

Pension Committee

10 June 2015

8. PENSION ADMINISTRATION UPDATE

Recommendation

Shadow Pension Administration Advisory Forum

- 1. The Head of Human Resources and Organisational Development recommends that:**
 - a) The Committee notes the Pension Administration Advisory Forum Update; and**
 - b) The Committee notes the general update from the Administering Authority.**
2. The Shadow Pension Administration Advisory Forum met on 5 May 2015 with 26 employers in attendance.
3. The Agenda included the following items:
 - Pension Board and Pension Committee – Governance Arrangements (Mark Forrester)
 - Investment Panel - Governance Arrangements (Mark Forrester)
 - Reporting Fund Performance (Mark Forrester)
 - Overview of CARE (Bridget Clark)
 - Year End Arrangements (Linda Probin)
 - Freedom and Choice (Linda Probin)
 - Cost Control in the LGPS (Ian Kirk, Mercers)
4. In advance of the meeting questions from 2 employers were received and these were responded to and distributed at the meeting for discussion.
5. A copy of the briefing note from Mercers re Cost Control in the LGPS is attached for your information.
6. No other matters were raised for the attention of the Shadow Pension Committee.
7. Copies of the slides and notes from the meeting have been circulated to all employers.
8. The next meeting of the Forum will take place on Tuesday 24 November at 2pm and the Agenda will include a section for an Employer Update and a section for Open Debate/Discussion and employers

will be asked to submit their questions and queries in advance.

CARE

9. The LGPS changed from a final Salary to a Career Averaged Re-valued Earnings (CARE), defined benefit scheme, with effect from 1 April 2014.

10. The key elements of the scheme are:

- Membership
- Opting out
- Leavers
- 50:50 scheme
- Pensionable Pay
- Additional Pension Contribution (APC)
- Termination notification
- Discretionary policies

11. The Local Government Association (LGA) have co-ordinated and produced all of the information, for members, employers and Administering Authorities and this is available on their website at www.lgpsregs.org

End of Year Arrangements

12. A number of changes have been made to this year's template to reflect first year of CARE.

13. The template was forwarded to all employers on 24 February and again on 18 March with detailed instructions on how to complete

14. The Administering Authority is reviewing completed returns and resolving queries/errors before the issue of Annual Benefit Statements and calculating the Annual Allowance by 31 August 2015.

Freedom and Choice

15. The new rules do not apply directly to LGPS defined benefits, individual members are free to leave the scheme (must be more than 1 year off their normal pension age) and request a transfer to a defined contribution scheme. After taking financial advice members will need to consider the consequences of swapping secure defined benefits for much riskier personal pension type arrangements.

16. The Pension Fund will monitor requests and consider any impact to the scheme's investment strategy.

Out-sourcing – Requests for estimates

17. The Administering Authority is continuing to receive high volumes of requests for estimates to both employers and employees.

GMP Reconciliation

18. The Administering Authority is preparing guidance on the end of contracting and delivering the national GMP reconciliation exercise.

Tri-annual Valuation

19. The Fund is required to undertake a tri-annual valuation. This is undertaken by the Fund's Actuary, Mercers Tri-annual valuations and the Administering Authority has to data cleanse all records in preparation for the next valuation which will for the 31/03/2016 Pension Fund Valuation.

Supporting Information

- Appendix - Cost control in the LGPS - A briefing note for members and employers

Contact Points

County Council Contact Points

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Background papers

In the opinion of the proper officer (in this case, The Head of Human Resources and Organisational Development) there are no background papers relating to the subject matter of the report.