

CERTIFICATE OF PROTECTION OF BENEFITS
LOCAL GOVERNMENT PENSION SCHEME 1997 (REGULATION 23)

Retirement benefits are usually based on the pensionable pay in the last year before leaving or retiring. A reduction or restriction in pay in earlier years can therefore adversely affect the amount of the benefits.

If a Scheme members job is downgraded, or their rate of pay is frozen in circumstances beyond the control of the employee, i.e where the employer imposes the change the employer would have been able to issue a certificate of protection of benefits. This would specify the effective date of the reduction or restriction in pay and would have been issued either at the request of the employee, or on the employer's own initiative.

Scope of Protection

The certificate protects the value of pension benefits to some extent by allowing them to be based on an earlier pay period than the final year normally used. The final pay period used for the certificate can be either-

- (a) One of the last 5 years before retirement or leaving;

- (b) The annual average of any 3 consecutive years falling within the period of 13 years before retirement or leaving.

Pensions Increases can be applied to the above calculations in order to ascertain the best year for the member. In retirement, the pensions are increased from the date at the end of whichever pay period has been used to calculate them.

The certificate is effective for a period of 10 years from the effective date of the reduction or restriction in pay. If, therefore, the employee retires or leaves more than 10 years after the effective date the certificate will have ceased to have effect and the pension benefits will be based on final pay, as usual.