

Pension Committee Item 9 Verbal Update (Briefing Paper)

Background information

LGPS 2014 – Informal Consultation

The Local Government Association and the Unions have issued an informal consultation on the LGPS going forward from 2014

The main details of changes are set out below. This consultation is for the parties concerned to discuss with their members.

If agreed the project will then follow the following processes

By	New Scheme Process
Autumn 2012	DCLG release statutory consultation 12wks
Jan – Mar 2013	Draft and Actual Regulations issued
Apr 13 – Mar 14	Software providers to update systems Actuarial Valuation using new regulations.
1 April 2014	New Scheme implementation

The full implications on the Fund will be assessed by the Fund Actuary during the summer and Employers will be informed accordingly.

Information for Scheme Members is being produce in the form of links on the Avon Pension website and Newsletter.

As this is only an informal consultation, only general information will be given at this stage but once regulations are made there will be a series of roadshows and clinics rolled out through the employers

LGPS 2014 Main Provisions

1	A Career Average Re-valued Earnings (CARE) scheme using CPI as the revaluation factor (the current scheme is a final salary scheme).	
2	The accrual rate would be 1/49th (the current scheme is 1/60th).	
3	There would be no normal scheme pension age; instead each member's Normal Pension Age (NPA) would be their State Pension Age (the current scheme has an NPA of 65).	
4	<p>Average member contributions to the scheme would be 6.5% (same as the current scheme) with the rate determined on actual pay (the current scheme determines part-time contribution rates on full time equivalent pay).</p> <p>While there would be no change to average member contributions, the lowest paid would pay the same or less and the highest paid would pay higher contributions on a more progressive scale after tax relief (see table below).</p>	
5	Members who have already or are considering opting out of the scheme could instead elect to pay half contributions for half the pension, while still retaining the full value of other benefits. This is known as the 50/50 option (the current scheme has no such flexible option).	
6	For current scheme members, benefits for service prior to 1st April are protected , including remaining 'Rule of 85' protection. Protected past service continues to be based on final salary and current NPA.	
7	Where scheme members are outsourced they will be able to stay in the scheme on first and subsequent transfers (currently this is a choice for the new employer).	