

Pensions Update

Quarter 1- 2020/21



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End of Year

2019/2020

By now you should have submitted all of your Year End returns, if you still have not submitted this then please contact us as soon as possible to discuss.

The deadline for employers to respond to all Year End queries is 14th June so please ensure you are logging in to YourFund.org.uk regularly and checking for any Year End queries which may have been generated in addition to the initial queries.

It is wise to respond to queries swiftly as the first response you send to us may create an additional query which will also need to be resolved.


Failure to provide 100% of active and deferred ABS's could result in being reported to the Pensions Regulator who have the power to impose a fine for non-compliance. Please ensure that you log into YourFund to address your employer queries as soon as possible.

Below is a timetable for this year:

30th April 2020	Scheme Employers final date for submitting End of Year returns. Employers can respond to queries as soon as they have uploaded their file, and should be checking the website regularly as further queries may be added.
31st May 2020	Scheme Employers to respond to initial queries raised.
30th June 2020	LPP to make amendments to admin system based upon Employers responses to queries.
31st August 2020	LPP to produce all Annual Benefit Statements.

Annual Benefit Statements

The 2020 Annual Benefit Statements will be produced and available online on or before the 31 August 2020 unless the member has opted out of electronic communications. These members will receive a paper copy in the post.

 londondata@localpensionspartnership.org.uk

London Data Team

Assumed Pensionable Pay

We have developed a new pay calculator that you may find useful when calculating Assumed Pensionable Pay (APP).


You can find this in the [employer forms area](#) of the website alongside a guide.

As a reminder you should calculate APP in the following scenarios:

- Ordinary maternity / paternity / adoption leave
- Sickness leave
- Injury leave
- Reserved forces leave
- Death in service

APP is designed to protect the members pension when their pay is effected as a result of any of the above, APP is also what the employer contributions should be based on, the member should pay contributions based on the pay they actually receive.

We hope that you find the APP calculator useful, please do share any feedback that you have with the Engagement Team.

 engagement@localpensionspartnership.org.uk


Provision of Data

Employer responsibilities

LGPS members will normally be able to claim a refund of their contributions, less a deduction for tax and the cost, if any, of buying you back into the State Second Pension (S2P) in respect of membership up to 5 April 2016 when the LGPS was contracted out of the State Second Pension (S2P). Interest is paid if the refund is not made within one year of leaving but no refund can be made if the member rejoins the scheme in England or Wales within a month and a day of leaving or rejoins before the refund has been paid.

LPP has received complaints from LGPS members in instances where they have lost their entitlement to a refund because they have rejoined the scheme with a new employer before the refund has been paid from their previous employment. The delay in processing the refund has been caused as a result of the leaver information not being submitted to LPP in time.

Whilst LPP appreciates all the hard work undertaken by employers to return data in a timely manner, we need to work together to prevent these types of complaints. If you need any assistance in returning leaver information to LPP please email us.

 engagement@localpensionspartnership.org.uk



Take charge of your pension

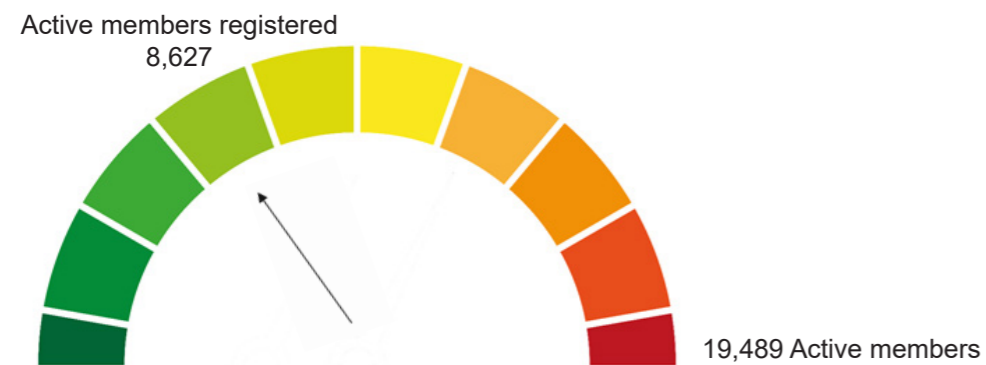
Last quarter we reported 224 active members had registered for My Pension Online (MPO) from the date of the forum to 1st November. Between then and the 22nd April, 704 Active Members have signed up and logged into MPO.

We recently sent an email informing you that we have produced some MPO promotional material which can be found in the [Employer section](#) of the website, these include:

- E-poster
- E-card to explain how to sign up
- Text you can use to directly email scheme members or publish on your intranet sites

Ways you can encourage members to sign up to My Pension Online:

- Add information to your induction letter about signing up
- Add messages to your intranet sight
- Email staff directly with instructions on how to sign up and highlight the benefits of My Pension Online



Engagement Team
Local Pensions Partnership

We have recently received questions on flexible retirement, mainly about pension strain costs. So, we thought it may be helpful to provide some more information.

With their employer's consent, flexible retirement allows active members who have attained 55 or over to start drawing all or some of their pension benefits while remaining employed on reduced hours or at a less senior position, providing the member has met the [2-year-vesting period](#).

Upon flexible retirement, the member remains an active member and continues to build up further benefits.

You must have a written policy that covers flexible retirement, which should set out the circumstances in which you would consent to flexible retirement requests. In addition, you can also agree to waive all or part of any early payment reductions. You must have a written policy on this as well.

You may incur a pension strain cost as a result of consenting to a flexible retirement request. Where you agree to waive all or some of the early payment reductions, you will incur such a cost. You will also likely incur a cost where the member has [rule-of-85 protections](#) and takes flexible retirement before age 60.

We recommend you always obtain an estimate of the pension strain cost before consenting to any flexible retirement requests.

You can find more information on flexible retirement on the [LGPS website](#).

Valuation 2019

The 2019 Fund valuation process is now completed and employers have now been issued with 'Rates and Adjustment' certificates – these set out each employer's contributions payable from 1 April 2020, until the next valuation is completed. A formal 2019 Valuation Report is available on the [LPFA website](#).

Employers are asked to ensure all their internal systems and processes are updated accordingly. The Fund's internal systems have been amended to ensure that employers will not be able to submit payment data which uses previous years' details.

Finally, thanks to all employers for supporting the valuation and its engagement process.

Andy Brown
Senior Employer Risk Manager

Technical Updates

Parental Bereavement Leave

Following a recent court ruling, the Government have introduced a statutory entitlement to leave (parental bereavement leave) and subject to conditions, to pay (parental bereavement pay) for employed parents who lose a child on or after 6 April 2020.

In many cases an employer within the LGPS is likely to work with the bereaved member and agree paid leave or reduced working hours to help the member return to work whilst coping with their bereavement. However, now and under these regulations, paid parental bereavement leave (even if the pay is reduced as a result of bereavement leave) will attract Assume Pensionable Pay protection meaning that the members pension will be unaffected during their period of paid bereavement leave. Unpaid parental bereavement leave will be covered by the shared-cost Additional Pension Contributions provisions.

This process was started in 2018 and is not in connection to covid-19. The treatment of leave associated with bereaved parents was challenged as a result of an LGPS employer putting a bereaved parent onto zero pay. It is assumed that most employers within the LGPS would not look to use this as a default approach and would seek to work with the bereaved member regarding pay and leave following the loss of a child.

Budget

The March 2020 budget made three announcements that have an impact on the LGPS.

Tapered Annual Allowance

The government announced an increase in the income limits used in calculating the tapered annual allowance and a decrease in the minimum tapered annual allowance.

The key triggers have been increased by £90,000, meaning:

- threshold income now is £200,000 and
- adjusted income is £240,000

This will significantly reduce the number of scheme members who are caught with a reduced Annual Allowance. The change which takes effect from 6 April 2020 is for the tax year 2020/21, details for the 2019/20 tax year are due to be sent out to members in September 2020, and these will be based on the limits as previously held (£110,000 and £150,000 respectively).

Call for evidence

The government has announced a 'call for evidence' on how to address the different outcomes for lower earners, depending on whether their pension schemes use the relief at source or net pay method of tax relief. The call for evidence will be published in the Spring and will seek views from a wide range of stakeholders on how the two systems could be aligned.

Lifetime Allowance

The Lifetime Allowance was increased to £1,073,100, which is £100 higher than expected, previously the government had stated that they would round the value down to the £1,000.

Pension Increase

The increase awarded to all pensioners in April 2020 was confirmed as 1.7%, this is the same increase applied to the CARE fund accrued by active scheme members. All pensioners have been notified of the new rate of pension and all active members will be notified of the value of their pension benefits including the 2020 increase as part of the Annual Benefit Statement exercise in August.

Base Rate

During March, the Bank of England announced two reductions to the base rate, this has an impact on the calculation of any interest payments for late payments of pension or lump sum.

McCloud and other regulatory updates

It is suspected that the impact of the Coronavirus will slow down the expected time scales speculated below based on most recent conversations with LGA and Civil Service departments.

McCloud (age discrimination case)

The Government have accepted that the recent court ruling will impact all Public sector pension arrangements in respect of the introduction of the CARE pension scheme. The current expectation is that a consultation will be produced in Spring 2020 with actual regulations unlikely until 2021.

Exit Cap

The government have indicated that they still propose to introduce the exit cap (whereby anyone paid an exit payment exceeding £95,000 would suffer a tax charge), the Government response is expected in spring/summer 2020 with legislation by the end of the year. Whether pension strain costs will be included or, if so, how calculated is not known. The exit recovery is also still expected but is on a slower timetable.

4-year Valuation

The government plan to issue a response on whether they intend to press ahead with moving the LGPS to tie in with all the other public sector schemes with a 4-year valuation period, is expected in Summer 2020.

Fair Deal

The government have confirmed they plan to proceed with the introduction of fair deal arrangements and the MHCLG are progressing with it, but no time-scale has been advised.

COVID-19

The government's emergency COVID-19 act allowing staff to return to the NHS does have a couple of anticipated impacts on the LGPS. Anyone with skill encouraged to rejoin the NHS for a short period will be entitled to take unpaid leave from their substantive posts and if that is within the LGPS, they would have their pension protected through a version on Assumed Pensionable Pay.

The Government are also looking to remove limits on re-employment or abatement, details of how this will work, whether it would be limited to certain categories are still to be confirmed.

Contacting Us

Administration Queries

Write to:

LPP – Your Pension Service
PO Box 1383
Preston
PR2 0WR



0300 323 0260



askpensions@localpensionspartnership.org.uk

General Enquiries



engagement@localpensionspartnership.org.uk

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