or provide details of why they are not on the NCR return.

### Hours & Pay Queries

N.B. Please see the section on 'How we process the information you provide' for details of how we calculate the FTE pay figures which appear in these queries.

Hours Mismatch	The hours stated on the return do not match the hours we hold on our system.	Submit an online Change of Hours form for the member or provide the Employer Services team with any details which you believe may account for the discrepancy, i.e. the member works term-time only but this is not reflected in the information we hold.
Average Hours Missing for 2011/12	Variable Time (VT) member who does not appear on Average Hours return and for whom there are no details of average hours worked per week on the EoY return either.	Provide Employer Services with details of the average hours per week which the member worked. Please see the 'Common EoY Terminology' section for details on how average hours are calculated.



Low PR	A member's FTE pensionable pay is more than £1,000 less this tax year than in the previous tax year.	Provide confirmation to Employer Services that lower PR is correct and explanation for decrease (i.e. member no longer acting up/premium payment received dropped compared to previous years/demotion). If lower PR is incorrect investigate reason why. Common reasons are a change in hours, or that a member left or had period of leave which we were not informed of. Complete the appropriate online forms and/or provide details to Employer Services of any discrepancy or explanation.
Low PR compared to Starting Salary	A member started during the year and their FTE pensionable pay is more than £1,000 less than their starting salary.	Provide confirmation to Employer Services that lower PR is correct and explanation for decrease (i.e. member no longer acting up/ demotion). If lower PR is incorrect investigate reasons why. Common reasons are a change in hours, incorrect starting salary or 'date joined fund'. Complete the appropriate online forms and/or provide details to Employer Services of any discrepancy or explanation.



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## Standard EoY Queries and how to resolve them

High PR	A member's FTE pensionable pay is more than £2,500 greater this tax year than in the previous tax year.	<p>Provide confirmation to Employer Services that higher PR is correct and explanation for increase (i.e. member is acting up/premium payment received increased compared to previous years/promotion).</p> <p>If higher PR is incorrect investigate reason why. Common reasons are a change in hours, contribution arrears have been paid which relate to a different tax year which we were not informed of or non-pensionable elements have been included in the contributions in error. Complete the appropriate online forms and/or provide details to Employer Services of any discrepancy or explanation.</p>
High PR compared to Starting Salary	A member started during the year and their FTE pensionable pay is more than £2,500 greater than their starting salary.	<p>Provide confirmation to Employer Services that higher PR is correct and explanation for increase (i.e. member acting up/promotion). If higher PR is incorrect investigate reasons why. Common reasons are a change in hours, incorrect starting salary or 'date joined fund'. Complete the appropriate online forms and/or provide details to Employer Services of any discrepancy or explanation.</p>
Service Break	A member has a period of reduced pay or unpaid leave during the year.	Provide details of Notional Pay for relevant years to Employer Services.

If you require any further information about anything contained within this guide, please contact the LPP Employer Risk Services Team