

## Current LGPS Scheme

There has been some movement to the current LGPS since last month, in that the Local Government Pension Scheme Regulations (Amendment No 2) Regulations 2007 have now passed through parliament. As expected, these regulations have imposed a limit on AVC contributions of 50% of remuneration. As the regulations read, this appears to apply only to elections to pay AVCs made after 31st March 2007 however I understand that the intention is that this limit be applied to all AVC payments. The regulations also clarify that AVC payments must be made by deductions from pay.

One other expected change is that the ability of administering authorities to commute small pensions to a lump sum has been extended in line with the Finance Act 2004.

Of more significance to employing authorities is that the additional membership they may award a member under Regulation 52 of the main scheme regulations (Augmentation) is extended from 6 years 243 days to 10 years. Following this, the long awaited "governance" regulations have also been received under the title Local Government Pension Scheme (Amendment) (No 3) Regulations 2007, and can be accessed from this site, together with an accompanying letter.

Those of you who enjoy spotting the moment in a film where a character changes their hairstyle mid scene may already have noticed that the titles of the above amendment regulations appear to have changed between draft and actual regulations. This is not a continuity error on the part of these newsletters, rather a probably unintentional sleight of hand by the CLG.

Last month I included the latest informal consultation paper from the CLG on the possible extension of the 85 year rule protections. The LPFA has since responded and our response is now accessible.

In summary, the LPFA does not believe that our employing authorities should, or would be happy to, bear the cost of extending these provisions, nor do we believe that the overall benefit package should be diminished in order to afford such an extension, which will benefit only a minority of Scheme members. This is, of course, reflected in our response.



The LPFA also took the opportunity of the response to comment on an anomaly in the current guidance from the Government Actuaries Department (GAD), whereby members reaching age 60 between 1st April 2016 and 31st March 2018 have some level of protection (albeit tapered) on all membership between April 2008 and March 2020, whereas older members have no protections on membership beyond March 2016.

Within 48 hours of our response being sent (and of the deadline) a further statement was received from the Minister for Local Government. This statement reported that a formal consultation process will take place on the proposals to extend the 85 year rule protections, but implies that any costs will be met either by a reduction of some part of the benefit package. The LPFA will continue to participate fully in the debate and to keep you informed.

Also accessible are LGE Circulars 199 (detailing the "Amendment (No 2) Regulations referred to above), 200 (offering the LGE view on the 85 Year Rule consultation), and 201 (updating on part-timer pension claims).

I will comment further on these circulars next month.

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## New Look 2008 Scheme

Last month I summarised the latest information on the 2008 Scheme, explaining in particular the new provisions on banded contributions and on ill health benefits. Discussions at the CLG around the arrangements for banded contributions have continued apace and next month I hope to be able to report further on this and on the key issues you need to be addressing with your payroll section or provider. In the meantime, I would advise you to ensure that they are aware that the Scheme is changing and that in particular changes to employee contribution deductions will occur in April 2008 which in all likelihood will require changes to payroll systems.

I would alert you to [LGE Circular 198](#) which provides over 50 pages of detailed analysis of the "Benefits" regulations. I will study this in detail, and will of course bring to your attention anything likely to be important to employing authorities. You might want to note that the last few pages provide a very good summary of the 2008 Scheme as it currently stands, highlighting what from the current scheme will completely disappear, what will be new from 2008, and what is changing between the two schemes.

## Inability to Supply Combined Pension Forecasts

Due to changes to be made to the Department of Work and Pensions (DWP) computer systems as a result of changes to the State Scheme anticipated to be approved by Parliament in July, the DWP have informed us that they will not be able to supply combined pension forecasts information after July 31st 2007 for a year or so. We will therefore be unable to include the State Scheme information on your members Annual Benefits Statements issued after July 31st 2007.

For ease of administration, to avoid a 'catch up' exercise later and to ensure we are ready to commence including this information again when the DWP restore the service, we will continue to maintain your members' preferences, including asking new members, as to whether they wish to receive Combined Pension Forecasts. We also include an explanation on your members annual benefit statement itself of why the information has not been provided this year.

## Employer Authority Contacts

Here at the LFPA we are in the process of upgrading our contact databases. In the coming weeks we will be writing to each employer requesting that you update your contact information. This is an annual exercise to ensure that the records that we hold for your company are complete and accurate. This year we are taking the opportunity to extend the range of contacts that we can hold to better enable us to target information to your appropriate staff. We appreciate your assistance over this period.

The Employer Authority Contacts form will then be made available on our website enabling you to keep your contact information up to date.

## Ordering Publications

The LFPA have several publications available to you, at no cost, for supply to your members and potential members as appropriate.

These are:

1. A brief guide to the LGPS (including the form for new joiners) – this booklet needs to be given to all potential members
2. Increasing Scheme Benefits (including an application form and comparison table) – this booklet is available to inform members of opportunities available and for those members considering increasing their benefits
3. Leaving the LGPS – this booklet should be given to all members who are leaving your employment

If you require copies of these publications please email us on [publications@lpfa.org.uk](mailto:publications@lpfa.org.uk) with your requirements and delivery address.