

STATUTORY CONSULTATION: DRAFT LOCAL GOVERNMENT PENSION SCHEME

(TRANSITIONAL PROVISIONS AND SAVINGS) REGULATIONS 2013 (ANNEX C)

Transitional Regulations 2013		
Regulations No.	Subject	Comment
2	Revocation	Inconsistent date between note on page 18 and draft regs 2014 instead of 2008
3 and 11	Membership pre 1 4 2014	It was again mentioned that a member could retire before NRA and draw the pre 2014 benefits unreduced if met the 85 year rule but keep any benefits in the 2014 scheme deferred until NRA
4	Statutory Underpin  See examples set out within the response submitted by our Fund actuary [Mercers]	<p>Para 2.6 of the Treasury Paper : Public Service Pensions: good pensions that last was issued in Nov 2011 and set out the intention of the underpin</p> <p>“for those public service workers who, as of 1 April 2012, have ten years or less to their current pension age, the Government’s objective is that they will see no change in when they can retire, nor any decrease in the amount of pension they receive at their current Normal Pension Age. “</p> <p>This gave the impression that at Normal Pension Age a member would be no worse off under the 2014 scheme than the current scheme. It did not specify when the member had to retire to achieve any underpin</p> <p>The draft regulations do not appear to achieve this as some members who retire earlier than NRD will be worse off due to the application of 2014 scheme conditions being used in calculations for the underpin calculation</p> <p>Example                  2008 NPA 65    2014 NPA 66 (SPA) Retires 64    No Rule 85  <b>Underpin</b>                  7yrs pre 2014    2008 1yr reduction    1yr reduction                  5yrs post 2014    2014 2yrs reduction    2yrs reduction[draft] or                  To avoid being worse off at NPA    1yr reduction[Treasury Paper]</p>

9	Transfers	Needs more clarification as not clear of intention. Refers to service for 2014 scheme benefits this should be benefits accrued
10	Interfunds Protection with breaks of service within public sector	There does not appear to be enough clarification as to how this is intended to work. Is it limited to one break of 5 years or can it be cumulative. E.g. leaves LGPS joins another public sector scheme employment within 2 years then leaves for 2 years then rejoins another public sector employment then rejoins
11	Retirement Benefits	See 3 above
15	Discontinuance of paying additional contributions for scheme benefits [ARCs/MARCs/Added Years]	As this will apply from 1 <sup>st</sup> April 2014 the necessary guidance and GAD factors will be required well in advance of this date. This exercise has already been done for ARCs in 2013 due to revised factors, due to the change in the discount rate, being produced by GAD at very short notice. This will not be an easy communication informing affected members that they will have to reassess their position again after such a short period of time.
25	Calculation of Final Pay	This is not clear as it appears to allow final pay for pre 2014 scheme protection to be calculated as under the 2014 scheme final pay criteria including non-contractual overtime. This could cause an extra cost for employers who have a large number of staff who undertake non-contractual overtime

### Special Cases

Members who have transferred under special terms within the regulations [Learning Skill Council and NHS] should retain protections but only as much as they would have received at their previous scheme. It would be inappropriate for such members to be better off than their previous entitlement purely on the basis of having transferred with protections. There needs to be some correlation as to changes that will occur to their previous pension schemes in 2015.