

## Comments on Annex A

### Avon Pension Fund Response: Additional Observations

Regulation 10 (7) states that an employing authority of any member shall provide "...information about the effects **on that member's** likely benefits consequent to that election

This will be administratively cumbersome. Referral to information would be more appropriate

#### Regulation 14 – Contributions during trade dispute absence

The 16% contribution rate has been well overdue a review to reflect the true cost of the benefits

#### Regulation 16 – Additional Regular Contributions

As stated in our previous response should this still be limited to £5000 maximum going forward

Regulation 19 – exclusion of rights to refund of contributions Regulation 19(2) should refer to “dependants” and not “dependents”. This issue remains in the current draft.

#### Regulation 31 – Award of additional pension

Previous regulations afforded power to Fund Actuaries to assess this cost. Now this rests with the Secretary of State as noted in our General Comments, we would recommend that this is opened up to allow Fund Actuaries to advise should Secretary of State advice be unavailable.

This should apply to any case where GAD delays producing information for DCLG and then charges for advanced calculations. Fund actuaries should be able to give interim factors and any charges incurred referred back to DCLG. If they are responsible for issuing such information then they must pay if they are not supplied on a timely basis. Also there must be some advance notification on changes to factors It is becoming a regular occurrence for GAD to issue factors at very short notice or even retrospectively.

#### Regulation 33 – Election for lump sum instead of pension

—This should refer to HMRC guidance also

As stated with our previous response the ill health retirement section needs a complete review

Regulation 37 – Special provision in respect of members receiving Tier 3 benefits

It is important to have clear and consistent application of approach across the entire LGPS which we assume will follow in due course

Regulation 39 – Calculation of ill health amounts

Based on our interpretation of the draft, there appears to be no facility (in regulation 39) to enhance Tier 2 benefits when it occurs as a result of a review of a Tier 3 benefit. This is because it only appears that an enhancement can be applied to an “active account” ie not the case for a Tier 3 review case.

Again a clear and consistent guidance of approach is needed and it may present practical issues (eg questions for employers to ask new employees on their joining to ascertain whether they would need to declare their previous benefits) on information gathering for the employer and the Fund

Unnecessary apostrophe

Schedule 1

“automatic re-enrolment date” means the automatic re-enrolment date chosen by a member’s employer in accordance with section 5 of the Pensions Act 2008(31) and regulation 12 of the Occupational and Personal Pensions Schemes (Automatic Enrolment) Regulations 2010(32) for those of its eligible jobholders who are not active member’s of the Scheme (or the date the employer would have chosen if the employer does not have any such employees);

## **Comments on Annex B**

The policy decisions here must be made taking into account all information received from those with the specific expertise. The key point here is that there should not be any doubt once regulations are made as to how they should be administered.

### **1: Aggregation**

### **2: Assumed Pensionable Pay (APP)**

### **3: Periods of reduced or unpaid absence**

If the ARC route is chosen this could be another reason to review whether a fixed maximum of £5000 will be adequate going forward

### **4: Revaluation**

This is an extremely important area that must be resolved at the earliest opportunity. Particular attention should be given to the response submitted by Mercers

### **5: NPA/SPA link**

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### **6: Survivor Pensions**

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### **7: Employer Contributions**

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### **8: Certificates of Protection**

COP's could be issued where members have a material reduction in contractual pay imposed by the employer. These certificates could be active for 10 years

COPs should be issued where the member suffers a reduction in hours due to certified ill health. The COP will be active for the period specified by the IRMP

In the case of COPs issued on health grounds, should the retirement also be on health grounds for the certificate to have any validity?

Whatever solution is adopted the regulations must be clear, In the 2008 regulations Regulation 10 on Final Pay was not drafted as intended and therefore led to some variable interpretations. This should not be allowed to happen here.

### **9: Interest**

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### **10: Pension Account adjustments**

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### **11: AVCs**

### **12: Pensions Increase**

Pensions Increases have always been outside the LGPS Regulations does it need to be brought in for the new scheme or will the overriding legislation still be sufficient?

### **13: Schedule 1 definitions**