

## **Guidance for Meeting Disclosure Requirements**

### **Starters and Leavers**

If you have individuals covered by the report who were appointed or left during the reporting year you should include the date of appointment, or last day of service as appropriate. You should only disclose the pension information that relates to the period during which they were in a post. However, you should also disclose the full year equivalent of the salary.

### **Opt Out**

Where a member has opted out of the scheme for the whole of the year, no pension figures should be reported and a footnote should be included saying “xxxxx chose not to be covered by the pension arrangements during the reporting year” (if someone opts out or opts in during the year, they should be treated in the same way as a leaver or joiner).

### **Pensionable Pay**

You should enter the full year's pensionable pay. If the employee worked on a part time basis you should uprate it to the full time equivalent and reflect the part time service in the 'length of service box'.

### **Earnings Cap**

The earnings that count towards the calculation of pensions is limited for some staff to a figure referred to as the “earnings cap” or “permitted maximum”. Where this is relevant, SPPA will calculate pensions on the basis of the earnings cap for 2021-22 of £172,800.

**Pension** The pension figures relate to the total benefits that the individual has accrued as a member of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the scheme. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

### **Lump Sum**

No lump sum will be shown for senior managers who only have membership in the NHS 2008 Section, unless they chose to move their NHS 1995 Section benefits to the NHS 2008 Section under the Choice exercise.

**Real increase in pension and lump sum** This is the increase in the value of the pension over the year after considering the effect of inflation. When calculating the real increase during the year 2021-22 SPPA will apply CPI increase for September 2020 which was 0.5%

### **Cash Equivalent Transfer Value (CETV)**

A CETV is the capitalised value of the pension scheme benefits accrued by a member at a particular point in time. It is worked out using factors and guidance provided by the scheme actuary. A CETV is a payment made by a pension scheme to secure a member pension benefits in another pension scheme.

CETV's are calculated in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

**Real increase in CETV** Remuneration reports show the CETV's at the start and end of the reporting year, together with the real increase during that period. The real increase is the increase due to additional benefit accrual (i.e. as a result of salary changes and service) that is funded by the employer. It will be smaller than the difference between the start and end CETV's because it does not include any increase in the value of the pension due to inflation or due to the contributions paid by the employee or the value of any benefits transferred from another pension scheme.

The real increase calculation uses common actuarial factors at the start and end of the period so that it disregards the effect of any changes in factors and focuses only on the increase that it is funded by the employer.

### **Negative Values**

In some cases, the real increase in CETV can be negative – that is, there can be a real decrease. This during periods of pay restraint and / or where inflation can occur is higher than pay increases. Where there is no pay rise, the or a very small rise, increase in pension due to may not be sufficient an extra year's scheme membership to offset the inflation increase – that is, in real terms, the pension value can reduce, hence the negative values.

where a member is over their normal pension This situation could also occur age. The factors used to calculate the CETV are such that the value of pension that could have been taken at normal pension age decreases as the member gets older.