

pensions@hackney



**Local Government Pension Scheme
Employer Forum 7 March 2019
Your Discretion Policies & the PAS**



Local Government Pension Scheme Pension Administration

Agenda

- The In-House Pension Team
- Your Discretion Policies
- Pensions Administration Strategy
- We are here to help
- Questions



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The In-House Pension Team

Julie Stacey Head of Pensions Administration

Karen Chenery Liaison Officer, Pensions

Nicola Speer Pension Officer

Lucy Patchell Pension Officer

Sharmin Haque Pensions Assistant





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What are Discretion Policies, why do we need them?

- **Simply put.....**
.....anywhere in the LGPS or Discretionary Regulations that says the Employer '**may**' do something (rather than must do something)

i.e. areas in the Regulations that provide you with some flexibility to make a decision
- **Because.....**
 - It's **legally required** for the key discretions
 - It's a one stop shop showing your intended way to deal with things
 - All of your members are treated equally



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Why do we need Discretion Policies?

- Some policies are compulsory as they can have cost implications for you as an employer – these are recognised as the minimum requirements under the Scheme
- There is value in having policies where other discretions are available; this eases administration and adds consistency - though it is not compulsory to do so.
- If you do not have any policies in place, the administrators will be unable to process member benefits correctly – they will come to you for your Policy!



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What Policies do YOU need?

You **must** prepare a written statement of your policy in relation to the following functions under the regulations:

16(2)(e) and 16(4)(d) (funding of additional pension);

- **Additional Pension Contributions (APCs)** which an active member of the Scheme can elect to pay under certain circumstances.
- You **must** have a policy to determine whether or not you would enter into a shared cost APC (SCAPC) arrangement with a member

30(6) (flexible retirement);

- **Flexible retirement** is a way to allow an individual to move gradually into retirement by reducing their hours of work, or their level of responsibility (reduce their grade)
- Member accrued benefits prior to 1 April 2008 must be taken, **YOU** must decide whether to permit the member to draw all, part or none of the pension benefits they built up after 31 March 2008
- You need to consider and define by how much an employee's hours or grade might need to be reduced before allowing any member to take flexible retirement.



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What Policies do YOU need? (cont..)

30(8) (waiving of actuarial reduction);

- **Early retirement reduction factors:** gives you the discretion to waive all or part of any actuarial reduction that would apply to a scheme member's benefits when they flexibly or voluntarily retire
- **You** must consider the implications of waiving the reduction, as you risk receiving a sizeable invoice to pay the Fund the 'strain cost' - make sure you are aware of what the costs could be

31 (award of additional pension);

- **Award additional pension:** an employer can award to an active scheme member only, or within 6 months of their redundancy or leaving employment through business efficiency, of not more than £6,500 per year
- **You** must decide whether or not you wish have the option of making this award to your members and you must be fully aware of the cost implications



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What Policies do YOU need? (cont..)

Waiving of the '85 year rule' reductions:

- Transitional regulations in 2014, 'switches off' these protections to members who meet the old '85 year rule' before the age of 60, so member benefits have to be actuarially reduced whether or not the member satisfies the conditions of the 85 year rule.
- Your policy must state the circumstances, if any, under which you might consider 'switching back on' the 85 year rule protection & agree to reduce, or waive entirely, any reduction being applied to their pension benefits – this will mean a 'strain cost' to you that is payable to the Fund

Other policies, not under discretions, you need to consider:

- Ill Health Retirement Policy
- Internal Disputes Resolution Procedure – IDRP & Stage 1 Adjudicator
- Employee Contribution Rate Assessment



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Discretion Policies

Hackney Council, as an employer in the London Borough of Hackney Pension Fund, has reviewed & updated their discretionary policies in accordance with the Local Government Pension Scheme Regulations 2013.

The updated policies became effective from 11 October 2018.

Further reviews will be made at least every 3 years



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What about YOUR Discretions Policies?

Have you reviewed your discretion policies?

Do have you any discretion policies?

**Have you chosen, or did you choose, to
adopted the same discretion policies as the
London Borough of Hackney?**

**The last review for all Scheme Employers was
undertaken in 2015 - only 5 of you responded!!!!**



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What to do if you wish to update your Employer Discretions

- In April 2019, the in-house Pensions Team will issue to all Scheme Employers, a template;

Scheme Employer – Statement of Discretion Policies

- It will then be for you, as the Employer, to either adopt the same policy, or you can formulate and provide us with a copy of you own Policy

Please ensure you complete the template and return it so we have a record of your policies..!!

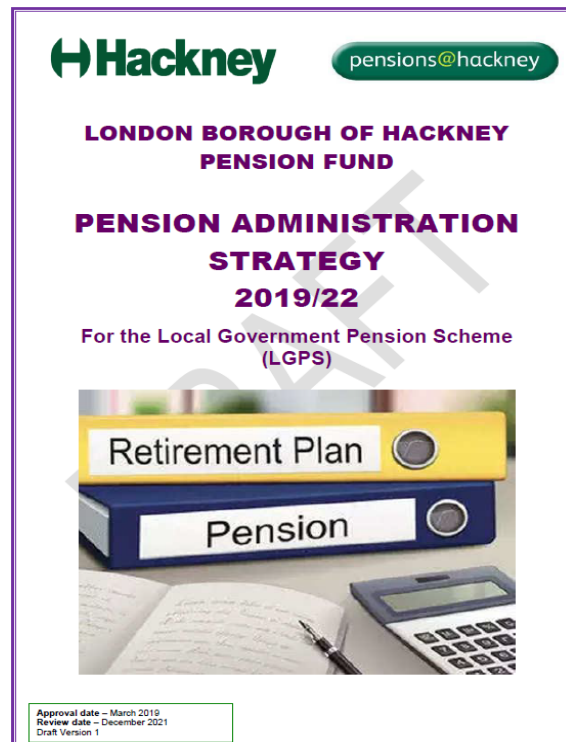


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Your Responsibilities as the Employer.

Pensions Administration Strategy - PAS





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What is the Pensions Administration Strategy – PAS?

The main purpose of the Pensions Administration Strategy (PAS) is to ensure that our member's receive their Local Government Pension Scheme (LGPS) benefits to which they are entitled to. For this to happen, it is necessary for

- Accurate salary earnings and finale Pensionable salary
- Calculated correctly by the Administrator
- Timely receipt of LGPS contributions
- Forms received in the prescribed timescales.



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Responsibility to make that happen, is made up of 3 factors

The Administering Authority, our role is;

- Valuations
- Notification of Regulations
- Reporting Requirements
- Employer Meetings
- Information for Scheme Members
- Reporting breaches of the law to the Pensions Regulator (tPR)



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You, as the Scheme Employer, your role is:

- Notify changes of Scheme membership
- Refer to the Employer Guide – about the scheme/forms etc
- Year End Returns – for ABSs
- Pension Contributions - monthly
- Discretions Policy
- Payment of Invoices – additional admin costs



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Scheme Administrator - Equiniti – their role is;

.....to assist with the overall administration of the scheme and to ensure the smooth operation of the administrative operations.....

They are also here to help you.....and your members..!



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What is the Pensions Administration Strategy - PAS?

The scheme is a statutory scheme, established by an Act of Parliament and what we all do is governed by :

- Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)
- Local Government Pension Scheme (Administration) Regulations 2008 (as amended)
- Local Government Pension Scheme (Transitional Provisions) Regulations 2008 (as amended)
- Local Government Pension Scheme Regulations 2013 (as amended)
- Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2013 (as amended)



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However, the PAS provides full details, not only on what is required from us, it provides timescales as to when data needs to be provided by **YOU** to Equiniti.

If information is not provided in the expected time lines, an invoice for additional administration costs will be raised by Equiniti and sent to you

For example:

- | | |
|---|---------|
| • Late payment of monthly contributions | £65.00 |
| • Late receipt of Year end date – initial fee | £300.00 |
| • Late receipt of starter forms | £65.00 |



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So, to ensure that **your** member's get their annual benefit statements and payment of pension benefits correct & on time

please read the latest publication of the

**Pensions Administration Strategy
(PAS)**

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Contacts

Our 3rd party administrators are Equiniti

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Local Government Pension Scheme Pension Administration

In-house Pensions Team-

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Any questions.....??

