Local Government Pensions Committee
Secretary, Terry Edwards

LGPC Bulletin 84 – July 2011

This month's Bulletin contains a number of general items of information.

Please contact Dave Friend with any comments on the contents of this Bulletin or with suggestions for other items might be included in future Bulletins. LGPC contacts can be found at the end of this Bulletin.

This month's Bits and Pieces includes an item on LGPC Communications, Circular 250, the "Understanding Employer Role" workshops, the Timeline Regulations and Mercer's 2010 Global Pensions Index.

Contents

GMPs and PI: correction of worked example in Bulletin 83

Last month’s Bulletin included a worked example which demonstrated the Secretariat’s view of the interaction of GMPs and PI for members of the LGPS with an adjusted SPA. The article concluded with following summary:

> *“. . . that calculation of PI is akin to AP<GMP from the member’s old SPA. When the State assumes responsibility at the member’s adjusted SPA it is with a “GMP applicable date” of the adjusted SPA and not the old SPA. This is different from the normal AP>=GMP notifications.*”

It was emphasised that the example represented the views of the Secretariat only. The Secretariat has sought confirmation from NISPI and the following is an extract of the relevant email correspondence.

> ***From:*** *lisa.laverick@hmrc.gsi.gov.uk*
> ***Sent:*** *06 July 2011 14:00*
> ***To:*** *David Friend*
> ***Subject:*** *FW: Public Sector Pension Schemes: Calculation of PI for a member with an adjusted SPD*
>
> *David,*
>
> *Following the changes to State Pension Age (SPA), the scheme should continue to make the GMP available from 60/65. The GMP amount which should be made available at 60/65 should be the GMP at date of leaving revalued to 60/65 (if applicable); the GMP should then be inflation proofed each year after that, as you do now. CA1629s will no longer be issued for women at age 60 from 2010, and for men age 65 from 2024. This is because they cannot be issued until an individual has approached SPA. As schemes will continue to receive CA1625 notifications showing the GMP amount at date of leaving, this should be sufficient to enable them to revalue the GMP to 60/65. However, if they require a new GMP calculation from HMRC, they can use AGLS or form CA1604.*
>
> *Schemes will continue to be responsible for paying an individual increases on the post 88 part of the GMP up to the maximum of 3% from age 60/65. However, until the individual reaches SPA, they will not be entitled to any Pre1988 GMP increases or any increases above 3% on the post 1988 GMP. This is because these increases form part of the person’s State Pension and they will not receive this until they reach their new SPA.*
>
> *The amount that will be shown on CA1629 when she does reach SPA will be her GMP entitlement at age 60 plus any inflation proofing increases to the post 88 GMP from age 60 to the new State Pension Age.*
>
> *As you are aware, there are additional requirements for public sector schemes relating to inflation proofing, whereby the scheme is required to inflation proof the whole of the pension, if there is no inflation proofing being provided by the State. For women whose State Pension falls after age 60, it will not be possible for the State to apply any increases until the individual reaches her new SPA. It therefore follows that for the public sector schemes there will be a requirement for the scheme to inflation proof the whole of the pension until the individuals new SPA. Once the*

individual has reached SPA, the scheme should assume that the AP will be greater than the GMP. If the AP will continue to be less than the GMP, the scheme will receive a RD614 advising them that they must continue to inflation proof the whole of the pension until a further RD614 is received to advise when the State Additional Pension exceeds the GMP.

When the AP becomes greater than the GMP, the scheme recalculates the pension from age 60 and only applies increases to the Post 88 GMP up to 3% and the remainder of the occupational pension (minus the Pre 88 GMP). They should then pay this new amount from the date the AP has become greater than the GMP. The State is paying the increases to the Pre 88 GMP and if applicable the Post 88 GMP above 3%. The individual is therefore still receiving their full increases.

I hope this explains the situation.

Lisa Laverick

From: *David Friend*
Sent: *07 July 2011 12:02*
To: *Laverick, Lisa (CustOPS);*
Subject: *RE: Public Sector Pension Schemes: Calculation of PI for a member with an adjusted SPD*

Lisa,

Thanks for replying to my query. I want to make sure I have this concept crystal clear in my mind because I will need to explain the answer to software providers.

Provided the member's GMP is not less than AP for some other reason, should the LGPS treat the person as

(a) AP=>GMP at new SPA, GMP at GMP age (old SPA) to apply, or

(b) AP=>GMP at new SPA, GMP at new SPA to apply?

Your response implies (a). Is my interpretation correct?

Regards,

Dave

From: *lisa.laverick@hmrc.gsi.gov.uk [mailto:lisa.laverick@hmrc.gsi.gov.uk]*
Sent: *13 July 2011 08:40*
To: *David Friend*
Subject: *RE: Public Sector Pension Schemes: Calculation of PI for a member with an adjusted SPD*
David,

Yes, (a) is correct. The GMP is still payable for women at age 60. However, as they will not be receiving a State Pension, the AP will be less than the GMP. Once the member reaches the new SPA, the AP will become greater than the GMP in the majority of cases. If the AP is still less than the GMP, form RD614 will be issued to the scheme.

Regards,
Lisa Laverick

NISPI's response differs from the view expressed by the Secretariat in last month's Bulletin. At new SPA, NISPI will put the State Pension into payment (if it is claimed) and input the GMP as at old SPA into their system which means the State will start paying PI on GMP along with the State Pension immediately i.e. treat the case as AP>=GMP at new SPA, GMP as at old SPA to apply. The response from NISPI has been forwarded to all software providers of pensions administration systems.

Due to NISPI's response, the worked example from last month's Bulletin has been redrafted. The member's details are as follows:

Attained GMP age of 60 on 28 February 2011

Attains (new) SPA on 6 January 2012

She retired at age 60

Pension at 28 February 2011:

Total pension = £712 p.a.

This includes pre-88 GMP of £208 p.a. and post-88 GMP of £104 p.a.

Pension in excess of GMP = £400 p.a.

Pension at 6 April 2011:

On 6 April 2011 the GMP Increase Order 2011 applies and the post-88 GMP is increased by 3%.

For the avoidance of doubt, the pre-88 GMP is not increased, and the pension in excess of the pre-88 and post-88 GMP is not increased either.

So:

Pre-88 GMP	=	£208.00	
Post-88 GMP	=	£104.00	
Post-88 GMP increase	=	£ 3.12	(£104 x 3%)
Balance of pension	=	£400.00	
New total pension	=	£715.12	

Pension at 11 April 2011

On 11 April 2011 the PI (Review) Order 2011 applies.

If the case were **not** an AP<GMP case, the following calculation would be performed:

Pre-88 GMP	=	£208.00	
Post-88 GMP	=	£104.00	
Post-88 GMP increase	=	£ 3.12	
Balance of pension	=	£400.00	
PI on balance	=	£ 1.04	(£400 x 0.26%)
New total pension	=	£716.16	

However, because the lady has not yet attained (new) SPA, it is necessary to treat her as if her AP is less than her GMP (i.e. AP<GMP), as follows:

Pre-88 GMP	=	£208.00	
PI on pre-88 GMP	=	£ 0.54	(£208 x 0.26%)
Post-88 GMP	=	£104.00	
Post-88 GMP increase	=	£ 3.12	
Balance of pension	=	£400.00	
PI on balance	=	£ 1.04	(£400 x 0.26%)
New total pension	=	£716.70	

This seems to tie up with Annex G of the Ministerial Direction which says:

> *2. Where the Treasury make a section 59 order increasing official pensions and the amount by reference to which the increase in an official pension under that order is to be calculated would, but for this direction, be reduced under section 59(5) of the Pensions Act by an amount equal to the rate of a guaranteed minimum pension, if at the time the section 59 order comes into force-*
>
> *(a)the additional pension to which the pensioner is entitled is less than the amount equal to the weekly rate or aggregate weekly rates of the guaranteed minimum pension or pensions to which he is entitled;*
>
> *the amount of that reduction shall be equal to the amount by which the pensioner's guaranteed minimum pension has been increased by virtue of a section 109 order in the tax year in which the section 59 order comes into force, and, subject to paragraphs 4 and 5, in any such case the increase shall, in respect of any period after the order comes into force, be calculated in accordance with this direction notwithstanding section 59(5).*

This would produce the following result:

Post 88 GMP increase (£104 x 3%)	=	£ 3.12
Total pension	=	£712.00
Less post-88 GMP, as increased	=	£107.12
Balance of pension for PI calculation	=	£604.88
Pensions Increase (£604.88 x 0.26%)	=	£ 1.57

The revised pension payable would be:

Pre-88 GMP	=	£208.00	
Post-88 GMP	=	£104.00	
Post-88 GMP increase	=	£ 3.12	
Balance of pension	=	£400.00	
PI	=	£ 1.57	
New total pension	=	£716.69	(1p difference - roundings)

Pension at 6 January 2012

On 6 January 2012 she attains (new) SPA.

At that time, the member is treated as if her AP had become equal to or exceeds her GMP and the GMP as at 28 February 2011 is to apply.

This means there **is** a need to revisit the calculation of pension in payment. From the date of (new) SPA, the State will commence payment of her State Pension (assuming a claim has been made to it) and will start to pay pensions increase due on the GMP since (old) SPA (i.e. any increases due on the pre-88 GMP together with any increases over 3% due on the post-88 GMP)
.
Her pension is therefore recalculated as follows:

Pre-88 GMP	=	£208.00	
Post-88 GMP	=	£104.00	
Post-88 GMP increase	=	£ 3.12	
Balance of pension	=	£400.00	
PI on balance	=	£ 1.04	(£400 x 0.26%)
New total pension	=	£716.16	

Pension at 6 April 2012:

On 6 April 2012 the GMP Increase Order 2012 applies. It is assumed the GMP Increase for 2012 is 3%. The post-88 GMP (together with any increase on it) receives a further increase of 3%.

The revised pension payable would be:

Pre-88 GMP	=	£208.00
Post-88 GMP	=	£104.00
Post-88 GMP increase	=	£ 6.24 *
Balance of pension	=	£400.00
PI on balance	=	£ 1.04
New total pension	=	£719.28

* Calculated on a weekly GMP figure of £2 plus £0.06 increase in 2011, rounded to the nearest penny per week and then multiplied by 52.

Pension at 9 April 2012:

On 9 April 2012 the PI (Review) Order 2012 applies. Assuming the Pensions Increase for 2012 is 4% the revised pension payable would be:

Pre-88 GMP	=	£208.00	
Post-88 GMP	=	£104.00	
Post-88 GMP increase	=	£ 6.24	
Balance of pension	=	£400.00	
PI on balance	=	£ 17.08	(£401.04 x 4%) + £1.04
New total pension	=	£735.32	

Important note – post-88 GMP and pensions increase

Only the “true” GMP increases on the post-88 GMP (i.e. up to 3% increases) should ever be allocated to the heading “post-88 GMP increase”.

Any increase over and above 3%, where the AP was less than the GMP, will be “ordinary” PI, i.e. it is payable under a Pensions Increase Review Order and not a GMP Increase order.

Assume by way of an example that PI was 5.5% in 2011 but the member did not reach (new) SPA until **2013**. Pensions Increase in 2012 is again assumed to be 4.0%.

As far as the post-88 GMP is concerned the Scheme would pay:

3.0% from 6 April 2011, and
2.5% from 11 April 2011.

As only 3.00% is “true” GMP Increase, the Scheme **should not**:

- treat the entire 5.5% awarded in 2011 as "PI on post-88 GMP" and therefore give it a 3% Capped increase in 2012.

Instead, the Scheme **should**:

- treat 3.00% of the 5.5% as "PI on post-88 GMP" and give it a 3% capped increase on 6 April 2012, and
- treat 2.5% of the 5.5% as "ordinary PI" and give it the full 4% increase on 9 April 2012.

And **remember** that on 6 April 2012 the post-88 GMP itself got a 3% increase and on 9 April 2012 it gets a further 1% increase. The 1% increase is "ordinary PI" whereas the 3% is "PI on post-88 GMP".

This should ensure that, at the PI reviews following (new) SPA, the pensioner gets the correct amount of pensions increase in total from both the state and the LGPS. Any notification of GMP from the state at (new) SPA should be the pre-88 GMP calculated at GMP Age and the post-88 GMP at GMP Age as increased by GMP Increase Orders between GMP Age and (new) SPA.

On a separate, but worrying, note NISPI has confirmed that the auto-production of an RD614 following the non-claim of a State Pension does not happen. However, when the State Pension is eventually claimed, two RD614s will be issued. One retrospectively showing AP<GMP and another showing AP>=GMP as at the date the State Pension is claimed. With the benefit of hindsight, therefore, LGPS Funds will be able to work out how much PI they have underpaid the pensioner and pay the arrears. One way to overcome this underpayment situation would be to ask pensioners attaining their State Pension Age whether they have claimed / intend to claim their State pension. If they have not or do not intend to claim it, they should be treated as AP<GMP cases until they do claim it and they should be asked to inform the administering authority as soon as they intend to claim their State pension. Of course, if the pensioner then forgets to inform the administering authority when they intend to claim their State pension there is the possibility that this could then lead to an overpayment of PI (although if NISPI issue the RD614s on time, this possibility would be averted).

Ministerial Statement on Public Service Pensions

The Chief Secretary to the Treasury (the Rt Hon Danny Alexander MP) made a Ministerial Statement to the House of Commons on 19 July in respect of public sector pensions.

The statement makes it clear that there are to be scheme level discussions to deliver, by the end of October, initial proposals for reformed public service pension schemes. With regard to the requirement to find savings equivalent to a 3.2% increase in employee contribution rates the statement says:

> "*Scheme specific discussions will make proposal on how these savings are achieved and will be required to make proposals by the end of October this year. For local government, the Government recognise that the funded nature of the scheme puts it in a different position and will discuss whether there are alternative ways to deliver some or all of the savings.*"

The Secretary of State for Communities and Local Government has written to the Local Government Group inviting it to conduct discussions with the local government trade unions to establish, by no later than 9 September 2011, a package of measures to secure the short term savings by 2014/15, with any necessary legislation to be in place by 1 April 2012. The package can include alternative ways to deliver some or all of the savings, whilst providing protections from contribution increases for the low paid, and can give consideration to other issues that are important to the longer term sustainability of the LGPS.

The Local Government Group and the unions held their first joint meeting on 27 July 2011.

Academies: recharging set up costs

As a consequence of the Academies Act 2010, administering authorities are considering whether or not any actuarial costs incurred when a school converts to an academy can be passed on to the academy. The relevant regulations are regulations 42(1)(d) and (2)(b) of the LGPS (Administration) Regulations 2008 (as amended) and regulation 4 of the LGPS (Management and Investment of Funds) Regulations 2009:

> "***Payment by employing authorities to appropriate administering authorities***
> *42.—(1) Every employing authority must pay to the appropriate administering authority on or before such dates falling at intervals of not more than 12 months as the appropriate administering authority may determine—*
>
> > *(a) all amounts from time to time deducted from the pay of its employees under these Regulations;*
> >
> > *(b) any amount it has received by deduction or otherwise under regulation 18(5), 20, 21 or 25 during the interval;*
> >
> > *(c) any extra charge payable under regulation 40 or 41 of which it has been notified by the administering authority during the interval; and*
> >
> > *(d) a contribution towards the cost of the administration of the fund, which shall include any amount specified in a notice given in accordance with regulation 43.*
>
> *(2) But—*
>
> > *(a) an employing authority must pay the amounts mentioned in paragraph (1)(a) not later than the time required under section 49(8) of the Pensions Act 1995; and*
> >
> > *(b) paragraph (1)(d) does not apply where the cost of the administration of the fund is paid out of the fund under regulation 5(6) of the Local Government Pensions Scheme (Management and Investment of Funds) Regulations 1998.*".

Note regulation 42(2)(b) should now refer to regulation 4(5) of the LGPS (Management and Investment of Funds) Regulations 2009 which says:

> "*(5) Any costs, charges and expenses incurred administering a pension fund may be paid from it except those costs and charges prescribed by regulations made under section 23 (supply of pension information in connection with divorce etc), 24 (charges by pension arrangements in relation to earmarking orders) or 41 (charges in respect of pension sharing costs) of the Welfare Reform and Pensions Act 1999 which the administering authority is enabled to recover by or under any such regulations.*".

It is not possible to rely on regulation 42 of the Administration Regulations to make a charge to the academy, because that regulation starts with the text "every employing authority must pay". That means an administering authority cannot be selective. However, an administering authority could refer to regulation 4(5) of the Management and investment of Funds Regulations 2009 to argue that the actuarial costs and other charges related to setting up an academy could be assigned to the academy's part of the Fund. That way, the academy would ultimately meet the cost via their employer contribution rate. Alternatively, it might be possible to argue that the actuary could, in the valuation report, require the academy to pay a lump sum payment (and not meet costs via the employer contribution rate). This is because regulation 36(7) of the Administration Regulations permits the actuary to show

> "*an individual adjustment is any percentage or amount by which, in the actuary's opinion, contributions at the common rate should, in the case of a particular body, be increased or reduced by reason of any circumstances peculiar to that body*"

and setting an employer's contribution rate mid-valuation is a circumstance that is peculiar to that body.

Lifetime allowance: Fixed Protection

Schedule 18 to the Finance Act 2011 amends section 218 of the Finance Act 2004 so that, with effect from tax year 2012/13, the Lifetime Allowance (LTA) will be reduced to £1.5 million. The LTA will remain at that level unless subsequently amended by a HM Treasury Order. HMRC have published guidance on its website in respect of fixed protection based on the draft legislation as at 9 December 2010.

Subject to some conditions, individuals will be to apply for fixed protection (to retain a LTA of £1.8 million) until 5 April 2012. HMRC will not accept applications received after that date. Individuals will not be able to apply online. Instead, individuals will have to complete a printed form accessed from HMRC's website. [Note: the form is not available from HMRC's website at the moment.]

The minimum items of information required by HMRC are the member's name, N.I. Number and address. Any member wishing to apply for fixed protection must confirm that he or she does not have primary or enhanced protection. There will be no requirement to provide a valuation on the current or expected value of the member's pension saving. Once HMRC have received and processed an application, they will issue the individual with a certificate which confirms the member has fixed protection: the LTA for that individual is then set at £1.8 million.

Members will lose fixed protection if, on or after 6 April 2012, they break one of the conditions attached to fixed protection. Members will revert to the Standard Lifetime Allowance on losing fixed protection. To retain fixed protection, members:

- cannot start a new arrangement other than to accept an inward transfer of existing pension rights;
- cannot have a benefit accrual; and
- will have restrictions on where and how they can transfer benefits.

It will be an individual's responsibility to inform HMRC that they have lost fixed protection.

A benefit accrual will occur in a defined benefits arrangement if, from tax year 2012/13 onwards, the value of rights in the arrangement increase in excess of the 'relevant percentage' over the tax year. Relevant percentage for the LGPS will be the increase in CPI for the 12 month period ending the September before the Pension Input Period.

Benefit accrual will happen in a defined contributions arrangement if:

- the individual makes a contribution to an arrangement;
- the employer pays a contribution on behalf of the employee to the arrangement; or
- someone other than the member or the employer pays a contribution to the arrangement in respect of the member.

Members will not lose fixed protection if they continue to make contributions under a life assurance policy as long as the policy commenced before 6 April 2006.

Fixed protection will be lost if a member transfers benefits:

- to a scheme which is not a registered pension scheme or a recognised overseas pension scheme;
- from a defined contribution arrangement to a defined benefits arrangement or a cash balance arrangement;
- from a defined benefits or cash balance arrangement to another defined benefits or cash balance arrangement where the sending scheme is not being wound up or benefits are not being transferred to a new employer's scheme due to the sale of all or part of a business.

Auto-enrolment has implications where a member registers for fixed protection and then ceases to be an active member of a pension scheme. Auto-enrolment provisions come into effect on 1 October 2012. Where a member comes out of an occupational pension scheme to avoid losing fixed protection, he or she has one month from auto-enrolment date to opt out of the pension scheme again. [If the member opts out within the one month period, the member is regarded as have never been in the scheme from the date of auto-enrolment.] If the member does not opt out in time, fixed protection will be lost.

Member completes commutation option form incorrectly

Bulletin 72 reported a case where a member had completed the commutation form incorrectly which resulted in the member receiving a smaller PCLS than he was expecting. HMRC's response was that any attempt to adjust the member's benefits, as per the member's original intentions, would result in an unauthorised payment.

Generally, HMRC's guidance only provides for scheme benefits to be revised in certain circumstances where a genuine error was made by **a scheme administrator** which, if not rectified, would result in the making of unauthorised payments. That guidance does not extend to genuine errors made by scheme members

The Secretariat has subsequently learnt, however, that HMRC will **exceptionally** allow a retrospective readjustment to be an authorised payment. There has to be clear evidence that the original benefits were paid as a result of a genuine error by a member and there must be acceptable evidence that it was a genuine error, not merely a change of mind.

State Pension

Earlier this month, the Office of Budget Responsibility (OBR) issued a report on Fiscal Sustainability. The report predicts that public sector spending will increase mainly due to an ageing population. The report assumes that the triple lock for the uprating of the Basic State Pension will mean that the Basic State Pension will rise by average earnings growth plus 0.2%. So by 2060/61, the cost of state pensions will rise from 5.5% of GDP to 7.9% of GDP. By the same point, the total spent on health and social care is expected to represent 11.8% of GDP.

The OBR predicts that public sector spending will attain unsustainable levels unless measures are taken to offset the increases in costs. Although the Government's planned increases in SPA are a start, the OBR's report suggests that further increases in SPA can be expected.

The debate is how the implementation of SPA increases can be done fairly. The acceleration in the equalisation of SPA plus the increase in SPA to age 66 means that the impact is greater on women.

Last month, Age UK surveyed 500 women about the Government's plans to increase SPA. The results are collated in a brief report entitled, 'Not enough time: What women think about increases in state pension age". Almost a quarter of those surveyed that the Government should give those affected at least 10 years' notice of the changes.

In a wider context, the Pensions Policy Institute (PPI) have published a report on "The implications of Government policy for future levels of pensioner poverty" which was commissioned by Age UK. The report considers the affect of the Government's current policy on pensioners' relative income poverty levels (defined as less than 60% of median income) and compares that with possible outcomes from alternative options.

The report states that the current policy will result in 11% of pensioners living in relative poverty by 2025 and that Government spending on state pensions would be 5.7% of GDP.

If the Guarantee Credit is increased to £140 per week, then only 9% of pensioners would be in relative poverty. Using CPI to index the Guarantee Credit (equivalent to a reduction in spending of 0.4% of GDP) would mean 19% of pensioners would be in relative poverty by 2025. Returning Winter Fuel Payments to their 2010 levels and applying the "triple lock" indexation (at cost of an increase in spending by 0.1% of GDP) would result in 10% of pensioners living in relative poverty.

The introduction, in 2016, of a single tier pension for future pensioners would reduce relative poverty to 10% without any additional cost. The introduction of the single pension for future pensioners in 2016 if combined with a triple lock indexation of the Guarantee Credit from 2012 would lead to only 8% of pensioner living in relative poverty at a cost of 0.1% of GDP. The relative poverty percentage would decrease to 7% if the single tier pension was introduced in 2016 for current and future pensioners at a cost of 0.2% of GDP.

In summary, the PPI's report indicates that the Government's Green Paper ("A state pension for the 21st century") proposals will reduce pensioner poverty by 2025 with no additional costs for the tax payer. The Government can further reduce pensioner poverty in the future with relatively small increases in costs.

Role of Secretary of State - disputes between pension funds and admitted bodies

At the Technical Group on 29 June 2011, DCLG reminded those present that, following the deletion by SI 2010/2090 of regulation 7(5) of the LGPS (Administration) Regulations 2008, disputes between an admission body and an administering authority over the meaning of wording used in an admission agreement can no longer be referred to the Secretary of State, even if the admission agreement contains a clause to the contrary.

Where an admission agreement contains such a clause it is recommended that the administering authority should take steps to notify the admission body that the clause is no longer enforceable.

Amendment to Circular 249

Please note that in paragraph 6 of Circular 249, and in the explanatory notes that accompanied a number of the sample ill health certificates contained in that Circular, reference was made to the State Pension Age being increased to age 67 between April 2034 and April 2046. The latter date was a mistype and should have referred to April 2036 (not April 2046).

Bulletin for August 2011

The LG Group is changing the style and format of the various documents it produces, including Bulletins. This will mean that there will be no standard Bulletin issued during August 2011. Normal service will resume from September 2011.

Bits and Pieces

LGPC Communications

The LGPC has updated the guide to the LGPS for eligible councillors in Scotland for April 2011 and this is now available on the LGE website. A tracked version, showing changes made from the February 2011 version, is also on the website

LGPC Circulars

Circular 250 was published earlier this month. It advertises “Fundamentals” training for trustees of LGPS. The courses will be held in Cardiff, Leeds and London. The course will cover all aspects of the LGPS including benefit administration, LGPS fund administration and investments. On completion of the course delegates will:

- be able to demonstrate compliance with the first of the six CIPFA principles as required by the LGPS Regulations;
- receive educational material as per CIPFA’s Pensions Knowledge and Skills Framework for elected representatives and non-executives; and
- adhere to the provisions in the Pensions Act 2004 with respect to the knowledge and understanding requirements for trustees of occupational pension schemes.

"Understanding the Employer Role" workshops

A number of "Understanding the Employer Role" workshops are scheduled throughout August and September as follows:

16 August	London 1	Victoria Park Plaza Hotel
18 August	Leeds	Marriott Hotel
23 August	Liverpool	Marriott Hotel
25 August	Cardiff	Marriott Hotel
01 September	Exeter	Thistle Hotel
06 September	Birmingham	Jurys Inn Hotel
08 September	London 2	Victoria Park Plaza Hotel.

Full details are available in Circular 246.

Timeline Regulations

July's update of the Timeline Regulations contained minor amendments to correct typographical errors and the addition of the latest ill health guidance to the Statutory Guidance/FAQs pages for England and Wales.

Index of international pension systems

Mercers have published their 2010 Global Pensions Index which rated the retirement pensions systems in 14 countries on adequacy, sustainability and integrity. The UK's system was rated as the sixth best with a rating of 63.7. A score between 50 and 65 is rated as a Grade C. The overall range is from 0 to 100.

To score above 80 (Grade A), a country's pension system would need to provide good benefits, be sustainable and possess a high level of integrity. None of the 14 countries whose pensions systems were reviewed attained a Grade A. The Netherlands has the best pensions system with a score 78.3 (Grade B). Four other countries were also rated as Grade B: Switzerland, Sweden, Australia and Canada. The worst pensions systems were in Japan and China which were awarded Grade D – i.e. a score between 35 and 50.

Overall the UK's system has some good features but there are major risks and shortcomings which require addressing to ensure long-term sustainability. The UK's grade would be improved by:

- increasing the minimum pension for low income pensioners;
- the introduction of a mandatory level of funded contributions;
- increasing the coverage of employees in occupational pension schemes; and;
- raising the levels of household saving.

Legislation

United Kingdom

Acts

The Finance Act 2011

SI Reference	Title
2011/1583	The Finance Act 2009 (Consequential Amendments) Order 2011
2011/1584	The Income Tax (Pay As You Earn) (Amendment) No.3 Regulations 2011
2011/1585	The Income Tax (Earnings and Pensions) Act 2003 (Section 684(3A)) Order 2011
2011/1607	The Gender Recognition Register (Amendment) Regulations 2011
2011/1630	The Gender Recognition (Approved Countries and Territories) Order 2011
2011/1724	The Pensions Act 2007 (Abolition of Contracting-out for Defined Contribution Pension Schemes) (Consequential Amendments) (No.2) Regulations 2011
2011/1730	The Pensions Act 2008 (Abolition of Protected Rights) (Consequential Amendments) (No.2) Order 2011

SR Reference	Title
2011/1583	The Divorce and Dissolution etc (Pension Protection Fund) Regulations (Northern Ireland) 2011

Useful Links

The LGE Pensions page

The LGPS members' website

LGPS Discretions lists all the potential discretions available within the LGPS in England and Wales, and Scotland.

Qualifying Recognised Overseas Pension Schemes approved by HMRC and who agreed to have their details published.

Tax Guide (Version 11)

The Timeline Regulations

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Distribution sheet

Pension managers (internal) of administering authorities
Pension managers (outsourced) and administering authority client managers
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