Infor IHCM Infinium

Human Resources

Guide to Pensions Administration

INFINIUM SOFTWARE

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Publication Information

Publication Date: June 2008

Document Number: 20080604111838

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Introduction

Overview

The Pensions Administration system is a fully integrated module within Infinium HR/PY. It has been designed to maintain and record details relating to Employee Pension membership including eligibility, membership status, employer and employee pension contributions histories.

The Plan

For each Pension Plan a control must be established. This control holds the rule information regarding each plan and is used as the basis of all transactions carried out within the module.

The information is held under the following headings:

- The Plan ID
- Plan Start Date
- Plan Deduction Code - This provides a direct link with Infinium PY.
- Joining Eligibility
- Benefit Eligibility
- Benefit Calculation Data
- Pensionable Earnings Calculation Data
- Death Benefits Data - The module will allow unlimited Pension Plans to be established on the system.

Employee Enrolments

Once set up, the Employee Enrolment record can be amended, displayed or deleted. When creating an Employee enrolment record, the employee's eligibility is confirmed against the relevant plan control. Certain employee data is displayed for information purposes from the existing employee records held on the system. The data specific to the Pension enrolment can be entered and includes:

- Plan Joining Date
- Membership-if different from employee number
- Pension Status Code
- Plan Withdraw Date

The system automatically calculates and displays for each enrolment the Joining Eligibility Date, Normal Retirement Date and Service at Normal Retirement Date.

Contributions

Contributions can be recorded both for the Employer and Employee. These can be entered manually or extracted directly from Infinium PY via *Close Pension Contributions into History*. Once in history, the contributions can be amended if necessary. The frequency for updating contributions can be User designated.

Earnings

Earnings can be recorded for each Pension plan member. These can be entered manually or extracted directly from Infinium PY via the *Close Pension Earnings into History* function.

Calculations and Benefit Statements

The Pension Administration system holds the key source data for many pension calculations. If detailed calculations based on Actuarial data are required, these would be obtained via Custom Programs at User discretion.

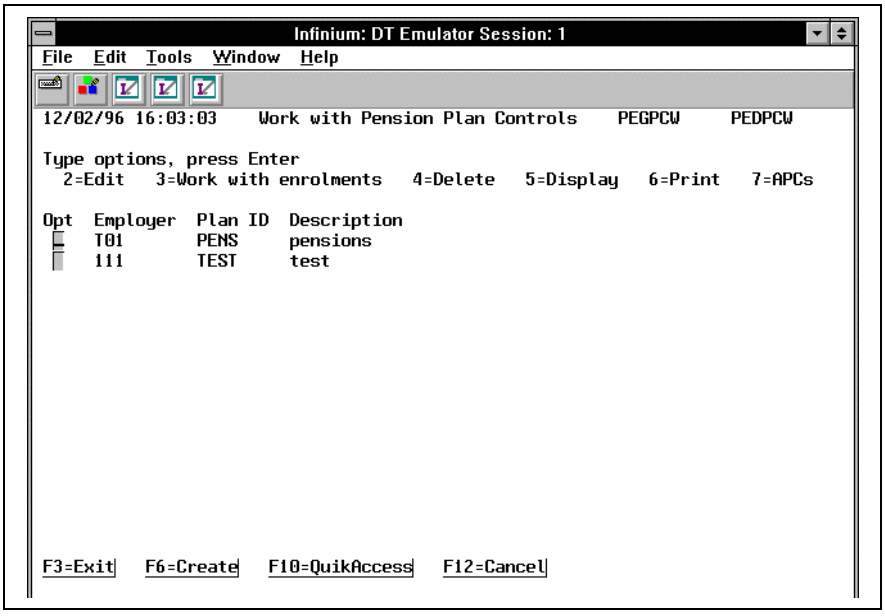
An example of a Benefit Statement is available within Pension Administration, however, the calculations and format used can be customised for each customer.

Pension Plan Control

Overview

This function allows the setup and maintenance of each Pension Plan Control. A Pension Plan control must be established for each pension plan relevant to your organisation. This control holds the rule information regarding each plan and is used as the basis of all transactions carried out within the module.

Screen 1 of 5



Key Information

All existing Pension Plans will be displayed on this screen.

You may select from the following Options:

- **2** - Edit an existing pension plan record
- **3** - Work With Enrolments to the plan
- **4** - Delete an existing pension plan

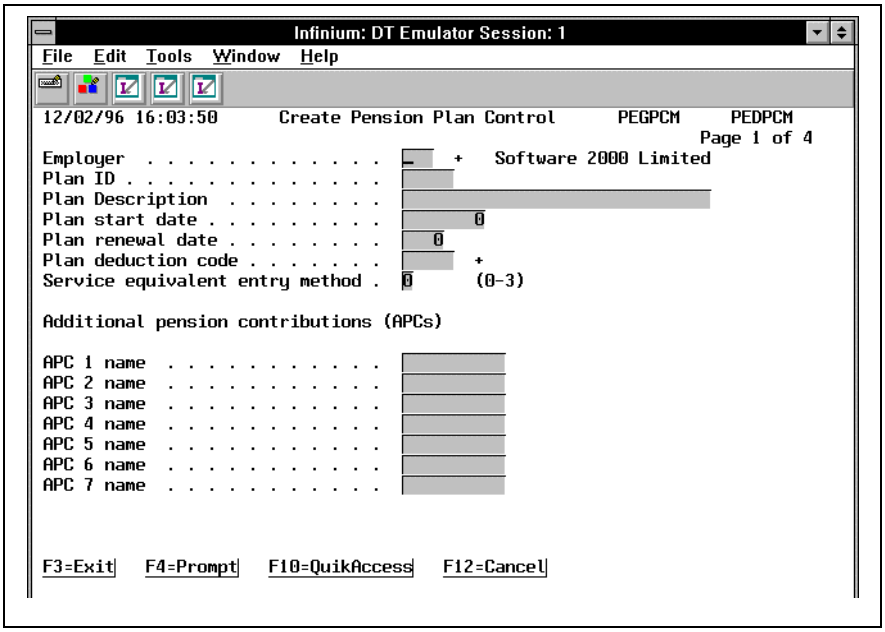
5 - Display an existing pension plan

6 - Print an existing pension plan

7 - Work with APCs (Additional Pension Contributions) related to each pension plan

Press F6 to create.

Screen 2 of 5



Key Information

APCs attached to the plan are displayed for information.

Type the *Employer* who uses this pension plan. Use F4 to review and select from the list of valid Employers.

Type the *Plan ID* code identifier you wish to associate with this pension plan. This code may be up to 5 characters in length, alpha/numeric format.

Plan start date should be completed indicating the date on which the pension plan commenced.

Plan Renewal Date, if entered, should indicate the day and the month on which the plan is renewed each year.

The *Plan deduction code* provides a direct link with Infinium Payroll indicating, the deduction code under which pension contributions should be made.

The *Service equivalent entry method* is used to define how service credits should be expressed for each plan year, as follows:

0 - decimal form xx.xxx

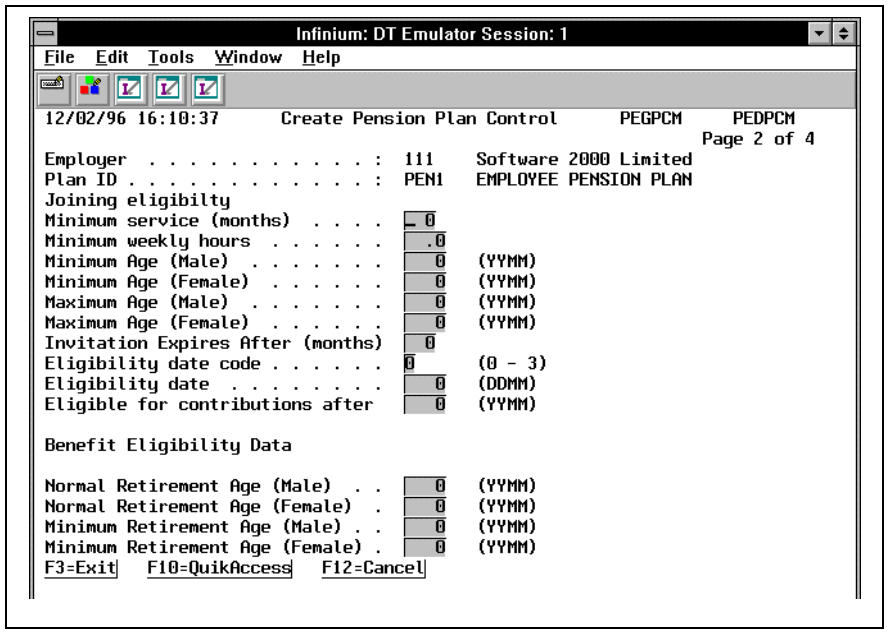
1 - YY/MM for

2 - Percentage of a year form

3 - service multiplier as defined later in the plan control

Press Enter to Continue.

Screen 3 of 5



Key Information

The data on this screen is used to indicate the Joining Eligibility to be applied to new employees enrolling into the plan based on each employee's age, service and/or hours.

The *Eligibility date code* should be used to indicate when an employee may join the plan chosen, as follows:

0 - No restriction may join at any time

1 - Enrolment allowed only on the Plan Renewal date specified on the previous screen

2 - Enrolment allowed only on the first day of the tax year

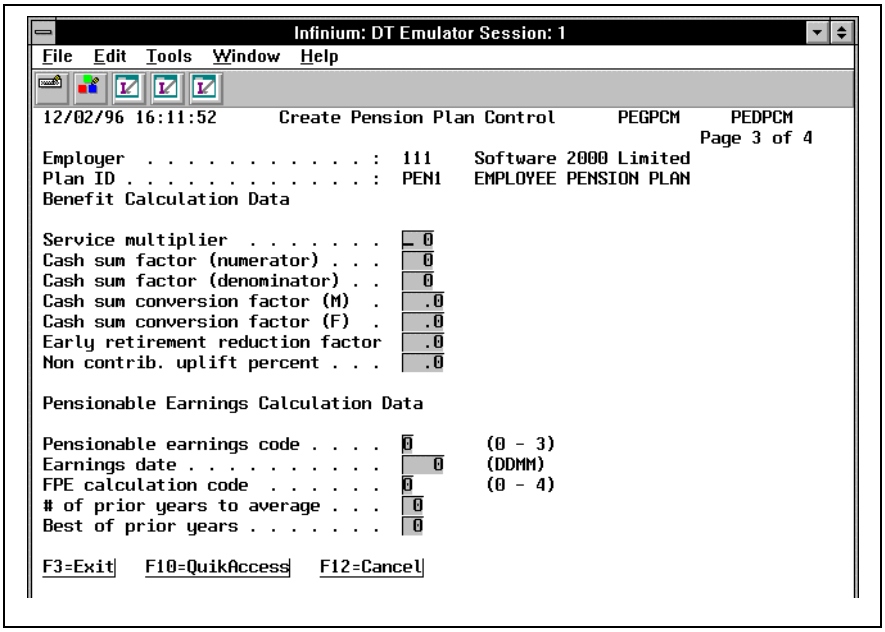
3 - Enrolment allowed only on the date specified in the next field, *Eligibility Date*

The second part of this screen is used to define when Benefit Eligibility commences. Information regarding Normal and Minimum Retirement

ages should be entered for male and female plan members.

Press Enter to continue.

Screen 4 of 5



Key Information

The information contained on this screen relates to the calculation factors which should be applied to the calculation of pension plan benefits. Each plan may use some or none of these factors, depending on the benefit calculation applicable.

The *Service multiplier* indicates the factor to be applied to the years of service in the pension benefit calculations, for example, 60 or 80. This is the proportion of the Pensionable Salary which is accumulated for each completed year of pensionable service.

Where pension plan members may take part of their pension as cash upon retirement, enter the *Cash sum factor* (*Numerator*) and (*Denominator*) to be used to calculate the cash value.

Enter the *Cash sum conversion* (*factors*) which should be applied to the remaining benefit if cash is taken.

The second part of this screen defines how pension earnings should be collected and used.

The *Pensionable earnings code* specifies when pensionable earnings are defined each year chosen, as follows:

0 - Employee Plan Joining Date

1 - Plan Renewal Date

2 - Tax Year Ending Date

3 - Earnings Date as specified in the next field

FPE calculation code defines how to arrive at the Final Pensionable Earnings amounts, from which the benefit will be calculated. Valid values are:

0 - Annual earnings in the year of retirement

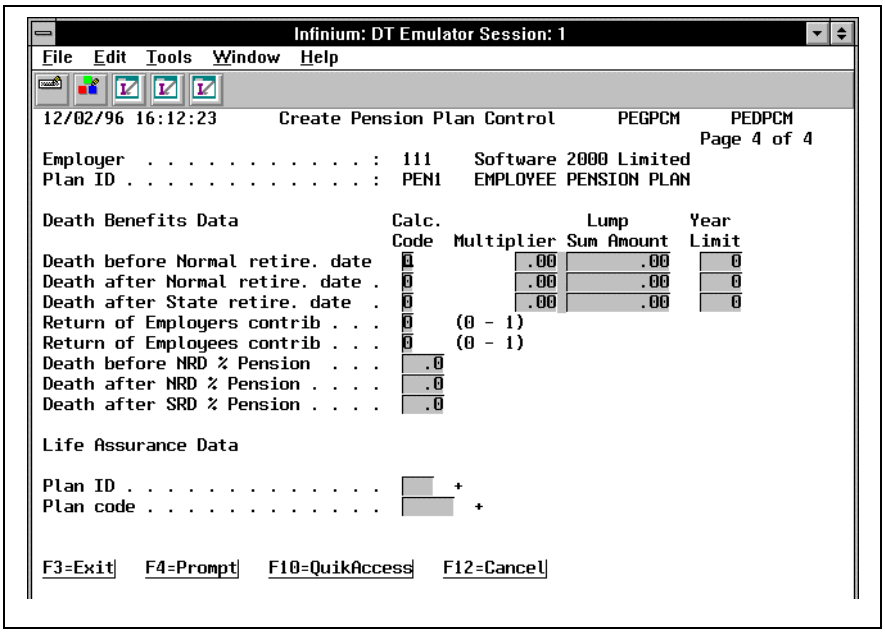
1 - Average earnings over a specified number of years (complete # of prior years to average field)

2 - Average of the highest earnings over a specified number of years (the number of prior years to average field must also be entered). The highest earning years are selected from a specified number of best year (the *Best of prior years* must also be specified).

3 - Use the higher of methods **1** or **2**

4 - Use the current base rate from the employee's master record

Screen 5 of 5



Key Information

The information contained on this screen relates to the calculation of death in service and spouses pension benefits. Three situations may be defined; Death before NRD (Normal Retirement Date), Death After NRD but before SRD (State Retirement Date) and Death after SRD.

For each situation the calculation method for a lump sum payment to beneficiaries may be defined.

The *Calculation code* defines how the benefit is calculated, as follows:

0 - No lump sum available.

1 - The lump sum is calculated as a multiple of the Final Pensionable Earnings (the multiplier must be entered).

2 - The lump sum is a fixed amount (the lump sum amount should be entered).

3 - The pension which would have been paid to the employee if they retired at the time of dying is multiplied by the Number of Years (the Year Limit must be entered) to calculate the lump sum.

The *Return of Employers/Employees Contributions*, flags indicate whether contributions are refundable on the death of the employee before NRD.

If the pension Benefit is reduced in the event of death, then enter the percentage of the benefit which will be paid in each of the three situations.

The second part of the screen records the link with a Life Assurance Scheme that has previously been defined in the Benefits Administration module within Infinium Human Resources.

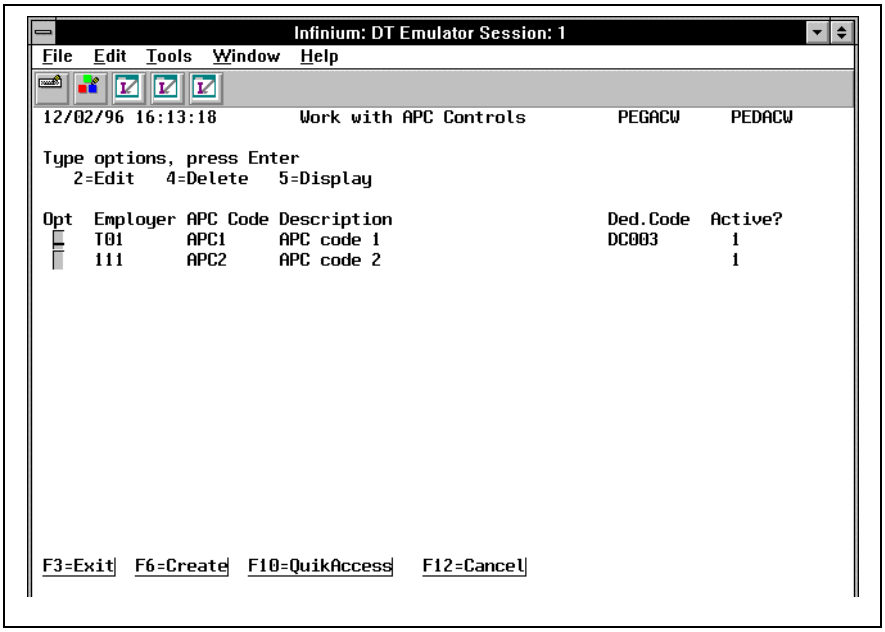
Press F3 to exit & save.

Additional Pension Contributions

Overview

This function is used to establish the elements of pension, in addition to the Base pension data, which are available. Once established, these can then be associated with the relevant plans. Many pension plans can share the same APCs.

Key Information



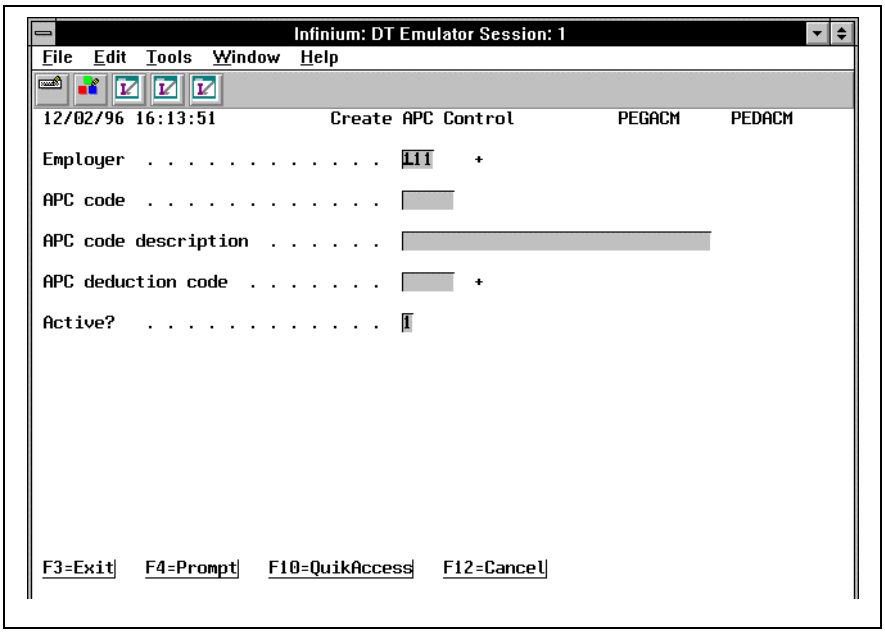
Screen 1 of 2

All existing APCs will be displayed on this screen. You may choose from the following Options:

- **2** - Edit an existing APC Control
- **4** - Delete an existing APC Control
- **5** - Display an existing APC Control

Press F6 to create.

Screen 2 of 2



Key Information

Enter the *APC code description*

If a payroll deduction is associated with this APC, specify the *APC deduction code.*

To indicate that this APC is currently in use and *Active,* specify **1**.

Use F3 to exit and save.

Note that to attach the relevant APCs to a Pension Plan, select the *Work with Pension Plan* function and select the plan using Option **7**, APCs.

Employee Pension Plan Enrolment

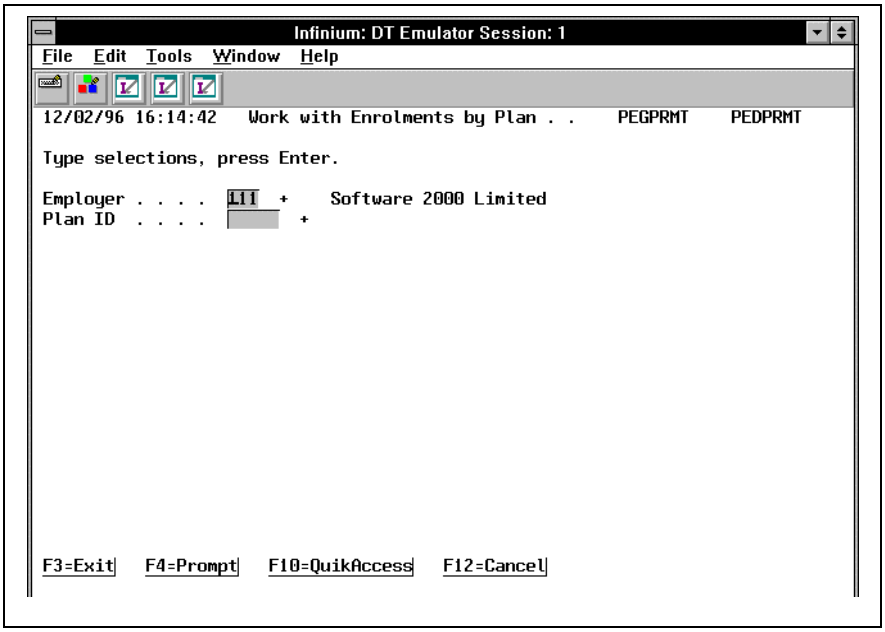
Overview

When creating an Employee enrolment record, the employee's eligibility is confirmed against the selected plan control. Certain employee data is displayed from the existing employee records for information purposes. Specific pension data can be entered.

Each employee may only have one enrolment per plan. However, each employee may be enrolled to more than one plan.

The system automatically calculates and displays for each enrolment the Joining Eligibility Date, Normal Retirement Date and Service at Normal Retirement Date.

Screen 1 of 4



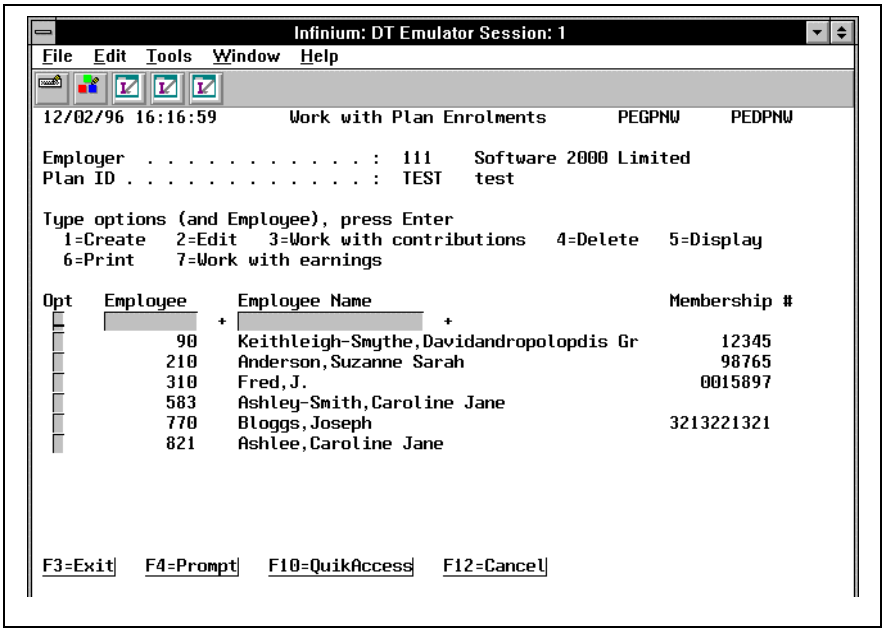
Key Information

Enter the *Employer* who uses this pension plan. Use F4 to review and select from the list of valid Employers.

Enter the *Plan ID* code identifier you wish to associate with this pension plan. This code may be up to 5 characters in length, alpha/numeric format.

Press Enter to continue.

Screen 2 of 4



Key Information

All existing Pension Plan Enrolments will be displayed on this screen.

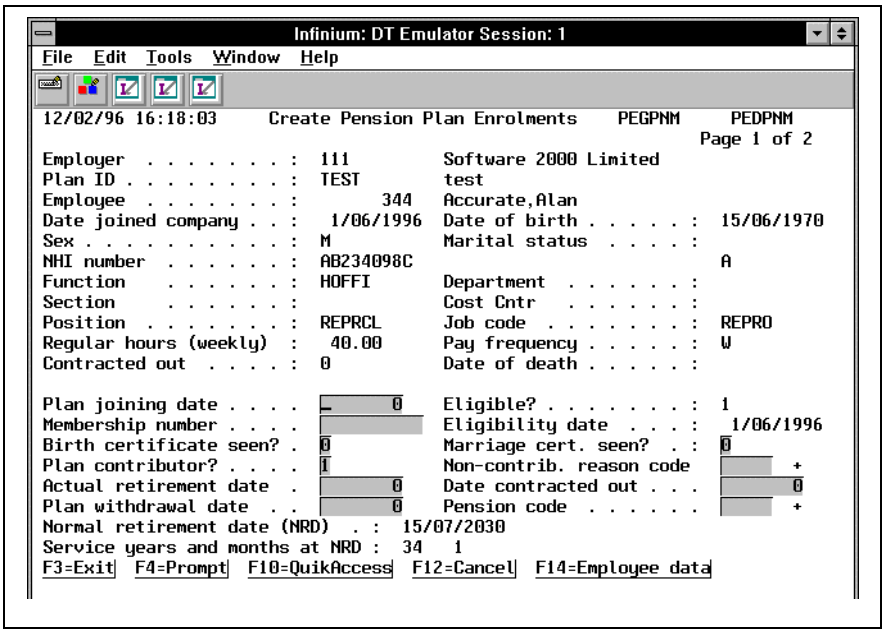
You may choose from the following Options:

- **1** - Create a new plan enrolment
- **2** - Edit an existing plan enrolment
- **3** - Work with pension contributions for an enrolled employee
- **4** - Delete an existing plan enrolment
- **5** - Display an existing plan enrolment
- **6** - Print an existing plan enrolment
- **7** - Work with pensionable earnings for an enrolled employee

Use Option **1** to create. Then enter the Employee number.

Press Enter to continue.

Screen 3 of 4



Key Information

The information displayed in the top half of the screen provides some basic data regarding the selected employee.

The *Eligible?* flag and *Eligibility date* are entered automatically by the system that uses the employee and pension plan information.

Plan joining date must be entered and is validated against the *Joining Eligibility* and *Eligibility date* specified on the plan control.

The *Membership number* will default to the employee's system-allocated number. This can be changed to a specific pension plan membership number if different.

Birth certificate seen? and *Marriage cert. seen?* fields can be set to **1** if these have been seen.

The *Plan contributor?* should indicate whether the employee makes contributions to the plan. If set to **0,** a *Non-contrib. reason code* should be entered. These codes should be set up using Employer code type **CON** and can be reviewed using F4.

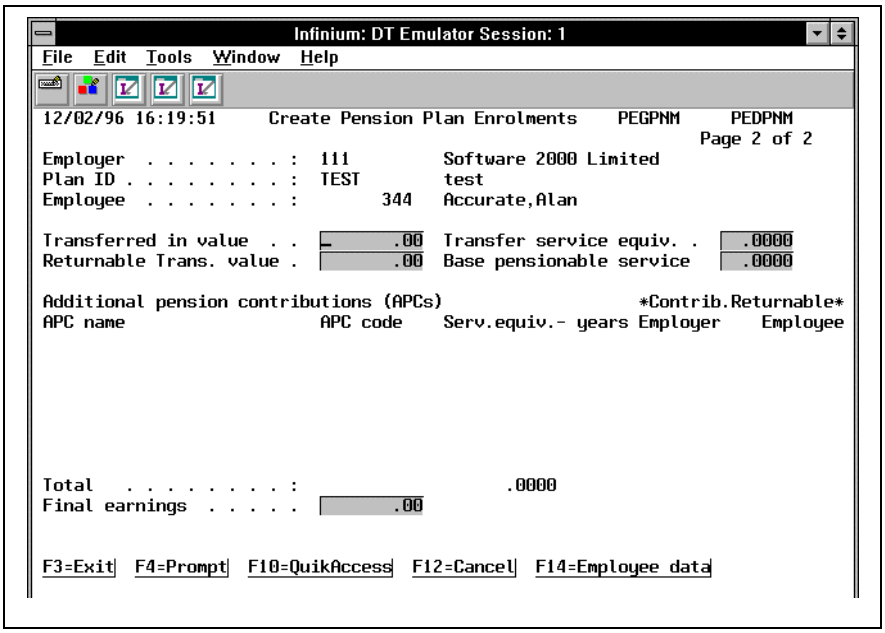
If the employee has withdrawn from the plan and/or left the company, enter the *Plan withdrawal date*. If this date is entered, a *Pension code* must be completed. These codes can be set up using Employer code type **PEN** and can be reviewed using F4.

Normal retirement date (*NRD*) and *Service years and month at NRD* are completed automatically by the system using the employee and plan control information.

Note: When in Edit mode you will be able to use F21 for Benefit Calculation, to provide a display containing the benefit statement information for the employee selected.

Press Enter to continue.

Screen 4 of 4



Key Information

This screen is used to record Added Service for an enrolled employee, where applicable. This is credited service to add to the number of years actually in the plan.

A *Transferred in value* may be entered. The portion of this *Transferred in value*, which is returnable, may also be recorded.

The *Base pensionable service* may be entered.

There is the facility to add the *Service equivalent* years and the *Returnable contributions* (employers and employees) for up to seven APCs which have been associated with the Plan.

Press F3 to exit and save.

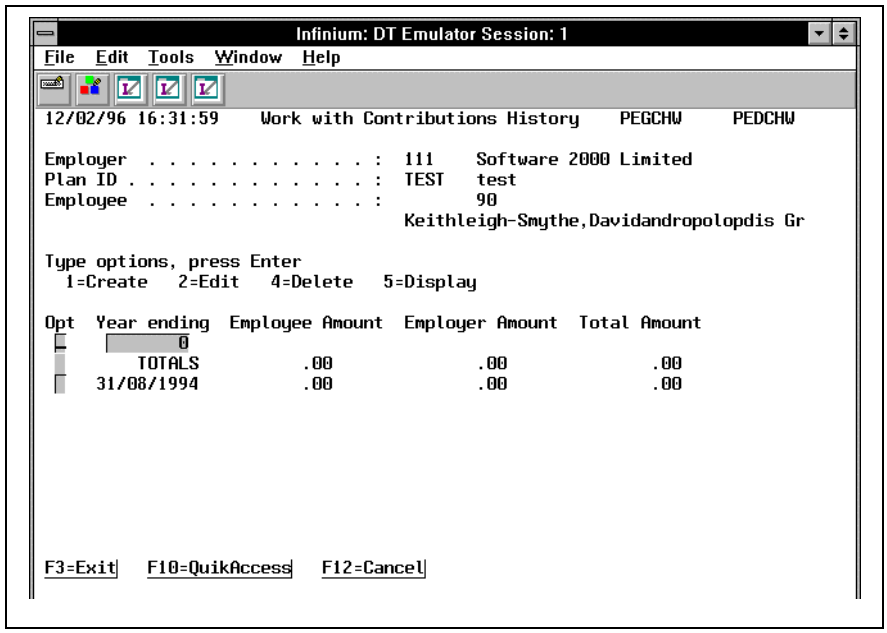
Pension Contribution History

Overview

This function can be used to record details regarding all pension contributions for both the Employee and/or Employer, including Additional Voluntary Contributions. These contributions can be entered manually or can be extracted from Infinium Payroll via the *Close Pension Contributions into History* function.

Note: This function is accessed via the enrolment screen where you may use Option **3** against the relevant employee.

Screen 1 of 3



Key Information

All existing contribution details will be displayed for the selected employee.

You may choose from the following options:

1 - Create a new contribution record

2 - Edit an existing contribution record

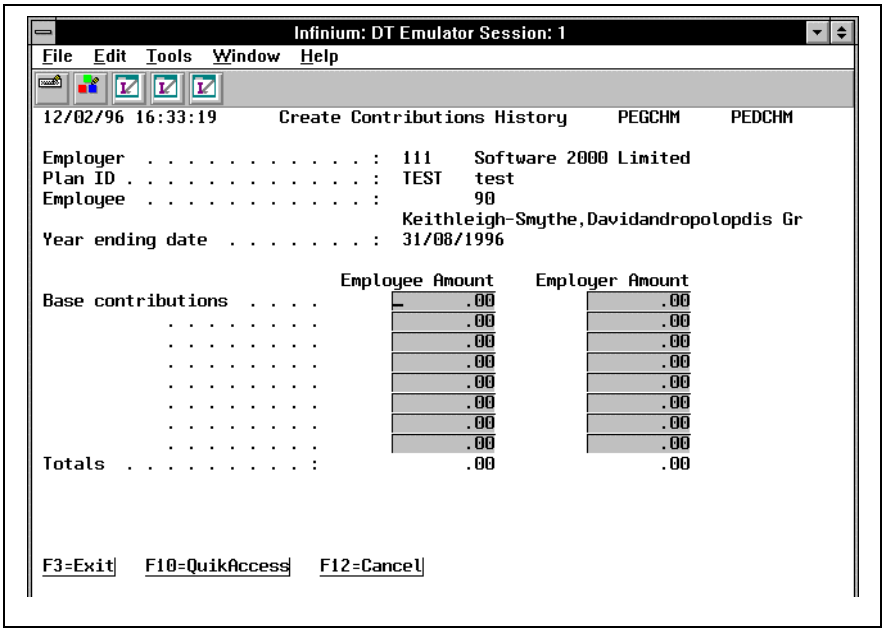
4 - Delete an existing contribution record

5 - Display an existing contribution record

Use Option **1** to create and then enter the Year Ending.

Press Enter to continue.

Screen 2 of 3



Key Information

The *Base Contributions* can be entered for both Employee and Employer for the year specified.

You may also record contributions against any APCs specified for the Pension Plan/employee.

The system will automatically calculate the *Totals* fields in line with the amounts entered.

If the Pension Plan is Contracted Out, you may record the amounts of Contracted Out National Insurance for the employee.

Use F3 to exit and save.

Pension Earnings History

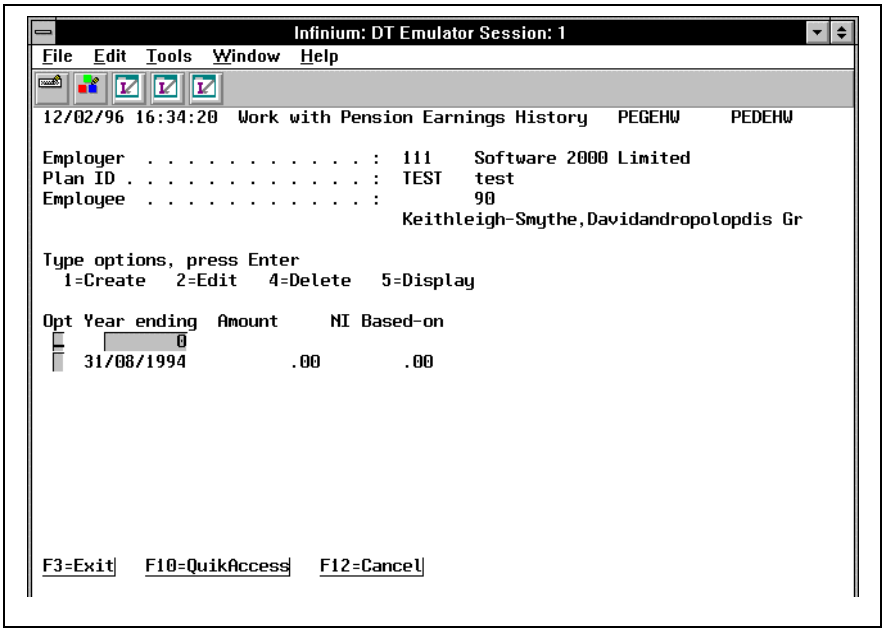
Overview

This function is used to record details regarding the pensionable earnings for an employee. These earnings can be entered manually via this function, or may be extracted from Infinium Payroll via the *Close Pension Earnings into History* function.

If you wish to use the *Close Pension Earnings into History* function, you must have created an Income Reporting Group (IRG). This IRG must have the same name as the Plan to which it relates. All income codes which are to be included when the Pensionable Earnings for the year are calculated must be associated with the IRG.

Note: This function is accessed via the enrolment screen where you may use Option **7** against the relevant employee.

Screen 1 of 2



Key Information

All existing earnings details will be displayed for the employee selected.

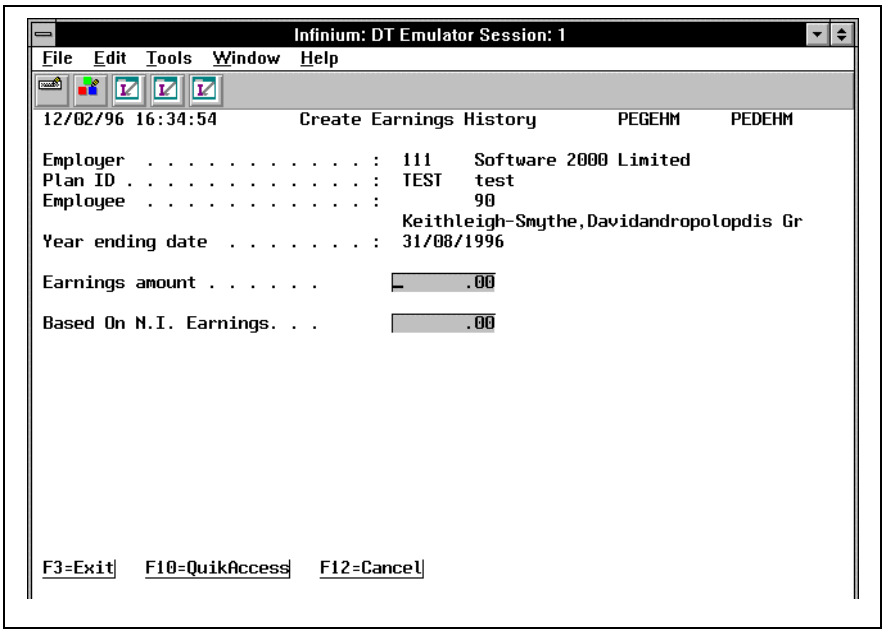
You may choose from the following Options:

- **1** - Create a new earnings record
- **2** - Edit an existing earnings record
- **4** - Delete an existing earnings record
- **5** - Display an existing earnings record

Use Option **1** to create and then enter the Year Ending.

Press Enter to continue.

Screen 2 of 2



Key Information

Enter the Earnings Assumed for the year specified.

You may also enter the *Based on NI (National Insurance) Earnings*/contributions, if applicable.

Press F3 to exit and save.

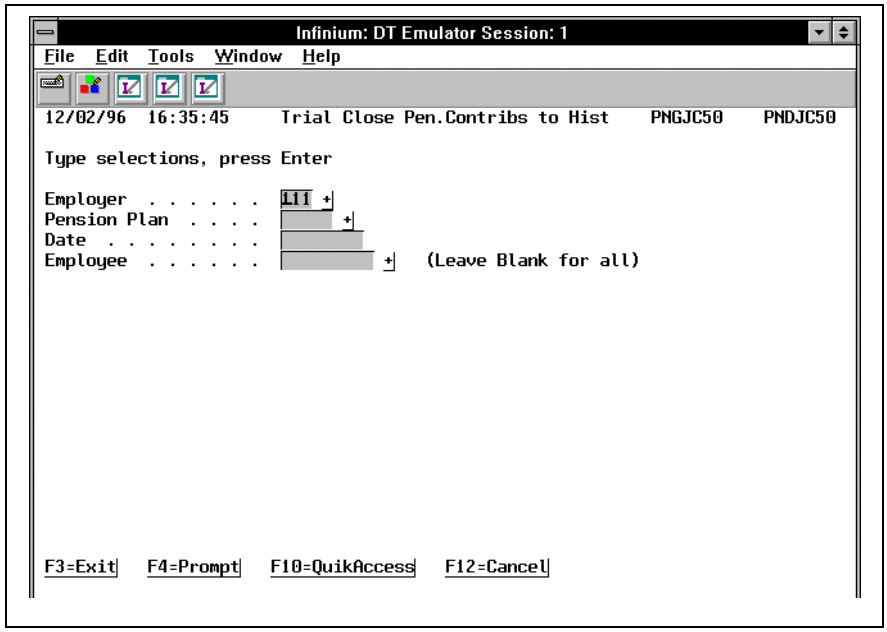
Close Pension Contributions to History

Overview

This function can be used to extract contribution data which has been recorded via Infinium Payroll. This function is designed to be run once a year to update the Employee contributions record. The information which is extracted is based on the deduction codes which have been specified both for the Pension Plan and Additional Pension Contributions associated with the plan.

The *Trial Close Pension Contributions to History* function should be run and checked prior to using the Close function.

Screen 1 of 1



Key Information

The *Date* to be entered should indicate the End of Year date of the information to be extracted.

You may run the *Employee* function for an individual employee, if required.

Press Enter to submit this batch report.

Close Pension Earnings to History

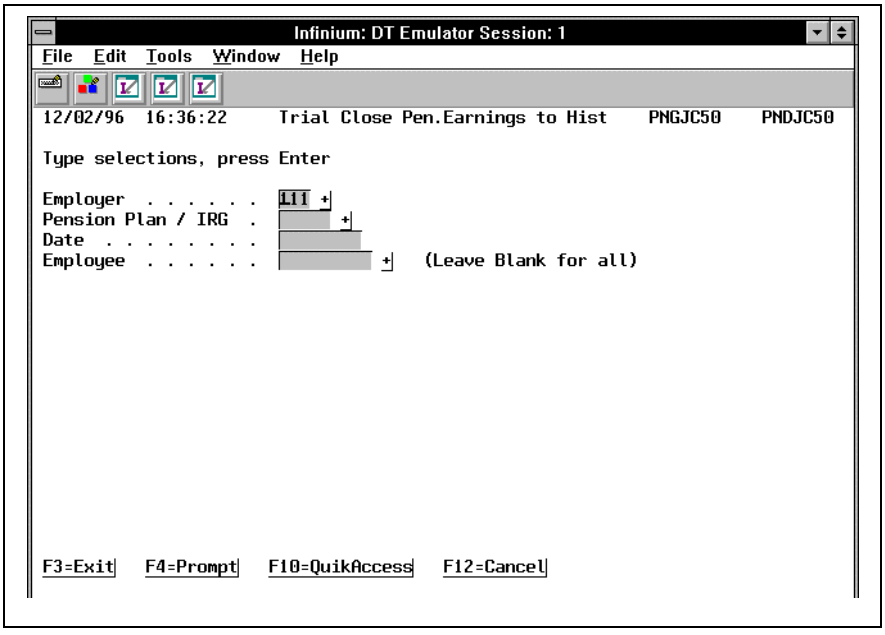
Overview

This function can be used to extract contribution data which has been recorded via Infinium Payroll and is designed to be run once a year to update the Employee Earnings record.

If you wish to use the *Close Pension Earnings into History* function, you must have created an Income Reporting Group (IRG). This IRG must have the same name as the Plan to which it relates. All income codes which are to be included when the Pensionable Earnings for the year are calculated must be associated with the IRG.

The *Trial Close Pension Earnings to History* function should be run and checked prior to using the Close function.

Screen 1 of 1



Key Information

The *Date* to be entered should indicate the End of Year date for the data to be extracted.

You may run the *Employee* function for an individual employee, if required.

Press Enter to submit this batch report.

Reports

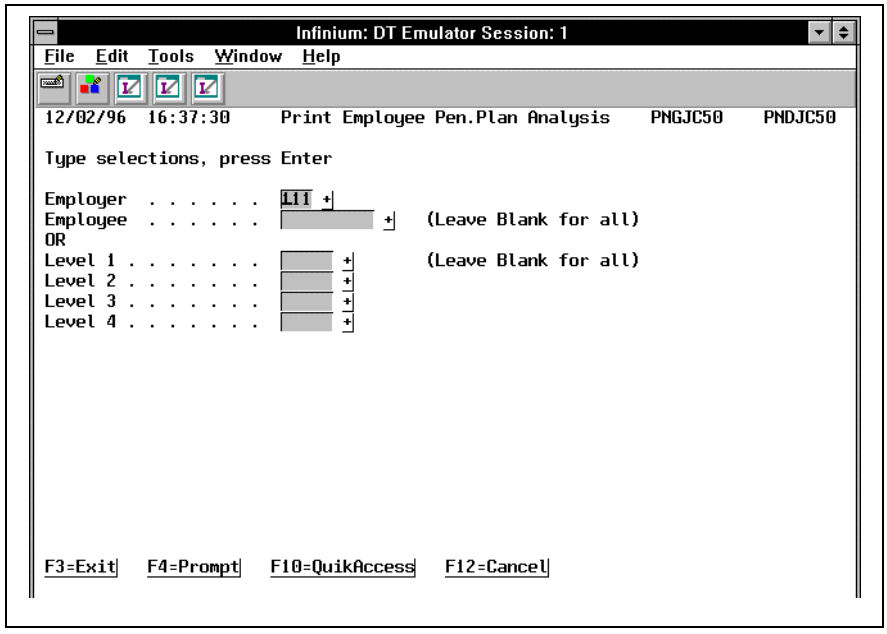
Overview

This section will review the standard reports which are available within the Pension Administration module together with examples of the reports which can be produced.

Employee Plan Analysis Report Overview

This report will list, by employee, all the pension plans to which they are enrolled.

Screen 1 of 1



Key Information

You may analyse pension member for a specified employee or all employees within a particular level.

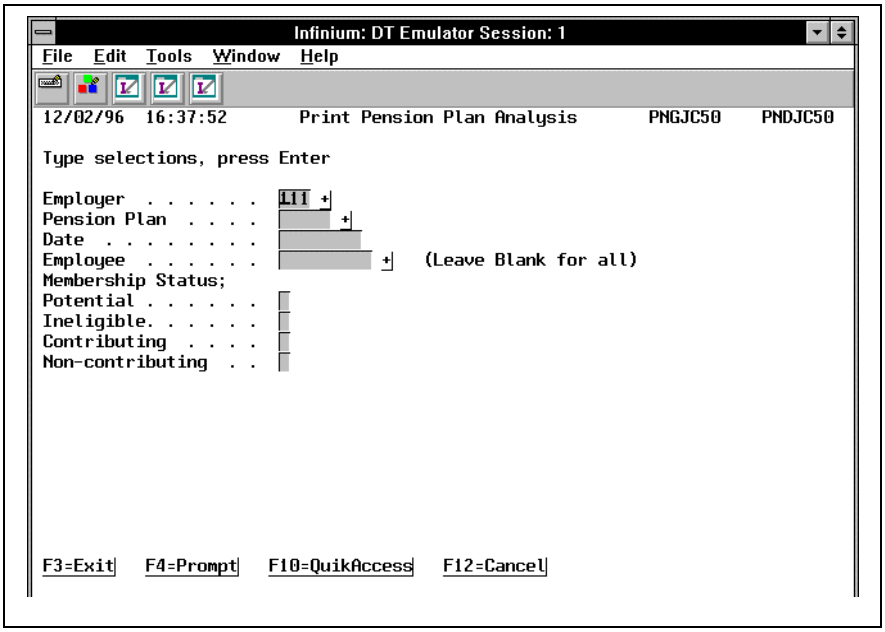
Leave the *Employee* and the *Levels* selections blank to analyse all employees within the selected Employer.

Press Enter to submit this batch report.

Pension Plan Analysis Report Overview

This report analyses each pension plan indicating all employees, their actual and potential membership status within the pension plan. This report can also be used to indicate those employees who are eligible to join the plan and have not done so.

Screen 1 of 1



Key Information

You may select to review *Membership status* for a specified Pension Plan and as of a specified *Date*.

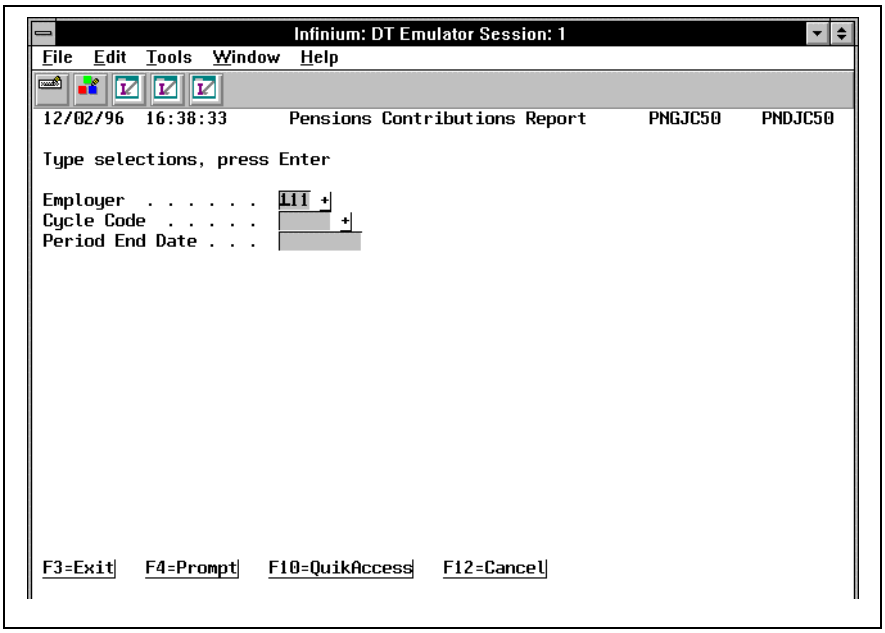
Select which types of membership to include within the report.

Press Enter to submit this batch report.

Contributions Report Overview

This report provides the information to reconcile the pension deductions made through payroll to those paid over to the pension fund. Prior to running this function, two Deduction Reporting Groups should be established with the codes **PENS1** and **SERPS**. All pension deductions codes must be associated with the **PENS1** group, while any **SERPS** deductions must be associated with the **SERPS** group.

Screen 1 of 1



Key Information

Enter the *Employer* and *Period End Date* to be analysed. *The Period End Date* should reference the date entered via Infinium Payroll.

You may further select by indicating the Payroll cycle to be analysed by entering the *Cycle Code*.

Press Enter to submit this batch report.

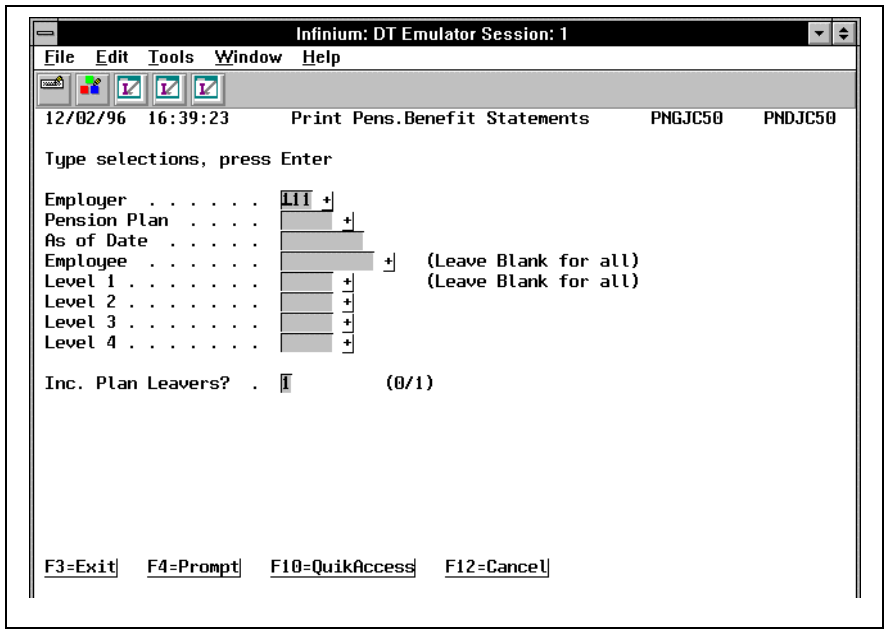
Benefit Calculation and Statement

Overview

This report provides a Benefit Statement for all selected employees. The Benefit statement uses the plan rules, employee earnings and contributions histories to illustrate potential accrued benefits on retirement.

This report has been designed as an example of the types of statements which can be produced by the system. It is intended that this report should be customised to meet company specific requirements.

Screen 1 of 1



Key Information

Enter the *Employer* for the statements to be produced.

Enter the *Pension Plan* for the statements to be produced.

Enter the *As Of Date* for the statements to be produced.

You may select a particular employee or all employees within a specified Level.

Press Enter to submit this batch report.