

# LGPS 2014 TPS workshop

# LGPS 2014

- Provides an overview of the LGPS 2014
- Considers the impacts on employers
- Gives some pointers on the next steps



# LGPS 2014 – Overview

- Annual Pension Account
- 1/49<sup>th</sup> accrual
- CPI revaluation
- Pension age linked to State Pen Age (min 65)
- Voluntary retirement from 55
- Rule of 85 retained (60+)
- Protection for pre 2014 service and underpin for those within 10 years of age NPA at April 2012

# LGPS 2014 – Overview

- P/T worker contribution rates assessed on actual pensionable pay (not FTE) – so many will pay less
- 50/50 option
- Can purchase additional pension via APC or AVC

## Note:

- Existing pensioner and deferred members - no change

# Employers support programme

- Meetings with payroll & pensions software providers
- Briefing note now on website at <http://www.local.gov.uk/web/lgaworkforcepensions/lgps2014comms>
- Payroll specification for new scheme out now
- High level regional employer briefings
- Workshops <http://www.local.gov.uk/web/lgaworkforcepensions/training-and-events>
- HR guidance now out ([www.lgpsregs.org](http://www.lgpsregs.org))



# Employers – 2014 key requirements

- Look at:
  - Separate records per job
  - 2 sections to the scheme (main & 50/50)
  - Pensionable Pay
  - Assumed Pensionable Pay
  - Employee contributions
  - Buying extra pension
  - End of year data / data on leaving

# Employers – 2014 key requirements

## Separate records per job

- Same as for auto enrolment
- 2 jobs = employee rates separately assessed
- Except for single employment relationships
- Separate cumulative pensionable pay (incl. APP) and employee contributions per job - accuracy of pension build up dependant on correct cumulative pensionable pay

# Employers – 2014 key requirements

## 2 sections to the scheme (main & 50/50)

- Employees join main section
- Can elect for 50/50 (and back to main) – no limit\*
- Applies from next available pay period
- Cumulative pensionable pay and employee contributions for each section
- Start / end dates for each section

\* But proposing not during reserve forces service leave



# Employers – 2014 key requirements

## 2 sections to the scheme (main & 50/50)

- Automatically back in main section from next available pay period:
  - if goes to nil pay due to sickness and still on nil pay for that reason at beginning of next pay period (watch out for nil pay s/t sickness)
  - after re-enrolment date

unless member elects otherwise

# Employers – 2014 key requirements

## Pensionable Pay

- Same definition as now except that non-contractual overtime is now pensionable
- Benefit accrues each Scheme year based on pensionable pay received\* in that year (not pensionable pay due for the Scheme year)

\* See next slide re APP

# Employers – 2014 key requirements

## Assumed Pensionable Pay

- Accrues during sickness on reduced or no pay (incl. s/t periods), child related leave (ordinary and paid add'l), reserve forces service leave – (rationale)
- Based on last complete 3 months or 12 weeks pensionable pay (excluding all lump sums)
- Other future pensionable lump sum payments may be added to APP by employers
- APP increased by CPI if goes over 2 scheme years
- Watch out for – KIT and Stringer days

# Employers – 2014 key requirements

## Employee contribution rates

- New bands with some increases in rates
- Table may change before April
- Which band? – up to employers but...
- Part time staff in band based on actual pay
- Review on material change in pay
- Could do.....?
- New starters?

# Employers – 2014 key requirements

2014 - indicative		Current	
Actual Pensionable Pay	Gross rate	Full Time Equivalent Pensionable Pay	Gross rate
Up to £13,500	5.5%	Up to £13,700	5.5%
£13,501 - £21,000	5.8%	£13,701 - £16,100	5.8%
£21,001 - £34,000	6.5%	£16,101 - £20,800	5.9%
£34,001 - £43,000	6.8%	£20,801 - £34,700	6.5%
£43,001 - £60,000	8.5%	£34,701 - £46,500	6.8%
£60,001 - £85,000	9.9%	£46,501 - £87,100	7.2%
£85,001 - £100,000	10.5%	More than £87,100	7.5%
£100,001 - £150,000	11.4%		
More than £150,000	12.5%		

# Employers – 2014 key requirements

## Employee / Employer contributions

- Employee pays contributions on pensionable pay received (not on APP – except reserve forces service leave)
- Employer pays contributions on pensionable pay received / APP during child related leave (and sick leave on reduced / no pay?)

# Employers – 2014 key requirements

## Buying extra pension

- Full and shared cost APC replaces ...
  - ARCs
  - Augmentation
- And used to buy pension 'lost' due to:
  - Strike – at full cost to member
  - Child related leave (unpaid add'l) – shared cost
  - Unpaid leave – shared cost (no compulsory first 30 days)
- AVCs

# Employers – 2014 key requirements

## End of year data / data on leaving

- Minimum requirements will be defined in Regs
- Details will be in payroll specification document (including breakdown of additional contributions paid in the Scheme year)
- Other data as agreed with Pension Fund



# Employers – other considerations

- Payments due for period pre April 2014 paid after March 2014 – contribution rates as at date paid BUT don't drop pensionable pay into post 2014 cumulatives
- Requirement for hours changes going forward and breaks in service (not fully covered by APC) for underpin cases
- Pre 2014 definition of Final Pay at date of leaving for pre 2014 membership and underpin cases – calculate as now (but looking to simplify)

# Employers – main outstanding issues

- Pre 2014 definition of Final Pay at each Scheme year end for pre 2014 membership and underpin cases – employer to supply FTE? (but looking to simplify)
- Existing added years, ARC and ASBC contracts?
- Councillors' pensions?
- TUPE transfers - retain membership of the LGPS – scope and mechanism still to be worked out
- HMT – potential stumbling block?

ANY QUESTIONS?

# Disclaimer

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