

Pensions Update

Quarter 1 - 2019



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Changes to survivor benefits for same sex spouses and civil partners

A change to the scheme rules has been made to provide survivor benefits payable to a same-sex spouse or a civil partner equal to those paid to the widow of a male member.

Why has the change been made?

The change has been made as a result of a [Supreme Court judgment \(Walker v Innospec\)](#) which found that Mr Walker's male spouse was entitled to the same benefits that would have been paid if Mr Walker had left a widow from an opposite-sex marriage.

Why does this apply to the LGPS?

The government believes that the implication of this judgment for all public service pensions schemes, including the LGPS, is that surviving civil partners or surviving same-sex spouses should be provided with benefits equal to those that would be left to the widow of a male member.

When does the change take effect from?

The change is backdated to the date the civil partnerships and same-sex marriages were introduced – this is 5 December 2005 for civil partnerships and 13 March 2014 for same-sex marriages. This means that where a member of the LGPS has died leaving a surviving civil partner or a same-sex spouse, the survivor's pension in payment will need to be reviewed and any additional amounts paid, where applicable.

On reviewing our records, we have identified a small number of cases that will require amendment to take account of these changes. We will shortly be contacting the relevant surviving civil partners/spouses.

Steven Moseley
Technical Officer
Local Pensions Partnership

Valuations Update



All LGPS Valuations in England & Wales are taking place at 31 March 2019, which will set the new employer contribution rates from 1 April 2020.

One aspect that employers can assist on is ensuring that any outstanding data queries relating to the following areas, are urgently resolved, and information provided to LPP, these could include:

- Missing Joiners
- Outstanding pay queries
- Change of hours

The LPFA triennial valuation is due to be submitted to the fund's actuary on 1 July 2019, so early resolution of queries would be hugely appreciated.

At present our data teams are reviewing all outstanding data queries raised by the fund actuary in respect of 2016/17 and 2017/18 and we will let you know if any assistance is required to resolve these queries.

Following valuation submission on 1 July 2019, actuaries may raise further queries during July and August, therefore can we ask that you plan for staff to be available to aduring this busy period. It is also vital that your end of year files is submitted by 23 April 2019 to enable them to be processed and queries raised prior to valuation submission.

If an employer has a large number of unresolved data queries, it is likely the actuary will have to adapt more prudent assumptions, which will result in higher employer contributions, compared to if the data queries had been resolved.

Lastly, we are aware that [The Pensions Regulator](#) is taking a closer interest in data within LGPS funds as are actuarial advisors. The Pensions Regulator can potentially levy fines or improvement notices if data is not of a suitable quality.

If you have any further questions around the triennial valuation, please contact:
tony.williams@localpensionspartnership.org.uk

Tony Williams
Head of Employer Risk Services
Local Pensions Partnership

Contributions Bands

Local Government Pension Scheme Advisory Board (SAB) pauses its cost management process

On 7th February the SAB received confirmation that the cost cap pause and the uncertainty caused by the [McCloud case](#) announced in last week's Written Ministerial Statement (as notified in our email of 30th January) applies equally to the LGPS as to the unfunded public service pension schemes. This is disappointing, however given that confirmation the SAB considers it has no option but to pause its own cost management process pending the outcome of McCloud.

The SAB remains committed to honouring the result of its cost management process once the outcome of McCloud is known. In pausing the process it has reserved its position regarding the resubmission of the same or a revised package of benefit improvements and contribution reductions when clarity in this matter has been achieved.

As a result there are currently no changes to benefits planned in respect of the cost cap. This situation will be reviewed once McCloud is resolved which is not expected for some months.

Administering authorities and employers should therefore proceed on the assumption that the scheme will not change in April. In particular employee contributions should be collected in April on the basis of current regulations. The table of employee contribution bands and rates to be implemented with effect from 1st April 2019 under current regulations is shown below.

Contribution Bandings 2019/20			
		Main Scheme	50/50 section
up to	£14,400.00	5.50%	2.75%
£14,401.00	£22,500.00	5.80%	2.90%
£22,501.00	£36,500.00	6.50%	3.25%
£36,501.00	£46,200.00	6.80%	3.40%
£46,201.00	£64,600.00	8.50%	4.25%
£64,601.00	£91,500.00	9.90%	4.95%
£91,501.00	£107,700.00	10.50%	5.25%
£107,701.00	£161,500.00	11.40%	5.70%
£161,501.00	or more	12.50%	6.25%

Further information including a copy of the McCloud Appeal Court Judgement, the Written Ministerial Statement (WMS) and the letter confirming LGPS inclusion in the WMS is available on the: [Scheme Advisory Board website](#).

A [Q&A](#) for administering authorities covering the McCloud case and including the potential outcomes and possible timelines is available on the SAB website shortly.

Engagement Team
Local Pensions Partnership

Technical Updates

Exit Cap

On the 10th April the Government released a [consultation](#) on the introduction of a cap on exit payments at £95,000, this would cover redundancy payments but also include pension strain cost.

The consultation looks very similar to the previously released consultation of 3 years ago. We envisage that this would attract significant reaction from both employers and member organisations.

The Local Government Association has put together a summary of the proposals (including a 1-page summary for employers). You can [access these documents](#) on the LGPS website.

The consultation concludes on 3rd July, following the consultation any legislation to instruct the schemes to make amendments would then follow and subsequent changes to the legislation would need to be introduced. We do not yet have a target date for when the Government hopes to introduce these changes or details on how the calculation of pension strain would work.

GAD Factors

Following an announcement by the Treasury to change the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate, we have had a set of updated Government Actuary Department Factors to implement this. These have now been built into our suite of calculations that affect early retirement, transfers in and out, pension on divorce and purchasing additional pension.

Late Retirement Factors

The Government released a short consultation connected to the GAD factor changes that closed on 17 April. These incorporated the changes that affected late retirement factors; and follows the last change in factors that was introduced with no prior notice and no protection for those who had built up time earned after reaching 65 before the factors had been released.

This led to a number of complaints being made directly to the minister of state, this new approach has been designed to avoid such complaints.

Additional Regular Contributions(ARCs), Additional Pension Contributions (APCs) and Added Years End Dates

Do you have employees who are paying additional pension contributions (other than AVCs) over a set period of time to purchase additional pension benefits? If so, for each employee, do you know when the employee is due to stop paying the additional contributions?

Do you have processes in place to ensure that you stop deducting the additional contributions after that point?

All employers should consider the above questions, in order to reduce the risk of employers incorrectly deducting additional contributions after the relevant end date.

Neil Lewins
Technical Manager
Local Pensions Partnership

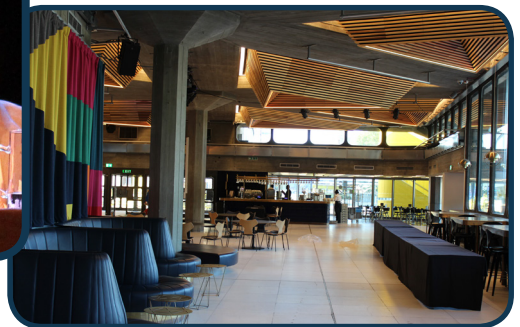
Fund Member Forum 2019

The London Pensions Fund Authority (LPFA) is pleased to announce that we will be returning to the Southbank Centre for this year's Fund Member Forum, the event will be held on Monday, 30 September 2019 in the Purcell Room, Southbank Centre, Belvedere Road, London, SE1 8XX.

This is an excellent opportunity for your employees to find out more about how we are managing their pension and hear directly from our Board Members and Managing Director first-hand about the plans for the future. It is a free event and all LPFA Fund Members are invited.

Doors and information desks open at 10am and presentations begin at 11am. If any of your employees would like to register attendance at the forum, they can complete the online [registration](#) or email us at: engagement@localpensionspartnership.org.uk, providing their name, address, details of any guests and any special requirements they may have.

Further information on the event, including speakers, will be available on the website later in the year.



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