



Welcome to your dedicated Employers Meeting



SHROPSHIRE COUNTY
PENSION FUND

09.10.2017

James Walton
Head of Finance, Governance &
Assurance and Scheme Administrator





Agenda

9.30am - 9.45am	Welcome by Scheme Administrator
9.45am - 10.15am	Update from the Pensions Administration Manager
10.15am - 10.45am	Employer data
10.45am - 11.15am	Break with refreshments
11.15am - 11.30am	Are you ready for GDPR?
11.30am - 11.45am	Pension Policies
11.45am - 12.15pm	Annual Allowance and Lifetime Allowance
12.15pm	Close and questions

This meeting is being filmed and will be available to watch via the Fund's website



Fund Update

In 2016/17:

- The Fund increased in value by **£274 million** to be valued at **£1.768 billion** at the end of 2016/17
- Fund Returned **19.2%** & outperformed its benchmark by **4.9%**
- Equity markets performed strongly throughout the year.



LGPS Central

- The Fund has been working with eight other Funds in the Midlands region to meet Government deadline to pool assets by 1 April 2018.
- Involved in 'LGPS Central' are Cheshire, Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands and Worcestershire.
- From 2018 onwards will be investing approximately £40 billion of assets on behalf of 893,265 LGPS members and 2,441 employers.
- Shropshire Fund - 44,805 members and 164 employers.
- Although 8 Funds involved are different sizes – equal voting share.
- Administration unchanged – still Shropshire County Pension Fund.



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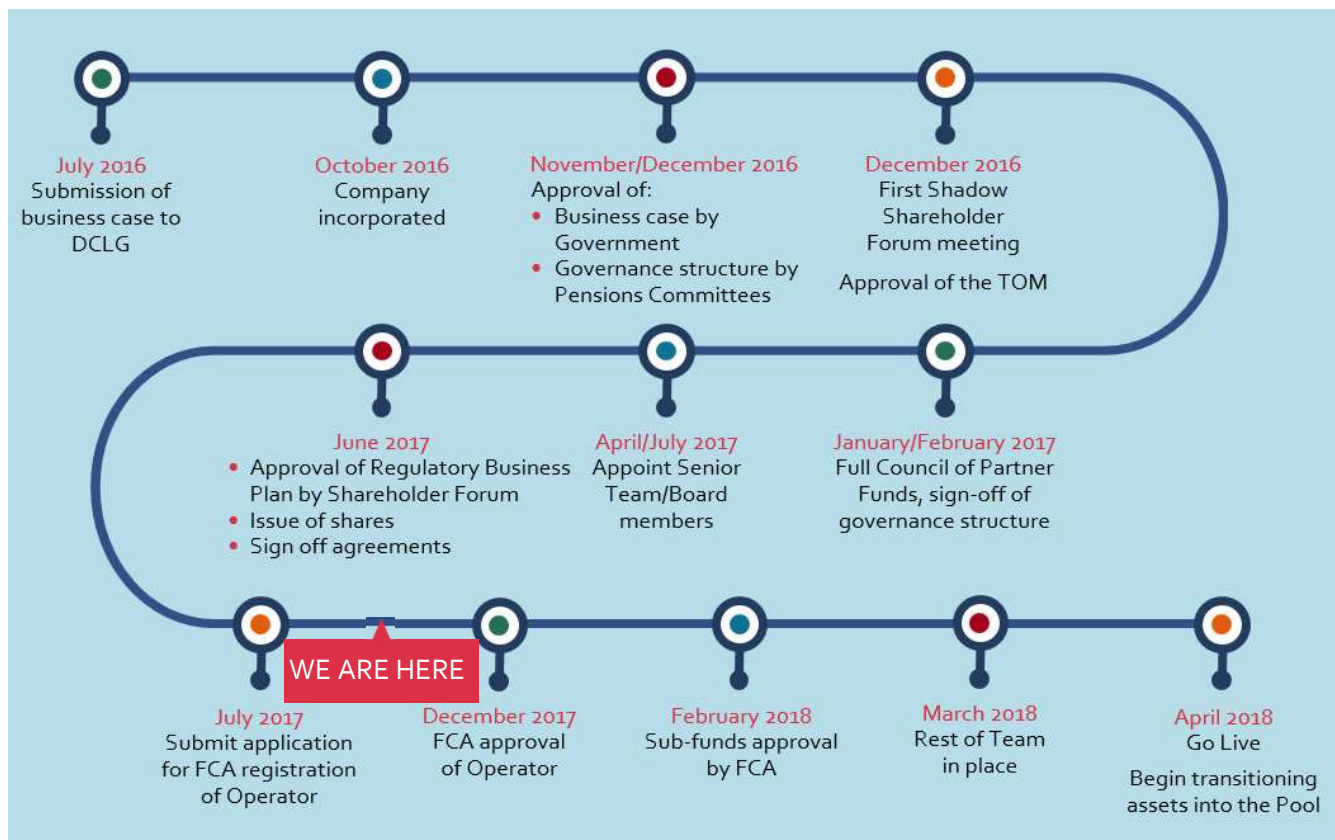
LGPS Central- Key Objectives

- The key objectives of LGPS Central:
 - ✓ Reduce investment costs, whilst ensuring that risk-adjusted investment returns are improved
 - ✓ To enable access to a wider range of asset classes for the participating Pension Funds,
 - ✓ To ensure good governance





LGPS Central- Where are we now?





Annual Report

- Published on Fund website
- Agreed and signed off at Pensions Committee in September 2017
- Contains:
 - Pension Fund Investments & Performance
 - Scheme Administration
 - Governance arrangements
 - Accounts for 2016/17



Date for your diaries – Friday 10th November 2017

Annual Meeting to cover:

- Update from Chief Investment Officer of LGPS Central on LGPS pooling project
- Fund investment performance
- Investment Manager – Global Equities
- Update on Fund Administration
- Contact the Pensions Team to book a place



Where has the time gone?

Looking back over the last 12 months



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09.10.2017

Debbie Sharp
Pensions Administration Manager





What have we done?

- ✓ Worked with all employers to provide data electronically
- ✓ Completed Actuarial Valuation
 - **What went well** – data received, submitted on time, most employers engaged with process, all contributions rates agreed by deadline, Valuation Report produced by deadline
 - **What didn't go so well** – quite a few employers forgot to tell their payroll provider to update employer contribution rate
- ✓ Dealt with 12 Academy conversions since October 2016:
 - 48 schools converted
 - 172 schools could convert (8 of these undergoing conversion process)

What have we done?

- ✓ Issued Annual Benefit Statements
- ✓ Issued Pension Saving Statements to affected members
- ✓ Settled in Pensions Board
- ✓ New Committee Members



➤ What have we done?

- ✓ Engaged with members to increase use of Member Self Service (MSS)
- ✓ All Annual Benefit Statements issued via MSS - unless paper requested

32%
Active
Members
Registered

28%
Deferred
Members
Registered



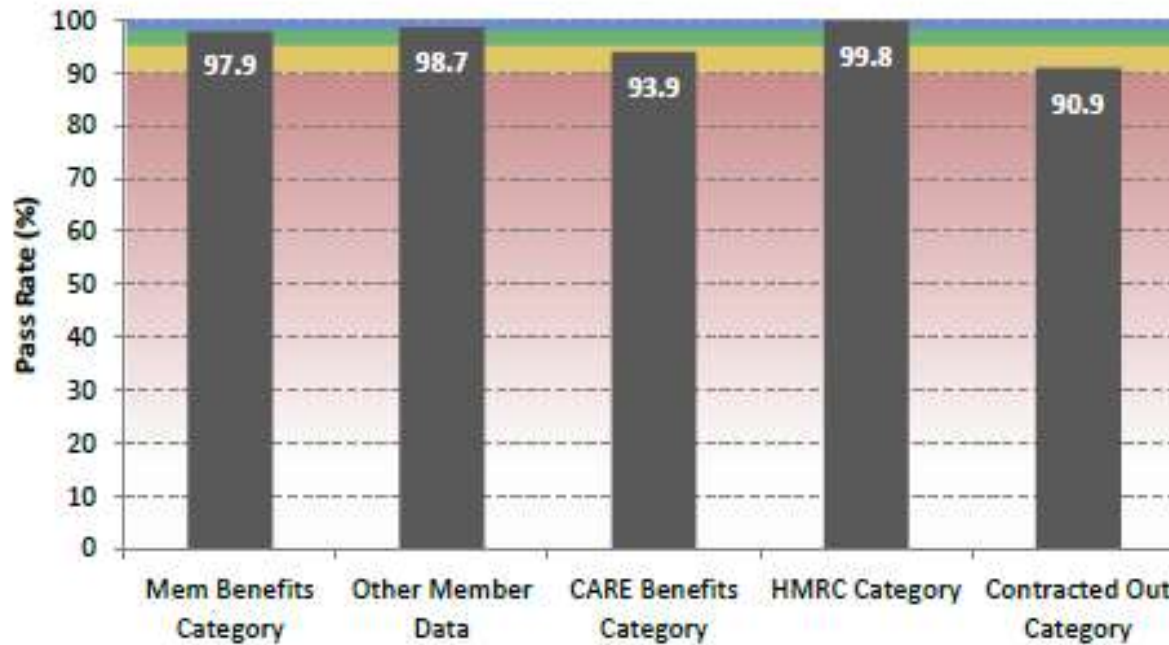
Have you checked your Annual Benefit Statement and encouraged your members to do the same?

What have we done?

- ✓ Undertook a compliance review against The Pension Regulators Code of Practice 14
- ✓ This led to a Data Quality Review to check the quality of common and conditional data held
- ✓ Completed The Pension Regulators self-assessment questionnaire

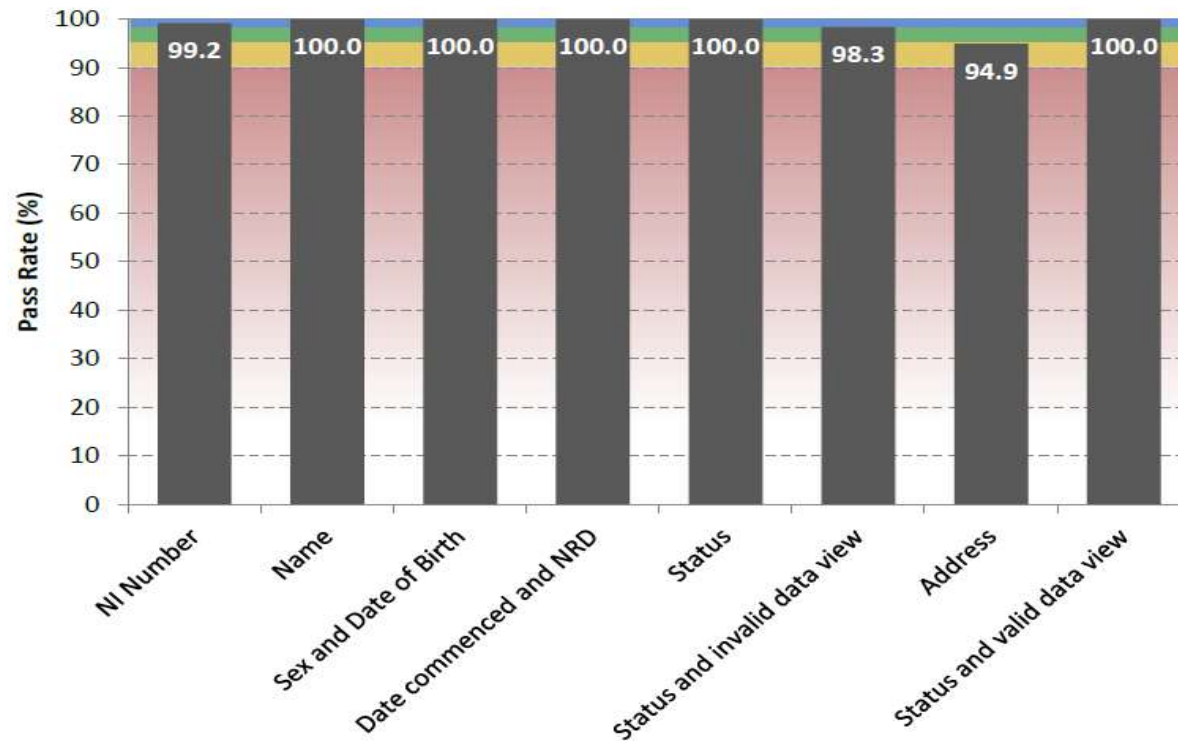


Summary of Conditional Data Results



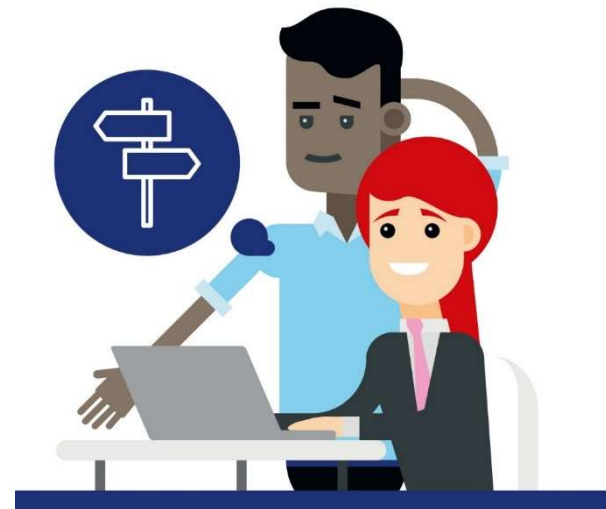


Summary of Common Data Results



What are we doing at the moment?

- Following the Data Quality Review data improvement action plan is being drafted
- Help from employers may be needed.....





...because please remember...

LGPS benefits now based on:



- So for service to 31 March 2014 we need to have an accurate recording of hours worked and an indication of the pay received.
- But from 1 April 2014 the pay is the most important factor.
(Hours are still important for individuals covered by the guarantee within 10 years of retirement at 1 April 2012)

Exit Payments

- It is understood there has been no policy change in the exit payment reforms proposals introduced prior to June's general election.
- What is unclear is the implementation timescales for each reform.
- Fresh consultation on draft regulations for exit payment cap and exit payment recovery due in Autumn.
- Potential for implementation for both reforms in first half of 2018.



Exit Payments Reform – a recap

Exit payment recovery*	Exit cap*	Exit payments further reform
Requirement for individuals earning £80,000 who leave Public Sector employment to pay back some or all of exit payment (including pension strain cost) if return to work in the Public Sector within 12 months.	£95k cap on total exit payment that an employer can make to an individual (cap proposed to include pension strain cost)	Proposals looking at overall severance packages payable from Public Sector bodies.
Issues to consider <ul style="list-style-type: none">• Changes to leaving and recruitment communications• Overriding legislation therefore not necessary to amend LGPS regulations	Issues to consider <ul style="list-style-type: none">• Amends to LGPS regulations• Guidance to be issued on when the cap can be waived• How will the pension strain be calculated?	<ul style="list-style-type: none">• Government consultation in February 2016• HM Treasury responded to criteria in September 2016 setting out broad criteria• Watch this space....

*Fresh consultation on these reforms expected in Autumn 2017



Changing Strain Factors

- Current Early Retirement Strain cost factors last updated in 2014
- Following the 2016 Actuarial Valuation and advice from Actuary – the Fund has decided to update factors
- Early Retirement Strain costs will increase by 5% - reflect more closely the underlying funding cost of an individual retirement
- Proposed implementation date of 1 January 2018

Performance Reporting

- We do currently report on the Pension Administration Team's performance
- Reports to Pensions Committee each quarter.
- However, we want to improve our collection of statistics to feedback on how well our employers are doing too!
- Ties in with the Record Keeping Regulations and The Pension Regulators guidance.



What's still to come?

- Fair Deal - still awaiting further information from DCLG in this area
- Following data review – possible queries regarding historical data
- GDPR to be covered later
- Want further training?
- E-Communications
- Preparation for 2019 Valuation



Don't Forget...

- To keep us updated with your employer contacts
- Let us know what training you would like
- Read employer emails
- Keep an eye on the website: www.shropshirecountypensionfund.co.uk
 - Check the website for latest version of employer forms
- Don't forget to fill in your feedback form.

Enjoy the rest of the morning!





Employer Data



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09.10.2017

Cheryl Morrell
Systems and Support Team Leader



Introduction

- Transfer of data - iConnect
- Payment of Pension Contributions and Deficit payments
- Year End 2016/17 - Feedback
- Year End 2017/18
- Pensionable Pay – CARE and FTE

Transfer of Data

- Thank You for your co-operation!
- Training sessions were offered on a 1to1 basis and guides issued
- 130 contributing employers are sending data using iConnect

- We are receiving on average per month:
 - 500 starters
 - 450 leavers
 - 49,000 + postings of contributions and actual pay



So what does this mean for the employer?

- That you are compliant with legislation
- That data is transferred direct to the Pensions Administration system Altair without any manual intervention
- That we are notified of starters and leavers timely
- That data is accurate
- That the member can log into Member Self Serve (MSS) and see their current pension account build up and do projections

Don't forget...

-
- To still send a leavers form (PEN007) for all leavers where:
 - They have left your employment
 - Have left one post but still has another on-going (multiple post employments)
 - For an opt out with more than 3 months pensionable service
 - Where a post change should be treated as a “new employment”

You don't need to send one where an employee leaves a post and starts another the next day. The Fund treats these as a “post number change” and keeps the pension service as continuous regardless of whether the pay has increased or decreased.



Don't forget...

- New member forms are needed for all new starters – please ensure your employees are aware of where they can locate this form
- Where an employee opts out of the scheme please ensure that you have an opt out form – where the employee –
 - Has less than 3 months service – process refund through payroll and put them as an opt out on iConnect (opt out column for leave date)
 - Has more than 3 months service – put them as an opt out on iconnect and send a leavers form (PEN 007) to us – DO NOT REFUND THROUGH PAYROLL
 - For a leaver with less than 3 months service – treat as a leaver not an opt out and do not refund through the payroll.



iConnect Feedback & Developments

- Tell us if something doesn't work for you
- Some developments we know are being looked at (but no details yet):
 - Navigation improvements to online returns
 - Downloadable user guides
 - Review of reporting
 - Online help
 - Check contributions against pay

PLEASE REMEMBER TO CLICK PROCEED ON THE UPLOADS AND NOT LEAVE IT AS PENDING!



Payment of Contributions

- Make payment to Pension Fund or AVC provider by 19th of the month following deduction from pay at the latest
- We must have a split of employees, employers, 50/50 contributions, APC's, SCAPC, ARC's and Added years. New requirements from GAD mean we have to account for these separately.
- We obtain these figures from iConnect – so this is why we ask that your uploads are submitted at the time of making payment
- It is also important that you reconcile the date submitted through iConnect to the payment you are making
 - Please also ensure that your YTD figures are correct for any adjustments you make to pay and contributions. These figures are posted to individual records
- Additional paperwork may be required in some circumstances – please check with us



Year End 2016/17 - Feedback

- Majority of employers were already live with iConnect by March 2017
- Only 14 employers were still submitting a monthly return spreadsheet and for these month 12 was used as their year end submission
- This meant that our normal data checks could be run sooner than in past year
- We were able to check that all actives had contributions, CARE pay and FTE posted to records and query quickly
- We also did a check on CARE pay compared to the previous year and queried if it looked “odd”



Some areas that don't go quite so well...

- Full Time Equivalent pay was not submitted by a lot of employers. As a result of this we had to ask for a separate spreadsheet with this on.
- Some issues around Casual employees who had not been paid in the financial year or incorrect start dates where they had been admitted to the scheme under auto-enrolment
- Paperwork not being received

-LGS121a – Year End Reconciliation

-LGS121b – Compliance Statement

LGS121a – Yearly Reconciliation

- Section 131 of the TPR Code 14 governs the legislation in respect of deductions from pay and amounts paid to the Fund. It states that “Schemes should be able to trace the flow of funds into and out of the scheme and reconcile these against expected contributions....”
- “Scheme managers must keep records of transactions made to (and from) the scheme..... They should be able to demonstrate that they do this
- The Fund reconcile at year end and asks the employer to do the same – form lgs121a

LGS21a Form



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**PENSION CONTRIBUTIONS RECONCILIATION FOR
YEAR ENDED 31 MARCH 2017**



NAME OF EMPLOYER: _____

EMPLOYER CONTRIBUTION RATE: _____

**1. EMPLOYEE CONTRIBUTIONS AS DEDUCTED FROM PAYROLL & SHOWN ON YOUR
FINAL MONTH 12 SUBMISSION:**

Total of main scheme **employee** contributions: £ :

Total of 50/50 scheme **employee** contributions: £ :

Total of APC's for **employee** contributions: £ :

2. EMPLOYER CONTRIBUTIONS: AS ABOVE

Total of employer contributions: £ :

Total of SCAPC's for employer contributions: £ :

3. TOTAL OF 1 & 2: £ :

4. TOTAL OF ALL EMPLOYEE CONTRIBUTIONS PAID TO SCPF: £ :

5. TOTAL OF ALL EMPLOYER CONTRIBUTIONS PAID TO SCPF: £ :

6. TOTAL OF 4 & 5: £ :

BALANCE DUE OR OVERPAID (Difference between 3 & 6): £ :
(If a balance is due please send payment immediately together with supporting paperwork.
If you believe an overpayment has occurred please attach supporting paperwork and a request for the return and we will then contact you.)

TOTAL OF LUMP SUM DEFICIT PAYMENT MADE (if applicable): £ :

CONFIRMATION OF INFORMATION PROVIDED
I certify that the figures supplied are an accurate record of the amounts deducted from the payroll and have been reconciled against the payments made to Shropshire County Pension Fund during the year. If a balance is due to the Fund a payment will be made together with supporting paperwork. If a refund is due from the Fund I have attached a request for payment together with the supporting paperwork.

Name: _____ Position Held: _____

Date: _____ Signed: _____

(This form must be signed by Director of Finance or authorised signatory)

Please return form to: Pensions Services, Shirehall, Abbey Foregate, Shrewsbury SY2 6ND

LGS12a (JAN 2016)

LGS121b – Compliance Statement

- Section 128 of the Record Keeping Regulations:
- “Schemes should require participating employers to provide them with timely and accurate data in order for the scheme manager to be able to fulfil their legal obligation. Scheme should seek to ensure that processes are established by employers which enable the transmission of complete and accurate data from the outset.”
- The lgs121b is the Fund’s way of seeking assurance that this is being met and that employers are compliant under the various legislation including the LGPS Regulations, Record Keeping Regulations, Pensions Act and Disclosure Regulation.

LGS21b Form

Employee and Employer Contribution Return
2016/17



Compliance Statement

Employer : _____

Shropshire County Pension Fund is seeking confirmation that the pension data returned for the financial year 2016/17 is accurate and in accordance with the Local Government Pension Scheme Regulations 2013 (as amended).

This form should be signed by one of the following:

- Director of Finance (or equivalent)
- Head of Internal Audit (or equivalent if employing an external auditor)
- External Auditor

As Director of Finance/Head of Internal Audit/External Audit (delete as appropriate) for the above named Employing Body, I can confirm that the necessary processes are in place to give assurance that the LGPS Regulations 2013 have been complied with in the following areas:

Area of Compliance	Employer Compliant?
Employee pension contributions have been deducted from the correct elements of pay and the correct percentage applied in accordance with the employee contribution banding table for 2016/17	YES/NO
Employer pension contributions have been deducted in accordance with the actuary's valuation report (2016) for 2016/17	YES/NO
The correct employer contributions have been paid for authorised absences including sickness absence	YES/NO
In the case of a member on reduced pay for sickness and child related absence or no pay for sickness absence, you are providing the pensionable pay including the assumed pensionable pay on the year end return or leavers form (if applicable)	YES/NO
The correct CARE pay is being returned at year end	YES/NO
Full Time Equivalent Pensionable pay under the 2008 Regulations is being given at year end for all employees with service prior to 1 April 2014 or anyone affected by the underpin.	YES/NO

I can confirm that our payroll records are annually audited to check that employer administration processes have been carried out correctly and information and contributions passed over to the Pension Fund are accurate and in accordance with the LGPS Regulations 2013.

Name: _____ **Position Held:** _____

Date: _____ **Signed:** _____

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

LGS121b (Jan 2016)



Year End 2017/18

-
- The same procedure will apply – you will receive an email in early March with the requirements and forms
 - When your month 12 iConnect submission has been uploaded that will complete your data return – REMEMBER FTE
 - LGS121a and LGS121b will need to be sent
 - Deadline for forms is 30th April 2018
 - Any amendments to data found when reconciling, please let me know so that we can discuss how you communicate these to us

Pensionable Pay

Since the change in the regulations in 2014, there are two definitions of Pay still applicable:

- CARE pay – 2013 Regulations
- Final Salary pay – Full Time Equivalent – definition under 2008 Regs and required for all employees with pre 2014 Service

We can offer a workshop on Understanding Pensionable Pay



Pensionable Pay under 2013 Regulations - CARE

- Pensionable Pay under 2013 Regulations – CARE

Meaning of pensionable pay

20. –(1) Subject to regulation 21 (assumed pensionable pay), an employee's pensionable pay is the total of—

- (a) all the salary, wages, fees and other payments paid to the employee, and*
- (b) any benefit specified in the employee's contract of employment as being a pensionable emolument.*

- The exclusions are listed under reg 20 (2)
- Payments such as travel and subsistence allowances and PILON

Cumulative Pensionable Pay

The pay as defined in the Regulations:

- Basic pay and extras
- For either section of the scheme ie. main and 50/50 (reported separately)
- Doesn't include any pay relating to a period before 1 April 2014
- **Includes** any Assumed Pensionable Pay (APP)
- Provided separately for each job
- Sits in the period it was paid NOT the period it relates to



Assumed Pensionable Pay

APP is “dropped” into a member’s pension account for an employment when:

- They are on reduced contractual pay or nil pay as a result of sickness or injury
- They are on child-related leave (i.e. ordinary maternity, paternity or adoption leave)
- They are on reserve forces service leave (where the employee has elected to remain a member of the LGPS for that period)

Employees and Employers contributions are deducted from APP:

- When calculated the amount is added to cumulative pensionable pay and should be the APP and NOT the actual pensionable received (if any) – e.g. ½ sick pay is replaced
- However, where actual pensionable pay received is greater than the APP (e.g. pay from a KIT day) then actual pensionable pay for that given day would be added to cumulative pay and APP for the other days
- Employees and Employers contributions are deducted from APP



How is it Calculated?

For a monthly paid employee, APP is calculated by:

- Taking the average of the pensionable pay for that employment in the 3 complete monthly pay periods prior to the one in which APP applies
- Grossing that average up to an annual figure, and
- Adding back in any pensionable lump sum payments where there is a reasonable expectation it is a regular payment

For a weekly paid employee, the same applies but you would use 12 complete weeks.

- Remember to include this in the cumulative pensionable pay figure
- Once set, APP is not subsequently adjusted unless it continues for a period that crosses two 31 March dates.
- Further information is in the LGA HR Guide a link can be found on our website.



Full Time Equivalent (FTE) Pay

- Pay under the 2008 Scheme Regulations
- Needed for employees who were members of the LGPS prior to 1 April 2014 who retain a “final salary” link
- Needed for employees who have protections in place
- Employers must be able to calculate and provide a FTE figure under this definition and provide for all leavers and at year end.

Calculating FTE

- It is the pay the employee earned in the previous 12 months
- Grossed up to a full time value for part-time employees
- Does NOT include non-contractual overtime or additional hours
- APP does not apply for FTE instead it is notional pay where there is a no pay or reduced pay absence



Why is providing Pay so important?

- Cumulative pensionable pay is used for the calculation of a persons pension account.
- If this figure is wrong then their pension will be wrong
- FTE is used at leaving for benefits to 31 March 2014
- It is used on Annual Benefit Statements for an estimate and in assessing if they have breached any tax restrictions



Further Guidance

- Administration Strategy
- www.lgpsregs.co.uk for payroll and HR guide
- www.shropshirepensionfund.co.uk go to employer area
- Email: cheryl.morrell@shropshire.gov.uk
- Email: pensions@Shropshire.gov.uk

 **Any Questions?**



 Time for a break....





General Data Protection Regulation (GDPR)



SHROPSHIRE COUNTY
PENSION FUND

09.10.2017

Rebecca Clough
Communication and Governance
Team Leader





What is GDPR?

The General Data Protection Regulation (Regulation (EU) 2016/679) was devised by European Parliament to strengthen and unify how we use and protect data for individuals situated within the European Union.

GDPR is replacing the Data Protection Act 1998.

Must be fully implemented by 25 May 2018.





BREXIT- does GDPR still apply?

How the ICO will be supporting the implementation of the GDPR

Posted on [October 31, 2016](#)

By [Elizabeth Denham](#), Information Commissioner.



The government has now confirmed that the UK will be implementing the General Data Protection Regulation (GDPR). The Secretary of State Karen Bradley MP used [her appearance before the Culture, Media and Sports Select Committee](#) to say:

“We will be members of the EU in 2018 and therefore it would be expected and quite normal for us to opt into the GDPR and

then look later at how best we might be able to help British business with data protection while maintaining high levels of protection for members of the public.”

- Will come into effect before Brexit is completed
- UK Government is seeking to transpose existing EU legislation in to the UK as part of Brexit.



Current 8 Data Protection Principles

8 data protection principles

1. Personal information must be fairly and lawfully processed
2. Personal information must be processed for limited purposes
3. Personal information must be adequate, relevant and not excessive
4. Personal information must be accurate and up to date
5. Personal information must not be kept for longer than is necessary
6. Personal information must be processed in line with the data subjects' rights
7. Personal information must be secure
8. Personal information must not be transferred to other countries without adequate protection

ico.
Information Commissioner's Office



Data Protection Roles

- **Information commissioner:** person who has the power to enforce the Act
- **Data Controller:** person or organisation that collects and keeps data about people
- **Data Processor:** person or organisation that processes data on behalf of the data controller
- **Data Subject:** person who has data about them stored outside their direct control

GDPR applies to Data Processors as well as Data Controllers with effect 25 May 2018.

The Fund holds both roles of Controller and Processor



GDPR overview

- **Right to access (Data Subject Access Requests – SAR's)** – Timescale changes from 40 calendar days and optional £10 fee to 30 calendar days and free of charge.
- **Right to be forgotten**– Individuals can ask for any or all of their information to be removed from all systems (very difficult in pensions administration)
- **Privacy by design** – Inclusion of data protection from the onset of designing systems, policies and procedures
- **Appoint a Data Protection Officer** DPO is mandatory only for controllers and processors whose core activities consist of processing and monitoring on a large scale, or of special categories of data or data relating to criminal convictions and offences.



GDPR overview (cont)

- **Privacy Impact Assessments**– For each process and each change of process, must be published.
- **Privacy notice** – more information to be provided than before.
- **Consent**– Must be proactively given.
- **Children’s data**– Where children’s data is held all of the above must be written in a way for them to understand.
- **Overseas members**– May be subject to a different version of GDPR

Non – compliance?

- Increased fines (€20m or 4% of turnover, if greater)



Our work plan

- Working with Shropshire Council as Scheme Administrator
- We are part of a working group preparing for GDPR
- Considering any impact to current processes
- Reviewing contracts
- Reviewing policies
- Amending forms/documentation
- Drafting Privacy Notice



Where are you in your preparations?

- Remember most of the data we hold is collected by you
- Ensure you tell employees that their information will be shared with the Fund
- Privacy notices must include the Fund as a statutory body
- Check out the Information Commissioner's Office website for more information.....

Preparing for the General Data Protection

Regulation (GDPR) 12 steps to take now





Pension Policies



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PENSION FUND

09.10.2017

Rebecca Clough
Communication and Governance
Team Leader





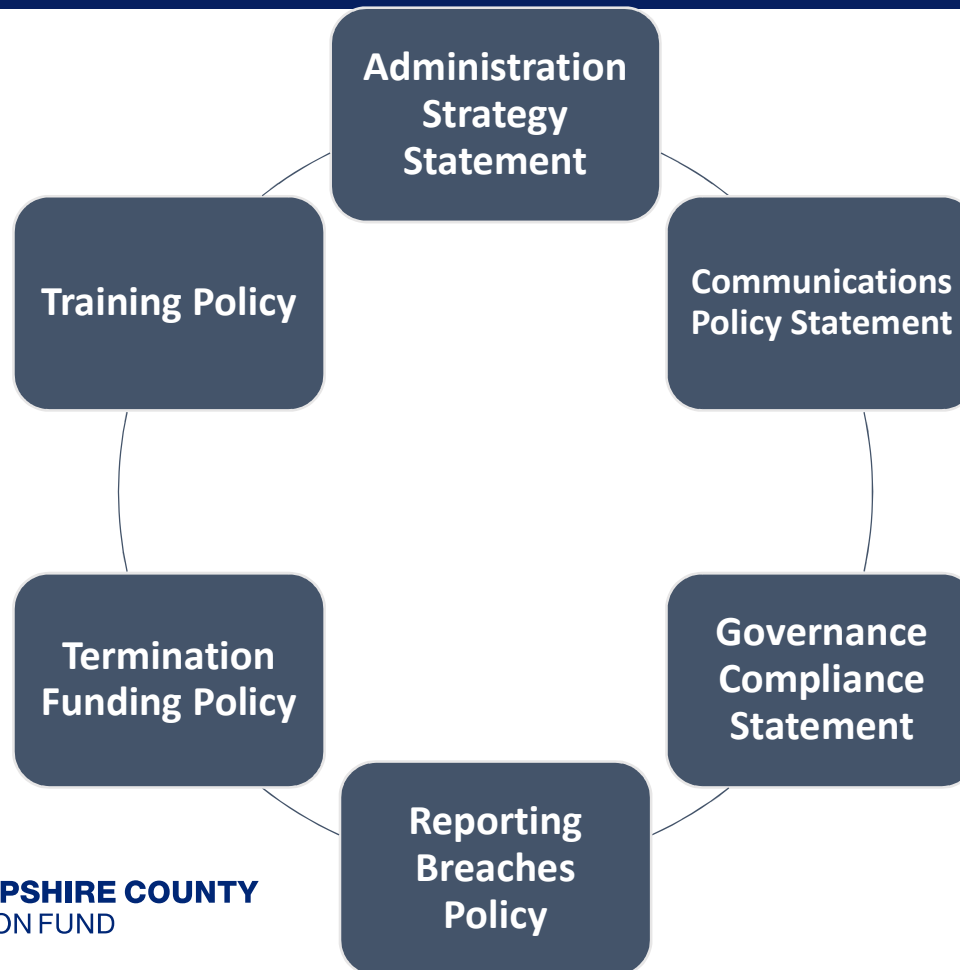
Introduction

- Regulatory requirement to have certain policies in place
- There are policies for investment as well as administration
- All Fund policies are agreed by the Pensions Committee
- Most up to date versions are on our website
- Policies set Fund approach for securing compliance with Regulations

Are you aware of them and do you use them?



Fund Administration Policies





Time for a review

It's important that the administration of the Shropshire County Pension is regularly reviewed to identify any areas that need updating or improving.

Part of the role of the Pensions Board set up in April 2015

The Pensions Regulator Code of Practice 14

Inline with top risks identified in The Pensions Regulators survey results released in May



Risk areas identified across Public Service Pension Schemes



Governance



Internal Controls



Record-keeping



Member
Communications



Let's look at the four policies...



Administration Strategy

- Regulation 59 of the LGPS regulations enables the Fund to prepare a written statement to assist in delivering a high-quality administration service
- Sets out local standards which often go beyond the minimum requirements set out in legislation
- Covers both administering authority and employers duties
- Helps the Fund perform its statutory duties
- Copy provided to all new employers



Communications Policy

- Regulation 61 of the LGPS regulations sets out that the Fund must prepare, maintain and publish a written statement setting out its policy concerning communications with:
 - Members
 - Representatives of members
 - Prospective members and
 - Scheme employers
- Sets the format, frequency and method of providing information



Communication we currently use

Taking care of your Local Government Pension in Shropshire

Enter a keyword.

SHROPSHIRE COUNTY PENSION FUND

Home About the Scheme Employer Firefighter Investments and Governance FAQ's Pensions Events Pay Date

Paying in Left but no benefits paid Benefits in payment Thinking of joining?

Latest News

- Investment Strategy Statement - An Update October 3, 2017
- Pension Saving Statements October 3, 2017
- Pensions Team Office Hours - 6th October-13th October 2017 October 2, 2017

Other news

View your payslips



You have benefits in payment?
View your pension payslip and review your P80

Quick Links

- Forms and Guides
- Firefighter
- Changing your Details

My Pension Online

Not yet taken payment of benefits?
View your pension account and update your personal details



Deferred Members Newsletter 2017

Welcome to the 2017 edition of the newsletter for deferred members of the Local Government Pension Scheme (LGPS).

Data Sharing
The Local Government Pension Scheme (LGPS) is a defined contribution pension scheme. It is a multi-employer scheme, meaning that it is funded by contributions from many different employers.

What are deferred benefits?
Deferred benefits are the benefits that you will receive when you reach your normal retirement age. They are based on the contributions that you have made to the scheme during your working life.

How do I check my benefits?
You can check your benefits by logging into your My Pension Online account. You will need to provide your login details and your date of birth.



SHROPSHIRE COUNTY PENSION FUND

We're going digital!

New email alerts for our members

Welcome to our new look email updates for members of the Local Government Pension Scheme (LGPS) in the Shropshire County Pension Fund.

More and more information is being shared digitally these days and businesses / organisations need to offer this service to their customers. Shropshire County Pension Fund is no exception and as you can see, we are offering you more options as a result of this. We are introducing a new email system which is more efficient than the one you are currently using. It is also more secure and we will be able to offer you more services in the future.

You are receiving this new service because your email address is registered with us. Your information will not be shared with other organisations or used to send information on any other service.

We hope you find the service helpful, but should you wish to opt out of the general mailing list, please get in touch with us. You can do this by logging into your My Pension Online account and clicking on the 'My Pension Online' tab. You can also update your details by logging into your My Pension Online account and clicking on the 'My Pension Online' tab.

If you do not wish to receive this service, please click on the 'My Pension Online' tab and click on the 'My Pension Online' tab. You can also update your details by logging into your My Pension Online account and clicking on the 'My Pension Online' tab.

My Pension Online

Do you know that Shropshire County Pension Fund has an online service where you can view your pension account details and update your personal details and review your P80?

lgps

SHROPSHIRE COUNTY PENSION FUND

Pension Update

FOR MEMBERS OF THE LOCAL GOVERNMENT PENSION SCHEME (LGPS) | NOVEMBER 2016

The last 100 years annual allowance amounts are shown in the table below.

Year	Annual Allowance
1980	£1000
1985	£1500
1990	£2000
1995	£2500
2000	£3000
2005	£3500
2010	£4000
2015	£4500
2016	£4500

How is member's growth calculated?
The growth of your pension benefits is calculated by adding the value of your pension contributions to the value of the interest earned on your pension benefits. The value of your pension benefits is calculated by adding the value of your pension contributions to the value of the interest earned on your pension benefits.

From 1 April 2016, 25% for all pension schemes are allowed with the new rate of 1.4% from 1 April 2017. This will be 1.4% from 1 April 2017, except for the 2016-17 year when the rate will be 1.4%.

There are two types of pension benefits that you can receive. The first is a lump sum and the second is a regular pension. The value of your pension benefits is calculated by adding the value of your pension contributions to the value of the interest earned on your pension benefits.

Annual Allowance
The annual allowance is the maximum amount of pension contributions that you can make in any one year. It is based on your income and is subject to certain conditions. The annual allowance is £4500 for the 2016-17 year and will be £4500 for the 2017-18 year.

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The Retirement Process

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SHROPSHIRE COUNTY PENSION FUND

Can you tell me about Ill-Health Retirement in the LGPS?

What conditions must be satisfied to receive ill-health retirement?

The Local Government Pension Scheme (LGPS) provides for ill-health retirement for members who are unable to continue in their employment due to ill-health. This is a special type of retirement and is subject to certain conditions. The conditions for ill-health retirement are set out in the LGPS regulations.

There are two types of ill-health retirement: full and part. Full ill-health retirement is available to members who are unable to continue in their employment due to ill-health. Part ill-health retirement is available to members who are unable to continue in their employment due to ill-health.

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Pension Update

Members Newsletter Autumn 2016

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SHROPSHIRE COUNTY PENSION FUND

Pension Update

FOR MEMBERS OF THE LOCAL GOVERNMENT PENSION SCHEME (LGPS) | NOVEMBER 2016

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Reporting Breaches

- Requirement to report breaches of the law to the Regulator where there is reasonable cause to believe that:
 - A legal duty has not being complied with
 - The failure to comply is likely to be of material significance
- Responsible for reporting a breach:
 - Pension Board
 - Scheme Manager (i.e. pensions team)
 - Employers
 - Any professional advisers
 - 3rd party providers
- Reporting Breaches Policy outlines the procedure that should be followed



Steps outlined in policy

Identify

Legal Clarification/difficult cases
Facts of the case
Clear referral process
Timescales
Freedom to raise concerns

“Reasonable Cause”

Don't act on suspicion or hearsay
Has breach actually happened?
Legal advice
Robust checks
External advice?

Record

Reporting

Named Officer
Agree cause of action
Co-operate and assist
Regulator-via Exchange/Materially significant

“Material Significance”

Cause
Effect
Reaction
Wider implications



Governance Compliance Statement

- Regulation 59 of the LGPS regulations requires a statement on what functions are delegated to a committee, a sub-committee or an officer.
- Outlines the Funds Governance and decision making structure such as;
 - Frequency of Board and Committee meeting
 - Make up of representatives and voting rights
- Includes the Fund's Discretions policies and who they are delegated to.



New policy – Employer Events

- Currently being drafted
- Will cover the various ‘life stages’ of an employer
- Will replace existing ‘Terminations Policy’ with a more comprehensive policy
- Watch out for the consultation in next couple of months

 **Any Questions?**





Annual Allowance and Lifetime Allowance



SHROPSHIRE COUNTY
PENSION FUND

09.10.2017

Helen Tomkins
Pension Operations Team Leader





The 2 main allowance for Pension savings are:

- Annual Allowance
- Lifetime Allowance



What is the Annual Allowance (AA)?

- Limit HMRC allows your pension savings to increase in one year without subject to a tax charge.
- For DB Schemes (LGPS) the pension input period is currently 6 April to 5 April.
- Allowance for revaluation of previous year benefits in line with CPI.
- Factor of 16 applied to increase in annual pension, plus any increase in lump sum and any AVC paid.



Calculation of the value of benefits

Step One – Start of PIP

- 6 April 2017
- Pension £39,679
- Lump Sum £95,787
- CPI 2.2%
- Value at Start of PIP:
 $£39,679 \times 16 + £95,787 + 2.2\% = \mathbf{£746,725.32}$

Step Two – End of PIP

- 5 April 2018
- Pension £44,332
- Lump Sum £102,996
- AVC paid £120.00
- Value at End of PIP:
 $£44,332 \times 16 + £102,996 + £120 = \mathbf{£812,398}$

Step Three – Compare for Growth

- PIA: $£812,398 - £746,725.32 = £65,582.68$
- Excess subject to charge: $£65,582.68 - £40,000 = \mathbf{£25,852.68}$



What if an employee is over the allowance?

- If an employee is over the allowance?
 - A pension saving statement will be issued by the Pension Fund to the employee by 6 October
 - Unused allowance from previous tax years can carry forward to offset any excess.
 - Tax charge at employees marginal rate.
 - Declare on Self Assessment tax return.
 - If tax charge is over £2,000 can use “Mandatory Scheme Pay” option.



Mandatory Scheme Pays Option

- Charges > £2,000 member can elect for scheme to pay the whole amount
 - Results in ongoing reduction to annual pension
- Scheme only obliged to pay if whole charge relates to that scheme
- Strict time limits apply



Who can be affected?

- Mostly employees who receive a substantial pay rise or bonus within the tax year
- Employees who are awarded additional pension by their Employer
- Employees who transfer previous pension rights





Tapering Annual Allowance

- From 2016/17, Annual Allowance tapers from £40,000 to a minimum of £10,000
 - £1 reduction in AA for every £2 of “Adjusted Income” above £150,000 to £210,000
 - Only applies if “**Threshold Income**” is above £110,000

Adjusted Income	Annual Allowance
<£150k	£40k
£150k	£40k
£180k	£25k
£200k	£15k
£210k	£10k



Tapering Annual Allowance

- **Threshold income** – is broadly taxable income for the year (from all sources) *less* gross employee pension contributions
- **Adjusted income** – is individuals threshold; *plus* the pension input amount (PIA)
 - Need to work out PIA for the year before being able to determine if tapering applies



Example of Tapering Annual Allowance

Does the taper apply?

- Taxable Income for 2016/17 = £142,000
- Pension contribution paid in 2016/17 = £ 15,620
- Pension Growth in 2016/17 = £79,568

Step One – Is the Threshold Income above £110,000?

Taxable Income: £142,000

Less

Pension Contributions: £ 15,620

Threshold Income £126,380

Threshold income has exceeded



Does the taper apply?

Step Two – Is the Adjusted Income above £150,000?

Threshold income: £126,380

Plus

Pension Input Amount: £ 79,568

Adjusted Income £205,948

Adjusted income > £150,000 taper applies



Does the taper apply?

Step Three – Apply the Taper?

£1 reduction in AA for every £2 of Adjusted Income above £150,000

Reduction = $(£205,948 - £150,000) \div 2 = £27,974$

Apply reduction to the standard AA: $£40,000 - £27,974 = £12,026$

Growth over the tapered AA: $£79,568 - £12,026 = \mathbf{£67,542}$ subject to tax charge



Actions for Employers

1. Employers to assess who may be affected
2. To communicate these changes to their employees
3. Provide our website and contact details for further information



What is the Lifetime Allowance (LTA)?

- Life time allowance (LTA) is limit on total capital value of pension benefits from **all** pension arrangements
- Factor of 20 is applied to annual pension plus any lump sum
- Current LTA limit is £1m
- Pension Commutation can reduce LTA
- If value of benefits above limit are subject to tax charge as follows:
 - If excess taken as lump sum 55% tax charge
 - If excess taken as pension 25% tax charge



Calculation of benefits for Lifetime Allowance

Pension = £49,000

Lump Sum = £147,000

Capital Value = $(£49,000 \times 20) + £147,000 = £1,127,000$

Compare this to the Lifetime Allowance (LTA):

$£1,127,000 - £1,000,000 = £127,000$ over the LTA



Reduction in LTA from 6 April 2016

- From 6/4/16 LTA reduce from £1.25m to £1m
- 2 forms of protection for those close to or exceeding £1m
 - Fixed Protection 2016 (FP2016)
 - Individual Protection 2016 (IP2016)



IP16 and FP16 Protections

- If member applies for FP16
 - To maintain LTA £1.25m
 - Members generally have to opt out for further DB accrual to ensure FP2016 not lost
 - Anyone can apply and no time limit
- If member applies for IP2016
 - Will need to already have LTA of at least £1m
 - Protected LTA will be value of LTA @ 5 April 2016 up to £1.25m
 - No time limit to apply

 **Any Questions?**

