

Intouch

Autumn 2019

FOR RETIRED MEMBERS OF THE SHROPSHIRE COUNTY PENSION FUND



P4 | Jean talking
An update from your representative.

P12 | Annual meeting
When and where, what's on and how to contact us.

P14 | Pension Board update
Find out what the Pension Board has been up to.

Contents

Welcome by Debbie Sharp	3
Jean talking	4
Valuation 2019	5
Consultation news - Valuation	6
Consultation news - Exit payment cap	7
Cost management process	
 paused due to the McCloud court case	8
GMP reconciliation	10
Annual meeting 2019	12
Pensions Board update	14
We're now online are you?	16
National fraud initiative	17
Telling us about a death	18
Contact us	20

FUTURE PAY DATES

When are pensions paid?

Your pension is normally paid on the 29th of each month unless that falls on a bank holiday or weekend, when it will be paid on the previous working day closest to the 29th.

Your 2019/2020 pay dates:

October 2019	Tuesday 29th
November 2019	Friday 29th
December 2019	Friday 20th
January 2020	Wednesday 29th
February 2020	Friday 28th
March 2020	Friday 27th
April 2020	Wednesday 29th

Pay dates for the rest of 2020 will be added to our website over the next couple of months.



Welcome

Welcome to the Autumn 2019 issue of InTouch and my last update of this decade! Where has the time gone? It seems like only yesterday we were getting to grips with the 2008 scheme, then not long afterwards introducing the 2014 career average revalued earnings (CARE) scheme. The last ten years have seen major changes in the pensions field, including a new state pension scheme, the end of contracting out and the introduction of freedom and choice rules.

One of the main changes for us as a pension fund over the past ten years, has been an increase in the online services we offer. Our website, www.shropshirecountypensionfund.co.uk, first went live in 2003. Over the last decade, it has undergone not one but two design updates. We have also introduced the 'My Pension Online' portal to give members greater access and control over their LGPS pension. But don't worry if you're not online, we still have a dedicated help desk on hand to help via phone. All fund employers are also sending their data electronically too!

It doesn't look like things will be slowing down for the team any time soon. A number of consultations were issued by government

departments in the past few months. Topics include the exit payment cap and suggested changes to triennial valuation. You may have also heard about something called the 'McCloud judgement' on the news. Whilst the original court judgement was about the Firefighters' Pension Scheme, it could have implications for members still paying in to the LGPS too. Please read page 8 for more information on these areas.

The team have been very busy with this year's fund valuation. To find out about the valuation process and its importance, please turn to page 5. We will report the results in the Spring 2020 edition of this magazine. Early results will be discussed at the 2019 annual meeting.

Your retired member representative Jean Smith updates you on all the latest news from Pensions Committee on page 4. She is joined by Mike Morris, Chair of the Pensions Board, with his update on page 14.

I hope you enjoy reading this InTouch and I look forward to seeing many of you at the annual meeting in November. Don't forget, the meeting is filmed if you wish to watch it online afterwards.

Debbie Sharp
Pensions Administration Manager
Shropshire County Pension Fund

Jean "Talking"

I do hope you have enjoyed the summer with an assortment of sun and rain and are now looking forward to a lovely autumn.

At the time of writing this article, I have attended two committee meetings and will shortly be going to another. There is also the annual meeting of Shropshire County Pension Fund taking place on Thursday 28th November in the Council Chamber of the Shirehall in Shrewsbury. I hope to see many of you there.

The 2018/2019 annual report of the pension fund is now available on line at www.shropshirecountypensionfund.co.uk if you would like to view it in detail. I am pleased to let you know that during 2018/2019 the fund increased in value by £81 million to a total fund value of £1.915 billion. This is an increase of 5.4%, which is 2.1% below benchmark. The main reason for performance being below the benchmark is the returns from active equity managers. The fund had positive returns in other asset classes, the strongest being private equity which increased by 27.3%, infrastructure increased by 21.1% and property by 8.4%.

The fund invests in a range of asset classes so as to diversify risk and provide more stable returns. At the time of writing, the most up to

date figures are for the quarter ending 31st March 2019.

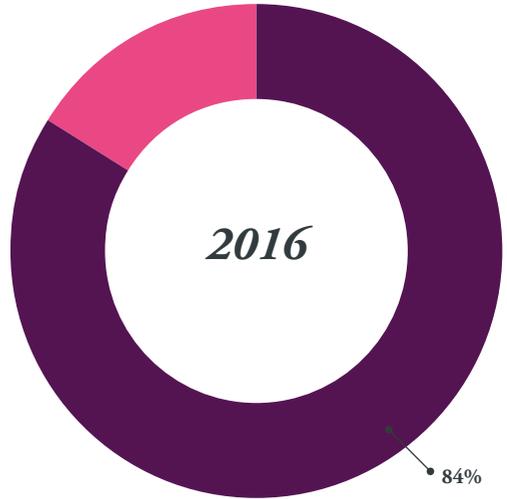
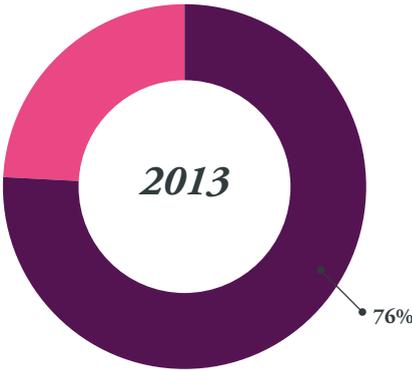
At the last committee meeting, it was agreed to increase the level of equity protection from £280 million to £580 million up until December 2020 in order to protect the fund from equity market falls.

The rolling three-year performance of the fund is 9% p.a. compared to the benchmark of 8.4%, which is much more positive. Performance over the last five and ten years is also positive and above benchmark as highlighted in the annual report. None of the managers produced negative returns over the last three years.

If you would like to keep track of your pension payments don't forget to register for 'My Pension Online'. It's updated monthly so you can see each of your pension payments. You can also securely change your personal details such as your address or bank details. The pensions team are always on hand to answer any questions you have or to help you register. Their contact details are at the back of the magazine.

Have a good winter.

Jean Smith
Pensioner Representative
Pensions Committee



Valuation 2019

Fund assets  Liabilities 

A valuation of the Shropshire County Pension Fund takes place every three years.

This year is valuation year with the valuation being based on the position of the fund as at 31st March 2019.

Our actuary, Mercer, carries out the valuation and reports their findings in the valuation report. Mercer are currently working on the data for the 2019 report.

The valuation studies scheme membership, works out the fund's financial position, sets

assumptions for future liabilities and investment returns and then puts together a schedule of contribution rates for each of the fund's employers.

The last valuation in 2016 showed that the fund had assets to cover 84% of the fund's liabilities. This was an increase from a funding level of 76% in 2013.

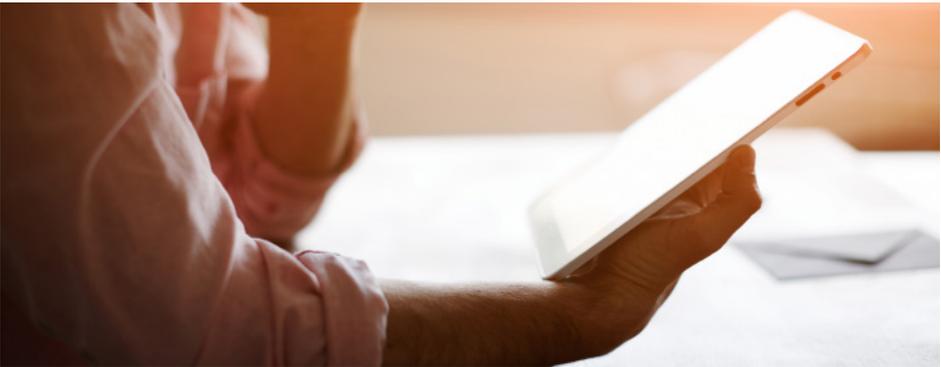
The valuation reports for previous years can be found on our website. Once released in Spring next year, the 2019 report will also be available to view.

Early results from the valuation will be covered at the 2019 annual meeting. Turn to page 12 to find out more.

Consultation news

There have been a few different consultations released recently affecting the LGPS. None of these consultations directly affect your pension as retired members but may be of interest to you.

• Valuation •



On 8th May 2019 the Ministry of Housing, Communities and Local Government (MHCLG) released a twelve-week consultation called 'LGPS: Changes to the local valuation cycle and the management of employer risk'.

The consultation proposes moving the valuation process from a three-year cycle to a four-year cycle. The aim behind the change is to bring the LGPS valuation cycle in line with the valuation of other public sector schemes, which takes place every four years.

The consultation includes measures to help local funds manage their liabilities if the move to a four-year cycle were to happen. One such measure is to allow funds to undertake interim valuations if circumstances were to change over the four-year period.

The consultation closed on 31st July 2019 having had 280 responses. MHCLG are expected to publish their report later this year.

Consultation news

• Exit payment cap •

In the summer of 2015, the government released proposals for a public-sector exit-payment cap. On 10th April 2019, a further consultation was announced. This closed on 3rd July. At the time of writing, the government is considering responses to the consultation and looking at whether changes are needed to bring the exit-payment cap into force.

What is the exit-payment cap?

The cap limits future exit payments made to employees leaving public-sector employers. The suggested cap of £95,000 would cover the total value of exit payments (before tax) made by an employer. It's not expected that this cap will affect any payments made before it's introduced.

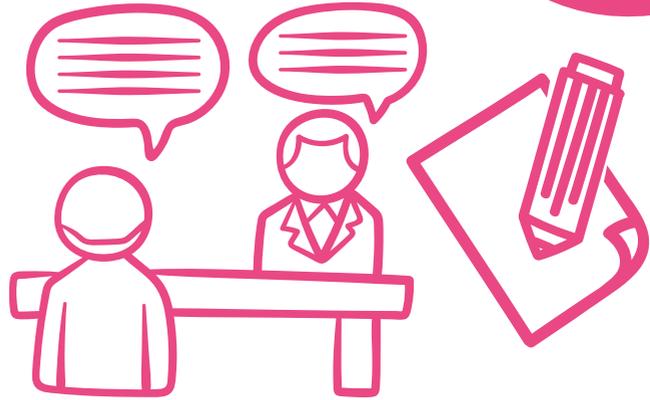
The proposal for the cap includes any early retirement or 'strain' costs which may apply if a pension is paid early. The proposals also suggest that redundancy payments and any other compensation or severance payments (for example, pay instead of notice, enhanced employer compensation lump-sum payments, and so on) are included in the cap.

The cap is proposed to apply to a wide range of public-sector employers but not all.

Will this affect me?

The cap will only affect current LGPS members if, at the time of the introduction of the cap, the total of their exit payments is more than the £95,000 limit. At the moment, regulations would need to be changed for this cap to apply. We will publish more information on our website once we have it.

Retired members who are already in receipt of their pension will not be affected.



cost management process paused due to the McCloud court case

You may have heard in the news about a recent court judgement known as the McCloud case. Whilst this case was about the Judges' and Firefighters' Pension Schemes, the ruling has implications for all other public sector pension schemes including the LGPS.

One way this case has already affected the LGPS is by pausing the cost management process, which was due to introduce changes to the scheme from 1st April 2019.

What is the cost management process?

All public service schemes have a cost management process set by the Public Service Pensions Act 2013. If a scheme valuation shows that the costs of a scheme have risen more than two percentage points above the cap, or have fallen more than two percentage points below the cap, action will be taken to return costs to the level of the cap.

The Scheme Advisory Board (SAB) process for the 2016 valuation of the LGPS showed that the cost of the LGPS had gone down. Therefore, triggering benefit improvements or reductions to employee contribution rates to bring the cost up to the level of the cap.

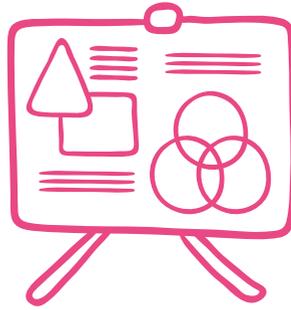
Why has the cost management process been paused?

The cost cap process doesn't just affect the LGPS. It also affects other public sector pension schemes. SAB have paused this process due to uncertainty surrounding the McCloud court case.

What is the McCloud court case?

The case is about the transitional protections given to scheme members who in 2012 were within ten years of their normal retirement age. The protections were applied as part of public sector pension schemes reform, which included the judges' and firefighters' pension schemes.

On 20th December 2018, the Court of Appeal found that these protections were unlawful on the grounds of age discrimination. In June 2019, the Supreme Court denied the government's request for an appeal. The case will now go to an employment tribunal for 'remedy'.



If the case is about the judges' and firefighters' schemes, why does it apply to all public service schemes?

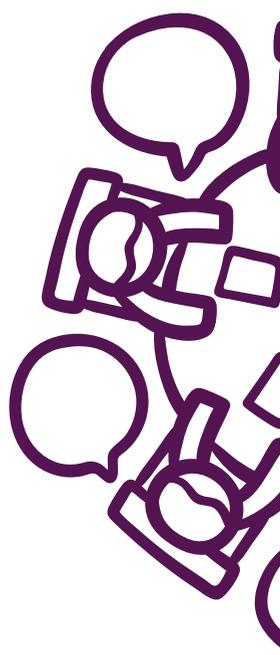
Protections were applied to all members within ten years of retirement in all public service schemes, although the type of protection introduced across the different schemes varied. Unlike other schemes, the LGPS moved all members into the CARE scheme whatever their age. However, active members who were within ten years of their 2008 scheme normal pension age on 31st March 2012 were protected by a statutory underpin.

On the 15th July 2019, the Chief Secretary to the Treasury announced that the remedies needed for the McCloud judgement must be made for all public service pension schemes.

What happens now?

There is still uncertainty and until we receive more information, we can't guess what the possible effects may be for members. Any changes won't be known until the employment tribunal is complete. We will keep you up to date on any future developments.

You may want to make sure you're on our mailing list to receive our email updates. If you would like to register an email address, email pensions@shropshire.gov.uk



GMP reconciliation

In the Spring 2016 edition of InTouch, we reported that in April 2016 the government would be removing the National Insurance (NI) contributions rebate for all contracted-out pension schemes, including the LGPS. Since this date, the LGPS is no longer a contracted-out scheme.

This change also meant that the government, after 5th April 2016, were not going to keep records of individuals' Guaranteed Minimum Pensions (GMPs).

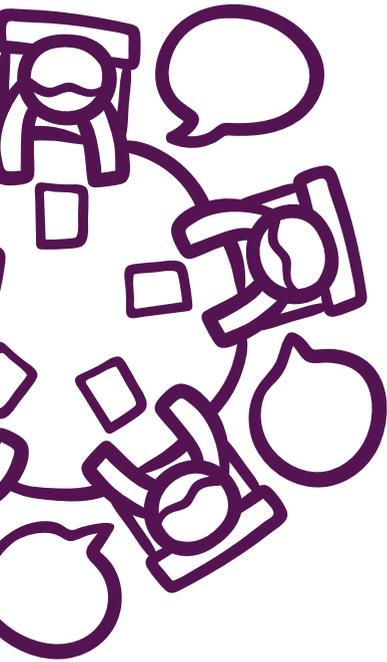
An exercise is taking place across the pensions industry to 'reconcile' the pension information held by HM Revenue and Customs (HMRC).

This means we must check that the information HMRC holds, matches the information we hold. If a difference is found, then the pension increases previously applied to your pension may have been incorrect.

The aim of the GMP reconciliation exercise is to make sure we hold the right information about your contracted-out service, to pay you the right benefits.

Although most of our members will not be affected, we will be looking at the pension benefits for a small number of members to see if an adjustment is needed. If you are affected, we will write to you by the end of January 2020.

We understand that any change to your pension benefits is unwelcome. If you would like more information, or free, independent and confidential pension advice, you can contact the Pensions Advisory Service (TPAS). TPAS is an independent organisation funded by the Department for Work and Pensions.



Frequently asked questions

What is a GMP?

A GMP is the minimum amount of pension we must give you if you were contracted out of the State Earnings-Related Pension Scheme (SERPS) between 6th April 1978 and 5th April 1997.

It's not a separate benefit paid as well as your LGPS pension but is paid as part of your pension.

From previous issues of InTouch, you may already know how your GMP works as part of the increases to your LGPS pension. If you would like a reminder, why not view page 7 in the April 2019 edition, which can be found on our website.

Why will my pension be adjusted?

If, as part of this exercise, we find that the information HMRC holds about your GMP is different to what we hold, we may need to adjust your pension. This is because either the information held by HMRC, or the information given to us by your employer wasn't accurate. This means that previous increases applied to your pension for the annual cost of living (Pensions Increase (PI)) have been worked out incorrectly.

If I have been overpaid because of an incorrect GMP, will I have to repay the money?

No, you won't need to repay any money.

If I have been underpaid because of an incorrect GMP, will I get the money due to me?

If any money is due to you, we will pay this as a lump sum.

Do you have to adjust my benefits?

Yes, we must make sure you get the right benefits due under LGPS rules. This means, we can't change the decision to adjust benefits.

You can call the TPAS helpline 0800 011 3797 (9am to 5pm Monday to Friday).

A webchat is also available (9am to 6.20pm Monday to Friday), or you can complete an online enquiry form on the TPAS website: www.pensionsadvisoryservice.org.uk/

Annual meeting 2019

You are invited to the Shropshire County Pension Fund's 2019 annual meeting.



Where & When

**The Council Chamber
Shirehall
Shrewsbury
SY2 6ND**

• • •

28th November 2019

• • •

11.00am until 1.00pm

Getting there

Parking: We advise that our visitors use alternative car parks to The Shirehall where possible as our car park can get quite busy. However, if you do choose to use the parking at Shirehall, there is a visitor car park and limited spaces are also available by the Unison Club.

Disabled parking is available directly outside the front of the building.

Further parking can be found in the Abbey Foregate car park located 15 minutes' walk from The Shirehall.

Bus: A bus runs regularly from the main bus station in Shrewsbury town centre, stopping directly outside The Shirehall. Buses run in both directions and numbers/destinations include the 8 Sutton Road, 81 Wellington, X5 Telford, 436 Bridgnorth and the 96 Ironbridge.

For the most up to date information, please visit the Arriva website directly at: www.arrivabus.co.uk



What's On?

You are invited to Shropshire County Pension Fund's 2019 annual meeting. The annual meeting is a chance for members to catch up on all the latest pension fund news. Members of the pensions team will be there to answer any questions you may have, and refreshments will be available. Topics include investments, financial performance, scheme governance and administration of the scheme.

We hope to see you there!



contact us

Please return the slip at the bottom of this page to let us know you're coming.

OR

Telephone: 01743 252130

Email: pensions@shropshire.gov.uk



Annual meeting reply slip

I'd like to attend the annual meeting on 28th November 2019 *(please tick)*



Name:

Payroll ref:

Tel:

Email:

Please return to: Pension Services, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

Pensions Board update



Mike Morris (Chair)
Member representative



John Hall
Member representative



Philip Ingle
Employer representative
Severnside Housing
*(Part of the Housing Plus
Group)*



Liz Furey
Employer representative
Harper Adams University
College

***This has been
another active year for
the Shropshire County
Pension Fund.***

Set against a backdrop of the development of LGPS Central (which is the pool of funds set up by nine Midlands Local Authorities) alongside a set of very challenging economic conditions, ringed by all the uncertainties of Brexit we nevertheless had a clear view of a well administered Shropshire County Pension Fund.

The development of the systems used to pay pensions and the improvements delivered through the 'My Pension Online' log-in facility should prove useful to members.

The way the Pension Board works is to review the administration of the pension fund across a range of activities, including the scheme's response to changes to relevant legislation, as well as looking at how it has performed in its record keeping.

We also receive updates on actuarial valuations and reports on complaints and appeals and their outcomes. In addition, we receive reports on any breaches of administration by scheme employers, together with the reasons for those breaches and what is being done to make sure they don't keep reappearing.

Over the past year members of the Pension Board have attended (as observers) the Pension Committee meetings and this helps to keep the board in touch with the scheme's investment strategy and performance.

In addition, in September 2018 we received a detailed presentation from AON Hewitt which is one of the scheme's investment consultants and technical advisers, and in May this year we had a presentation from the Chief Executive of LGPS Central. The AON Hewitt presentation set out the higher level investment strategy and the investment governance approach. It looked at the objectives of the fund and its approach towards strategic asset allocation. Put simply as, what are we trying to do and how can we best invest our money

to ensure we achieve it! The complexities of investment can be bewildering, and we need such experts to help us along the way.

LGPS Central gave us an update on the shared objectives of the nine partner local authorities who are working through the pool to achieve economies of scale in investment efficiency. LGPS is also aiming to use its overall size to influence better outcomes for shareholders. This can include challenging company directors' remuneration packages as well as seeking more responsible investment.

Training is an important element for all Pension Board members and this has continued over the past year - not least for our newest board member, John Hall.

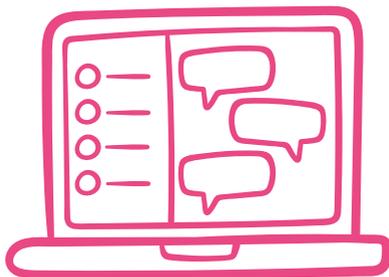
Finally, we would welcome any questions or feedback from members about the work of the Pension Board and remind you that you have an open invitation to our meetings and a dedicated email address of:

pensionsboard@shropshire.gov.uk

Mike Morris
Chair of the Pensions Board
2018/2019

We're online. Are you?

My Pension Online, sign up now!



Did you know you can view your LGPS benefits in the Shropshire County Pension Fund securely online? If you're not already registered, visit our website at www.shropshirecountypensionfund.co.uk and click 'My Pension Online' to sign up. You'll need your email address and National Insurance number to register.

In October last year we updated our payroll system, moving from 'MyView' to 'My Pension Online'. We hope you've found the transition smooth and our new secure online area easy to use.

On 'My Pension Online' you can:

- Update your personal information
- Check your bank details
- View your monthly payments
- Have a look at your total annual payments
- Make death grant nominations

Coming soon!

We're already working on an updated version of 'My Pension Online'. The new design aims to improve the look, accessibility and usability when using a tablet device or smart phone. Don't worry, if you've already registered for 'My Pension Online', you'll be able to log in to the updated version as normal.

We'll let you know when the new system has been upgraded so you can log in and have a browse!

National Fraud Initiative



Shropshire County Pension Fund participates in the National Fraud Initiative.

This initiative requires that particular sets of data are provided to the Minister for the Cabinet Office for matching for each exercise and this includes payroll and pensions data.

The use of data by the Cabinet Office in a data matching exercise is carried out with statutory authority under Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of individuals concerned under the Data Protection Act 2018. Data matching by the Cabinet Office is subject to a Code of Practice.

**More Information on the National Fraud Initiative
can be obtained by visiting the Shropshire Council website:
www.shropshire.gov.uk/privacy.nsf**



As a member of the LGPS you have the assurance of protection for your loved ones when you pass away.

When you die, your monthly payments will stop, and our team will look into any survivors' benefits that may be due. It's important we're told as soon as possible so your pension isn't overpaid.

Survivor benefits could include:

- A pension to a spouse, civil partner, co-habiting partner and eligible children
- A lump sum death grant.

These benefits only apply if you are a retired member of the LGPS in your own right. If you are paid a survivors' pension linked to your former spouse or partners' pension, no further benefits are due.

Recent changes to LGPS Regulations

The LGPS (Miscellaneous Amendment) Regulations 2018 came into force on 10th January 2019. The main change affecting members who are drawing their pension, is that survivors of registered civil partnerships or same-sex marriages now get benefits similar to those given to widows.

Survivors' pensions

An ongoing pension is provided for your spouse (from an opposite or same sex marriage), registered civil partner or, subject to certain conditions, your eligible cohabiting partner (if you were a member of the LGPS on or after 1 April 2008). This pension is payable immediately after your death for the rest of their life and will increase every year in line with the cost of living. There is also a pension payable too if you marry after leaving the LGPS whilst receiving your pension.

Lump sum death grant

If you're under age 75 and depending on when you retired, a death grant lump sum may be due when you die.

Retired between

1st April 1998 to 31st March 2008?

If you passed away within five years of retirement, there was a death grant due. This five-year period has now passed.

Retired between

1st April 2008 to 31st March 2014?

The death grant would be ten times your pension, less the amount of pension already paid out to you at the date of death.

Retired on, or after, 1st April 2014?

- If you have post 2014 benefits only, the death grant would be ten times your pension (not including any pension given up to increase your retirement grant) less the amount of pension already paid to you at the date of death, and any retirement grant taken.
- If you have benefits from both the 2008 and 2014 schemes, the death grant would be worked out for each period of membership.

Don't forget

We need to know if you've recently married, entered into a civil partnership, or divorced in order to update your marital status. To process any change we'll need to see your original marriage certificate, civil partnership certificate or Decree Absolute.

Don't forget

You may want to check who you've nominated to receive the death grant in the event of your death. Please fill in the 'expression of wish form' found on our website to update this information (if necessary). You can also update this on 'My Pension Online'.

Contact us

If you want to contact us about this magazine or have a question about your pension, our contact details are below. Office hours are Monday to Thursday 8.45am to 5pm and Friday 8.45am to 4pm. If you'd prefer to discuss your pension in person, you're welcome to come in and see us at the Shirehall during Monday to Thursday office hours.

Pension Services, Shropshire Council,
Shirehall, Abbey Foregate, Shrewsbury, SY2 6ND

Email: pensions@shropshire.gov.uk
Website: www.shropshirecountypensionfund.co.uk
Tel: 01743 252130

OTHER USEFUL CONTACTS

Tax Office

Tel: 0300 200 3300

Or from outside the UK: +44 135 535 9022

Department for Work and Pensions

Tel: 0800 731 0469 (For State Pension queries.)

Website: www.gov.uk

**Do you need this magazine in an
alternative format?**

If so, please contact us.