



Introduction to the LGPS for employers

Webinar

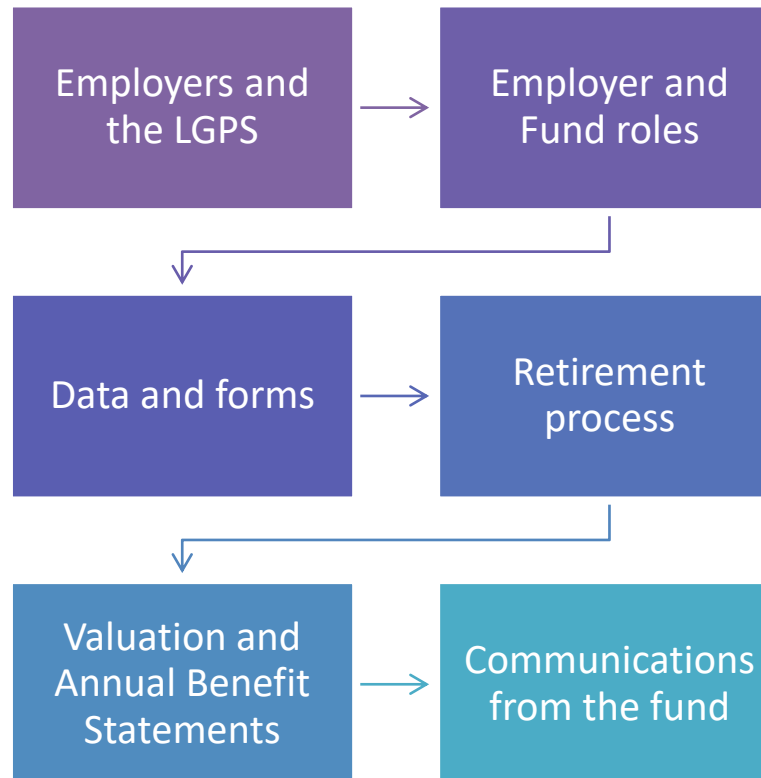


SHROPSHIRE COUNTY
PENSION FUND





Agenda





What is the LGPS?



- Local Government Pension Scheme
- One of the largest defined benefit schemes in the world
- LGPS is an occupational/ workplace pension set up by employers where members, and employers, pay contributions into the scheme
- Made up of 91 funds who administer and pay out pensions
- The market value of the Local Government Pension Scheme funds in England and Wales at the end of March 2019 was £287.2 billion

Figures from: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/839550/LGPS_England_and_Wales_2018-19.pdf



SHROPSHIRE COUNTY
PENSION FUND



LGPS in Shropshire



5.9 million total members

2.0 million active members

2.2 million deferred

1.7 million pensioners

18,037 employers



SHROPSHIRE COUNTY
PENSION FUND

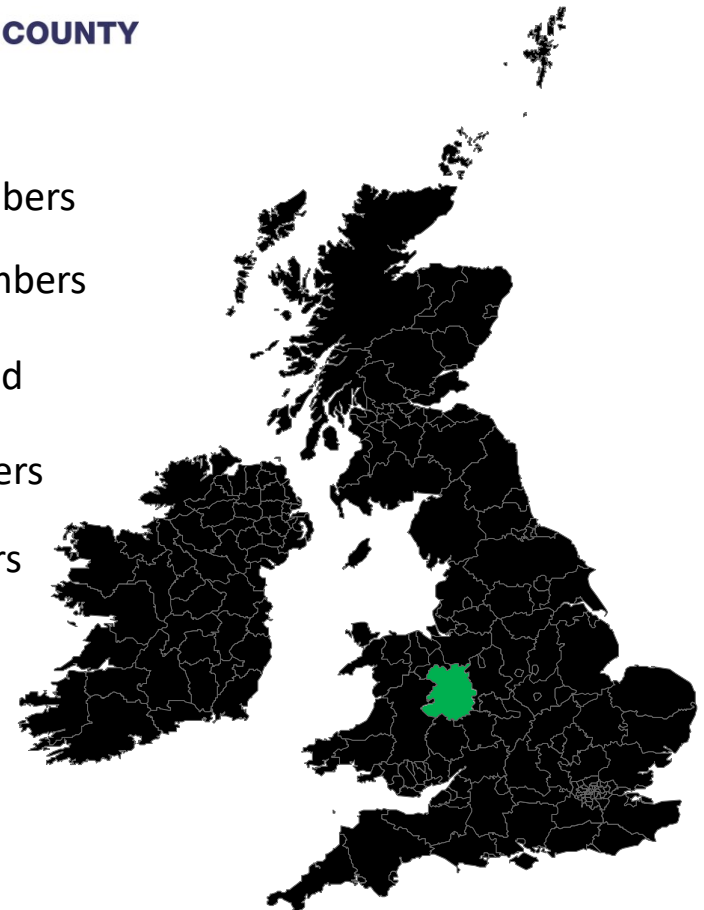
47,700 total members

16,340 active members

19,132 deferred

12,228 pensioners

199 employers



SHROPSHIRE COUNTY
PENSION FUND



The Pensions Teams



Pensions administration and treasury teams based at the Shirehall in Shrewsbury





LGPS - Governance structure





Types of employers

Scheme employers

Local authority employers whose staff automatically qualify for membership, including councils, district councils, schools, colleges... etc.

Designated bodies

Employers whose staff can join the LGPS but to do so, the employer must pass a resolution. Commonly town and parish councils

Admission bodies

An admission agreement between the fund and the employer allows these employers to join. Normally as a result of outsourcing services but can include non-profit making organisations



Employer role

- Bringing eligible members into the scheme
- Applying correct member contribution rate, deducting contributions and paying these to the Fund no later than the 19th of the following month
- Providing data/paying contributions accurately and on time
- Decision maker (ill-health, flexible retirement)
- Data protection definition – “Data Controller”





Administrator role



Pay member benefits accurately and on time inline with regulations



Set out and assist scheme employers with responsibilities



Collect and check data and contributions



Report to governing bodies



Keep robust internal controls

Communicate effectively with members and employers



Issue annual benefit statements

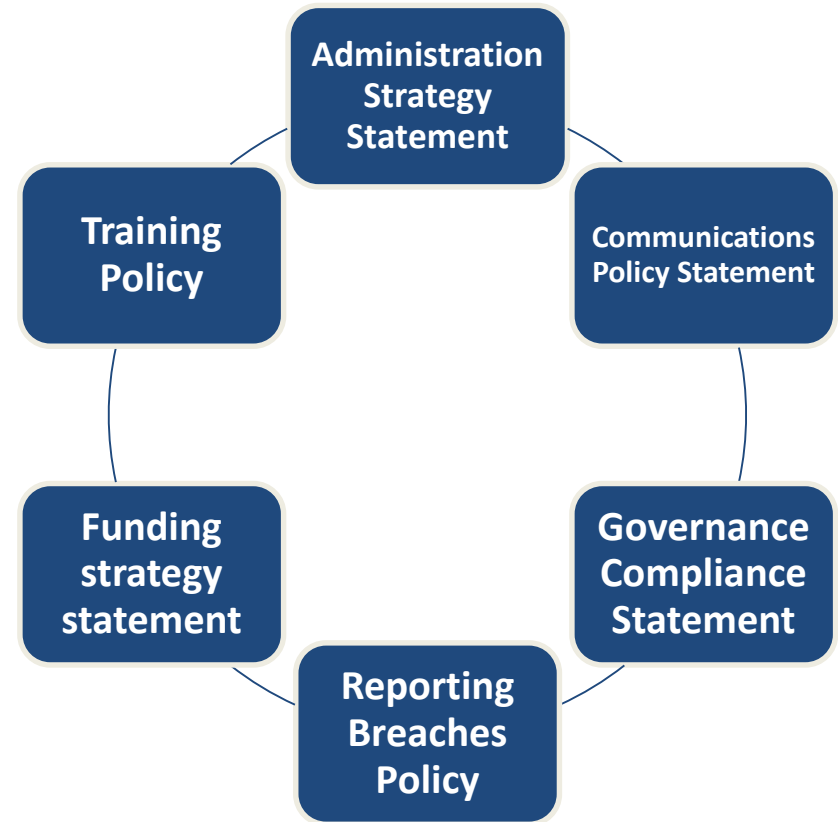


Ensure data is kept safe



Pensions Administration Strategy (PAS)

- LGPS regulations sets out statutory duties
- The PAS outlines the employer and Fund responsibilities to meet regulations
- Do you share this with anyone you buy services from?





Supplying the data we need



i-Connect

-
- i-Connect makes your employer duties easier and allows you to submit members' data monthly direct from the payroll system
 - Checks are performed before members record automatically updated
 - When pension contributions are paid we reconcile to i-Connect – dealing with queries throughout the year – not waiting solely until year-end!

Guides on our website



Types of data we need

Data requirements - ongoing	Data requirements - periodic/less regular
New starters/ opt ins	Year end returns/compliance statements
Leavers/ retirements/ opt outs	IAS19/ FRS17 requirements
Hours changes	Actuarial Valuation data
Secondments	Discretionary policies
Changes in job	Employer contact details
Paid/ Unpaid leave	Authorising signatories
Personal details changes	Staff data relating to an outsourcing
Additional contributions	Appeal information
Move to 50:50 or back to full section (100/100)	
Pensionable pay under 2008 and 2014 definitions!	



How does a pension build up?

- A Defined Benefit (DB) Scheme uses pay and membership to calculate benefits
- Before 31 March 2014 - Final Salary
- From 1 April 2014 - **Career Average Revalued Earnings (CARE)**



- Members of both schemes will have 'pots' of Final Salary and CARE benefits (One pension paid on retirement)
- Option to convert pension into lump sum (within HMRC limits)- for every £1 of annual pension you give up, you get £12 Lump Sum



Example CARE account

Scheme Year	Opening Balance	Pension Build up in Scheme year Pay/ Build up rate = Pension	Total Account 31 March	Cost of living Revaluation adjustment	Update Total Account
1 2014/15	£0.00	$£24,500/49 = £500$	£500	1.2% = £6	$£500 + £6 = £506$
2 2015/16	£506	$£24,745/49 = £505$	£1,011.00	-0.1% = -£1.01	$£1,011.00 + -£1.01 = £1,009.99$
3 2016/17	£1,009.99	$£24,992.45/49 = £510.05$	£1,520.04	1% = £15.20	$£1,520.04 + £15.20 = £1,535.24$
4 2017/18	£1,535.24	$£25,242.37/49 = £515.15$	£2,050.39	3% = £61.51	$£2,050.39 + £61.51 = £2,111.90$
5 2018/19	£2,111.90	$£25,494.79/49 = £520.30$	£2,632.20	2% = £52.64	$£2,632.20 + £52.64 = £2,684.84$



Member pension contributions

Rate used should be based on actual pensionable pay and since 2014 includes overtime/additional hours

Must re-band each April but consider throughout the year

If we receive payment after the 19th of each month, it's recorded as a breach

2019/2020

Pay Bands	Contribution rates
Up to £14,400	5.5%
£14,401 to £22,500	5.8%
£22,501 to £36,500	6.5%
£36,501 to £46,200	6.8%
£46,201 to £64,600	8.5%
£64,601 to £91,500	9.9%
£91,501 to £107,700	10.5%
£107,701 to £161,500	11.4%
Over £161,501	12.5%



Employer performance and breach reporting

- We will work closely with you to identify and help with areas of poor performance
- Certain individuals have a requirement to report breaches of the law to the Regulator if:
 - A legal duty has not been complied with
 - The failure to comply is likely to be of material significance
- The top 3 reasons for breaches in 2018/19 were:
 - late payment of contributions and or late submission of accompanying data extract.
 - not sending over leavers forms within the 4 weeks as stipulated by the admin strategy.
 - not supplying a discretions policy with 3 months of joining the scheme.
- We record all potential breaches – haven't yet had to report



Authorising signatories & contact forms

- Authorising signatories - people in your organisation that can complete pension forms
- Update an authorising signatory form when somebody needs to be added or removed
- Consider carefully when adding any external payroll or HR services who sign on your behalf – it is still your responsibility that it is right!

Employer contact forms

- Who is responsible for LGPS at your organisation?
- **We may ask you for an updated form if we haven't had one for a while.**



AUTHORISED SIGNATURES FOR (insert Employer name here)


Authorised officers whose names and specimen signatures are held by Shropshire County Pension Fund must sign all documents and/or instructions received from an employer. In signing a document an authorised officer is certifying that the form comes from the employer stated and that the information provided is correct. Please make sure that if an external organisation (such as a payroll department) will be submitting forms on behalf of the employer, their signatures are also included on this form.

The following people are authorised to sign pension documents on behalf of (insert Employer name here) and their specimen signatures are shown below:

NAME	POSITION	SPECIMEN SIGNATURE

Date: _____
Signed: _____

Please turn over if you need to add further...



Employer Contact Details

Address: _____
Employer name: _____
Employer address: _____

1. Main Contact

Name: _____
Job title: _____
Email address: _____
Telephone number: _____

Your main contact should be the head of your organisation who is responsible for adhering to the LGPS regulations and the employer responsibilities outlined in the Pensions Administration Strategy. If you are a school this should be the Head Teacher, for Parish Councils this should be the Chairman of the council.

Their key responsibilities are to:

- to act as a conduit for communications to appropriate staff within the employer - for example, Human Resources, Payroll teams, Directors of Finance;
- to ensure that standards and levels of service are maintained and regulatory responsibility is complied with;
- to ensure that details of all nominated representatives and authorised signatures are correct and to notify the Fund of any changes immediately;
- to arrange distribution of communications literature as and when required;
- to inform the Fund of any alternative service arrangements required;
- to assure data quality and ensure the timely submission of data to the Fund; and
- to assist and liaise with the Fund on promotional activities.

3. Head of Finance

Name: _____
Job title: _____
Email address: _____
Telephone number: _____

The Head of Finance contact should be the Head of Finance at your organisation. The Head of Finance will not usually be contacted with day-to-day financial queries, but matters of importance will be brought to this contact such as the actuarial valuation results which sets employers contribution rates.



Employer forms

Leavers forms PEN007A and processing retirements

- Must complete a PEN007A form for each member leaving the scheme to instruct the pension team to calculate benefits
- Type of retirement is determined by you:
Flexible/Redundancy/Ill Health Retirements
- Depending on leaving reason extra information may be required
- Assumed Pensionable Pay (APP):
 - To be used in cases of reduced contractual pay or nil pay as a result of sickness or during child related leave (e.g. ordinary maternity leave – paid)

Local Government Pension Scheme (LGPS) Leavers Form (PEN007A)

Confirmation from scheme employer in respect of a member leaving the LGPS. Once completed and authorised, please return to the Pension Team. Please fill in PEN007B for Ill Health Retirement and Death in Service.

Contract reference: _____

Member information: _____

Employer (SIC) Number: _____

Job title: _____

Address: _____

Marital status: _____

Date of birth: _____

Reason for leaving (see overleaf): _____

Additional notes: _____

If REASON CODE 1 (EARLY RETIREMENT) IS CHOSEN PLEASE COMPLETE THE SECTION BELOW:

Applied rule of 80? (If member is under age 60): _____

Waive any actuarial reduction on protected benefits? (Do any grounds): _____

Waive any actuarial reduction on non-protected benefits? (Do any grounds): _____

If waiving part of the reduction on non-protected benefits, please enter the percentage OR the amount to be waived: _____

If REASON CODE 2 (PENSIONABLE RETIREMENT) IS CHOSEN PLEASE COMPLETE THE SECTION BELOW:

Waive any actuarial reduction on protected benefits? (Do any grounds): _____

Waive any actuarial reduction on non-protected benefits? (Do any grounds): _____

If waiving part of the reduction on non-protected benefits, please enter the percentage OR the amount to be waived: _____

If REASON CODE 3 (REDAUNDANCY OR BUSINESS EFFICIENCY) IS CHOSEN PLEASE COMPLETE THE SECTION BELOW:

Reason for payment: redundancy/business efficiency (please circle): _____

Amount of redundancy payment: £ _____

Any other termination payment: £ _____

If the reason for leaving is E, F or G then there may be a cost payable by you as the employer and you should have completed the section 'Reason for leaving' and how much it will be, before completing this form.

Please tick the box to confirm that you have received the cost information and would like to proceed: _____

Employee (SIC) PAY AND CONTRIBUTIONS IN FINAL AND PREVIOUS SCHEMES PLEASE (SIC) THE MEMBER:

Total Pension contributions paid by EE: _____

The amount of EE and/or EE contributions paid for APP/ACTUARY in the final scheme year: _____

Final Scheme Year: _____

Previous Scheme Year: _____

The Shropshire County Pension Fund is a Saver Scheme under the Pension Protection Fund. The Fund has a representation of understanding which provides more information on the sharing between the Fund and employers for more information please visit www.shropshirepensionfund.co.uk

PTD



Employer forms

Leavers forms PEN007B ill-health and deaths

- For ill health cases refer to employers area on website
- It is **your decision** – but must follow regulations
- Make sure you include all accompanying information
- Evidence **your decision** – clearly explained in notice letter
- Popular for appeals – make sure **you're aware** of appeal response deadlines

SHROPSHIRE COUNTY
PENSION FUND

LGPS Leavers Form for Ill Health Retirement and Death in Service
(PEN007B)
For Ill Health Retirements please complete Sections A, B and D. For Death in Service please complete sections A, C and D. Once completed and authorised, please return to the Pensions Team.

SECTION A: CONTACT DETAILS

Employer (ER): _____

Member Information:

Employee (EE): N.I. Number: _____ Name in full: _____
Job Title: _____ Post No: _____
Address: _____ Post code: _____
Email: _____

Marital status: _____ Date of leaving: ____/____/____
Date of Birth: ____/____/____ Ill health retirement (Regulation 35, award of immediate benefits) ☐
Reason for leaving: Death in Service ☐ Ill health retirement (Regulation 35, award of immediate benefits) ☐

SECTION B: CONFIRMATION OF AN ILL HEALTH RETIREMENT DECISION

Taking into account all relevant evidence and using our own judgment, it has been decided that the member does meet the conditions set out in Regulation 35 of the LGPS regulations which are as follows (please tick the below statements to confirm):

a) that they are an active member who has qualifying service for a period of two years; and ☐
b) their employment has been terminated by our organisation on the grounds of ill health or infirmity of mind or body; and ☐
c) they are under normal pension age (NPA); and ☐
(i) as a result of ill health or infirmity of mind or body, permanently incapable of discharging efficiently the duties of the employment engaged in ☐
(ii) as a result of ill health or infirmity of mind or body, is not immediately capable of undertaking any gainful employment. ☐

ILL HEALTH TIER AWARDED:

Tier 1— Member is permanently incapable of undertaking any gainful employment before NPA. They will receive 100% enhancement up to their NPA. ☐
Tier 2— Member is incapable of undertaking any gainful employment for at least 3 years but it is likely they will be capable of doing so before NPA. They will receive an enhancement of 25% of that to NPA. ☐
Tier 3—It is likely that the member will be capable of undertaking gainful employment within 3 years. ☐
There will be no enhancement and a review will be undertaken by the former employer after 18 months.

In making this decision we confirm that the LGPS regulations have been complied with, and that we have based our decision on the evidence and information provided by the member and the opinion of the Independent Registered Medical Practitioner (IRMP).

PLEASE ENCLOSE WITH THIS FORM:

1. Formal notice letter from employer to member
2. Certificate completed by the IRMP
Please note that the Pensions Team only require a copy of the certificate at this stage. The supporting IRMP report may be requested at a later date if required.

PTO

1



Employer forms:

Ill-health forms and medical certificates

- A member **may** be able to take immediate payment of their benefits, no matter their age, if they are dismissed because of ill-health.
- Must have 2 years of membership.
- Must be **permanently incapable of discharging efficiently the duties of the employment they were engaged in, and, is not immediately capable of undertaking any gainful employment.**

Ill-health process

1. Seek opinion of IRMP
2. Decide on which tier is to be awarded (taking into consideration regulations)
3. Inform the member of your decision in a notice letter
4. Send us:
 - ✓ A completed PEN007B leavers form
 - ✓ Copy of the IRMPs certificate
 - ✓ Copy of the notice letter
 - ✓ P45 (if available)



Employer forms

Dealing opt outs

- Member obtains form from our website, then returned to you to action
- If an employee completes the online form, a notification will be sent to you directly
- Once received you should update your records, inform payroll to cease deductions but remembering:
 - <3 months service refund is processed through your payroll
 - >3 months service refund (if available) is made by the Fund
- You must not process an opt out unless you have their form
- More than one job? A form must be completed for each

**A member can't opt out
before they've started
their employment**



Other employer forms

PEN001*

- Name changes
- Marital status
- Address
- Change in contribution rate, etc

PEN002*

- Hours Changes

PEN004

- Absences
- Strikes
- Paid/Unpaid leave

PEN005

- Parental Absences (maternity, adoption etc)

PEN010

- Request for an estimate of retirement benefits

SHROPSHIRE COUNTY PENSION FUND
NOTIFICATION OF CHANGE OF HOURS

Please do not use this notification for more than one post.

Employer: _____
Name: _____ Payroll No: _____
National Insurance No: _____ Post No: _____
Weekly / Monthly: _____
Job Title: _____

A *
The above employee has increased/decreased the number of contractual hours worked per week from _____ to _____
with effect from ____/____/____
Weeks worked per year: _____
Full time equivalent: 36 ☐
37 ☐
39 ☐

B *
Hours history for the above post:

Job Title	Hours	From	to	weeks worked per year

A * - Please complete with details of latest hours change
B * - Please provide any changes which have not previously been notified.
The Shropshire County Pension Fund is a Data Controller under Data Protection legislation. This means we store, hold and manage personal data in line with statutory requirements to enable us to provide pension administration services. The Fund has a commitment of understanding which provides more information. To enable us to carry out our statutory duty, we are required to share information with certain bodies. We will only do so in limited circumstances. For more information about how we hold data, who we share it with and what rights scheme members have to request information from the Fund, please visit <https://shropshire.gov.uk/your-data>

Name: _____
Job Title: _____
Date: ____/____/____
Signed (by authorised signatory) _____

Please return this form to:
Pensions Services
Shropshire Council
Shirehall
Abbey Foregate
Shrewsbury
SY2 6HD
Or Send a scanned copy to:
pensions@shropshire.gov.uk

PEN002 - (Jun 2018)



Retirement process

Some general points to note:

- Early retirement before Normal Pension Age – members advised to check reductions (table can be found on our website).
- Flexible, ill-health, redundancy retirements- employers consent required
- **IMPORTANT** – requesting strain costs for flexible, redundancy retirements, early retirements or when you are awarding additional benefits or benefits without early retirement reductions
- Strain cost is payable immediately by you
 - Members can convert pension to lump sum
 - Forms to be completed
 - Pensions are paid on the 29th of each month and lump sum ASAP

**Employees should not
expect payment the day
they retire**



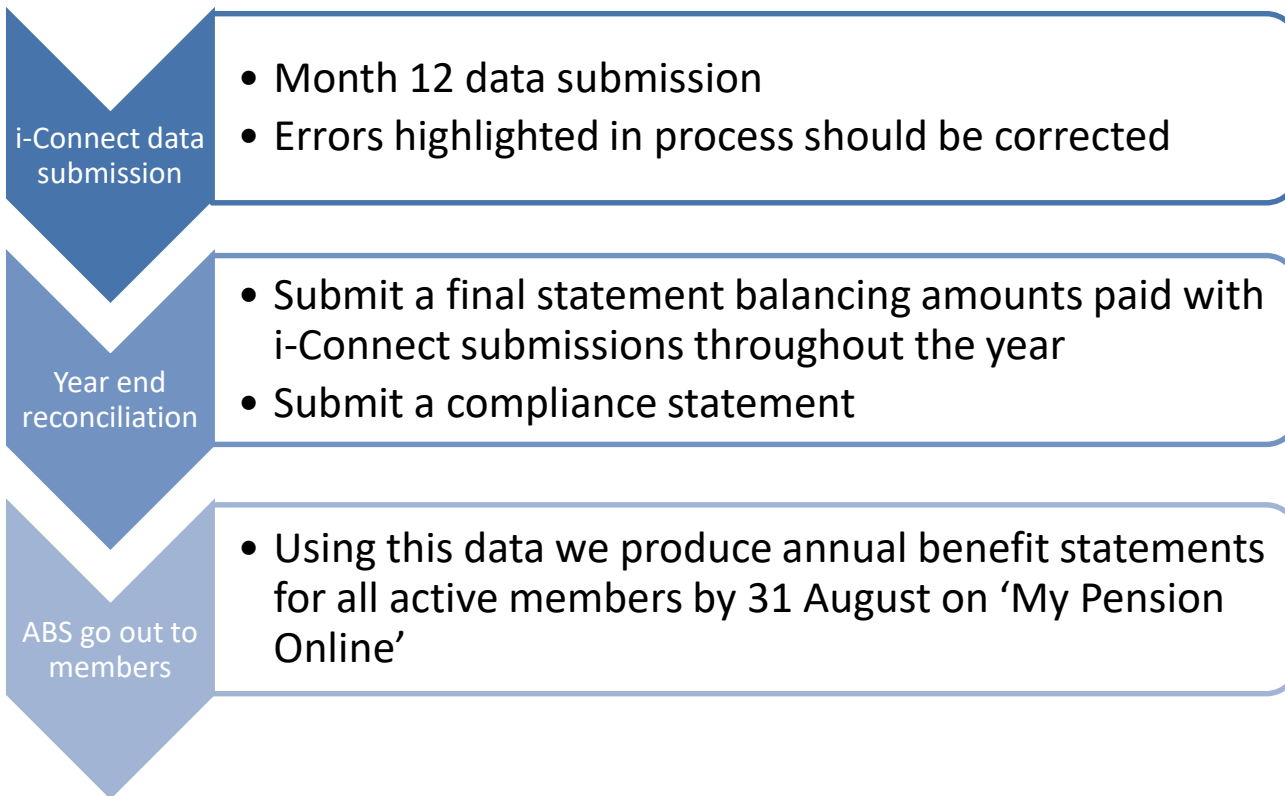
Valuation

- **Why do we do a valuation?**
 - it's statutory requirement - every 3 years
 - to monitor and review assets against pension liabilities
 - to calculate fund value to assess whether the fund has enough assets to pay benefits when they're due
 - sets employer contribution rates for 3 years
- Following the valuation, a valuation report is put together and is shared with employers
- Data you provide used in calculations performed by the actuary
- If this is inaccurate it could affect the results of the valuation.





Annual benefit statements





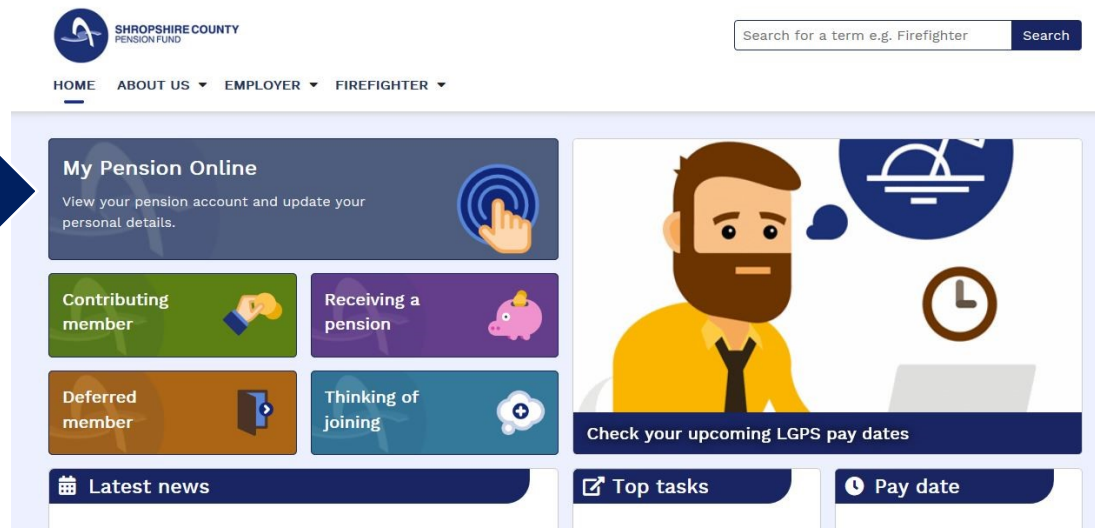
'My Pension Online'



The secure members' area, called 'My Pension Online' allows members to:

- View your latest benefit statement
- Update personal details
- Make death grant nominations
- Check pay details are correct
- Calculate retirement benefits

Members can access this service by visiting our website and clicking 'My Pension Online'.



SHROPSHIRE COUNTY
PENSION FUND



Communications from the Fund



We may occasionally ask our employers to help distribute communications to our members



Communications from the Fund

SHROPSHIRE COUNTY PENSION FUND

HOME ABOUT US EMPLOYER FIREFIGHTER

Search for a term e.g. Firefighter Search

My Pension Online

View your pension account and update your personal details.

Contributing member **Receiving a pension**

Deferred member **Thinking of joining**

Latest news

- Aug 21 2019** Bank holiday Monday office closure 26th August
Our office will be closed for the bank holiday on Monday...
- Aug 6 2019** Annual report for 2018/2019 published
The Fund's Annual Report & Accounts highlight the import...
- Jul 30 2019** Deferred annual benefit statement 2019 now available online!
If you're a registered user of Shropshire County Pension Fun...

Annual Report for 2018/2019

Top tasks

- Forms and guides
- Frequently asked questions
- Can I pay more?

Pay date

Next pay date:
Thursday 29 August



Payslip April 2019

This document confirms the pension payment for April 2019

Month: April 2019 Tax code: PAYE ref no.

Your details

Name: [] Personal reference number: [] Pension reference number: []

Your pension

Total gross	Contributions	Net pension	Net pension after tax and other payments
[]	[]	[]	[]

Messages from the Fund

If you get a message from the Fund, please check the Fund's website for more information. If you have a question, please contact the Fund's Customer Service Team on 01949 394000 or email customer.service@shropshire-pension.co.uk.

P60 End of Year Certificate

This form shows the total amount of pension payments made to you in the year.

Year: 2019/2020

Your details

Name: [] Address: []

Pension and income tax details

Employer: [] Pension reference number: []

Income tax

Income tax paid: [] Income tax deducted: []

Final tax code

Final tax code: []

SHROPSHIRE COUNTY PENSION FUND

Employer Update

Employer Update 12 (January 2020)

These email alerts are sent to all employer contacts held by the Shropshire County Pension Fund. If you know someone at your organisation who should be receiving these emails but isn't currently on the mailing list, please let us know by emailing pensions@shropshire.gov.uk

SHROPSHIRE COUNTY PENSION FUND

HOME ABOUT US EMPLOYER FIREFIGHTER

Employer news

Do you employ any

When processing data for y and treating these member...

Pension Update

FOR MEMBERS OF THE LOCAL GOVERNMENT PENSION SCHEME (LGPS) | SUMMER 2019

- New data protection regulations come into force**
- Increases to the State Pension age**

New data protection regulations come into force

We get access of the personal information about you from you. We also get information from your employer for example, information about your salary and from other sources, including public information. We use this personal information to manage the Fund, to calculate your pension benefits for you and any pension benefits you are due and to use to meet your obligations.

Increases to the State Pension age

Based on the recommendations of an independent review of the State Pension age, the Government is introducing legislation to increase the State Pension age and to increase the State Pension age to 68 by 2028 and to 69 by 2038. This is a gradual increase in the State Pension age, rather than the current legislation which would increase the State Pension age to 68 by 2028 and to 69 by 2038. The change will affect members born between 6 April 2001 and 5 April 2003. The new State Pension age will be 68 for those born on or before 5 April 2001 and 69 for those born on or after 6 April 2003. The new State Pension age will be 69 for those born on or after 6 April 2003.



SHROPSHIRE COUNTY PENSION FUND

- Thank you for listening.
- Email any questions to **pensions@shropshire.gov.uk** and we'll respond as soon as possible.
- Complete our online **feedback form** which we'll email out shortly.

Help desk: 01743 252130

Website: www.shropshirecountypensionfund.co.uk