

Issue 27
January 2011

WEST MIDLANDS



PENSION FUND

the . brief

The technical newsletter of the West Midlands Pension Fund



Brian Bailey

Director of Pensions

B. Bailey



Welcome to what is a packed edition of *The Brief* - the West Midlands Pension Fund's technical newsletter for employers.

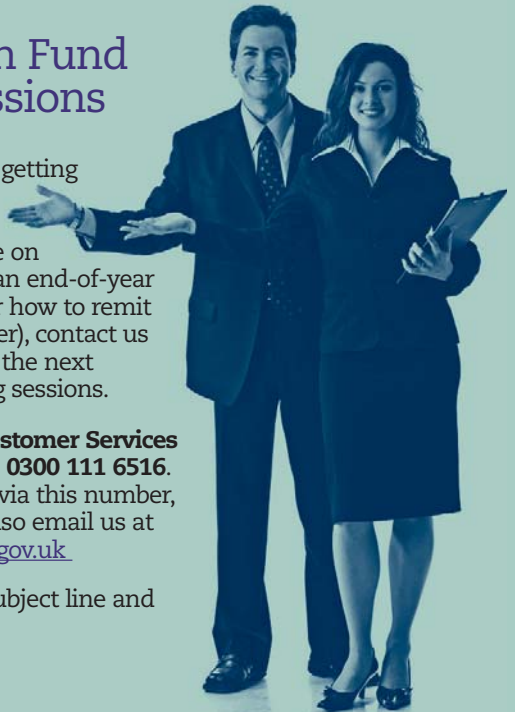
It has been a while since we've formally issued a copy of *The Brief*, and although many events would have been covered (such as the valuation or employer training), these have been dealt with as discrete items because of their significance on the past year. Rest assured – there will be more from us in the future as we look to expand the marketing and communication activity for members. Also on offer to employers are further coaching sessions on how to deal with various aspects of the Scheme if you are a smaller employer, or just need help in understanding the forms and processes we use.

West Midlands Pension Fund employer coaching sessions

If you have encountered any difficulties getting to grips with any aspect of the Scheme administration required of an employer, or you would simply like some guidance on 'what to do when' or 'how to deal with an end-of-year process' (such as contribution returns or how to remit AVC contributions directly to the provider), contact us and we'll look to include these topics in the next round of our popular employer coaching sessions.

To raise any issues, get in touch with **Customer Services** on the new dedicated 'employer line' on **0300 111 6516**. Further details of the services available, via this number, will follow in a future edition. You can also email us at pensionfundenquires@wolverhampton.gov.uk

Please put 'Employer Coaching' as the subject line and we'll get back to you.



Early retirement



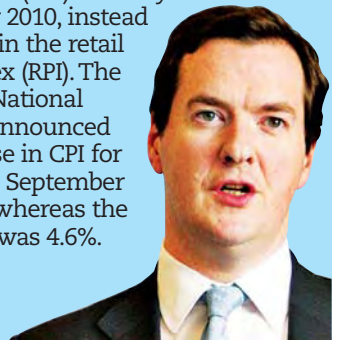
Please contact the team on **01902 551173** or **554639** to discuss how we can provide the best opportunity for you and your employees to understand pension-related matters. There is no charge for any of the services the Fund provides, and we will do our best to accommodate any special requirements you may have. In conjunction with our in-house additional voluntary contribution provider, Prudential, the Fund runs early retirement seminars for Scheme members. The next seminars are due to be held in February 2011 - further details of how members can book a place will be issued nearer the time. If larger employers would like to tailor an event specifically for their employees, please contact us to see how we can best meet your needs.

The Local Government Pension Scheme regulations provide early retirement provision for Scheme members who are 55 and above. If such members take voluntary redundancy or are made to take compulsory redundancy, retirement benefits from the Scheme are paid. Employers are required to fund the early release of benefits in the form of a one-off lump-sum, or by using any remaining part of their early retirement allowance provided for at the last valuation. No retirement benefits will be released to the Scheme member until any upfront payment has been received. If a smaller employer is looking at making redundancies, please speak with the Fund's Customer Services officers on **0300 111 1665** for more information.

The Communications, Marketing and Business Support team are able to offer a range of services to assist employers through any early retirement process, including presentations, surgeries, face-to-face meetings and roadshows.

Pensions increase

In the emergency Budget, the Chancellor of the Exchequer, George Osborne, announced that public sector pensions would, from April 2011, be increased by the rise in the consumer prices index (CPI) for the year to September 2010, instead of the rise in the retail prices index (RPI). The Office for National Statistics announced that the rise in CPI for the year to September was 3.1%, whereas the rise in RPI was 4.6%.



Guidance on admitted body provisions

Guidance was issued in December 2009, in connection with admitted body status, which was published on CLG's website at www.communities.gov.uk/publications/localgovernment/authorities-staff-transfers

The guidance was only published via the CLG website, and CLG have emphasised that it is important that all LGPS stakeholders are familiar with it.

This guidance is aimed at local authorities in England and Wales and, in particular, those responsible for delivering best value, letting authorities and their procurement officers, and administering authorities.

It is also applicable to contractors such as private and third sector companies and organisations, and the employees of all these organisations, together with other interested parties.

This non-statutory guidance makes it clear that pensions issues should not be seen in isolation from any tendering and procurement exercise, and the guidance also signposts The Best Value Authorities Staff Transfers (Pensions) Direction 2007. Failure to give these issues early and full consideration may cause concern and uncertainty for transferring staff and delay the transfer of the service.

This guidance offers a practical guide to the admitted body status provisions in the regulations.

It is recommended, however, that practitioners and any other interested parties take their own legal advice on the application of the regulations to their particular circumstances.

Independent Public Service Pensions Commission (IPSPC)



The Chancellor of the Exchequer, George Osborne, invited John Hutton (*above*) to chair the Independent Public Service Pensions Commission. The commission will undertake a fundamental structural review of public service pension provision by Budget 2011. The commission will make recommendations on how public service pensions can be made sustainable and affordable in the long-term, fair to both the public service workforce and the taxpayer, and ensure that they are consistent with the financial challenges ahead. Existing accrued pension rights will be protected.

The commission, on 7 October 2010, produced its interim report, considering the case for short-term savings within the Spending Review 2010 period, consistent with the Government's commitment to protect those on low incomes. This note provides an update on the current situation with regards to the Hutton report, and is the Fund's understanding of the situation at the current time. Further detailed information can be found at http://www.hm-treasury.gov.uk/indreview_johnhutton_pensions.htm

Current pension service and benefits

The report is clear in stating pension rights under current Scheme rules will not be affected:

“Pensions are long-term commitments and any reform I propose must protect the rights that public service workers have already accrued. The recommendations in my final report will ensure these rights are protected, and I am taking advice on how this might best be defined. However, I am clear that protecting accrued rights does not extend as far as protecting current terms for future pension accrual.”

This means the figures shown in annual benefits statement for 2010, under the heading ‘current position’, are not affected. However, the projection between the date of the current position, 31 March 2010, and the figures quoted at age 65 are likely to be affected, as they presume that the accrual rate and benefit structure will remain the same between now and then.

Future changes to the LGPS

“It is my clear view that the figures in this report make it plain that the status quo is not tenable. I believe we need to adopt a more prudent approach to meeting the cost of public service pensions in order to strike a fairer balance, not just between current taxpayers and public service employees but also between current and future generations. In the short term, however, I consider there is also a strong case for looking at some increase in pension contributions for public service employees, to better meet the real costs of providing these pensions, the value of which has risen in recent years with most of these extra costs falling to taxpayers.

“I consider that the public sector should continue to set a good standard as an employer and this includes a good standard of pension provision that seeks to avoid widespread opt-out of public service employees from these pension schemes. Promoting a responsible approach that encourages employees

in the public sector to save for their retirement should be uppermost in our minds.

“This downward drift in pension provision in the private sector does not, however, provide sufficient support or justification in my view for the argument that pensions in the public sector must therefore automatically follow the same course. I regard this as a counsel of despair. In making clear I believe there is a case for further reform, I have therefore rejected a race to the bottom as the only answer, and hope that reformed public service pensions can be seen as once again providing a benchmark for the private sector to aim towards.”

This means there will be comprehensive pension arrangements for the public sector that will look to protect the benefits already built up in existing schemes, including the LGPS. However, it is likely that higher paid staff will have to contribute more, and final salary arrangements may be replaced with new arrangements built upon career average earnings that may also possibly include some element of a defined contribution. The accrual rate (the rate at which benefits are built up) may also be subject to review. The Hutton report does not have an impact on any pensions that are currently in payment from the Fund. The main Hutton report will be published in time for Budget 2011, which is due in March 2011. As more information becomes available, the Fund will ensure the necessary steps are taken to inform members and other stakeholders with an interest in the LGPS.

A further call for evidence, to which the Fund has responded, can also be seen via the following Treasury website link: www.hm-treasury.gov.uk/d/huttonpensions_finalcallforevidence011109.pdf

The Fund’s response to Hutton can be found at: www.wmpfonline.com/Publications/Hutton+Report.htm

Regulatory changes

LGPS (Miscellaneous) Regulations 2010 - in force 30 September 2010

An overview of the miscellaneous regulations is provided below. Employers are advised to view the full regulations which can be obtained at:

<http://timeline.lge.gov.uk/Amended/SI/20102090.htm>

Regulation 3: Pension credit member - 1997 Regs 154 - effective 6 April 2009

Pension credit members who have attained age 60 after 6 April 2009 will be able to elect to have their pension credit payable from age 60 with a reduction rather than having to wait until age 65.

Regulation 8: Contributions payable by active members - Benefit Reg 3 - effective 30 September 2010

This makes technical improvements to the methodology to change contribution rates each April. It also clarifies the position in respect of ceasing to deduct contributions for a member approaching age 75.

Regulation 9: Meaning of pensionable pay - Benefit Reg 4 - effective 1 April 2008

Clarifies that compensation is excluded from pensionable pay, but an amount representing the arrears of pay should be included in pensionable pay.

Regulation 11 - Final pay: fees Benefit Reg 11- effective 30 September 2010

Clarifies the position of where final pay consists of fees and the fees have been paid for a period of less than three years.

Regulation 12: Benefit Reg 13 - effective 1 April 2008

Clarifies it is only an active member that can be awarded an additional pension by the employer.

Regulation 13 & 14: Benefit Regulations 14 & 14A - effective 1 April 2008

Clarifies it is only an active member who can pay contributions to purchase additional pension/survivor pension, or pay additional survivor benefit contributions to purchase membership prior to 6 April 1988 to count towards benefits for a nominated cohabiting survivor benefit.

Where a member elects to pay additional survivor benefit contributions and subsequently revokes the cohabiting nomination form there is no longer an equivalent amount of additional pension due to the member. The member has therefore paid the contributions for no benefit.

Regulation 16 - 18: Enhancement of retirement benefits - Benefit Reg 16 -18 - effective 1 April 2008

Clarifies that a member who attains age 65, who is entitled to immediate benefits and ceases local government employment can choose to defer payment of their benefits. The benefits would then be actuarially increased when they are paid.

This also applies to deferred members who choose not to have their benefits paid at age 65.

A member who joins after age 65 and then subsequently retires will also have his benefits actuarially increased.

A member who has taken flexible retirement and then retires again after age 65 will also have the benefits increased.

Regulation 19: Ill health - Benefit Reg 20 - effective 30 September 2010

In determining eligibility to ill-health benefits the term 'obtaining' any gainful employment has been replaced with

'being capable of undertaking' any gainful employment.

Throughout regulation 20, the word 'obtaining' has been replaced with 'being capable of undertaking'.

The wording was changed because the independent registered medical practitioners (IRMPs) considered the word 'obtaining' was seeking an opinion beyond their professional competence. This change is in line with the supplementary guidance issued for IRMPs by DCLG in July 2009.

Clarification that in determining tier-3 benefits, the employer must decide whether the member will be capable of undertaking gainful employment within three years of leaving employment or age 65 if earlier. Clarification that an 18-month tier-3 review is not required if the member has attained age 65 by that date. Clarifies a tier-3 benefit does not cease at the end of the three years if the member has attained age 65.

A new regulation is introduced that where tier-3 benefits have ceased after three years, a new determination can only be made within a further three years or before age 65 if earlier. This is to stop the uplift of benefits many years after the original decision to award tier-3 was made.

A further regulation is introduced that where a member who has retired on ill-health tier 1 or 2 and subsequently retires on ill-health again, the enhancement would be restricted to the amount of enhancement that would have been awarded at tier 1 the first time around. Clarifies that in order to receive the protected ill health enhancement under the 1997 regulations the member had to be a continuous active member from before 1 April 2008 and be aged 45 by that date and had no benefits in respect of that membership.

Regulation 20, 21: Death grants and survivor benefits actives - Benefit Reg 23, 24 - effective 30 September 2010

Death grants and survivor benefits are to take account of where a member is in part-time employment as a result of the condition that subsequently leads to his death, there should be no reduction to the pay as a result of the reduction in hours or the membership awarded. An IRMP would have to give an opinion on the condition. This ensures consistency with the existing regulation 20(12a/b).

Employers are required to advise the Fund of any cases that fall within this regulation in order to ensure that death benefits are based on the correct pay figures.

Regulation 25: Choice of early payment of pension - Benefit Reg 30A - effective 1 October 2008

A member who was awarded ill-health tier-3 benefits that have ceased may apply to his former employer to have his benefits paid from age 55. Consent of the employer would be required for payment prior to age 60. The benefits would be reduced unless the employer determines on compassionate grounds to waive the reduction.

Early retirement costs for the employer may apply under this regulation, please speak with the Fund for further details.

Regulation 26: Early payment on ill-health - Benefit Reg 31 - effective 30 September 2010

Amendment to the wording which ensures consistency with the wording for an active ill-health retirement in regulation 20.

Regulation 27: Death grants deferred members - Benefit Reg 32 - effective 1 October 2008

Clarifies that if a member who was awarded tier-3 ill-health benefits that have ceased and who subsequently dies, the death grant would be five times the

pension less the pension that had been paid (ie, the three years).

Regulation 40: Eligibility for membership Administration Reg 8 - effective 30 September 2010

Allows academy trusts to be treated as Scheme employers and adds federated schools allowing non-teaching staff employed by a governing body in a federated school to join the Scheme.

Regulation 43: Re-employed and rejoining deferred members - Administration Reg 16 - effective 30 September 2010

This will allow an active member to aggregate any previous deferred membership not just the preceding one as long as they elect within 12 months of joining their new employment.

Until 1 October 2011, all active members will have the opportunity to aggregate any periods of deferred membership that they had not previously aggregated, whether in this Fund or another local government fund.

Regulation 51: Payments for persons incapable of managing their affairs - Administration Reg 52A - effective 30 September 2010

A new regulation has been introduced which allows the administering authority to make payments to an appropriate person, who is acting on behalf of a

pensioner/beneficiary who is incapable of managing their own affairs.

Regulation 52: First instance determinations ill health - Administration Reg 56 - effective 30 September 2010

Clarifies that the IRMP who provided the opinion for a tier-3 ill-health retirement, can again give an opinion at the 18-month review. Also clarifies that the IRMP must have regard to the statutory ill-health guidance when expressing an opinion for active ill-health retirement and deferred ill-health retirement.

Regulation 54: Changes of fund and variable time employees - Administration Reg 87 - effective 30 September 2010

A formula has been provided to allow an interfund where the member is transferring from a variable time post to a whole-time or part-time post.

Regulation 55: Academies - Administration Reg Sched 2 - effective 30 September 2010

A proprietor of an academy who has entered into academy arrangements under the Academies Act 2010 is a Scheme employer.

The Fund has now published a leaflet for the purposes of disclosure in connection with the above regulations. This can be found in the 'What's New' section of the Fund's website which can be reached via the homepage www.wmpfonline.com

Clarification for members wishing to opt-out/rejoin the LGPS

Employers may wish to note that there is no longer a requirement for a month-and-a-day break for Scheme membership. The member would need to specify the date they wish to opt out or, if no date is specified, then the member stops being a member at the end of the pay period during which the notice is given.

A member who wishes to rejoin becomes a member on the first day of the first payment period following the application. The opt-out form needs to be dated and received before the application to rejoin and, potentially, in the same month.

On rejoining, the member is a new Scheme member with a retirement age of 65.

There is no entitlement to a refund if a member rejoins within a day and a month.

Equal pay claims and the LGPS

The Fund has already had this issue raised by members and employers alike, and has previously stated, after taking counsel's opinion, that compensation payments did not form part of a member's pensionable pay for the purposes of calculating benefits. However, an industrial tribunal could make a 'back-pay' award.

For a back-pay award to be considered as LGPS pensionable pay, it must have the characteristics of pay. This means it must be taxable and subject to national insurance (NI) deductions. It must be related to an individual's activity in the year, and relate to hours worked set against an hourly rate or appropriate pay scale.

The financial impact for an employing body and individual member of the LGPS are complicated. If an award is pensionable pay, employee and employer contributions will be required. The individual will need to disclose the arrears of pay to any agency or body from which they have claimed assistance where earnings were used in the calculation of benefit payable, eg, housing benefit.

It may affect future entitlement and there may be a reclaim of benefits, as benefit rules are complicated and can vary between agencies. The relevant agency will need to consider the award within the context of their rules and will advise accordingly on the impact it may have. If an award is compensation, no pension contributions will be required, but the individual will need to declare the award to benefit agencies and it may affect future entitlement.

An individual who is in continual employment will have their pension calculated on their best 12-months' pensionable pay in the last three years, subject to the usual LGPS rules regarding final pay. The Fund has had its position confirmed recently with counsel's advice, confirming the test is what was actually earned, was certain, or required



speculative conditions to be satisfied. If it was the latter, then any award could only be for damages to put the claimants in the position they should have been in had they had 'like' benefits. A lump-sum of £1,000 per year for six years is agreed damages by way of compensation and not arrears of pay. It is not calculated by reference to what the claimant would have earned had they received the same pay as their comparator.

The Fund's position, therefore, remains that any such payments do not form part of a member's pensionable pay for the purposes of calculating benefits, as the payments do not have the characteristics of pay as required. However, you may have seen the letter issued by the GMB (dated 12 March) in respect of equal pay and the LGPS. A copy can be found at: <http://www.gmb.org.uk/Docs/1004720/LGPS20and20EQUAL20PAY.doc>

This, combined with the recent article on the Professional Pensions website: <http://www.professionalspensions.com/professional-pensions/news/1652407/local-authorities-facing-multi-million-pound-equal-pay-headache> has led to a number of stakeholder discussions to ask if the Fund's position has changed on this issue. We do not believe the situation has changed. As we are not in possession of the CLG letter quoted in the GMB letter, we are unable to comment on the significance of that letter or the full context of the letter.

Valuation results

The Fund held a valuation meeting with employers on 15 October 2010, which provided clarification on the valuation process, and gave employers the opportunity to talk with Fund officers along with Mercer Limited, the Fund's actuary. For information copies of the presentations are held on the Fund's website at:



<http://www.wmpfonline.com/NR/rdonlyres/A96661A7-040A-46B1-9C67-69DA74A3E7E8/0/fundvaluationslides.pdf>

<http://www.wmpfonline.com/NR/rdonlyres/39B70059-F8A0-458D-8D63-B41474700F2B/0/mercervaluationslides.pdf>

The Fund is currently issuing the proposed employer contribution rates, and all employers should receive formal notification of their employer contribution rate with effect from 1 April 2011, by the end of January.

If you do not receive correspondence from the Fund regarding your rate by this date, please contact us on **01902 554635**.

Any Scheme employers who have joined with effect from 1 April 2010 will not form part of the valuation process. If your organisation has joined the Fund recently, you will be advised of your contribution rate as part of the Fund's normal admission procedure.

The 31 March 2010 valuation

The majority of employers will have, by now, received details of the actuary's initial findings following the 2010 valuation process. Where employers have been provided with a lump-sum payment option they are reminded to inform the Fund of their intentions, ie, if the amount will be paid as a capital payment or added to the employers contribution rate, with a further adjustment at year end.

Failure to do so may result in unnecessary contribution queries when the first contributions are received in April/May. It is envisaged that the full and final valuation report will be available towards the end of February.

Changes to tax relief and pensions from April 2011

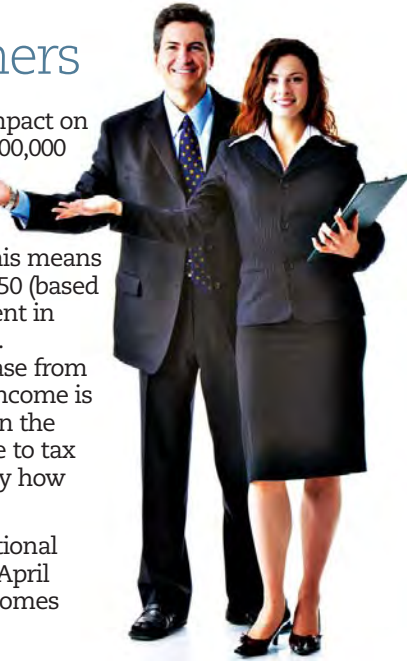
The Government has recently announced plans to change the tax limits applying to pensions – some of these changes will take effect from April 2011. There are limits set by HM Revenue & Customs which have an impact on pensions – these are the lifetime allowance and the annual allowance (*see opposite*).



Information for high earners

The 2009 Budget introduced changes which have an impact on taxation and pension savings. If members earn over £100,000 they will be affected. However, if they earn close to £100,000, they may also be affected in the future. As from April 2010, the personal allowance will be phased out where taxable income exceeds £100,000. This means that anyone with income between £100,000 and £112,950 (based on 2009/10 personal allowances, so subject to adjustment in 2010/11) will have an effective marginal tax rate of 60%. Income tax on taxable income over £150,000 will increase from 40% to 50%. As from April 2011, if a member's pre-tax income is £130,000 or more, it is expected that they will pay tax on the yearly growth in the value of their pension benefits due to tax relief being removed; it has not yet been defined exactly how this will be calculated.

It is also worth noting that employee and employer national insurance contributions are both due to increase from April 2011 by 1%. Further information will be issued as it becomes available.



Lifetime allowance

The lifetime allowance is the limit on the total value of pension benefits you can draw at retirement without incurring a penal tax charge. The LTA is currently £1.8m, but the Government is proposing to reduce this to £1.5m from April 2012. Within the LGPS, this reduction is only likely to impact on very high earners who have a large number of years' membership. The Government is looking at providing some measure of protection for those people who have made decisions based upon the current lifetime allowance limit. Lifetime allowance usage is measured by multiplying the pension by a factor of 20 and adding to it any lump-sum taken together with the value of any additional voluntary contribution (AVC) fund.



Annual allowance

As its name suggests, the annual allowance is a limit that applies to the increase in pension benefits from one year to the next. The current annual allowance had a limit of £255,000 and, again within the LGPS, was only likely to impact upon high earners who had a significant pay increase. The new proposals reduce the annual allowance to £50,000 with effect from April 2011 and change the method for valuing pension benefits against the new limit. From April 2011, the increase in pension benefits is calculated by comparing your pension benefits, adjusted by inflation at the start of what is referred to as the 'pension input period' (PIP), with their value at the end of the PIP. Within the LGPS, the PIP is defined as running from 1 April to 31 March. Please note you will be able to carry forward any unused annual allowance from the previous three years.

Your LGPS - retirement planning

Previously referred to as pre-retirement seminars (PRS), the Fund has now arranged for more of these highly-successful events. The following sessions are now available for booking.

Time slots available:

10.00am - 2.00pm

2.00pm - 4.00pm

5.30pm - 7.30pm (not available at the Mander House location)



1 & 3 February 2010
Mander House
Wolverhampton



2 February 2010
Village Hotel
Walsall



4 February 2010
Village Hotel
Coventry



7 February 2010
The Studio
Birmingham

To book employees onto these sessions, please email the details to the following address (it is suggested that Scheme members aged over 45 should be offered a place at such events). For those employers wishing to set up a particular employer-sponsored event at their own location, please contact the Fund's Marketing and Communications team direct on 01902 554635.

Alternatively, send an email to victoria.bennett@wolverhampton.gov.uk who will assist you.

YOUR LGPS
RETIREMENT
PLANNING
LOCAL GOVERNMENT PENSION SCHEME

Limited availability – to book places:

To confirm places, call free on **0800 015 4615** or email

wmpf@prudential.co.uk

Alternatively, further information including a booking form for the events can be found on the Fund's website:

www.wmpfonline.com



on the **GRAPEVINE**

New regulations

Information received from CLG

Received 24 December 2010

Draft Local Government Pension Scheme (Benefits, Membership and Contributions) (Amendment) Regulations 2011

The intended statutory instrument (SI) makes a small number of minor technical or clarificatory amendments to ill-health-related provisions in the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 ('the Benefits Regulations'). These have been necessitated by an error in the recent Local Government Pension Scheme (Miscellaneous) Regulations 2010, ('the Miscellaneous Regulations'), which has been highlighted by the Joint Committee on Statutory Instruments (JCSI).

One of the most important aims of the miscellaneous regulations was to meet the concerns of independent medical practitioners who were of the view that they were unable, as then required by the regulations, to assess employees as regards their *likelihood of obtaining gainful employment* in the future – rather, they could only assess their *capability of undertaking gainful employment*.

One of the paragraphs requiring amendment in order to achieve this modification, Benefits Regulation 20(4), deals with 'third-tier ill-health'. It was intended that only the start of this paragraph be suitably amended.

Unfortunately, however, due to a drafting error, the new wording on capability replaced not just the start of 20(4) but the whole paragraph. The effect of this error is to make 20(4) inoperable.

Four other minor clarifying amendments on ill-health would also seem to be sensible, given that the opportunity has arisen, and are therefore also included in the consultation draft:

- a) In Benefits Regulation 20(11)(aa), reference is now made to paragraph 8 as a whole rather than paragraph 8(b). The effect of this is to not restrict the opportunity of a review for a possible uplift to 'tier two' to only those individuals whose benefits have been stopped after three years, but to also include those in gainful employment and those assessed as capable of undertaking gainful employment at the review. The rationale behind the introduction of the possibility of an uplift was that it was accepted that, in some instances, a member's condition could deteriorate.
- b) The term 'qualified in occupational health medicine' is inserted in Benefits Regulation 20 (14) together with its meaning in order to correct the fault in the original amendment.
- c) In both Benefits Regulation 23(4A) and 24(2A), to aid clarity the word 'pay' is being replaced by the word

'membership', thus avoiding any possible confusion over whether the regulations are referring to the rate of pay for the post or the individual's take-home pay.

- d) The definition of 'qualified in occupational health medicine' is being removed from 31(3) purely because it is unnecessary, as the definition given at 20(14) is sufficient.

Any comments on the above SI should be sent direct to CLG by 28 January 2011 to: Philip Perry, Workforce, Pay & Pensions Division, Department for Communities & Local Government, Zone 5/G6, Eland House, Bressenden Place, London SW1E 5DU

Electronic responses can be sent to: philip.perry@communities.gsi.gov.uk

Received 22 December 2010

The Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011

The new statutory instrument, The Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011, will provide revised regulations allowing local authorities to deal with injury allowances and appeals at local level.

The purpose of this consultation is to ensure that the now outdated provisions from 1996 are replaced with provisions which reflect, among other things, the use to date of these powers, external influences such as tax changes, changes driven by equalities legislation and a policy intention to align the appeals process with the internal dispute resolution procedure at local level.

In the light of action now being taken recently by other government departments

to review their respective injury benefit (IB) schemes – namely, the Home Office (in respect of police officers), Department of Health (in respect of NHS employees) and the Department for Education (in respect of teachers), primarily to restrict and tighten the level of injury allowance provided, it is now felt necessary to revise and update provisions which impact on local authorities

These new draft regulations do not go as far as steps taken within other parts of the public sector IB schemes, but are intended to provide a framework relative to the particularity of local government employment and taking the opportunity to meet the need to update some legal references.

Main points to note in the new draft statutory instrument (SI)

The new draft SI entitled: The Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011 contain the following amendments and changes:

- revokes the 'gratuities' part from the old regulations as it is time-expired and no longer required;
- updates some legal references to various acts;
- inserts references to 'nominated cohabiting partners' for equality reasons and to put the regulations beyond legal challenge;
- introduces a new provision to ensure that national insurance contributions (NICs) are deducted from injury allowances to make it consistent with the other public sector injury benefit schemes;
- to remove the role of the Secretary of State in deciding appeal cases, so that the role is entirely 'localised'. This would be consistent with the practice for dealing with medical and non-medical appeals where the Secretary of State

was removed from the Local Government Pension Scheme on 1 June 2004.

- to introduce a new provision whereby an independent registered medical practitioner (IRMP) would be required to certify a local government employee's injury/disease before an allowance could be awarded;
- the 1996 injury allowance provisions apply to admission bodies (ie, employees whose access to the LGPS is by an admission agreement). We are proposing that the new regulations will not apply to admission bodies. In responding to the consultation, please advise whether admission bodies routinely exercise their powers to award injury allowances under the provisions of the 1996 Regulations, and if so what transitional protections are needed to manage the transition between the old and the new regulations; and
- your views are sought on the 'transitional provisions' – ie, to move to a local IDR process within three months following the 'coming into force' date of the new regulations. The provisions reflect the approach taken in The Local Government Pension Scheme (Amendment) Regulations 2004 which 'localised' medical and non-medical IDR appeal cases in 2004.

Comments on the above regulations should be sent direct to CLG no later than 31 March 2011 to: Sandra Layne, Workforce, Pay and Pensions Division, Zone 5/G6 – Eland House, Bressenden Place, London SW1E 6DE

Electronic responses should also be sent to:
sandra.layne@communities.gsi.gov.uk

Ill-health information

Ill-health retirements

Those employers that subscribe to the email alerts sent by the Fund will have seen that new medical forms were issued in November to reflect the changes introduced by the Local Government Pension Scheme (Miscellaneous) Regulations 2010 from 30 September 2010.

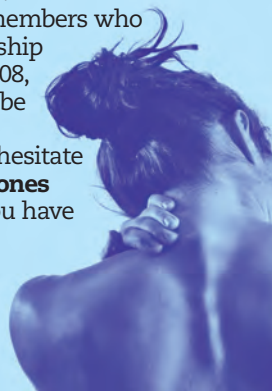
An updated version of **form M1** for active ill-health retirements, **form M1(D)** for deferred members who ceased after 1 April 2008 and are applying for early payment on ill-health grounds, and **form M3** for where an eighteen month review is required, have been made available.

The main change is that references to 'obtain' and 'obtaining' any gainful employment have been replaced with references to a member being capable of 'undertaking' any gainful employment.

These forms are applicable from their release in November and should be used for all new determinations. Please contact the Fund if you require any of the forms.

For deferred members who ceased membership before 1 April 2008, a new form will be issued shortly.

Please do not hesitate to contact **Lisa Jones** at the Fund if you have any queries.



Ill-health information

General
Medical
Council

12 October 2009

Dr David Coggon
President
Faculty of Occupational Medicine

By email

Dear Dr Coggon

Confidentiality

I write further to our meeting on Friday last, where you were joined by Tony Stevens (President of the Society of Occupational Medicine) and Paul Litchfield (Chair of the Faculty Ethics Committee) to discuss our new guidance.

As you know, we also met with Drs David Wright and Mike Goldsmith, representing the Commercial Occupational Health Providers Association and Atos Healthcare, later in the day to discuss the same issues.

The purpose of the interim guidance is to help you identify the relevant legal and ethical considerations, and to help you make decisions that respect patients' privacy, autonomy and choices, and that also benefit the wider community of patients. This reflects what the introduction to *Good Medical Practice* so clearly explains: it is not a statutory code, so doctors must use their judgement to apply the principles to the various situations they will face, whether or not they routinely see patients.

We recognise that where doctors, or the organisations they work with or for, need to amend their procedures to comply with our guidance, a reasonable time may be needed to amend those established procedures.

The new guidance is for all doctors registered with the GMC; it is not (generally or in the sections about which you have raised concerns) addressed to occupational health doctors in particular, although it does of course apply to them. Paragraph 3 states: 'You must use your judgement to apply the principles in this guidance to the situations you face in your own practice. The purpose of this guidance is to help you identify the relevant legal and ethical considerations, and to help you make decisions that respect patients' privacy, autonomy and choices, and that also benefit the wider community of patients.' This reflects what the introduction to *Good Medical Practice* so clearly explains: it is not a statutory code, so doctors must use their judgement to apply the principles to the various situations they will face, whether or not they routinely see patients.

Much of our discussion inevitably focused on paragraph 34, the primary purpose of which is to ensure that patients are informed about, understand and consent to the disclosure of reports for employment and insurance purposes.

The GMC is a charity registered in England and Wales (1422729) and limited liability company (02070848).

For further information
visit www.gmc-uk.org

Ill-health retirements disclosure of information to non-medical (HR/Pensions & Payroll) staff.

You may be aware of the new General Medical Council guidance which affects the way independent doctors can provide opinions to employers and pension schemes (non-medical staff).

Many occupational health advisors, including the Fund's, have made us aware of the disquiet caused by the guidance as we are informed it barely characterises the 'amount of blood spilled on to the carpet' over this issue.

Debbie Sharp, one of our colleagues at Shropshire County Council LGPS, has received some advice from their own medical advisor, Dr Charles Baron, which is shown below to assist employers.

As things stand at present, the employer will need to get explicit consent from every applicant, and that I will need to consent to supply narrative reports with medical information *and* certificates before, for disclosure to the employer or the pension scheme. In some pension schemes, such as USS and insurance companies, consent for disclosure to non-medical staff has already been obtained and that makes life a bit simpler.

With regards to the 'full report' or narrative that the guidance suggests would be helpful to employers, many of us have provided this automatically.

However, a new development will mean us thinking about a change to the way that we get consent for this. I attach very recent guidance from the GMC on confidentiality and a letter clarifying its meaning in respect of pensions decisions made by doctors.



The relevant paragraph of the guidance is paragraph 34 on page 14.

It is clear from the second page of the GMC's clarification letter that they intend that the need to get consent and to offer the

opportunity for the individual to see the report (before it is sent), applies to doctors giving opinions on pensions entitlements and not only to accompanying reports, but to the certificate itself. While this is (only) guidance, it is enforceable (paragraph 5 page 5 of the guidance) – as doctors can be struck off the register for not following it.

I suggest that employers provide a written consent on the member's application form. This would cover a number of areas of consents.

The Fund has produced a medical declaration form M2, which an employee should complete.

Meanwhile, in the press...

Pre-budget report: pensions to cost more to public sector workers

Millions of public sector workers will have to pay higher contributions to meet the soaring cost of providing final salary pensions, the government said today.

Teachers, nurses, civil servants and local government workers were told they must share the bill for rising retirement costs to limit the impact on the exchequer.

Workers earning more than £100,000, who benefit most from pension promises that are related to their final salary, would pay the highest proportion of additional costs. This matches a Tory promise to make better-off public sector staff pay more towards their retirement.

Workers have been attracted to lower-paid public sector jobs where pensions are a big benefit. The private sector has seen pensions devastated over the past 10 years. Only 800,000 private sector workers are still in final salary schemes compared with almost 5 million in the public sector.

The chancellor said: "Public pensions need to be broadly in line with those offered in the private sector. So by 2012 contributions by the state to public service pensions will be capped – saving around £1bn a year."

More than 4 million staff will be covered by the rule, according to the Treasury, leaving the pensions intact for

around 1.5 million, including the armed forces, police, the judiciary and firefighters.

The move provoked fury among unions already under attack from measures to limit pay rises to 1% over the next two years and plans to cut thousands of jobs.

Dave Prentis, general secretary of Unison, the largest public sector union, said: "Capping pension contributions will reduce the already small public sector pensions even further. The average pension in local government is just £4,000 a year and less than £2,000 for women.

"This predicted £1bn savings could end up being paid out as benefits to those very same workers to keep them out of poverty in retirement," he said.

However, ministers are known to be concerned by a report from the Office for National Statistics that showed that between 2006 and 2007 costs for public sector pensions rose by 30% following increases in life expectancy and a decline in the expected growth of investments.

Although they have levelled off since, a sharp rise in the

number of workers over the last decade and increases in wages, especially among senior staff, are expected to push up costs even further.

The pension fund covering around 650,000 teachers in England and Wales saw the bill for funding retirement rise from £143bn to £176bn by 2007, while the bill for NHS pensions leapt from £165bn in 2006 to £212bn in 2007.

Public sector pensions are pay-as-you-go schemes funded annually by contributions from employers and staff. For several years, pensions experts have argued that the combined contributions fall short of the actual cost and the government needs to scale back retirement incomes or increase staff contribution rates.

The Treasury said a deal struck in 2005 with unions allowed for the government to share any increase in costs with staff up to a cap. Beyond the cap, staff pay all extra costs. The four schemes are due to be revalued before 2012 and are expected to be hit by a further increase in costs.

Plans to penalise staff earning more than £100,000 have yet to be finalised but a formula is expected in the new year.

Phillip Inman (The Guardian)
9 December 2009

Yvette Cooper in fighting mood over default retirement and Tory plans to up retirement from 65 to 66



The secretary of state for work and pensions Yvette Cooper has attacked Conservative plans to increase retirement age from 65 to 66 from 2016, labelling them "unfair".

Cooper said: "I can understand that employees in their thirties might have to plan now to retire later [than expected] but I don't think it is fair to tell people in their fifties to rip their retirement plans up."

Cooper's announcement came in response to shadow chancellor George Osborne's speech at the Conservative Party Conference in Manchester last week, where he explained this would be the plan if a Conservative government were to be elected next year.

Speaking a week later but at the same venue as Osborne, at the National Association of Pension Funds Annual Conference, Cooper also

suggested the default retirement age of 65 should be removed.

Currently employers are controversially allowed by law to end employees' contracts of employment when they reach the age of 65.

But Cooper said: "The default retirement age was brought in for good reason but now it needs to be reviewed. I have met employees who want to work on into their seventies, and some who would prefer to work part time. Today we are launching a call for evidence on the topic of retirement age."

David Woods (HR Magazine)
16 October 2009

Hutton pension review: NAPF recommends average salary method

Public sector pensions should be based on a worker's average salary over the course of his or her working life rather than their salary upon retirement, according to an industry body.

The National Association of Pension Funds - which represents over 1,000 schemes - told Lord Hutton's review of public sector pensions that the Government should consider capping pensions for public servants and allow them to 'top up' into a defined contribution (DC) pension scheme.

Joanne Segars, chief executive of the association, said: "While it will reduce the costs of public sector pensions, it will also protect lower paid workers who don't usually have significant salary spikes late in their careers.

"Career average pensions will also bring employees and employers on a more equal footing when it comes to risk sharing."

Earlier this month HR columnist Will Hutton recommended that the salaries of senior executives in the public sector should remain within a given ratio of other employees.

Joe Williams (HR Magazine)
22 December 2010

HR worried about unwittingly giving financial advice to staff

HR staff know they must communicate pension information to staff, but they are too scared to do it because of the legal implications.

New research reveals 98% of HR and pension managers with defined-contribution schemes think employers should have a say in pension communications but 57% feel 'constrained' in doing so by the law.

The report from the National Association of Pension Funds (NAPF), launched at its Annual Conference in a session in partnership with HR magazine, found 83% of employers were comfortable to give new joiners information about pensions, but this figure dropped to 67% when respondents were asked if they were comfortable talking to staff about contribution levels.

In fact, employers are more comfortable talking about shares (68%), life assurance (73%) and ISAs (73%) than they are talking about pension contributions.

The report found two thirds of employers surveyed feared rules from the Financial Services Authority (FSA) forbidding people who are not trained to give staff advice about finances as opposed to education. And almost half (48%) are unaware what they are allowed to tell staff, by law, and what they are not.

Every respondent to the survey was worried that staff could perceive financial education around pensions as one-to-one financial advice and 69% would like to see a legal indemnity to protect them from prosecution if they are accused of giving financial advice unwittingly.

Commenting on the findings, Faith Dickson, a partner at law firm Sacker & Partners, said: "As HR people you are not allowed to give staff advice on what you think they should do with their money because you don't know their individual financial circumstances. But you must ensure you make staff aware of how they can get the best solution possible from the employee benefits you offer.

"Don't tell people what to do or make recommendations, but encourage awareness of what you offer."



David Woods (HR Magazine)

16 October 2009

<http://www.hrmagazine.co.uk/news/bulletin/weeklyupdate/bulletin/article/946190/?DCMP=EMC-Dailynewsalert#mainContent>

Pension body warns Government: 'Get pension reforms right - and get on with it'



The Government that comes to power in May next year must work with HR and pension professionals to secure the retirement of staff, instead of playing "Punch and Judy pension politics", according to the chief executive of the National Association of Pension Funds (NAPF).

Speaking to delegates at the NAPF Annual Conference, Joanne Segars, chief executive of the industry body, attacked the myriad announcements about pensions and retirement made at the three major political party conferences over the past month.

Following announcements from secretary of state for communities and local government John Denham

that the Labour Party would cap the pensions of high-earning local government staff, and shadow chancellor, George Osborne, said that the Conservative Party would raise retirement age for men from 65 to 66 in 2016, Segars said: "The Government has to mend a broken pension system - so get the reforms right and get on with it!" She added: "Personal accounts

and auto-enrolment coming into action in 2012 are real steps forward... but we cannot say 'job done' in 2012."

In a message directly aimed at secretary of state for work and pensions Yvette Cooper and the Department for Work and Pensions (DWP), Segars said: "The Government must see the pension professionals in this room as a solution to help, not an obstacle. So give a little [to us], DWP, and you will get a lot back."

She added: "Workplace pensions must be secure, flexible, simple, incentivise staff and be cost-effective... and the Government has an obligation to ensure it pays to save.

"There are difficult questions still to be answered around pensions, but as the political temperature goes up as we approach a general election, the NAPF will continue to press [the Government] for answers and put forward solutions."

David Woods (HR Magazine)
16 October 2009

www.hr magazine.co.uk/news/bulletin/weeklyupdatebulletin/article/946205/?DCMP=EMC-Dailynewsalert#mainContent

Equitable Life

The Fund publishes below the latest details of the situation with Equitable Life.

It has done so in an attempt to provide employers with background information for those employees/ex-employees that approach them with regards to the compensation arrangements, which will shortly feature in the press.

It should be remembered by employers (and pointed out to employees/LGPs members) that the nature of a group AVC arrangement is that the policy holder is the Fund – not individual members – as there is only one policy which exists: that between the Fund and Equitable Life. The Fund has not sought compensation nor is it clear if it will receive any such compensation.

24 December 2010

Parliamentary Ombudsman's latest position

On 16 December 2010, the ombudsman wrote to the All-Party Parliamentary Justice for Equitable Life Group to advise that the provisions in the Equitable Life (Payments) Act 2010 were not incompatible with her recommendation for compensation. The ombudsman also confirmed that Parliament had now voted upon a compensation scheme and it was not within her role to question a decision that had been taken by Parliament. More information is available on the Parliamentary Ombudsman's website <http://www.ombudsman.org.uk/about-us/media-centre/on-the-agenda/equitable-life>

29 December 2010

The Government Compensation Scheme

Introduction

The purpose of this briefing note is to give an overview of the position of Equitable Life in regard to the Government compensation scheme.

Government compensation package

- The relative losses suffered by policy-holders are accepted by the Government to be £4.3bn
- The total compensation that will be made available will be £1.5bn. £620m is reserved for with-profits annuities, £775m is for other types of policy, and the balance is for contingencies
- With-profits annuity policies taken out before 1 September 1992 have been excluded from the compensation scheme
- Compensation will be payable in cash. The eligible with-profits annuitants will be compensated through regular annual payments for as long as they live
- Compensation will be tax-free
- An independent commission has been asked to advise Government on the allocation of the £775m. It is due to report its conclusions at the end of January 2011 and is inviting submissions as to allocation and prioritisation, to be submitted before 3 December. See www.equitablelifepayments.independent.gov.uk/d/discussion_paper_031110.pdf
- National Savings & Investment (NS&I) is Government's preferred partner for administering and delivering compensation
- The first compensation payments are due to flow from the middle of 2011 and £1bn should be distributed within the following three years

29 December 2010

Your (policyholder) questions answered

Q: How much is available for compensation?

A: Government announced it would allocate £1.5bn to compensating policyholders past and present. Included in that figure is an amount to cover losses for with-profits annuitants. This leaves £775m free of tax and administrative costs for distribution to other policyholders. This is about 20% of their total losses.

Q: Will I get compensation?

A: An independent commission will determine the rules as to who will get what. It is due to report at the end of January 2011. Government has said that about a third of policyholders have not suffered loss and a further third have losses under £500.

Q: Can you tell me how much I will get?

A: The independent commission will determine how the £775m will be allocated to individual policyholders in as fair a way as possible. Investments made before the end of 1992 are excluded from compensation.

Q: When will I get compensation?

A: The independent commission is also responsible for prioritising which policyholders should receive compensation first. The Government is working towards making the first payments to policyholders by the middle of 2011 and expects to complete payments other than for with-profits annuitants over the following three years.

Q: How will compensation be paid?

A: Government has announced compensation will be paid as a tax-free lump-sum. With-profits annuitants will have regular payments. National Savings and Investments (NS&I) will be

responsible for getting the compensation into policyholders' hands.

Q: Is there anything I need to do now as a policyholder?

A: No. How the fund will be allocated will be determined by the independent commission which is due to report at the end of January 2011. Payments to policyholders are due to start in mid-2011

Q: Has the Society made any representations to the Commission?

The Society has recently completed research among current members to establish their preferences on the compensation. In accordance with the research findings, the Society's chief executive has twice met the independent commission to speak up for current members. Our written submission to the commission confirming our representations will be published with the commission's report at the end of January. We have not provided any comments in regard to compensation to with-profits annuitants as they are no longer policyholders and do not fall within the remit of the commission.



NEST and pension reforms

Government estimates suggest that around seven million people are not saving enough to give them the retirement income they want or expect.

The Pensions Act 2008 establishes new duties on employers that start to be introduced from 2012.

These duties mean that, for the first time, employers will have to enrol their workers into a workplace pension scheme that meets or exceeds certain legal standards (it is anticipated that the LGPS will be one of these schemes – but employers may have employees that are not eligible for the LGPS due to their specific employment contact). Some of these workers will be automatically enrolled into this scheme and others only if they ask to be enrolled. NEST (National Employment Savings Trust) is a new low-cost pension scheme any employer will be able to use to meet their new legal duties. It is being designed specifically to meet the needs of low-to-moderate earners and their employers. For more information on workplace pension reforms, please refer to our Key facts leaflet available at www.nestpensions.org.uk/documents/Key-Fact-Myths.pdf

What is NEST Corporation?

NEST Corporation is the trustee body responsible for running NEST (on 5 July 2010 NEST Corporation took over from the Personal Accounts Delivery Authority, which was wound up). It is a non-departmental public body that operates at arm's length to government and is accountable to Parliament through the Department for Work and Pensions (DWP). NEST Corporation has a chair and up to 14 trustee members.



Together they form the trustee of the scheme. As a trustee they have an overriding legal duty to act in the best interests of scheme beneficiaries.



The main features of NEST

- It will be simple and easy to administer with straightforward and convenient online services and tools.
- It will offer flexibility over contribution levels and the way these are calculated.
- An individual's membership of NEST is portable – it can travel with them throughout their working life. This is why there will be no continuing administration for employers when a NEST member leaves their employment. For new joiners who are already members of NEST, all contributions made on their behalf can be added to their existing retirement savings pot. Also more than one employer can contribute to a member's NEST retirement savings pot at the same time.
- NEST Corporation is legally bound to run NEST in the interests of scheme beneficiaries.
- NEST Corporation has a public service obligation to run NEST so it's open to any employer that wants to use it to meet the new duties. This means that employers of all sizes and sectors can use NEST.
- NEST Corporation will set an investment approach for NEST that's specifically designed to meet the needs of low-to-moderate earners.
- Up to £3,600 (the contribution limit is £3,600 in 2005 terms. This limit will be adjusted in line with earnings growth for when the scheme is launched in 2011, following which it will be adjusted annually) per year can be paid into each member's retirement savings pot.
- NEST Corporation is not allowed to accept transfers in and or pay transfers out of the scheme only in very limited circumstances.

Contact the team at NEST

Research shows that many employers will seek advice from an external adviser when it comes to deciding how their organisation should act in response to its new legal duties, although there is no obligation to do so. However, NEST's Distribution Team can provide you with help and information so you can advise your clients about NEST and its suitability for meeting their new legal duties.

Email: intermediary.enquiries@nestpensions.org.uk

Call: 020 7940 8544

Visit: www.nestpensions.org.uk

The Government published a review of automatic enrolment in October 2010. The above is up to date as at January 2011 and is based on the Government implementing the changes recommended in the review.

To find out more please visit: www.dwp.gov.uk/policy/pensions-reform/workplace-pension-reforms

Nest Myth Busting

See: <http://www.nestpensions.org.uk/documents/Key-Fact-Myths.pdf>

Myth: All workers will be automatically enrolled into NEST.

Reality: Under the Pensions Act 2008 employers will be required to automatically enrol all eligible jobholders (eligible jobholders are aged between 22 and state pension age, work or ordinarily work in Great Britain or Northern Ireland and earn over £7,475 a year in 2011/2012 terms. This figure will be updated for 2012. Total earnings include an individual's salary, wages, overtime, bonuses and commission, as well as statutory sick pay and statutory pay he or she receives during maternity, paternity or adoption

leave) and, when asked by them, any jobholder, into any workplace pension scheme that meets or exceeds certain legal standards and make a minimum contribution to that scheme.

Other workers are also eligible to be enrolled into a workplace pension scheme but they must ask their employer to enrol them. These other workers are not entitled to have their employers make minimum contributions on their behalf as they don't have qualifying earnings. However an employer may make contributions if they choose to do so. It will be up to employers to choose a suitable pension scheme. This may mean using existing schemes, setting up a new one, using NEST, or choosing a combination of options.

Myth: Automatic enrolment means employers no longer have the freedom to choose the best pension scheme for their workers.

Reality: Employers can choose the pension scheme they believe is most appropriate. However, the new laws include certain legal standards that schemes must meet to comply with the legislation. NEST will be one of the schemes that meets these standards.

Myth: NEST is a pension scheme that's run by the Government.

Reality: NEST Corporation is the trustee body that has overall responsibility for running NEST. It is a non-departmental public body that operates at arm's length from government and is accountable to Parliament through the Department for Work and Pensions (DWP). NEST Corporation has a chair and up to 14 trustee members. Together they form the trustee of the scheme. As a trustee, they have an overriding legal duty to act in the best interests of scheme beneficiaries. NEST and NEST Corporation will be regulated by the Pensions Regulator.



Myth: NEST will compete with existing pension schemes.

Reality: NEST is being designed to complement existing workplace pension provision. It is being specifically designed to meet the needs of low-to-moderate earners who are not currently served by existing pension providers. Currently 750,000 (DWP modelling of Small and Medium-Sized Enterprise Statistics 2007 and Employers' Pension Provision Survey 2007) employers in the private sector offer no workplace pension. NEST together with the reform programme will increase access to workplace pensions for millions of people.

Myth: NEST can only be used to meet the legal minimums required.

Reality: Employers can decide to offer more than the minimum requirements if they choose NEST or any other occupational scheme. NEST allows employers the freedom to choose the level of contributions they and their workers pay and the way these contributions are calculated. Employers that choose NEST will have the option of either using the scheme to simply meet their minimum legal duties, or using a more customised approach that meets their specific business needs.

LGPS contribution bands

Since the Scheme changes that took place on 1 April 2008, the rate of the LGPS contribution has been determined by the employer. It is based upon a series of pay bands that are updated every year. The contribution rates for LGPS membership currently vary between the range of 5.5% and 7.5%.

The pay bands are updated every April according to the rate of inflation as calculated by the RPI in the 12-month period ending with the previous September. As the RPI recorded minus 1.4% inflation in the 12-month period ending on 30 September 2009, there was no change to the pay bands from 1 April 2010.

However, in June 2010, the Coalition Government announced that future inflationary increases would be calculated using the CPI. Consequently, in April, pay bands would alter according to the CPI figure for the 12 months ending with the previous September. These amounts would then be rounded down to the nearest £100.

As the September 2010 CPI figure was 3.1%, therefore the following pay ranges will apply to contribution rates from April 2011:

Whole-time pay rate	You pay
Up to £12,900	5.5%
£12,901 to £15,100	5.8%
£15,101 to £19,400	5.9%
£19,401 to £32,400	6.5%
£32,401 to £43,300	6.8%
£43,301 to £81,100	7.2%
Over £81,100	7.5%

Cheryl works full-time and her annual rate of pay in April 2011 will be £17,802. This puts her contribution rate at 5.9% of her pay (which works out at £87.53 a month - less after the adjustments for tax and national insurance).

Danni works part-time (18/37 hours per week) and her annual rate of pay in April 2011 will be £8,415. Her full-time equivalent annual rate of pay was £16,830. This is the figure that is used to determine which pay band Danni falls into.

This puts her contribution rate at 5.9% of her actual pay (which works out at £41.37 a month - less after the adjustments for tax and national insurance). The Fund has made the following poster available should employers wish to supplement the information they provide to stakeholders of the LGPS.

LGPS Contribution Bands
April 2011 - March 2012

The earnings bands used to determine your LGPS contribution rate will change on 1 April 2011.

Whole-time pay rate	You pay
Up to £12,900	5.5%
£12,901 to £15,100	5.8%
£15,101 to £19,400	5.9%
£19,401 to £32,400	6.5%
£32,401 to £43,300	6.8%
£43,301 to £81,100	7.2%
Over £81,100	7.5%

And don't forget – your employer makes a contribution as well.

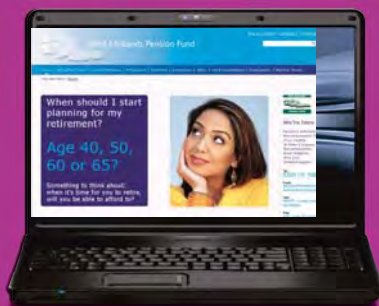
Former manual worker protection ends on 31 March 2011. Your new contribution rate will be determined by the table above.

centro
transforming public transport

LGE circulars issued during 2010

Circular 241	Practitioner and Employer Training Events
Circular 240	Update on Annual Trustees' Conference and LGPS Trustee Training Fundamentals
Circular 239	Pensionability of Equal Pay Settlements in England and Wales
Circular 238	Annual Trustees' Conference and LGPS Trustee Training Fundamentals
Circular 237	Practitioner and Employer Training Events
Circular 236	Annual Update
Circular 235	Redundancy/Efficiency Retirements, Tax Codes for Disablement Pensions, Leaflet for High Earners
Circular 234	Practitioner and Employer Training Events

West Midlands Pension Fund's new website



The Fund recently launched its new-look website at www.wmpfonline.com

Employers have their own section where forms and leaflets can be downloaded, and you can also request supplies of Fund stationery: www.wmpfonline.com/employer/stationery

Contact information

Email us on:
pensionfundenquiries@wolverhampton.gov.uk

Telephone Customer Services on:
0300 111 1665

Visit our website at:
wmpfonline.com

Fax us on:
0845 230 1565

Minicom/Typetalk:
01902 554607

Write to us at:
West Midlands Pension Fund
PO Box 3948
Wolverhampton
WV1 1XP

Send us a text on:
Text WMPF + your message
to 60066
Standard short code network charges apply

Lines are open during the following times:
8:30am to 5.00pm Monday -Thursday
8:30am to 4.30pm Friday

Calls may be monitored for training purposes