

Local Government Pensions Committee
Secretary, Jeff Houston

LGPC Bulletin 169 – March 2018

This Bulletin sets out the rates and bands applicable from April 2018 for various purposes. Please contact [Jayne Wiberg](#) with any comments on the contents of this bulletin. LGPC contacts can be found at the end of this bulletin.

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LGPS contribution bands and employee contribution rates – England and Wales

The following pay ranges and employee contribution rates will apply to the LGPS in England and Wales from 1 April 2018.

Contribution table 2018/19			
Band	Actual pensionable pay for an employment	Contribution rate for that employment	
		Main section	50/50 section
1	Up to £14,100	5.5%	2.75%
2	£14,101 to £22,000	5.8%	2.9%
3	£22,001 to £35,700	6.5%	3.25%
4	£35,701 to £45,200	6.8%	3.4%
5	£45,201 to £63,100	8.5%	4.25%
6	£63,101 to £89,400	9.9%	4.95%
7	£89,401 to £105,200	10.5%	5.25%
8	£105,201 to £157,800	11.4%	5.7%
9	£157,801 or more	12.5%	6.25%

Unless the process for allocating the appropriate contribution rate from the above bands has been automated on the payroll system, employers must determine the appropriate employee contribution rate for each employee from 1 April 2018 and notify this to payroll. Any reductions in pensionable pay at that time due to sickness, child related leave, reserve forces service leave or other absence from work are to be disregarded when determining the appropriate contribution rate.

Information on allocating employees to a band each April and on varying, during the course of a scheme year, the band to which an employee is allocated can be found in section 10 of the [HR Guide](#) and in section 5.1 of the [Payroll Guide](#).

LGPS contribution bands and employee contribution rates – Scotland

The contribution rates applicable to specified pay bands are set out in [statutory guidance](#) issued by Scottish Ministers. The following pay ranges and employee contribution rates will apply to the LGPS in Scotland from 1 April 2018.

Contribution rate	Actual Pay Min	Actual Pay Max	Contribution rate	Actual Pay Min	Actual Pay Max
5.50%	Up to	21,926	8.40%	61,535	63,267
5.60%	21,927	23,296	8.50%	63,268	65,101
5.70%	23,297	24,850	8.60%	65,102	67,044
5.80%	24,851	26,377	8.70%	67,045	69,107
5.90%	26,378	27,411	8.80%	69,108	71,301
6.00%	27,412	28,530	8.90%	71,302	73,639
6.10%	28,531	29,744	9.00%	73,640	76,135
6.20%	29,745	31,066	9.10%	76,136	78,807
6.30%	31,067	32,511	9.20%	78,808	81,672
6.40%	32,512	34,097	9.30%	81,673	84,754
6.50%	34,098	35,796	9.40%	84,755	88,078
6.60%	35,797	37,052	9.50%	88,079	91,673
6.70%	37,053	38,400	9.60%	91,674	95,574
6.80%	38,401	39,849	9.70%	95,575	99,822
6.90%	39,850	41,411	9.80%	99,823	104,465
7.00%	41,412	43,102	9.90%	104,466	109,560
7.10%	43,103	44,936	10.00%	109,561	115,179
7.20%	44,937	46,933	10.10%	115,180	121,405
7.30%	46,934	48,301	10.20%	121,406	128,342
7.40%	48,302	49,362	10.30%	128,343	136,121
7.50%	49,363	50,471	10.40%	136,122	144,903
7.60%	50,472	51,632	10.50%	144,904	154,896
7.70%	51,633	52,847	10.60%	154,897	166,370
7.80%	52,848	54,120	10.70%	166,371	179,680
7.90%	54,121	55,456	10.80%	179,681	195,304
8.00%	55,457	56,860	10.90%	195,305	213,904
8.10%	56,861	58,337	11.00%	213,905	236,421
8.20%	58,338	59,893	11.10%	236,422	264,235
8.30%	59,894	61,534	11.20%	264,236	and above*

[Note: For members in the 50/50 section divide the appropriate rate by 2]

** Contribution rates will increase beyond 11.2% of pay for higher salaries, but SPPA were not asked to provide bands above 11.2%.*

Unless the process for allocating the appropriate contribution rate from the above bands has been automated on the payroll system, employers must determine the appropriate employee contribution rate for each employee from 1 April 2018 and notify this to payroll. Any reductions in pensionable pay at that time due to sickness, child related leave, reserve forces service leave or other absence from work are to be disregarded when determining the appropriate contribution rate.

Information on allocating employees to a band each April and on varying, during the course of a scheme year, the band to which an employee is

allocated can be found in section 10 of the [HR Guide](#) and in section 5.1 of the [Payroll Guide](#).

LGPS Additional Pension purchase limit applicable for 2018/19 in England and Wales

Regulations 16(6) and 31(2) of the LGPS Regulations 2013 state that the additional pension limit is increased on the 1 April each year as if it were a pension beginning on 1 April 2013 to which the Pensions (Increase) Act 1971 applied.

The pensions increase due at the 1 April 2018 is that from 10 April 2017 (since the 2018 PI date is the 9 April 2018) and so the current additional pension limit of £6,755 is increased by 1% to £6,822 from the 1 April 2018.

LGPS Additional Pension purchase limit applicable for 2018/19 in Scotland

Regulations 16(6) and 30(2) of the LGPS (Scotland) Regulations 2014 state that the additional pension limit is increased on the 1 April each year as if it were a pension beginning on 1st April 2015 to which the Pensions (Increase) Act 1971 applied.

The pensions increase due at the 1 April 2018 is that from 10 April 2017 (since the 2018 PI date is the 9 April 2018) and so the current additional pension limit of £6,500 is increased by 1% to £6,565 from the 1 April 2018.

Annual allowance and lifetime allowance limits applicable from 6 April 2018

The Finance Act 2004 (Standard Lifetime Allowance) Regulations 2018 [SI 2018/206] amends the Lifetime Allowance limit to £1,030,000 with effect from the 6 April 2018.

The Annual Allowance, as defined by the Finance Act 2004 (as amended), remains unchanged at £40,000 for 2018/19.

Automatic Enrolment Earnings Bands

All employers will need to be aware of the earnings bands for 2018/19. These are contained in [The Automatic Enrolment \(Earnings Trigger and Qualifying Earnings Band\) Order 2018 \[SI 2018/367\]](#) and are reflected in the following tables. It should be noted that the earnings trigger for 2018/19 (£10,000) is the same as the earnings trigger for 2015/16, 2016/17 and 2017/18.

2018/19 Age Earnings**	16 - 21	22 - <SPA*	SPA* - <75
Under lower earnings threshold (£6,032***)	<i>Entitled worker</i>		
Between £6,032*** and £10,000	<i>Non-eligible jobholder</i>		
Over earnings trigger for automatic enrolment (£10,000)	<i>Non-eligible jobholder</i>	<i>Eligible jobholder</i>	<i>Non-eligible jobholder</i>
<p>* <i>State Pension Age</i> ** <i>Earnings</i>: separate contracts treated separately *** To align with National Insurance contributions lower earnings limit</p>			

Pay reference period	Lower earnings threshold p.a.	Earnings trigger for automatic enrolment
Annual	£6,032.00	£10,000.00
6 months	£3,016.00	£4,998.00
3 months	£1,508.00	£2,499.00
1 Month	£503.00	£833.00
4 weeks	£464.00	£768.00
Fortnight	£232.00	£384.00
1 week	£116.00	£192.00

The LGPC's [brief Automatic Enrolment Guide](#) will be updated to reflect the above figures in due course.

National Insurance thresholds

The relevant NI limits and thresholds for 2018/19, as set out in [The Social Security \(Contributions\)\(Rates, Limits and Thresholds Amendments and National Insurance Funds Payments\) Regulations 2018 \[SI 2018/337\]](#) are shown in the tables below:

Class 1 National Insurance thresholds

Class 1 National Insurance thresholds	2018 to 2019
LEL	£116 per week £503 per month £6,032 per year
Primary Threshold (PT)	£162 per week £702 per month

Class 1 National Insurance thresholds	2018 to 2019
	£8,424 per year
Secondary Threshold (ST)	£162 per week £702 per month £8,424 per year
Upper Secondary Threshold (under 21) (UST)	£892 per week £3,863 per month £46,350 per year
Apprentice Upper Secondary Threshold (apprentice under 25) (AUST)	£892 per week £3,863 per month £46,350 per year
Upper Earnings Limit (UEL)	£892 per week £3,863 per month £46,350 per year

Class 1 National Insurance rates

Employee (primary) contribution rates

National Insurance category letter	Earnings at or above LEL up to and including PT	Earnings above the PT up to and including UEL	Balance of earnings above UEL
A	0%	12%	2%
B	0%	5.85%	2%
C	nil	nil	nil
H (Apprentice under 25)	0%	12%	2%
J	0%	2%	2%
M (under 21)	0%	12%	2%
Z (under 21 - deferment)	0%	2%	2%

Employer (secondary) contribution rates

National Insurance category letter	Earnings at or above LEL up to and including ST	Earnings above ST up to and including UEL/UST/AUST	Balance of earnings above UEL/UST/AUST
A	0%	13.80%	13.80%
B	0%	13.80%	13.80%
C	0%	13.80%	13.80%
H (Apprentice under 25)	0%	0%	13.80%
J	0%	13.80%	13.80%

National Insurance category letter	Earnings at or above LEL up to and including ST	Earnings above ST up to and including UEL/UST/AUST	Balance of earnings above UEL/UST/AUST
M (under 21)	0%	0%	13.80%
Z (under 21 - deferment)	0%	0%	13.80%

Annual Revaluation Order

LGPS administering authorities should note that the full year increase to be applied at one second after midnight on 31 March 2018 to the career average pension earned up to 31 March 2018 is 3.0%. This is set out in [The Public Service Pensions Revaluation Order 2018 \[SI 2018/338\]](#), which can be viewed on the:

- [Related and General Legislation](#) page of www.lgpsregs.org – LGPS England & Wales, or
- [Related and General Legislation](#) page of www.scotlgpsregs.org – LGPS Scotland

Annual Pensions Increase

LGPS administering authorities and those employers who pay their own annual compensation benefits (relating to an historical award of compensatory added years) should note that the increase to be applied from 9 April 2018 to a qualifying pension which began (i.e. has a pensions increase date) before 10 April 2017 will be 3.0%. The percentage, and part year percentages, are detailed in [The Pension Increase \(Review\) Order 2018 \[SI 2018/333\]](#) which, together with the appropriate multiplier tables, can be viewed on the:

- [Related and General Legislation](#) page of www.lgpsregs.org – LGPS England & Wales, or
- [Related and General Legislation](#) page of www.scotlgpsregs.org – LGPS Scotland

Annual Post 5 April 1988 GMP Increase

LGPS administering authorities should note that an increase of 3% should be applied from 6 April 2018 to:

- the post 5 April 1988 GMP element of a pension in payment where the individual reached State Pension age (SPa) before 6 April 2016 (assuming additional pension (AP) is not less than GMP), or
- the entire GMP element of a pension in payment where the individual reached SPa on or after 6 April 2016 (and the individual is not in receipt of AP).

This is set out in [The Guaranteed Minimum Pension Increase Order 2018 \[SI 2018/279\]](#) which can be viewed on the:

- [Related and General Legislation](#) page of www.lgpsregs.org – LGPS England & Wales, or
- [Related and General Legislation](#) page of www.scotlgpsregs.org – LGPS Scotland

The Social Security Revaluation of Earnings Factors Order 2018

LGPS administering authorities may wish to note that [The Social Security Revaluation of Earnings Factors Order 2018 \[SI 2018/271\]](#) comes into force on 6 April 2018 (i.e. the earnings factors used to calculate a scheme member's GMP). The percentage increase for the tax year 2017/18 is 3.0% and is based on the measure of the increase in the general level of earnings obtaining in Great Britain. The Statutory Instrument may be viewed on the:

- [Related and General Legislation](#) page of www.lgpsregs.org – LGPS England & Wales, or
- [Related and General Legislation](#) page of www.scotlgpsregs.org – LGPS Scotland

Redundancy Payments

[The Employment Rights \(Increase of Limits\) Order 2018 \[SI 2018/194\]](#) came into force on 6 April 2018. It increased the maximum “week’s pay” for calculating a statutory redundancy payment from £489 per week to £508 per week where the appropriate date falls on or after 6 April 2018. In the case of entitlement to a redundancy payment by virtue of section 135(1)(a) [dismissal by reason of redundancy] or section 135(1)(b) [lay-off or short time] of the Employment Rights Act 1996, the appropriate date means the relevant date as defined by, respectively, sections 145 or 153 of that Act.

Actions for administering authorities

In consequence of some of the items in this Bulletin, administering authorities may wish to update relevant scheme literature and guides¹ issued to employees and employers participating in their Fund. They may also wish to consider copying this Bulletin to employers in their Fund or bring the Bulletin to the attention of employers by directing them to the bulletin on:

- www.lgpsregs.org – LGPS England & Wales, or
- www.scotlgpsregs.org - LGPS Scotland

Useful Links

[LGA Pensions page](#)

[LGPS members' website](#) – England and Wales

[LGPS 2015 members' website](#) - Scotland

[LGPS Advisory Board website](#)

¹ The standard LGPC leaflets and guides will be updated by the LGPC Secretariat.

[LGPS Regulations and Guidance website](#) – England and Wales

[LGPS Regulations and Guidance website](#) - Scotland

[LGPS Discretions](#) lists all the potential discretions available within the LGPS in England and Wales.

[LGPS Discretions](#) lists all the potential discretions available within the LGPS in Scotland.

[Recognised Overseas Pension Schemes](#) approved by HMRC and who agreed to have their details published.

[The Timeline Regulations](#) for Final Salary Scheme

[The Timeline Regulations](#) for Career Average in England and Wales

[The Timeline Regulations](#) for Career Average in Scotland

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