

**Settlement of the Part time Pension Claims
Guidance for the Local Education Authority Sector**

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Guidance to Education Authorities Settling Teachers and Lecturers Pension Part-time Pension Claims

This document is part of the agreement between the Employers Associations and the Trade Unions in the settlement of the Preston Part-time Cases

Important Notes

1. *Agreement has been reached between the relevant trade unions and the employers associations that the simplest and fairest method of constructing retrospective pension contributions and service credit is to use the notional salaries, together with the Settlement Model.*
2. *It is further agreed that Educational Establishments with claims against them will use this guidance agreed between the employer associations and the relevant trade unions to calculate retrospective service and TP pension contributions.*
3. *The agreed spreadsheet, to be used to calculate contributions is the Government Actuary Department (GAD) Settlement Model. Full explanation of this model and its use is discussed later in this guidance document.*
4. *The Notional Salaries must only be used to construct salary data for part-time pension cases and not for any other purpose.*
5. *The Education Establishments are recommended to consider all the evidence provided by the individual together with all the information they may have and to use the information and advice in this guidance to reach a written agreement with that individual.*
6. *On the rare occasions where this is not possible by correspondence, the authority and the individual should meet to provide clarification and to seek to resolve any outstanding issues.*
7. *The Individual should have the right to be accompanied by a trade union representative or work colleague.*
8. *The Department for Education and Skills has agreed that employer contributions for retrospective membership of the Teachers Pension Scheme shall be taken into account at the next scheme valuation and NOT through a direct charge on individual employer, Subject to Part 17, Para 7.*

However, the Department will audit claims, verified by authority, to check that the authorities are carrying out their functions strictly in accordance with this guidance. If the Department is not satisfied that the process has been carried out in accordance with this guidance, the employers' contributions will then have to be met directly by that employer.

1. BACKGROUND

At the request of the Employment Tribunal (ET Information Bulletin no 8), Education Authorities had identified, in August 2003, which of the outstanding TPS part-time pension claims were ready for settlement and which would remain 'stayed' pending the outcome of appeals or for other reasons. They were also asked to send a questionnaire by 1 October to the claimants in cases ready for settlement in order to collect the necessary details and evidence on which to settle the claim. The questionnaire and guidance was sent direct to authorities. These should be completed by claimants and returned within 28 days.

2. GUIDANCE TO HELP SETTLE CLAIMS

This guidance has been prepared by the employer organizations and the trade unions and is intended to help authorities settle claims where there has been a response to the questionnaire. Where there has been no response, authorities are recommended to check the address, particularly where it has been changed in the past, or use any other means of ensuring that the claimant has the opportunity to reply if they so wish,

As you are already aware, it has been decided that claims can go back to 1976.

3. THE SETTLEMENT PROCEDURE

3.1 It is readily accepted by all concerned that employment records will be sketchy and may, in some cases, no longer exist. Authorities are recommended to be reasonable and realistic in what evidence they require for all of the employment period claimed. Claimants will produce the evidence or information in their possession in response to the questionnaire. Authorities are expected to make available any records or information they may have. In addition, to help authorities and claimants to resolve the outstanding claims, the employers' organisations and the trade unions have drawn up details of salary scales and London allowances from 1976 to 1995, when hourly-paid part-timers were admitted to the TPS, and guidance on estimating approximate hours of work. For periods where there is no information, authorities need to identify patterns of employment from the details that are available and apply them to reach a reasonable informed estimate.

3.2 The purpose of this procedure is

- using the evidence available together with reasonable estimates, to calculate and inform the claimant (the offer letter) in writing of:
- the cost of the backdated employee contributions which they will be required to pay. A tool is provided for this purpose: the "Model settlement"
- the total pensionable service to be backdated (a formula is provided).
- as part of the agreement, the claimant is required to withdraw their claim with the Employment Tribunal
- to inform TPS of the backdated service payable and, unravel the national insurance contributions and SERPS.
- to inform the tribunal of the agreed settlement and withdrawal of the claim or that the case will need to be decided by an Employment Tribunal.

- 3.3 To help this procedure succeed, authorities are recommended to consider all the evidence provided by the claimant together with all the information they may have and to use the information and advice in this guidance to reach a written agreement with the claimant. Where this is not possible by correspondence, the authority and the claimant should meet to provide clarification and to seek to resolve any outstanding issues. The claimant should have the right to be accompanied by a trade union representative or work colleague.
- 3.4 *If the individual has difficulty providing the evidence they should be informed to contact:*
- i. *Inland Revenue. Data Protection Unit, Room BP4302, Benton Park View, Newcastle upon Tyne, NE98 1ZZ (quoting NI number) to formally request a copy of their employment record and/or;*
 - ii. *Inland Revenue, Class 1 caseworker, BP2202, Benton Park View, Newcastle upon Tyne, NE98 1ZZ (quoting NI number) to formally request a copy of their national insurance record.*

4. HOME TUTORS SERVICE

Home Tutor Service or teachers who worked part-time and were excluded from Teachers Pension depending on the legal outcomes may have claims from 1976 to 1988. Most Education Authorities paid the Home Tutors on school teacher salaries, and there is agreement for these cases between the employers and the unions that their Full Time Equivalent (FTE) salary be the notional salary for Primary and Secondary School Teachers (page 4) in the appendix.

5. HISTORY OF THE SALARY SCALES FOR ADULT EDUCATION SERVICE

- 1976 - 1980 10 regional salary scales with hourly rates of pay. Salary details are provided in Appendix page 8-10. Authorities will be able to identify their appropriate group by reference to their local authority.
- 1981 – 1992 national local authority scales with hourly rates page 7. Salary details are given in Appendix pages 11.
- 1992 - 1995 Adult Education had five scales but not all authorities moved from the three. Salary details are given in Appendix pages 6, 12 -15.

London Allowances, these were paid in addition to the hourly rate from 1976 to 1995.

Hourly paid part-time lecturers remained excluded from the Teachers Pension Scheme until April 1995, when the regulations were changed.

If a part-time election has not previously been completed by the applicant and accepted by Teachers' Pensions, then any part-time service after 1 May 1995 can be pensionable if the applicant so wishes by ticking the appropriate box on Form 1. However, any such service will be pensionable under the terms of the Teachers' Pensions Regulations 1997 and contributions will be collected by Teachers' Pensions accordingly (the information contained in this guidance document cannot be applied to an election for part-time service after 1 May 1995)."

5.2 Receipt of Questionnaires and non response

Once the questionnaires have been returned to you, it is advised that you divide the returns into five categories.

Those most likely to succeed

Those most likely to succeed if sufficient evidence

Stayed cases.

Those who will be responding later than the 28 days

No response

It is hoped that there is none in the last section. However if there is it may be due to a change of address. If the individual were still in your employment it would be worth checking your records on this matter or considering internal mailing.

The two sections that you have to address are the top two.

6. Step One - Checking Questionnaires

- 6.1 It is recognised that the responses will cover a wide spectrum of both type and level of evidence returned to you. There will be some that have complete documentary evidence of their work record including contracts specifying grades of pay and work time as well as pay slips and P60's. There will also be some with evidence of the employment but scant information on the range of contracts and work time.
- 6.2 Once you have established a chronological diary of work, pattern, earning and evidence then you need to identify the method to be used to establish the contributions due and the service credited.
- 6.3 Your task is to establish a chronological pattern of the earnings over the period claimed. You may need to use various tables to change the information you have been given into an earning pattern.
- 6.4 The individual is likely to provide the evidence in academic years as contracts were normally issued in this way. **Remember you are reporting the information to Teachers Pension in financial years and need to separate out the summer term into the next academic year.**

6.5 Pattern of Work

During this period the pattern of working for hourly paid lecturers was 14 weeks in the Autumn Term, 12 weeks in the Spring Term and 10 weeks in the Summer Term. It is worth remembering this if you have annual contracts, it means that 26 weeks will be in one financial year and the remainder will be in the next financial year. However some Education Authorities did not run Adult Education in the Summer Term.

6.6 **If the evidence is all contract based**

You will need to use the tables to calculate the earnings e.g Sept 1987 annual contract of 10 hours at grade IV work for 32 weeks in Adult Education authority. *Using table on page 7 of the appendix the hourly rate is £13.60*

Using a copy of table on Page 12 in the Appendix, you would enter in the Autumn term 1987 the total of 14 weeks x 10 hours x £13.60 = £1904. In the Spring term 12 weeks x 10 hours x £13.60 =£1632. In the next financial year for Summer term you would enter 6 weeks (annual contract 32 minus the autumn and spring term work 25, leaves 6 weeks for summer term work) x 10 hours x £13.60 = £816. There was a pay rise on 1st July 1988 but the individuals' contract did not extend to then.

If the next annual contract was 15 hours at Grade IV for 34 weeks you would enter in the Autumn term 1988 the total of 14 weeks x 15 hours x £14.43 = £3030.30. In the Spring term it would be 12 weeks x 15 hours x £14.43 = £2597.40. In Summer Term there was a salary rise 1st April 1989 so the calculation would be 8 weeks x 15 hours x £15.51 = £1861.20

You would enter it into the correct part of the table.

Financial Year	Grade IV Summer	Autumn	Spring	Total	FTE
Apr87-Mar88		<i>1904</i>	<i>1632</i>		11158
Apr88-Mar89	<i>816</i>	<i>3030</i>	<i>2597</i>	<i>6442</i>	12540

If there were other contracts of work during this time at this grade of work then you would add them in as you work.

The individual may have had work at different grades so you would need to work all those out as well this should enable you to see the pattern of work over the year and the other years claimed for. Once you have achieved that you will need to arrive at a total earnings for the financial year and the averaged FTE.

If the evidence is a mixture of contract work and pay slips then you would need to work out the contract evidence in the way above and incorporate with pay information that you have.

If you are an employer within the areas that pays London Allowances then you would select the appropriate table *in the appendix pages 13-15.*

6.7 If the evidence is pay based with gaps

You are likely to use the notional salary table, if you are an employer covered by London Allowances then you ignore this fact.

For example the individual has some P60's for some years and a bunch of pay slips for another, and it is known that the individual worked throughout this time and was working in an Adult Education Centre then you would use *Table on page 6*.

P60s for March 1989 showed £7534, March 1988 showed £6850 and March 1986 showed £5907.

The pay slips in the Autumn term of 1988 totalled £2400 for 14 weeks which suggest that the individual continued to earn in the same pay banding range as the other years namely 60%.

Notional Salaries for Part-time Lecturers in Adult Education Services

Pay Dates	Up to 20%	Up to 40%	Up to 60%	Up to 80%	FTE
1.04.84 – 30.03.85	2102	4205	6307	8410	9777
1.04.85 – 30.03.86	2221	4443	6664 5907	8886	10331
1.04.86 – 30.03.87	2373	4746	7119	9492	11037
1.04.87 – 30.03.88	2497	4994	7490 6850	9987	13287
1.04.88 – 30.03.89	2674	5349	8023 7534	10698	15152

If the pattern of work is variable then using the notional salary for the appropriate section you will need to put it down against the pay bandings and see if a pattern emerges. If it does not then see if the periods of work form blocks and handle the information that way. If it does not then you are going to have to average the work over the period of time.

6.6 Incomplete history of employment

When you have used all the evidence you have on an individual and there is still gaps, you will need to organise a meeting with the individual and their representative, and together look at the material and agree a way of handling the gaps. The most promising is to look at the pattern of the work on either side and mirror it across the gap. If the work pattern is very erratic then seek to mirror the average of the work across the time to fill the gap in.

It is in the interests of the individual and yourself to reach an agreement on this matter.

7. Step Two – Calculating the Backdated Employee Contribution and Service.

- 7.1 Once you have gathered the evidence and processed it you are ready to move to the calculation stage: this should enable you to work out the contributions the individual will have to make and the service it will purchase in the scheme. It will also enable you to complete the forms for Teachers Pension and provide the information necessary of the audit trail for the department.
- 7.2 To calculate the backdated employee contributions, you need information on the earnings in each year claimed (use the evidence) and the full-time equivalent salary for each of those years (*select table on page 12 unless you are in London and then select the appropriate table from pages 13-15*). You can calculate the part time proportion (as a percentage) by dividing the earnings by the FTE to get a fraction and multiply by 100 to get a percentage. You then put this information in the "Model settlement" and it will calculate the backdated employee contributions for you. (*Page 19 in the appendix shows all an illustration of the sheet you will work on, and page 20 onwards is the guidance for using the Settlement Model*). With the same information use the formula to calculate the years of pensionable service to be credited. *Shown on page 11 of this guidance.*
- 7.3 Tracking an individual's pensionable earnings year by year is not likely to be practicable in the vast majority of cases because the records will not be available. So the most frequently used method is likely to be based on one annual pensionable earnings figure at the end of the reinstatement period or current salary. You will need the part-time proportion as described above. This may have been the same throughout the period or, where it varied, an average across the total period can be calculated or using the last year in the blocks for each variation and again totaling the contributions owed.
- 7.4 Some individuals will have provided all the evidence of the earnings and FTE for each year may be available and have asked if you will work it out exactly. In these cases it is possible to use the Model settlement to do a calculation for each year. Then you will need to total the contributions.
- 7.5 The "Model settlement" is available in the GAD SPREADSHEET MODEL TO ASSIST IN CALCULATING CONTRIBUTIONS REQUIRED TO REINSTATE SERVICE. The website also provides information on how to use the model - Guidance on the use of the GAD SPREADSHEET MODEL. The TPS contribution (employee) rate required by the Model settlement is 6% for all years and the tax rate is 22%. *Explanation in the appendix on page 20.*

7.6 Here are some examples of how to use the Model settlement

An hourly paid Adult Education lecturer is claiming for 5 years 1990 to 1995 (when they were allowed access to the pension scheme). They worked roughly the same each year and in their final year earned £3424.80. Using the *Adult Education table page 6* in the appendix, for that year you can see that the earnings are in the 20% band and the FTE is £20145

Click the boxes to see the drop down menu or information that you will need to input. The guidance for using the model is on page 20 of the appendix. Note the cells at the left hand side of the page are numbered and these are referred to below and explanations are in the guidance set out against these cell numbers.

Using this data, complete the Settlement Model as follows

Start of Re-instatement period (<i>cell 20</i>)	09/1990
End of Re-instatement period (<i>cell 21</i>)	03/1995
Applicable month and year of salary Date. (<i>cell 26</i>)	03/1995
Annual full-time salary (<i>cell 27</i>)	£201456
Part time proportion (<i>cell 28</i>)	20%
Contribution rate	6%
Tax rate for active members (<i>cell 32</i>)	22%

The model would use this information to calculate the contribution that the individual will have to make:

Contributions due	£1661
(where tax relief available)	

The model also calculates the monthly regular deductions that the individual can agree.

7.7 The tax contributions see page 37 of the appendix for explanation on which to use.

7.8 Request for full assessment with all evidence presented

You would use page 7 for the hourly rate of pay and page 12 in the appendix which has been used for this exercise. If you are based in the areas covered by the London Allowances then you would use *the appropriate one from pages 13-15*.

			FTE
1990/1	3 hours per week for 32 weeks @ grade 2, £20.12	£1569	£16430
	2 hours per week for 14 weeks @ grade 5, £12.61	£353	£12161
		£362	£17631
1991/2	5 hours per week for 32 weeks @ grade 2, £21.35	£2775	£17631
	4 hours per week for 20 weeks @ grade 5, £13.38	£1070	£13057
		£640	£18516
1992/3	10 hours per week for 32 weeks @ grade 2, £19	£4940	£18516

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		£1140	£19005
1993/4	5 hours per week for 32 weeks @ grade 2, £19.29	£2507	£19005
	5 hours per week for 20 weeks @grade 5, £14.17	£1417	£13713
		£578	£19446
1994/5	5 hours per week for 32 weeks @ grade 2, £19.77	£2570	£19446
	4 hours per week for 20 weeks @grade 5, £14.52	£1161	£14403

(only 26 weeks to be used in any financial year remainder of weeks carried into the next financial year)

You would have to input each year into the Model settlement and added them up like so

1990/1	tax relief £87 £ 20
1991/2	tax relief £ 33 £256 £ 99
1992/4	tax relief £ 56 £435
1993/4	tax relief £ 94 £206 £ 117
1994/5	tax relief £ 45 £200 £ 90

The lecturer would have to make the following contributions

Contributions due £1738
(where tax relief available)

7.8 Use of the notional tables

The same lecturer without the evidence, but enough to satisfy the employer that they were in their employment and earning a certain amount, would use them in the following way. (page 4 in the appendix). The total earning for the year have been inserted to demonstrate how to use the banding to enable an earnings pattern to emerge. It shows an average banding of 40% for the 5 years against the FTE of £20145. .

Year	Up to 20%	Up to 40%
1990/1	£1922	
1991/2		£4207
1992/3		£5580
1993/4		£5043
1994/5		£4309

11. Step 4 -Offer letter and Forms

Once the calculations of the retrospective contribution and service credit, have been completed and agreed. The authority will provide the individual with an Offer Letter and other relevant information.

11.1 Offer Letters

1. There are three versions of the offer letter.
2. One for each type of individual. An active member of TPS (page38 of the appendix), a deferred member (page 47 of the appendix) and a pensioner member (page 56 of the appendix).
3. The offer letters are basically the same, but there are variations depending upon the current employment status of the Applicant.
4. The authority will be required to add information to each of the offer letters, indicated by bold text within square brackets [].
5. Each offer letter must be accompanied by

11.2 a) Form 1.

This is the election form on which the individual indicates whether or not they wish to accept the offer, made in the letter. The individual may also use the form to indicate their preferred option for payment and to provide details of any contribution they have made to a personal pension scheme. By signing the Form 1, the individual (who legally is known as the Applicant) is entering into a legally binding agreement, from which they may not withdraw.

One for each type of individual. An active member of TPS (page45 of the appendix), a deferred member (page 54 of the appendix) and a pensioner member (page 62 of the appendix).

Form 1 must be completed and returned, to the authority, by the individual within six months from the date of the offer letter. The return date must be entered on the offer letter by the authority, in the “By when must I make a decision” paragraph. The authority’s name and address should be entered on the last page of Form 1 to indicate where the form should be returned.

Once it has been returned to the authority, a copy must be forwarded to TP, who will make the necessary arrangements for retrospective reinstatement to the pension scheme.

11.3 b. Form 2. Withdrawal of Employment Tribunal Application.

This form must be completed and returned to the address on the back of the form, by all individuals where agreement has been reached to settle their claim. When it has been received by the Employment tribunal it will signal to the ET that the claim has been settled and the case can be withdrawn/closed. If an individual/Applicant decides to decline the offer of retrospective membership of TPS, they will still have to complete and return the Form 2 to one of the addresses on the back of the form. Once the completed “Withdrawal of Employment Tribunal Application” is received by the ET, the claim will be withdrawn and the case will be closed. There are guidance notes with the form which should accompany the form to the Applicant. A sample form is at Page 64 of the Appendices.

11.4 c. Form 64-8 Inland Revenue Authority Form

This form, once it has been completed by the individual, must be returned to the authority. It provides the Inland Revenue with the authority to send the authority details of the individual’s National Insurance Contribution refund, to enable the authority to calculate and pay the interest due to the Applicant on the overpayment of National Insurance Contributions. A sample form is at page 67 of the Appendices.

Please note that for the purposes of Form 64-8 the authority is the “agent” dealing with the claim for retrospective membership of TPS.

Further copies of this document can be downloaded from www.inlandrevenue.gov.uk/pdfs/64-8.pdf

11.5 D. Estimate of Retirement Benefits sheet will be included with the information sent to enable the individual to obtain an approximate calculation of the increased benefits they are able to purchase. Copies on page 69 of the appendix.

12. Step Five– Processing the returned offers and forms

When the forms are returned within the six month deadline, then the authority needs to process them. Sort then out into the types of membership of Teachers Pension and process. Completed forms Education 1 (i.e. the questionnaire), Education 2, and Form 3 should be sent to Capita Teachers’ Pensions, Mowden Hall, Darlington, DL3 9EE.

12.1 Active member

Lump sum payment

If the individual is not purchasing the whole amount but part of their service, go back to the Model Settlement and if you have saved an individual copy for each member then open it. **Remember to change from the ‘initial quotation’ to ‘follow-up query’, to enable you to input the new data.** Input the part purchase option and print off a copy of this form and add this to their file.

If the individual is purchasing the full period or part of the period by lump sum payment, issue the tax certificate as receipt for the cheque this is on page 70 of the appendix. Send all information to Teachers Pension with copies of their file. At the same time confirm this with the individual.

Move to sorting out their National Insurance Contributions.

12.1.2 Deduction by monthly debit.

If the individual is not purchasing the whole amount but part of their service, go back to the Model Settlement and if you have saved an individual copy for each member then open it. Remember to change from the ‘initial quotation’ to ‘follow-up query’, to enable you to input the new data. Input the part purchase option and print off a copy of this form and add this to their file.

If the individual is purchasing the full period or part of the period by deduction from their salary and they will have indicated that they wish to pay this off over the period equal to the number of years of service being purchased or the period to their 60th birthday whichever is the earlier, then establish the payroll deductions. Check that the period is not more than the period of years that they are purchasing. Check that the repayments occur before the individual reaches the age of 60 years of age. Remember that the deduction is a fixed payment not a percentage of salary and send all information to Teachers Pension with copies of their file. At the same time confirm this with the individual.

Move to sorting out their National Insurance Contributions.

12.2 Deferred Members

If the individual is not purchasing the whole amount but part of their service, go back to the Model Settlement and if you have saved an individual copy for each member then open it. Remember to change from the ‘initial quotation’ to ‘follow-up query’, to enable you to input the new data. Input the part purchase option and print off a copy of this form and add this to their file. At the same time confirm this with the individual.

12.2.1 Lump sum –deferred members

If the individual is purchasing the full period or part of the period by lump sum payment, send all information to Teachers Pension with copies of their file. At the same time confirm this with the individual.

12.2.2 Use of retirement grant to complete repayments.

If the individual has indicated no payment back or a limited payment back and has opted to have the payment deducted from the lump sum retirement grant (or death Grant) and if necessary, by making deduction from the monthly pension when it is in payment, these arrangements are made directly with Teachers Pension. Therefore the authority needs to send all information to Teachers Pension with copies of their files. . At the same time confirm this with the individual.

Once Teachers Pension have been notified move to sorting out the national insurance contributions.

12.3 Pensioner Members

If the individual is not purchasing the whole amount but part of their service, go back to the Model Settlement and if you have saved an individual copy for each member then open it. Remember to change from the ‘initial quotation’ to ‘follow-up query’, to enable you to input the new data. Input the part purchase option and print off a copy of this form and add this to their file.

For the pensioner purchasing the full service or part service send the files to Teachers Pension for processing and at the same time confirm this with the individual.

Teachers Pension will recalculate the benefits and offset the cost of the period being bought against the additional benefits due.

Move to sorting out the national insurance contributions.

13. Problems

The authority needs to remember that if the individual defaults on any arrangements, then Teachers Pension will recover any unpaid amount (with interest) from the authority. It will be for the authority to recoup the money direct from the individual.

13.1 Active Members

If the individual is an active member and chooses to leave your authority before payment is completed, and is not claiming the pension, then when you receive their notice you need to talk to them over their intentions.

They could repay the money over a shorter period if they could afford to.

They could move to the payment being collected out of the retirement pension when they claim it.

Or select the payment in a one of sum in the future before retirement.

If the individual is claiming pension before they have completed the repayments, the authority should notify Teachers Pension who will recover the outstanding contributions via the retirement lump sum and monthly pension payments if necessary.

13.2 Deferred Members

If the deferred member has not paid off their outstanding contributions and wishes to transfer their pension, then the individual must pay off any balance of the outstanding contributions within six months of the 'guaranteed date' of the Cash Equivalent Transfer Value (CETV).

If the individual fails to do this, then Teachers Pension will recover the outstanding debt from the authority. They will become responsible for collecting this debt from the individual.

14. Applying For NIC REFUNDS

14.1 Authorities will normally claim NIC refunds on behalf of the individual and themselves. Authorities should complete a schedule of Applicants who are claiming NIC refund as part of the retrospective access to the Teachers Pension Scheme. An excel template of the schedule is available at Page 71 of the Appendices.

14.2 Once completed as fully as possible, the schedule should be sent, with a covering letter, from the authority, quoting the reference "PRESTON", to NICO, Benton Park View, Newcastle upon Tyne, NE98 1ZZ.

14.3 The authority should include the following details if any of them apply:

- a) If the individual is claiming an NIC refund for a period of service with a previous employer, from whom the individual was statutorily transferred (a statutory novation), then the covering letter should provide details of the employer from whom the Applicant was statutorily transferred, together with relevant dates of service, for which retrospective membership of TPS has been agreed.
- b) A completed Inland Revenue Form 64-8 for each Applicant

- 14.4 NIC refunds can take some time to be processed, but once NICO have received the schedule, a form 64-8 for each Applicant, together with a letter requesting the individual's refund to be made directly to the authority, if required and, where necessary a letter regarding statutory novation, it will be possible for them to calculate the refund due to the individual and authority, plus the interest due to the authority and arrange for payment to be made.
- 14.5 Once NICO has made employee refund (C), they will supply the employer with an annual breakdown in respect of those cases where a Form 64-8 has been returned with the schedule.
- 14.6 The authority can then complete the NIC spreadsheet to calculate the interest due to the individual and arrange for payment to be made, together with any NIC refund received in respect of the individual. This is available on the Treasury website www.hm-treasury.gov.uk/documents/taxation_work_and_welfare/public_service_pensions/tax_pensions_preston.cfm **Do remember to take a copy for the individual's file.**

The authority must then pass the residual sum (A+B-D) to TPS, to offset the employer pension contribution. You can remit this to TP in the normal way. Explanations of unraveling the National Insurance Contributions on page 71 of the appendix.

Employers should also refer to the guidance issued last August by DWP to Preston claimants – 'Backdating membership of an occupational pension scheme: What this might mean for you'.

15. Individuals who Purchased Personal Pensions

- 15.1 It is possible that some individuals who fit into the 'cases most likely to succeed' category will have paid into a personal pension scheme for part or all of the period that they are seeking retrospective membership of the TPS. There is an explanation of Personal Pension and Retrospective Access to Teachers' Pension Scheme on page 74 of the appendix.
- 15.2 There is only one situation that you have to watch out for and that is the individual who paid into a personal pension scheme, at a time when they were eligible for membership of the TPS and who have, as a result of the Securities and Investment Board (SIB) review of mis-sold personal pensions. And subsequently been reinstated in to the Teachers Pension for part or all of the period of their claim. You will be alerted to this possibility by Teachers Pensions', following submission of the agreed dates for retrospection they hold this information on their files.
- 15.3 If Teachers Pension contact you on this matter it will be to inform you and provide you with the relevant dates and depending on this information the claim will either not be able to be continued or you will have to recalculate the information removing that period of time.

16. Guidance on the unravelling of SERPS

- 16.1 SERPS unravelling will commence once NICO receives the above documents from the authority in respect of an individual who is being retrospectively admitted to the TPS and a NIC refund is required.
- 16.2 NICO will calculate the appropriate contracted-out deduction for the period of reinstatement, for individuals who are still in employment
- 16.3 The SERPS pension will then be recalculated taking into account any refund of NIC.**
- 16.4 Individuals who have retired and are claiming the SERPS pension will have their NIC records adjusted.
- 16.5 This will enable a calculation to be carried out, by the Department of Work and Pensions, in respect of any overpayment of the SERPS pension to Applicants who are in receipt of the SERPS pension.
- 16.6 Any overpayment of the SERPS pension to the Applicant will not be recoverable, although it will be off-set against any NIC refund that may be due.