



# Northern Ireland Assembly

## Assembly Members Pension Scheme (NI) 2008

### A note on the determination of the Independent Financial Review Panel (IFRP) – Members Pensions

29 March 2012

**This is important information and will have financial implications for you. Please read this leaflet carefully.**

The Independent Financial Review Panel (the Panel) was established by Act of the Assembly to make independent determinations in relation to the salaries, allowances and pensions payable to members of the Assembly. The Panel was appointed on 1 July 2011 and on 14<sup>th</sup> March 2012 launched its first report and determination.

Paragraph 19 of the Panel's determination (available at <http://ifrp.org.uk/reports-and-determinations>) concerns 4 amendments to be made to the Pension Scheme, and it is only these amendments that are covered in this note.

#### **Increased Members Contributions**

- 19 (a) *From 1 July 2012 any contribution made by a member under Part D of the Scheme shall be:*
- a. *7% of the salary payment if the member has opted for an accrual rate of 1/50<sup>th</sup> of the relevant final salary (as defined in the Scheme) or*
  - b. *12.5% of the salary payment if the member has opted for an accrual rate of 1/40<sup>th</sup> of the relevant final salary (as defined in the Scheme)*

From 1 July 2012 your pension contributions will automatically increase, you will see the higher deduction appearing on your July payslip. There will be no increase in your benefits as a result of your increased contributions.

Members at the higher accrual rate of 1/40<sup>th</sup> who will pay 12.5% contributions from 1 July, may choose to reduce to the lower accrual rate and corresponding lower contribution rate. If you wish to reduce to the lower accrual rate, please contact the Pensions Team and paperwork will be issued to you. Opting for the lower accrual rate will result in you building up pension benefits more slowly.

Please note that contributions from your Office Holders salary will be at the same rate as contributions from your Members salary.

#### **Revaluation of Pensions and Pension Increases**

19 (b) *All pensions in deferment shall be increased before payment by the rate and percentage increase stipulated by the Pensions (Increase) Act (Northern Ireland) 1971 and/or the Pensions (Increase) Act 1974 and the Social Security (Northern Ireland) Act 1975 or such other legislation which governs the rate and form of [pension increases as applies to public sector schemes in Northern Ireland;*

19 (c) *All pensions in payment shall be increased by the rate and percentage increase stipulated by the Pensions (Increase) Act (Northern Ireland) 1971 and/or the Pensions (Increase) Act 1974 and the Social Security (Northern Ireland) Act 1975 or such other legislation which governs the rate and form of [pension increases as applies to public sector schemes in Northern Ireland;*

Historically pensions in payment and pensions in deferment, for members who have left the Assembly and not yet drawn their pensions, have been increased in accordance with pensions legislation, that is to say increased in line with the Retail Price Index (RPI).

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Under the Pensions Bill 2011 the Government changed the index used for the statutory requirement to increase pensions in payment from the retail price index (RPI) to the consumer price index (CPI). CPI is generally lower than RPI.

The Panel have determined that increases in the AMPS will be at the same level as pension increases within the public sector, currently in line with CPI.

### **Favourable Early Retirement (Rule of 80)**

*19 (d) From 1 April 2012, reckonable service as a participating member of the Scheme shall not reckon as qualifying service for an application under Part H1(1)(a) of the Scheme.*

Part H1(1)(a) of the Scheme Rules deals with Early Retirement. Favourable early retirement is often called '*the rule of 80*' and refers to an individual's right to take benefits on an unreduced or favourable basis if the sum of their age and service is 80 or more and the individual has at least 15 years qualifying service in the Scheme.

Following the introduction of age discrimination legislation this type of provision has been removed from public sector schemes.

The Panel have determined that only service up to 31 March 2012 may be counted as qualifying service for Members who wish to apply for Early Retirement under this rule.

It should be noted that all Members may apply for Early Retirement on an actuarially reduced basis regardless of their length of service.

This brief explanatory note is intended to help Members understand the impact of paragraph 19 of the Panels determination. It is information only and is not intended to provide advice.

If you feel that you require advice about your pension benefits or your financial position in general you should consult an independent financial adviser.

If you require further information on your pension benefits in the AMPS please contact the Pensions Team using the contact details below.

For further information please contact the Pensions Team in the Assembly's HR Office:

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