

## Pensions Bulletin – September 2018

### LGPS Scheme Amendment Regulation changes

#### Key Points:

- *Exit credits are now available to employers upon cessation within the scheme.*
- *Employers are able to use a different pensionable pay figure that reflects the normal pay of the member over a longer period of time due to an amendment to regulation 7.*
- *The Administering Authority can require an employer to make additional payments to funds in regards to immediate payments of retirement benefits.*
- *Removal of consent needed, from the employer, for approval for a member who wishes to take their deferred benefit between 55 and 60 for membership before 1 April 2014.*

#### Further Details:

##### Exit Credits

Regulation 64 of the 2013 Regulations provides for special circumstances where revised actuarial valuations and certificates must be obtained. The amendment by Regulation 13 allows for exit credits to be paid within 3 months to employers that no longer have active members in a pension fund. Upon cessation previously if there was any exit credit, otherwise known as a Surplus, this could not be paid back to the employer. An exit credit occurs when the assets in the fund relating to that employer exceed their accrued liabilities. Therefore, it is vitally important that employer's notify us at the earliest opportunity of their intention to cease, in order for any potential surplus to be calculated and paid within the 3 month time period.

##### Assumed Pensionable Pay

Assumed pensionable pay is used in the event of sickness absence and /or in the event of death, and is used when calculating how much ill health pension or death grant is payable. Assumed Pensionable Pay is calculated using the last 3 months or 12 weeks' pay they received as an active member prior to their illness or death. This is as specified in Regulation 21 of the 2013 Regulations.

The amendment made by regulation 7 allows the employer, at their discretion, to use a different pensionable pay figure that reflects the normal pay of the member over a

longer period of time. When applying this the employer must take into consideration the amount of pay that they received in the previous 12 months.

A new paragraph (5C) which has been inserted which provides for the annual averaging of returning officers fees during the three years preceding the date the ill health or death occurred resulting in death.

### Employer's Further Payments

Regulation 68(2) of the 2013 Regulations relates to circumstances where an Administering Authority can require an employer to make additional payments to funds in respect of extra charges on the fund resulting from immediate payments of retirement benefits. The amendment made by regulation 14 completes the list of circumstances to include employers' waiver of actuarial reduction on early retirement.

### Membership before 1 April 2014

Regulation 3 of the 2014 Regulations specifies membership and benefits of the scheme prior to 1 April 2014. The amendment made by Regulation 24(a) means that the employer no longer has to give consent for members, who were made deferred between 31 March 1998 to 1 April 2014, to take their deferred benefits between the age of 55 and 60. As the member is voluntarily taking their benefits early, they will have their benefits actuarially reduced, therefore there will be no strain cost to pay by the employer.

Regulation 3 of the 2014 regulations has also been amended by regulation 24(b) to specify that the normal pension age for deferred benefits in respect of membership accrued before 1 October 2006 is age 65. Without that amendment, a member would be in a better position under the 2013 regulations than they would have been had the relevant positions of the earlier schemes remained in place.

Information regarding any changes to the scheme for employers and members is regularly updated on our website. Please feel free to visit <http://pensions.northamptonshire.gov.uk> and select 'latest news' to keep up to date with developments in the LGPS.

If you have any specific questions you can contact The Employers Team using the contact details below:

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