

LOCAL GOVERNMENT PENSION SCHEME 2008

EMPLOYER BULLETIN No. 6 – May 2009

AMENDMENT REGULATIONS AND REMINDERS



Welcome to the latest employer bulletin. The main purpose of this bulletin is to bring to your attention the recent Amendment Regulations that have been released and provides updates on the pension surgeries and seminars, which the Berkshire Pension Fund can provide for your staff.

Amendment Regulations

The Local Government Pension Scheme (Amendment) Regulations 2009 (S.I. 2009/1025) came into force from 15 May 2009. They introduce the statutory requirements necessary for the next stages of cost sharing arrangements.

Cost sharing refers to how the future costs of meeting the LGPS will be achieved by sharing those costs across both employer and employee contributions. In the past, all of the risk of funding the scheme fell on the employer as the employer contribution rate could vary following an actuarial valuation of the Fund, whereas scheme member contributions were fixed at 6%. This has changed slightly in the last year with the introduction of the 7-bands of employee contribution requiring the higher paid to contribute at a higher percentage of their earnings. But at some point in the future and in order to maintain the Scheme in its current or similar format, scheme members may well be required to pick up some of the cost burden.

New Regulation 36A of the LGPS (Administration) Regulations replicates on a national basis the processes in Regulation 36 that requires each Fund to carry out an actuarial valuation. Under Regulation 36A, the same data as is used in the actuarial valuation is to be supplied to enable the Secretary of State to have a national model LGPS fund valuation exercise carried out.

The regulation places an obligation on administering authorities to supply this data to the Secretary of State by 31 August 2010 (and every three years thereafter). This also places an obligation on all employers to provide the administering authority with the information required to comply with this provision in a timely manner thereby ensuring that employers are complying fully with regulations in Parts 6 and 7 of the Administration regulations.

This timetable is demanding and essential, not just for cost sharing purposes but also to satisfy members, taxpayers, auditors and other interests, that the Fund is being managed on an efficient and cost effective basis.

The new Regulation 36(A) also places an obligation on the Government Actuary's Department (GAD) to provide the Secretary of State with an initial report of any national valuation exercise. This will assist the Secretary of State in determining what, if any, action might be required in terms of benefit structure and contribution rates, for both employees and employers.

A further provision is introduced by Regulation 38A which provides funds and their actuary with the scope to issue a revision to the rates and adjustment certificate which will be issued following the valuation at 31 March 2010. If, following the completion of the national modelling exercise, amended guidance is required or an amendment to the LGPS Benefit Regulations occurs, this regulation will provide for any change in the employer contribution rate to take effect as required.

In summary, it is very important that you, the employers of the Berkshire Pension Fund, provide full and accurate information regarding your scheme members. Failure to provide data in a timely manner could well result in not only your employer contribution rate being increased, but also the rates of all of your employees and other members of the Fund. You must, and will have to, take responsibility for your actions in the future but we will do everything to assist you in achieving your targets.

Pension Administration Strategy

As mentioned in previous employer bulletins regulation 65 of the LGPS (Administration) Regulations 2008 permits an administering authority to produce, publish and maintain a 'Pension Administration Strategy' policy statement. This policy sets out matters to be considered with regard to liaison and communication between the administering authority and its employers. A period of consultation with regard to this documentation closed on 31st October 2008 and a service level agreement to be used between the pension team and employers was ratified by the Berkshire Pension Fund Panel at its January meeting.

Many of you have already signed off the SLA but for those of you who haven't already done, it is imperative they you provide a signed copy of the SLA as a matter of urgency. If you have not already received a copy, the final version of the SLA, along with the Pension Administration Strategy and Policy Statement of Communications, can be found on our website at the following link:

http://www.berkshirerpensions.org.uk/employers_service_level_agreements.htm

If you would like to discuss matters arising from the policy we are happy to arrange to visit your offices in person at a time convenient to you.

Revised LGS1B available

The LGS1B – Brief Guide to the LGPS has now been updated to include the revised pension contribution bandings for **2009/2010**. This is a short guide which sets out the main benefits of becoming a scheme member and should be used by employers when issuing contracts of employment. The leaflet can be found on our website at the following link:

www.berkshirerpensions.org.uk/employers_standard_forms.htm

Please note that, other than standard forms as published on our website, leaflet LGS1B is the only pension guide that should be issued by an employer.

CLG Request for ill-health data - Reminder

You should have all received an e-mail from Kevin Taylor dated 7th May regarding a request from Communities and Local Government (CLG), the Government Department responsible for legislating for the LGPS, for information relating to any dismissals that you may have made on capability grounds between 1st October 2008 and 31st March 2009. Attached to the e-mail was a letter explaining this exercise and a spreadsheet for completion. If you have not yet replied you must do so by 16th June 2009 at the latest. Please contact Kevin if you have any queries regarding this matter.

Pension Surgeries and Pre-Retirement Seminars

Pension Surgeries - We are happy to arrange pension surgeries at your place of work to meet with scheme members by appointment to discuss their particular questions regarding their own LGPS benefits. Members are welcome to make a 15-minute appointment with us to discuss their pension benefits in complete confidence at a time convenient for them. If numbers exceed what would be manageable for one pension administrator to undertake, we are happy to resource this so that appointment times can be doubled up if required.

These surgeries are proving to be very popular with our scheme members particularly in light of the current financial climate.

Pre-Retirement Seminars - We can, in conjunction with Prudential, offer your staff an opportunity to attend a 2-hour seminar on planning for retirement. Having looked at the provision of this type of service across the pensions industry, the Fund has asked Prudential to assist in running these seminars. We believe the knowledge that Prudential have in delivering this type of seminar is invaluable to our members. These seminars would be completely free of charge and would cover the following topics:

- **LGPS and the benefits it provides**
- **Top Tax Tips**
- **Protecting your inheritance**
- **Securing the best pension income for you**
- **Unlock the value tied up in your home**
- **State Pension benefits**

Additional Voluntary Contribution (AVC) seminars - A member of Prudential, our in-house AVC providers, can offer a seminar on AVCs. If you prefer, this can be a joint presentation covering the main LGPS benefits as well as the benefits of the AVC scheme. Please be assured that Prudential will not in anyway try to push their products onto your staff. They will talk about AVCs only and cannot give financial advice.

Pension Presentations - We can run either one or a number of presentations throughout the day aimed at scheme members who wish to gain a better understanding of the LGPS and how it works. These usually last 45 minutes to an hour including a question and answer session. We just need you to provide a room big enough to meet your requirements. We will provide everything else.

Administrator training - We can run a training session for your staff who are involved in providing pension information to us on a regular basis and who pay across contributions and deal with redundancies, retirements, policy statements and anything else pension related. We can tailor this to your needs either as a workshop or a general presentation (or even one to one tuition).

If you would be interested in arranging any of the above sessions please contact Joanne Brazier on **0118 955 9009** or e-mail: joanne.brazier@rbwm.gov.uk

Executive Pensions Advice offered by Barnett Waddingham

A number of LGPS pension managers have recently approached our actuary, Barnett Waddingham, about assisting them with senior employees who will be impacted by A-Day issues.

Barnett Waddingham have a team who specialise in advising such individuals via their Executive Pensions Service. The type of advice that can be provided is as follows:

- **Strategic advice in the lead up to retirement**
- **Review of ongoing pension provision to help ensure adequacy for retirement**
- **Review of tax efficiency against the Lifetime Allowance for future benefit provision**

Some long serving scheme members may exceed the Lifetime Allowance (LTA) at retirement and the team can suggest ways of reducing the LTA but this would require advance planning by the individual.

If any of your senior members of staff would be interested in speaking to the team please contact Graeme Muir at Barnett Waddingham on **0141 243 4400** or e-mail:

graeme.muir@barnett-waddingham.co.uk

Further information on this service can be found via our website at the following link:

www.berkshirerpensions.org.uk/Employers_whats_new.htm

Further Ill-Health Q&A Guidance issued by CLG

A new version of the ill-health Q and A guidance has been issued by CLG. This updated version replaces the original document which was issued in August 2008. This revised document is now available in the Employers Section of our website at:

www.berkshirerpensions.org.uk/employers_clg_guidance.htm

LGE Circulars

The following circulars (relevant to the LGPS in England and Wales) have been issued by LGPC and are now available from our website at www.berkshirerpensions.org.uk/lge_circulars.htm

221 – Ill-Health Certificates – England and Wales – Further sample ill-health certificates

222 – Pensions for Councillors

223 – Practitioner and Employer Training Events “Understanding” Workshops

225 – Practitioner & Employer Training Events

(1) *Additional dates for “understanding employer discretions and policies” workshops*

(2) *“insight” residential training events 2009*

227 – Annual Update – March 2009

228 - Practitioner & Employer Training Events "Understanding" Workshops

Pensioner Member Newsletter

The latest edition of “*The Quill*” was issued to all scheme members in April. A copy of the newsletter is now available on our website at www.berkshirerpensions.org.uk/fund_newsletters.htm

Year-end 2008/2009

Thank you to those of you who have completed your year-end returns for 2008/2009. If you have yet to return this information we would be grateful if you could give this your earliest attention. The SLA requires your annual return to be submitted by 30 April each year. In view of the amendment regulations described earlier in this bulletin, it will essential that your returns are submitted by this date in 2010. Should you have any queries regarding completion of your year-end return please contact Philip Boyton directly on **0118 955 9007** or e-mail: philip.boyton@rbwm.gov.uk

Action to be taken

- **Look at the Amendment Regulations issued by DCLG and make sure you have in place the procedures needed to uphold the legislative requirements of the regulations.**
- **Take a look at the LGE Circulars posted to our website.**
- **Ensure that you replace your supply of LGS1B leaflets with the amended version to include the new contribution bandings for 2009/2010.**
- **Ensure that you complete the ill-health spreadsheet issued by CLG (see Kevin Taylor’s e-mail of 7th May) and return this by 16th June 2009.**
- **If you have not already done so, submit your employee annual contribution return without delay.**

Joanne Brazier
Assistant Pensions Manager – Communications
May 2009

Disclaimer

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