



West Midlands Pension Fund

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

This page is intentionally blank

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 must not 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 [Funding Strategy Statement](#).

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 [Employer Hub](#) 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.

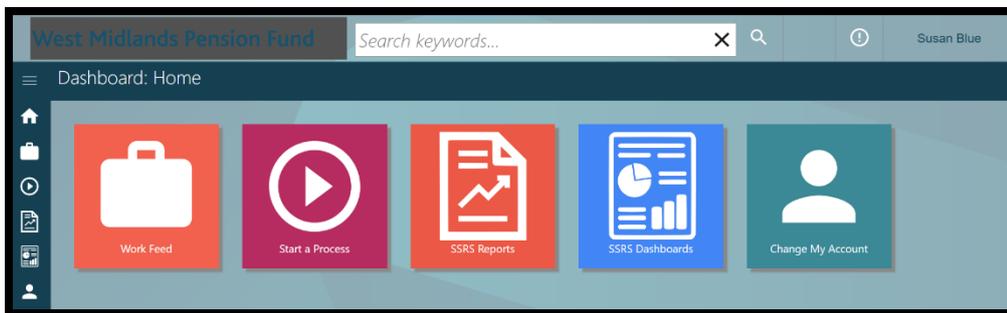
Please be aware that for estimates where the retirement date is in a future scheme year, the member's pay will need to be projected forward to include the current year's actual pensionable pay and the future year's (estimated) actual pensionable pay to the date of retirement. Additionally, in April, 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) Ill-health retirement estimate
- 11b) Redundancy/business efficiency retirement estimate
- 11c) Flexible retirement estimate
- 11d) Normal retirement estimate

The Process

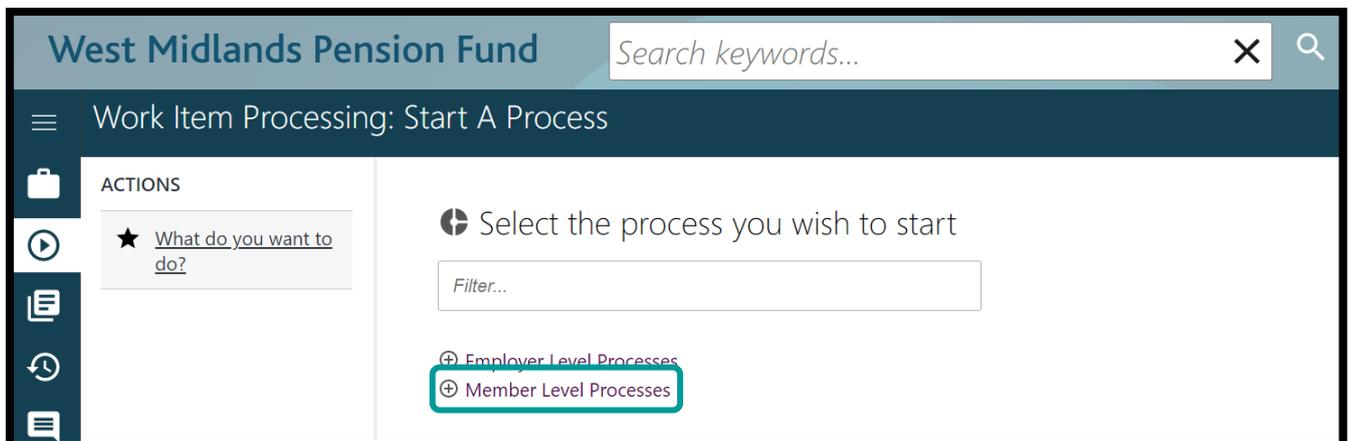
1. Log into Employer Hub



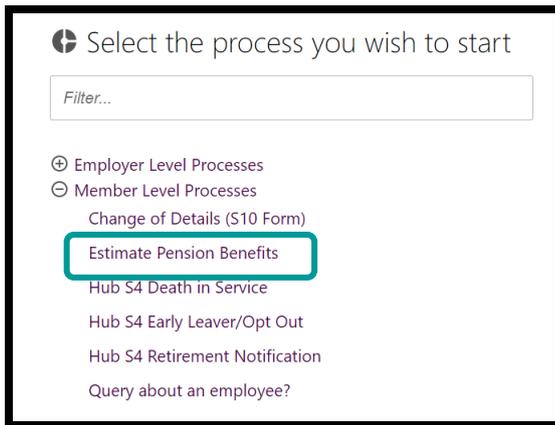
2. Click on the *Start a Process* tile



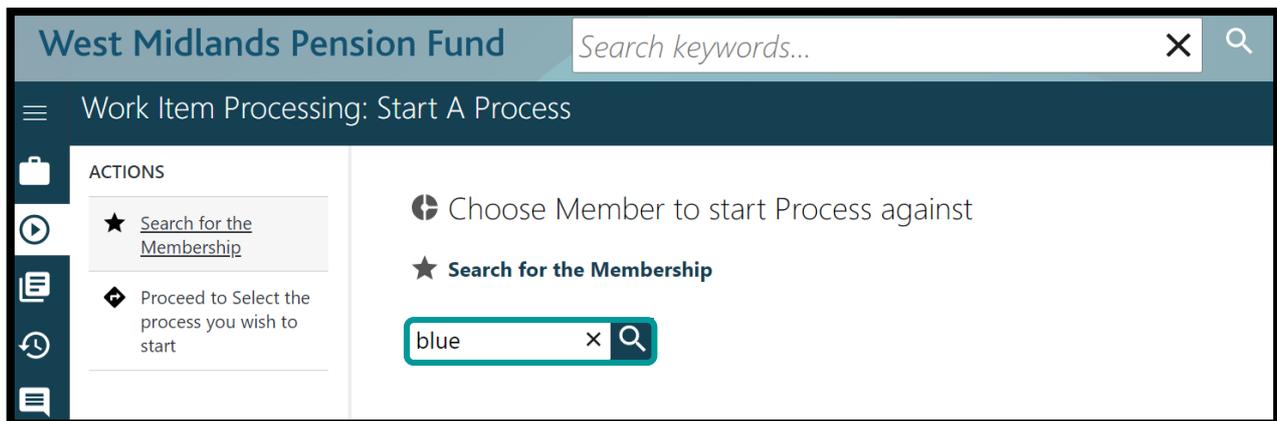
3. Click on the symbol next to *Member Level Processes*



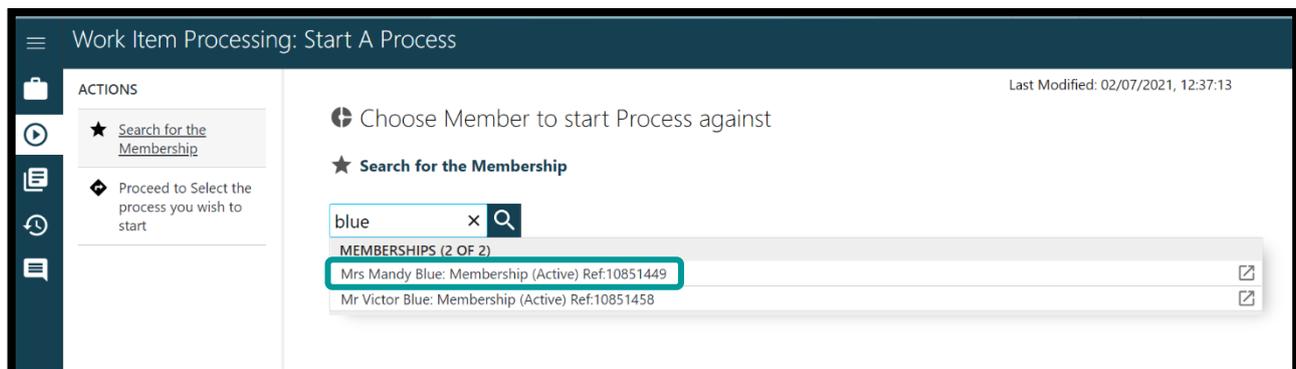
4. Click once on *Estimate Pension Benefits* to start the process



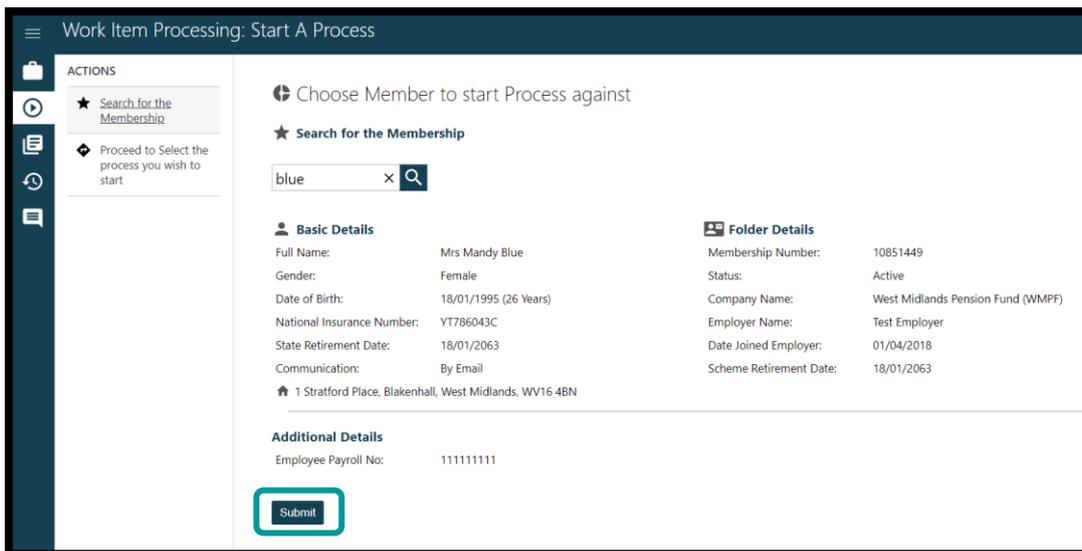
5. Search for the member's record that you wish to run an estimate against by entering their surname, pension reference number or national insurance number into the search bar and clicking on the magnifying glass



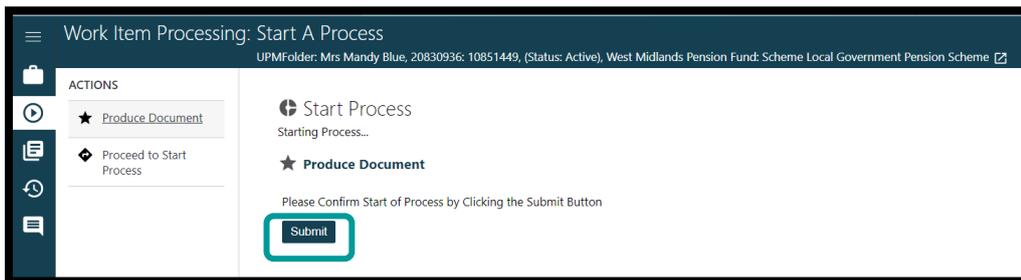
6. When the member's record line appears, click once on it to open the record



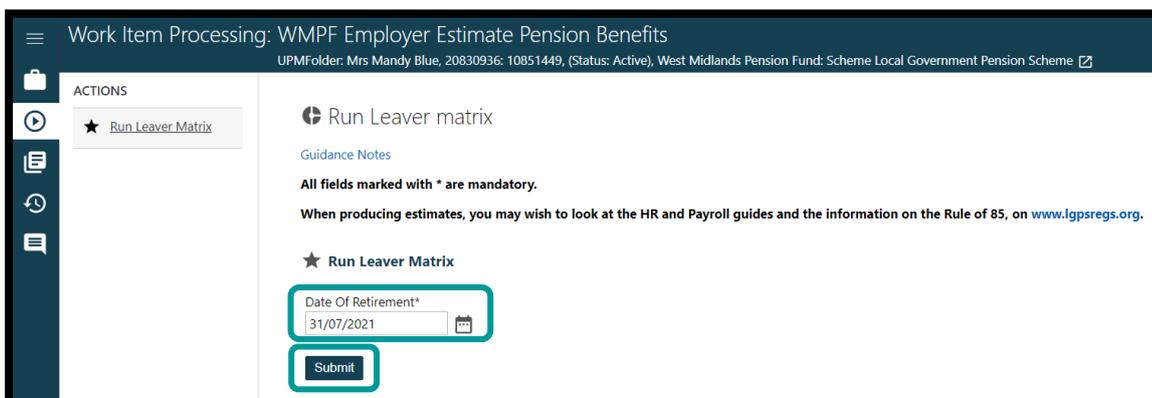
7. The member's basic details will be displayed to enable you to check that you are starting the process against the correct membership record (if a member has multiple active records, an estimate will need to be run on each record). Once you are happy that it is correct, click *Submit*



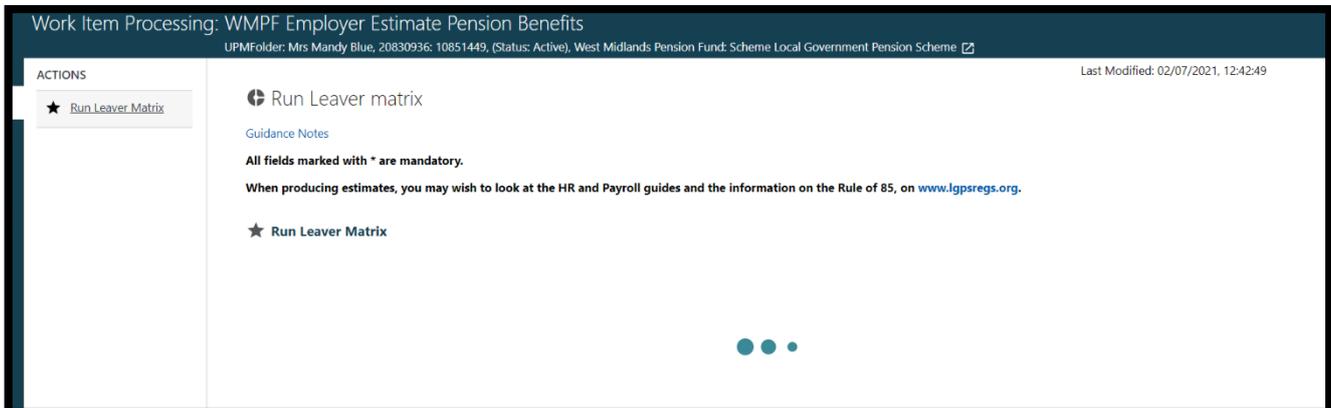
8. Click *Submit* to confirm the start of the process



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*



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.



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) Ill-health retirement estimate process view

Work Item Processing: WMPF Employer Estimate Pension Benefits
UPMFolder: Mrs Mandy Blue, 20830936: 10851449, (Status: Active), West Midlands Pension Fund: Scheme Local Government Pension Scheme

ACTIONS

- ★ Run Estimate of Pension Benefits

Run calculation

[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.

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

1 → Type Of Retirement*
Ill-Health

2 → Type Of Ill Health Retirement
Tier 1 (100% Enhancement)

3 → Pensions Increase Date Override
dd/mm/yyyy

4 → Pre 2014 Final Pensionable Pay*
27000

5 → Main Section Pensionable Pay*
9000

6 → 50 / 50 Section Pensionable Pay*
0.00

7 → Assumed Pensionable Pay (Ill Health Only)
27000

8 → Rule Of 85 Protection
No

9 → Flexible Retirement
No

10 → Reduction Waived*
No

11 → **Submit**

a) Ill-health retirement estimate

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

- 1) Select *Ill-health* from the *Type of Retirement* drop-down box.
- 2) *Type of Ill-health Retirement*: select the ill-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 preceding 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 1st April (of relevant year) to the date of leaving, including any APP, if applicable. [See note](#).
- 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 (Ill-health Only)*: this figure is required for an ill-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

ACTIONS

- ★ Run Estimate of Pension Benefits

Run calculation

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.

NOTE: If 'Flexible Retirement' is set to 'Yes' then 'Rule of 85 Protection' must also be set to 'Yes'.

★ Run Estimate of Pension Benefits

- 1 → Date Of Retirement
31/07/2021
- 2 → Type Of Retirement
Redundancy
- 3 → Type Of Ill Health Retirement
Please Select
- 4 → Pensions Increase Date Override
dd/mm/yyyy
- 5 → Pre 2014 Final Pensionable Pay*
27000
- 6 → Main Section Pensionable Pay*
9000
- 7 → 50 / 50 Section Pensionable Pay*
0.00
- 8 → Assumed Pensionable Pay (Ill Health Only)
- 9 → Rule Of 85 Protection
No
- 10 → Flexible Retirement
No
- 11 → Flexible Retirement Waived
No

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 unreduced 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.
- 5) *Main Section Pensionable Pay*: enter the member's actual annual pensionable pay from 1st April (of relevant year) to the date of leaving, including any APP, if applicable. [See note](#).
- 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 (Ill-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

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

ACTIONS

- ★ Run Estimate of Pension Benefits

Run calculation

[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.

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

1 → Type Of Retirement*
Ordinary

2 → Type Of Ill Health Retirement
Please Select

3 → Pensions Increase Date Override
dd/mm/yyyy

4 → Pre 2014 Final Pensionable Pay*
27000

5 → Main Section Pensionable Pay*
9000

6 → 50 / 50 Section Pensionable Pay*
0.00

7 → Assumed Pensionable Pay (Ill Health Only)

8 → Rule Of 85 Protection
Yes

9 → Flexible Retirement
Yes

10 → Reduction Waived*
No

11 → Submit

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.
- 5) *Main Section Pensionable Pay*: enter the member's actual annual pensionable pay from 1st April (of relevant year) to the date of leaving, including any APP, if applicable. [See note](#).
- 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 (Ill-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: 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

Run calculation

[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.

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

1 Type Of Retirement*
Ordinary

2 Type Of Ill Health Retirement
Please Select

3 Pensions Increase Date Override
dd/mm/yyyy

4 Pre 2014 Final Pensionable Pay*
27000

5 Main Section Pensionable Pay*
9000

6 50 / 50 Section Pensionable Pay*
0.00

7 Assumed Pensionable Pay (Ill Health Only)

8 Rule Of 85 Protection
Yes

9 Flexible Retirement
Yes

10 Reduction Waived*
No

11 Submit

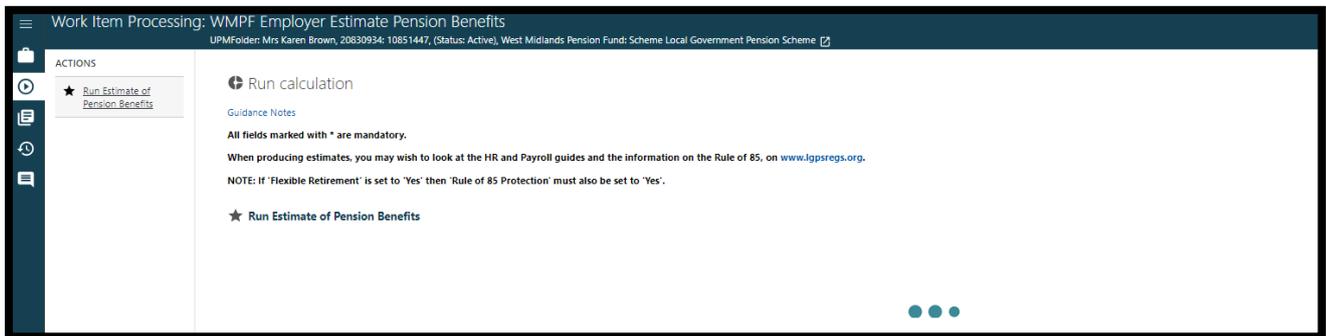
d) Ordinary retirement estimate

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.

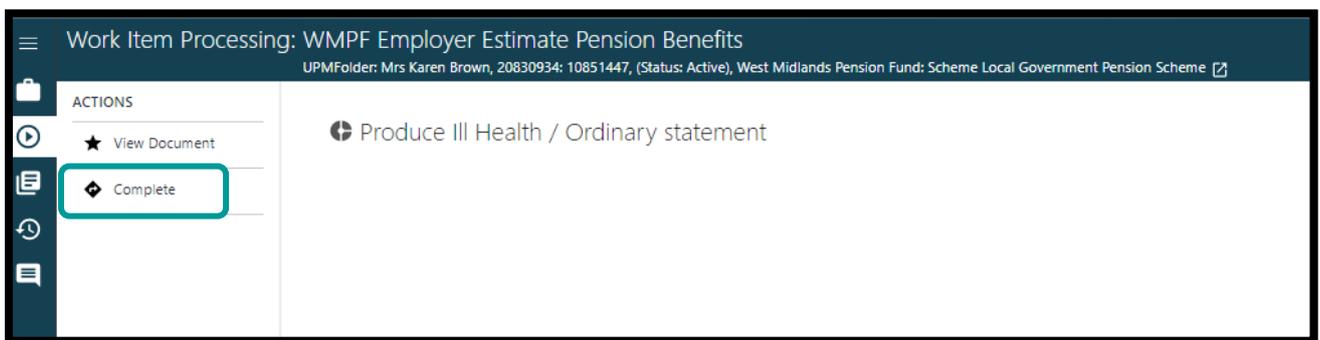
An early retirement cost (ERC) may be payable by the employer to cover the pension fund strain cost, if you choose to waive reductions. This is payable by the employer upon the member's retirement as an up-front cost, for which you will be invoiced.

- 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.
- 5) *Main Section Pensionable Pay*: enter the member's actual annual pensionable pay from 1st April (of relevant year) to the date of leaving, including any APP, if applicable. [See note](#).
- 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 (Ill-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 before 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

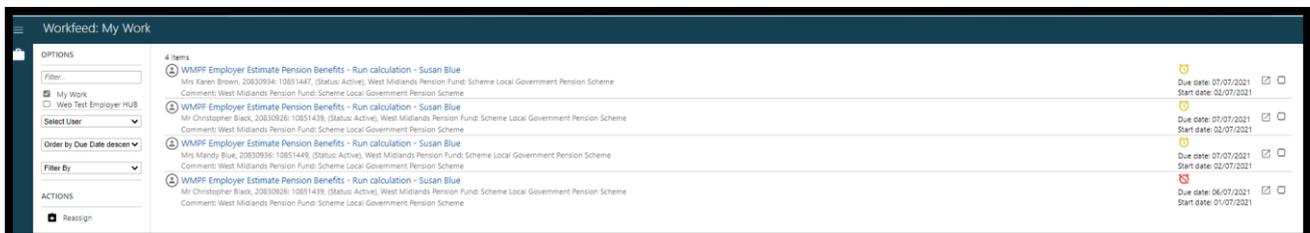
13. The system will run the calculation for the estimate of benefits – please note this can take up to a minute and a half to process



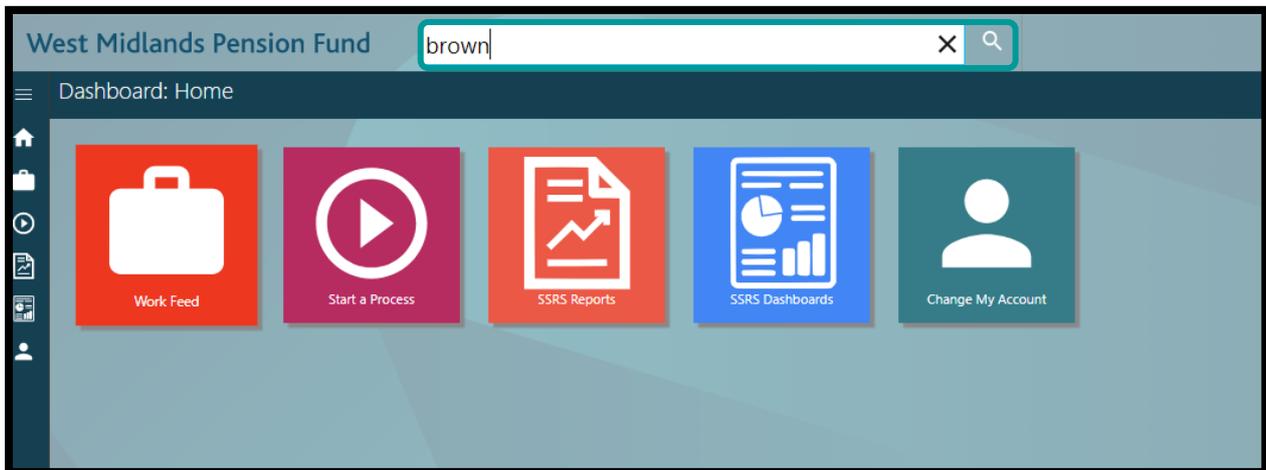
14. Click *Complete*



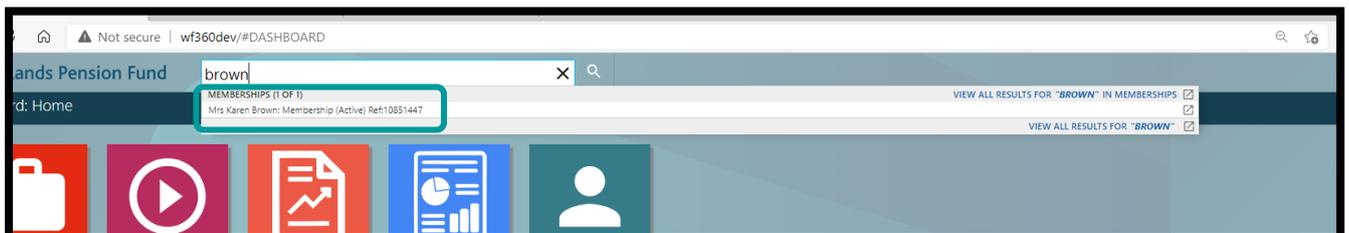
15. On completion of the process you are returned to your work feed



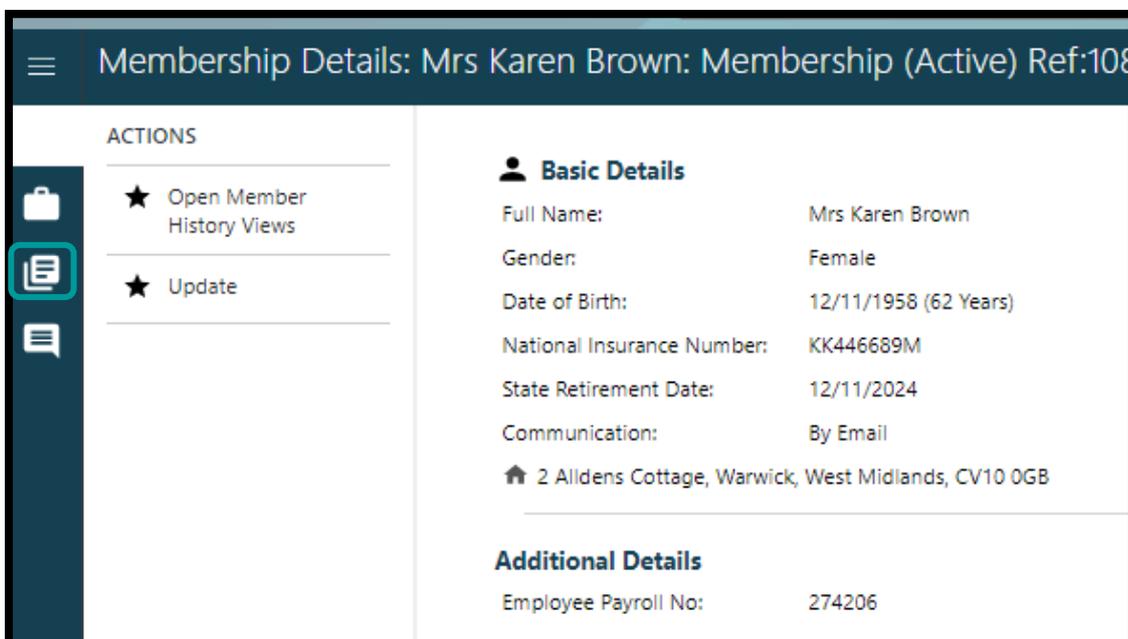
16. To view the estimate document, search for the member by entering their surname, pension reference number or national insurance number into the search bar and clicking the magnifying glass



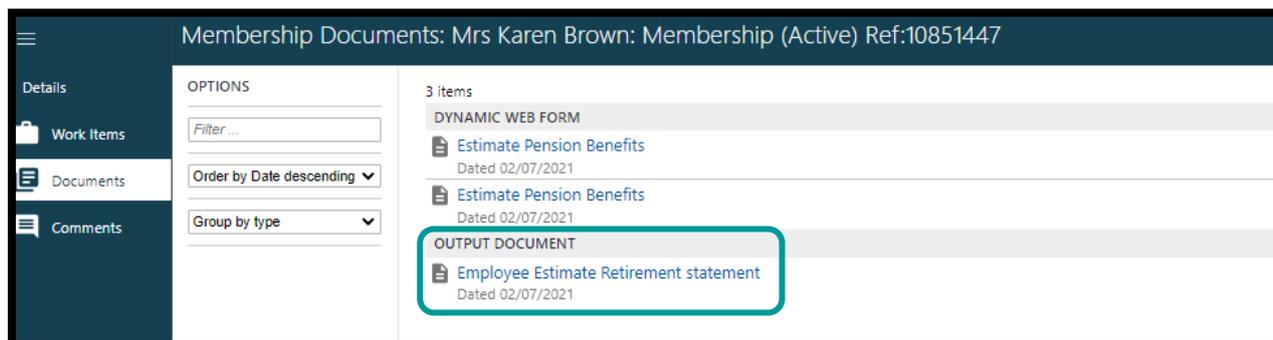
17. Click once on the returned member's record to open it



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



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 which web browser you use.



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:

<https://www.wmpfonline.com/employerservices/retirements>

For more information about ERCs, click here:

<https://www.wmpfonline.com/erc>

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: wmpfemployerliaison2@wolverhampton.gov.uk
- 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.