



## Local Government Pensions Board

**Date:** TUESDAY, 17 JANUARY 2017

**Time:** 1.45 pm

**Venue:** COMMITTEE ROOM - 2ND FLOOR WEST WING, GUILDHALL

**Members:** **Employer Representatives**  
Alderman Ian Luder (Chairman)  
James Tumbridge (Deputy Chairman)  
Jon Avern

**Member Representatives**  
Yvette Dunne  
Christina McLellan  
Martin Newnham

**Enquiries:** Christopher Braithwaite  
tel. no.: 020 7332 1427  
[christopher.braithwaite@cityoflondon.gov.uk](mailto:christopher.braithwaite@cityoflondon.gov.uk)

Lunch will be served in Guildhall Club at 1PM  
**NB: Part of this meeting could be the subject of audio or video recording**

**John Barradell**  
Town Clerk and Chief Executive



## **AGENDA**

1. **APOLOGIES**
2. **MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**
3. **MINUTES OF THE PREVIOUS MEETING**  
To agree the public minutes and non-public summary of the meeting on 20 October 2016.  
**For Decision**  
(Pages 1 - 8)
4. **WORK PROGRAMME**  
Report of the Town Clerk.  
**For Information**  
(Pages 9 - 10)
5. **REVIEW OF THE BOARD'S TERMS OF REFERENCE**  
Report of the Town Clerk.  
**For Decision**  
(Pages 11 - 22)
6. **TRAINING NEEDS ASSESSMENT**  
Report of the Town Clerk.  
**For Information**  
(Pages 23 - 78)
7. **NATIONAL REGULATORY ENVIRONMENT**  
A training presentation will be made at the meeting by Barnett Waddingham which will provide the Board with further information regarding the National Regulatory Environment in which Pensions Boards operate.  
**For Information**
8. **THE CITY CORPORATION'S PENSIONS SCHEME**  
Report of the Town Clerk.  
**For Information**  
(Pages 79 - 80)
  - a) **Annual Schedule of Events**  
Report of the Chamberlain.  
**For Information**  
(Pages 81 - 82)
  - b) **Communication with Scheme Members**  
Report of the Chamberlain.  
**For Information**  
(Pages 83 - 150)



- c) **List of Admitted Bodies and Scheduled Bodies to the City of London Corporation Local Government Pension Scheme**  
Report of the Chamberlain.

**For Information**  
(Pages 151 - 154)

- d) **Pensions Department Risk Register**  
Report of the Chamberlain.

**For Information**  
(Pages 155 - 158)

- e) **Scheme Record Keeping**  
Report of the Chamberlain.

**For Information**  
(Pages 159 - 160)

- f) **List of Appeals under the City of London Corporation's Local Government Pensions Scheme**  
Report of the Chamberlain.

**For Information**  
(Pages 161 - 162)

9. **QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**
10. **ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**



This page is intentionally left blank



## **LOCAL GOVERNMENT PENSIONS BOARD**

**Thursday, 20 October 2016**

**Minutes of the meeting of the Local Government Pensions Board held at the Guildhall EC2 at 1.45 pm**

### **Present**

#### **Members:**

##### **Employer Representatives**

Jon Averbs  
Alderman Ian Luder  
James Tumbridge

##### **Scheme Member Representatives**

Yvette Dunne  
Christina McLellan  
Martin Newnham

#### **Officers:**

Christopher Braithwaite	-	Town Clerk's Department
Caroline Al-Beyerty	-	Chamberlain's Department
Kate Limna	-	Chamberlain's Department
Charlie Partridge	-	Chamberlain's Department

#### **1. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

#### **2. INTRODUCTIONS**

Members and Officers introduced themselves.

#### **3. MEMBERS' DECLARATIONS UNDER THE CODE OF CONDUCT IN RESPECT OF ITEMS ON THE AGENDA**

Members were advised that membership of the Local Government Pension Scheme was specifically exempted from being declared as an interest.

No declarations of interest were made.

#### **4. ORDER OF THE COURT OF COMMON COUNCIL**

The Board considered the Order of the Court of Common Council, which set out the Board's composition and Terms of Reference.

A Member noted that Standing Order 29(3) provided a list of Grand Committees of which the Chairman was eligible to serve as Chairman of another Grand Committee. The Member noted that, as there were only two Common Councilmen on this Board, and one must be either the Chairman or Deputy Chairman to allow reporting to the Court of Common Council, it could be beneficial to request that the Board be added to the list of Grand Committees to which this exemption applied.



The Board discussed this proposal and agreed that it would be beneficial to request that the Board be added to the aforementioned list within Standing Orders.

The Board also discussed whether it would be beneficial for the Chairman and Deputy Chairman to be one Employer representative and one Scheme Member representative.

**RESOLVED –** That the Board:

- a) Notes the Order of the Court; and
- b) Requests that the Policy and Resources Committee recommends to the Court of Common Council the addition of the Local Government Pensions Board to the list of Grand Committees, set out in Standing Order 29(3), of which a Member is eligible to serve as Chairman, in addition to serving as Chairman of another Grand Committee.

**5. ELECTION OF CHAIRMAN**

The Committee proceeded to elect a Chairman in accordance with Standing Order No. 29. A list of Members eligible to stand was read and Alderman Ian Luder was the only Member who indicated willingness to serve.

**RESOLVED –** That Alderman Ian Luder be elected Chairman in accordance with Standing Order 29 for the year ensuing.

**Alderman Ian Luder in the Chair**

**6. ELECTION OF DEPUTY CHAIRMAN**

The Committee proceeded to elect a Deputy Chairman in accordance with Standing Order No. 30. A list of Members eligible to stand was read and Martin Newnham and James Tumbridge indicated willingness to serve.

A ballot was taken and votes were cast as follows:-

Martin Newnham	-	2 votes
James Tumbridge	-	4 votes

**RESOLVED –** That James Tumbridge be elected Deputy Chairman in accordance with Standing Order 30 for the year ensuing.

**7. BACKGROUND TO THE LOCAL GOVERNMENT PENSION BOARD**

The Board received a presentation from Annemarie Allen of Barnett Waddingham LLP, the Corporation's Actuaries and Pension Benefit/Governance advisors.

This presentation provided information regarding the following issues:

- The Background to the creation of Local Government Pensions Boards
- The National Government Structure
- The role and Responsibilities of the Board and Board Members for the Corporation's Scheme



## Background to the Creation of Local Government Pensions Boards

The Board was advised that Pensions Boards had been established following Lord Hutton's Independent Public Service Pension Commission Review in 2010. The Board was advised that the Review had suggested amendments to Public Sector Pensions Schemes to improve affordability and to provide a sustainable, adequate and fair solution.

This Review had led to the Public Sector Pensions Act 2013, which had created a new governance structure for Public Sector Pensions, including the creation of Public Sector Pension Boards, effective from 1 April 2015. This Act was also supported by the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015, which came into force from 1 April 2015. The role of the Boards was to assist the administering authority to secure compliance with LGPS and other legislation relating to Scheme governance and administration and the requirements of the Pensions Regulator (TPR), and to assist the administering authority to ensure the effective and efficient governance and administration of the Scheme.

Ms Allen informed the Board that the 2013 Act was supported by TPR's Code of Practice No 14, titled Governance and Administration of Public Sector Pension Schemes. This document provided practical guidance on the exercise of functions under Pensions legislation, setting out the expected standards of conduct and practice. The Board was informed that the Code of Practice was not a statement of law, but sought to assist Pension Schemes in meeting the law. The Board was advised that there was an expectation that all Board Members would read this Code of Practice and it was agreed that the Town Clerk would circulate this document to all Board Members following the meeting.

The Code of Practice identified the main areas in which a Board should satisfy itself that appropriate management was in place. Ms Allen noted the legal requirements on the Board members and that internal controls, Scheme record keeping and providing information to members were key areas of focus of the TPR following their 2015 survey.

## National Governance Structure

The presentation provided Members with information regarding the key organisations and roles within the new structures, particularly including:

- Scheme Manager: the organisation responsible for managing or administering the Scheme. For the Corporation, this is the Court of Common Council of the City of London Corporation.
- Scheme Advisory Board: a National Board responsible for providing advice to the Department for Communities and Local Government (DCLG) on potential changes to the scheme or to Scheme Managers and Pensions Boards on operation of the Scheme and other matters. The Scheme Advisory Board also receives all Pensions Schemes'



Annual Reports and gathers information regarding all schemes and their performance against specific KPIs.

- Pensions Regulator: The 2013 Act had ensured that the Pensions Regulator's remit now also covered Public Sector Pensions.

The Board was advised that the Pensions Regulator had conducted a survey of all Schemes in 2015 to determine existing levels of competence and compliance with Regulations. A further survey to assess progress was expected to be issued in the next few weeks. As a measure of progress that had been made in compliance, the Chamberlain explained that in 2015, 7 of 91 Schemes had issued their statements to members on time and the Corporation was one of those which had not issued the statements on time. In 2016, the Corporation had issued all statements on time.

The Board was also informed that the Pensions Regulator had enforcement powers against both Scheme Managers and Board Members. The maximum fine the Regulator was able to assess was £5k against Board Members and £50k against Organisations.

Ms Allen informed the Board that the triennial valuation of Pensions Funds was currently underway and would be completed in early 2017. Following completion of this, the Government's Actuary Department, as Scheme Actuary appointed by DCLG, was expected to conduct a review of all funds and their funding levels to compare and assess the funding levels of each Fund and other associated issues.

#### Role and Responsibilities of the Board and Board Members for the Corporation's Scheme

The Governance Structure of the Corporation's Pension Scheme was explained to Members. The Scheme Manager delegated its role of running the Scheme to the Investment Committee (for investment matters, which in turn delegated to its Financial Investment Board) and the Establishment Committee (for staffing matters). It was agreed that a full diagrammatical explanation of the Governance Structure be provided to Members of the Board and included on the website.

The role of Board was set out in the LGPS Regulations as noted above. The Board was advised that the Regulations also provided the Board with the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions. The role of the Board was set out within the Terms of Reference, considered earlier in the meeting. Ms Allen suggested that the Terms of Reference should be reviewed to provide more information regarding the role of the Board and the requirements on Board Members.

Ms Allen confirmed that Members of the Board had a legal responsibility in a number of areas including to ensure that they had capacity to represent all Scheme Employers and Members (as appropriate to which representative they were), to ensure that they had the requisite knowledge and understanding (as described in Code of Practice 14), reported any breaches of the law which were



of material interest to the Pensions Regulator (in accordance with the Corporation's reporting Breaches of the Law Policy, which would normally include reporting via an officer) and to not have conflicts of interest. In general members were advised that they should comply with the seven principles of public life.

With regard to breaches, the Chamberlain advised the Board that a register of all breaches was kept by the Chamberlain's Department and it would be appropriate for this to be submitted to all meetings of the Board for information. It was also confirmed that the Board had the right to request support from any Department of the Corporation as required in the undertaking of their duties.

Ms Allen advised that there was a requirement that details of the Board Members should be publicly available and that TPR had advised that they would be checking on this. Therefore, the Board agreed that the Town Clerk should update the relevant page on the Corporation's website to indicate that contact with the Elected Members was as indicated on the website, and all communications to the remaining Board Members should be care of the Town Clerk. Ms Allen suggested that once this was completed, the Scheme Advisory Board should be informed to allow their checklist to be updated.

**RESOLVED** – That the Board notes the information regarding the background to the Local Government Pensions Board and their roles and responsibilities.

**8. DEVELOPING OBJECTIVES AND THE WORK PLAN FOR 2016/17 AND BEYOND**

The Board discussed appropriate objectives and a Work Plan for 2016/17.

The Chairman commented, and the Board agreed, that it would be appropriate to meet four times per year for the Board's first year and reduce to three meetings a year thereafter.

Members noted that the presentation had indicated that identifying internal controls, Scheme record keeping and providing information to members as key areas were key areas of work for the Board. Therefore, the initial work programme should focus on these issues.

The Board agreed that at the next meeting it should be presented with:

- Documentation of all of the information which was circulated to scheme members. This should include example Annual Statements for different types of members, information provided to scheme members regarding retirement (including details of when this information was provided to scheme members) and information provided to new starters regarding the Pension Scheme as part of the induction process, as well as any other communications to scheme members. Members also commented that it may be beneficial to review how information regarding the Pension Scheme could be embedded into the induction process, possibly through electronic learning modules, and for information to be provided to staff at regular intervals to ensure that staff were aware of all of the benefits of the Pension Scheme.



- Further information regarding the Regulations governing the Pensions Board, to ensure that the Board could satisfy itself that it was addressing all areas expected by the Regulations, including the legal requirements of the regulations for communications and other administrative matters.
- a schedule of events and deadlines for all activities undertaken for the Scheme throughout the year.
- further information regarding national guidance to Pensions Boards and how the guidance applied to this Board.
- Information of the Admitted Bodies to the Scheme.

At the next and all future meetings, the Board agreed that it should be presented with:

- reports identifying any breaches of the law.
- Information of Scheme Record Keeping;
- information regarding the Risk Register for the Pensions Department, so that it could be assured that risks were appropriately identified and monitored. It was agreed that Officers should ensure that the risk register included organisational and financial issues.
- a record of complaints or disputes under the Local Government Pensions Scheme Complaints procedure.
- Any audit reports relating to the administration of the Pension Scheme.
- Receiving reports relating to the Pensions Scheme which would be considered by the Investment Committee, Financial Investment Board or Establishment Committee.

The Board requested that the Town Clerk and Chamberlain collate the comments of the Board to develop a work programme for the Board, set out under category areas. The Board agreed that updated versions of the work programme would be presented to each meeting of the Board.

**RESOLVED** – That the Town Clerk and Chamberlain present an appropriate Work Programme for the Committee to its next meeting.

## **EXTENSION OF THE MEETING**

At this point, the time limit for Committee meetings as set out in Standing Order No 40 had been reached, but there being a two-thirds majority of the Board present in favour of an extension, the Board agreed to continue the meeting.

### **9. KNOWLEDGE, UNDERSTANDING AND TRAINING NEEDS**

The Board noted the slides from Barnett Waddingham which set out some information regarding the knowledge and understanding requirements for Pensions Board Members, but, due to time constraints, agreed that Members should study the presentation in their own time. The Board agreed that the slides would be circulated to all Board Members, along with relevant background documentation and training needs analysis forms, for the Board Members to consider. The Board agreed that all Members should review the documentation and complete the Training Needs Analysis document by 31 December 2016. This should be submitted to the Town Clerk and Chamberlain,



who would then use these documents to develop an appropriate training schedule for Board Members.

Barnett Waddingham noted and the Chamberlain confirmed that, should it be convenient for the Board, it would be possible to provide further training during evening sessions.

**RESOLVED – That:**

- a) The Town Clerk ensures that the slides from Barnett Waddingham is circulated to all Board Members, along with any other relevant background documentation
- b) All Board Members review this documentation and return the completed Training Needs Analysis by 31 December 2016;
- c) The Town Clerk and Chamberlain use this information to develop an appropriate training schedule for Board Members.

**10. DATES OF FUTURE MEETINGS**

**RESOLVED –** That the Board's next meeting be held at 1.45pm on 17 January 2016.

Members noted that, as the requirement for Pensions Boards was set out within the Public Sector Pensions Act 2013, it should be possible to hold a future meeting during the period between the Common Council elections on 23 March 2017 and the first meeting of the Court of Common Council after the elections, on 28 April 2017.

**11. QUESTIONS ON MATTERS RELATING TO THE WORK OF THE BOARD**

There were no questions.

**12. ANY OTHER BUSINESS THAT THE CHAIRMAN CONSIDERS URGENT**

There were no items of urgent business.

**The meeting closed at 4.00 pm**

-----  
Chairman

**Contact Officer: Christopher Braithwaite**  
**tel. no.: 020 7332 1427**  
**christopher.braithwaite@cityoflondon.gov.uk**



This page is intentionally left blank



### Local Government Pensions Board – Work Programme

Category	17 January 2017	April 2017	July 2017	October 2017
<b>Board Governance</b>	Review of Terms of Reference		<ul style="list-style-type: none"> <li>- Order of the Court of Common Council</li> <li>- Election of Chairman</li> <li>- Election of Deputy Chairman</li> </ul>	Annual Report to be submitted to the Court of Common Council
<b>Communication with Scheme Members</b>	Information which is circulated to Scheme Members, including: <ul style="list-style-type: none"> <li>- Annual Statements for all types of members</li> <li>- Information provided to Scheme Member regarding retirement</li> <li>- Information provided to new starters</li> </ul>	Embedding the Pensions Scheme into the Induction Process		
<b>The City Corporation's Pensions Scheme</b>	<ul style="list-style-type: none"> <li>- List of Admitted Bodies to the Pensions Scheme</li> <li>- Pensions Department Risk Register</li> <li>- Scheme Record Keeping</li> <li>- Breaches since the last meeting.</li> <li>- Complaints or Disputes</li> <li>- Audit Reports</li> <li>- Relevant reports considered by other Committees.</li> </ul>	<ul style="list-style-type: none"> <li>- Pensions Department Risk Register</li> <li>- Scheme Record Keeping</li> <li>- Breaches since the last meeting.</li> <li>- Complaints or Disputes</li> <li>- Audit Reports</li> <li>- Relevant reports considered by other Committees.</li> </ul>	<ul style="list-style-type: none"> <li>- Pensions Department Risk Register</li> <li>- Scheme Record Keeping</li> <li>- Breaches since the last meeting.</li> <li>- Complaints or Disputes</li> <li>- Audit Reports</li> <li>- Relevant reports considered by other Committees.</li> </ul>	<ul style="list-style-type: none"> <li>- Pensions Department Risk Register</li> <li>- Scheme Record Keeping</li> <li>- Breaches since the last meeting.</li> <li>- Complaints or Disputes</li> <li>- Audit Reports</li> <li>- Relevant reports considered by other Committees.</li> </ul>



Category	17 January 2017	April 2017	July 2017	October 2017
<b>National Regulatory Environment</b>	- Schedule of Events and Deadlines for the Pensions Scheme - Regulations governing the Pensions Board - Information of National Guidance to Pensions Board	- Schedule of Events and Deadlines for the Pensions Scheme	- Schedule of Events and Deadlines for the Pensions Scheme	- Schedule of Events and Deadlines for the Pensions Scheme
<b>Training</b>	- Relevant Background Information Documents - Identification of Training Needs	<i>To be updated following Training Needs Assessment</i>	<i>To be updated following Training Needs Assessment</i>	<i>To be updated following Training Needs Assessment</i>

Dates of future meetings:

- February 2018
- June 2018
- October 2018



<b>Committee:</b> Local Government Pensions Board	<b>Date:</b> 17 January 2017
<b>Subject:</b> Annual Review of the Committee's Terms of Reference	<b>Public</b>
<b>Report of:</b> Town Clerk	<b>For Decision</b>
<b>Report author:</b> Chris Braithwaite, Town Clerk's Department	

## Summary

As part of the post-implementation review of the changes made to the governance arrangements in 2011, it was agreed that all committees should review their terms of reference annually. This enables any proposed changes to be considered in time for the reappointment of Committees by the Court of Common Council.

At the Board meeting in October 2016, the Board was advised that the Terms of Reference could be expanded to be more comparable to the model constitution for Pensions Boards as set out within the Public Service Pensions Act 2013. The Terms of Reference have accordingly been amended and are set out at Appendix 1. Additions to the Terms of Reference are highlighted with italics and underlined. Deletions are struck through.

These changes include renaming the positions as Employer Representatives (previously "Scheme Manager Representatives") and Member Representatives (previously "Scheme Member Representatives"), providing further information regarding the requirements of Board Members and providing further information regarding the work of the Board. A minor amendment is also proposed to the Chairmanship of the Board to state that either the Chairman or Deputy Chairman must be a Member of the Court of Common Council, rather than stating that they must be a Common Councilman, as the original phrasing would have excluded Aldermen.

It is also proposed to increase the quorum of the Board to three, including at least one Employer representative and one Member representative. This is in line with the lowest quorum among the Corporation's other Committees.

At the Board's last meeting, the Chairman suggested that the Board should meet four times per year for its first year and three times per year thereafter. This proposal has also been included within the Terms of Reference.

Further supporting information regarding the Terms of Reference is set out at Appendix 2, which is based on the full text of "model" Terms of Reference for Pensions Boards, issued by the Scheme Advisory Board. However, many of the issues within that document are covered by other Corporate Governance documents (such as Standing Orders of the Court of Common Council, or the job descriptions of Members of the Board. Therefore, it is not recommended that the Terms of Reference should be extended beyond those amendments set out in Appendix 1.



## **Recommendation**

That the Board:

- a) subject to any comments and agreement, approves the Terms of Reference of the Local Government Pensions Board for submission to the Court, as set out in the appendix 1;
- b) considers the frequency of meetings of the Committee; and
- c) agrees that any changes to the Terms of Reference required in the lead up to the appointment of Committees be delegated to the Town Clerk, in consultation with the Chairman and Deputy Chairman.

## **Appendices**

- Appendix 1 – Local Government Pensions Board Terms of Reference
- Appendix 2 – “Model” Terms of Reference issued by the Scheme Advisory Board.

## **Contact:**

Chris Braithwaite

Telephone: 020 7332 1427

Email: [Christopher.braithwaite@cityoflondon.gov.uk](mailto:Christopher.braithwaite@cityoflondon.gov.uk)



## **LOCAL GOVERNMENT PENSIONS BOARD**

### **1. Constitution**

A Non-Ward Committee consisting of,

- Three **Scheme Manager** *Employer* Representatives, of which;
  - Two will be Members of the Court of Common Council (who may not be Members of the Investment Committee, Financial Investment Board or Establishment Committee);
  - One will be an Officer of the Corporation, nominated by the Town Clerk and Chief Executive; and
- Three **Scheme** Member Representatives, selected by an appointment method determined by the Town Clerk and Chief Executive.

In addition, the Board has the power to appoint one co-opted member (with no voting rights) as an independent advisor to the Board, should the Board require further technical guidance.

### **2. Quorum**

The quorum consists of any **two** *three* Members, including one **Scheme Manager** *Employer* Representative and one **Scheme** Member Representative.

### **3. Membership 2016/17**

#### **Three **Scheme Manager** *Employer* Representatives**

- 1 (1) Ian David Luder, J.P., Alderman (Chairman)
- 1 (1) James Richard Tumbridge (Deputy Chairman)  
Jon Avern, Port Health and Public Protection Director

#### **Three **Scheme** Member Representatives**

Christina McClellan (*appointed for a four year term expiring February 2020*)

Yvette Dunne (*appointed for a four year term expiring February 2020*)

Martin Newnham (*appointment for a four year term expiring June 2020*)

together with the co-opted Member referred to in paragraph 1 above, if required.

Each Board Member should endeavour to attend all Board meetings during the year. In the event of consistent non-attendance by any Board member, then the tenure of that membership should be reviewed by the other Board members in liaison with the Scheme Manager.

Board Members must be satisfied that they:

- are conversant with the legislation and associated guidance of the Local Government Pension Scheme (LGPS);
- are conversant with documents recording policy about the administration of the LGPS by the City of London Corporation;
- Have knowledge and understanding of the law relating to pensions and any other matters which are prescribed in regulations, including undertaking appropriate training to develop this knowledge;
- conduct themselves in line with the seven principles of public life;
- do not have any conflict of interest with their role on the Pensions Board.

### **4. Terms of Reference**

In line with the requirements of the Public Services Pensions Act 2013 for the management of the City of London Corporation's Pension Scheme, to be responsible for:

a) assisting the Scheme Manager (the City of London Corporation) in the following matters:

- Securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that it is connected to;
- Securing compliance with requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator; and
- Other such matters as the scheme regulations may specify.

b) Securing the effective and efficient governance and administration of the LGPS for the City of London Pension Fund

The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board will also help ensure that the City of London Corporation Pension Fund is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

The Pension Board shall meet sufficiently four times per year during 2017 and three times per year thereafter.

### **5. Chairmanship**

Any Member of the Board will be eligible to be Chairman. However, to allow reporting to the Court of Common Council, either the Chairman or Deputy Chairman must be a **Common-Councilman** *Member of the Court of Common Council*.



This page is intentionally left blank



# **Supporting Information to the Terms of Reference for the Local Government Pension Board of the City of London Pension Fund**

## **1) Introduction**

1.1 The purpose of this document is to set out supporting information to the terms of reference for the Local Government Pension Board of the City of London pension fund.

## **2) Role of the Local Government Pension Board**

2.1 The role of the Local Government Pension Board as defined by sections 5 (1) and (2) of the Public Service Pensions Act 2013, is to –

- Assist the City of London Administering Authority as Scheme Manager;
  - to secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS
  - to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulatorin such other matters as the LGPS regulations may specify
- Secure the effective and efficient governance and administration of the LGPS for the London Borough of Havering Pension Fund
- Provide the Scheme Manager with such information as it requires ensuring that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

2.2 The Pension Board will ensure it effectively and efficiently complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

2.3 The Pension Board will also help ensure that the London Borough of Havering Pension Fund is managed and administered effectively and efficiently and complies with the code of practice on the governance and administration of public service pension schemes issued by the Pension Regulator.

2.4 The Pension Board shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

2.5 In support of its core functions the Board may make a request for information to the Scheme Manager with regard to any aspect of the Administering Authority's function. Any such request should be reasonably complied with in both scope and timing.

2.6 In support of its core functions the Board may make recommendations to the Scheme Manager which should be considered and a response made to the Board on the outcome within a reasonable period of time.



### **3) Members of the Pension Board**

3.1 The Pension Board shall consist of 6 **voting** members and be constituted as follows:

- i) **3** employer representatives;
- ii) **3** scheme member representatives;

3.2 There shall be an equal number of Scheme Member and Employer Representatives.

#### ***3.3 Scheme Member representatives***

3.3.1 Scheme member representatives shall either be scheme members or have capacity to represent scheme members of the Fund.

3.3.2 Scheme member representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

3.3.3 Substitutes shall not be appointed.

3.3.4 A total of 3 scheme member representatives shall be appointed following a transparent recruitment process which should be open to all Fund members and be approved by the Administering Authority.

#### ***3.4 Employer representatives***

3.4.1 Employer representatives shall be office holders or senior employees of employers of the Fund or have experience of representing scheme employers in a similar capacity. No officer or elected member of the Administering Authority who is responsible for the discharge of any function of the Administering Authority under the Regulations may serve as a member of the Board.

3.4.2 Employer representatives should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings and participate in training as required.

3.4.3 Substitutes shall not be appointed.

3.4.4 2 employer representatives shall be appointed to the Board following a transparent recruitment process which should be open to all employers in the Fund and be approved by the Administering Authority.

3.5 Each employer representative and scheme member representative so appointed shall serve for a fixed 4 year period which can be extended for further period(s) subject to re-nomination.

3.6 Each Board member should endeavour to attend all Board meetings



3.7 Board membership may be terminated prior to the end of the term of office due to:

- (a) A scheme member representative appointed on the basis of their membership of the scheme no longer being a scheme member in the Fund.
- (b) An employer representative no longer holding the office or employment or being a member of the body on which their appointment relied.
- (c) A Board member no longer being able to demonstrate their capacity to attend and prepare for meetings or to participate in required training.
- (d) A Board member has a conflict of interest which cannot be managed in accordance with the Board's conflict policy.
- (e) A Board member who is an officer of the Administering Authority becomes responsible for the discharge of any function of the Administering Authority under the Regulations.

3.8 The Board may, with the approval of the Scheme Manager, co-opt persons who are not members of the Board to serve on sub committees, particularly where this would add skills and experience.

#### **4) Appointment of Board Members Process**

The process for selecting members of the Pension Board is set out below.

- Communications via different media will be sent to all scheme members (active, deferred and pensioners) and Employers of the fund, informing them of the creation of the board, where to find more information and how to apply for a position.
- A short list will be prepared of those applications meeting the set out criteria
- Interviews of the short list candidates, interviews to be conducted by an interview Panel established by the scheme manager.
- The administering authority shall publish the names of the Local Government Pension Board members on the City of London website [www.yourpension.org.uk/CityofLondon](http://www.yourpension.org.uk/CityofLondon)

#### **5) Appointment of Chairman**

5.1 A Chairman and the Deputy Chairman is to be appointed by the employer and scheme member representatives of the Board from amongst their own number. Either the Chairman or the Deputy must be a Member of the Court of Common Council.

5.2 The Chairman of the Board:

- (a) Shall ensure the Board delivers its purpose as set out in these Terms of Reference,
- (b) Shall ensure that meetings are productive and effective and that opportunity is provided for the views of all members to be expressed and considered, and



- (c) Shall seek to reach consensus and ensure that decisions are properly put to a vote when it cannot be reached. Instances of a failure to reach a consensus position will be recorded and published.

## **6) Quorum**

6.1 The Board shall have a formal quorum of 3, including one Employer Representative and one Member Representative.

6.2 Advisers and officers do not count towards the quorum

## **7) Conflicts of Interest**

7.1 All members of the Board must declare to the Administering Authority on appointment and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Board.

7.2 A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.

7.3 On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the Administering Authority shall ensure that any potential conflict is effectively managed in line with both the internal procedures of the Board's 'Conflicts of Interest' policy and the requirements of the Code.

## **8) Standards of Conduct**

8.1 The role of Pension Board members requires the highest standards of conduct and therefore the "seven principles of public life" will be applied to all Pension Board members and embodied in their code of conduct.

These are –

- Selflessness
- Integrity
- Objectivity
- Accountability
- Openness
- Honesty
- Leadership

## **9) Board Review Process**

9.1 The Board will undertake each year a formal review process to assess how well it is performing with a view to seeking continuous improvement in the Board's performance.



## **10) Advisers to the Board**

10.1 The Board may be supported in its role and responsibilities through the appointment of advisers and shall, subject to any applicable regulation and legislation from time to time in force, consult with such advisers to the Board and on such terms as it shall see fit to help better perform its duties including:

- The Fund's Actuary;
- The Fund's Administrator;
- The Fund's Legal Adviser;
- The Fund's Investment Manager(s);
- The Fund's Investment Adviser(s);
- The Fund's Employer Covenant Adviser;
- The Scheme Manager.
- Other advisers, so approved by the Scheme Manager.
- The Pensions Regulator

10.2 The Board shall ensure that the performances of the advisers so appointed are reviewed on a regular basis.

## **11) Knowledge and Skills**

11.1 Knowledge and understanding must be considered in light of the role of the Board to assist the Administering Authority in line with the requirements outlined in paragraph 2 above.

11.2 A member of the Pension Board must be conversant with –

1 The legislation and associated guidance of the Local Government Pension Scheme (LGPS).

2 Any document recording policy about the administration of the LGPS which is for the time being adopted by the City of London Pension Fund.

11.3 A member of the Pension Board must have knowledge and understanding of –

- The law relating to pensions, and
- Any other matters which are prescribed in regulations.

11.4 It is for individual Pension Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the Pension Board. Training, as appropriate will be provided.

11.5 In line with this requirement Pension Board members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date. Pension Board members are therefore required to maintain a written record of relevant training and development.

11.6 Pension Board members will undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.



11.7 Pension Board members will comply with the Scheme Manager's training policy.

## **12) Board Meetings – Notice and Minutes**

12.1 The Scheme Manager shall give notice to all Pension Board members of every meeting of the Pension Board. The Scheme Manager shall ensure that a formal record of Pension Board proceedings is maintained. Following the approval of the minutes by the Chair of the Board, they shall be circulated to all members.

12.2 There will be a minimum of 2 Pension Board meetings held per year.

12.3 The Chairman of the Board, following consultation with the Deputy Chairman, may call additional meetings but not less than 5 clear working days of that meeting.

## **13) Decision making**

13.1 Each member of the Pension Board will have one vote but it is expected the Pension Board will as far as possible reach a consensus.

## **14) Publication of Pension Board information**

14.1 Information will be posted on the City of London Pension Fund website showing:

- The names and contact details of the Pension Board members
- The representation of scheme members and employers of the Local Government Pension Board
- The role and responsibilities of the Pension Board
- The full terms of reference and policies of the Pension Board and how they operate
- The Pension Board appointment process

14.2 The Board meetings will be open to the general public (unless there is an exemption under relevant legislation which would preclude part (or all) of the meeting from being open to the general public).

14.3 Pension Board papers, agendas and minutes of meetings will be published on the City of London Pension Fund website. These may at the discretion of the Scheme Manager be edited to exclude items on the grounds that they would either involve the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972 or it being confidential for the purposes of Section 100A(2) of that Act and/or they represent data covered by the Data Protection Act 1998.

## **15) Accountability**

15.1 The Pension Board will be collectively and individually accountable to the Scheme Manager.

## **16) Expense Reimbursement**

16.1 The remuneration for board members will be as follows;

- Reasonable travelling expenses for training will be reimbursed up to a maximum of £50



## **17) Budget**

17.1 The Board is to be provided with adequate resources to fulfil its role. In doing so the budget for the Board will be met from the City of London Fund

## **18) Reporting**

18.1 The Board should in the first instance report its requests, recommendations or concerns to the Scheme Manager.

18.2 On receipt of a report under paragraph 18.1 above the Scheme Manager should, within a reasonable period, consider and respond to the Board.

18.3 Where the Board is satisfied that there has been a breach of regulation which has not been rectified within a reasonable period of time it is under an obligation to escalate the breach.

18.4 The appropriate internal route for escalation is to the Section 151 Officer.

18.5 The Board may report concerns to the LGPS Scheme Advisory Board for consideration subsequent to, but not instead of, using the appropriate internal route for escalation.

## **19) Review of Terms of Reference**

19.1 These Terms of Reference shall be reviewed on each material change to those parts of the Regulations covering local pension boards and at least every year.

19.2 These Terms of Reference were adopted on 20 October 2016

## **20) Definitions**

20.1 The undernoted terms shall have the following meaning when used in this document:

*“Pension Board” or “Board”*

Means the Local Government Pension Board for the City of London administering authority for the City of London Pension Fund as required under the Public Service Pensions Act 2013

*“Scheme Manager”*

Means the City of London as administering authority of the City of London Pension Fund.

*“Chairman”*

Means the Chairman of the Pension Board



<i>“LGPS”</i>	The Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 and The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009
<i>“Scheme”</i>	Means the Local Government Pension Scheme as defined under “LGPS”
<i>“Pensions Regulator”</i>	Means the UK regulator of work-based pension schemes.
<i>‘the Fund’</i>	Means the Fund managed and administered by the Administering Authority.

## **21) Interpretation**

21.1 Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be determined by the Scheme Manager.



<b>Committee:</b> Local Government Pensions Board	<b>Date:</b> 17 January 2017
<b>Subject:</b> Training Needs Assessment	<b>Public</b>
<b>Report of:</b> Town Clerk	<b>For Information</b>
<b>Report author:</b> Chris Braithwaite, Town Clerk's Department	

## **Summary**

At the conclusion of the Board's first meeting, it was agreed that documentation to allow Board Members to assess their training needs should be circulated to the Board. Board Members would then review this documentation and complete the training needs assessment by 31 December 2016, to allow a training programme to be developed.

Board Members were provided with copies of the Training Needs Assessment following the meeting. However, Members were advised that they would also be provided with copies of the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Technical Knowledge and Skills Framework for Local Pensions Boards. The Town Clerk failed to provide this to Members in order for the Needs Assessment to be undertaken.

A copy of the relevant slides from the training session undertaken at the last meeting are attached to this report as Appendix 1. CIPFA's Technical Knowledge and Skills Framework for Local Pensions Boards is attached at Appendix 2.

Members are requested to consider this information, along with the information included for consideration during this meeting, and discuss any issues in relation to the training needs of the Board. At the meeting, Members will be provided with copies of the Training Needs Assessment document to complete and return in advance of the Board's next meeting. This will allow training programmes to be developed for Board Members.

## **Recommendation**

That the Board notes the report and discusses any issues in relation to the training needs of the Board.

## **Appendices**

- Appendix 1 – Presentation slides from Barnett Waddingham – Knowledge, Understanding and Training Needs
- Appendix 2 - CIPFA Technical Knowledge and Skills Framework for Local Pensions Boards

## **Contact:**

Chris Braithwaite

Telephone: 020 7332 1427

Email: [Christopher.braithwaite@cityoflondon.gov.uk](mailto:Christopher.braithwaite@cityoflondon.gov.uk)



This page is intentionally left blank





# Knowledge, Understanding & Training Needs





# Knowledge & Understanding Requirements for Pension Board Members

- Applies to each member – not to the Pension Board as a whole
- Applies from appointment
- Conversant with rules of LGPS - current & previous Regulations
- Conversant with documents recording the Fund's administration policy
- Knowledge & understanding of pensions related law & anything else prescribed
- Sufficient level to understand & to challenge
- Knowledge & understanding policy & framework

CIPFA Local Pension Boards  
Technical Knowledge and Skills Framework

CIPFA The Chartered Institute of  
Public Finance & Accountancy

local pension  
boards  
A Technical Knowledge and Skills  
Framework

Barnett  
Waddingham





# CIPFA Local Pension Boards Technical Knowledge & Skills Framework

- Pensions legislation
- Pensions governance
- Pensions administration
- Pensions accounting & auditing standards
- Pensions services procurement & relationship management
- Investment performance & risk management
- Financial markets & products knowledge
- Actuarial methods, standards & practices





# Identifying Training Needs



- Complete the Framework analysis



- Complete the TPR analysis



- Note down any other needs identified



- Submit to Chris Braithwaite



# Training Plan Development

- Analysis of submissions

- Formation of training plan

- Development of Knowledge & Understanding Policy

- Build & maintain knowledge, for example: read documents & policies, explore websites

In the  
meantime!



This page is intentionally left blank



# local pension boards

A Technical Knowledge and Skills  
Framework





**CIPFA**, the Chartered Institute of Public Finance and Accountancy, is the professional body for people in public finance. Our 14,000 members work throughout the public services, in national audit agencies, in major accountancy firms, and in other bodies where public money needs to be effectively and efficiently managed. As the world's only professional accountancy body to specialise in public services, CIPFA's qualifications are the foundation for a career in public finance. We also champion high performance in public services, translating our experience and insight into clear advice and practical services. Globally, CIPFA shows the way in public finance by standing up for sound public financial management and good governance.

**CIPFA** values all feedback it receives on any aspects of its publications and publishing programme. Please send your comments to [publications@cipfa.org](mailto:publications@cipfa.org)

Our range of high quality advisory, information and consultancy services help public bodies – from small councils to large central government departments – to deal with the issues that matter today. And our monthly magazine, *Public Finance*, is the most influential and widely read periodical in the field.

Here is just a taste of what we provide:

- TISonline – online financial management guidance
- Benchmarking
- Advisory services
- Professional networks
- Property and asset management services
- Recruitment services
- Research and statistical information
- Seminars and conferences
- Education and training
- CIPFA Regions – UK-wide events run by CIPFA members

Call or visit our website to find out more about CIPFA, our products and services – and how we can support you and your organisation in these unparalleled times.

**020 7543 5600**

[enquiries@cipfa.org](mailto:enquiries@cipfa.org)

[www.cipfa.org](http://www.cipfa.org)





# local pension boards

A Technical Knowledge and Skills  
Framework



Published by:

**CIPFA \ THE CHARTERED INSTITUTE OF PUBLIC FINANCE AND ACCOUNTANCY**

77 Mansell Street, London E1 8AN

020 7543 5600 \ [publications@cipfa.org](mailto:publications@cipfa.org) \ [www.cipfa.org](http://www.cipfa.org)

© July 2015 CIPFA

Designed and typeset by Ministry of Design, Bath  
([www.ministryofdesign.co.uk](http://www.ministryofdesign.co.uk))

No responsibility for loss occasioned to any person acting or refraining from action as a result of any material in this publication can be accepted by the authors or publisher.

While every care has been taken in the preparation of this publication, it may contain errors for which the publisher and authors cannot be held responsible.

Apart from any fair dealing for the purposes of research or private study, or criticism or review, as permitted under the Copyright, Designs and Patents Act, 1988, this publication may be reproduced, stored or transmitted, in any form or by any means, only with the prior permission in writing of the publishers, or in the case of reprographic reproduction in accordance with the terms of licences issued by the Copyright Licensing Agency Ltd. Enquiries concerning reproduction outside those terms should be sent to the publishers at the above mentioned address.



# Acknowledgements

This framework has been developed by Nigel Keogh (CIPFA Pensions Technical Manager) with guidance, direction and support from the CIPFA Pensions Panel.

The current members of the Pensions Panel are:

Bob Summers (Chairman) – Independent Consultant

Paul Dale – London Borough of Merton

Geoff Dobson – Suffolk County Council

Geik Drever – West Midlands Pension Fund

Jeff Houston – Local Government Employers Pensions Committee

John Hattersley – South Yorkshire Pensions Authority

Nicola Mark – Norfolk Pension Fund

Susan Martin – London Pensions Fund Authority

Paul Mayers – National Audit Office

Richard McIndoe – Glasgow Council

Chris Megainey – Department for Communities and Local Government

Graeme Russell (Vice Chairman) – Torfaen Borough Council

Trevor Salmon – Northern Ireland Local Government Officers' Superannuation Committee

Mark Taylor – Audit Scotland

Chris West – Coventry City Council

John Wright – Hymans Robertson

The Panel would like to thank Annemarie Allen at Barnett Waddingham for her contributions to the guidance.

The Panel would also like to acknowledge the role of the publication's sponsor, Barnett Waddingham, in helping to ensure that this key piece of guidance is available across the Local Government Pension Scheme.







# Contents

<b>ACKNOWLEDGEMENTS.....</b>	<b>iii</b>
<b>1. PURPOSE, SCOPE AND STATUS OF THIS GUIDANCE .....</b>	<b>1</b>
PURPOSE.....	1
SCOPE.....	2
STATUS.....	3
<b>2. POLICY AND LEGISLATIVE BACKGROUND.....</b>	<b>5</b>
<b>3. KEY SKILLS.....</b>	<b>7</b>
SCOPE OF THE FRAMEWORK.....	7
PENSIONS LEGISLATION .....	7
PUBLIC SECTOR PENSIONS GOVERNANCE .....	8
PENSIONS ADMINISTRATION.....	8
PENSIONS ACCOUNTING AND AUDITING STANDARDS.....	8
PENSIONS SERVICES PROCUREMENT AND RELATIONSHIP MANAGEMENT.....	9
INVESTMENT PERFORMANCE AND RISK MANAGEMENT .....	9
FINANCIAL MARKETS AND PRODUCT KNOWLEDGE.....	9
ACTUARIAL METHODS, STANDARDS AND PRACTICES.....	9
THE KNOWLEDGE AND SKILLS FRAMEWORK.....	10
<b>4. LOCAL PENSION BOARDS: A TECHNICAL KNOWLEDGE AND SKILLS FRAMEWORK .....</b>	<b>11</b>
<b>5. FRAMEWORK STATUS, REPORTING AND COMPLIANCE.....</b>	<b>15</b>
DEVELOPMENT AND MAINTENANCE .....	15
REPORTING AND COMPLIANCE.....	15
<b>6. ACHIEVING FRAMEWORK STANDARDS – TRAINING AND SUPPORT .....</b>	<b>17</b>
<b>7. FURTHER READING AND SOURCES OF GUIDANCE .....</b>	<b>19</b>
FROM CIPFA.....	19
OTHER SOURCES .....	20
OTHER TRAINING AND SUPPORT .....	20
<b>ANNEX A – KNOWLEDGE AND SKILLS RESPONSIBILITIES UNDER THE PENSIONS REGULATOR CODE OF PRACTICE NO 14 .....</b>	<b>21</b>
<b>ANNEX B – SUGGESTED JOB DESCRIPTION AND ROLE PROFILE FOR THE CHAIR OF A PENSIONS BOARD .....</b>	<b>25</b>
<b>ANNEX C – LGPS GOVERNANCE REGULATIONS 2014.....</b>	<b>27</b>
<b>ANNEX D – EXAMPLE OF COMPETENCY SELF-ASSESSMENT MATRIX.....</b>	<b>31</b>







# 1. Purpose, Scope and Status of this Guidance

## PURPOSE

---

- 1.1 A great deal of work has been done in recent years to address the provision of training to those who are involved in the administration of public service pension schemes. However in the absence of any detailed definition of what knowledge and skills are actually required to carry out a particular role, it is difficult to ascertain whether training is truly effective.
- 1.2 In an attempt to ensure that training can be delivered efficiently and effectively by identifying and focusing on the key knowledge areas, in recent years CIPFA has developed, with the assistance of expert practitioners, frameworks covering the knowledge and skills requirements for officers and elected members/non-executives involved in the administration of public service pension schemes.
- 1.3 The proposals in this publication are intended to further promote good governance in public service pension schemes' pension boards by extending these frameworks to cover the training and development of their board members. The objective is to improve knowledge and skills in all the relevant areas of activity of a pension board and assist board members in achieving the degree of knowledge appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the pension board as required under Section 248a of the *Pensions Act 2004*<sup>1</sup>, as amended by the *Public Service Pensions Act 2013*.

---

1. Section 248a of the *Pensions Act 2004* sets out the following:

***Requirement for knowledge and understanding: pension boards of public service pension schemes***

- (1) *This section applies to every individual who is a member of the pension board of a public service pension scheme.*
- (2) *An individual to whom this section applies must be conversant with—*
  - (a) *the rules of the scheme, and*
  - (b) *any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.*
- (3) *An individual to whom this section applies must have knowledge and understanding of—*
  - (a) *the law relating to pensions, and*
  - (b) *such other matters as may be prescribed.*
- (4) *The degree of knowledge and understanding required by subsection (3) is that appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the pension board.*



- 1.4 This guidance is intended to complement the Pensions Regulator's *Code of Practice No 14: Governance and Administration of Public Service Pension Schemes* (2015)<sup>2</sup>. The *Code of Practice No 14* sets out the fact that the law requires, amongst other things, that local pension board members be conversant with the rules of the scheme and documents relating to its administration. Additionally, in the context of the Local Government Pension Scheme (LGPS) in particular, this will bring board members into contact with matters relating to investments, actuarial valuations, third party provision, scheme assurance, accounting and auditing<sup>3</sup>. This guidance therefore focusses on those areas by expanding on the specifics of the knowledge and skills requirements associated with public service pension schemes in general and the LGPS in particular, and assisting both scheme managers and pension board members in discharging their responsibilities as set out in the Pensions Regulator's *Code of Practice No 14* insofar as they apply to knowledge and skills (a summary of the respective responsibilities of board members and the scheme manager can be found at Annex A).

---

## SCOPE

- 1.5 The guidance is set in the context of LGPS pension boards in England and Wales but pension boards in other sectors and jurisdictions may find the frameworks of use in determining their own training programmes for pension board members.

---

2. [www.thepensionsregulator.gov.uk/docs/code-14-public-service.pdf](http://www.thepensionsregulator.gov.uk/docs/code-14-public-service.pdf)

3. The Pensions Regulator's *Code of Practice 14: Governance and Administration of Public Service Pension Schemes* states in paragraphs 42 to 44:

*'For pension board members of funded pension schemes, documents which record policy about the administration of the scheme will include those relating to funding and investment matters. For example, where relevant they must be conversant with the statement of investment principles and the funding strategy statement.*

*Pension board members must also be conversant with any other documented policies relating to the administration of the scheme. For example, where applicable, they must be conversant with policies relating to:*

- *the contribution rate or amount (or the range/variability where there is no one single rate or amount) payable by employers participating in the scheme*
- *statements of assurance (for example, assurance reports from administrators)*
- *third party contracts and service level agreements*
- *stewardship reports from outsourced service providers (for example, those performing outsourced activities such as scheme administration), including about compliance issues*
- *scheme annual reports and accounts*
- *accounting requirements relevant to the scheme*
- *audit reports, including from outsourced service providers, and*
- *other scheme-specific governance documents*



- 1.6 The framework is intended to have two primary uses:
- as a tool for scheme managers in meeting the Pensions Regulator's *Code of Practice No 14* which states that scheme managers should '*establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support their pension board members*'
  - as an assessment tool for individuals to measure their progress and plan their development in order to ensure that they have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of a pension board.
- 1.7 The framework is intended to apply to all pension board members. However, it has been designed so that organisations and individuals can tailor it to their own particular circumstances.
- 1.8 In addition, in recognition of the more onerous roles of chairs, the framework also includes a specimen role specification for the chair of a pension board (see the example at Annex B).

## STATUS

---

- 1.9 In 2013, CIPFA issued a *Code of Practice on Public Sector Pensions Finance Knowledge and Skills*.
- 1.10 The *Code of Practice on Public Sector Pensions Finance Knowledge and Skills* is underpinned by five key principles:
1. Organisations responsible for the financial administration of public sector pension schemes recognise that effective financial management, decision-making, governance and other aspects of the financial administration of public sector pension schemes can only be achieved where those involved have the requisite knowledge and skills.
  2. Organisations have the necessary resources in place to acquire and retain the necessary public sector pension scheme finance knowledge and skills.
  3. Organisations have in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective acquisition and retention of public sector pension scheme finance knowledge and skills for those in the organisation responsible for financial administration, scheme governance and decision-making.
  4. The associated policies and practices are guided by reference to a comprehensive framework of knowledge and skills requirements such as that set down in the *CIPFA Pensions Finance Knowledge and Skills Frameworks*.
  5. The organisation has designated a named individual<sup>4</sup> to be responsible for ensuring that policies are implemented.
- 1.11 In setting out the *Code of Practice on Public Sector Pensions Finance Knowledge and Skills*, the Institute stated that '*this Code of Practice applies to all individuals that take on a*

---

4. The officer in question should be the senior officer responsible for the financial administration of the pension scheme. In the case of the LGPS, this would usually be the chief financial officer; in the NHS, for example, it would be the accounting officer.



*decision-making, scrutiny or oversight role. This includes (where relevant to the governance structures employed in the management of the LGPS):*

- *officers of the administering authority*
- *elected members of the administering authority*
- *employer representatives*
- *member-nominated representatives*
- *pensioner representatives*
- *co-opted members*
- *independent advisors*
- *internal auditors and audit committee members*
- *any other individuals involved in a decision-making, scrutiny or oversight role.*

*The requirements will also apply to the members of local pension boards as set out in section 5 of the Public Service Pensions Bill, as and when such boards are established.'*

- 1.12** It is therefore the professional responsibility of the named individual referred to under principle 5 above to establish and maintain policies and arrangements for acquiring and retaining knowledge and skills to support their pension board members. This professional requirement is in line with the Pensions Regulator's *Code of Practice No 14* as set out in paragraph 38 of that Code<sup>5</sup>.
- 1.13** This guidance is offered as good practice in line with the previous *CIPFA Pensions Finance Knowledge and Skills Frameworks*, and is intended to assist practitioners in meeting their responsibilities under CIPFA's *Code of Practice on Public Sector Pensions Finance Knowledge and Skills* (2013), particularly principle 4.

---

5. Paragraph 38 of the Pensions Regulator's *Code of Practice No 14* states:  
*'Schemes should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support their pension board members. Schemes should designate a person to take responsibility for ensuring that this knowledge is developed and implemented.'*



## 2. Policy and Legislative Background

- 2.1 On 1 April 2015, the governance structure of the LGPS fundamentally changed as a result of new governance requirements introduced by *The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015*.
- 2.2 These changes have their origins in the final recommendations of the Independent Public Service Pensions Commission (IPSPC) chaired by Lord Hutton of Furness. In June 2010 the IPSPC was formed to undertake a fundamental structural review of public service pension provision and to make recommendations to the chancellor and chief secretary on future pension arrangements. The IPSPC produced an interim report in October 2010 and a final report in March 2011<sup>6</sup>.
- 2.3 In the final report, the Commission concluded that (page 126):
- ‘scheme members in all the public services should be able to nominate persons to pension boards and committees along similar lines to the rights of members in the private sector to nominate persons to sit on boards of trustees. Pension boards should therefore include independent professionals and scheme members in similar proportions as apply in the private sector to boards of trustees. It is also very important that as well as the “lay persons” there are also independent members, usually professionally trained and with experience of the pensions environment.’*
- 2.4 The Commission went on to make the following recommendation:
- ‘Every public service pension scheme (and individual LGPS fund) should have a properly constituted, trained and competent pension board, with member nominees, responsible for meeting good standards of governance, including effective and efficient administration (recommendation 17a).’*
- 2.5 The Commission’s recommendation was taken forward in the drafting of the *Public Service Pensions Bill* (subsequently the *Public Service Pensions Act 2013*).
- 2.6 Under Regulation 5 of the *Public Service Pensions Act 2013*, the responsible authority<sup>7</sup> for each public service pension scheme established under the 2013 Act is required to make

---

6. [www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/207720/hutton\\_final\\_100311.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/207720/hutton_final_100311.pdf)

7. The “responsible authority” for each public service pension scheme is defined in Regulation 2 of the *Public Service Pensions Act 2013* as ‘the person who may make scheme regulations.’ For local government in England and Wales, this is set out in Schedule 2 of the Act as the secretary of state (DCLG).



provision in scheme regulations that requires each pension scheme manager<sup>8</sup> to establish a pension board to assist the scheme manager in relation to the following:

- ‘(a) securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme and any statutory pension scheme that is connected with it;*
- (b) securing compliance with requirements imposed in relation to the scheme and any connected scheme by the Pensions Regulator;*
- (c) such other matters as the scheme regulations may specify.’*

**2.7** Regulation 5 further directs that the scheme manager must include within its own scheme regulations provisions that require the scheme manager:

- ‘(i) to be satisfied that a person to be appointed as a member of the board does not have a conflict of interest, and*
- (ii) to be satisfied from time to time that none of the members of the board has a conflict of interest;*
- (iii) ensure that a member of the board, or a person proposed to be appointed as a member of the board, be able to provide the scheme manager with such information as the scheme manager reasonably requires for the purposes of provision under the above;*
- (iv) ensure that the board include employer representatives and scheme member representatives in equal numbers.’*

**2.8** As required under Regulation 5, the Department for Communities and Local Government (DCLG) laid an amendment to the *Local Government Pension Scheme Regulations 2013* on 28 January 2015, setting out the arrangements for establishing pension boards in the LGPS<sup>9</sup>. The relevant Regulations (Regulations 105 to 109 of the *Local Government Pension Scheme Regulations 2013* (as amended)) are reproduced in full at Annex C for ease of reference.

**2.9** A working group of the Shadow LGPS Scheme Advisory Board Governance and Standards Subcommittee has produced detailed guidance to scheme managers (administering authorities) to assist them in establishing local pension boards. This guidance can be found at [www.lgpsboard.org/index.php/about-the-board/board-guidance](http://www.lgpsboard.org/index.php/about-the-board/board-guidance)

---

8. Regulation 4 of the *Public Service Pensions Act 2013* requires that public service pension schemes established under this Act (such as the LGPS from 1 April 2014) set out in scheme regulations who will be responsible for managing or administering the scheme. In the case of the LGPS, Regulation 53 of the *Local Government Pension Scheme Regulations 2013* sets out that each administering authority is designated the “scheme manager” for their fund.

9. *The Local Government Pension Scheme (Amendment) (Guidance) Regulations 2015.*



## 3. Key Skills

- 3.1 The CIPFA Pensions Panel, with input from technical specialists covering each element of the skills matrix, has identified the key skills that lie at the core of successful public sector pension scheme administration.

### SCOPE OF THE FRAMEWORK

---

- 3.2 Due to the complexity of pensions administration, these skill sets extend across several disciplines from accountancy and audit into areas of investment and actuarial finance, as well as knowledge of the legislative and governance environment. In total there are eight areas of knowledge and skills that have been identified as the core technical requirements for those working in public sector pensions finance. They are:

- pensions legislation
- public sector pensions governance
- pensions administration
- pensions accounting and auditing standards
- financial services procurement and relationship management
- investment performance and risk management
- financial markets and product knowledge
- actuarial methods, standards and practices.

These are expanded upon below.

- 3.3 The Institute recognises that there will of course be other technical (non-pensions related) and “softer” skills required in order to be competent in the role of a pension board member and Regulation 107 of the *Local Government Pension Scheme Regulations 2013* (as amended) makes specific reference to board appointees having the “capacity” to undertake the role. Whilst the Regulations do not define “capacity” in this context, the guidance referred to at paragraph 2.9 takes this to mean that board members should have ‘*time to commit to attend meetings, undertake training and effectively represent employers and (scheme) members (as appropriate)*.’ The “soft” skills implied here are considered to be outside the scope of this framework but should also be considered when determining the ability of pension board members to effectively discharge their duties.

### PENSIONS LEGISLATION

---

- 3.4 The pensions landscape is characterised by a complex legislative framework. In addition to the legislation of individual schemes, there are industry-wide statutes that apply in whole or in part to public sector schemes, including the way in which schemes interact with state pensions, the tax system, the Pensions Regulator etc.



- 3.5** A knowledge of this framework and the way in which it impacts upon the operations of individual schemes is key to understanding the context within which public sector pension schemes operate and the statutory obligations they are required to discharge.

## PUBLIC SECTOR PENSIONS GOVERNANCE

---

- 3.6** On 1 April 2015, the governance structure that surrounds public sector pension schemes changed significantly. The *Public Service Pensions Act 2013* has introduced new bodies and relationships into what, in the LGPS in particular, was an already complex governance network.
- 3.7** Understanding how the pension board interacts with the other elements of this governance structure – the administering authority, the Scheme Advisory Board, the responsible authority (eg DCLG), the Pensions Regulator etc – and the various roles and responsibilities of those bodies is critical to the success of the board.
- 3.8** Also of key importance is a knowledge of the governance frameworks that apply within the wider pensions industry (such as the Myners principles and the *UK Stewardship Code* (FRC, 2010)); within individual schemes (such as the LGPS governance statement requirements); and within the organisations that administer the schemes (for example *Delivering Good Governance in Local Government: Framework* (CIPFA, 2007)).

## PENSIONS ADMINISTRATION

---

- 3.9** Pensions administration is perhaps the most highly regulated area of the LGPS. Administering scheme benefits, contributions and other transactions is highly complex and is governed by extensive scheme regulations, as well as industry-wide requirements on disclosure, record-keeping, data maintenance, dispute resolution etc.
- 3.10** Understanding these requirements and assisting the administering authority to ensure compliance with the various regulations, standards and codes is a key role of the pensions board, which makes pensions administration a key strand of the knowledge and skills framework.

## PENSIONS ACCOUNTING AND AUDITING STANDARDS

---

- 3.11** The way in which pension schemes are accounted for, both as a scheme and by the sponsoring employer(s), plays a significant part in the knowledge and skills framework. The accounting requirements and associated disclosures are complex and involve a large actuarial element. Consequently this demands an understanding of the regime in order to comply with the requirements and to communicate the requirements and their implications both internally and externally.
- 3.12** In addition, both internal and external auditors play a significant role in assuring that the administering authority complies with statutory requirements. Understanding the scope of their role, and the roles played by providers of third party assurance on outsourced services, is key for local pension board members.



## PENSIONS SERVICES PROCUREMENT AND RELATIONSHIP MANAGEMENT

---

- 3.13** Such are the scale, diversity and technical requirements of pensions operations, the use of outsourcing is commonplace. Whether it is the use of actuaries, fund managers, pensioner payroll providers or third party administrators, the skills and knowledge required to procure and manage outsourced services are central to scheme management in the public sector.
- 3.14** In some instances organisations will have specialist procurement units who will play a large part in the procurement process. In such cases many of the requirements of the framework may be met by virtue of the pension board member having access to external technical expertise. In these circumstances, users of the framework should adapt the level of detail in this skill set accordingly.

## INVESTMENT PERFORMANCE AND RISK MANAGEMENT

---

- 3.15** In the LGPS and other schemes where contributions are invested and managed to meet future liabilities, understanding investment risk and performance constitutes a major element of the role of pension board members.
- 3.16** Administering authorities are aware of the requirement to apply the same rigour to an assessment of their own performance and the performance of those who work on their behalf. Frameworks and targets must be devised and set, and performance monitored against them and reported to stakeholders. Pension board members should be equipped with a sufficient level of knowledge to enable them to assist the administering authority in ensuring that this is done effectively.

## FINANCIAL MARKETS AND PRODUCT KNOWLEDGE

---

- 3.17** In schemes with invested funds, an understanding of financial markets and products is fundamental. The depth of knowledge will depend to some degree upon the particular approach to investment management undertaken by the fund (the investment activities of LGPS funds for example can be split into two groups: those funds that use external managers to manage all of their investment portfolio; and those that undertake some or all of their investment activities using in-house investment managers).

## ACTUARIAL METHODS, STANDARDS AND PRACTICES

---

- 3.18** The scheme actuary holds a key position in the financial management of a pension scheme. Pension board members will need to understand, in some level of detail, the work of the actuary and the way in which actuarial information is produced and the impact it has on both the finances of the scheme and employers.



## THE KNOWLEDGE AND SKILLS FRAMEWORK

---

- 3.19** In the framework which follows, we have identified the key elements of expertise within each of the above areas of technical knowledge as they apply to pension board members. In addition, Annex D provides an example of how the framework can be used as an assessment tool for individuals.



# 4. Local Pension Boards: A Technical Knowledge and Skills Framework

---

## **Pensions legislation**

A general understanding of the pensions legislative framework in the UK.

An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration and investment.

An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers.

A regularly updated appreciation of the latest changes to the scheme rules.

---

## **Pensions governance**

Knowledge of the role of the administering authority in relation to the LGPS.

An understanding of how the roles and powers of the DCLG, the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.

Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure.

Broad understanding of the role of pension fund committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers.

Awareness of the role and statutory responsibilities of the treasurer and monitoring officer.

Knowledge of the Myners principles and associated CIPFA and SOLACE guidance.

A detailed knowledge of the duties and responsibilities of pension board members.

Knowledge of the stakeholders of the pension fund and the nature of their interests.

Knowledge of consultation, communication and involvement options relevant to the stakeholders.

Knowledge of how pension fund management risk is monitored and managed.

Understanding of how conflicts of interest are identified and managed.

Understanding of how breaches in law are reported.

---



<b>Pensions administration</b>	<p>An understanding of best practice in pensions administration, eg performance and cost measures.</p> <p>Understanding of the required and adopted scheme policies and procedures relating to:</p> <ul style="list-style-type: none"><li>■ member data maintenance and record-keeping processes</li><li>■ internal dispute resolution</li><li>■ contributions collection</li><li>■ scheme communications and materials.</li></ul> <p>Knowledge of how discretionary powers operate.</p> <p>Knowledge of the pensions administration strategy and delivery (including, where applicable, the use of third party suppliers, their selection, performance management and assurance processes).</p> <p>An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration.</p> <p>An understanding of what additional voluntary contribution arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.</p>
<b>Pensions accounting and auditing standards</b>	<p>Understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice.</p> <p>Understanding of the role of both internal and external audit in the governance and assurance process.</p> <p>An understanding of the role played by third party assurance providers.</p>
<b>Pensions services procurement and relationship management</b>	<p>Understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision makers and organisations.</p> <p>A general understanding of the main public procurement requirements of UK and EU legislation.</p> <p>Understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties.</p> <p>An understanding of how the pension fund monitors and manages the performance of their outsourced providers.</p>
<b>Investment performance and risk management</b>	<p>Understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.</p> <p>Awareness of the Myners principles of performance management and the approach adopted by the administering authority.</p> <p>Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.</p>



<b>Financial markets and products knowledge</b>	<p>Understanding of the risk and return characteristics of the main asset classes (equities, bonds, property).</p> <p>Understanding of the role of these asset classes in long-term pension fund investing.</p> <p>Understanding of the primary importance of the investment strategy decision.</p> <p>A broad understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks.</p> <p>An understanding of the limits placed by regulation on the investment activities of local government pension funds.</p> <p>An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments.</p>
<b>Actuarial methods, standards and practices</b>	<p>A general understanding of the role of the fund actuary.</p> <p>Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and inter-valuation monitoring.</p> <p>Awareness of the importance of monitoring early and ill health retirement strain costs.</p> <p>A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers.</p> <p>A general understanding of the relevant considerations in relation to outsourcings and bulk transfers.</p> <p>A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers.</p>

---







# 5. Framework Status, Reporting and Compliance

## DEVELOPMENT AND MAINTENANCE

---

- 5.1 This framework has been developed by the CIPFA Pensions Panel with input from technical specialists covering each element of the skills matrix.
- 5.2 As noted in chapter 1, it is the professional responsibility of the section 151 officer (or other named officer as appropriate) to establish and maintain policies and arrangements for acquiring and retaining knowledge and skills to support their pension board members. This professional requirement is in line with the requirement set out in paragraph 38 of the Pensions Regulator's *Code of Practice No 14*. This framework is set down as good practice, in line with the previous CIPFA *Pensions Finance Knowledge and Skills Frameworks*, and is intended to assist practitioners in meeting their responsibilities under the CIPFA *Code of Practice on Public Sector Pensions Finance Knowledge and Skills* (2013), particularly principle 4.
- 5.3 The Pensions Panel is committed to maintaining and developing the framework as knowledge and skills requirements change over time. Any changes to the framework will go through the same process of expert review and user testing.

## REPORTING AND COMPLIANCE

---

- 5.4 Statement 5 of the “statements to be adopted” in the CIPFA *Code of Practice on Public Sector Pensions Finance Knowledge and Skills* requires funds to report annually in their pension scheme annual reports on:
  - how the knowledge and skills framework has been applied
  - what assessment of training needs has been undertaken
  - what training has been delivered against the identified training needs.



- 5.5 CIPFA recognises that in some cases members could be appointed to pension boards with little or no prior pensions knowledge. The chief officers and the chair should bear in mind the legal requirements as set out in the Pensions Regulator's *Code of Practice No 14*<sup>10</sup> and have in place a plan that includes pre-induction training, leading into a fuller induction programme. These factors should be reflected in the training needs assessment and the delivery of training statement in the annual report.
- 5.6 Again, the CIPFA *Code of Practice on Public Sector Pensions Finance Knowledge and Skills* requirements are aligned with the guidance of the Pensions Regulator, whose *Code of Practice No 14* says this on the subject of demonstrating knowledge and understanding:
- 'Schemes should keep appropriate records of the learning activities of individual pension board members and the board as a whole. This will help pension board members to demonstrate steps they have taken to comply with legal requirements and how they have mitigated risks associated with knowledge gaps. A good external learning programme will maintain records of the learning activities of individuals on the programme or of group activities, if these have taken place.'*
- 5.7 The Pension Regulator's policy and approach to compliance is set out in its *Compliance and Enforcement Policy for Public Service Pension Schemes* (2015)<sup>11</sup>.
- Practitioners should familiarise themselves with this policy statement.

---

10. Paragraphs 34 to 36 of the Pensions Regulator's Code of Practice 14 state that:

*'A member of the pension board of a public service pension scheme must be conversant with:*

- *the rules of the scheme, and*
- *any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.*

*A member of a pension board must have knowledge and understanding of:*

- *the law relating to pensions, and*
- *any other matters which are prescribed in regulations.*

*The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the pension board.'*

11. [www.thepensionsregulator.gov.uk/docs/compliancepolicypublic-service-pension.pdf](http://www.thepensionsregulator.gov.uk/docs/compliancepolicypublic-service-pension.pdf)



# 6. Achieving Framework Standards – Training and Support

- 6.1** To achieve the standards set down in the framework, organisations should as a first step consider undertaking a training needs assessment against the framework standards and developing appropriate training programmes.
- 6.2** The varied nature of training and the need to demonstrate continuous improvement in governance, places a high level of priority on forward planning through a business plan and a related training and development plan.
- 6.3** CIPFA working with Barnett Waddingham offer bespoke assessment, training, support and monitoring programmes for local pension boards and their members which are built around the requirements of this framework. This includes the following elements which can be taken as a whole or in part:
- **Assessment and planning**
    - Individual local pension board member knowledge, understanding and skills assessment.
    - Training plan/programme development.
  - **Training**
    - Pre-appointment and induction training.
    - Initial area specific training such as: pensions legislation and guidance; policies, procedures and working arrangements; overriding legislation and interacting statutory organisations; and investments and funding.
    - Ongoing and subject specific training such as regulatory changes and triennial valuations.
    - Annual refresher training and updates.
    - Member requested training.
    - Bespoke and open courses aimed at retention of knowledge and development of best practice.
  - **Support and mentoring**
    - Ongoing local pension board member mentoring, coaching and support.
    - BWebstream document access and storage system.
    - Training and support materials.
  - **Monitoring and reporting**
    - Ongoing individual local pension board member assessment.



- Monitoring local pension board member training and development, attendance and progress, maintaining records and reporting.

6.4 Please contact Annemarie Allen at Barnett Waddingham on 020 7776 3873 or via [annemarie.allen@barnett-waddingham.co.uk](mailto:annemarie.allen@barnett-waddingham.co.uk) or Nigel Keogh at CIPFA on 01204 592311 or via [nigel.keogh@cipfa.org](mailto:nigel.keogh@cipfa.org) to discuss your requirements in the first instance.



# 7. Further Reading and Sources of Guidance

## FROM CIPFA

---

*Preparing the Annual Report: Guidance for Local Government Pension Scheme Funds* (2014)

*The Role of the Chief Financial Officer in the Local Government Pension Scheme* (2014)

*Code of Practice on Public Sector Pensions Finance Knowledge and Skills* (2013)

*Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom* (2012)

*Preparing and Maintaining a Funding Strategy Statement in the Local Government Pension Scheme* (2012)

*Managing Risk in the Local Government Pension Scheme* (2012)

*Principles for Investment Decision Making and Disclosure in the Local Government Pension Scheme in the United Kingdom 2012* (2012)

*Buying Time: A CIPFA Pensions Panel Guide to Procuring Efficiency in Public Sector Pensions Administration* (2011)

*CIPFA Pensions Panel Guide to Stock Lending by Local Authority Pension Funds* (2011)

*CIPFA Pensions Panel Guide to Pension Fund Taxation in the United Kingdom* (2011)

*Narrative Reporting in Public Sector Pension Schemes* (2010)

*Delivering Good Governance in Local Government Pension Funds: A Guide to the Application of the CIPFA/SOLACE Code of Corporate Governance in Local Authorities to their Management of LGPS Funds* (2009)

*Guidance for Chief Finance Officers Administering LGPS Actuarial Valuations* (2008)

*CIPFA Pensions Panel: Weighing Up Risk Against Reward: An Introductory Guide to Asset-Liability Studies for Local Government Pension Funds* (2007)

*CIPFA Pensions Panel: Freedom of Information Act – Dealing with Requests for Information Relating to Local Authority Pension Funds* (2006)

## OTHER SOURCES

---

*Code of Practice No. 14: Governance and Administration of Public Service Pension Schemes* (The Pensions Regulator, 2015)

*Compliance and Enforcement Policy for Public Service Pension Schemes* (The Pensions Regulator, 2015)



The Pensions Regulator also publishes a range of other helpful materials at [www.thepensionsregulator.gov.uk/public-service-schemes.aspx](http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx)

*Local Government Pension Scheme (LGPS) – Guidance on the Creation and Operation of Local Pension Boards in England and Wales* (Shadow Scheme Advisory Board, 2015)

## OTHER TRAINING AND SUPPORT

---

The [CIPFA Pensions Network](#) provides a range of seminars built around the themes in the *Pensions Finance Knowledge and Skills Frameworks*.

The Pensions Regulator also has an online “Public Service toolkit” available at [www.thepensionsregulator.gov.uk/public-service-schemes.aspx](http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx)



# Annex A – Knowledge and Skills Responsibilities under the Pensions Regulator Code of Practice No 14

Where do knowledge and understanding responsibilities rest under the Code of Practice No 14?		Nature of requirement
Pension board member	Scheme manager	
<b>Legal requirements</b>		
Must be conversant with:		Statutory
<ul style="list-style-type: none"> <li>the rules of the scheme</li> <li>any document recording policy about the administration of the scheme which is for the time being adopted in relation to the scheme.</li> </ul>		
Must have knowledge and understanding of:		Statutory
<ul style="list-style-type: none"> <li>the law relating to pensions</li> <li>any other matters which are prescribed in regulations.</li> </ul>		
Should ensure that the degree of knowledge and understanding they possess is that appropriate for the purposes of enabling them to properly exercise the functions of a member of the pension board.		Statutory
<b>Practical guidance</b>		
	Should help pension board members meet their legal obligations.	Code of Practice (paragraph 37)
	Should establish and maintain policies and arrangements for acquiring and retaining knowledge and understanding to support their pension board members.	Code of Practice (paragraph 38)



Where do knowledge and understanding responsibilities rest under the Code of Practice No 14?		Nature of requirement
Pension board member	Scheme manager	
	Should designate a person to take responsibility for ensuring that a framework for acquiring and retaining knowledge and skills is developed and implemented.	Code of Practice (paragraph 38)
<b>Areas of knowledge and understanding required</b>		
	Should prepare and keep an updated list of the documents with which they consider pension board members need to be conversant. This will enable them to effectively carry out their role. They should make sure that both the list and the documents are available in accessible formats.	Code of Practice (paragraph 46)
<b>Degree of knowledge and understanding required</b>		
	Clear guidance on the roles, responsibilities and duties of pension boards and the members of those boards should be set out in scheme documentation.	Code of practice (paragraph 47)
	Should assist individual pension board members to determine the degree of knowledge and understanding that is sufficient for them to effectively carry out their role, responsibilities and duties as a pension board member.	Code of Practice (paragraph 48)
<b>Acquiring, reviewing and updating knowledge and understanding</b>		
Should invest sufficient time in their learning and development alongside their other responsibilities and duties.	Should provide pension board members with the relevant training and support that they require.	Code of Practice (paragraph 55)
Newly appointed pension board members should be aware that their responsibilities and duties as a pension board member begin from the date they take up their post.	Should offer pre-appointment training or arrange for mentoring by existing pension board members	Code of Practice (paragraph 56)



Where do knowledge and understanding responsibilities rest under the Code of Practice No 14?		Nature of requirement
Pension board member	Scheme manager	
Should undertake a personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses.		Code of Practice (paragraph 57)
Should use a personalised training plan to document training needs.		Code of Practice (paragraph 57)
Pension board members who take on new responsibilities will need to ensure that they gain appropriate knowledge and understanding relevant to carrying out those new responsibilities.		Code of Practice (paragraph 58)
	Learning programmes should: <ul style="list-style-type: none"> <li>■ cover the type and degree of knowledge and understanding required</li> <li>■ reflect the legal requirements</li> <li>■ be delivered within an appropriate timescale.</li> </ul>	Code of Practice (paragraph 58)
<b>Demonstrating knowledge and understanding</b>		
	Should keep appropriate records of the learning activities of individual pension board members and the board as a whole.	Code of Practice (paragraph 59)







# Annex B – Suggested Job Description and Role Profile for the Chair of a Pensions Board

## PURPOSE OF ROLE

---

To lead the pensions board in assisting the scheme manager in complying with legislation relating to the governance and administration of the scheme and any requirements imposed by the Pensions Regulator in relation to the scheme; and to ensure the effective and efficient governance and administration of the scheme.

## PRINCIPAL RESPONSIBILITIES

---

- Ensure the board delivers its purpose as set out in the board's terms of reference.
- Prepare for and attend the local pension board meetings, agree the meeting agendas and approve the minutes.
- Scrutinise local pension board papers, lead discussions and provide advice and guidance to the board.
- Ensure that meetings are productive and effective and that opportunity is provided for the views of all board members to be expressed and considered.
- Seek to reach consensus and ensure decisions are properly put to a vote.
- Liaise with the scheme manager on the requirements of the board, including training requirements, budgeting and meeting dates, and lead on resolving member performance issues.
- Write reports required by the scheme manager on the performance of the board and related matters.
- Act as the principal point of contact with the Pensions Regulator, the Scheme Advisory Board and the responsible authority (eg DCLG) in all matters related to the operation of the board.



## PERSON SPECIFICATION

Requirement	Essential	Desirable
1. Educational		<p>Appropriate financial experience and training.</p> <p>Knowledge of pension funds and schemes.</p> <p>Demonstrable evidence of knowledge kept up-to-date.</p>
2. Work experience	<p>Chairing meetings, achieving effective outcomes.</p> <p>Experience of risk and performance frameworks.</p>	<p>Previously chaired a board or similar.</p>
3. Abilities, intelligence and special aptitudes	<p>Chairing skills.</p> <p>Influencing and consensus building.</p> <p>Listening skills.</p> <p>Able to assimilate complex information.</p>	<p>Mathematical/statistical literacy.</p> <p>Knowledge of public sector and local government finance.</p>
4. Adjustment and social skills	<p>Able to establish good working relationships with board members, councillors, officers and advisors.</p> <p>Able to direct discussions in politically sensitive environments.</p> <p>Able to command respect and demonstrate strong leadership.</p> <p>Able to achieve consensus when conflicting views arise.</p> <p>Able to challenge in a constructive manner.</p> <p>Assertive in pursuing the correct course of action.</p> <p>Able to work effectively with colleagues who may have different levels of experience and understanding.</p>	<p>Diplomacy and tact.</p>
5. Motivation	<p>Enthusiastic, not easily deterred and able to convey enthusiasm to others.</p> <p>Committed to the objectives of the pension scheme and fund(s).</p>	
6. Equal opportunities	<p>Understanding of and commitment to promoting equality of opportunity with an understanding of the pension context.</p>	



# Annex C – LGPS Governance Regulations 2014

## **PART 3**

### **Governance**

#### **Delegation**

- 105.**—(1) *The Secretary of State may delegate any function under these Regulations.*
- (2) *An administering authority may delegate any function under these Regulations including this power to delegate.*

#### **Local pension boards: establishment**

**106.**—(1) *Each administering authority shall no later than 1st April 2015 establish a pension board (“a local pension board”) responsible for assisting it—*

- (a) *to secure compliance with—*
    - (i) *these Regulations,*
    - (ii) *any other legislation relating to the governance and administration of the Scheme and any connected scheme<sup>(a)</sup>, and*
    - (iii) *any requirements imposed by the Pensions Regulator in relation to the Scheme and any connected scheme; and*
  - (b) *to ensure the effective and efficient governance and administration of the Scheme and any connected scheme.*
- (2) *Where the Scheme manager is a committee of a local authority the local pension board may be the same committee if approval in writing has been obtained from the Secretary of State.*
- (3) *Where the administration and management of a Scheme is wholly or mainly shared by two or more administering authorities, those administering authorities may establish a joint local pension board if approval in writing has been obtained from the Secretary of State.*
- (4) *Approval under paragraphs (2) or (3) may be given subject to such conditions as the Secretary of State thinks fit.*
- (5) *The Secretary of State may withdraw an approval if any conditions under paragraph (4) are not met or if in the opinion of the Secretary of State it is no longer appropriate for the approval to continue.*

(a) See section 4(6) of the Public Service Pensions Act 2013 for the definition of connected scheme.



- (6) *Subject to paragraph (7), an administering authority may determine the procedures applicable to a local pension board, including as to the establishment of sub-committees, formation of joint committees and payment of expenses.*
- (7) *Except where a local pension board is a committee approved under paragraph (2), no member of a local pension board shall have a right to vote on any question unless that member is an employer representative or a member representative<sup>(b)</sup>.*
- (8) *A local pension board shall have the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.*
- (9) *The expenses of a local pension board are to be regarded as part of the costs of administration of the fund held by the administering authority.*

### **Local pension boards: membership**

- 107.**—(1) *Subject to this regulation each administering authority shall determine—*
- (a) the membership of the local pension board;*
  - (b) the manner in which members of the local pension board may be appointed and removed;*
  - (c) the terms of appointment of members of the local pension board.*
- (2) *An administering authority must appoint to the local pension board an equal number, which is no less than 4 in total, of employer representatives and member representatives and for these purposes the administering authority must be satisfied that—*
- (a) a person to be appointed to the local pension board as an employer representative has the capacity to represent employers; and*
  - (b) a person to be appointed to the local pension board as a member representative has the capacity to represent members.*
- (3) *Except where a local pension board is a committee approved under regulation 106(2) (committee that is a Scheme manager is also local pension board)—*
- (a) no officer or elected member of an administering authority who is responsible for the discharge of any function under these Regulations (apart from any function relating to local pension boards or the Local Government Pension Scheme Advisory Board) may be a member of the local pension board of that authority; and*
  - (b) any elected member of the administering authority who is a member of the local pension board must be appointed as either an employer representative or a member representative.*
- (4) *Where a local pension board is a committee approved under regulation 106(2) (committee that is a Scheme manager is also local pension board) the administering authority must designate an equal number which is no less than 4 in total of the members of that committee as employer representatives and member representatives and for these purposes the administering authority must be satisfied that—*
- (a) a person to be designated as an employer representative has the capacity to represent employers; and*

---

(b) See section 5(6) of the Public Service Pensions Act 2013 for definitions of these terms.



- (b) a person to be designated as a member representative has the capacity to represent members.

**Local pension boards: conflict of interest**

- 108.**—(1) Each administering authority must be satisfied that any person to be appointed as a member of a local pension board does not have a conflict of interest<sup>(a)</sup>.
- (2) An administering authority must be satisfied from time to time that none of the members of a local pension board has a conflict of interest.
- (3) A person who is to be appointed as a member of a local pension board by an administering authority must provide that authority with such information as the authority reasonably requires for the purposes of paragraph (1).
- (4) A person who is a member of a local pension board must provide the administering authority which made the appointment with such information as that authority reasonably requires for the purposes of paragraph (2).

**Local pension boards: guidance**

**109.** An administering authority must have regard to guidance issued by the Secretary of State in relation to local pension boards.

Source: The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015

---

(a) See section 5(5) of the Public Service Pensions Act 2013 for the meaning of “conflict of interest”.







# Annex D – Example of Competency Self-assessment Matrix



## Local Pension Boards: A Technical Knowledge and Skills Framework: Learning needs analysis and training requirements

Learning needs analysis		Training requirements and plan	
Do I possess...?	Rate my skills	Training requirements	Training plan (sources and timing)
	1 – no knowledge 5 – highly skilled		
<b>1 – Pensions legislation</b>			
A general understanding of the pensions legislative framework in the UK.	1 2 3 4 5		
An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration and investment.	1 2 3 4 5		
An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers.	1 2 3 4 5		
A regularly updated appreciation of the latest changes to the scheme rules.	1 2 3 4 5		
<b>2 – Pensions governance</b>			
Knowledge of the role of the administering authority in relation to the LGPS.	1 2 3 4 5		
An understanding of how the roles and powers of the DCLG, the Pensions Regulator, the Pensions Advisory Service and the Pensions Ombudsman relate to the workings of the scheme.	1 2 3 4 5		



Learning needs analysis		Training requirements and plan	
Do I possess...?	Rate my skills 1 – no knowledge 5 – highly skilled	Training requirements	Training plan (sources and timing)
Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure.	1 2 3 4 5		
A broad understanding of the role of pension fund committees in relation to the fund, the administering authority, employing authorities, scheme members and taxpayers.	1 2 3 4 5		
An awareness of the role and statutory responsibilities of the treasurer and monitoring officer.	1 2 3 4 5		
Knowledge of the Myners principles and associated CIPFA and SOLACE guidance.	1 2 3 4 5		
A detailed knowledge of the duties and responsibilities of pension board members.	1 2 3 4 5		
Knowledge of the stakeholders of the pension fund and the nature of their interests.	1 2 3 4 5		
Knowledge of consultation, communication and involvement options relevant to the stakeholders.	1 2 3 4 5		
Knowledge of how pension fund management risk is monitored and managed.	1 2 3 4 5		
An understanding of how conflicts of interest are identified and managed.	1 2 3 4 5		
An understanding of how breaches in law are reported.	1 2 3 4 5		



Learning needs analysis		Training requirements and plan	
Do I possess...?	Rate my skills	Training requirements	Training plan (sources and timing)
	1 – no knowledge 5 – highly skilled		
<b>3 – Pensions administration</b>			
An understanding of best practice in pensions administration eg performance and cost measures.	1 2 3 4 5		
Understanding of the required and adopted scheme policies and procedures relating to:	1 2 3 4 5		
<ul style="list-style-type: none"> <li>member data maintenance and record-keeping processes</li> <li>internal dispute resolution contributions collection</li> <li>scheme communication and materials.</li> </ul>			
Knowledge of how discretionary powers operate.	1 2 3 4 5		
Knowledge of the pensions administration strategy and delivery (including, where applicable, the use of third party suppliers, their selection, performance management and assurance processes).	1 2 3 4 5		
An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration.	1 2 3 4 5		



Learning needs analysis		Training requirements and plan	
Do I possess...?	Rate my skills 1 – no knowledge 5 – highly skilled	Training requirements	Training plan (sources and timing)
An understanding of what AVC arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.	1 2 3 4 5		
<b>4 – Pensions accounting and auditing standards</b>			
An understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice.	1 2 3 4 5		
An understanding of the role of both internal and external audit in the governance and assurance process.	1 2 3 4 5		
An understanding of the role played by third party assurance providers.	1 2 3 4 5		
<b>5 – Pensions services procurement and relationship management</b>			
An understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision-makers and organisations.	1 2 3 4 5		



Learning needs analysis		Training requirements and plan	
Do I possess...?	Rate my skills 1 – no knowledge 5 – highly skilled	Training requirements	Training plan (sources and timing)
A general understanding of the main public procurement requirements of UK and EU legislation.	1 2 3 4 5		
An understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties.	1 2 3 4 5		
An understanding of how the pension fund monitors and manages the performance of their outsourced providers.	1 2 3 4 5		
Page 74 – Investment performance and risk management			
An understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.	1 2 3 4 5		
An awareness of the Myners principles of performance management and the approach adopted by the administering authority.	1 2 3 4 5		
Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.	1 2 3 4 5		



Learning needs analysis		Training requirements and plan	
Do I possess...?	Rate my skills	Training requirements	Training plan (sources and timing)
	1 – no knowledge 5 – highly skilled		
<b>7 – Financial markets and products knowledge</b>			
An understanding of the risk and return characteristics of the main asset classes (equities, bonds, property etc).	1 2 3 4 5		
An understanding of the role of these asset classes in long-term pension fund investing.	1 2 3 4 5		
An understanding of the primary importance of the fund's statement of investment principles and the investment strategy decision.	1 2 3 4 5		
A broad understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks.	1 2 3 4 5		
An understanding of the limits placed by regulation on the investment activities of local government pension funds.	1 2 3 4 5		
An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments.	1 2 3 4 5		



Learning needs analysis		Training requirements and plan	
Do I possess...?	Rate my skills	Training requirements	Training plan (sources and timing)
	1 – no knowledge 5 – highly skilled		
<b>8 – Actuarial methods, standards and practices</b>			
A general understanding of the role of the fund actuary.	1 2 3 4 5		
Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and inter-valuation monitoring.	1 2 3 4 5		
An awareness of the importance of monitoring early and ill health retirement strain costs.	1 2 3 4 5		
A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers.	1 2 3 4 5		
A general understanding of the relevant considerations in relation to outsourcings and bulk transfers.	1 2 3 4 5		
A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers.	1 2 3 4 5		









**Registered office:**

77 Mansell Street, London E1 8AN

T: +44 (0)20 7543 5600 F: +44 (0)20 7543 5700

[www.cipfa.org](http://www.cipfa.org)

CIPFA registered with the Charity Commissioners of England and Wales No 231060



# Agenda Item 8

<b>Committee:</b> Local Government Pensions Board	<b>Date:</b> 17 January 2017
<b>Subject:</b> The City Corporation's Pensions Scheme	<b>Public</b>
<b>Report of:</b> Town Clerk	<b>For Information</b>
<b>Report author:</b> Chris Braithwaite, Town Clerk's Department	

## Summary

At the Board's last meeting, Members asked that information be provided regarding a range of topics in relation to the Corporation's Local Government Pensions Scheme (the Scheme).

The information which was requested was:

- Annual schedule of events for the Pensions Scheme
- Documentation of all of the communications which are circulated to Scheme Members
- Information of admitted bodies to the Scheme
- Information of Scheme Record Keeping
- The Pensions Department's Risk Register
- A record of any complaints or disputes under the Scheme's complaints procedure.
- Any recent breaches of the law (there have been none to report)
- Any audit reports relating to the administration of the Scheme (there have been none)
- Any reports relating to the administration of the Pension Scheme which have been considered by other Committees (there have been none).

Members are requested to review this information and provide any comments regarding it. Members indicated at their last meeting that they would wish to receive the information regarding communications on an annual basis, and would wish to receive all of the other items of information at each meeting. This will be provided for Members (except for when there is no updated information to provide since the last meeting).

With regard to the Pensions Department's Risk Register, such a risk register did not exist at the time of the last meeting. Details of the key risks for the Department have been developed as the first stage of creating the Risk Register. Should the Board be satisfied that these are appropriate risks to be included within the Departmental Risk Register, these will be rated in line with the Corporate Risk Matrix (which is attached to the Risk Register document for information).

## **Recommendation**

The Board is recommended to consider the information provided in the following reports and provide any comments in relation to this information.

### **Contact:**

Chris Braithwaite

Telephone: 020 7332 1427

Email: [Christopher.braithwaite@cityoflondon.gov.uk](mailto:Christopher.braithwaite@cityoflondon.gov.uk)



This page is intentionally left blank



## Local Government Pensions

### Annual Schedule of Events

<b>Date (each year)</b>	<b>Event</b>
31 <sup>st</sup> January	HMRC Event 22 Report – List of Annual Allowance cases exceeding the Previous years threshold.
31 <sup>st</sup> March	Tax return for Quarter 4
1 <sup>st</sup> April	Employee Contribution band review/ implementation.
1 <sup>st</sup> April	Employer contribution implementation.
1 <sup>st</sup> April	Revaluation of CARE benefits.
1 <sup>st</sup> Monday in April after 6 <sup>th</sup> April	Pensions Increase – Annual Inflation increase.
31 <sup>st</sup> May	Closing of Accounts
30 <sup>th</sup> June	Tax return for Quarter 1
30 <sup>th</sup> June	Target date for the issue of annual updates to Deferred members.
31 <sup>st</sup> August	Issue of Annual Statements deadline.
30 <sup>th</sup> September	Tax return for Quarter 2
30 <sup>th</sup> September	Employee Contribution Band review
30 <sup>th</sup> September	Accounts mid-year review.
31 <sup>st</sup> December	Tax return for Quarter 3



This page is intentionally left blank



## **The Local Government Pension Scheme**

### **Communication with Scheme Members**

This document provides the Board with the details of the information which is circulated to Scheme Members. This includes:

- The City of London Pension Fund Communication Policy.
- New Starters.
- Websites
- Insight Lunches and Presentations
- Newsletters
- Annual Statements
- High Earners
- Retirees



# **The Local Government Pension Scheme**

## **City of London Pension Fund Communication Policy**

Effective communication between the City of London as the Administering Authority and its stakeholders is essential to the delivery of the pensions service. This document sets out the aims and the target audiences of the policy and the method of delivery (application) of the policy.

### **AIMS**

Accuracy & Timeliness	Information needs to be compliant with legislation and supplied at an appropriate time.
Effective Information	Messages need to be clear and understood by target audience.
Accessible	Communication should be available to all and should meet the needs of a wide range of recipients.

### **AUDIENCES**

- Scheme Members and Potential Members.
- Pensioners and Deferred Members.
- City of London Departmental Personnel and Administration.
- Other Employers Within the Fund
- Establishment Committee
- Staff

### **APPLICATION**

#### **Scheme Members and Potential Members.**

Scheme Guides –	Available to all eligible employees via website, direct mail or email.
Forms and leaflets –	Available on our website and appropriate forms supplied to all new employees and leavers via personnel/administration officers.
Newsletters –	Produced as appropriate and in particular as scheme changes occur.
Annual Benefit Statements –	Pension Statements supplied to those scheme members who are active at year end (31 <sup>st</sup> March) as soon as possible after year end.
Presentations –	One-off seminars, regular pension “top-up” sessions, insight lunches and pre-retirement courses.
Induction –	Supply support to the Employers Induction courses as appropriate.
Intranet & Internet –	Provide news on scheme changes, develop and maintain internet with links to relevant sites. Publicise website updates and Newsletters via the Intranet.



### Pensioners and Deferred Pensioners.

Pensioners should be supplied with monthly payslips as appropriate, Newsletters and annual pensions increase letters. Deferred Pensions will be provided with an annual benefit statement. Both will be supplied with information on scheme changes as they affect the appropriate category of ex-scheme member.

### City of London Personnel and Payroll.

Guides on technical, legislative and general day-to-day administration requirements and responsibilities issued as and when required and as scheme changes affect procedures, including links to centrally produced guides.

Presentations – Personnel Group meeting updates and individual departmental sessions as appropriate.

### Other Employers within the fund.

Guides on technical, legislative and general day-to-day administration requirements and responsibilities issued as and when required and as scheme changes affect procedures, including links to centrally produced guides.

Presentations for appropriate personnel staff, committees & groups of employees.

### Committee

Reports - Update Committee on scheme changes and developments and provide reports in a clear and accurate manner in order that appropriate responses and actions follow.

Presentations - Provide Committee with updates where appropriate.

### Pensions Team Staff

Provide updates and information on scheme and legislative changes.

Team Meetings – Maintain staff's awareness and knowledge via monthly meetings and one-off sessions as appropriate.

### General Communication

Letters, emails and phone calls answered clearly, accurately and timely.

If you wish to contact the City of London Pensions Office:  
Write: Pensions Manager, City Of London, Guildhall, London EC2P 2EJ  
Telephone: 020 7332 1133  
Email: [Pensions@cityoflondon.gov.uk](mailto:Pensions@cityoflondon.gov.uk)  
Website: [www.yourpension.org.uk/cityoflondon](http://www.yourpension.org.uk/cityoflondon)



This Policy Statement Will Be Kept Under Review.

### **New Starters**

All new employees eligible for membership of the LGPS should be supplied with the following:

- Membership Form.
- Brief scheme Guide.
- Previous Pension Rights Form.
- Expression of Wish Form.

Examples of the above can be found in Communications Appendix 1

### **Websites**

The City of London Pensions Team has their own website where scheme information and other forms can be found.

The City of London website is found at - [www.yourpension.org.uk/CityofLondon](http://www.yourpension.org.uk/CityofLondon)

The Local Government Pensions Committee LGPS member website can be found here - <https://www.lgpsmember.org/>

### **Optants-Out**

Membership of the scheme is automatic for staff with a contract of 3 months or more but is not compulsory. Members can opt-out or join the 50/50 part of the scheme.

A copy of the Opt-out form can be found in Communications Appendix 2. The form includes a declaration indicating what benefits are being given up and that there is a 50/50 option available.

### **Insight Lunches and Presentations**

At regular intervals the Pensions Team provide presentations to groups of staff. These include insight lunches covering the following:

- An introduction to Pensions. – Aimed at new employees including those who have opted-out. The presentation covers details of the LGPS including the cost and the benefits payable.
- Top-Ups – Aimed at staff considering enhancing their pension position. The presentation covers the benefits of the LGPS and the top-up options within the scheme as well as the alternative option of paying extra with one of our AVC providers.



Presentations are also arranged outside of Guildhall for other employers or departments based away from Guildhall.

When there are major changes to the scheme, such as in 2008 and 2014, the number and size of presentations are increased.

Groups of staff are targeted with bespoke presentations such as Human Resources or High Earners.

### **Newsletters**

The Pensions Team produce their own Newsletters. Details of any changes to the pension scheme, points of interest, contact details and any upcoming presentations are included as and when required through the year.

A copy of the most recent Newsletter is attached at Communications Appendix 3.

We also provide our Pensioners with a Newsletter detailing pay dates for the year, updates to Tax codes, contact details and any other points of interest.

### **Annual Statements**

Annual Statements are provided to both deferred and active scheme members.

Deferred member statement include details of the current value of benefits including any inflation increase, benefits payable upon death and details of when the benefit becomes payable.

Active member statements include details of the current value of their benefits, the value of Death benefits and a projection of the benefits payable at retirement. The statement also includes membership information including details of the members expression of wish.

An example of the statements attached at Communications Appendix 4.

### **High Earners**

The Government imposed thresholds on the total amount of pension benefit someone can accrue (Lifetime Allowance) and the amount that can build up in one year (Annual Allowance) in 2006. The thresholds have been squeezed in recent years and presentations to High-Earners have been arranged explaining



how they are affected. The Pensions Team provide details of the Annual Allowance on the Annual Statement and provide a Pensions Saving Statement to anyone exceeding the Annual Allowance.

### **Retirees**

The City of London provide staff with a pre-retirement course and the Pensions Team provide a presentation as part of the course.

Bespoke estimates can be provided upon request when staff are considering retirement.

At retirement staff are provided with final figures and details of commutation options.

An example of the letter and forms supplied at retirement are attached at Communications Appendix 5.



# LGPS Membership Form

## 1. Personal Details - Please complete this section in all cases

Title, Surname	<input type="text"/>	National Insurance number	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
----------------	----------------------	---------------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------

First Name(s)	<input type="text"/>	Date of Birth	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
---------------	----------------------	---------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------	----------------------

Home Address	<input type="text"/>	
	<input type="text"/>	
	Postcode:	<input type="text"/>
Email:	<input type="text"/>	
Home Telephone:	Work Telephone:	<input type="text"/>

Relationship Status: Single/ Married/ Civil Partnership/ Divorced/ Dissolved Civil Partnership/Widow(er)/Cohabiting  
(Please circle as appropriate)

## 2. Current Employment - Please complete this section in all cases

Employer's Name & Address	<input type="text"/>	
	Postcode:	<input type="text"/>

Membership Start Date	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	Job Title	<input type="text"/>
Department	<input type="text"/>			Payroll Number	<input type="text"/>			

## 3. Previous local government employment

If you have been employed in local government previously you must complete the 'Previous Pension Rights' form **in all circumstances**. The form can be downloaded from [www.yourpension.org.uk/CityofLondon](http://www.yourpension.org.uk/CityofLondon). The City of London Pension fund will then contact you regarding any previous pension rights you may hold. If you have previous LGPS rights:

- If you re-join the LGPS and have a deferred refund from an earlier period of membership, your previous pension rights must be **automatically** aggregated with your new pension account
- If you re-join the LGPS and have a deferred benefit from an earlier period of membership, your previous LGPS pension rights will be **automatically** aggregated with your new pension account **UNLESS** you elect to retain separate pension rights. You must elect to retain separate pension rights within 12 months of re-joining the LGPS.



#### 4. Previous pension rights in a non-LGPS arrangement

You must elect to transfer any previous pension rights into the LGPS within 12 months of joining. Any request you make to investigate a transfer will not be binding until you have been supplied with further details and subsequently confirm that you wish the transfer to go ahead.

To investigate a transfer you should download the 'previous pension rights' form from our website - [www.yourpension.org.uk/CityofLondon](http://www.yourpension.org.uk/CityofLondon) . If you have more than one previous pension arrangement you should copy the form, as necessary.

#### 5. Death Grant – Expression of Wish

You should have been provided with a death grant expression of wish form. This form enables you to express your wish as to who you would like to receive any death grant payable in the event of your death. You can obtain a copy of this form at [www.yourpension.org.uk/CityofLondon](http://www.yourpension.org.uk/CityofLondon)

#### 6. Annual statement of entitlement

You will be issued with a benefit statement each year showing the pension benefits you have built up in the LGPS.

#### 7. Further information about the LGPS

Membership of the LGPS is automatic for employees under the age of 75 who have a contract of employment that is for at least 3 months. Employees with a contract for less than 3 months and casual workers may elect to join the LGPS by completing an opt-in form.

A copy of the employees' guide to the LGPS can be found at [www.yourpension.org.uk/CityofLondon](http://www.yourpension.org.uk/CityofLondon) The guide provides full details of the benefits of belonging to the scheme.

Membership is not compulsory; if you do not wish to be a member of the scheme (or decide at some later date that you do not wish to be a member), you can obtain an opting out form from [www.yourpension.org.uk/CityofLondon](http://www.yourpension.org.uk/CityofLondon) or by contacting the Pensions Office. Please note, however, that you cannot sign and date the opting out form until, at the earliest, the first day of membership of the scheme.

I confirm that I have read the contents of this form.

Signed:

Date:

If you have any queries please contact the Pensions Office, City of London, PO Box 270, Guildhall, London, EC2P 2EJ; ☎ 020 7332 3982/3707 ✉ [pensions@cityoflondon.gov.uk](mailto:pensions@cityoflondon.gov.uk)



## A brief guide to the Local Government Pension Scheme (LGPS)

### Employees in England and Wales – issued April 2015

#### Highlights of the LGPS

##### The LGPS gives you:

###### Secure benefits –

the scheme provides you with a future income, independent of share prices and stock market fluctuations.

###### At a low cost to you –

with tax-efficient savings and lower National Insurance contributions for most people under **State Pension Age**.

###### And your employer pays in too –

the scheme is provided by your employer who meets the balance of the cost of providing your benefits in the LGPS.

#### You can look forward to your retirement with the LGPS with:

##### A secure pension –

worked out every **scheme year** and added to your **pension account**. The pension added to your account at the end of a **scheme year** is, if you are in the main section of the scheme, an amount equal to a 49<sup>th</sup> of your **pensionable pay** in that year. At the end of every **scheme year** the total amount of pension in your account is adjusted to take into account the cost of living (as currently measured by the **Consumer Prices Index (CPI)**).

##### Flexibility to pay more or less contributions –

you can boost your pension by paying more contributions, which you would get tax relief on. You also have the option in the LGPS to pay half your normal contributions in return for half your normal pension. This is known as the 50/50 section of the scheme and is designed to help members stay in the scheme when times are financially tough.

##### Tax-free cash –

you have the option when you draw your pension to exchange part of it for some tax-free cash.

##### Peace of mind –

your family enjoys financial security, with immediate life cover and a pension for your spouse, **civil partner** or **eligible cohabiting partner** and **eligible children** in the event of your death in service. If you ever become seriously ill and you've met the 2 years **vesting period**, you could receive immediate ill health benefits.



### **Freedom to choose when to take your pension –**

you do not need to have reached your **Normal Pension Age** in order to take your pension as, once you've met the 2 years **vesting period**, you can choose to retire and draw your pension at any time between age 55 and 75. Your **Normal Pension Age** is simply the age you can retire and take the pension you've built up in full. However, if you choose to take your pension before your **Normal Pension Age** it will normally be reduced, as it's being paid earlier. If you take it later than your **Normal Pension Age** it's increased because it's being paid later.

### **Redundancy and Efficiency Retirement –**

if you are made redundant or retired in the interests of business efficiency at or after age 55 you will, provided you've met the 2 years **vesting period**, receive immediate payment of the main benefits you've built up (but there would be a reduction for early payment of any additional pension you have chosen to buy).

### **Flexible retirement –**

if you reduce your hours or move to a less senior position at or after age 55 you can, provided your employer agrees, and you've met the 2 years **vesting period**, draw some or all of the benefits you have already built up, helping you ease into retirement, although your benefits may be reduced for early payment.

## **The scheme**

This guide is a short description of the conditions of membership and main scheme benefits that apply if you pay into the LGPS on or after 1 April 2014.

### **What kind of scheme is it?**

The LGPS is a tax approved, defined benefit occupational pension scheme which was set up under the Superannuation Act 1972 (but, in the future, scheme rules will be made under the Public Service Pension Schemes Act 2013) and is contracted out of the State Second Pension scheme (S2P). The LGPS meets the government's standards under the automatic enrolment provisions of the Pensions Act 2008. The amount of pension you earn in a **scheme year** is worked out each year and added to your **pension account**. The total amount of pension in your **pension account** is revalued at the end of each **scheme year** so your pension keeps up with the cost of living. The LGPS is very secure because the benefits are set out in law.

### **Who can join?**

The LGPS covers employees working in local government and for other organisations that have chosen to participate in it. To be able to join the LGPS you need to be under age 75 and work for an employer that offers membership of the scheme. If you are employed by a designating body, such as a town or parish council, or by a non-local government organisation which participates in the LGPS (an **admission body**), you can only join if your employer nominates you for membership of the scheme. Police officers, operational firefighters and, in general, teachers and employees eligible to join another statutory pension scheme (such as the NHS Pension Scheme) are not allowed to join the LGPS.

If you start a job in which you are eligible for membership of the LGPS you will be brought into the scheme, if your contract of employment is for 3 months or more. If it is for less than 3 months and you are, or during that period become, an **Eligible Jobholder** you will be brought into the scheme from the **automatic enrolment date** (unless your employer issues you with a postponement notice to delay bringing you into the scheme for up to a maximum of 3 months) or if your contract is extended to be for 3 months or more or you opt to join by completing an application form, you will be brought into the



scheme from the beginning of the pay period after the one in which your contract is extended or you opt to join.

If you are brought into the scheme you have the right to opt out. You cannot complete an opt out form until you have started your employment.

### **How do I ensure that I have become a member of the LGPS?**

On joining the LGPS relevant records and a **pension account** (for each employment in the scheme, if you have more than one) will be set up and an official notification of your membership of the LGPS will be sent to you. **You should check your pay slip to make sure that pension contributions are being deducted.**

### **Can I opt-out of the LGPS and re-join at a later date?**

Yes, you can opt-out of the scheme but if you are thinking of opting out you might want to first consider an alternative option which is to elect to move to the 50/50 section of the scheme. The 50/50 section allows you to pay half your normal contributions in return for half your normal pension build up. To find out more, see the section on **flexibility to pay less**.

If having considered the 50/50 option you still decide the LGPS is not for you, you can leave the LGPS at any time on or after your first day of eligible employment by giving your employer notice in writing. You might, however, want to take independent financial advice before making the final decision to opt out.

If you opt out of the LGPS before completing 3 months membership you will be treated as never having been a member and your employer will refund to you, through your pay, any contributions you have paid during that time.

If you opt out of the LGPS with 3 or more months membership and before completing the 2 years **vesting period** you can take a refund of your contributions (less any statutory deductions) or transfer out your pension to another scheme.

If you opt out of the LGPS after meeting the 2 years **vesting period** you will have deferred benefits in the scheme and will generally have the same options as anyone leaving their job before retirement.

If you opt-out, you can, provided you are otherwise eligible to join the scheme, opt back into the scheme at any time before age 75.

If you opt out of the LGPS then:

- on the date your employer is first required to comply with the automatic enrolment provisions under the Pensions Act 2008, your employer will automatically enrol you back into the LGPS if you are an **Eligible Jobholder** at that time in the job you've opted out from, or
- if on the date your employer is first required to comply with the automatic enrolment provisions under the Pensions Act 2008 you are not an **Eligible Jobholder** in the job you opted out from, your employer will, if you subsequently become an **Eligible Jobholder** in that job, automatically enrol you back into the LGPS from the **automatic enrolment date**.

Your employer must notify you if this happens. You would then have the right to again opt out of the LGPS.

If you stay opted out your employer will normally automatically enrol you back into the LGPS approximately every 3 years from the date they have to comply with the automatic enrolment



provisions provided, at the date your employer has to enrol you back in, you are an **Eligible Jobholder**.

### What do I pay?

Your contribution rate depends on how much you are paid but it's currently between 5.5% and 12.5% of your **pensionable pay**. If you elect for the 50/50 section of the scheme you would pay half the rates listed below. The rate you pay depends on which pay band you fall into. When you join, and every April afterwards, your employer will decide your contribution rate. Also, if your pay changes throughout the year, your employer may decide to review your contribution rate.

Here are the pay bands and the rates that apply from April 2015.

Contribution table 2015/16	
If your actual pensionable pay is:	You pay a contribution rate of:
Up to £13,600	5.5%
£13,601 to £21,200	5.8%
£21,201 to £34,400	6.5%
£34,401 to £43,500	6.8%
£43,501 to £60,700	8.5%
£60,701 to £86,000	9.9%
£86,001 to £101,200	10.5%
£101,201 to £151,800	11.4%
£151,801 or more	12.5%

The contribution rates and / or pay bands in the table above will be reviewed periodically and may change in the future.

### Do I get tax relief?

As a member of the LGPS, your contributions will attract tax relief at the time they are deducted from your **pensionable pay** and you will be contracted out of the State Second Pension scheme (S2P). There are restrictions on the amount of tax relief available on pension contributions. If the value of your pension savings increase in any one year by more than the annual allowance of £40,000 (2015/16) you may have to pay a tax charge. Most people will not be affected by the annual allowance.

### What about my National Insurance contributions?

Whilst you are a member of the LGPS you will currently, prior to **State Pension Age**, pay reduced National Insurance contributions. From April 2016 the Government plans to remove the reduction in National Insurance contributions for all **contracted out** pension schemes. That reduction is currently 1.4% of your pay. More details on how this will work are expected during 2015.

### Does my employer contribute?

Your employer currently pays the balance of the cost of providing your benefits in the LGPS. Every three years an independent review is undertaken to calculate how much your employer should contribute to the scheme.

### Is there flexibility to pay less contributions?

Yes, in the scheme there is an option known as 50/50 which provides members with the facility to pay half the normal contributions and to build up half the normal pension during the time the reduced contributions are being paid - see the section on **flexibility to pay less**.



### **Can I make extra contributions to increase my benefits?**

You can increase your benefits by paying additional contributions, known as Additional Pension Contributions (APCs), to buy extra LGPS pension, or by making payments to the scheme's **Additional Voluntary Contributions (AVC)** arrangement. Your pension fund can give you more information on these options. Contact details are at the end of this guide.

You are also able to make payments to a personal pension or stakeholder pension or free-standing AVC scheme of your own choice. You may wish to take independent financial advice before you make a decision about paying extra.

### **What if I've been a member before and can now re-join the LGPS?**

If you rejoin the LGPS and you have deferred benefits in an LGPS fund in England or Wales (which you were awarded other than as a result of electing, on or after 11 April 2015, to opt out of membership of the scheme) your deferred benefits will normally be automatically joined with your new active **pension account**. If, for benefits that are normally automatically joined together, you want to retain separate deferred benefits then you must make such an election within 12 months of rejoining the scheme (or such longer period as your employer and pension fund may allow).

If you have deferred benefits in an LGPS fund in England or Wales which you were awarded as a result of electing, on or after 11 April 2015, to opt out of membership of the scheme, you cannot join those benefits with your new active **pension account**. They will remain as a separate deferred benefit.

If you rejoin the LGPS in England or Wales and have a deferred refund this **must** be joined with your new active **pension account**.

### **What about any non-LGPS pension rights I have?**

If you have paid into another non-LGPS pension arrangement or to the LGPS in Scotland or Northern Ireland, you may be able to transfer your previous pension rights into the LGPS (provided you are not already drawing them as a pension). You only have 12 months from joining the LGPS to opt to transfer your previous pension rights, unless your employer and pension fund allows you longer.

### **What if I'm already receiving an LGPS pension – will it be affected?**

If you are already drawing a pension from the scheme, some or all of which you built up before 1 April 2014, and you are re-employed in local government or by an employer who offers membership of the LGPS you must tell the LGPS fund that pays your pension about your new position, regardless of whether you join the scheme in your new position or not. They will let you know whether your pension in payment is affected in any way.

If you are drawing a pension from the scheme, all of which you built up after 31 March 2014, and you are re-employed in local government or by an employer who offers membership of the LGPS you do not need to inform the LGPS fund that pays your pension as there is no effect on your pension in payment. The only exception to this is if you are in receipt of an LGPS ill-health pension of the type that is stopped if you are in any gainful employment, in which case you must inform the employer who awarded you that pension and they will let you know whether your pension in payment should be stopped.



## Contribution Flexibility

### Flexibility to pay less

When you join the scheme you will be placed in the main section of the scheme. However, once you are a member of the scheme you will be able to elect in writing, at any time, to move to the 50/50 section if you wish.

The 50/50 section gives you the ability to pay half your normal contributions. This flexibility may be useful during times of financial hardship as it allows you to remain in the scheme, building up valuable pension benefits, as an alternative to opting out of the scheme.

A 50/50 option form is available from your employer. If you have more than one job in which you contribute to the scheme you would need to specify in which of the jobs you wish to be moved to the 50/50 section.

If you elect for 50/50 you would be moved to that section from the next available pay period. You would then start paying half your normal contributions and build up half your normal pension during the time you are in that section. When you make an election for the 50/50 section your employer must provide you with information on the effect this will have on your benefits in the scheme.

If you were to die in service whilst in the 50/50 section of the scheme the lump sum death grant and any survivor pensions would be worked out as if you were in the main section of the scheme. If you are awarded an ill-health pension which includes an amount of enhanced pension, the amount of enhanced pension added to your **pension account** is worked out as if you were in the main section of the scheme.

The 50/50 section is designed to be a short-term option for when times are tough financially. Because of this your employer is required to re-enrol you back into the main section of the scheme approximately three years from the date they first have to comply with the automatic enrolment provisions of the Pensions Act 2008 (and approximately every three years thereafter). If you wished to continue in the 50/50 section at that point you would need to make another election to remain in the 50/50 section.

There is no limit to the number of times you can elect to move between the main and the 50/50 section, and vice versa.

### Flexibility to pay more

There are a number of ways you can provide extra benefits, on top of the benefits you are already looking forward to as a member of the LGPS.

### You can improve your retirement benefits by paying:

- Additional Pension Contributions (APCs) to buy extra LGPS pension,
- **Additional Voluntary Contributions (AVCs)** arranged through the LGPS (in-house AVCs),
- Free Standing Additional Voluntary Contributions (FSAVCs) to a scheme of your choice,
- Contributions to a stakeholder or personal pension plan.

Your pension fund can give you more information on the first two of these options. Contact details are at the end of this guide.



## Your Pension

Your LGPS benefits are made up of:

- An annual pension that, after leaving, increases every year in line with the cost of living for the rest of your life, and
- The option to exchange part of your pension for a tax-free lump sum paid when you draw your pension benefits.

### How is my pension worked out?

Every year, you will build up a pension at a rate of  $\frac{1}{49}^{\text{th}}$  of the amount of **pensionable pay** (and **assumed pensionable pay**) you received in that **scheme year** if you are in the main section of the scheme (or half this rate of build up for any period you have elected to be in the 50/50 section of the scheme). If during the **scheme year** you had been on leave on reduced contractual pay or no pay due to sickness or injury, or had been on **relevant child related leave** or **reserve forces service leave** then, for the period of that leave, your pension is based on your **assumed pensionable pay** (other than during any part of **relevant child related leave** where the **pensionable pay** you received was higher than your **assumed pensionable pay**). The amount of pension built up during the **scheme year** is then added to your **pension account** and revalued at the end of each **scheme year** so your pension keeps up with the cost of living.

**If you joined the LGPS before 1 April 2014**, your benefits for membership before 1 April 2014 were built up in the final salary scheme and are calculated differently using your membership built up to 31 March 2014 and your final year's pay.

**The examples below** show how benefits based on membership in the LGPS built up after 31 March 2014 are worked out.

**If you are nearing retirement and you were a member of the scheme before 1 April 2014** there is an additional protection in place to ensure that you will get a pension at least equal to that which you would have received in the scheme had it not changed on 1 April 2014. This protection is known as the **underpin**.

The **underpin** applies to you if you were:

- an active member on 31 March 2012, and
- you are within 10 years of your protected **Normal Pension Age** on 1 April 2012, and
- you haven't had a continuous break in active membership of a public service pension scheme of more than 5 years (after 31 March 2012), and
- you've not drawn any benefits in the LGPS before protected **Normal Pension Age**, and
- you leave with an immediate entitlement to benefits.

The underpin will not apply to you if you elect to opt out of the scheme before your protected **Normal Pension Age** or you wish to draw benefits from an age where you would have required employer consent to do so under the pre 1 April 2014 scheme (normally before age 60).

If you are covered by the underpin a calculation will be performed at the date you cease to contribute to the Scheme, or at your protected **Normal Pension Age** if earlier, to check that the pension you have built up (or, if you have been in the 50/50 section of the scheme at any time, the pension you would have built up had you always been in the main section of the scheme) is at least equal to that



which you would have received had the scheme not changed on 1 April 2014. If it isn't, the difference will be added into your **pension account** when you draw your benefits.

### What pensionable pay is used to work out the pension I build up after 31 March 2014?

The amount of pension added into your **pension account** at the end of the **scheme year** is worked out using your **pensionable pay** which is the amount of pay on which you pay your normal pension contributions.

However if during the **scheme year** you had been on leave on reduced contractual pay or no pay due to sickness or injury, or had been on **relevant child related leave** or **reserve forces service leave** then, for the period of that leave, your pension is worked out based on your **assumed pensionable pay** (other than during any part of **relevant child related leave** where the **pensionable pay** you received was higher than your **assumed pensionable pay**).

### Can I exchange part of my pension for a lump sum?

You can exchange part of your annual pension for a one off tax-free cash payment. You will receive £12 lump sum for each £1 of pension given up. You can take up to 25% of the capital value of your pension benefits as a lump sum providing the total lump sum does not exceed £312,500 (2015/16 figure) less the value of any other pension rights you have in payment. Details of the maximum tax-free cash payment you can take will be given to you shortly before your retirement. It is at that time you need to make a decision.

### How is my pension worked out - an example

Let's look at the build-up in a member's **pension account** for 5 years in the scheme.

Let's assume that the member joins the scheme on 1 April 2014, that their **pensionable pay** is £24,500 in **scheme year** 1 and their **pensionable pay** increases by 1% each year. The cost of living (revaluation adjustment) for the end of the scheme year 31 March 2015 is 1.2%. Let's assume that the cost of living (revaluation adjustment) for the following 4 years is 2% each year.

Scheme Year	Opening Balance	Pension Build up in Scheme Year <small>Pay/ Build up rate = Pension</small>	Total Account 31 March	Cost of Living Revaluation Adjustment	Updated Total Account
1 2014/15	£0.00	£24,500/49 = <b>£500.00</b>	£500.00	1.2% = £6	£500.00 + £6.00 = <b>£506.00</b>
2 2015/16	£506.00	£24,745/49 = <b>£505.00</b>	£1,011.00	2% = £20.22	£1,011.00 + £20.22 = <b>£1,031.22</b>
3 2016/17	£1,031.22	£24,992.45/49 = <b>£510.05</b>	£1,541.27	2% = £30.82	£1,541.27 + £30.82 = <b>£1,572.09</b>
4 2017/18	£1,572.09	£25,242.37/49= <b>£515.15</b>	£2,087.24	2% = £41.74	£2,087.24 + £41.74 = <b>£2,128.98</b>
5 2018/19	£2,128.98	£25,494.79/49 = <b>£520.30</b>	£2,649.28	2% = £52.99	£2,649.28 + £52.99 = <b>£2,702.276.</b>



If you joined the LGPS before 1 April 2014, your benefits for membership before 1 April 2014 are calculated differently.

For membership built up to 31 March 2008, you receive a pension of  $1/80^{\text{th}}$  of your **final pay** plus an automatic tax-free lump sum of 3 times your pension.

For membership built up from 1 April 2008 to 31 March 2014, you receive a pension of  $1/60^{\text{th}}$  of your **final pay**. There is no automatic lump sum for membership built up after March 2008, but you do have the option to exchange some of your pension for a tax-free lump sum.

### Taking AVCs as cash

If you pay **Additional Voluntary Contributions (AVCs)** via the LGPS you may elect to take all of your AVC fund as a tax-free lump sum if you draw it at the same time as your main LGPS benefits **provided**, when added to your LGPS lump sum, it does not exceed 25% of the overall value of your LGPS benefits (including your AVC fund) and the total lump sum doesn't exceed £312,500 (2015/16 figure) less the value of any other pension rights you have in payment.

Details of this option will be given to you shortly before your retirement.

## Retirement

### When can I retire and draw my LGPS pension?

You can choose to retire and draw your pension from the LGPS at any time from age 55 to 75, provided you have met the 2 years **vesting period** in the scheme.

The **Normal Pension Age** in the LGPS is linked to your **State Pension Age** (but with a minimum of age 65). If the **State Pension Age** changes in the future then this change will also apply to your **Normal Pension Age** for benefits built up after 31 March 2014.

If you choose to take your pension before your **Normal Pension Age** it will normally be reduced, as it's being paid earlier. If you take it later than your **Normal Pension Age** it's increased because it's being paid later. You must draw your benefits in the LGPS before your 75<sup>th</sup> birthday.

You may have to retire at your employer's instigation, perhaps because of redundancy, business efficiency or permanent ill health. Your LGPS benefits, even in these circumstances can, provided you have met the 2 years **vesting period** in the scheme, provide you with an immediate retirement pension, which may even be enhanced.

If you voluntarily choose to retire before, on or after your **Normal Pension Age** you can defer drawing your benefits but you must draw them before age 75. If you draw your pension after your **Normal Pension Age**, your benefits will be paid at an increased rate to reflect late payment.

If you built up membership in the LGPS before 1 April 2014 then you will have membership in the final salary scheme. These benefits have a different **Normal Pension Age**, which for most is age 65.

### Will my pension be reduced if I voluntarily retire before my Normal Pension Age?

If you choose to retire before your **Normal Pension Age** your benefits will normally be reduced to take account of being paid for longer. Your benefits are initially calculated as detailed under the heading **How is my pension worked out?** and are then reduced. How much your benefits are reduced by depends on how early you draw them.



**If you were a member of the LGPS on 30 September 2006**, some or all of your benefits paid early could be protected from the reduction if you have rule of 85 protection.

### **What if I lose my job through redundancy or business efficiency?**

If you are aged 55 or over you will be entitled to the immediate unreduced payment of your LGPS benefits, provided you have met the 2 years **vesting period** in the scheme. However, any additional pension you paid for by Additional Pension Contributions (APCs) or paid for by Shared Cost Additional Pension Contributions (SCAPCs) would be paid at a reduced rate if the retirement occurred before your **Normal Pension Age** (to take account of the additional pension being paid for longer). Also if you have bought additional pension by Additional Regular Contributions (ARCs), that additional pension would be paid at a reduced rate if the retirement occurred before your pre 1 April 2014 **Normal Pension Age** which, for most, is age 65.

### **What happens if I have to retire early due to ill health?**

If you have to leave work due to illness you may be able to receive immediate payment of your benefits.

To qualify for ill health benefits you have to have met the 2 years **vesting period** in the scheme and your employer, based on an opinion from an independent occupational health physician appointed by them, must be satisfied that you will be permanently unable to do your own job until your **Normal Pension Age** and that you are not immediately capable of undertaking gainful employment.

Ill health benefits can be paid at any age and are not reduced on account of early payment – in fact, your benefits could be increased to make up for your early retirement if you are unlikely to be capable of gainful employment within 3 years of leaving.

### **What if I want to have a gradual move into retirement?**

This is known as flexible retirement. From age 55, if you reduce your hours or move to a less senior position, and provided you have met the 2 years **vesting period** in the scheme and your employer agrees, you can draw some or all of the pension benefits you have built up – helping you ease into retirement. If you take flexible retirement before your **Normal Pension Age** your benefits may be reduced to take account of their early payment unless your employer agrees to waive the reduction in whole or in part. If your employer agrees to flexible retirement you can still draw your wages / salary from your job on the reduced hours or grade and continue paying into the LGPS, building up further benefits in the scheme. Flexible retirement is at the discretion of your employer and they must set out their policy on this in a published statement.

### **What if I carry on working after my Normal Pension Age?**

If you carry on working after your **Normal Pension Age** you will continue to pay into the LGPS, building up further benefits. When you eventually retire you will receive your pension unless you choose to delay drawing it. You must draw your pension by no later than age 75. Your pension will be paid at an increased rate to reflect the fact that it will be paid for a shorter time.

### **How does my pension keep its value?**

On retiring on or after age 55 your LGPS pension increases in line with the cost of living every year throughout your retirement. As the cost of living increases, so will your pension. If you are retired on ill health grounds, your pension is increased each year regardless of your age.



## Protection for your family

### What benefits will be paid if I die?

If you die in service as a member of the LGPS the following benefits are payable:

- A lump sum death grant of three times your **assumed pensionable pay**.
- Pensions for **eligible children**.
- A spouse's (from an opposite sex or same sex marriage), **civil partner's** or, subject to certain qualifying conditions, an **eligible cohabiting partner's** pension. For each year of membership you built up from 1 April 2014 to your date of death you would have been credited with a pension equal to a proportion (i.e. 1/49<sup>th</sup> or, for any period you were in the 50/50 section of the scheme, 1/98<sup>th</sup>) of the **pensionable pay** (or **assumed pensionable pay** where applicable) you received during that year. The pension payable to a spouse, **civil partner** or **eligible cohabiting partner** is calculated on a different proportion i.e. 1/160<sup>th</sup> of your **pensionable pay** (or **assumed pensionable pay** where applicable) to which is added 49/160<sup>ths</sup> of the amount of any pension credited to your pension account following a transfer of pension rights into the scheme, plus an amount equal to 1/160<sup>th</sup> of your **assumed pensionable pay** for each year of membership you would have built up from your date of death to your **Normal Pension Age**. For final salary membership built up **before** 1 April 2014 the pension payable to a spouse or **civil partner** is equal to 1/160<sup>th</sup> of your **final pay** times the period of your membership in the scheme up to 31 March 2014 upon which your pension is based. For an **eligible cohabiting partner** the calculation is the same but the pension is only based on the period of membership after 5 April 1988 (plus any of your membership before 6 April 1988 for which you've paid additional contributions so that it counts towards an **eligible cohabiting partner's** pension).

If you are in the 50/50 section of the scheme when you die this does not impact on the value of any pension for your **spouse, civil partner, eligible cohabiting partner** or **eligible children**.

If you die after retiring on pension, a spouse's (from an opposite sex or same sex marriage), **civil partner's** or, subject to certain qualifying conditions, an **eligible cohabiting partner's** pension and pensions for **eligible children** are payable. For each year of membership you built up from 1 April 2014 to your date of death you would have been credited with a pension equal to a proportion (i.e. 1/49<sup>th</sup> or, for any period you were in the 50/50 section of the scheme, 1/98<sup>th</sup>) of the **pensionable pay** (or **assumed pensionable pay** where applicable) you received during that year (plus 1/49<sup>th</sup> of **assumed pensionable pay** for any enhancement given if retirement had been on ill health grounds). The pension payable to a spouse, **civil partner** or **eligible cohabiting partner** is calculated on a different proportion i.e. 1/160<sup>th</sup> of the **pensionable pay** (or **assumed pensionable pay** where applicable) to which is added 49/160<sup>ths</sup> of the amount of any pension credited to your **pension account** following a transfer of pension rights into the scheme from another pension scheme or arrangement. For final salary membership built up **before** 1 April 2014 the pension payable to a spouse or **civil partner** is equal to 1/160<sup>th</sup> of your **final pay** times the period of your membership in the scheme up to 31 March 2014 upon which your pension is based, unless you marry or enter into a **civil partnership** after retiring in which case it could be less. For an **eligible cohabiting partner** the calculation is the same but the pension is only based on the period of membership after 5 April 1988 (plus any of your membership before 6 April 1988 for which you've paid additional contributions so that it counts towards an **eligible cohabiting partner's** pension).

A **lump sum death grant** will be paid if you die after retiring on pension, less than 10 years pension has been paid and you are under age 75. The amount payable would be 10 times the level of your annual pension prior to giving up any pension or a tax-free cash lump sum, reduced by



any pension already paid to you and the amount of any tax-free cash lump sum you chose to take when you drew your pension at retirement. There is a slight modification to this calculation for any part of the pension you are drawing which relates to membership prior to 1 April 2014. If you are receiving a pension and are also an active member of the scheme, or have a separate deferred benefit when you die this may impact on the death grant you receive.

### **What conditions need to be met for an eligible cohabiting partner's survivor's pension to be payable?**

If you have a cohabiting partner, of either opposite or same sex, they will be entitled to receive a survivor's pension on your death if they meet the criteria to be considered to be an **eligible cohabiting partner**.

For an **eligible cohabiting partner's** survivor's pension to be payable, all of the following conditions must have applied for a continuous period of at least 2 years on the date of your death:

- you and your cohabiting partner are, and have been, free to marry each other or enter into a **civil partnership** with each other, and
- you and your cohabiting partner have been living together as if you were a married couple, or **civil partners**, and
- neither you or your cohabiting partner have been living with someone else as if you/they were a married couple or **civil partners**, and
- either your cohabiting partner is, and has been, financially dependent on you or you are, and have been, financially interdependent on each other.

On your death, a survivor's pension would be paid to your cohabiting partner if:

- all of the above criteria apply at the date of your death, and
- your cohabiting partner satisfies the pension fund that the above conditions had been met for a continuous period of at least 2 years immediately prior to your death.

### **Who is the lump sum death grant paid to?**

The LGPS allows you to indicate who you would like any death grant to be paid to by completing and returning an expression of wish form. This form is available from the City of London pension fund. The scheme's administering authority, however, retains absolute discretion when deciding on who to pay any death grant to. You can find out how to contact the pension fund at the end of this guide.

## **Leavers without an immediate entitlement to benefits**

**If you leave your job before retirement and have met the 2 years vesting period** you will have built up an entitlement to a pension. You will have two options in relation to that pension entitlement:

- you can choose to keep your benefits in the LGPS. These are known as deferred benefits and will increase every year in line with the cost of living, or
- alternatively, you may be able to transfer your deferred benefits to another pension arrangement.

**If you leave your job before retirement and have not met the 2 years vesting period** you will have three options:

- you will normally be able to claim a refund of your contribution, or
- you may be able to transfer your benefits to a new pension arrangement, or
- you can delay your decision until you either re-join the LGPS, transfer your benefits to a new pension arrangement, or want to take a refund of contributions. A refund of contributions must, in any event, be paid within 5 years of your leaving the scheme (or age 75 if earlier).



## Refunds of Contributions

If you leave, or opt out of the scheme after 3 months' membership, and you've not met the 2 years **vesting period** you will normally be able to take a refund of your contributions. There will be a deduction for tax and the cost, if any, of buying you back into the State Second Pension scheme (S2P). A refund of contributions must be paid within 5 years of your leaving the scheme (or age 75 if earlier).

## Deferred benefits

If you leave before your **Normal Pension Age** and you meet the 2 years **vesting period** you will be entitled to deferred benefits within the LGPS. Your deferred LGPS benefits will be calculated as described in the **How is my pension worked out** section using the length of your membership up to the date that you left the scheme. During the period your pension benefits are deferred they will be increased each year in line with the cost of living.

Unless you decide to transfer your deferred benefits to another pension scheme, they will normally be paid unreduced at your **Normal Pension Age**, but:

- they may be put into payment earlier and in full if, because of ill health, you are permanently incapable of doing the job you were working in when you left the LGPS and you are unlikely to be capable of undertaking any gainful employment within 3 years of applying for the benefit or by your **Normal Pension Age**, whichever is the earlier; or
- you can, if you wish, elect to receive your deferred benefits early from age 55 onwards, or
- you can, if you wish, elect not to draw your deferred benefits at your **Normal Pension Age** and defer drawing them till some time later (although they must be paid by age 75).

Benefits paid earlier than your **Normal Pension Age**, other than on the grounds of permanent ill health, may be reduced to take account of their early payment and the fact that your pension will be paid for longer. Conversely, benefits paid after your **Normal Pension Age** will be increased.

If you leave with deferred benefits and you die before they come into payment, a lump sum death grant equal to 5 years' pension will be paid. If you have deferred benefits and are also an active member of the scheme when you die this may impact on the death grant you receive. The LGPS allows you to say who you would like any death grant to be paid to by completing an expression of wish form. This form is available from the City of London Pension Fund. You can find out how to contact the pension fund at the end of this guide. The scheme's administering authority, however, retains absolute discretion when deciding on who to pay any death grant to.

If you leave with deferred benefits and die before they come into payment a spouse's, **civil partner's** or, subject to certain qualifying conditions, an **eligible cohabiting partner's pension** and pensions for **eligible children** are payable. For each year of membership you built up from 1 April 2014 to your date of death you would have been credited with a pension equal to a proportion (i.e. 1/49<sup>th</sup> or, for any period you were in the 50/50 section of the scheme, 1/98<sup>th</sup>) of the **pensionable pay** (or **assumed pensionable pay** where applicable) you received during that year. The pension payable to a spouse, **civil partner** or **eligible cohabiting partner** is calculated on a different proportion i.e. 1/160<sup>th</sup> of the **pensionable pay** (or **assumed pensionable pay** where applicable) to which is added 49/160<sup>ths</sup> of the amount of any pension credited to your **pension account** following a transfer of pension rights into the scheme from another pension scheme or arrangement. For final salary membership built up **before** 1 April 2014 the pension payable to a spouse or **civil partner** is equal to 1/160<sup>th</sup> of your **final pay** times the period of your membership in the scheme up to 31 March 2014 upon which your pension is based, unless you marry or enter into a **civil partnership** after retiring in which case it could be less. For an **eligible cohabiting partner** the calculation is the same but the pension is only based on the period of membership after 5 April 1988 (plus any of your membership before 6 April



1988 for which you've paid additional contributions so that it counts towards an **eligible cohabiting partner's** pension).

### **What if I have two or more LGPS jobs?**

If you have two or more jobs in which you pay into the LGPS at the same time and you leave one (or more) but not all of them, and you are entitled to deferred benefits from the job (or jobs) you have left, your deferred benefits from the job that has ended are automatically transferred to the active **pension account** for the job you are continuing in, unless you elect to keep them separate. If you wish to keep your deferred benefits separate you must elect to do so within 12 months of re-joining the LGPS, unless your employer allows you longer. If you are not entitled to deferred benefits from the job (or jobs) you have left, you cannot have a refund of your contributions and you must transfer your benefits to the **pension account** for the job you are continuing in.

### **Transferring your benefits**

If you leave the scheme and you are entitled to deferred benefits or a refund you can generally transfer the cash equivalent of your pension benefits into another pension arrangement or a new employer's pension scheme. This may even be to an overseas pension scheme or arrangement that meets HM Revenue and Customs conditions. You cannot transfer your benefits if you leave with less than 3 months membership or (other than in respect of Additional Voluntary Contributions (AVCs)) if you leave less than one year before your **Normal Pension Age**. An option to transfer (other than in respect of Additional Voluntary Contributions (AVCs)) must be made at least 12 months before your **Normal Pension Age**.

Your new pension provider will require a transfer value quotation which, under the provisions introduced by the Pensions Act 1995, your pension fund will guarantee for a period of three months from the date of calculation.

Alternatively, if you return to employment with an employer participating in the LGPS and rejoin the LGPS after having previously built up LGPS pension rights (i.e. you previously left an LGPS employment with deferred benefits) then these deferred benefits will normally automatically be transferred to the active **pension account** for your new job, unless you elect to keep them separate. If, for benefits that are normally automatically transferred, you wish to keep your deferred benefits separate you must elect to do so within 12 months of re-joining the LGPS, unless your employer allows you longer. If you rejoin the LGPS after having previously left an LGPS employment without building up pension rights but you deferred taking a refund of contributions (normally where you have less than two years membership) then this deferred refund **must** be joined with your new active **pension account** in the scheme.

**Keep in touch** – remember to let the pension fund know if you move house.

### **Help with pension problems**

#### **Who can help me if I have a query or complaint?**

If you are in any doubt about your benefit entitlements, or have a problem or question about your LGPS membership or benefits, please contact your pension fund. They will seek to clarify or put right any misunderstandings or inaccuracies as quickly and efficiently as possible. If your query is about your contribution rate, please contact your employer's personnel/HR or payroll section so they can explain how they have decided which contribution band you are in.

If you are still dissatisfied with any decision made in relation to the scheme you have the right to have your complaint reviewed under the Internal Disputes Resolution Procedure and, as the scheme is well regulated. There are also a number of other regulatory bodies that may be able to assist you.



The various procedures and bodies are:

- **Internal Disputes Resolution Procedure**

In the first instance you should write to the adjudicator appointed by the body who made the decision about which you wish to appeal. You must do this within six months of the date of the notification of the decision or the act or omission about which you are complaining (or such longer period as the adjudicator considers reasonable). This is a formal review of the initial decision or act or omission and is an opportunity for the matter to be reconsidered. The adjudicator will consider your complaint and notify you of his or her decision. If you are dissatisfied with that person's decision, (or their failure to make a decision) you may apply to the scheme's administering authority to have it reconsidered.

A leaflet explaining the Internal Disputes Resolution Procedure including relevant time limits is available from the pension fund.

- **The Pensions Advisory Service (TPAS)**

TPAS is available at any time to assist members and beneficiaries of the scheme in connection with any pension query they may have or any difficulty which they cannot resolve with the scheme administrator. TPAS can be contacted at:

11 Belgrave Road  
London  
SW1V 1RB

Telephone 0300 1231047

Website [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

- **Pensions Ombudsman**

In cases where a complaint or dispute has not been satisfactorily resolved through the Internal Disputes Resolution Procedure or with the help of TPAS, an application can be made to the Pensions Ombudsman within three years of the event that gave rise to the complaint or dispute. The Ombudsman can investigate and determine any complaint or dispute involving maladministration of the scheme or matters of fact or law and his or her decision is final and binding (unless the case is taken to the appropriate court on a point of law). Matters where legal proceedings have already started cannot be investigated by the Pensions Ombudsman. The Pensions Ombudsman can be contacted at:

11 Belgrave Road  
London  
SW1V 1RB

Telephone 0207 630 2200

Website [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

- **The Pensions Regulator**

This is the regulator of work based pension schemes. The Pensions Regulator has powers to protect members of work based pension schemes and a wide range of powers to help put matters right, where needed. In extreme cases, the regulator is able to fine trustees or employers, and remove trustees from a scheme. You can contact the Pensions Regulator at:

Napier House  
Trafalgar Place  
Brighton  
BN1 4DW

Telephone 0845 6000707

Website [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

## **How can I trace my pension rights?**

The Pension Tracing Service holds details of pension schemes, including the LGPS, together with

May 2015



relevant contact addresses. It provides a tracing service for ex-members of schemes with pension entitlements (and their dependants) who have lost touch with previous schemes. All occupational and personal pension schemes have to register if the pension scheme has current members contributing to the scheme or people expecting benefits from the scheme. If you need to use this tracing service please write to:

The Pension Tracing Service  
The Pension Service 9  
Mail Handling Site  
Wolverhampton  
WV98 1LU

Telephone 0845 6002 537

Website [www.gov.uk/find-lost-pension](http://www.gov.uk/find-lost-pension)

Don't forget to keep your pension providers up to date with any change in your home address.

## Some terms we use

### Additional Voluntary Contributions (AVCs)

These are extra payments to increase your future benefits. You can also pay AVCs to provide additional life cover.

All local government pension funds have an AVC arrangement in which you can invest money through an AVC provider, often an insurance company or building society. AVCs are deducted directly from your pay and attract tax relief.

### Admission Body

An admission body is an employer that chooses to participate in the scheme under an admission agreement. These tend to be employers such as charities and contractors.

### Assumed Pensionable Pay

This provides a notional **pensionable pay** figure to ensure your pension is not affected by any reduction in **pensionable pay** due to a period of sickness or injury on reduced contractual pay or no pay, or **relevant child related leave** or **reserve forces service leave**.

If you have a period of reduced contractual or no pay due to sickness or injury or you have a period of **relevant child related leave** or **reserve forces service leave** then your employer needs to provide the pension fund with the **assumed pensionable pay** you would have received during that time unless during the period of **relevant child related leave** the **pensionable pay** received was higher than the value of the **assumed pensionable pay**. This requires a calculation to be carried out by your employer to determine what your pay would have been for the period when you were on reduced contractual pay or no pay due to sickness or the period of **relevant child related leave** or **reserve forces service leave**.

The **assumed pensionable pay** is calculated as the average of the **pensionable pay** you received for the 12 weeks (or 3 months if monthly paid) before the pay period in which you went on to reduced pay or no pay because of sickness or injury or you started a period of **relevant child related leave** or **reserve forces service leave**. In calculating the average, any reduction due to authorised leave of absence or due to a trade dispute is ignored. The resulting figure is then grossed up to an annual figure and then divided by the period of time you were on reduced pay or no pay for sickness or injury or on **relevant child related leave** or **reserve forces service leave**.



**Assumed pensionable pay** is also used to work out any enhancement to your pension awarded as a result of ill health retirement, any lump sum death grant following death in service, and any enhancement which is included in survivor benefits following death in service. The **assumed pensionable pay** for these purposes is calculated as the average of the **pensionable pay** you received for the 12 weeks (or 3 months if monthly paid) before you died in service or before you left employment due to ill-health retirement. In calculating the average, any reduction due to authorised leave of absence or due to a trade dispute is ignored. Also, where an independent registered medical practitioner certifies that, during the period used to determine **assumed pensionable pay**, you were working reduced contractual hours because of the ill-health which led to your retirement or death in service, the **assumed pensionable pay** is to be calculated on the pay you would have received during that period had you not been working reduced contractual hours. The resulting figure is then grossed up to an annual figure.

### **Automatic enrolment date**

This is the earlier of:

- the day you reach age 22 provided you are earning more than £10,000 (2015/16 figure) a year in the job, or
- the beginning of the pay period in which you first earn more than £10,000 (2015/16 figure) in the job, on an annualised basis, provided you are aged 22 or more and under **State Pension Age** at that time.

### **Civil Partnership (Civil Partner)**

A **Civil Partnership** is a relationship between two people of the same sex (**civil partners**) which is formed when they register as civil partners of each other.

### **Consumer Prices Index (CPI)**

The **Consumer Price Index (CPI)** is the official measure of inflation of consumer prices in the United Kingdom. This is currently the measure used to adjust your **pension account** at the end of every **scheme year** when you are an active member of the scheme and, after you have ceased to be an active member, it is used to increase (each April) the value of your deferred pension in the scheme and any pension in payment from the scheme. The adjustment ensures your pension keeps up with the cost of living.

### **Eligible children**

**Eligible children** are your children. They must, at the date of your death:

- be your natural child (who must be born within 12 months of your death), or
- be your adopted child, or
- be your step-child or a child accepted by you as being a member of your family (this doesn't include a child you sponsor for charity) and be dependent on you.

**Eligible children** must meet the following conditions:

- be under age 18, or
- be aged 18 or over and under 23 and in full-time education or vocational training (although your administering authority can continue to treat the child as an eligible child notwithstanding a break in full-time education or vocational training), or
- be unable to engage in gainful employment because of physical or mental impairment and either:
  - has not reached the age of 23, or
  - the impairment is, in the opinion of an independent registered medical practitioner, likely to be permanent and the child was dependent on you at the date of your death because of that mental or physical impairment.

### **Eligible cohabiting partner**



An **eligible cohabiting partner** is a partner you are living with who, at the date of your death, has met all of the following conditions for a continuous period of at least 2 years:

- you and your cohabiting partner are, and have been, free to marry each other or enter into a **civil partnership** with each other, and
- you and your cohabiting partner have been living together as if you were a married couple, or **civil partners**, and
- neither you or your cohabiting partner have been living with someone else as if you/they were a married couple or **civil partners**, and
- either your cohabiting partner is, and has been, financially dependent on you or you are, and have been, financially interdependent on each other.

Your partner is financially dependent on you if you have the highest income. Financially interdependent means that you rely on your joint finances to support your standard of living. It doesn't mean that you need to be contributing equally. For example, if your partner's income is a lot more than yours, he or she may pay the mortgage and most of the bills, and you may pay for the weekly shopping.

On your death, a survivor's pension would be paid to your cohabiting partner if:

- all of the above criteria apply at the date of your death, and
- your cohabiting partner satisfies your pension fund that the above conditions had been met for a continuous period of at least 2 years immediately prior to your death.

You are not required to complete a form to nominate a cohabiting partner for entitlement to a cohabiting partner's pension. However, you can provide your pension fund with your cohabiting partner's details. Your pension fund will require evidence upon your death to check that the conditions for a cohabiting partner's pension are met.

### **Eligible Jobholder**

An **eligible jobholder** is a worker who is aged at least 22 and under **State Pension Age** and who earns more than the annual amount of £10,000 (2015/16 figure).

### **Final pay**

This is usually the pay in respect of (i.e. due for) your final year of scheme membership on which you paid contributions, or one of the previous 2 years if this is higher, and includes your normal pay, contractual shift allowance, bonus, contractual overtime (but not non-contractual overtime), Maternity Pay, Paternity Pay, Adoption Pay, Shared Parental Pay and any other taxable benefit specified in your contract as being pensionable.

### **Normal Pension Age**

**Normal Pension Age** is linked to your **State Pension Age** for benefits built up from April 2014 (but with a minimum of age 65) and is the age at which you can take the pension you have built up in full. If you choose to take your pension before your **Normal Pension Age** it will normally be reduced, as it's being paid earlier. If you take it later than your **Normal Pension Age** it's increased because it's being paid later.

You can use the Government's **State Pension Age** calculator ([www.gov.uk/calculate-state-pension](http://www.gov.uk/calculate-state-pension)) to find out your **State Pension Age**. Please note that this calculator does not include proposed changes to **State Pension Age**.

Remember that your **State Pension Age** may change in the future and this would also change your **Normal Pension Age** in the LGPS for benefits built up from April 2014. Once you start drawing your



pension any subsequent change to your **State Pension Age** will not affect your **Normal Pension Age** in the LGPS.

If you were paying into the LGPS before 1 April 2014 your final salary benefits retain their protected **Normal Pension Age** - which for most is age 65. However all pension benefits drawn on normal retirement must be taken at the same date i.e. you cannot separately draw your final salary benefits (built up before April 2014) at age 65 and your benefits built up in your **pension account** (built up from April 2014) at your **Normal Pension Age** (which for your benefits built up from April 2014 is linked to your **State Pension Age** but with a minimum of age 65).

### **Pension Account**

Each **scheme year** the amount of pension you have built up during the year is worked out and this amount is added into your active **pension account**. Adjustments may be made to your account during the **scheme year** to take account of any transfer of pension rights into the account during the year, any additional pension you may have decided to purchase during the year or which is granted to you by your employer, any reduction due to a Pension Sharing Order or qualifying agreement in Scotland (following a divorce or dissolution of a **civil partnership**) and any reduction due to an Annual Allowance tax charge that you have asked the scheme to pay on your behalf. Your account is then revalued at the end of each **scheme year** to take account of the cost of living. This adjustment is carried out in line with the Treasury Revaluation Order index which, currently, is the rate of the **Consumer Prices Index (CPI)**.

You will have a separate **pension account** for each employment. That **pension account** will hold the entire pension built-up for that employment.

In addition to an active member's **pension account** there are also:

- a deferred member's **pension account**,
- a deferred refund account;
- a retirement **pension account**,
- a flexible retirement **pension account**,
- a deferred pensioner member's account;
- a pension credit account; and
- a survivor member's account.

These accounts will be adjusted by any debits for any Pension Sharing Order or qualifying agreement in Scotland (following a divorce or dissolution of a **civil partnership**) and for any Annual Allowance tax charge that you have asked the scheme to pay on your behalf. These accounts are currently increased each April in line with the **Consumer Prices Index (CPI)**.

### **Pensionable Pay**

The pay on which you normally pay contributions is your normal salary or wages plus any shift allowance, bonuses, overtime (both contractual and non-contractual), Maternity Pay, Paternity Pay, Adoption Pay, Shared Parental Pay and any other taxable benefit specified in your contract as being pensionable.

You do not pay contributions on any travelling or subsistence allowances, pay in lieu of notice, pay in lieu of loss of holidays, any payment as an inducement not to leave before the payment is made, any award of compensation (other than payment representing arrears of pay) made for the purpose of achieving equal pay, pay relating to loss of future pensionable payments or benefits, any pay paid by your employer if you go on **reserve forces service leave** nor (apart from some historical cases) the monetary value of a car or pay received in lieu of a car.



## Relevant Child Related Leave

**Relevant child related leave** includes periods of Ordinary Maternity, Adoption or Shared Parental Leave (normally first 26 weeks), Paternity Leave and any periods of paid Additional Maternity or Adoption Leave (normally after week 26 weeks up week 39) or Shared Parental Leave.

## Reserve Forces Service Leave

This occurs when a Reservist is mobilised and called upon to take part in military operations. The period of mobilisation can range from three months or less and up to a maximum of 12 months. During a period of **reserve forces service leave** you will, if you elect to stay in the LGPS during that leave, continue to build up a pension based on the rate of **assumed pensionable pay** you would have received had you not been on **reserve forces service leave**.

## Scheme Year

The scheme year runs from 1 April to 31 March each year.

## State Pension Age

This is the earliest age you can receive the state basic pension. **State Pension Age** is currently age 65 for men. **State Pension Age** for women is currently being increased to be equalised with that for men and will reach 65 by November 2018.

### State Pension Age equalisation timetable for women

Date of Birth	New State Pension Age
Before 6 April 1950	60
6 April 1950 - 5 April 1951	In the range 60 - 61
6 April 1951 - 5 April 1952	In the range 61 - 62
6 April 1952 - 5 April 1953	In the range 62 - 63
6 April 1953 - 5 August 1953	In the range 63 - 64
6 August 1953 - 5 December 1953	In the range 64 - 65

The **State Pension Age** will then increase to 66 for both men and women from December 2018 to October 2020.

### Increase in State Pension Age from 65 to 66 for men and women

Date of Birth	New State Pension Age
6 December 1953 - 5 October 1954	In the range 65 - 66
After 5 October 1954	66

Under current legislation the **State Pension Age** is due to rise to 67 between 2026 and 2028 and to 68 between 2044 and 2046. However, the government has announced plans to link rises in the **State Pension Age** above age 67 to increases in life expectancy. To find out your **State Pension Age** please visit <https://www.gov.uk/calculate-state-pension>.

## Vesting Period

The **vesting period** in the LGPS is 2 years. You will meet the 2 years **vesting period** if:

- you have been a member of the LGPS in England and Wales for 2 years, or
- you have brought a transfer of pension rights into the LGPS in England or Wales from a different occupational pension scheme or from a European pensions institution and the length of service you had in that scheme or institution was 2 or more years or, when added to the period of time you have been a member of the LGPS is, in aggregate, 2 or more years, or



- you have brought a transfer of pension rights into the LGPS in England or Wales from a pension scheme or arrangement where you were not allowed to receive a refund of contributions, or
- you have previously transferred pension rights out of the LGPS in England or Wales to a pension scheme abroad (i.e. to a qualifying recognised overseas pension scheme), or
- you already hold a deferred benefit or are receiving a pension from the LGPS in England or Wales (other than a survivor's pension or pension credit member's pension), or
- you have paid National Insurance contributions whilst a member of the LGPS and cease to contribute to the LGPS in the tax year of attaining pension age,
- you cease to contribute to the LGPS at age 75, or
- you die in service.

## Further information and disclaimer

This guide is for employees in England or Wales and reflects the provisions of the LGPS and overriding legislation as at 1 April 2015.

The national web site for members of the LGPS who contribute to the scheme on or after 1 April 2014 can be found at [www.lgps2014.org](http://www.lgps2014.org).

This guide cannot cover every personal circumstance. For example, it does not cover all ill health retirement benefits. Nor does it cover rights that apply to a limited number of employees e.g. those whose total pension benefits exceed the lifetime allowance (£1.25 million in 2015/16), those whose pension benefits increase in any tax year by more than the annual allowance (£40,000 in 2015/16), those to whom protected rights apply, those whose rights are subject to a pension sharing order following divorce or dissolution of a civil partnership. In the event of any dispute over your pension benefits the appropriate legislation will prevail. This short guide does not confer any contractual or statutory rights and is provided for information purposes only.

More detailed information about the scheme is available from:

### **City of London Pension Fund Contacts**

☎ 020 7332 1133 / 3982

Email: [pensions@cityoflondon.gov.uk](mailto:pensions@cityoflondon.gov.uk)

Website: [www.yourpension.org.uk/cityoflondon](http://www.yourpension.org.uk/cityoflondon)

✉ Pensions Manager, City of London, Guildhall, PO Box 270, London EC2P 2EJ

The Pensions Office is located on the 3<sup>rd</sup> Floor of the North Wing



This page is intentionally left blank





## LOCAL GOVERNMENT PENSION SCHEME (LGPS) PREVIOUS PENSION RIGHTS

If you have previously paid into another pension scheme(s) you can request to have the benefits built up in these arrangements transferred into the LGPS. You may be able to transfer pension rights into the LGPS from:

- a previous LGPS Fund
- an occupational pension scheme
- a self-employed pension plan
- a 'buy-out' policy
- a personal pension plan
- a stakeholder pension scheme
- an Additional Voluntary Contribution (AVC) arrangement

Please note:

You **cannot** transfer a pension credit into the LGPS. A pension credit is a share of an ex-spouse's or ex-civil partner's pension benefits, as awarded by a Court under a Pension Sharing Order.

### **If you have previous LGPS pension rights**

- If you re-join the LGPS and have a deferred refund from an earlier period of membership, your previous pension rights must be **automatically** aggregated with your new pension account
- If you re-join the LGPS and have a deferred benefit from an earlier period of membership, your previous LGPS pension rights will be **automatically** aggregated with your new pension account **UNLESS** you elect to retain separate pension rights. You must elect to retain separate pension rights within 12 months of re-joining the LGPS.

If you have been employed in local government previously you must complete the attached previous local government form **in all circumstances**. The City of London Pension fund will then contact you regarding any previous pension benefits you may hold.

### **If you have previous pension rights in a non-LGPS arrangement**

You must elect to transfer any previous pension rights into the LGPS within 12 months of joining. Any request you make to investigate a transfer will not be binding until you have been supplied with further details and subsequently confirm that you wish the transfer to go ahead.

To investigate a transfer you should complete the attached transfer request form. If you have more than one previous pension arrangement you should copy the form, as necessary.

If you have any queries about transferring your pension rights please telephone 020 7332 3039/3707 or email [pensions@cityoflondon.gov.uk](mailto:pensions@cityoflondon.gov.uk)





## Previous Local Government Employment

Have you ever been employed in local government before? Yes ☐ No ☐

If yes please provide the details below:

1. Name of employer			
Address of previous employer			
Postcode:			
Dates of employment	From:	To:	
If you paid into the LGPS did you:			
Take a refund of contributions	<input type="checkbox"/>	Draw a pension	<input type="checkbox"/>
Transfer your benefits	<input type="checkbox"/>	Defer benefits	<input type="checkbox"/>
(Tick appropriate option)			

2. Name of employer			
Address of previous employer			
Postcode:			
Dates of employment	From:	To:	
If you paid into the LGPS did you:			
Take a refund of contributions	<input type="checkbox"/>	Draw a pension	<input type="checkbox"/>
Transfer your benefits	<input type="checkbox"/>	Defer benefits	<input type="checkbox"/>
(Tick appropriate option)			

If you have more than 2 previous employers please copy this form as appropriate

Signed:	Date:
Surname:	First names(s):
Date of birth:	National Insurance Number:

Please return this form to your HR department or the Pensions Office, City of London, PO Box 270, Guildhall, London EC2P 2EJ or scan and email it to [pensions@cityoflondon.gov.uk](mailto:pensions@cityoflondon.gov.uk)





## Transfer Request Form Non LGPS pension benefits

Full Title of Pension Scheme:	
Address of Pension Scheme Administrator:	
Postcode:	Telephone number:
Dates from: to:	
Name of employer (if applicable):	
Position held with former employer (if applicable):	
Membership/Policy number:	
When you stopped paying into the pension scheme did you:	
Take a refund of contributions <input type="checkbox"/>	Draw a pension <input type="checkbox"/>
Transfer your benefits to another provider <input type="checkbox"/>	Defer benefits <input type="checkbox"/>
If you have deferred benefits are you interested in transferring these to the City of London?	Yes <input type="checkbox"/> No <input type="checkbox"/>

I authorise my previous pension scheme administrators to release any information relevant to the transfer of my pension rights to the City of London.

Completing this form does not commit you to transfer. It allows the Pensions Office to request information from your previous scheme administrators. When that information has been received you will be informed of the pensions benefit that can be offered in return for the transfer value, you then need to decide whether or not to proceed with the transfer.

Signed:	Date:
Surname:	First names(s):
Date of birth:	National Insurance Number:
Partnership Status: Single/ Married/ Civil Partnership/ Divorced/Cohabiting with partner/Widow(er)* (delete as appropriate)	

Please return this form to your HR department or the Pensions Office, City of London, PO Box 270, Guildhall, London EC2P 2EJ or scan and email to [pensions@cityoflondon.gov.uk](mailto:pensions@cityoflondon.gov.uk)



This page is intentionally left blank





# Death Grant

## Expression of Wish

### (For Members of the Local Government Pension Scheme)

Please read these notes carefully then complete the form overleaf

If you die whilst you are a contributing member of the Local Government Pension Scheme a lump sum death grant of 3 years pay is payable from the Pension Fund. A smaller amount may also be payable if you die as deferred member or you are a pensioner who dies within 5 or 10\* years of retirement.

\*10 years if you left the scheme after 31 March 2008

The advantage of an Expression of Wish is that any death grant will be paid quickly and normally without any liability for inheritance tax. A death grant is paid at the discretion of the Fund and does not form part of your Estate.

#### Please note that:

1. You can nominate one or more individuals, whether or not related to you, and/or an unincorporated or incorporated body to receive a share of your death grant.
2. If you are nominating more than one individual please make sure the shares add up to exactly 100%
3. Whilst the City of London will give great weight to your expression of wish, it has absolute discretion to pay the death grant to a member's nominee or personal representative or any or other person who appears to have been a relative or dependent.
4. Where a valid expression of wish form does not exist, the City of London will pay the grant, as it sees fit, to such persons who appear to have been a relative/dependent at the time of death.
5. A death grant is usually paid to whoever you have nominated but nominations will be treated by the City of London as not being in force at the time of the member's death if:
  - the nominated beneficiary has died;
  - the City of London is of the opinion that payment of the death benefit to the nominated beneficiary is not reasonably practical
6. You must remember to revise your expression of wish form whenever your circumstances change. You should complete a new form to change your beneficiaries.
7. If you are nominating a child you may wish to consider establishing a trust fund.
8. A death grant is only payable if you are under age 75 at the date of death



# Expression of Wish – Death Grant

(For Members of the Local Government Pension Scheme)

Please print in BLOCK capitals



## Member Details

Mr/Mrs/Miss/Ms/Other \_\_\_\_\_ Surname \_\_\_\_\_

Forname(s) \_\_\_\_\_

Employer or former Employer \_\_\_\_\_

National Insurance Number: \_\_\_\_\_ Date of Birth: \_\_\_\_/\_\_\_\_/\_\_\_\_

Address: \_\_\_\_\_

Postcode \_\_\_\_\_ Tel Number \_\_\_\_\_

**I wish the City of London Pension Fund, in the exercise of its absolute discretion, to consider paying any lump sum death benefit due under the Local Government Pension Scheme, to the following individual(s) or organisation(s) and, if more than one, in the following shares.**

## Beneficiary Details

Name and Address	Relationship (if any)	Date of Birth (if under 18)	Share of Benefit (%)
(Please use additional sheets if necessary)		Total	100%

**I certify that I have read the notes overleaf and that the above details are correct to the best of my knowledge**

Member's signature \_\_\_\_\_ Date: \_\_\_\_\_

Send completed form to:

City of London, Pensions Office, PO Box 270, Guildhall, London EC2P 2EJ

✉ [pensions@cityoflondon.gov.uk](mailto:pensions@cityoflondon.gov.uk)





## Notice to opt out of Pension Saving

### Opting out of the Local Government Pension Scheme in England or Wales

The Local Government Pension Scheme (LGPS) allows you to save while you are working in order to enjoy a pension once you retire. It is one of the best occupational pension schemes in the UK. What's more, the LGPS is provided by your employer who meets a large part of the cost of providing the excellent range of secure benefits, so it's an extremely valuable and important part of your employment package.

You might be thinking of opting out of the LGPS for a variety of reasons. Whatever the reason, it's worth taking some time to look at the benefits you could be giving up. A brief summary of these is included in the "Declaration" section of this form.

You may wish to consider the **50/50 section of the LGPS** where you **pay half your normal contributions** and build up half your normal pension during the period that you are in that section. Whilst you are in the 50/50 section you will still get full life assurance cover, full ill health cover and full survivor benefits in the event of your death. For more information about the 50/50 section please visit - [www.yourpension.org.uk/CityofLondon/Home](http://www.yourpension.org.uk/CityofLondon/Home) or contact the Pension Office.

Opting out won't save you as much in take home pay as you may think. In most cases, you will pay more tax and National Insurance if you opt out of the LGPS. A basic rate tax payer paying pension contributions of £100 a month will pay £20 more tax and their NI will go up by about the same if they opt out.

If you opt out with an entitlement to a preserved benefit (see point 5 on notes page) and subsequently re-join the scheme you will not be permitted to join the two periods of membership together. Instead you will have two separate sets of pension benefits in the scheme.

If you want to know more about the costs and benefits of being a member of the Local Government Pension Scheme please visit - [www.yourpension.org.uk/CityofLondon](http://www.yourpension.org.uk/CityofLondon)

Whatever your reasons for considering opting out of the scheme, we ask that you give this matter careful consideration before making a final decision. You may wish to take financial advice before making a decision to opt out. If you are opting out of the LGPS due to advice you have received you should ask for this advice in writing.

Your employer cannot ask you or force you to opt out. If you are asked or forced to opt out you can tell The Pensions Regulator - see [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

Equally, no one can force you to remain a member of the scheme but, if you elect not to be a member, you should understand the implications both for you and your dependants.



**Your Personal Details (please complete this form in black ink)**

Surname:

First name (s):

Title: Mr / Mrs / Miss / Ms / Other (please specify)

Your home address:

Post code:

Your national insurance number:

Your date of birth:

Your employer's name:

If you hold more than one post with us we will assume you wish to opt out of membership of the LGPS in all of these posts. However, if you wish to opt out of membership in some but not all of these posts, please indicate in the box below the name of the post (or posts) from which you wish to opt out of membership of the LGPS.

Job title – Post 1: \_\_\_\_\_

Job title – Post 2: \_\_\_\_\_

Job title – Post 3: \_\_\_\_\_

Job title – Post 4: \_\_\_\_\_

Opt out form April 2015



## Declaration:

I declare that by opting out of the Local Government Pension Scheme (LGPS) I am knowingly giving up the opportunity to participate in the LGPS which would provide a guaranteed package of benefits which are backed by law including:

- **a secure pension** – payable for life that increases with the cost of living
- **tax free cash** – the option to exchange part of my pension for some tax-free cash at retirement
- **life cover** – with a lump sum of three times my pay if I die in service
- **voluntary early retirement** – from age 55 even though the normal pension age is linked to my individual State Pension Age (SPA). Benefits drawn before normal pension age may be reduced for early payment
- **serious ill-health cover** – if I have to retire due to a serious illness I could receive immediate benefits based on an enhanced period of scheme membership
- **redundancy cover** – with the early payment of pension if I am made redundant or retired on business efficiency grounds at age 55 or over
- **cover for my family upon my death** – including a survivor's pension for my husband, wife, civil partner or cohabiting partner as well as children's pensions

I have read the above and understand that the choices I make now are important in planning for my retirement. I confirm that I wish to opt out of pension saving in the post(s) I have indicated on this form.

I am aware of the 50/50 section of the LGPS where I can pay half my normal contributions and build up half the normal pension.

I understand that if I opt out I will lose the right to pension contributions from my employer.

I understand that if I opt out I may have a lower income when I retire.

Signed:

**You can only sign and date this opt out form once you have commenced employment in the post from which you wish to opt out. If you sign and date the form before then it will be treated as an invalid opt out.**

Date:

**It is important to fully complete this form. An incomplete form will not be accepted as a valid opt-out and the form will be returned to you for completion.**



## Notes:

1. **You can only sign and date this opt out form once you have commenced employment in the post from which you wish to opt out of membership of the LGPS. You cannot sign and date the form before then as it will be treated as an invalid opt out.**
2. The completed opt out form should be returned to your employer's Payroll Section or Human Resource department.
3. If you have another job with another employer, that employer might also put you into pension saving, now or in the future. This opt out notice only opts you out of LGPS pension saving in relation to the employer and jobs you have named on this form. A separate opt out notice must be filled out and given to any other employer you work for if you wish to opt out of pension saving with that employer as well. You will need to obtain the opt out form for employment with that employer from the pension administrators for the scheme provided by that employer.
4. If you opt out of the LGPS before completing three months membership you will be treated as never having been a member and will receive a refund of any contributions you have paid via your salary. If you opt out after completing more than three months but less than 2 years membership you will be entitled to a refund which will be paid from the City of London's Pension Fund. You are not able to claim this refund **until a period of one month and one day** has passed since your last day of membership. To claim a refund please complete Option C of the leaver form which can be found at: [www.yourpension.org.uk/CityofLondon/Home](http://www.yourpension.org.uk/CityofLondon/Home)
5. If you joined the LGPS on or after 1 April 2014 and have at least two years membership of the LGPS (or less than two years membership but you have transferred pension rights in from another scheme) you have the right to a preserved benefit. This means the pension benefits you have built up will remain with the City of London until they either become payable to you or you decide to transfer them. If you were a member of the LGPS on or before 31 March 2014 and you have at least three months membership of the LGPS (or less than three months membership but you have transferred pension rights from another scheme) you may also elect to a preserved benefit.
6. If you decide to opt out of membership of the LGPS and subsequently change your mind you will be able to rejoin the scheme provided you are under age 75 and you remain in an employment that qualifies you for membership of the scheme. You will need to write to your employer if you want to opt back into the scheme.
7. If you stay opted out your employer will normally automatically put you back into the LGPS approximately three years from the date they have to comply with the automatic enrolment provisions of the Pensions Act 2008. You will, however, again be entitled at that time to opt out of membership of the scheme.
8. If you change employer your new employer will normally put you back into pension saving straight away.
9. If you re-join the scheme and have a right to a preserved benefit in respect of your previous membership you will not be permitted to join the two periods of membership together. Instead you will have two separate sets of pension benefits in the scheme.

## Purpose for which this form will be used

This form should be returned to your employer's Payroll Section or Human Resource department; it will be used to cease your active membership of the Local Government Pension Scheme as per your instruction. The form will be retained as a record of your election to cease membership of the Local Government Pension Scheme or, if you hold more than one post with us, as a record of your election to cease membership in the job or jobs you have indicated on the form.



# Pensions Newsletter

## Contents

Page 1	Insight Lunches Late Retirements
Page 2	The CARE benefits.
Page 3	Lifetime Allowance Protections – Online Application Member website Contact details

## Insight Lunches

Want to learn about the LGPS? Why not attend one of our insight lunches:

**Increasing your pension benefits – October 28<sup>th</sup> at 12pm**

**An introduction to the LGPS – November 18<sup>th</sup> at 12pm**

Click [here](#) for course outlines. Contact your [HR Business Unit](#) to book a place.

## Late Retirements

Pension benefits are increased if they are taken after the following ages:

- For service before 1 April 2014: age 65
- For service on or after 1 April 2014: State Pension Age, or if higher, age 65

Currently pension benefits are uplifted by 0.014%, and the automatic 3/80<sup>th</sup> lump sum retirement grant (if any) deriving from pre 1 April 2008 membership should be uplifted by 0.007% - for each day retirement is postponed beyond the above ages.

However, following the announcement by the Government that the underlying discount rate should be amended the uplifts will be reduced to 0.01% in respect of pension benefits and to 0.001% in respect of any lump sum benefits - for each day retirement is postponed beyond the above ages.

**These changes will apply to retirements/ benefits taken after the 4<sup>th</sup> January 2017.**



## Annual Statements and the CARE pension scheme

If you were a member of the pension scheme on the 31<sup>st</sup> March you should by now have received your Annual Pension Statement. It is worth repeating how the CARE (Career Average Revalued Earnings) part of the LGPS works.

### How does the CARE part of the scheme, introduced in 2014, work?

The Local Government Pension Scheme moved from being a Final Salary scheme to a CARE scheme from 1<sup>st</sup> April 2014. However, it remains;

- a Defined Benefit scheme [as opposed to a defined contribution scheme];
- A funded scheme where the employer has to pay the major part of the cost of the scheme benefits [most public sectors scheme are unfunded];
- Statutory i.e. the benefits are guaranteed.

For each year in the new scheme you build up pension based on your pay in that year.

- Every year you get a pension that is equal to a 49<sup>th</sup> of your pay added into your pension account

PLUS

- Inflation increases, so your pension keeps up with the cost of living

The cost of living increase applied to Year 1 (2014/15) was 1.2%. However, the Consumer Price Index figure for September 2015, the figure used to determine the revaluation to be applied in the following year was -0.1%. Consequently the Treasury confirmed that this is the revaluation that is to be applied at the end of year 2 (2015/16)

### Example

A member has a pensionable pay of £24,500 in year 1 (2014/15) so will accrue 1/49<sup>th</sup> of that pay towards her pension i.e. £24,500 x 1/49 =£500.00.

If she was a member for the 2 years to 31/3/2016 and in year 2 (2015/16) has pensionable pay of £24,990 taking into account the two inflation (revaluation) figures above her pension would build up as follows:

	Opening Balance	Pensionable Pay	Pension Build Up In Scheme Year	Updated Total Account
Year 1	0	£24,500	£500.00	£506.00
Year 2	£506	£24,900	£508.16	£1013.15

The benefits in the CARE part of the scheme will be added to the Final Salary benefits you accrue in respect of your pre 1<sup>st</sup> April 2014 membership of the scheme.



## Tax Controls on Pensions Savings





As a member of the LGPS you receive tax relief on your contributions as they are deducted from your pay; because of this tax relief HM Revenue and Customs (HMRC) impose two controls on the amount of pension savings you can have before you have to pay extra tax. The two controls are known as the **lifetime allowance** and the **annual allowance**. In our February Newsletter there were details of the changes to these allowances.

If you wish to apply for Individual or Fixed Lifetime Allowance Protection 2016 you can now do so online here – <https://www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance>

Further information can be found here - <https://www.gov.uk/tax-on-your-private-pension>

## Contact Details


If you would like more information about any of the items included in this newsletter or about any other aspect of your pension please contact the Pensions Office:

 Pensions Office  
City of London  
PO Box 270  
Guildhall  
London  
EC2P 2EJ  
 [pensions@cityoflondon.gov.uk](mailto:pensions@cityoflondon.gov.uk)  
 020 7332 1133/3039  
 [www.yourpension.org.uk/CityofLondon](http://www.yourpension.org.uk/CityofLondon)

The Pensions Office is located on the 3<sup>rd</sup> Floor, North Wing, Guildhall.

## Member Website

The Local Government Pensions Committee LGPS member website can be found here - <https://www.lgpsmember.org/>

Our own website should be used to access information and all the forms you need –  [www.yourpension.org.uk/CityofLondon](http://www.yourpension.org.uk/CityofLondon)



## **Our Newsletters**

The City of London's Pensions Service produced this newsletter. This newsletter is not an interpretation of the pension scheme or any other regulations. The relevant regulations will be used to reach a decision in any dispute or disagreement. Information about the scheme is available at [www.lgps2014.org](http://www.lgps2014.org) or [www.yourpension.org.uk/CityofLondon](http://www.yourpension.org.uk/CityofLondon)

Previous versions of newsletters in addition to our standard pension forms and guides are also available on our website [www.yourpension.org.uk/CityofLondon](http://www.yourpension.org.uk/CityofLondon)



## LGPS Personal Benefit Statement

Mr T Test  
01TEST  
Test Department

Issue Date: August 2016

### Section 1: Personal Details

Full Name and title	Mr T Test
Date of Birth	01/01/1970
National Insurance Number	JA000000D
Partnership Status	S
Employment Number	054JA1376071
Reference Number	090000
Employer at 31/03/2016	CITY OF LONDON
Date Joined Scheme	06/10/2005
Section of scheme at 31/03/2016	MAIN
CARE Pensionable Pay in year to 31/03/2016	£35,154.95
Final Salary Pensionable Pay	£29,674.54

It is important that the details above are correct as any inaccuracies will affect all of the calculations below. If any of the above details are incorrect please inform the Pensions Department.

### Section 2: Summary of Total Benefits at 31/03/2016

**Name: T Test**

**NI Number: JA000000D**

#### Your benefits accrued at 31/03/2016 (as detailed in sections 3 and 4)

Annual pension	£5247.95	Automatic lump sum	£2765.22
<b>Death in service benefits</b>			
Death in service lump sum	£105464.85	Annual survivor's pension	£0.00

At retirement it is possible to convert pension to tax free cash at a ratio of 12 to 1, subject to HMRC limits, the maximum tax free cash you can take is not illustrated in this statement.



### Your Nomination Details

**Name: T Test**

**NI Number: JA000000D**

### Nomination Comments

### Section 3: Career Average Pension Benefits at 31/03/2016 (payable from 01/01/2037)

**Name: T Test**

**NI Number: JA000000D**

**PLEASE NOTE:** The benefits calculated in this section of the statement are based on the pay figures below. It is important that you check this and the pension build-up on the line below and contact the Pensions Department to report any perceived inaccuracies.

Pensionable Pay for year to 31/03/2016 in Main section	£35154.95
Pensionable Pay for year to 31/03/2016 in 50/50 section	£0.00

#### Amount of pension built up in the year to 31/03/2016

Main Section Pay / 49	+	50/50 Section Pay / 98	+	Additional Pension Bought	+	Transfers in	=	Total
£717.45		£0.00		£0.00		£0.00		£717.45

#### Total Career Average Pension in the year to 31/03/2016

Previous year closing balance	+	Increase for the cost of living	+	In year build up (as shown above)	=	Total Career Average Pension at 31/03/2016
£633.70		£7.60		£717.45		£1358.75

### Section 4: Final Salary Benefits at 31/03/2016 (payable from 01/01/2037)

**Name: T Test**

**NI Number: JA000000D**

Final Salary pay £29674.54		Annual pension			Automatic lump sum £2765.22
		Total	£3889.20		
		Including 60ths	£2967.45		
		+ 80ths	£921.75		



**Section 5: Projections if you remain contributing to the scheme until 31/12/2036  
(ie to your Normal Pension Age (NPA) of 67 Yrs 0 Days)**

**Name: T Test**

**NI Number: JA000000D**

Total Pension at NPA	£20421.79	Automatic lump
Including projected Career Average Pension to NPA	£16248.29	sum at NPA
and projected Final Salary pension to NPA	£4173.50	£2785.43

Prospective survivor's annual pension if you remain in the scheme to NPA	£0.00
Including projected Career Average Pension to NPA	£0.00
and projected Final Salary pension to NPA	£0.00

**Annual Allowance**

Pension Input for tax year 2015/16	
Second part-year PIP (9 July 2015 to 5 April 2016)	£10933.98
First part-year PIP (1 April 2015 to 8 July 2015)	£3979.64
Unused Allowance carry forward in respect of 2015/2016	£29066.02

Please refer to the notes for further information about the Annual Allowance.



**Section 6: Your Membership Details for Final Salary Benefits****Name: T Test****NI Number: JA000000D**

Your employer supplies us with your membership information.

We have shown any other pension scheme membership transferred to the Local Government Pension Fund.

If you believe any of the details are incorrect, please let us know.

Employer	Period		Calendar length years/days	Percentage of whole time	Period of membership years/days
	From	To			
CITY OF LONDON	06/10/2005	31/03/2014	08/177	100.000000	08/177



## Local Government Pension Scheme (LGPS) Annual Benefit Statement

Enclosed is your annual pension benefit statement. It is important that you read this statement and the explanatory notes. If you believe any of the details on the statement are not correct (as at 31st March 2016) please email [Pensions@cityoflondon.gov.uk](mailto:Pensions@cityoflondon.gov.uk)

From 1st April 2014 the LGPS has been a Career Average Revalued Earnings (CARE) Scheme, benefits build up at the rate of a 1/49th of your pensionable pay (if you are a member of the main section of the Scheme), or at the rate of 1/98th of your pensionable pay (if you are a member of the 50/50 section of the Scheme) and then revalued in line with increases in the Consumer Price Index. The CARE benefits shown on this statement have the 2015 increase of 1.2% applied. The CPI figure to be applied from 1st April 2016 is -0.1% and will be reflected in next years statement.

All benefits accrued on membership to 31st March 2014 will continue to be based on your final pensionable pay. This statement shows the benefits have been calculated on the 1/80th pension and automatic 3/80ths lump sum basis in respect of membership up to 31st March 2008 plus 1/60th pension with no automatic lump sum on membership from 1st April 2008.

If no spouse's pension is shown and you are married, in a civil partnership or have a co-habiting partner, then we have not seen verification that you are in a qualifying relationship. Therefore, please send to the pensions office either the appropriate certificate or a completed **Notification of Co-habiting Partner** form available on the pensions office website [www.yourpension.org.uk/CityofLondon/Home.aspx](http://www.yourpension.org.uk/CityofLondon/Home.aspx)

Also, if the "Nomination Details" section is blank you should complete an **"Expression of Wish"** form (also available on the pensions office website) in order to indicate to whom you would like the Death Grant to be paid.

### When can I retire?

From April 2014 you can choose to leave and draw your pension anytime from **age 55** but the longer you work the more your pension will be.

Your pension will be reduced if you choose to retire before your normal pension age and increased if you retire later.

Normal pension age is no longer fixed at 65; it will be the same as your current state pension age - with 65 as the earliest age, but see the protection section below. If you are unsure of your state pension age have a look at [www.gov.uk/calculate-state-pension](http://www.gov.uk/calculate-state-pension)

If you were age 55 or over as at 31st March 2016 your figures do not show any early retirement reduction which would apply had you retired on this date.

Also included in your statement is a projection to your normal pension age. If you were over your Normal Pension Age as at 31st March 2016 section 5 has been left blank intentionally.

### Protections

If you were a member of the Scheme on 31 March 2014, you automatically joined the career average pension scheme and will continue to build up benefits in the LGPS. The entire pension you have built up in the LGPS before this date is fully protected.



**All benefits built up before April 2014, will continue to be based on your final year's pay when you leave the Scheme** as these benefits were built up in the final salary scheme. That means that all the membership you built up to 31 March 2014 will be used to calculate your final salary benefits when you leave.

**Your Normal Pension Age** is also protected. This means that the benefits you built up before April 2014 retain their Normal Pension Age under final salary scheme rules, which for almost all members is age 65.

### **Rule of 85**

If you have rule of 85 protection this continues to apply from April 2014. The only occasion where this protection does not automatically apply is if you choose to voluntarily draw your pension on or after age 55 and before age 60, further information can be found here - <https://www.lgpsmember.org/more/eightyfive.php>

### **Underpin**

Protections are in place if you are nearing retirement to ensure that you will get a pension at least equal to that which you would have received in the scheme had it not changed on 1 April 2014. This protection is known as the 'underpin'.

The underpin generally applies to you if you were: Paying into the Scheme on 31 March 2012 and, you were within 10 years of your Normal Pension Age on 1 April 2012, further information can be found here - <https://www.lgpsmember.org/more/pre2014.php>

### **Annual Allowance**

Each year the growth in your pension scheme benefits, referred to as pension input (PIP) amount, is compared with the annual allowance (AA). If your pension savings increase by more than £40,000 in any one year you may become liable to a tax charge. Most scheme members will not be affected by the annual allowance tax charge, however, we have included the value of your pension input amount in this year's statement based on the information we hold with regard to your LGPS benefit. You should add this value to any other pension benefits you have accrued during the year.

You may be allowed to bring forward any unused allowance for the last three years. This means that even if the value of your pension savings increase by more than £40,000 in a year you may not be liable to pay the annual allowance tax charge. If you are at risk of exceeding the annual allowance you should seek advice. Further information can be found at <http://www.hmrc.gov.uk/pensionschemes/understanding-aa.htm>

If you exceed the threshold for 2015/16 we will write to you separately in due course. In 2015/16 the year has been split with most members having a further £40,000 allowance for the second part of the year.

**IMPORTANT - This is not a document of title. The amounts shown are an illustration. The amount you receive on retirement may be different because of changes in your circumstances or the law or for any other reason stated in the notes enclosed. These benefits cannot, therefore, be relied on. An estimate will be sent on request if it is required for a specific purpose**



**CITY OF LONDON**  
**Deferred Pensioner Annual Benefit Statement**

Mr A Test  
 456 Fake Street  
 London  
 E22 1TT

Issue Date: June 2016

**Deferred Pensioner Benefit Details**  
**with effect from 11 April 2016**

Name	A Test	
NI Number	JH000000A	
Date of Birth	1 November 1980	
Date of leaving	7 October 2015	
Date Benefits payable from	8 November 2054	
1. Current annual pension payable as at (includes pensions increase of £-0.42)	11 April 2016	£1766.10
2. Lump Sum Retiring Grant (includes pensions increase of £0.00)		£0.00
3. Contingent spouses pension (includes pensions increase of £-0.14)		£603.88
4. Death Grant (includes pensions increase of £-2.10)		£8830.50



**Name: A Test**

**NI Number: JH000000A**

**Your Nomination Details**

**Nomination Comments**

**Your Membership Details**

**Employer**

**Start Date**

**End Date**

CITY OF LONDON

02/04/2012

07/10/2015



**Chamberlain's Department**

Dr Peter Kane MA, MSc, CPFA  
Chamberlain (Finance Director)

Mr A Test  
1 Test Road  
Test Town  
Test County  
TE1 2ST

**Telephone** 020 7332 ...

**Fax** 020 7710 ...

**Email** test.user  
@cityoflondon.gov.uk

**Our ref** PG/PEN/AH

**Case Officer**

Test User

**Date** 20<sup>th</sup> December 2016

Dear Mr Test

### **Local Government Pension Scheme Retirement Benefits**

I write to inform you that on your retirement from your employment with the City of London Corporation on *DATE* you have become entitled to an award of preserved retirement benefits payable from age 65. The value of these benefits is as follows:-

*(Please note, all figures within this letter are fictional)*

Annual Pension	£	23,685.30
Lump Sum Retirement Grant	£	48,091.04
Spouses Pension (payable upon death)	£	10,683.07

Alternatively, you may elect to receive immediate payment of reduced benefits from *DATE*. The value of these benefits would be as follows:-

Annual Pension	£	20,470.01
Lump Sum Retirement Grant	£	45,836.77
Spouses Pension (payable upon death)	£	10,683.07

### **Calculation of Final Salary Pension benefits**

Your pension benefits up to *DATE* are based on your membership and your final pay on leaving. Your final pay is usually the pensionable pay in respect of your final year of scheme membership or one of the two previous years' if this is higher. If you were working part-time your final pay is the pay that you would have received had you worked whole-time.

These benefits have been calculated using a pensionable pay of £47,086.43. This relates to the period *DATE1* to *DATE2* and is the highest of the final three years.



If your pay was reduced or increases to your pay were restricted in your last 10 years of continuous employment because you downgraded or moved to a job with less responsibility, or as a result of a job evaluation/equal pay exercise, or because of a change to what is specified as pensionable pay in your contract **you have the option to have your final pay calculated as the average of any 3 consecutive years' pay in the last 13 years** (ending on a 31 March). If you wish to take up this option please notify me in writing immediately.

Your benefits are increased in the line with the cost of living, both while they are preserved, and after they come into payment. Where a previous year's pay has been used these increases apply from the end of the pay period used.

If you receive arrears of salary after leaving the LGPS (e.g. due to a backdated pay award or a bonus paid in respect of an earlier period) your pension benefits will be re-calculated accordingly; where a previous year's pay has been used to calculate your pension benefits the re-calculation may result in the final year being higher and consequently pension increases will apply from a later date. **As a result there may be a reduction in the pensions increase amount and a reduction to the total pension benefit payable.**

### **Calculation of Career Average Revalued Earnings (CARE) benefits**

From *DATE* your pension is calculated each year by taking  $1/49^{\text{th}}$  of your pensionable pay in that year and adding it to your Pension Account. The amount of pension in your Pension Account at the end of each scheme year will be adjusted in line with the cost of living.

### **Exchanging annual pension for lump sum**

You have an option to convert some of your pension into extra lump sum retirement grant. Such conversion would be within Her Majesty's Revenue & Customs (HMRC) limits. For every £ 1.00 of annual pension converted, you would receive an additional lump sum retirement grant of £ 12.00.

If you elect to take immediate payment of reduced benefits the maximum you are allowed to convert is £4,855.18 which would then provide you with an additional lump sum retirement grant of £58,262.13.

You can choose to convert any amount of pension up to the maximum amount shown above. The options available to you are detailed on the attached 'Lump Sum Option form'. Should you elect to convert pension to provide for a larger lump sum but wish to convert an amount less than the permitted maximum you should select Option C and specify the amount of additional lump sum you wish to receive.



## **Prudential AVC**

If you elect to convert the maximum pension, as shown above, you will not be able to take your entire Prudential AVC fund as tax free cash. Prudential estimate that the current value of your AVC fund is £19,748.07 which you can elect to receive as a tax-free lump sum.

As mentioned previously, you have an option to convert some of your pension into extra lump sum retirement grant.

If you wish to take your entire AVC fund as tax free cash the maximum you would be permitted to convert is £3,797.25 which would then provide you with an additional lump sum retirement grant of £45,566.98.

Please note that if you reduce your pension, your spouse's and dependants' pensions would not be affected.

Please also complete the attached 'personal details following retirement' and 'lifetime allowance statement' forms and return them to the pensions office enclosing any relevant certificates.

If you require any further information regarding this matter please do not hesitate to contact Anita Higginson on the above telephone number.

Yours sincerely

Charlie Partridge  
Pensions Manager



City of London  
Local Government Pension Scheme

Payment of Benefits Form

Please tick the appropriate option

**Option 1**

I wish to take a reduced pension and lump sum  
from \*\*\*\*. I have completed and  
enclosed:

☐

- Lump Sum Option Form
- Bank details Form
- Lifetime allowance Form

**Option 2**

I wish to take an un-reduced pension and lump sum  
from \*\*\*\*.

☐

Signature: \_\_\_\_\_ Date: \_\_\_\_\_



City of London  
Local Government Pension Scheme

**NB: Only complete this form if you have elected to take reduced pension benefits (Option 1).**

An annual pension of	£****
Plus a tax free Lump Sum of	£****
Percentage of Lifetime Allowance	****%

An annual pension of	£****
Plus a tax free Lump Sum of	£****
Percentage of Lifetime Allowance	****%

Please state the amount of lump sum required  
between £\*\*\*\* and £\*\*\*\*. £

Page 139



**I wish to take my benefits as shown in Option \_\_\_\_\_ (please state which letter option you wish to take).**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Full Name: \_\_\_\_\_

PG/PENSIONS/AH/\*\*\*\*



**Chamberlain's Department**

Dr Peter Kane MA, MSc, CPFA  
Chamberlain (Finance Director)

M

**Telephone** 020 7332 3312

**Fax** 020 7710 8539

**Email** anita.higginson  
@cityoflondon.gov.uk

**Your ref**

**Our ref** PG/PEN/AH

**Case Officer**

Anita Higginson

**Date**

Dear M

### **Local Government Pension Scheme Retirement Benefits**

I write to inform you that on your retirement from your employment with the City of London Corporation on ..... you will become entitled to the following pension benefits:-

Annual Pension	£ .....
Lump Sum Retirement Grant	£ .....

### **Calculation of Final Salary Pension benefits**

Your pension benefits up to 31 March 2014 are based on your membership and your final pay on leaving. Your final pay is usually the pensionable pay in respect of your final year of scheme membership or one of the two previous years' if this is higher. If you were working part-time your final pay is the pay that you would have received had you worked whole-time.

These benefits have been calculated using a pensionable pay of £\*\*. This relates to the period \*\*\*\* to \*\*\*\*\* and is the highest of the final three years.

If your pay was reduced or increases to your pay were restricted in your last 10 years of continuous employment because you downgraded or moved to a job with less responsibility, or as a result of a job evaluation/equal pay exercise, or because of a change to what is specified as pensionable pay in your contract **you have the option to have your final pay calculated as the average of any 3 consecutive years' pay in the last 13 years** (ending on a 31 March). If you wish to take up this option please notify me in writing immediately.

Your benefits are increased in the line with the cost of living, both while they are preserved, and after they come into payment. Where a previous year's pay has been used these increases apply from the end of the pay period used.



If you receive arrears of salary after leaving the LGPS (e.g. due to a backdated pay award or a bonus paid in respect of an earlier period) your pension benefits will be re-calculated accordingly; where a previous year's pay has been used to calculate your pension benefits the re-calculation may result in the final year being higher and consequently pension increases will apply from a later date. **As a result there may be a reduction in the pensions increase amount and a reduction to the total pension benefit payable.**

### **Calculation of Career Average Revalued Earnings (CARE) benefits**

From 1 April 2014 your pension is calculated each year by taking 1/49<sup>th</sup> of your pensionable pay in that year and adding it to your Pension Account. The amount of pension in your Pension Account at the end of each scheme year will be adjusted in line with the cost of living.

### **Exchanging annual pension for lump sum**

You have an option to convert some of your pension into extra lump sum retirement grant. Such conversion would be within Her Majesty's Revenue & Customs (HMRC) limits. For every £ 100.00 of annual pension converted, you would receive an additional lump sum retirement grant of £ 1,200.00.

The maximum you are allowed to convert is £..... which would then provide you with an additional lump sum retirement grant of £.....

You can choose to convert any amount of pension up to the maximum amount shown above. The options available to you are detailed on the attached 'Lump Sum Option Form'. Should you elect to convert pension to provide for a larger lump sum but wish to convert an amount less than the permitted maximum you should select Option 3 and specify the amount of additional lump sum you wish to receive.

Please also complete the attached 'Personal Details Following Retirement' and 'Lifetime Allowance Statement' forms and return them to the pensions office enclosing any relevant certificates.

If you require any further information regarding this matter please do not hesitate to contact Anita Higginson on the above telephone number.

Yours sincerely

Charlie Partridge  
Pensions Manager



City of London  
Local Government Pension Scheme  
Lump Sum Option Form

**Option 1- Maximum Permitted Pension Converted to Lump Sum**

An annual pension of	<b>£0.00</b>
Plus a tax free Lump Sum of	<b>£0.00</b>
Percentage of Lifetime Allowance	<b>0%</b>

**Option 2- Standard Pension Benefits**

An annual pension of	<b>£0.00</b>
Plus a tax free Lump Sum of	<b>£0.00</b>
Percentage of Lifetime Allowance	<b>0%</b>

**Option 3- Pension Converted to Lump Sum**

Please state the amount of lump sum required  
between £0.00 and £0.00                      £ \_\_\_\_\_

The annual pension and percentage of lifetime allowance will be calculated  
and detailed to you.

**I wish to take my benefits as shown in Option \_\_\_\_\_ (please state which number  
option you wish to take).**

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Full Name: \_\_\_\_\_

PG/PENSIONS/AH/\*\*\*\*



This page is intentionally left blank



# CITY OF LONDON

## Local Government Pension Scheme Regulations

### Finance Act 2004 and Finance Bill 2006 DECLARATION OF OTHER PENSION ARRANGEMENTS

Under the provisions of the above mentioned legislation, from the 6<sup>th</sup> April 2006, the maximum pension benefits that an individual can receive is limited to a Lifetime Allowance (LTA), currently £1.00 million.

A pension scheme member is required to produce a statement to the scheme administrator prior to their pension benefits coming into payment. This is to state whether or not, they are already in receipt or due to receive payment of pension benefits on the same day as their Local Government Pension comes into payment. These other benefits could be occupational, personal or stakeholder pensions or, Additional Voluntary Contribution schemes (including Freestanding). However, it should be noted that State or Widow/er's Pensions are not included.

Since the 6<sup>th</sup> April 2006, if you have had a pension put into payment, your pension administrators will have told you what percentage of the LTA your pension benefits are worth. If you have had payment of your pension benefits before this date, then the percentage value of the LTA will have to be calculated. The Pensions Office will be prepared to do this calculation for you, if you provide a copy of your most recent pension payslip.

You may provide your own statement or, if you prefer, complete the statement set out below.

### LIFETIME ALLOWANCE STATEMENT

Surname	
First Names	
Date of Birth	
NI Number	

☐ I hereby state, that when put into payment, my Local Government Pension will be the only pension, other than state or Widow/er's benefits, that I will be receiving.

☐ I anticipate that on the date my Local Government pension comes into payment, other pension payments will either be in payment or coming into payment on the same date and I enclose the following:

**-for post 6 April 2006 pension benefit payments the LTA values**  
**-where pensions have come into payment before 6 April 2006, the latest pension payslips.**

(please tick ✓ in the appropriate box)

**I hereby declare that this statement is true and fully indemnify the City of London against any tax charge levied by HM Revenue and Customs (HMRC) should this statement prove to be incorrect or untrue**

Signed \_\_\_\_\_ date \_\_\_\_\_

If after submitting this statement, you find that any of the information provided is inaccurate, it will be necessary to provide a further statement.



This page is intentionally left blank



## POINTS TO CONSIDER IF YOU ARE THINKING OF CONVERTING SOME OF YOUR PENSION INTO EXTRA LUMP SUM

- increasing your lump sum may seem attractive but you should remember that your pension is increased yearly in line with the cost of living.
- converting pension to lump sum does not reduce any potential spouse's or dependant pensions that may become payable in the future.
- your lump sum retirement grant is tax-free.
- your pension is taxable income.
- you may wish to seek the advice of an Independent Financial Adviser (IFA) before making your decision. For advice on how to choose a financial advisor please visit [www.moneyadvice.service.org.uk/en/articles/choosing-a-financial-adviser](http://www.moneyadvice.service.org.uk/en/articles/choosing-a-financial-adviser) Members of the Pensions Office are not allowed to provide financial advice.

## WHEN WILL YOUR LUMP SUM BE PAID?

Your lump sum retirement grant will be paid to you within five working days of your retirement date or within five working days of the receipt of all completed forms, if later.

## HOW WILL YOUR PENSION BE PAID?

- Your pension will be paid monthly in arrears. It will be credited to your bank or building society on the last working day of the month.
- A payslip will be posted to your home address in respect of the first pension payment you receive. Subsequently, you will only receive a payslip when the amount of money you receive varies by at least £2.
- Please notify the Pensions Office of any change to your personal circumstances e.g. change of address or bank account in writing.
- You will not receive a P45 when you retire but you will receive a P160; this is because the City of London still remains responsible for the income tax payable on your pension. Your P160 will be posted to your home address shortly after your retirement date.
- If you defer taking your state pension you should notify the City of London in writing immediately as we may be responsible for paying additional pension increases to you.
- If you have any queries regarding the payment of your pension please contact the Pensions Payroll team; Claire O'Malley or Becky Weir on 020 7332 1370/3982.

✉ PENSIONS OFFICE, CITY OF LONDON, PO BOX 270, GUILDHALL, LONDON, EC2P 2EJ. ☎ [pensions@cityoflondon.gov.uk](mailto:pensions@cityoflondon.gov.uk)  
Website: [www.yourpension.org.uk/CityofLondon](http://www.yourpension.org.uk/CityofLondon)



This page is intentionally left blank



**PERSONAL DETAILS ON RETIREMENT FORM**

Your pension will be paid on the last working day of each month direct to your bank/building society. Pension payslips will be sent to the above address but **ONLY** where the amount of money you receive varies by at least £2.

**Bank Details**

**Payment of your Lump Sum-** your lump sum will be paid directly into the account specified above. If you would prefer payment be made to a different account please provide written confirmation of the alternative bank account details.



**Marital Status – I declare I am (please tick)**

- ☐ Single (please enclose your birth certificate)
- ☐ Married (please enclose your marriage certificate plus both your birth certificates)
- ☐ Divorced (please enclose your birth certificate and decree absolute)
- ☐ Widow/er (please enclose your birth certificate and the death certificate)
- ☐ In a Civil Partnership (please enclose your certificate of civil partnership plus both your birth certificates)
- ☐ Cohabiting with a Partner<sup>1</sup> (please enclose both birth certificates)

<sup>1</sup>your partner will only be eligible to receive a pension in the event of your death if you were paying into the LGPS on or after 1/4/2008.

**Pensioners' Association**

The Pensioners' Association would like to publish information about your retirement in their handbook. In order for this to happen you need to provide your consent for the City of London to pass the relevant information to them.

If you wish to provide your consent for information about you to be passed to the Association please tick the relevant option below:

**If you join** the Association the date of your retirement, your former employing department and your contact details will be published in a handbook (please see the application form for further clarification). If you are happy for the City of London to provide this information and pass on details of any future changes to your contact details please tick here ☐

**If you do not join** the Association they would still like to publish your name and the date of your retirement in their handbook. If you agree to the City of London providing this information to the Association please tick here ☐

Joining the Association - enclosed is an application to join the Pensioners' Association. If you wish to join please complete the form and return it directly to the Association at the address shown on the form.

Please note: the Association keep records of its members on a computer database; this information is used for the purpose of the Association only and will not be made available to any outside agency.

Signed:

Date:

☒ PENSIONS OFFICE, CITY OF LONDON, PO BOX 270, GUILDHALL, LONDON, EC2P 2EJ



## List of Admitted Bodies to the City of London Corporation Local Government Pension Scheme

Admitted Body	Type	Main Employer if Contractor	Axis Employer Code	Effective from	Active members	Main Contact
Irish Society	Community		00001	1/10/1977	4	Edward Montgomery Secretary & Representative (Ireland) The Honourable The Irish Society Cutts House 54 Castleroe Road Coleraine Co Londonderry BT51 3RL
Guildhall Club Cook & Butler (Following TUPE transfer)	Community Contractor	Guildhall Club	00006 00015	1/8/1997 1/9/2004	0 2	Paul Debusse, Town Clerk's Department
City Academy	Community		00007	1/9/2003	76	Director of Finance City of London Academy Southwark SE1 5LA 0207 394 5115
1sc Guarding Ltd	Contractor	Museum of London	00008	1/4/2008	0	
Brookwood	Contractor	City of London (Sir John Cass)	00009	1/8/2007	1	Julie Carter   Payroll Manager Brookwood House, 1 Churchfield Road Walton on Thames, Surrey, KT12 2TW: <a href="http://www.brookwoodpartnership.com">www.brookwoodpartnership.com</a>



<b>Admitted Body</b>	<b>Type</b>	<b>Main Employer if Contractor</b>	<b>Axis Employer Code</b>	<b>Effective from</b>	<b>Active members</b>	<b>Main Contact</b>
Enterprise [now Amey]	Contractor	City of London (Environmental Services)	00010	1/10/2011	7	Liz Smith Pensions & Benefits Dept Lancaster House Centurion Way, Leyland PR26 6TX
Fusion	Contractor	City of London (Golden Lane)	00011	1/1/2012	0	
Eville & Jones	Contractor	City of London (Markets – Smithfield)	00012	2/4/2012	0	
Bouygues E&S FM Ltd – Formerly ETDE	Contractor	City Academy	00013	27/8/2012	0	
Agilisys	Contractor	City of London (Chamberlains IS Division)	00014 00016 (Agilisys Police)	1/9/2013	15 1 [Police]	Alanoosh Williams / Alex Parker Agilisys Payroll Services, 2 <sup>nd</sup> Floor, Hafley Court, Buckley Road, Rochdale, OL12 9DN
Westminster Drug Project	Contractor	City of London (Childrens Services)	0018	1/10/2015	3	Simon Marshall WDP; 7 <sup>th</sup> Floor Kingsway House 103 Kingsway, London WC2B 6QX



### List of Scheduled Bodies to the City of London Corporation Local Government Pension Scheme

Scheduled Body	Type	Main Employer if Contractor	Axis Employer Code	Effective from	Active members	Main Contact
Museum of London	Resolution		00003	1/10/1977	239	Lisa FitzGerald Head of Human Resources Museum of London 150 London Wall London EC2Y 5HN
London CIV	To be confirmed		00017	1/9/2005	11	Hugh Grover



This page is intentionally left blank



## City of London – Proposed Risk Register

Pension Fund Risk Register		
Risk Title	Cause & Effect	Risk Owner
Inaccurate triennial actuarial valuation	Causes: <ul style="list-style-type: none"> <li>Poor assumptions used by the Actuary</li> <li>Inaccurate data supplied to the Actuary.</li> </ul> Effects: <ul style="list-style-type: none"> <li>Assessed Employer rates inaccurate.</li> </ul>	Chamberlain
Inappropriate Investment Strategy	Causes: <ul style="list-style-type: none"> <li>Poor Investment advice received.</li> <li>Investment advice ignored.</li> </ul> Effects: <ul style="list-style-type: none"> <li>Funding position worsened.</li> <li>Opportunities not maximised.</li> </ul>	Chamberlain
Investment Returns	Causes: <ul style="list-style-type: none"> <li>Poor Fund Manager Selection..</li> <li>Financial Markets.</li> <li>Investment Advice ignored.</li> </ul> Effects: <ul style="list-style-type: none"> <li>Funding position worsened.</li> <li>Increased Employer Contributions.</li> </ul>	Chamberlain
Failure to comply with legislative requirements.	Causes: <ul style="list-style-type: none"> <li>Lack of appropriate knowledge or skill.</li> <li>Lack of training/ appropriately skilled staff..</li> </ul> Effects: <ul style="list-style-type: none"> <li>Inaccurate benefits paid.</li> <li>Financial loss..</li> <li>Increase in Appeals.</li> </ul>	Chamberlain



<b>Pension Fund Risk Register</b>		
<b>Risk Title</b>	<b>Cause &amp; Effect</b>	<b>Risk Owner</b>
Pension Scheme Administration	<p>Causes:</p> <ul style="list-style-type: none"> <li>• Ineffective succession planning.</li> <li>• Lack of training.</li> <li>• Absences/ Increased Staff turnover.</li> <li>• IT system failure.</li> </ul> <p>Effects:</p> <ul style="list-style-type: none"> <li>• Inaccurate benefits paid or delayed.</li> <li>• Increased costs.</li> <li>• Financial penalties/ sanctions.</li> </ul>	Chamberlain
Pension Fund Fraud	<p>Causes:</p> <ul style="list-style-type: none"> <li>• Continued payment of pensions following death.</li> <li>• Staff acting inappropriately.</li> </ul> <p>Effects:</p> <ul style="list-style-type: none"> <li>• Overpaid pensions.</li> <li>• Financial loss.</li> </ul>	Chamberlain



## City of London Corporation Risk Matrix (Black and white version)

Note: A risk score is calculated by assessing the risk in terms of likelihood and impact. By using the likelihood and impact criteria below (top left (A) and bottom right (B) respectively) it is possible to calculate a risk score. For example a risk assessed as Unlikely (2) and with an impact of Serious (2) can be plotted on the risk scoring grid, top right (C) to give an overall risk score of a green (4). Using the risk score definitions bottom right (D) below, a green risk is one that just requires actions to maintain that rating.

### (A) Likelihood criteria

	Rare (1)	Unlikely (2)	Possible (3)	Likely (4)
Criteria	Less than 10%	10 – 40%	40 – 75%	More than 75%
Probability	Has happened rarely/never before	Unlikely to occur	Fairly likely to occur	More likely to occur than not
Time period	Unlikely to occur in a 10 year period	Likely to occur within a 10 year period	Likely to occur once within a one year period	Likely to occur once within three months
Numerical	Less than one chance in a hundred thousand (<10-5)	Less than one chance in ten thousand (<10-4)	Less than one chance in a thousand (<10-3)	Less than one chance in a hundred (<10-2)

### (B) Impact criteria

Impact title	Definitions
Minor (1)	<b>Service delivery/performance:</b> Minor impact on service, typically up to one day. <b>Financial:</b> financial loss up to 5% of budget. <b>Reputation:</b> Isolated service user/stakeholder complaints contained within business unit/division. <b>Legal/statutory:</b> Litigation claim or find less than £5000. <b>Safety/health:</b> Minor incident including injury to one or more individuals. <b>Objectives:</b> Failure to achieve team plan objectives.
Serious (2)	<b>Service delivery/performance:</b> Service disruption 2 to 5 days. <b>Financial:</b> Financial loss up to 10% of budget. <b>Reputation:</b> Adverse local media coverage/multiple service user/stakeholder complaints. <b>Legal/statutory:</b> Litigation claimable fine between £5000 and £50,000. <b>Safety/health:</b> Significant injury or illness causing short-term disability to one or more persons. <b>Objectives:</b> Failure to achieve one or more service plan objectives.
Major (4)	<b>Service delivery/performance:</b> Service disruption > 1 - 4 weeks. <b>Financial:</b> Financial loss up to 20% of budget. <b>Reputation:</b> Adverse national media coverage 1 to 3 days. <b>Legal/statutory:</b> Litigation claimable fine between £50,000 and £500,000. <b>Safety/health:</b> Major injury or illness/disease causing long-term disability to one or more people <b>Objectives:</b> Failure to achieve a strategic plan objective.
Extreme (8)	<b>Service delivery/performance:</b> Service disruption > 4 weeks. <b>Financial:</b> Financial loss up to 35% of budget. <b>Reputation:</b> National publicity more than three days. Possible resignation leading member or chief officer. <b>Legal/statutory:</b> Multiple civil or criminal suits. Litigation claim or find in excess of £500,000. <b>Safety/health:</b> Fatality or life-threatening illness/disease (e.g. mesothelioma) to one or more persons. <b>Objectives:</b> Failure to achieve a major corporate objective.

### (C) Risk scoring grid

Likelihood	Impact				
	X	Minor (1)	Serious (2)	Major (4)	Extreme (8)
	Likely (4)	4 Green	8 Amber	16 Red	32 Red
	Possible (3)	3 Green	6 Amber	12 Amber	24 Red
	Unlikely (2)	2 Green	4 Green	8 Amber	16 Red
	Rare (1)	1 Green	2 Green	4 Green	8 Amber

### (D) Risk score definitions

RED	Urgent action required to reduce rating
AMBER	Action required to maintain or reduce rating
GREEN	Action required to maintain rating

This is an extract from the City of London Corporate Risk Management Strategy, published in May 2014.

Contact the Corporate Risk Advisor for further information. Ext 1297

October 2015



This page is intentionally left blank



## **City of London – Pensions Record Keeping.**

### **Member Data**

Member data is held using software supplied by Heywood. The system [Altair] holds records, calculates benefits, supplies reports and provides a workflow/ performance system.

Documents for active members are held electronically using Sharepoint. Older deferred and pensioner documents are held off-site by London Metropolitan Archives who provide a retrieval service.

Data held for a member is comprehensive and includes:

- Personal Details.
- Contributions record.
- Additional Contribution details
- Nomination details.
- Pay
- Annual Allowance
- For leavers, Deferreds and pensioners details also include exit payments and pension details.

Interfaces from payroll are used where possible for starter, yearly updates and amendment details.

The Pensions Team have a high level of checking when records are set up and amended to ensure accuracy against payroll and member data and documentation.

As part of the annual updates the Pensions Team will check for correct contribution rates and that accurate pay data is posted to a member's record. Tolerance checks are used to investigate any potential anomalies.

When benefits are paid again a high level of checking exists to ensure that the member data held is correct, that exit details entered are accurate and that the benefit calculations produced are accurate and compliant.

A mortality screen service is used to ensure deceased pensioner cases are identified. Life Certificates are issued annually to pensioners resident abroad.

Contribution reports are received monthly from employers not on the City of London payroll. These reports are checked for accuracy and are used to ensure any start or leaver details have been received from the employer.

Data accuracy is checked annually as part of the annual update/ benefit statement production exercise. Additionally when the fund is valued every three years data is cleansed in order to ensure consistency. An exercise has been undertaken recently to ensure that the current data on payroll for pensioners matches that held on Altair.



During the annual audit of the pension fund few issues are raised regarding member data but there were issues reconciling transaction details and member numbers and processes have been introduced to ensure data is better prepared this year.



### List of Appeals under the City of London Corporation's Local Government Pensions Scheme

Please note that the information included below is deliberately general so as to avoid providing identifiable personal detail about any cases and therefore be able to be considered in public session. The intention of this document is to provide the Board with an overview of the number, type and success of appeals under the Scheme, rather than to provide details of each specific case.

Name	Stage 1 – Specified Person	Stage 2 – Appointed Person	Ombudsman
Non-award of ill-health retirement. – 2005	Appeal dismissed.	Appeal dismissed	1st IMA decision queried and thus referred back to City of London
Non-award of ill-health benefits. - 2005	Referred back to Admitted Body.		
Non-payment of Deferred Benefits on grounds of ill-health - 2005	Appeal dismissed.	Appeal dismissed.	
Non-award of ill-health retirement. – 2009	Appeal dismissed.		
Non-award of ill-health retirement. – March 2009	Appeal dismissed.		
Non-award of early payment of DB on grounds of ill-health retirement. – April 2009	Referred back to City of London Police		
Late application to pension. - 2009	Appeal dismissed.		
Non-award of ill-health retirement. – 2009	Referred back to City of London – Further IMA awarded ill-health retirement		
Non-award of ill-health retirement. –2009	Appeal dismissed.		
Non-award of ill-health retirement. – 2009	Appeal dismissed.		
Non-award of ill-health retirement. – 2010	Appeal dismissed.		



<b>Name</b>	<b>Stage 1 – Specified Person</b>	<b>Stage 2 – Appointed Person</b>	<b>Ombudsman</b>
Abatement case - 2011	Appeal dismissed.	Appeal dismissed.	Appeal dismissed with some further comments.
Appeal against the award of a specific tier of Ill-health benefits – 2012	Appeal dismissed.		
Non-award of early payment of DB on grounds of ill-health retirement. – 2012	Appeal dismissed.		
Appeal against the award of a specific tier of Ill-health benefits – 2012	Appeal dismissed.	Appeal dismissed.	
Appeal against non-acceptance of attempt to reverse decision to transfer in previous benefits. - 2015	Appeal dismissed.		
Appeal against the award of a specific tier of Ill-health benefits – 2015	Appeal dismissed.		
Cessation of a specific tier of Ill-health benefit. Consideration of an uplift to a different tier - 2016	Appeal dismissed.		
Non-release of Deferred benefit from age 55 - 2016	Appeal dismissed.		
Non-award of ill-health retirement. – 2016	Appeal to be dismissed.		