

# **EMPLOYER HUB TRAINING GUIDE**

## **ESTIMATE OF PENSION BENEFITS**

How to run an estimate on a member's record to calculate potential retirement benefits and any associated early retirement (pension strain) costs

Version 1.1 January 2022 This page is intentionally blank

West Midlands Pension Fund January 2022

#### When should I run an estimate?

There are a number of scenarios where you should run an estimate to ascertain a member's potential retirement benefits and any costs to the employer for early payment of benefits:

- When a member leaves on the grounds of redundancy/business efficiency and is aged 55 and over, they
  are entitled to *immediate payment of their unreduced benefits*.
  As a result of these unreduced benefits being paid earlier than normal pension age, an early retirement
  cost (ERC) is likely to be payable to cover the pension fund strain cost. This is payable by the employer
  upon the member's retirement as an up-front cost, for which you will be invoiced.
- In the event of your organisation agreeing to waive any actuarial reduction in respect of a member's benefits following their voluntary resignation, or your granting of flexible retirement, an ERC may be payable. This is payable by the employer upon the member's retirement as an up-front cost, for which you will be invoiced.
- If ill-health retirement is a consideration an estimate can be run in order to establish potential benefits for the member. There is likely to be an ERC associated with ill-health retirement, but the cost will not appear on any estimates you run, as cost <u>must not</u> be a factor in any decision to grant ill-health retirement. The ERC is not payable immediately but will be considered at the next triennial valuation (31/03/2022). Alternatively, if you are an employer with fewer than 1000 active members, these costs may be covered by the Fund's captive insurance policy - for further details on this please see our <u>Funding Strategy</u> <u>Statement</u>.

The calculation of an ERC is based on:

- The member's age
- Length of scheme membership
- Pay
- Length of time to their Normal Pensionable Age, and
- Factors produced by the Fund's actuary.

Before you agree any redundancy/business efficiency retirements, grant flexible retirements, or waive any actuarial reductions for members, we recommend that an estimate is produced through <u>Employer Hub</u> to establish any potential costs to the employer.

Before running an estimate, you should check the member's *Earnings and Contributions* and *Service and Salary* screens to ensure that the data is accurate.

Please be aware that for estimates where the retirement date is in a future scheme year, the member's pay will need to be projected forward to include the current year's actual pensionable pay and the future year's (estimated) actual pensionable pay to the date of retirement. Additionally, in April, May, and June each year, most members' CARE pots for the previous year will not have been updated following end-of-year procedures. You will need to account for this by including the member's previous year's actual pay in the Main Section Pensionable Pay field.

This guide will show you how to start an estimate process before splitting into four sections:

- 11a) III-health retirement estimate
- 11b) Redundancy/business efficiency retirement estimate
- 11c) Flexible retirement estimate
- 11d) Normal retirement estimate

West Midlands Pension Fund January 2022

#### **The Process**

1. Log into Employer Hub



2. Click on the Start a Process tile



3. Click on the 
 symbol next to Member Level Processes

W	est Midlands Pen	sion Fund	Search keywords	<b>x</b> ९
	Work Item Processing	g: Start A Proce	SS	
	ACTIONS Mhat do you want to do?	<ul> <li>Select th</li> <li><i>Filter</i></li> <li>Employer Level</li> <li>Member Level</li> </ul>	ne process you wish to start	

4. Click once on Estimate Pension Benefits to start the process



5. Search for the member's record that you wish to run an estimate against by entering their surname, pension reference number or national insurance number into the search bar and clicking on the magnifying glass

W	/est Midlands Pen	sion Fund Search keywords	x ०
≡	Work Item Processing: Start A Process		
	ACTIONS		
⊘	★ <u>Search for the</u> <u>Membership</u>	<ul> <li>Choose Member to start Process against</li> <li>Search for the Membership</li> </ul>	
	Proceed to Select the process you wish to		
	start		

6. When the member's record line appears, click once on it to open the record

≡	Work Item Processing: Start A Process			
	ACTIONS	Last Modified: 02/07/2021, 12:37:	13	
⊘	★ <u>Search for the</u> <u>Membership</u>	Choose Member to start Process against		
<b>I</b> (-)	Proceed to Select the process you wish to start	blue × Q		
		MEMBERSHIPS (2 OF 2) Mrs Mandy Blue: Membership (Active) Ref:10851449 Mr Victor Blue: Membership (Active) Ref:10851458		

7. The member's basic details will be displayed to enable you to check that you are starting the process against the correct membership record (if a member has multiple active records, an estimate will need to be run on each record). Once you are happy that it is correct, click *Submit* 

≡	Work Item Processing:	Start A Process			
	ACTIONS ★ Search for the Membership ◆ Proceed to Select the process you wish to start	<ul> <li>Choose Member</li> <li>★ Search for the Member</li> <li>blue</li> <li>▲ Q</li> <li>▲ Basic Details</li> <li>Full Name:</li> <li>Gender:</li> <li>Date of Birth:</li> <li>National Insurance Number:</li> <li>State Retirement Date:</li> </ul>	r to start Process against <b>rrship</b> Mrs Mandy Blue Female 18/01/1995 (26 Years) YT786043C 18/01/2063	E Folder Details Membership Number: Status: Company Name: Employer Name: Date Joined Employer:	10851449 Active West Midlands Pension Fund (WMPF) Test Employer 01/04/2018
		1 Stratford Place, Blakenha	ll, West Midlands, WV16 4BN	Scheme Retrement Date.	10/01/2003
		Additional Details Employee Payroll No:	11111111		

8. Click Submit to confirm the start of the process

	Work Item Processing	g: Start A Process UPMFolder: Mrs Mandy Blue, 20830936: 10851449, (Status: Active), West Midlands Pension Fund: Scheme Local Government Pension Scheme 💋
	ACTIONS	
€	★ Produce Document	© Start Process
	Proceed to Start Process	★ Produce Document
•3		Please Confirm Start of Process by Clicking the Submit Button
		Submit

9. Enter the potential date of retirement by either typing it directly into the box, or using the calendar function to the right of the box, and click *Submit* 

	Work Item Processing	Vork Item Processing: WMPF Employer Estimate Pension Benefits		
		UPMFolder: Mrs Mandy Blue, 20830936: 10851449, (Status: Active), West Midlands Pension Fund: Scheme Local Government Pension Scheme [2]		
	ACTIONS			
$\odot$	★ Run Leaver Matrix	C Run Leaver matrix		
∎		Guidance Notes		
		All fields marked with * are mandatory.		
Ð		- When producing estimates, you may wish to look at the HR and Payroll guides and the information on the Rule of 85, on www.lgpsregs.org.		
		★ Run Leaver Matrix		
		Date Of Retirement*		
		Submit		

10. The system will work for a few moments running the leaver matrix in the background – please note this can take up to a minute and a half.

CTIONS	Last Modified: 02/07/2021, 12	2:42:49
* Run Leaver Matrix	🗘 Run Leaver matrix	
	Guidance Notes	
	All fields marked with * are mandatory.	
	When producing estimates, you may wish to look at the HR and Payroll guides and the information on the Rule of 85, on www.lgpsregs.org.	
	🛨 Run Leaver Matrix	

- 11. Proceed to complete the available fields dependent upon the type of estimate required:
  - a) Ill-health retirement estimate
  - b) Redundancy/business efficiency retirement estimate
  - c) Flexible retirement estimate
  - d) Normal retirement estimate

### a) III-health retirement estimate process view

≡	Work Item Processing: V	VMPF Employer Estimate Pension Benefits
•	U	PMFolder: Mrs Mandy Blue, 20830936: 10851449, (Status: Active), West Midlands Pension Fund: Scheme Local Government Pension Scheme 🗗
0	ACTIONS	Run calculation
	Run Estimate of Pension Benefits	Guidance Notes
9		All fields marked with * are mandatory.
Ð		When producing estimates, you may wish to look at the HR and Payroll guides and the information on the Rule of 85, on www.lgpsregs.org.
		NOTE: If 'Flexible Retirement' is set to 'Yes' then 'Rule of 85 Protection' must also be set to 'Yes'.
		★ Run Estimate of Pension Benefits
		Date Of Retirement
		31/07/2021
		III-Health
		Type Of III Health Retirement
		Tier 1 (100% Enhancement) 🗸
	3	Pensions Increase Date Override
	$4 \rightarrow$	Pre 2014 Final Pensionable Pay* 27000
	5	Main Section Pensionable Pay* 9000
	6	0.00
	$7 \rightarrow$	Assumed Pensionable Pay (III Health Only)
	8	Rule Of 85 Protection
	9	Flexible Retirement       No
	10	Reduction Waived*
	11	Submit

#### a) III-health retirement estimate

This option is for a member who has been deemed eligible for ill-health retirement by an independent registered medical practictioner (IRMP) and agreed by the employer. **Benefits will be payable immediately without any actuarial reduction with no** <u>up-front</u> early retirement costs (see explanatory notes on page 3 for more details).

- 1) Select III-health from the Type of Retirement drop-down box.
- 2) *Type of III-health Retirement*: select the iII-health tier awarded to the member (this will have been recommended to you by the IRMP that assessed the member).
- 3) Pensions Increase Date Override: leave this blank unless a previous year's final pensionable pay is more beneficial for the calculation of pre-2014 benefits, then input the end-date of the period for which the pay is being used. For 'best of the last three years' it is the anniversary date of one of the two years preceeding retirement. For Regulation 10 (reduction in pay and final salary benefits) input the relevant financial year end date of the pay period used.
- 4) *Pre 2014 Final Pensionable Pay*: enter the member's full-time equivalent pay for the last 365 days to date of leaving.
- Main Section Pensionable Pay: enter the member's actual annual pensionable pay from 1<sup>st</sup> April (of relevant year) to the date of leaving, including any APP, if applicable. <u>See note</u>.
- 50/50 Section Pensionable Pay: only applicable if the member had opted to pay into the 50/50 section of the scheme rather than the main section.
- Assumed Pensionable Pay (III-health Only): this figure is required for an iII-health (Tier 1 and Tier 2) retirement and is used to calculate the enhancement applicable. The amount is calculated by taking an average of the pay that the member received for the last twelve weeks/three months before the period of reduced pay and then grossing it up to an annual figure.
- 8) Rule of 85 protection: leave as No not applicable for ill-health retirement.
- 9) Flexible Retirement: leave as No not applicable for ill-health retirement.
- 10) Reduction Waived: leave as No not applicable for ill-health retirement.
- 11) Click Submit
- 12) Proceed to step 13 on page 16

## b) Redundancy/business efficiency retirement estimate process view

≡	Work Item Processing	: WMPF Employer Estimate Pension Benefits UPMFolder: Mr Christopher Black, 20830926: 10851439, (Status: Active), West Midlands Pension Fund: Scheme Local Government Pension Scheme [2]
	ACTIONS Run Estimate of Pension Benefits	<ul> <li>Run calculation</li> <li>Guidance Notes</li> <li>All fields marked with * are mandatory.</li> <li>When producing estimates, you may wish to look at the HR and Payroll guides and the information on the Rule of 85, on www.lgpsregs.org.</li> <li>NOTE: If 'Flexible Retirement' is set to 'Yes' then 'Rule of 85 Protection' must also be set to 'Yes'.</li> </ul>
	1 2 3 4 5 6 7 8 9 10 11	Run Estimate of Pension Benefits     Date Of Retirement   31/07/2021     Ype Of In House Fulciencent   Pensions Increase Date Override   darimm/yyyy     Pre 2014 Final Pensionable Pay*   2000   S001   S002   S003   S004   S004   S005   S004   S005   S005   S006   S007   S007
		Submit

#### b) Redundancy/business efficiency retirement estimate

The member must be age 55 or above. Benefits will be payable immediately and without any actuarial reduction. As a result of these <u>unreduced</u> benefits being paid earlier than normal pension age, an early retirement cost (ERC) is likely to be payable cover the pension fund strain cost. This is payable by the employer upon the member's retirement as an up-front cost, for which you will be invoiced.

- 1) Select *Redundancy* from the *Type of Retirement* drop-down box.
- 2) Type of Ill-health Retirement: leave this blank.
- 3) Pensions Increase Date Override: leave this blank unless a previous year's final pensionable pay is more beneficial for the calculation of pre-2014 benefits, then input the end-date of the period for which the pay is being used. For 'best of the last three years' it is the anniversary date of one of the two years preceeding retirement. For Regulation 10 (reduction in pay and final salary benefits) input the relevant financial year end date of the pay period used.
- 4) *Pre 2014 Final Pensionable Pay*: enter the member's full-time equivalent pay for the last 365 days to date of leaving.
- Main Section Pensionable Pay: enter the member's actual annual pensionable pay from 1<sup>st</sup> April (of relevant year) to the date of leaving, including any APP, if applicable. <u>See note</u>.
- 6) 50/50 Section Pensionable Pay: only applicable if the member had opted to pay into the 50/50 section of the scheme rather than the main section.
- 7) Assumed Pensionable Pay (III-health Only): leave this blank.
- 8) *Rule of 85 protection*: leave as *No* not applicable for redundancy/business efficiency retirement.
- 9) Flexible Retirement: leave as No not applicable for redundancy/business efficiency retirement.
- 10) Reduction Waived: leave as No not applicable for redundancy/business efficiency retirement.

11) Click Submit

12) Proceed to step 13 on page 16

#### c) Flexible retirement estimate process view



West Midlands Pension Fund January 2022

#### c) Flexible retirement estimate

Applicable for members age 55 and above: if a member reduces their hours and/or moves to a less senior position (subject to employer approval), they can draw some or all of the pension benefits they have built up. All scheme employers should have a policy on flexible retirement.

The estimate will calculate any early retirement costs incurred, if applicable. The employer has the option to waive the reduction on behalf of the member, however, this will incur an early retirement cost to the organisation if they decide to do so. If you do not waive the reduction on behalf of the member, their benefits will be fully/partially actuarially reduced. As a result of these benefits being paid earlier than their normal pension age, an early retirement cost (ERC) may be payable by the employer to cover the pension fund strain cost, irrespective of whether or not the employer chooses to waive reductions. This is payable by the employer upon the member's retirement as an up-front cost, for which you will be invoiced.

- 1) Select Ordinary from the Type of Retirement drop-down box.
- 2) Type of Ill-health Retirement: leave this blank.
- 3) Pensions Increase Date Override: leave this blank unless a previous year's final pensionable pay is more beneficial for the calculation of pre-2014 benefits, then input the end-date of the period for which the pay is being used. For 'best of the last three years' it is the anniversary date of one of the two years preceeding retirement. For Regulation 10 (reduction in pay and final salary benefits) input the relevant financial year end date of the pay period used.
- 4) *Pre 2014 Final Pensionable Pay*: enter the member's full-time equivalent pay for the last 365 days to date of leaving.
- Main Section Pensionable Pay: enter the member's actual annual pensionable pay from 1<sup>st</sup> April (of relevant year) to the date of leaving, including any APP, if applicable. <u>See note</u>.
- 6) 50/50 Section Pensionable Pay: only applicable if the member had opted to pay into the 50/50 section of the scheme rather than the main section.
- 7) Assumed Pensionable Pay (III-health Only): leave this blank.
- 8) *Rule of 85 protection*: select Yes this will ensure that any protections to sections of the member's benefits are applied and must always be Yes for flexible retirement.
- 9) Flexible Retirement: select Yes
- 10) *Reduction Waived*: you can choose to waive reductions for early access to benefits select Yes or *No* depending upon your organisational policy decision. Please see explanatory note above for more information about costs.
- 11) Click Submit
- 12) Proceed to step 13 on page 16

## d) Ordinary retirement estimate process view

≡	Work Item Processing	g: WMPF Employer Estimate Pension Benefits UPMFolder: Mrs Karen Brown, 20830934: 10851447, (Status: Active), West Midlands Pension Fund: Scheme Local Government Pension Scheme 🗗
	ACTIONS Run Estimate of Pension Benefits	<ul> <li>Run calculation</li> <li>Guidance Notes</li> <li>All fields marked with * are mandatory.</li> <li>When producing estimates, you may wish to look at the HR and Payroll guides and the information on the Rule of 85, on www.lgpsregs.org.</li> <li>NOTE: If 'Flexible Retirement' is set to 'Yes' then 'Rule of 85 Protection' must also be set to 'Yes'.</li> </ul>
	2	<ul> <li>★ Run Estimate of Pension Benefits</li> <li>Date Of Retirement 31/07/2021 Type Of Retirement* Ordinary Type Of III Health Retirement Please Select         </li> </ul>
	3 4 5 6 7 8	Pensions Increase Date Override dd/mm/yyyy Pre 2014 Final Pensionable Pay* 27000 Main Section Pensionable Pay* 9000 S0 / 50 Section Pensionable Pay* 0.00 Assumed Pensionable Pay (III Health Only) Rule Of 85 Protection Yes Fiexible Retirement
	10	Ves V Reduction Waived* No V Submit

#### d) Ordinary retirement estimate

This option is for members who are leaving between the age of 55 and 75, and will include any actuarial reductions for early payment, or increases due to late retirement, if applicable. An early retirement cost (ERC) may be payable by the employer to cover the pension fund strain cost, if you choose to waive reductions. This is payable by the employer upon the member's retirement as an upfront cost, for which you will be invoiced.

- 1) Select Ordinary from the Type of Retirement drop-down box.
- 2) Type of Ill-health Retirement: leave this blank.
- 3) Pensions Increase Date Override: leave this blank unless a previous year's final pensionable pay is more beneficial for the calculation of pre-2014 benefits, then input the end-date of the period for which the pay is being used. For 'best of the last three years' it is the anniversary date of one of the two years preceeding retirement. For Regulation 10 (reduction in pay and final salary benefits) input the relevant financial year end date of the pay period used.
- 4) *Pre 2014 Final Pensionable Pay*: enter the member's full-time equivalent pay for the last 365 days to date of leaving.
- 5) *Main Section Pensionable Pay*: enter the member's actual annual pensionable pay from 1<sup>st</sup> April (of relevant year) to the date of leaving, including any APP, if applicable. <u>See note</u>.
- 6) 50/50 Section Pensionable Pay: only applicable if the member had opted to pay into the 50/50 section of the scheme rather than the main section.
- 7) Assumed Pensionable Pay (III-health Only): leave this blank.
- 8) Rule of 85 protection: In normal circumstances this option is No; however, you should have a policy on whether to "switch on" the 85 year rule for a member voluntarily drawing benefits on or after age 55 and beofre age 60. Contact the Fund if you are unsure if this applies. Select Yes if applicable.
- 9) Flexible Retirement: select No.
- 10) *Reduction Waived*: you can choose to waive reductions for early access to benefits but it will incur a cost select Yes or *No* depending upon your organisational policy decision. Please see explanatory note above for more information about costs.
- 11) Click Submit
- 12) Proceed to step 13 on page 16

13. The system will run the calculation for the estimate of benefits – please note this can take up to a minute and a half to process

≡	Work Item Processing	/ork Item Processing: WMPF Employer Estimate Pension Benefits UPMFolder: Mrs Karen Brown, 20830934- 10851147, (Status: Active), West Midlands Pension Fund: Scheme Local Government Pension Scheme [2]		
	ACTIONS  Run Estimate of Persion Benefits	<ul> <li>Calidance Notes</li> <li>All fields marked with * are mandatory.</li> <li>When producing estimates, you may wish to look at the HR and Payroll guides and the information on the Rule of 85, on www.lgpsregs.org.</li> <li>NOTE: If 'Flexible Retirement' is set to 'Yes' then 'Rule of 85 Protection' must also be set to 'Yes'.</li> <li>★ Run Estimate of Pension Benefits</li> </ul>		
		•••		

#### 14. Click Complete

=	Work Item Processing: WMPF Employer Estimate Pension Benefits UPMFolder: Mrs Karen Brown, 20830934: 10851447, (Status: Active), West Midlands Pension Fund: Scheme Local Government Pension Scheme [2]		
	ACTIONS		
€	★ View Document	Produce III Health / Ordinary statement	
Ð	♦ Complete		
Ð			
国			

15. On completion of the process you are returned to your work feed

≡	Workfeed: My Work			
•	OPTIONS	4 Dems		
	Filter	WMMPF Employer Estimate Pension Benefits - Run calculation - Susan Blue Min Karen Ilowar, 2003094 (2014), Vistal Malance Pension Fund Scheme Local Government Pension Scheme Comment: Weit Malance Nervino Industrie Revision Scheme Revision Scheme	C Due date: 07/07/2021 Start date: 02/07/2021	2 O
	Web Test Employer HUB Select User	WM/PF Employer Estimate Pansion Benefits - Run calculation - Susan Blue Mr. Onristopher Back, 2003/8261: 1085 1439, (Status Active, West Midlands Pension Fund; Scheme Local Government Pension Scheme	0 Due date: 07/07/2021	20
	Order by Due Date descen 🗸	Commerch West Midland Persion Fund: Schere Local Government Persion Schere           WMAPF Employer Estimate Pension Renefits - Run calculation - Susan Blue           Mis Margh Laggibble (Stratus Active) (WM Middar Serson Fund: Schere Local Government Pension Schere	Start date: 02/07/2021 Due date: 07/07/2021	20
	Filter By 🗸	Comment West Midlands Pension Funds Scheme Local Government Pension Scheme  Owners Comment Vest Midlands Pension Funds Scheme Local Government Pension Scheme  Owners Comment Vest Midlands Pension Pe	Start date: 02/07/2021	
	ACTIONS	Winner chaptype consider crosses telenes – non-involuence – owen two: Mr. Christopher Bus, 2008/26, 1003/20, Blank Arklin, Wenders Finds Find Schere Local Government Persion Schere Comment: West Midland Persion Fund Schere Local Government Persion Schere	Due date: 06/07/2021 Start date: 01/07/2021	e date: 06/07/2021
	Reassign			

16. To view the estimate document, search for the member by entering their surname, pension reference number or national insurance number into the search bar and clicking the magnifying glass

N	West Midlands Pension Fund brown × ०				
≡	Dashboard: Home				
	Work Feed	SRS Reports	SSRS Dashboards	Change My Account	
•					

17. Click once on the returend member's record to open it

A Not secure   wf360dev/#DASHBOARD				
ands Pension Fund	brown	<b>x</b> २		
rd: Home	MEMBERSHIPS (1 OF 1) Mrs Karen Brown: Membership (Active) Ref:10851447		VIEW ALL RESULTS FOR "BROWW" IN MEMBERSHIPS [2]	

18. Click on the *Documents* icon from the member's record page

≡	Membership Details:	Mrs Karen Brown: Mem	bership (Active) Ref:108
	ACTIONS ★ Open Member History Views ★ Update	<ul> <li>Basic Details</li> <li>Full Name:</li> <li>Gender:</li> <li>Date of Birth:</li> <li>National Insurance Number:</li> <li>State Retirement Date:</li> <li>Communication:</li> <li>2 Alldens Cottage, Warwick</li> <li>Additional Details</li> <li>Employee Payroll No:</li> </ul>	Mrs Karen Brown Female 12/11/1958 (62 Years) KK446689M 12/11/2024 By Email k, West Midlands, CV10 0GB

19. The PDF statement will be available under *Output Document*. Clicking once on the document will either open it in a new tab in your browser, or send it to the bottom or top of your screen to download, dependent upon wich web browser you use.

≡	Membership Documents: Mrs Karen Brown: Membership (Active) Ref:10851447		
Details	OPTIONS	3 items	
<b>A</b>	Filler	DYNAMIC WEB FORM	
Work Items	Order by Date descending	Estimate Pension Benefits Dated 02/07/2021	
	Group by type	Estimate Pension Benefits Dated 02/07/2021	
Comments		OUTPUT DOCUMENT	
		Employee Estimate Retirement statement Dated 02/07/2021	

### Where can I go for more information?

We hold regular webinars covering a wide range of subjects, including estimates. For details see our website:

https://www.wmpfonline.com/employer/webinars

For our guidance on retirements, click here: <u>https://www.wmpfonline.com/employerservices/retirements</u>

For more information about ERCs, click here: <a href="https://www.wmpfonline.com/erc">https://www.wmpfonline.com/erc</a>

Help for your members: https://www.wmpfonline.com/retirement

The LGPS website for employers:

https://www.lgpsregs.org/employer-resources/index.php

#### Contact us:

- Raise an Employer or Member specific query
- Email general queries: <u>wmpfemployerliaison2@wolverhampton.gov.uk</u>
- Email monthly submissions: wmpfmonthlysubs@wolverhampton.gov.uk
- Raise a query via Employer Hub
- Contact number: 0300 111 6516

\*Please note that the data used for demonstration purposes in all WMPF guidance is fictional, and not related to any real member of the LGPS.