



## Local Government Pension Scheme (LGPS)

### Employers' Newsletter

February 2013

#### Introduction

Welcome to the February **2013 Newsletter** for employers within the Local Government Pension Scheme (LGPS) in East Sussex. As we approach the end of the financial year 31 March 2013 there are a number of points in relation to the LGPS that employers should be made aware of. This newsletter outlines these as well as some other items of interest that may be of value.

#### Items covered in this issue

- Valuation of the Pension Fund 2013
- April 2013 Pensions Increase
- Active Member Contribution Bandings
- Auto Enrolment
- Partnering Agreement for Pensions Administration
- LGPS 2014
- East Sussex Pension Fund Website

#### Valuation of the Pension Fund 2013

You will no doubt be aware that the East Sussex Pension Fund is subject to an actuarial valuation every three years. The last valuation of the Fund was in 2010 with the next valuation to be undertaken as at 31 March 2013. The basic purpose of the valuation is to assess the Fund's assets and liabilities and calculate the rate of each employer's contribution rate for the three years from April 2014.

We have been provided from the Fund actuary a timetable of key dates to ensure the valuation process can be completed within a timely manner so that the new employer contribution rates can be provided to employers before April 2014.

In order that the County Council can submit all the relevant data required for the valuation we are asking employers to submit end of year returns this year by no later than 17 May 2013, and that you deal promptly with any data queries they may be referred back to you. You will be contacted in due course to confirm the exact year end data requirements.

A further Employers Newsletter that concentrates on what the actuarial valuation will mean for employers will follow shortly.

## April 2013 Pensions Increase

We have now received a letter from the Communities and Local Government (CLG) confirming the 2.2% increase effective from 8<sup>th</sup> April 2013. Further details available on the HM Treasury website. [http://www.hmtreasury.gov.uk/tax\\_pensions\\_increases.htm](http://www.hmtreasury.gov.uk/tax_pensions_increases.htm)

## Active Member Contribution Bandings

The effect of a 2.2% pension increase does of course mean that the salary bandings in the second column of the table determining the appropriate contribution rate to be paid by scheme members will change from 1 April 2013. You will therefore need to consider re-evaluating the contribution rate for those scheme members moving from one pensionable pay band to another due to a change in their annual rate of pay from April 2013. The new bandings are as follows;

Whole time equivalent pay range	Employee contribution rate
£0 - £13,700	5.5%
£13,701 - £16,100	5.8%
£16,101 - £20,800	5.9%
£20,801 - £34,700	6.5%
£34,701 - £46,500	6.8%
£46,501 - £87,100	7.2%
More than £87,100	7.5%

## Auto enrolment

As we head into 2013, auto enrolment will begin to bite for scheme employers in the East Sussex Pension Fund. I am assuming you are making good progress in readying yourself for the changes that auto enrolment will bring.

By now you should;

- Have clarity of how auto enrolment should impact your workforce.
- Understand auto enrolment, roles and responsibilities, triggers, and monitoring requirements.
- Make decisions on the use of transitional delay or postponement.
- Have engaged with your payroll and HR advisors.
- Have a suite of communications material in place for your staging date and beyond.

If you require any support then please get in touch.

## **Partnering Agreement for Pensions Administration**

From 1<sup>st</sup> April 2013 East Sussex County Council is entering a partnering arrangement with Surrey County Council for a number of services. One of these is pensions administration; there will be a handover of responsibilities from Serco to Surrey CC. Further communications will be provided shortly regarding contact details.

## **LGPS 2014**

On 21 December 2012, the Department of Communities & Local Government (CLG) published its long awaited statutory consultation on draft Local Government Pension Scheme Regulations for the new scheme in England & Wales. This first set of draft Regulations covers membership, contributions and benefits and related administration issues and is due to come into force on 1 April 2014.

The high level features are –

- CARE scheme with 1/49 accrual
- Survivor benefits on a similar CARE basis based on 1/160 accrual
- New contribution rate table increasing contributions for higher earners
- The creation of separate 'accounts' for active, deferred and pensioner membership
- A 50/50 option whereby members pay 50% contribution of 50% benefit. This will be cancelled on auto enrolment
- Cost Control mechanism

The actuary has enough high level detail to cost the new scheme but requires the regulations to be in place to base the 2013 valuations on the contribution, membership and benefit structure.

Discussions remain ongoing in relation to other aspects of the scheme, such as the introduction of the salary link for existing accrued rights, changes to governance arrangements and the cost control mechanism, Consultations on these aspects will follow soon.

You can find further details at <http://www.lgps.org.uk/lge/core/page.do?pagelid=15431012>

## **East Sussex Pension Fund Website**

I would just like to take this opportunity to remind you of the new East Sussex Pension Fund (ESPF) website, which was launched in December 2012.

The new site has a greater focus for members, recognising the changes coming up in the pensions arena (auto-enrolment and the new 2014 LGPS).

Please find attached a link to the new website for your convenience:

<http://www.eastsussexpensionfund.org/>

If you have any questions regarding the website please do not hesitate to get in touch.

**Contact details**

Any enquires concerning the contents of this Newsletter should be directed to:

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