

Changes to the 2013 Scheme Regulations

We are also consulting on specific draft regulations that would provide members with more options for using their Additional Voluntary Contributions in the Scheme following the introduction of the Government's policy 'Freedom and Choice in Pensions. Other draft regulations deal with how the Scheme operates within the Public Sector Transfer Club, while there are a number of draft amending regulations that are intended to improve the administration of the Scheme.

Local Government Service and Fair Deal – Draft Regulations 3 to 5

Temporary Reduction in Contributions- Draft Regulation 6

Contributions During absence from work - Draft Regulation 7

Additional Voluntary Contributions (AVC) - Draft Regulation 8 & 9

Assumed Pensionable Pay- Draft Regulation 10

The current method of calculating assumed pensionable pay can produce anomalous results for a member whose pay varies over time. This amendment sets out to remove such inconsistencies

Pension Accounts- Draft Regulation 11

This is to prevent situations occurring where automatically aggregated pensions accounts have to be delayed or disaggregated and reverts back to the policy in the 2008 Scheme which worked more smoothly.

Retirement Benefits - Draft Regulation 12

A member with both deferred and active pensions accounts has to take benefits relating to both accounts where employment is terminated due to redundancy or business efficiency and the member is required to take retirement benefits because they are aged over 55. It is proposed to amend this requirement so that the member is required to take only benefits from the active pension account in those circumstances.

Election for Lump Sum instead of pension – Draft Regulation 13

As a consequence of the introduction of new Regulation 17A provisions for AVCs as result of Freedom and Choice

Survivor Benefits - Draft Regulation 14

Special Circumstances Where Revised Actuarial Valuations and Certificates Must Be Obtained - Draft Regulation 15

It is proposed to amend Regulation 64 to allow for exit credits to be paid to employers that no longer have active members in a pensions fund which was not previously provided for. This will give more flexibility for administering authorities to manage liabilities when employers leave the Scheme.

Employer's Further Payments - Draft Regulation 16

To complete the list of circumstances when an administering authority can require an employer to make payments in addition to regular employer contributions, it is proposed to amend regulation 68(2) to include occasions when a member takes early retirement and the employer has waived the actuarial reduction to the member's benefits that would otherwise have been made.

Transfers

Rights to payments out of the pension fund, and inward transfers of pension rights – Draft regulations 17 & 18

it is proposed to amend regulation 96 so that the relevant administering authority calculates the transfer in accordance with provisions in the Public Sector Club Memorandum, during both the transfer out and the transfer in of the accrued rights.

Effect of acceptance of a transfer value – draft regulation 19

Where there has been an inward transfer of pension rights, Regulation 101 is being amended to require that the amount of earned pension is calculated either in accordance with the Club Memorandum if the transfer is under the Public Sector Transfer Club and in any other case, in accordance with actuarial guidance issued by the Secretary of State.

General

Interpretation – Draft Regulation 20

Introduces the necessary definitions relating to the Public Sector Transfer Club and associated revaluation arrangements, and a protected transferee and protected transferee employer. In addition, the definition of statutory pay is amended to include statutory sick pay, and the definition of partner is no longer restricted to partners of active members.

Scheme employers - Draft Regulation 21

Removes certain non-local authority employers from the criteria covering 'An entity connected with a local authority'.

It is intended to put beyond doubt that administering authorities are able to agree that an admission agreement can have retrospective effect.

It is proposed that administering authorities are no longer required to inform the Secretary of State when they enter into admission agreements, this will no longer be necessary as draft regulation 4 requires administering authorities to publish a list of admission agreements that they have entered into.

Pension funds Draft Regulation 22

21. A reference to 'the local authority or local authorities' is removed from the table in Part 2 of Schedule 3, as this is no longer needed following the amendment to paragraph 5 of Part 2 of Schedule 2 (see Draft regulation 20).

Amendments to the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 covering benefits pre April 2014

Membership before 1st April 2014 - Draft Regulation 24

Consultees are invited to comment on whether the Regulations should be further amended to remove the requirement for employer's consent for members aged between 55 and 60 with deferred benefits under earlier revoked regulations and how that might be achieved.

It is also proposed to amend regulation 3 to specify that the normal pension age for deferred benefits accrued before 1 October 2006 is age 65. Without such an amendment, a member would be in a better position under the 2013 Scheme Regulations than he would have been had the 2007 Benefits and Contribution Regulations remained in force, and that was not the intention.

Transfers - Draft Regulation 25

Covers the underpin and is to ensure that the member is in a no worse position under the 2014 Scheme than they would have been had the member joined the final salary arrangement under the 2008 Scheme.

Interfund Adjustments etc. - Draft Regulation 26

It is intended to give a member, with deferred benefits accrued before 1 April 2014 and who became a member of the 2014 Scheme on a date after 1st April 2014, 12 months, or such longer period as the employer permits, to elect to receive a transfer value payment in relation to the deferred benefits into their active pension account. This would make it consistent with other regulations

Contributions - Draft Regulation 27

Clarify that contributions returned to members should include additional contributions made under Earlier Schemes that have been aggregated into an active account.

Additional Contributions – Draft Regulation 28

. It is the intention that the additional options for taking benefits accrued by making additional voluntary contributions are consistent with the main scheme regulations.

Rule of 85 - Draft Regulation 29

Ensures consistency with members between the ages of 55 and 59 who take early retirement under regulation 30(5) of the 2013 Regulations, so that members between the ages of 55 and 59 who choose to take early pension under regulations 30(1) or 30A of the Local Government Pension Scheme (Benefits, Membership and Contributions) 2007, may also benefit from the 'rule of 85' with their employer's consent.

Transitional Provisions- Draft Regulation 30

Clarifies that admission agreements that continue when these regulations come into force are deemed to be a determination under section 25 (5) of the Public Service Pensions Act 2013

Each administering authority has 12 months to publish a list of admissions agreements that they have entered into at the time that these regulations come into force.