



Impact of working part time on pension benefits

The Rules of the Pension Fund are designed such that Members can change between full time and part time working without disproportionately impacting their benefits.

In all pension calculations, other than death in service, Pensionable Salary and Pensionable Service are converted into full time equivalents; this may be best explained by examples, as follows:

Full timer

Pensionable service: 01/01/2001 to 31/12/2010

Hours: 35 hours per week

Pensionable salary: £40,000

For pension benefits, pensionable service is 10 years, therefore accrued pension is calculated as:

$$10 \text{ years} \times 1/60 \times £40,000 = £6,666.67 \text{ per annum}$$

Part timer

Pensionable service: 01/01/2001 to 31/12/2010

Hours: 17½ hours per week (i.e. 50% of full time)

Pensionable salary: £20,000

For pension benefits, everything is converted to the full time equivalent, therefore:

Pensionable service is 10 years at 50% = 5 years full time equivalent

Pensionable salary is £20,000 / 50% = £40,000 full time equivalent

Accrued pension is calculated as:

$$5 \text{ years} \times 1/60 \times £40,000 = £3,333.33 \text{ per annum (i.e. 50\% of the full time)}$$

Mixed full time and part time

Using the examples above, 5 years full time followed by 5 years at 50%,

Full time equivalent pensionable service is 5 years at 100% plus 5 years at 50% = 7½ years

Full time equivalent pensionable salary is £40,000 (as explained above)

Accrued pension is calculated as:

$$7\frac{1}{2} \text{ years} \times 1/60 \times £40,000 = £5,000 \text{ per annum}$$

Death in service

Under the Fund Rules Active Members are covered for life cover at the rate of 4 times pensionable salary. In the above examples, the part timer would be covered for 4 x £20,000 whereas the full timer would be covered for 4 x £40,000. In the event of death within 12 months of changing hours, the pensionable salary for life cover will be calculated based on the average over the last 12 months.

Dependants benefits are calculated based on accrued pension plus an element of future service, the future service element will be pro-rated based upon the proportion of the full time hours you were contracted to work at the time of death.

Ill health retirement

Ill health retirement benefits are calculated based on accrued pension, plus where pensionable service is at least 5 years; an element of future service, the future service element will be pro-rated based upon the proportion of the full time hours you were contracted to work at the time of ill health retirement being granted.

This summary is intended as a guide only; where there is any difference to the Fund Rules, the Fund Rules prevail.