



London Borough of Southwark Employer Training

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Aon Hewitt | Consulting | Retirement
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Agenda

- Scheme Regulations & Benefits
- Coffee
- Employer Responsibilities
- Lunch
- i-Connect demonstration
- Coffee
- i-Connect – using the system

Nothing in these slides can override the requirements of the LGPS or other legislation. These slides provide a high level overview only of the LGPS benefits and associated matters. Each scheme member will be considered individually when assessing entitlement to benefits.

.....and we are not financial advisers



Scheme Regulations & Benefits

Scheme Administration

- Defined benefit scheme – benefits linked to salary rather than contributions paid
- National scheme administered locally – 89 funds in England and Wales
- Administering authority = an authority responsible for maintaining a fund i.e. Southwark Council
- Employing Authority = an employer participating in a pension fund
 - Administering Authorities are also Employing Authorities!

Public sector pension schemes

- Many pension arrangements in place for the public sector are “unfunded”
 - Pensions for those who have retired are paid on a “pay as you go” basis i.e. straight out of contributions
 - No assets are invested to pay for future benefits
 - If the *current* cost of pensions increases, the contribution increases (and vice versa)
- The Local Government Pension Scheme (LGPS) is funded
 - Pensions are paid out of the pension “fund”
 - Assets are invested to pay for promised benefits



Regular assessments are needed to test if the fund is likely to have enough money to pay for the promised benefits

LGPS scheme changes at a glance

	LGPS 1997	LGPS 2008	LGPS 2014
Basis of Pension	Final Salary	Final Salary	Career Average Revalued Earnings (CARE)
Accrual Rate	1/80 th (plus 3/80ths cash)	1/60 th	1/49 th
Revaluation Rate	Based on final year's salary	Based on final year's salary	Consumer Prices Index (CPI)
Pensionable Pay	Pay excluding non-contractual overtime	Pay excluding non-contractual overtime	Pay including non-contractual overtime
Contributions	6% (5% for some)	5.5% - 7.5%	Average 6.5% but: <ul style="list-style-type: none"> ■ £15k-£20k slightly less ■ £43k+ more
Normal Retirement Age (NRA)	65 (+Rule of 85 until 2006)	65	Equal to the individual member's State Pension Age
Entitlement to benefits after	2 years (until 2004)	3 months	2 years
50% Benefits for 50% Contributions	Not available	Not available	Optional

Member contributions

- Rates from 1 April 2016 and reassessed each 1 April – you will be notified of new bands
- Based on actual not full-time equivalent pay
- Part-time members may pay less than under 2008 scheme
- Higher paid members may pay more than under 2008 scheme

Pay band	Rate	Net Rate
£0 - £13,600	5.5%	4.4%
£13,601 - £21,200	5.8%	4.64%
£21,201 - £34,400	6.5%	5.20%
£34,401 - £43,500	6.8%	5.44%
£43,501 - £60,700	8.5%	5.10%
£60,701 - £86,000	9.9%	5.94%
£86,001 - £101,200	10.5%	6.30%
£101,201 - £151,800	11.4%	6.84%
£151,800+	12.5%	6.88%

Pensionable Pay (Post 2014)

- What is pensionable?
 - Basic pay, additional hours, overtime, bonuses, honoraria and other payments made to the employee
 - plus any other benefit defined in contract as pensionable



- What isn't pensionable?
 - Anything not subject to income tax
 - Expenses
 - Pay in lieu of holiday
 - Pay in lieu of notice
 - Value of a provided car
 - Inducement not to leave
 - And a few more less typical payments

50/50 section

- Pay half the normal contributions
- Get half the normal pension
- Any member can join this section - Elect in writing
- Same level of life and ill-health cover as in the main section
- Short term option (maximum 3 years but can re-elect)



Paying additional contributions

- Additional Voluntary Contributions (AVCs)
- Additional Pension Contributions (APCs)



Additional Voluntary Contributions (AVCs)

AVC	Pre April 2014 Contract	Post April 2014 Contract
Contributions payable	Limit = 50% of pensionable pay (2008 definition)	No limit = up to 100% of pensionable pay (2014 definition)
Tax free cash option	Up to 100% of AVC as tax-free cash (depending on HMRC limits)	Up to 100% of AVC as tax-free cash (depending on HMRC limits)

Additional Pension Contributions (APCs)

- Buy up to £6,755 extra pension
- Pay regularly or by lump sum
- Cost paid for by member
- Get a pension for member only
- Employer can also award extra pension or pay towards cost



Shared Cost APCs

- Periods of:
 - Unpaid authorised leave and
 - Unpaid additional child related leave
- Lost Pension
- Shared Cost
 - Employer 2/3rds, Employee 1/3rd
- Elect within 30 days of coming back to work
 - Employer has discretion to extend this period
 - Election after 30 days = member pays full cost

Other absences



- Sick leave
 - Benefits accrue in full
 - Member pays contributions on any pay received

- Maternity/paternity/adoption leave
 - Ordinary = benefits accrue in full even if unpaid
 - Additional = accrue benefits while paid, can buy back pension for unpaid periods

- Strike
 - Member can buy back at full cost
 - No employer contribution

How is pension worked out?

- CARE introduced 1 April 2014
- Career Average Revalued Earnings
- Pension worked out every Scheme Year
- Rate of build-up is 1/49th pensionable pay (half that if in 50/50 section)
- Pension added to your Pension Account
- More than one job? Separate Pension Account for each job
- Pension revalued every year to keep in line with cost of living



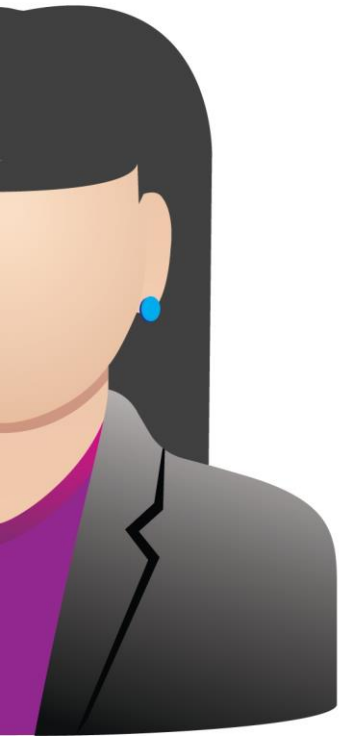
How is my pension worked out? (example)

Susan's Pension Account			
Scheme Year		Actual Pay	Cost of Living Adjustment
1	1 April 2014 to 31 March 2015	£24,500	3%
2	1 April 2015 to 31 March 2016	£25,333	3.1%

...In main section of the scheme



How is my pension worked out? (example)



Scheme Year	Opening Balance	Pension Build up in year	Total Account 31 March	Cost of living adjustment	Updated Total Account
1	£0.00	$\frac{£24,500}{49} = £500$	£500	3% = £15	£515
2	£515	$\frac{£25,333}{49} = £517$	£1032	3.1% = £32	£1,064

When can members retire?

Type of retirement	Adjustment to benefits
Normal Pension Age (i.e. State Pension Age)	No reduction or enhancement
Later	Enhancement
Earlier – voluntary from 55+	Reduction – but can be waived
Flexible (continue working p/t or lower grade) from 55+	Reduction – can be waived
Ill health – any age	Enhancement depending on how serious
Redundancy / Business efficiency – age 55+	No reduction – could be enhanced

What reductions apply if taking pension early?

Years early	Pension Male	Pension Female	Lump Sum (for membership to 31 March 2008)
1	5.6%	5.2%	2.9%
2	10.8%	10.1%	5.7%
3	15.5%	14.6%	8.5%
4	20.0%	18.8%	11.2%
5	24.0%	22.7%	13.7%
6	27.8%	26.4%	16.3%
7	31.4%	29.8%	18.7%
8	34.7%	33.0%	21.1%
9	37.7%	36.1%	23.4%
10	40.6%	38.9%	25.6%
11	44.2%	42.2%	n/a
12	47.6%	45.5%	n/a
13	50.9%	48.6%	n/a

Commutation

- Option to give up pension for additional lump sum
- Commutation factor = 12:1
- Maximum tax free lump sum = 25% of capital value of total benefits
- Cannot increase pension by giving up lump sum

In before April 2014?

- All pension built up before changes = fully protected
- Membership up to 31 March 2014 based on FTE final pay when you leave
 - Final Pay protection for reduction or restriction in pay
- Protected Normal Pension Age - 65 (for almost all members)

...Remember all pension is drawn at the same time (pre and post 2014)

Protections

Sounds confusing ?
... let's break it down

**Up to 3 different
calculations when working out your pension**

(depending on when you joined)

Protections

	Membership up to 31 March 2008		Membership from 1 April 2008 to 31 March 2014		Membership from 1 April 2014
Pension	Annual Pension = Membership x Final Pay / 80	+	Annual Pension = Membership x Final Pay / 60	+	Annual Pension = Pensionable pay for each year / 49 (half that if in 50/50 section)
Lump Sum	Automatic tax-free cash lump sum = 3 x Annual Pension		No automatic tax-free cash lump sum*		No automatic tax-free cash lump sum*
* Option to convert pension into tax-free cash					

Protections

Rule of 85

- What is it?
 - An old definition of Earliest Retirement Age
 - Age plus membership in whole years = 85
- Who is protected?
 - In the LGPS before 1 October 2006
- When can it be used?
 - For scheme membership before 1 April 2008
 - Possibly more protection if born before 1 April 1960
- This protection continues from April 2014
(*exception = new option of drawing your pension from age 55-60)



Protections

	Membership up to 31 March 2008		Membership from 1 April 2008 to 31 March 2014		Membership from 1 April 2014
Pension	Annual Pension = Membership x Final Pay / 80	+	Annual Pension = Membership x Final Pay / 60	+	Annual Pension = Pensionable pay for each year / 49 (half that if in 50/50 section)
Lump Sum	Automatic tax-free cash lump sum = 3 x Annual Pension		No automatic tax-free cash lump sum*		No automatic tax-free cash lump sum*
* Option to convert pension into tax-free cash					
Normal Pension Age	Rule of 85 if member on 1/10/2006 Age 65 if not		Most members - 65 Some protection if born before 1/4/1960 and member at 1/10/2006		State Pension Age Some protection to 2020 if born before 1/4/1960 and member at 1/10/2006

Final Pay (2008 definition)

- What is pensionable?
 - Basic pay, **contractual** overtime, bonuses, honoraria and other payments made to the employee
 - plus any other benefit defined in contract as pensionable

- What isn't pensionable?
 - Anything not subject to income tax
 - **Non-contractual overtime/additional hours**
 - Expenses
 - Pay in lieu of holiday
 - Pay in lieu of notice
 - Value of a provided car
 - Inducement not to leave
 - And a few more less typical payments

- **Full Time Equivalent** used in benefit calculations



Full service example



A Basic Example - John	
Date of Birth	1 April 1962
Joined the Scheme	1 April 1990
Retires	31 March 2019 (age 57 – no employer consent)
Pay (new scheme)	From £32,334 to £35,000
Revaluation Orders	3% each year (future)
Final Pay (old scheme)	£35,000

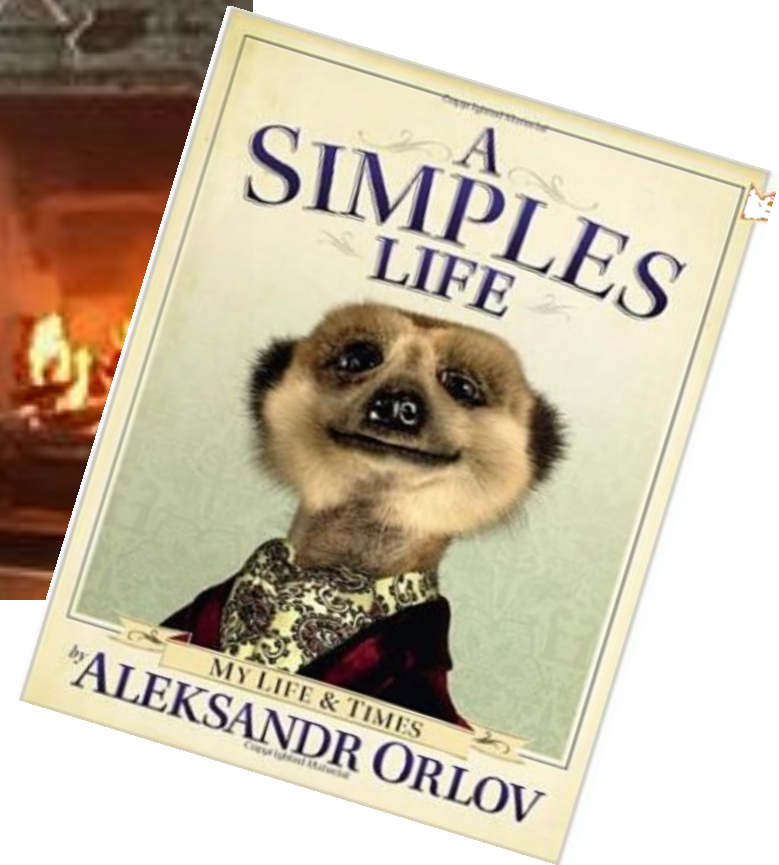
Full service example - continued

	Membership up to 31 March 2008		Membership from 1 April 2008 to 31 March 2014		Membership from 1 April 2014
Pension	$18 \times \text{£}35,000 / 80$ $= \text{£}7,875$	+	$6 \times \text{£}35,000 / 60$ $= \text{£}3,500$	+	5 Years of $1/49 \times$ $\text{£}32,334 \text{ to } \text{£}35,000 =$ $\text{£}660 \text{ to } \text{£}714 \text{ (basic)}$ Revalued Total = $\text{£}3,751$
Lump Sum	$3 \times \text{£}7,875 = \text{£}23,625$		£0		£0

- Ignores all early retirement reductions / different pension ages
- Pensionable pay could differ pre/post 2014

Full service example - continued

	Membership up to 31 March 2008		Membership from 1 April 2008 to 31 March 2014		Membership from 1 April 2014
Normal Pension Age	R85 = 55 but reduce from age 60 as no employer consent		65		67
Pension	$18 \times \text{£}35,000 / 80$ = £7,875 Less 15.5% = £6,654	+	$6 \times \text{£}35,000 / 60$ = £3,500 Less 34.7% = £2,286	+	5 Years of $1/49 \times \text{£}32,334$ to $\text{£}35,000 = \text{£}660$ to $\text{£}714$ (basic) Revalued Total = £3,751 Less 40.6% = £2,228
Lump Sum	$3 \times \text{£}7,875 = \text{£}23,625$ Less 8.5% = £21,617		£0		£0



Early Leavers



- Opt out within 3 months of joining
 - Refund processed by payroll
- Leave employment within 3 months of joining
 - Refund processed by Pension Fund
 - Transfer to alternative scheme
- Leave employment within 2 years of joining
 - Refund processed by Pension Fund
 - Transfer to alternative scheme
- Leave employment or opt out with more than 2 years service but with no immediate benefit entitlement
 - Deferred/preserved benefit
 - Transfer to alternative scheme

Benefits on death – broadly speaking

Benefit	In service	On deferred	In retirement
Lump Sum Death Grant	3 x pay	5 x member's pension	Balance of 10 years pension (if not already paid)
Spouse, civil partner or eligible co-habiting partner	1/160 th x pay x years based on Tier 1 ill-health enhancement to NPA	1/160 th x pay x years	1/160 th x pay x years
Child	1/320 th x pay x years based on Tier 1 ill-health enhancement to NPA (max 2)	1/320 th x pay x years (max 2)	1/320 th x pay x years (max 2)



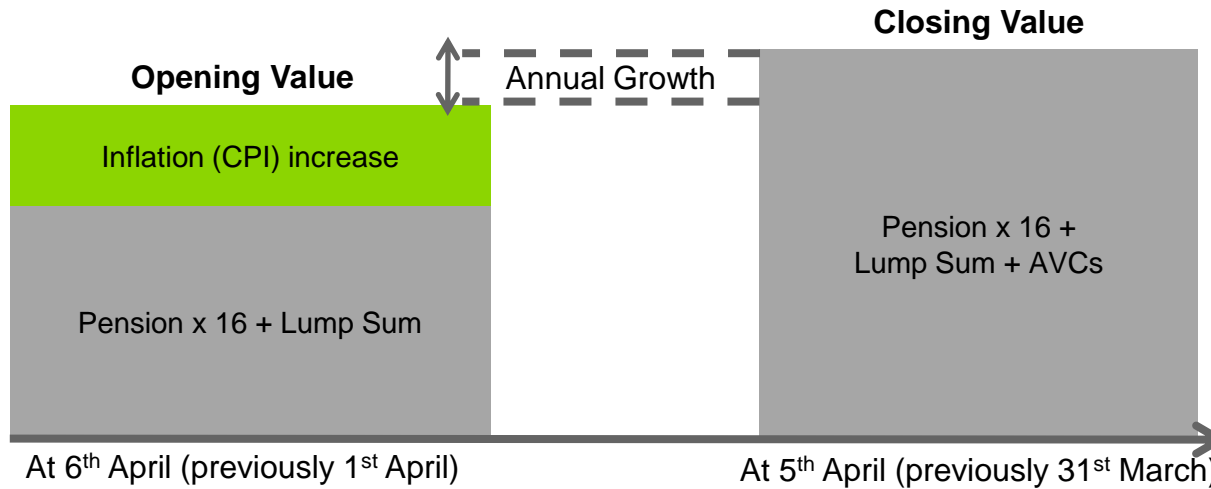
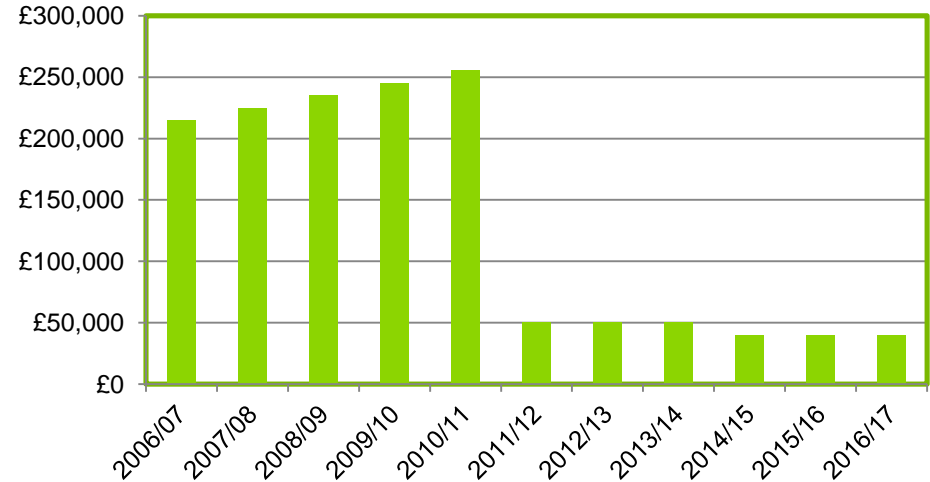
Taxation of benefits

- Before retirement - employee pension contributions are 'tax-free'
- Annual limit on tax-free "accrual" of benefits
- After retirement - pension is taxed at 'normal' tax rate
- At retirement - lump sum is tax free (up to certain limits), plus can commute away pension for more lump sum
- However, if those limits/allowances are breached then tax is due

Pension taxation limits – (1) Annual Allowance

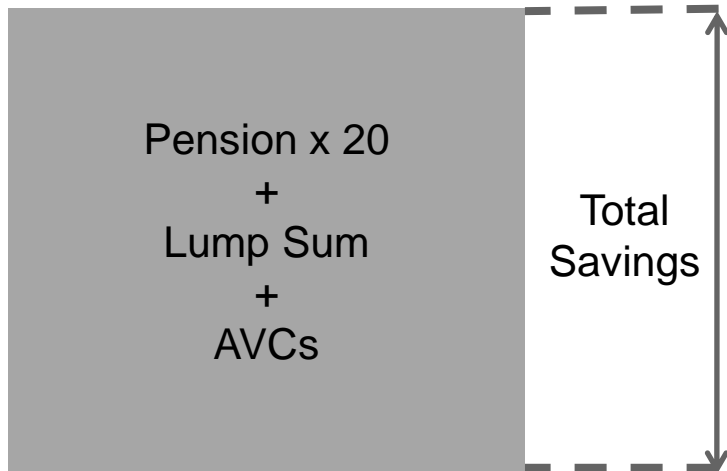
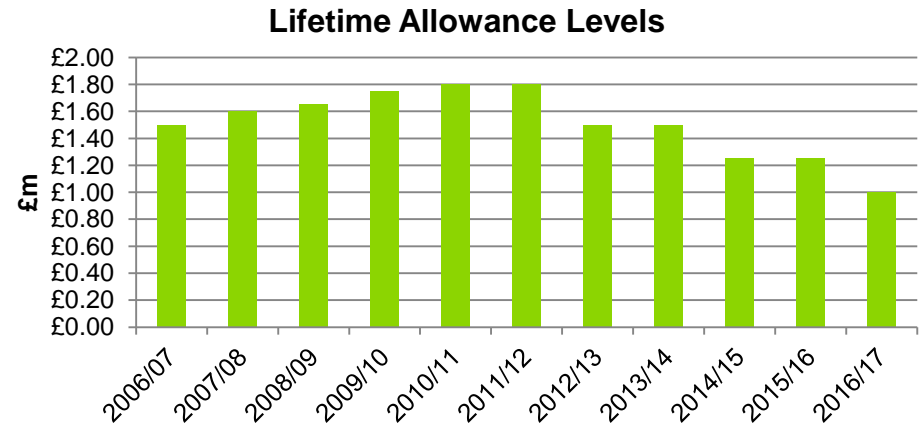
- A threshold – not limit
- Pensions savings can increase **in any one year**
- Can offset against unused allowances from previous three years
- Any excess is charged at normal rate of tax
- Lower level (£10k+) for income > £110k

Annual Allowance Levels



Pension taxation limits – (2) Lifetime Allowance

- A threshold – not limit
- Total pensions savings **at retirement**
- Any excess is subject to a tax charge
- Tax charge depends on format of excess:
 - lump sum 55%
 - pension 25%



- Consumer price increases from April 2018

Individual Protection 2016
If benefits at 5 April 2016 are valued at £1M or above
Max £1.25M

Fixed Protection 2016
Fixes Lifetime Allowance at £1.25M
No further accrual

Questions?

Coffee break



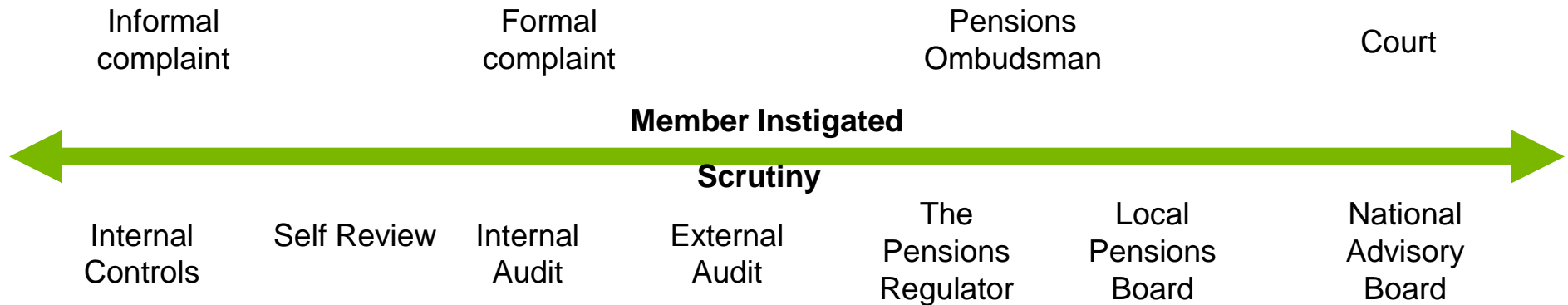


Employer Responsibilities

Training

- This training high level
- Employer guide issued – will be on Council's website
- LGA guides:
 - ◆ Payroll
 - ◆ HR
 - ◆ www.lgpsregs.org
- Vital you are familiar with these

When it goes wrong....



- Reputational damage...in some cases

- Costly

- Charge / fine
- Rectification
- Adviser costs

...and a cost to the Council, not the Fund

Recharged to the employer, if due to employer not carrying out responsibilities



Scheme Administration

- Member benefits based on service (pre-2014) and pay
- Vital that information provided to Fund is correct and provided on time
- Employer decisions affect member benefits - legal responsibility to notify Fund
- Ensure correct decision made in correct way at correct time
- Common Ombudsman complaints (employer related)
 - Ill health retirement
 - Incorrect calculations (based on incorrect information?)
 - Pensionable pay
- Remember, responsibility doesn't end when member leaves employment

Summary of Responsibilities

- Provide all relevant information to Fund as soon as possible after event (i-Connect)
 - Send any additional supplementary information as soon as possible (e.g. leaver form)
 - Provide year end information in respect of all members
 - Deduct and pay over correct contributions
 - Make decisions as appropriate
 - Publish and keep under review employer discretions policy statement
 - Nominate adjudicator to deal with appeals
-
- Note – if you use an outsourced payroll provider responsibility remains with YOU

Legal requirements

- Disclosure Regulations:

Circumstance	Deadline
A change to the scheme	3 months after the change
New start information	2 months after joining
Retirement benefits (after NPA)	1 month after leaving
Other leaver benefits	2 months after leaving
Request for estimate	2 months after request

- Record Keeping Regulations

- Lists of specific data requirements
- Lists of key transactions



Quality – not just timeliness

- Member off sick for long periods over a year
- Employer should provide Assumed Pensionable Pay (APP) to compensate
- Actual pensionable pay figure provided instead

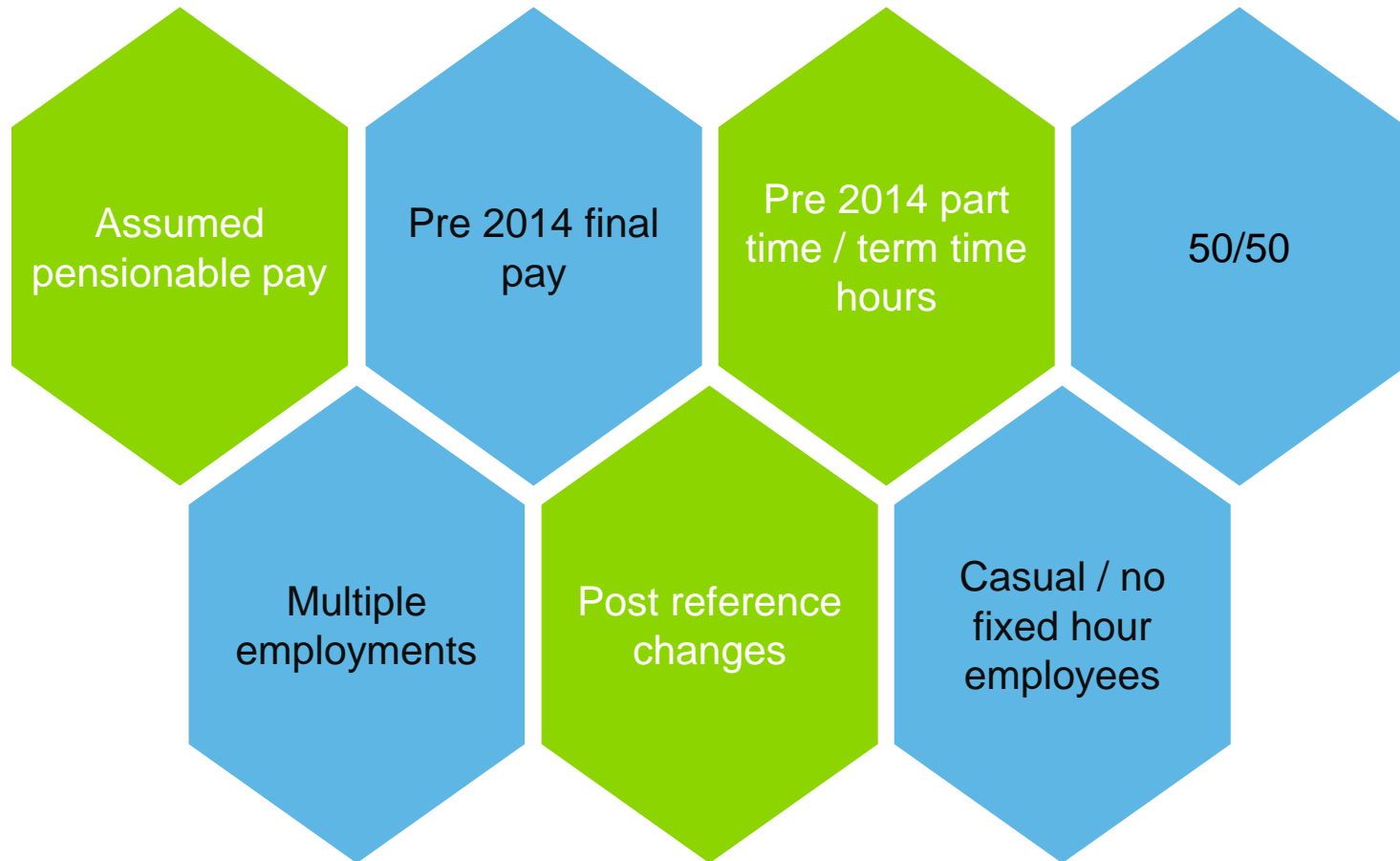
Date of Birth	1 April 1969
Joined the Scheme	1 April 1989
Actual Salary earned	£15,000
APP	£30,000
Salary figure provided	£15,000

Impact on member and funding

MEMBER	Pre 08 pension	Pre 14 pension	Post 14 CARE pension	Total pension	Pre 08 Lump sum
Based on data provided	$\text{£}15,000 \times \frac{19}{80}$ = £3,562.5	$\text{£}15,000 \times \frac{6}{60}$ = £1,500	$\text{£}15,000 \times \frac{1}{49}$ = £306	£5,369	£10,688
'Correct'	$\text{£}30,000 \times \frac{19}{80}$ = £7,125	$\text{£}30,000 \times \frac{6}{60}$ = £3,000	$\text{£}30,000 \times \frac{1}{49}$ = £612	£10,737	£21,375

FUNDING	Approximate Liabilities (use factor of 20)
Based on data provided	$(5,369 \times 20) + 10,688$ = £118,060
'Correct'	$(10,737 \times 20) + 21,375$ = £236,120

Top things that can go wrong....



New Starter

- Determine if eligible for scheme
- Determine employee contribution rate and notify member
- Enter into scheme
- Begin deducting and paying over contributions
- Send employee new starter form
- Send Fund completed starter form
- Include employee on next monthly i-Connect submission
- Provide Fund with any other requested information



Who can join the LGPS?

- Employed by scheme employer
 - For admission bodies must be covered by admission agreement
- Under age 75
- No minimum age
- No minimum hours
- Contract of 3 months or more
- Not eligible for another public sector scheme e.g. teachers
- Contractually enrolled on starting but may opt out
- Automatic enrolment – eligible jobholders re-enrolled every 3 years if opted out
- Casuals – can opt in otherwise automatically enrolled if/when eligible jobholder criteria met
- Eligible jobholders
 - Between 22-SPA
 - Earn over £10,000 pa (£833 pm) (April 2016)

Paying Over Contributions

- Must be paid by 22nd of following month
- Additional admin charge for cheque payments (by 19th of month)
- Must be accompanied by schedule showing
 - Employee contributions (additional contributions shown separately)
 - Employer contributions
 - Pensionable pay
 - Schedule totals must match amount paid!
- Template schedule available from Pensions Team

Opting Out

- Member cannot opt out before being brought into scheme
- Can opt out at any time during scheme membership
- Within 3 months – treated as never having joined scheme and contributions refunded via payroll
- After 3 months – send leaver form to Fund and they process
- Retain copy of opt out form
- Send copy to Fund
- Include change on next monthly i-Connect submission

50/50

- Pay half the contributions, get half the pension
- Can opt at any time once in scheme
- Reduce contributions at next available pay period
- Notify Fund on next monthly i-Connect submission
- Send Fund copy of member's election form
- Move member back into main section at next available pay period following:
 - Member going onto no pay due to sickness
 - Employer's re-enrolment date
- Member can make further election to go straight back into 50/50

Changes During Employment

- Name, marital status, address, hours worked per week, weeks worked per year, pay reference
 - Include change (and date of change) on monthly i-Connect submission

- Member opts out
 - Send copy of opt-out form to Fund with leaver form
 - Include details on monthly i-Connect submission

- Member has unpaid leave
 - Provide member with options for buying back lost pension and confirm outcome to Fund
 - Notify Fund of details of break (dates, reason, pay lost)

- Member moves between sections of scheme (50/50)
 - Include details on monthly i-Connect submission
 - Send Fund copy of member's option form



Year End Reports

- Must be provided (legally) by 30th June
- Must be provided (Administration Strategy) by 30th April
 - Fund must issue annual benefit statements by 31st August
- Covers 1st April – 31st March (the scheme year)
- Include all members during that period (separate entry per job)
 - Name, NINO, DOB, address, payroll reference, job title
 - Date joined scheme (if joined during year)
 - Date left scheme (if left during year)
 - Dates of moving between main and 50/50 sections (if applicable)
 - Hours per week worked at end of scheme year (and state full-time equivalent)
 - Weeks per year worked at end of scheme year (and state full-time equivalent)
 - Employee contribution rate during scheme year
 - Employee contributions (split between main and 50/50 sections if applicable)
 - Any employee additional contributions (AVCs, APCs, ARCs, Added Years)
 - Employer contributions
 - Full-time equivalent pay (2008 definition so excluding non-contractual overtime)
 - Actual (CARE) pensionable pay (split between main and 50/50 sections and including any APP)
 - Actual hours worked for casual/zero hours employees

Early Leavers

- Those leaving without immediate benefit entitlement
- Include leaver information on monthly i-Connect submission
- **Complete leaver form and submit to Fund as soon as possible**
- Legal requirement for Fund to issue information to member within 2 months of becoming aware of leaving

Retirements

- Those leaving with immediate benefit entitlement
- Include leaver information on monthly i-Connect submission
- **Complete leaver form and submit to Fund as soon as possible, ideally before retirement date**
 - **Include any other required information e.g. ill-health certificate**
- **BUT ensure it is clear whether pay figures provided are actual or estimated**
- Legal requirement for Fund to issue information to member within 1 month of retirement (if retiring on or after NRD) or 2 months (if retiring before NRD)
- Delays in submitting information = delays in member getting their money

Pay to be provided on leaving – 2 figures

- Actual pensionable pay earned since previous 1st April (CARE pay)
 - e.g. if member leaves 31st August provide actual pay earned 1st April – 31st August
 - Includes overtime and additional hours
 - Not grossed up to FTE
- Final pay
 - Must be provided where member has pre-1 April 2014 scheme membership
 - FTE pay earned over last 365 days of membership
 - e.g. if member leaves 31st August provide figure for 1st September – 31st August
 - Best of last 3 years – check if either of previous 2 years higher
 - Excludes pay for non-contractual overtime and additional hours



Final Pay Examples

- Anita leaves scheme on 31st March 2016. She worked full-time.

- Pay @ 1st April 2015 £30,000 pa

- Pay @ 1st September 2015 £31,000 pa

- Calculation:

- 1.4.15 – 31.8.15 = 153 days @ £30,000 = £12,575.34

- 1.9.15 – 31.3.16 = 212 days @ £31,000 = £18,005.48

- TOTAL = £30,580.82



- Fred leaves scheme on 31st March 2016. He worked 18 hpw (50% of FTE).

- Pay @ 1st April 2015 £15,000 pa

- Pay @ 1st September 2015 £15,500 pa

- Calculation:

- 1.4.15 – 31.8.15 = 153 days @ £15,000 = £6,287.67 /18 x 36 = £12,575.34

- 1.9.15 – 31.3.16 = 212 days @ £15,500 = £9,002.74/ 18 x 36 = £18,005.48

- TOTAL = £30,580.82

Final Pay Examples continued

- Sanjay leaves scheme on 31st March 2016. He worked full-time until 31st October then reduced his hours to 28.8 hpw.
- Pay @ 1st April 2015 £30,000 pa
- Pay @ 1st September 2015 £31,000 pa
- Pay @ 1st November 2015 £24,800 pa
- Calculation:

– 1.4.15 – 31.8.15	= 153 days @ £30,000	= £12,575.34
– 1.9.15 – 31.10.15	= 61 days @ £31,000	= £ 5,180.82
– 1.11.15 – 31.3.16	= 151 days @ £24,800 = £10,259.73 / 28.8 x 36	= <u>£12,824.66</u>
– TOTAL		= £30,580.82



Final Pay Examples continued

- Molly leaves scheme on 31st March 2016. She worked 18 hpw for 44.8 wpy.
- Equivalent to 43% of full-time hours or 15.48 hpw (assuming 36 basic hours)
- Pay @ 1st April 2015 £12,900 pa
- Pay @ 1st September 2015 £13,330 pa
- Calculation:
 - 1.4.15 – 31.8.15 = 153 days @ £12,900 = £5,407.40 / 15.48 x 36 = £12,575.34
 - 1.9.15 – 31.3.16 = 212 days @ £13,330 = £7,742.36 / 15.48 x 36 = £18,005.48
 - TOTAL = £30,580.82



Assumed Pensionable Pay

- Replaces pay for periods of reduced/no pay sickness and ordinary maternity leave
 - Average pay for 3 months prior to reduction (12 weeks if not paid monthly)
 - Ignore one-off lump sums (employer's discretion)
 - Gross up to annual then work out relevant period
 - Add to cumulative pay for that month/year as appropriate
 - Report pay including APP to Fund
-
- Used to calculate some benefits in ill health/death cases
 - Use annual rate as described above
 - Provide APP as well as usual pay information to Fund

Assumed Pensionable Pay - Example

- Member goes onto reduced pay on 17th November.
- APP calculation uses pay earned Aug - Oct
 - Earned £1500 in August
 - Earned £1500 plus bonus of £500 in September
 - Earned £1500 plus £100 overtime in October
- APP calculation:
 - $£1500 + £1500 + £1600 = £4600$
 - $£4600/3 \times 12 = £18400$
- Annual rate then pro-rated for the period of reduced/no pay
- E.g. if reduced/no pay period is 66 days:
 - $£18400/365 \times 66 = £3,327.12$
- Include APP in monthly/year-end returns

III Health



- Employer's Decision
 - Must obtain IRMP* certificate
 - Must consider ALL medical evidence including IRMP certificate
 - Must make own decision not simply follow IRMP
 - Ask questions if IRMP not clear/missing information
- Member must be permanently incapable of carrying out current job
- AND have a reduced likelihood of obtaining other gainful employment
- Minimum 2 years service

*Independent Registered Medical Practitioner as defined in LGPS Regulations. Must be approved by Southwark Pension Fund Team.

III Health



- Tier 1
 - Unlikely to be capable of gainful employment before NRD
 - Full enhancement to NRD
 - Payable for life
- Tier 2
 - Unlikely to be capable of gainful employment within 3 years, but likely to be capable before NRD
 - 25% enhancement to NRD
 - Payable for life
- Tier 3
 - Likely to be capable of gainful employment within 3 years
 - No enhancement
 - Reviewed after 18m and ceases after 3 years

Employer Decisions

- Administering authority determines amount of any benefit and any question relating to previous pension rights
 - Employer decides (almost!) everything else
 - Employer determines entitlement to a benefit
 - Ill health retirement
 - Flexible retirement
 - Redundancy/interests of efficiency retirement
 - Employer decides reason for leaving scheme
 - Employer decides scheme eligibility
 - Employer decides contribution rate and when this is reviewed
 - Employer decides what pay elements are pensionable
 - Employer determines final pay figure
 - Employer decides whether to award any additional pension
 - Employer decides whether to extend 30-day option period to buy back lost pension following unpaid leave
 - Employer decides whether to allow a transfer of benefits more than 12m after joining
-
- Full list of decisions/discretions on www.lgpsregs.org

Discretions Policy

- All employers **must** have written policy statement on the following discretions
 - Whether and in what circumstances you will award additional pension
 - Whether you will enter into a Shared Cost APC arrangement
 - Whether you will agree to flexible retirement
 - If so, whether you will allow member to take partial benefits
 - And whether you will waive any actuarial reduction
 - Whether you will ‘switch on’ the 85 year rule for those retiring voluntarily between 55-60
 - Whether you will waive any actuarial reduction on compassionate grounds for members voluntarily retiring/deferred members drawing benefits before NRD

Discretions Policy

- Not required, but recommended to have written policy on the following
 - How you will assign employee contribution rates and how frequently this will be assessed
 - Whether you will allow members to transfer-in previous pension benefits more than 12m after joining

Employer Decisions

- Ensure all decisions follow regulations and/or discretions policy
- Notify members in writing
 - Decision made
 - Reason for decision
 - Right of appeal
- Notify fund of all decisions made
 - Monthly/year end reports
 - Submission of retirement forms and associated paperwork



Internal Dispute Resolution Procedure (IDRP)

- Two stage process
 - Stage 1 dealt with by employer (if employer decision/issue)
 - Stage 2 dealt with by Administering Authority
- Can then go to Ombudsman
- All employers must nominate adjudicator to deal with appeals
- Member has right of appeal against all decisions or if decision should have been made but hasn't been

Administration Strategy - Objectives

Focus on working in partnership

- Provide a high quality, professional, proactive, timely and customer focussed administration service to the Fund's stakeholders
- Administer the Fund in a cost effective and efficient manner utilising technology appropriately to obtain value for money
- Ensure the Fund's employers are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Fund
- Ensure the correct benefits are paid to, and the correct income collected from, the correct people at the correct time
- Maintain accurate records and ensure data is protected and has authorised use only.



More information

- www.lgpsmember.org
 - www.lgpsregs.org
 - www.gov.uk/state-pension-age
 - www.southwark.gov.uk
-
- Or email LBSPensions@southwark.gov.uk



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