

**Local Government Pensions Committee
Technical Group**

**Minutes of the meeting held on 13 March 2015 at
the offices of Mercers, Tower Place East Building,
London EC3R 5BU**

Present

M Hopwood (Chairman)	North East
B Claxton	London
R Smyth	London
G McLellan	East Midlands
I Howe	East Midlands
A Hyde	Shrewsbury
Z Kee	Northern Ireland
T O'Connor	South West
L Miller	South Wales
K Gerard	South Wales
D Goodwin	Secretary
L Downer	Southern
C Lewis-Smith	Southern
G Chapman	North East
A Piper	South East
J Smith	South East

In Attendance

P Kateley	Heywood Limited
D Friend	Civica
D Kanaris	AON Hewitt Limited
C Carruthers	Capita
M Norquay	Barnett Waddingham
N Thomas	Mercers
C Martin	Environment Agency
I Colvin	Hymans Robertson
J Davies	PriceWaterhouseCoopers

LGA

T Edwards
J Houston

1. Apologies

Apologies were received from the following:-

A Allen	Barnett Waddingham
A Cheffey	South West
L Jones	DCLG

2. LGPC Update

A full LGPS update is attached as Appendix 1 at the end of these minutes.

Terry spent some time going through the various items on the update.

With regard to the database for multiple death grants Jeff asked for a few volunteers to test it with live data. It is hoped that this will go live by the middle of the summer.

3. Tell us once facility

Terry gave an update on the current status of this facility and more detailed information is contained on the fourth page of the LGPC update.

4. New DC arrangements from April 2015

Terry explained that the Pension Scheme Bill is now the Pension Scheme Act and that a Q and A document will be provided showing what the implications are. If a member wishes to transfer their benefits to a defined contribution

scheme then if the value of their main scheme benefits is more than £30,000 (not including AVCs) then they will be required to obtain advice from an authorised adviser which is likely to cost £1000 to £1500. A certificate must be provided which states that advice has been attained and provided by a person who is authorised to give advice on transfer value.

It will be possible to transfer main scheme benefits and leave AVCs behind or vice versa.

There are a number of other issues which are still unclear and which are being looked into by the LGA.

Terry confirmed that the draft Q and A for administrators is almost finalised. The technical guide will hopefully be issued by the end of next week. Jeff and Terry will be attending a meeting with DCLG and the Prudential later today to discuss these issues and will be providing further information in due course.

5. Club arrangements for the Local Government Pension Scheme

Terry updated the group about how are the discrepancies between LGPS and other club schemes in terms of post 'reform' structure being addressed? LG has no open final salary scheme for (other club) protected members to go into and so (seemingly) would need to offer an enhancement by way of underpin at its own cost. The new memorandum seems to be silent on this – negotiations are ongoing.

Progress towards outer club status? Administration of multiple revaluation rates is unrealistic and will call for additional software development, in addition to paying for CARE revaluation based on the sending scheme rate being inequitable to those with the lower(est) revaluation rates. There appears to be little appetite from the Treasury for the Local Government Pension Scheme being excluded from the Club altogether or even to granting outer club status.

Regardless of whether outer club only is granted, most inward transfers from club schemes will retain a final salary link and, subsequently, will not be "wholly attributable" to the transfer value received. [Section 8.2 of the club memo – adjustment to input amount due to revaluation of CARE – would go if outer club only]. Given that the transfers occur primarily due to an increase in salary, post 28 January transfers will need to be adjusted for assessing annual allowance input. Guidance for doing this is still not available? We are facing purdah, the election, potentially new ministerial appointments (and agenda?) then the summer break for parliament; Funds still have an October 6 deadline for pension savings statements (as well as scheme pays elections for leavers) – six months is not a long time.

Transfers for old folks

The provision that a member had to have ceased at least 12 months before NPA and elected for the transfer to proceed at least 12 months before NPA or, if later, within 6 months of leaving has been replaced, as from 6 April 2015, with

a requirement that the member must cease and elect for a transfer (in respect of main scheme benefits for a member with an entitlement to a deferred benefit) at least 12 months before NPA [section 93 of the Pension Schemes Act 1993]

Section 100C of the Pension Schemes Act 1993 defines Normal Pension Age as follows:

100C Meaning of “normal pension age” in this Chapter

(1) In this Chapter “normal pension age”, in relation to a category of benefits under a pension scheme, means—

(a) in a case where the scheme is an occupational pension scheme and those benefits consist only of a guaranteed minimum pension, the earliest age at which the member is entitled to receive the guaranteed minimum pension on retirement from any employment to which the scheme applies,

(b) in any other case where the scheme is an occupational pension scheme and the scheme provides for the member to become entitled to receive any of those benefits at a particular age on retirement from any employment to which the scheme applies, the earliest age at which the member becomes entitled to receive any of the benefits, and

(c) in a case not falling within paragraph (a) or (b), normal minimum pension age as defined by section 279(1) of the Finance Act 2004.

(2) For the purposes of subsection (1) any scheme rule making special provision as to early retirement on grounds of ill-health or otherwise is to be disregarded.

Members who have met the 2 year vesting period and who leave at least a year before NPA will, therefore, other than for redundancy, efficiency or ill health retirements (where a member **must** take their benefits) have the right to request a transfer value. For deferred pre 2014 the limit would be 64 (or 60 for those with a protected NPA) and for deferred post 2014 within one year of SPA (or 65 if later) as pre and post benefits are linked to LGPS 2014 irrespective of transitional protections for early retirement.

6. *In 2005 Swansea’s IT service was outsourced to a private company. Some of the staff that transferred remained in the Swansea fund as an admitted body. Other staff transferred over to a mirror image scheme. Some of these also transferred their LGPS benefits, others left them as deferred benefits in the fund. The IT service is going back in-house later this year.*

Are there any protections applicable to them?

If they choose to transfer back in, does it buy FS or CARE?

What about the ones with deferred benefits – there is more than a 5 year break?

The questions asked were discussed however, no real conclusions were arrived at and it was suggested that the council should seek proper legal advice.

7. Minutes of the last meeting

These were accepted as a correct record.

8. Matters arising

There were none

9. Any other business

Please could you raise the issue of the flexibilities being introduced from April and whether LGPS can offer a transfer out as an option at retirement as members have terminated employment and therefore are not entitled to transfer out under the Regs.

In addition, the 1985 TV Regs restrict a member's cash equivalent where the member's employment terminates on a date which is at least one year earlier than the date on which the member would attain the normal pension age for the Scheme or six months after the date when employment terminates, whichever is the later. As members have protected retirement age of 65 for pre 2014 membership with additional protection for post 2014 membership afforded to Group 1 and 2 members, with retirement ages linked to SPA thereafter.

Is the transfer restriction now based on an individual SPA date rather than 2008 definition of normal retirement date? If this is the case as the CETV factors cease at age 64 will the pensioner divorce factors be applicable or will the club factors be revised? Or alternatively will transfers not be permitted after age 64.

This was again discussed at length and again no conclusion was reached as it seems to depend on the definition of Normal Pension Age. Terry agreed to try and get clarification.

10. Date and venue of next meeting

12 June 2015 at the offices of Hymans Robertson.

The Chairman advised the group that Alan Piper was retiring and that this would be his last meeting. On behalf of the group he thanked Alan for his contribution over the past years and wished him well for the future. He also presented him with a card and a gift from the group.