Information

Age discrimination remedy – Scheme manager guidance Interest process – FPS 2006

Contents

Introduction

1. When a member requests to receive their compensatable payment of their overpaid contributions, this will need to be recalculated to adjust for the correct amount of interest.

2. To do this you will need to know:
   a. The date the RSS was first issued
   b. If they were a tapered protected member, what their taper date was
   c. The net amount of contributions overpaid by the member (after tax relief and before interest)
   d. The date that payment will be made to the member

3. You will also need to have the GAD standalone interest calculator which you can download direct from GAD - https://gadmccloudinterestcalculator.co.uk/. The password that you need to do this can be found on K-Hub.

4. Where a member is owed contributions due to them being rolled back to the PPS 2006, they will receive interest on these contributions right up to the date that the payment is made to them. This accrues at two rates: -
   a. 8% simple interest - from first RSS statement date to 28 days (e.g. if the member is issued an ABS-RSS on 31 August 2024, then 8% interest will apply for the next 28 days from 1 September 2024 to 28 September 2024), plus
   b. NS&I compound interest – from day 29 after first RSS statement date to date of payment (e.g. 29 September 2024 to date payment is made to the member).

5. It's important to note that the 8% interest rate, **only accrues** up to 28 days after the issue of the very first RSS statement, so once this has been issued, the 28 day clock starts and thereafter interest accrues at the NS&I rate.

6. Interest on the RSS may have only been calculated to the date of the statement, so in all cases, where a member requests payment, it will need to be recalculated.

7. This note is only in respect of interest due on contribution adjustments for active members who are legacy FPS 2006 members and should be read in conjunction with the contribution adjustment process guidance.

Checking set up and use of the calculator

8. The easiest and quickest way to recalculate the interest is to use the GAD stand-alone interest calculator. This will calculate both the correct amount of 8% interest and NS&I rate.

9. The user must first check if the assumptions tab is up to date with the most current NS&I rates.

10. NS&I Direct Saver historical interest rates can be found here: - https://www.nsandi.com/historical-interest-rates, select Direct Saver

Direct Saver ∧

Effective from	Gross/AER (taxable)
23 May 2024	4.00%
18 August 2023	3.65%
13 July 2023	3.40%
14 February 2023	2.85%
24 January 2023	2.60%
13 December 2022	2.30%

11. Go to the assumptions tab and check if the latest rates are recorded, if not, then these will need to be entered.

NS&I Direct Saver historical rates
https://www.nsandi.com/historical-interest-rates

Effective from	Gross/AER (taxable)	Daily rate
8 Mar 10	2.00%	0.0054%
19 Jul 10	1.75%	0.0047%
25 Jan 12	1.50%	0.0041%
12 Sep 13	1.10%	0.0030%
6 Jun 16	0.80%	0.0022%
1 May 17	0.70%	0.0019%
1 Dec 17	0.95%	0.0026%
1 Oct 18	1.00%	0.0027%
24 Nov 20	0.15%	0.0004%
29 Dec 21	0.35%	0.0010%
10 Feb 22	0.50%	0.0014%
21 Jul 22	1.20%	0.0033%
25 Oct 22	1.80%	0.0049%
13 Dec 22	2.30%	0.0062%
24 Jan 23	2.60%	0.0070%
14 Feb 23	2.85%	0.0077%
13 Jul 23	3.40%	0.0092%
18 Aug 23	3.65%	0.0098%
23 May 24	4.00%	0.0107%
		0.0000%
		0.0000%

12. On the Scope tab, you will need to ensure that calculation type is set to individual, by selecting the drop down.

Please select calculation type:
Individual
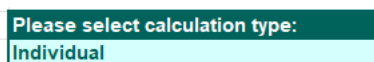
13. Once the assumptions and scope tab have been checked you and set, you can then go to the inputs (individual) tab to enter the relevant details, the details you will require are: -

Field	Description
Effective date	This is the date that the payment will be made to the member.
Date RSS first issued	Date of the first RSS
Payment type	Select – Backdated overpaid contributions if no new scheme election chosen
Lump sum payment	Select – N
Earliest payment date	• Taper members: enter the taper protected date • Unprotected members: leave blank
Scheme year beginning 1 April	Enter the year in which the member first paid 2015 contributions
Payment amount	Enter the net amount of contributions overpaid by the member (after tax relief and before interest)

Example of a completed tab

Effective date	31/10/2024	*Effective date* is the date the interest w
Date RSS first issued	31/08/2024	
Payment type	Backdated overpaid contributions if no new scheme election chosen	
Lump sum payment?	N	If the Payment type is a lump sum, set t
Lump sum payment date		If the Payment type is a lump sum, ente
Earliest payment date	30/09/2015	Where a payment stream began part wa
Latest payment date		Where a payment stream ended part wa

Payment date consistency check	PASS
Earliest payment date check	PASS
Latest payment date check	N/A
Lump sum check	PASS
Effective date check	PASS
RSS date check	PASS
Error count	0

Scheme year (beginning 1st April) ▼	Payment amount ▼		Inpu
2015	3105.00		The sch

14. You can then go to the outputs tab to obtain the final amount due. As directed, you should right click in cell A22 to refresh the output.

22	Member IDs ▼

15. On the right-hand side, you will see a summary of the inputs:

						Total payment		
			Date RSS first			Interest	amount	
Member ID ▼	Global ID ▼	Effective da ▼	issued ▼	Payment type ▼		methodology ▼	(Excluding ▼	Input error count ▼
Individual		31/10/2024	31/08/2024	Backdated overpaid contributions if no new scheme election chose		Judgments and NS&I	3105	0

16. And then a summary of the outputs:

Outputs				
	Judgments interest start			
Judgments interest ▼	date ▼	NS&I interest ▼	NS&I interest start date ▼	Total interest due ▼
1117.37	30/03/2020	14.99	28/09/2024	1132.36

17. This means that in this example the total amount actually due back to the member will be the net amount of contributions of £3,105 plus the interest of £1,132.36.

This factsheet has been prepared by LGA using the regulations as they stand in December 2024.

This factsheet will be reviewed, referencing any changes to the scheme regulations and policies that might be needed.

This factsheet should not be interpreted as legal advice.

Please address any queries on the content of this factsheet to bluelightpensions@local.gov.uk

December 2024