

Autumn 2020

An update for Employers of the Local Government Pension Scheme (LGPS)

Dear Colleague,

We are pleased to publish the autumn edition of our Employers' Newsletter; produced to keep you informed of your responsibilities as a Local Government Pension Scheme (LGPS) employer. Inside you'll also find helpful links, the latest developments in the LGPS and any changes in the services we offer.

The McCloud Judgement & FAQs

When the LGPS changed from a final salary to a career average pension scheme in 2014, protections for older scheme members were introduced, this is known as the underpin.

Similar protections were provided in other public pension schemes.

The Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination. This ruling is often called the 'McCloud judgement.'

A consultation has been published on the proposed changes to the LGPS. This can be found at www.gov.uk/government/consultations/local-government-pension-scheme-amendments-to-the-statutory-underpin

This means it has not been possible to reflect the impact of the judgement to member's Annual Benefit Statement this year.

If a member qualifies for protection it will apply automatically — **they will not need to make a claim.**

The proposed changes would mean that a revised underpin will apply to all members, regardless of their age, who:

- Were active on 31 March 2012.
- Build up benefits in the 2014 Scheme (2015 for Scotland and Northern Ireland).
- Do not have a disqualifying break.

Under the proposals, in order to calculate if an underpin addition applies, we will need Hours and Service Break data for all qualifying members going back to 1 April 2014.

We will in due course be sending out a standard data collection template to request this information, along with notes to accompany this and a Q&A sheet.

Should you have any queries from members there is a member's FAQ page with the latest news on the main LGPS website (lgpsmember.org) which members can be directed to.

Annual Benefit Statements & 'My Pension' Portal

All Annual Benefit Statements (ABS) should have been received by **31 August 2020**. (For active members who started employment before 31 March 2020.)

Below are a few of the most commonly asked questions that members may have:

I have just started employment – why have I not got an Annual Benefit Statement?

If you started your employment (and joined the LGPS) in the first few months of this year, then your record may not have been set up in time for a 2020 ABS to be produced. However, you will receive a statement next year providing that you are still contributing to the LGPS.

Why has a colleague received their statement but I haven't?

All statements will be on the 'My Pension' portal by the 31 August 2020.

As there are so many statements to upload to the member portal, this does take a few weeks, so your colleague may be able to view their statement before you.

My Final Salary Pension Benefits are showing as zero, why is this?

If you were not a member of the LGPS before 1 April 2014, then you will not have any Final Salary pension benefits.

You can find our full ABS FAQs on the 'My Pension' Portal.



Members can view their 2020 Annual Benefit Statement, as well as any previous statements online on the 'My Pension' Portal.

To view their ABS, members need to log in to the 'My Pension' portal from mypension.surreycc.gov.uk and go to the Annual Benefit Statement tab.

How do they register for the 'My Pension' portal?

If they have not already registered for the 'My Pension' portal, it is free of charge and easy to do. They can **watch our new video for a simple step-by-step guide** on how to register at www.youtube.com/watch?v=d06yafxrl7A

Reform of Exit Payments (95k Cap)

On 23 September 2020, the House of Lords approved the draft Restriction of Public Sector Exit Payments Regulations 2020. The House of Commons voted to approve the regulations on 30 September 2020, with the regulations **coming into effect on 4 November 2020**.

As part of the proposals, certain active scheme members of a designated public body aged 55 and over, and who are below their normal pension age, will lose the right to receive unreduced pension benefits in the event that they are made redundant or retired on grounds of efficiency. The Ministry of Housing, Communities and Local Government issued

draft strain cost guidance and an impact assessment to provide further clarity about the effects of the proposals and the consultation closes on **9 November 2020**. In the interim, we are not able to provide early retirement termination estimates until we receive further guidance.

Further information can be found on the [Scheme consultations page](http://www.lgpsregs.org) of www.lgpsregs.org. The LGA have produced [slides and video recording](#) covering how the £95k cap and MHCLG's further reform proposals will affect employees of local authorities eligible for the LGPS. These are available from the [LGPS events page](#).

The Difference Between Final Pay & CARE Pay

What is Final Pay?

Final pensionable pay is based on either the pay due for the member's final year of scheme membership on which they paid contributions or, if it's higher, one of the previous 2 years.

This includes: their normal pay, contractual shift allowance, bonus, contractual overtime (but not non-contractual overtime), Maternity Pay, Paternity Pay, Adoption Pay, Shared Parental Pay, any other taxable benefit specified in their contract as being pensionable.

If the member were part-time for all or part of their final year, then the whole-time pay that the member would have received if they had worked whole-time is used. If their pay in the final year was reduced because of sickness or relevant child related leave, Final Pay is the pay they would have received had they not been on sick leave or relevant child related leave.

How the pay information you provide is used:

We take the Final Pay that you provide and multiply it by the membership years and divide by an accrual rate.

So, for someone who has been a member full time for 6 years from 1 April 2008 and had a final salary of £25,000, the calculation will be $£25,000 \times 6 / 60 = £2,500$ per year.



What is CARE Pay?

Career average revalued earnings pensionable pay (CARE Pay) is the pay on which the member normally pay pension contributions.

Typically, **pensionable pay includes**: their normal salary or wages, bonuses, overtime (both contractual and non-contractual), maternity, paternity, adoption and shared parental pay, shift allowance, additional hours payments (if they work part-time) and any other taxable benefit specified in their contract as being pensionable.

What the member **does not** pay contributions on: any travelling or subsistence allowances, pay in lieu of notice, pay in lieu of loss of holidays, payment as an inducement not to leave before the payment is made, any award of compensation (other than payment representing arrears of pay) made for the purpose of achieving equal pay, pay relating to loss of future pensionable payments or benefits, pay paid by you as the employer if the member goes on reserve forces, the monetary value of a car or pay received in lieu of a car and any sum which has not had tax liability determined on it.

How the pay information you provide is used:

We take the yearly pay figure you provide and divide by 49 if the member is in the main scheme or 98 if the member is in the 50:50 scheme. The resulting pension is added to the member's pension pot.

For example, CARE pay 2019/20 = $£25,000 / 49 = £510.20$ annual pension added to the members pension pot. The whole pot is then revalued on 1 April in line with CPI (Consumer Price Index).

To find out more information refer to the LGA HR and Payroll Guides at:

<https://lgpsregs.org/employer-resources/guidesetc.php>

Employer Resources

There is a new 'Employer Resources' section on the LGA Regs website.

Here you can find the latest Employer Guides and Documents, up-to-date COVID-19 FAQs as well as bite-size training courses. There's also a link to book onto Employer role training and other worthwhile courses.

You can find the hub at www.lgpsregs.org/employer-resources/index.php



New HR & Payroll Guide

Updated versions of the LGPS HR & Payroll Guides were released on 11 June.

The new Payroll Guide contains amended guidance on how to calculate Assumed Pensionable Pay (APP) where a member has received a lump sum payment within the last 12 months before the start of the APP.

You can find the latest versions on the LGA Regs website:

HR Guide at www.lgpslibrary.org/assets/gas/ew/HRv4.1c.pdf

Payroll Guide at www.lgpslibrary.org/assets/gas/ew/Pv4.1c.pdf

COVID-19 LGPS Update

On 19 June 2020, the Department of Health and Social Care published guidance for employers in England. The guidance sets out the steps that employers may need to take following the death of an adult social care worker from COVID-19.

Find out the full details at: www.gov.uk/government/publications/

Changes to LGPS

You can find the full updated list of discretionary policies to be determined upon by Scheme employers, administering authorities and other parties online at lgpslibrary.org/assets/gas/ew/DISCLv1.9c.pdf

The full list of discretionary policies for Scheme employers from 1 April 2014 as at 14 May 2018 can also be found on the LGA Regs website at lgpslibrary.org/assets/gas/ew/DISCPv1.11c.pdf

Annual Allowance


By 6 October, we will have sent a Pension Savings Statement to all the members who have exceeded their Annual Allowance. This statement will show them the value of their pension growth for the financial year.

Further information on AA can be found at: www.gov.uk/tax-on-your-private-pension/annual-allowance

Contact Us


View your pension online:
mypension.surreycc.gov.uk

Problem accessing the 'My Pension' portal?

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 0300 200 1031

 myhelpdeskpensions@surreycc.gov.uk

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