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Employee contributions banding changes 2024/25

The following table shows the new employee contribution bands, effective 1 April 2024. Please ensure that the revised bandings are applied in time for April's pay:

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £17,600	5.50%	2.75%
2	£17,601 to £27,600	5.80%	2.90%
3	£27,601 to £44,900	6.50%	3.25%
4	£44,901 to £56,800	6.80%	3.40%
5	£56,801 to £79,700	8.50%	4.25%
6	£79,701 to £112,900	9.90%	4.95%
7	£112,901 to £133,100	10.50%	5.25%
8	£133,101 to £199,700	11.40%	5.70%
9	£199,701 or more	12.50%	6.25%

We'll update our [paying in](#) webpage on 1 April 2024 with these revised bandings.

i-Connect tolerance breaches

If a tolerance warning is preventing you from submitting your i-Connect data, you may need us to process your submission on your behalf. Before we can do so, we will need email confirmation that:

- you have checked the data
- you can confirm the data is accurate
- you have identified the reason for the tolerance breach (for example, pay award, or a lot of new starters due to recruitment exercise)

If you identify the submission is inaccurate, please cancel the submission and re-upload your file with the appropriate changes before contacting us. If you are regularly breaching tolerances on i-Connect, please contact us: pensions.iconnect@derbyshire.gov.uk



Preparing your March 2024 i-Connect file

Your March i-Connect submission is the last one of the 2023-2024 scheme year. We generate your employees' annual benefit statements using the information you provide. Therefore, it is important that you refresh yourself with the [Useful guide for i-Connect users](#) found on our [i-Connect webpage](#).

The i-Connect guide will remind you of the information you must include within your i-Connect file, most notably, what to include within the FTE (full-time equivalent) Salary field, as this figure is used to work out pre-2014 benefits, and how to report term time only staff with payment days/weeks.

Where information is inaccurate or omitted from your March 2024 submission, this is likely to result in additional administration for Derbyshire Pension Fund, which may result in costs being passed onto you.

If your payroll provider submits data to us on your behalf, please ensure this message is passed onto them.

If you have any queries regarding your i-Connect submission, please do not hesitate to email pensions.iconnect@derbyshire.gov.uk

Member engagement forum

We recently wrote to all members of the scheme telling them about our new member engagement forum, which will have its first meeting in Spring 2024.

We're looking forward to meeting with individuals from all age groups and learning about their experiences of being a member of our Fund. This will help us to develop and improve the service we provide for our members' journeys from active membership into retirement.

Please could you make your LGPS employees aware that the forum is still open to participants and anybody that is interested in taking part should contact pensions.regs@derbyshire.gov.uk



Change to shortfall factors for early retirement calculations

We emailed our main employer contacts at the end of January 2024 confirming that new [shortfall cost](#) factors are being implemented. Shortfall costs are payable by employers to cover the cost of paying pension benefits early when an employee aged 55 or over has their employment terminated and they are eligible for the early release of their pension benefits.

Shortfall costs may also be called strain costs.

The new factors are being introduced following a review carried out by our actuary Hymans Robertson on the factors we use to work out the shortfall. The review found that the current factors understate the amount of shortfall in most circumstances.

The new factors will mostly increase shortfall costs and affect cases where your employees leave service from 1 April 2024 onwards.

Retirement cases which generate a shortfall cost

If you terminate an LGPS member's employment at age 55 or over, an unreduced pension is payable immediately if they have met the minimum 2-year qualifying LGPS membership period for a pension. This applies where the termination of employment is on redundancy grounds, including business efficiency exercises.

Some flexible retirement cases also attract a shortfall cost for employers.

You should always ask us for a shortfall estimate before terminating an employee's contract on grounds of redundancy or business efficiency, or agreeing to flexible retirement, when they're aged 55 or over

Shortfall costs for ill health retirements aren't charged to employers up front. They are instead taken into consideration at the triennial actuarial valuation.

Redundancy, flexible retirement & serious ill health estimate request

You can ask for a shortfall estimate by submitting the 'Redundancy, Flexible Retirement & Serious Ill Health Estimate Request' form. This is available from the [Forms for employers](#) page on the Fund's website.

Paying the shortfall

We'll issue an invoice if there's a shortfall cost. Invoices are normally issued during the financial year in which the early retirement occurs. Arrangements should be made to make the payment immediately on receipt.

Employee details changes

It's important that you let us know as soon as possible when an employee's details change, for example, title, name, address. This helps us to minimise the risk of data breaches occurring.

If you're not using i-Connect yet, please remember to notify us using the C1 Form when any of your LGPS members change their personal and contact details. The C1 Form is available on the [Forms for employers](#) section of our website.

Email addresses

A quick reminder of our email addresses and what they should be used for:

dpf.employers@derbyshire.gov.uk - For submitting member notification forms such as the S1, L1, C1 and estimate requests. [All found here](#).

pensions.tech@derbyshire.gov.uk - For submitting contribution returns (CR1), data and payment queries.

pensions.regs@derbyshire.gov.uk - For queries relating to LGPS regulations, employer training, events and communications.

pensions.iconnect@derbyshire.gov.uk – For employer queries about i-Connect.

For queries and requests from members of the LGPS, please direct them to the [enquiry form](#) on our website.

**If you have any queries about the information provided in this Newsletter,
or about the LGPS in general, please contact us at:**

Derbyshire Pension Fund, County Hall, Matlock, DE4 3AH

Tel: 01629 538900

Email: pensions.regs@derbyshire.gov.uk

Website: www.derbyshirepensionfund.org.uk



Local Government
Pension Scheme