

PENSION UNIT

LOCAL GOVERNMENT PENSIONS FACTSHEET (3)

WHAT ABOUT YOUR PENSION IF THERE WAS STRIKE ACTION?

Introduction

One question the Branch officers are often asked, when there's any suggestion of a strike or other industrial action, is "what would happen to my pension?" It is also an issue that management raise, in an attempt to stop people planning such action. So this factsheet is intended to spell out the position.

What is the position?

Under the LGPS, any whole days of strike action for which you are not paid, are not counted as "service" towards the calculation of your pension benefits. Your Employer has no discretion about this - these are the rules laid down in the regulations.

It is possible to **buy back** the service lost, at your own cost, but the rules are quite tight. You must buy back all the days you have lost, not just a proportion. You have to pay both the employer's and employee's contribution, which is calculated as 16% of the gross pensionable pay that you would have received if not on strike. The extra contributions will be deducted from pay. Normally this is as a single payment, but the employer has the discretion to spread it over a longer period.

Either the Pension Office or Payroll Section of your employer can provide a form for people to fill in and send back, if this is what they want to do. **Think carefully - once you have made the decision it cannot be changed.**

The people who administer LGPS pensions schemes usually advise anyone in this position to telephone their payroll section first, to get an estimate of what the cost to them would be, before they sign the form. You have 30 days from the date you return to work (longer if the employer allows) to make up your mind.

In most cases, the effect of a short strike on your pension is going to be too small for buying back to be worthwhile, though you might want to consider it if you were involved in lengthy action.

Example

Let's assume you had 10 years' service and pensionable earnings of £15,000 and were on strike for six days. If you decided to buy back, you would need to pay $(£15,000 \div 365 \times 6) \times 16\% = £39.45$.

If you did buy back, and retired two years later at normal retirement age still on the same earnings, buying back would mean you had a pension of £3 a year more, and a lump sum of £9 more, than if you did not do so.

People in their last year of service

Since they have had lower pay in that year, people who take strike action in their last year of service will also have their benefits calculated on a slightly reduced pay figure. So for this reason, those who are in this position are usually exempted from strike action, in order to avoid any effect on their pension.

National Pensions Unit
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