

Agenda Item:

Pension Fund Committee

8

Dorset County Council



Date of Meeting	14 September 2015
Officer	Pension Fund Administrator
Subject of Report	Pensions Administration
Executive Summary	<p>This report is the quarterly update for the Pension Fund Committee on all operational and administration matters relating to the Fund. It contains updates on the following:</p> <ul style="list-style-type: none"> • Public Sector Pension Reform • Procurement of Administration Software • Address Tracing and Mortality Screening Service • End of Year Process • Workflow and Key Performance Indicators • LGPS National Insurance Database • Backlog • Guaranteed Minimum Pension (GMP) Reconciliation • Communications
Impact Assessment: <i>Please refer to the protocol for writing reports.</i>	Equalities Impact Assessment: N/A
	Use of Evidence: N/A
	Budget: N/A
	Risk Assessment: N/A

	Other Implications: N/A
Recommendation	It is recommended that the Committee note and comment on the contents of the report.
Reason for Recommendation	To update the Committee on aspects of Pensions Administration
Appendices	<ul style="list-style-type: none"> • Appendix 1 – Screening results summary April 2015 • Appendix 2 – End of Year process feedback form • Appendix 3 - Key Performance Indicators • Appendix 4 – Pensioner Newsletter • Appendix 5 – Freedom and Choice leaflet • Appendix 6 – Employer Update • Appendix 7 – Pension Scheme Update
Background Papers	<ul style="list-style-type: none"> • The Public Service Pension Scheme (Amendment) (Governance) Regulations 2015 • The Pensions Regulator’s Code of Practice 14: Governance and Administration of public service pension schemes
Report Originator and Contact	<p>Name: Anne Cheffey Tel: 01305 224025 Email: a.m.cheffey@dorsetcc.gov.uk</p>

1. Background

- 1.1 This report is the second of the quarterly update for the Pension Fund Committee on all operational and administration matters relating to the Fund.

2. Public Sector Pension Reform

LGPS 2014

- 2.1 The production of the Annual Benefit Illustrations (ABI) to active members is well under way. Under the LGPS 2014 the ABI will need to present Career Average benefits alongside the Final Salary benefits accrued under the 'old' scheme.
- 2.2 The necessary software was released by Heywood to us in June and we have adapted their template to fit the needs of our ABI.
- 2.3 The contract for the printing and dispatch of the ABI's was awarded to FCS Lasermail and it is planned that the ABI's will be sent out at the end of August and beginning of September.

Scheme Advisory Board

- 2.4 The Scheme Advisory Board (SAB) for the LGPS in England and Wales is soon to be established, taking on the role as a national advisory board for the LGPS in England and Wales as required by the public Service Pensions Act 2013 and the recently issued governance regulations.
- 2.5 The purpose of the Board is to be both reactive and proactive. It will seek to encourage best practice, increase transparency and coordinate technical and standards issues.
- 2.6 The Shadow Scheme Advisory Board (SSAB) have discussed the transition to the SAB, in particular to ensure that the experience of the operation of the shadow board is learnt from and that a SAB is put in place that is effective, well-resourced and capable of meeting the challenges facing the LGPS now and in the future.
- 2.7 The budget for the new Board will be agreed by the Minister. Whilst the Board is seeking alternative sources of support for the agreed work plan which may reduce the charge on Funds, the cost of the Board is to be met via a levy on all Funds in England and Wales, based on a Fund's active membership.
- 2.8 Three possible budget options have been sent to the Minister. These options translate as 22, 30 and 35 pence per active member.
- 2.9 For the Dorset Pension Fund, depending upon the option chosen by the Minister, the levy is likely to be in the region of £6000 – £9500.

Options for separation – Shadow Scheme Advisory Board (SSAB)

- 2.10 Members will recall at the June meeting of the Committee, the Fund's governance adviser; Peter Scales reported that the SSAB was investigating ways of improving governance within the LGPS. He advised that the SSAB had invited bids to undertake a piece of work to look at options to separate pension funds from the host authorities.
- 2.11 The SSAB had only just started work on this immediately prior to the June meeting of the Committee, and so it was unclear as to the intentions of the piece of work. It has now become clearer that the reason for the piece of work was the concern held by the Board, and those advising them that LGPS funds had differing degrees of

separation from the host authority. There were concerns that funds were having difficulties with resources, and that many funds were being caught up in efficiencies required within the host authority. Each of the options that will be looked at will enable a greater degree of clarity over the operation of the fund, and that of the host authority, and this can only be a positive move for funds.

3. Procurement of Administration Software

- 3.1 The Committee will be aware that the Fund is working in collaboration with Norfolk and Suffolk pension funds as reported in June. Members will receive a verbal update at the meeting.

4. Address Tracing and Mortality Screening Service

- 4.1 Mortality screening has now been operating for 18 months. During that time 647 pensioner deaths were identified with a 99.9% high confidence that the pensioner was receiving a pension from the Fund. A further 142 matched our member data to a lower degree which required further verification by the Pensioner Payroll. The detailed data is shown in Appendix 1.

5. End of Year Process

- 5.1 All data has now been received.
- 5.2 The two employers that were reported to the last meeting of the Committee as having had outstanding returns have been issued with invoices for fines of £1400 and £2750 to be paid in full within 30 days of notification.
- 5.3 The introduction of the new Local Government Pension Scheme (LGPS 2104) in April 2014 meant that changes were required for the LGPS End of Year Returns, the result being that employers are required to submit additional data to that of previous years. As the return for the 2014/15 scheme year was the first in which the additional data was required, significant changes had to be made to the process of collecting the data, resulting in a steep learning curve for both employers and the Fund.
- 5.4 Now that the 2014/15 collection of data is complete, in order to continually improve our service, the Fund is reviewing the process to evaluate which aspects worked well and identify any areas which could be improved. In order to do this a feedback form is being issued electronically to the employers requesting information on their End of Year Return experience. (Appendix 2)
- 5.5 The results of the survey will be reported at a future Committee meeting.

6. Workflow and Key Performance Indicator's

- 6.1 In July 2014, in collaboration with the London Pension's Fund Authority, a new electronic workflow system was introduced in the benefits area called CMS.
- 6.2 We continue to work with the LPFA to improve the reporting capability to more accurately reflect the Fund's timescales and processes.
- 6.3 Appendix 3 shows the top ten KPI's for June to August 2015.

6.4 Overall the performance has increased by approximately 12%, however performance on estimates, retirements and deaths has dropped in the last 3 months. This is in part due to diverting resources away from the 3 Benefits Teams to ensure the End of Year process was completed in good time. The long term sickness absence of two Benefits Team members, another experienced member leaving the Section and the summer holiday season has also had an impact on the performance.

6.5 It has been agreed to recruit a further 3 agency staff to assist with the staff shortages, and one of these agency staff will be trained to assist with backlog work.

7. LGPS National Insurance database

7.1 Work is currently being undertaken by the Local Government Association (LGA) to set up a National Insurance database for the LGPS. This database will have two primary purposes:

- to seek to prevent the payment of duplicate death grants across Funds in order they comply with the requirements of the LGPS Regulations 2013 that a member may only receive the higher death grant in the case of multiple periods of membership (except for multiple periods of active membership), and
- as a means for the LGPS to join the Tell Us Once service, which will provide a simpler process for notification of deaths in the Scheme for both administering authorities and the next of kin of Scheme members.

7.2 The database will be hosted by South Yorkshire Pensions Authority and is being tested by various local authority Pension Funds.

7.3 The LGA has produced a data sharing agreement which has been drafted based on the Information Commissioner's code of practice.

7.4 All funds will need to sign the data sharing agreement and a participation agreement in order to use the system. The participation agreement will outline how funds should use the system in order that the Database will function efficiently.

7.5 Confirmation of the cost of participation is awaited.

8. Backlog

8.1 Some good progress has been made on back log work in this last quarter due to recruiting additional agency staff. A total of 512 cases have been cleared.

8.2 During September 2 of the agency staff are leaving to return to university and, due to other permanent members of staff leaving and a temporary freeze on recruitment until the restructure of the benefits team is completed, it is anticipated that there will be a slowdown of the completion of backlog work in the coming three months.

8.3 There are now a total of 1546 outstanding cases, compared to the 2000 reported at the last meeting.

8.4 As indicated in 6.5 of this report a new agency staff member will be trained to assist with the backlog work.

9. Guaranteed Minimum Pension (GMP) Reconciliation

9.1 The LGPS is a contracted out pension scheme. Therefore any member paying pension contributions between 6 April 1978 and 5 April 1997 and who paid full-rate

contracted out National Insurance contributions will have a Guaranteed Minimum Pension (GMP) entitlement providing that they are entitled to a State Pension in their own right.

- 9.2 The GMP is the minimum amount of pension that would have been paid by the additional part of the State Scheme (SERPS which is now known as S2P) if contracted-in National Insurance Contributions had been paid to the State Scheme instead of pension contributions being paid to LGPS.
- 9.3 A GMP becomes payable from State Pension Age and is split into two elements: pre 6 April 1988 and post 6 April 1988. The GMP is not an additional amount to the LGPS benefits but forms part of those benefits. All increases due on the pre 6 April 1988 GMP are paid by the Department for Work & Pensions (DWP) as part of the State benefit. The Dorset Pension Fund pays increases up to a maximum of 3% on the post 6 April 1988 GMP. If the annual increase is over 3% the balance is paid by the DWP.
- 9.4 Contracting-out ceases in 2016 and HMRC are withdrawing from the calculation process. As part of their withdrawal, HMRC will write to all members to advise them of the scheme which is guaranteeing their minimum pension.
- 9.5 We are required to work with HMRC to reconcile our membership records for active, deferred and retired members prior to the wind up of the HMRC Guaranteed Minimum Pension calculation systems.
- 9.6 It is anticipated that this will be a complex and lengthy exercise to fully match all data and reconcile with HRMC and Department of Work and Pensions (DWP) /DWP records.
- 9.7 We are in discussions with the LPFA for them to undertake the initial stage of the data matching for the Dorset Fund, as they have previous experience of this process.
- 9.8 The Dorset Pension Fund may also offer to undertake the exercise for the Dorset Fire Pension Schemes using experience gained from the LGPS work.

10. Communications

- 10.1 It is a regulatory requirement for all LGPS Funds to maintain and publish a Communications Strategy. The Dorset Pension Fund's Communication was last reviewed and presented to the Committee at the March meeting.
 - 10.2 In accordance with the Strategy we make every effort to use electronic means of communication alongside more traditional formats, including; email pensionshelpline@dorsetcc.gov.uk, lqpsemployers@dorsetcc.gov.uk, website www.yourpension.org.uk/Dorset, and a secure internet portal for employers <https://dorset.yourfund.org.uk>. Some examples of the types of communication are shown in the following paragraphs.
- ### **10.3 With retired members**
- 10.4 Pensions Increase notifications and Newsletter (Appendix 4)
 - 10.5 All retired members received details of their Pensions Increase and a newsletter together with their April payslip. Pensions were increased by 1.2% in line with the Consumer Price Index as at September 2014.

10.6 P60 End of Year Certificates

10.7 P60 tax statements were sent to all retired members in the middle of June.

10.8 With deferred scheme members

10.9 The majority of the deferred benefit ABI's were dispatched in May, however approximately 900 were not produced as the necessary software to be able to produce the CARE data was not received until June. It is planned that these will be sent out in September.

10.10 Information about Freedom and Choice (Appendix 5)

10.11 A leaflet is available on the website about 'Freedom and Choice' – the Government's reform programme regarding access to defined contribution pensions savings for those over the age of 55. This leaflet is included with transfer out information and sent to anyone requesting information about this subject.

<https://www.yourpension.org.uk/Dorset/In-the-Scheme/Publications.aspx>

10.12 With employers

10.13 Employer Update – March 2015 (Appendix 6)

10.14 The March Employer Update was sent electronically to all Fund employers and covered a wide variety of topics, including:

- Your Fund – Employer's secure portal
- End of Year returns for 2014/2015 (first under LGPS 2014)
- Annual Benefit Illustrations 2015
- Employee Contribution table for 2015/2016
- Shadow Scheme Advisory Board

10.15 Pension Liaison Officer Group (PLOG)

10.16 The most recent meeting was held on 12 June 2015 and attendees received the latest information around Freedom and Choice, GMP Reconciliation, The LGPS Amendment Regulations 2015, Bulletins and Circulars from the Local Government Association, End of Year process, Annual Benefit Illustrations and the Local Pension Board for Dorset.

10.17 The next meeting of the Group is on 6 October 2015.

10.18 With active members

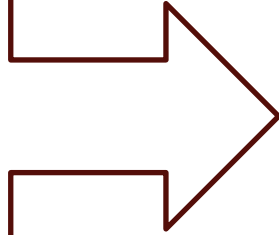
10.19 All active members will receive a newsletter entitled 'Pension Scheme Update August 2015' with their annual benefit illustration in August/September (Appendix 7)

10.20 It contains information on the LGPS Amendment Regulations 2015, Freedom and Choice, key points on CARE, how to take out an AVC or purchase additional pension through Additional Pension Contributions and an announcement of the award won by the Dorset Pension Fund.

On the supplied spread sheet, the data from the column 'A' to the column entitled 'Post Code' represent the original details provided.

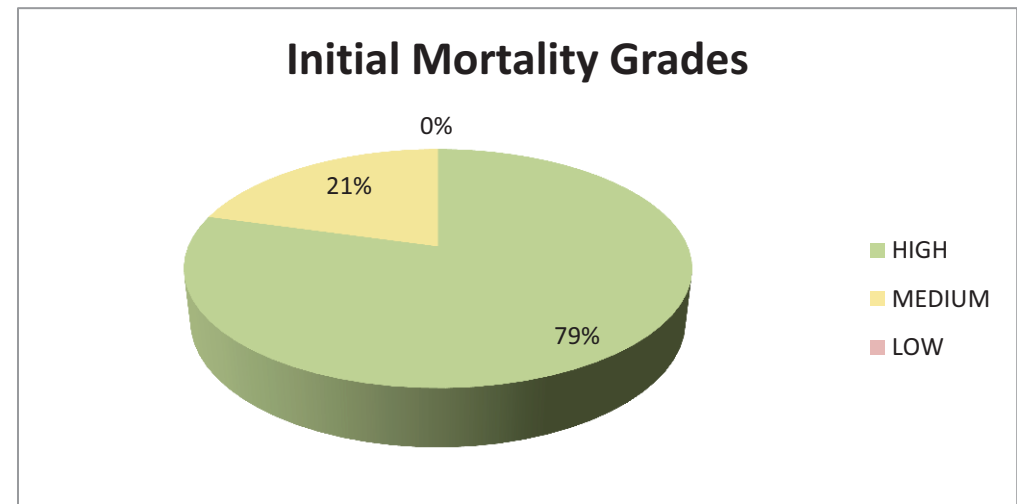
All data after this column has been provided by Target.

The column headings in the Target data have the following meanings:



Title	Explanation
Matched forename / Surname	Names matched against Date of Birth (where date of birth is supplied).
Matched DoB	DOB matched against names & death details
Initial Mortality Grade	Grading of deaths found (see below)
GRO Reference	Records office reference number. This is important if a death certificate required.
Date of Death	Registered Date of Death
Matched address lines	Address registered at death
Final Mortality Grade	All reported deaths given medium or low grades are manually verified by the Target trace team and either upgraded or downgraded accordingly.

GRADING	Initial matches	Comments
HIGH	23	There is a 99.99% high confidence this is the member, validated against the name, date of birth and address - all match;
MEDIUM	6	There is a good chance this is the member e.g. the name and date of birth match but the address does not. The member may have moved from the provided address and since died;
LOW	0	Only some of these will be your member e.g. there are differences in the date of birth and address. Regularly these are where the data contains typo's and needs further investigation.
TOTAL	29	



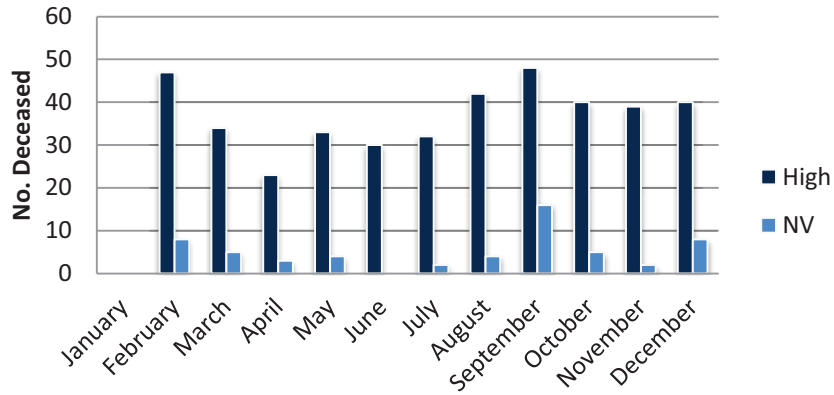
To reduce volume of false matches, Target manually investigate all initial **Low** or **Medium** grade matches. This involves evidentiary searches for member existence, links between member and location or death addresses, and dismissal of unconnected persons sharing member name and date of birth. Verified matches are graded as **High**. Matches not confirmed as your member are graded **Negative** and removed from final spread sheet report. Investigated data that suggests, but cannot confirm high match possibility will result in a **Needs Verification** grade. To further improve our service the investigated data that suggests, but cannot exclude the match as your member will result in a **Low Match** grade. This LM grade is particularly useful when key data has not been made available for screening.

This is the most accurate mortality screening available.

Grades and statistics following Target manual investigation of Medium & Low Grades



2014 Grades



FINAL RESULTS

2014	High	NV	LM	Total
January				
February	47	8		55
March	34	5		39
April	23	3		26
May	33	4		37
June	30	0		30
July	32	2		34
August	42	4		46
September	48	16		64
October	40	5		45
November	39	2		41
December	40	8		48
TOTAL	408	57	0	465

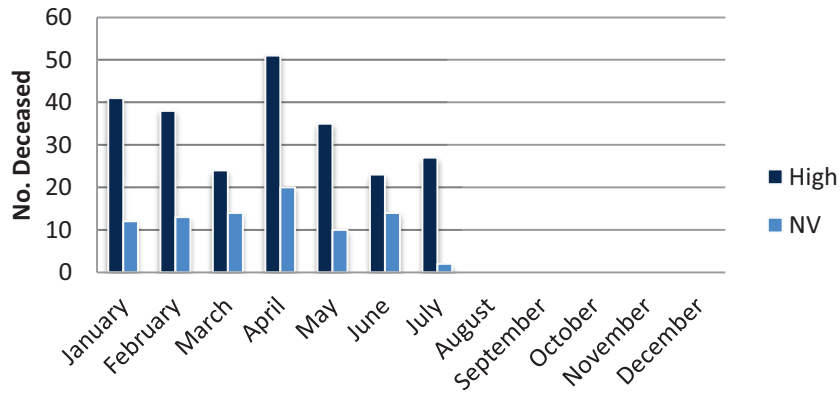
MANUAL RESULTS

M	M	M	M	*M	L	L	L	L	*L
Total	High	NV	LM	Neg	Total	High	NV	LM	Neg
January									
February	26	9	7	10	177	1	1		175
March	8	3	5	0	3	0	0		3
April	8	3	3	0	1	1	0		0
May	10	6	4	0	0	0	0		0
June	3	3	0	0	0	0	0		0
July	5	3	2	0	0	0	0		0
August	12	8	4	0	1	1	0		0
September	20	3	17	0	4	4	0		0
October	13	9	4	0	1	0	1		0
November	7	5	2	0	3	0	0		3
December	12	4	8	0	1	1	0		0
TOTAL	124	56	56	10	191	8	2	0	181

Identifies changes to results following manual investigation

*Negative results proven to not be your member

2015 Grades



FINAL RESULTS

2015	High	NV	LM	Total
January	41	12	1	54
February	38	13	0	51
March	24	14	0	38
April	51	20	0	71
May	35	10	1	46
June	23	14	0	37
July	27	2	0	29
August				
September				
October				
November				
December				
TOTAL	239	85	2	326

MANUAL RESULTS

M	M	M	M	*M	L	L	L	L	*L
Total	High	NV	LM	Neg	Total	High	NV	LM	Neg
January	15	2	12	1	0	0	0	0	0
February	18	5	13	0	1	0	0	0	1
March	16	3	13	0	0	0	0	0	0
April	16	5	11	0	76	0	0	0	76
May	7	3	3	1	0	0	0	0	0
June	17	3	14	0	0	0	0	0	0
July	6	4	2	0	0	0	0	0	0
August									
September									
October									
November									
December									
TOTAL	95	25	68	2	77	0	0	0	77

Identifies changes to results following manual investigation

*Negative results proven to not be your member



End of Year Process - Feedback Form

Employer name:

Due to changes to the Local Government Pension Scheme (LGPS), the process of submitting LGPS End of Year Data for the year 2014/15 also changed. As this was the first year in which additional data was required, in order to continually improve our service, Dorset County Pension Fund are reviewing the process to evaluate which aspects worked well and identify any areas which could be improved. In order to do this, we would also like to receive feedback from employers on their experience of the End of Year process.

1. In terms of understanding what was required, how do you rate the End of Year Spreadsheet:

Difficult to understand 1 2 3 4 5 Easy to understand

Comments

2. How useful did you find the accompanying notes and guidance?

Poor 1 2 3 4 5 Very Good

Comments

3. How did you rate the support provided by Dorset County Pension Fund staff?

Poor 1 2 3 4 5 Very Good

Comments

4. What did you find to be the most difficult part of the process?

5. What specific problems did you encounter in providing the information?

6. How could the End of Year process be improved?

7. Please enter any further comments below:

Please complete the following information

Name:

Company:

Tel.:

E-mail:

[Submit by Email](#)

[Print Form](#)

[Reset Form](#)

Dorset Council KPI Report - CMS stats



Performance 01/06/2015 to 31/08/2015

Number of complaints received **0**

Top 10 detail - cases completed on time	Completed in period	This quarter Performance	Last quarter Performance	KPI (days)	Cases completed on time or early
Admissions (DR01 & DR01W)	910	75.93%	35.39%	30	691
Transfers In Quote (DR02E, DR02R, DR03E & DR03R)	202	71.29%	75.20%	15	144
Transfers In Actual (DR02A & DR03A)	34	0.00%	0.00%	20	0
Transfers Out (DR09E & DR10E)	71	56.34%	56.96%	10	40
Transfers Out actual (DR09A & DR10A)	30	40.00%	36.36%	10	12
Estimates Employee (DR08)	171	59.65%	67.26%	15	102
Estimates Employer (DR22R & DR22W)	246	51.63%	61.94%	15	127
Retirements (DR14, DR14W & DR12 & DR12I & DR14I)	514	66.54%	69.23%	5	342
Deferred Benefits (DR11 & DR11W)	427	48.95%	35.56%	40	209
Refunds (DR16 & DR16W)	275	65.82%	61.32%	15	181
Deaths (DR20, DR13 & DR13W)	113	65.49%	71.64%	5	74
Correspondence (DR24)	422	65.64%	66.60%	30	277
Total	3415	64.39%	52.46%		2199

Top 10 detail - Average elapsed time for cases completed within 6 months of receipt	2014-15		December to May Average elapsed time	Target
	Total cases	March - August Average elapsed time		
Admissions (DR01 & DR01W)	743	18	24	10
Transfers In Quote (DR02E, DR02R, DR03E & DR03R)	202	75	68	64
Transfers In Actual (DR02A & DR03A)	34	61	85	64
Transfers Out (DR09E & DR10E)	71	44	41	23
Transfers Out actual (DR09A & DR10A)	30	50	48	23
Estimates Employee (DR08)	171	30	24	10
Estimates Employer (DR22R & DR22W)	246	19	16	9
Retirements (DR14, DR14W & DR12 & DR14I & DR12I)	514	49	51	53
Retirements only (DR14 & DR14W & DR14I)	316	39	40	53
Deferred into payment only (DR12 & DR12I)	198	66	68	53
Deferred Benefits (DR11 & DR11W)	427	70	54	23
Refunds (DR16 & DR16W)	275	70	54	28
Deaths (DR20)	101	26	16	44
Correspondence (DR24 & DR24A)	903	9	7	2

State Pension

We do not deal with your State Pension at Dorset County Council - any queries concerning this should be directed to:

The Pensions Service

Telephone: 0845 6060265

Website: www.thepensionservice.gov.uk

The Pensions Service also provides information about pensions and pensioner benefits such as cold weather payment and winter fuel payment, for further information please contact the Pension Service directly.

Pension Credit

If you're over 60 you may be entitled to Pension Credit – extra money to top up your income. For further information you can call the Pension Credit helpline on 0800 99 1234, open 8.00am to 8.00pm Monday to Friday.

Considering Re-employment?

(LGPS members only)

If you are re-employed with an employer or council that participates in the LGPS, then whether or not you join the LGPS in this job, you must inform the Pensions Section. We will then check to see whether your pension is affected by your new job.

If you rejoin the LGPS you will build up a new period of membership and you will receive a further package of benefits on your retirement.

Where can I find further information?

Further information about benefits available can be found on the following scheme members' websites;

www.lgps.org.uk

www.yourpension.org.uk/Dorset

Enquiries

If you have any queries concerning your pension please contact us using the details below:

Pensions Payroll

Dorset County Council, County Hall,
Colliton Park, Dorchester DT1 1XJ
Tel: 01305 224334/225586

This newsletter has been prepared by Dorset County Council on behalf of the Local Government Pension Scheme and the Fire Pension Scheme.

National Fraud Initiative

Please note that key payroll data and personal identifiers such as contact details may be provided to bodies responsible for auditing and administering public funds for the purposes of preventing and detecting fraud.

For more details, see

www.yourpension.org.uk/Dorset/Left-the-Scheme/Pensioners/Pensioner-News

or contact the pension fund.

This publication can be made available in audio tape, large print and Braille, or alternative languages on request.



Design and Print Service 117130 4491

Pensioner Newsletter

For pensions administered by
Dorset County Council



Welcome to your Pensioner Newsletter for 2015. This contains important information about your pension with effect from 6 April 2015 and other information you may find useful.

Pensions Increase

Pensions paid by the Dorset County Pension Fund are increased in line with the cost of living if one or more of the following apply to you.

- You have attained the age of 55 years, or
- you have retired due to ill health or injury, or
- since retirement you have become permanently incapacitated from engaging in any paid employment, or
- you are receiving a spouse's, children's or dependant's pension.

Increases from 6 April 2015

Your pay advice slip for April will show the full revised monthly pension; however depending on whether your pension is paid in advance or arrears, there will be an adjustment on your payslip as the new pension is only payable from 6 April 2015.

The percentage increase depends on the date of retirement, resignation or death of the former employee. The annual pension is increased by the percentage shown in the table, except increases to the Guaranteed Minimum Pension (GMP) element of your pension which are calculated differently as detailed below. An explanation of GMP is detailed in the next section.

- For GMPs accrued on service up to 5 April 1988 the increases are paid in with your state benefits and not by us.

- For GMPs accrued after 5 April 1988 Dorset County Council pays any increases up to 3%, any increases over the 3% will be paid in with your state pension.
- Dorset County Pension Fund will increase the remainder of your pension by the percentage shown in the table below.

First day of retirement	% Increase
Before 22/04/2013	1.20
22/04/2014 to 21/05/2014	1.10
22/05/2014 to 21/06/2014	1.00
22/06/2014 to 21/07/2014	0.90
22/07/2014 to 21/08/2014	0.80
22/08/2014 to 21/09/2014	0.70
22/09/2014 to 21/10/2014	0.60
22/10/2014 to 21/11/2014	0.50
22/11/2013 to 21/12/2014	0.40
22/12/2014 to 21/01/2015	0.30
22/01/2015 to 21/02/2015	0.20
22/02/2015 to 21/03/2015	0.10
After 21/03/2015	Nil

Guaranteed Minimum Pension (GMP)

A GMP is the minimum pension which an occupational scheme must provide as one of the conditions of contracting out for service before 1997. Your pension scheme is contracted out of the Second State Pension, previously known as State Earnings Related Pension Scheme (SERPS). If you have service between 6 April 1978 and 5 April 1997, you will have earned a GMP.

A GMP is not a separate benefit paid in addition to your pension, but the pension we pay you must equal or exceed your GMP. However the GMP element will be shown on your pay advice slip under a separate narrative.

Issue of Pay Advice Slips and P60

A pay advice slip will be issued to pensioners annually. At other times we will only issue one if the net amount of your pension varies by £5 or more when compared with the previous month's payment. Firefighter pensioners will receive a letter explaining their change to yearly pay slips in May.

A Form P60 was issued to you earlier in April. This gives you details of the pension we have paid you and the tax deducted in the 2014/2015 tax year.

Changes we need to know about

Change of Address/Bank Account

If you change address, you can let us know by writing in quoting EMP No or National Insurance number. If you change your bank or building society details you must also inform us in writing.

Change of Partnership Status

If your partnership status changes you should notify us as soon as possible and send us the relevant documentation (such as marriage/civil partnership certificate or decree absolute/dissolution order) to enable us to update your records.

Income Tax

Because HMRC is the only body that can answer a query concerning the correctness of an income tax code number, it will be appreciated if any such enquiry can be made direct to H M Inspector of Taxes, PO Box 4000, Cardiff, CF14 8HR or by telephoning 0300 200 3300.

Please remember to quote PAYE reference number

- **503/A1496X Local Government Pension Scheme (LGPS)**
- **120/ZA85297 Fire Pension Scheme (FPS)**

together with your National Insurance number.

Pensions Freedom



What it means for members of the Local Government Pension Scheme

The government has announced from April 2015 individuals from the age of 55, with a Defined Contribution pension, will be able to access their entire pension flexibly if they wish. Therefore in addition to the option of using pension funds for a regular income in retirement, members can withdraw their entire pension savings as cash, although part of this would be subject to tax.

LGPS members are not able to take their pension savings as a lump sum directly from the LGPS as the regulations do not allow it. Therefore, in order for a member of the LGPS to access all of their pensions savings as a lump sum, their benefits would need to be first transferred to a "Defined Contribution" (DC) scheme.

If you decide to transfer out your LGPS pension this will mean paying a sum of money to another pension provider. The new provider may have hidden charges and fees which could reduce the amount of money you would expect to receive, and it is usual for any financial advisor who helps you set up a new pension to also deduct a fee, this could amount to quite a lot of your pension savings before you have been able to draw on them yourself. These are questions you must ask, with details put in writing to you.

If you then decide to use the new Pensions Freedom rules to take out your pension savings as cash your new pension provider may again deduct its own fee or charge - please ensure you ask. You will then be able to take up to 25% of the remaining fund as Tax free cash, with the other 75% as a lump sum that is taxed. This means the largest proportion of your pension savings pot will be taxed at either 20% or 40%, it will depend on your marginal rate for that year. You may ordinarily pay 20% tax, but releasing this extra cash could take you into the higher 40% tax bracket.

As a result you must think very carefully before you proceed, and please remember that, should you decide to transfer out your pension savings from the LGPS and access the funds as cash, you will be losing a potentially substantial amount of income for your retirement.

Please also remember that the LGPS provides guaranteed index linked pensions for you and for your dependants should anything happen to you. You would lose this financial security if you transferred your benefits out. You would also need to make alternative provision for your retirement years.

If you would like to transfer your LGPS pension benefits out to a DC scheme in order to access your benefits flexibly, the Dorset County Pension Fund will require written evidence that you have received advice from a professional financial adviser, who is independent from the LGPS and authorised by the Financial Conduct Authority (FCA).

Please contact us: Dorset County Pension Fund, County Hall, Dorchester, Dorset. DT1 1XJ

Telephone: 01305 221546 / 221547

Email: lgpsemployers@dorsetcc.gov.uk

Website: www.yourpension.org.uk/Dorset/Employers

Different types of pension schemes

What is a Defined Contribution pension scheme?

Money purchase pension schemes build up a 'pension pot' and then use this pot to provide pension benefits (income and cash) at retirement.

Money purchase pension schemes do not give a guaranteed level of retirement income. The amount of pension payable at retirement depends on how much pension can be 'bought' using the pension pot. The cost of buying a pension varies over time depending on a number of factors.

What type of pension scheme is the Local Government Pension Scheme?

The LGPS is **not** a money purchase pension scheme. It is a '**defined benefit**' pension scheme. This means that a guaranteed level of pension is built up over the time a member pays into the Scheme based on their pensionable pay. For each year you pay pension contributions you build up a pension amount rather than a pot of money. Pension benefits from the LGPS are also index linked so will increase each year.

10 Good reasons to be in the LGPS

- 1 Money from your Employer!**
Your employer shares the cost!
- 2 Tax free savings!**
Tax relief on all your contributions!
- 3 Increased quality of retirement!**
Paying into the scheme for a bigger pension on retirement!
- 4 No investment risk!**
Your pension is not subject to market conditions!
- 5 Protection and security!**
Ill health, family and dependants benefits!
- 6 Life cover – no medicals required!**
Life cover of 3 years pay!
- 7 No hidden fees or charges!**
You just pay a percentage of your pay!
- 8 Tax free lump sum!**
Can be taken in addition to a regular pension!
- 9 Pension increased with inflation!**
The value of your pension in payment is protected!
- 10 Saving for retirement is crucial!**
Maintain your lifestyle in retirement!



Your Fund — Employers' Portal

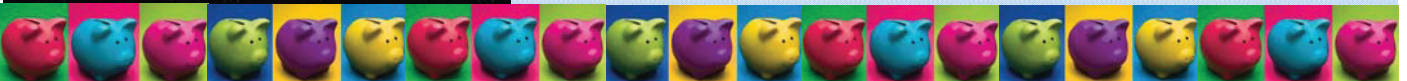
End of Year Return 2015

Employee Contribution Bands April 2015

PLOG meetings

Pensions Freedom and Choice

LGA bulletins



This update is intended to provide you with information regarding the administration of the Local Government Pension Scheme. Please feel free to pass it on to any colleagues that you think may benefit. If you wish to discuss any of the content in this update or wish to see any other items included in the future, please contact a member of the team using the email address provided at the base of this page. Underlined text in [blue](#) indicates an embedded hyperlink, that can be clicked to link you to the document (requires internet connection).

Your Fund—Employers' Portal

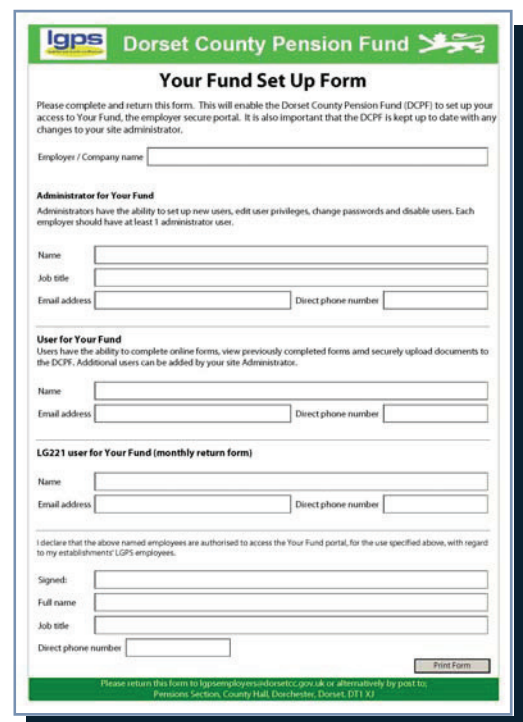
The secure online portal for employers, "Your Fund", has been launched. This will enable employers to submit forms electronically and securely to the Dorset County Pension Fund (DCPF).

Log in details for Your Fund can be received by completing the 'Your Fund Set Up Form' and returning the form to the communications team. A guide to using Your Fund will be forwarded with your log in details and can also be found on the DCPF website.

You will need to have access to Your Fund to upload your End of Year 2015 spreadsheet. This will apply even if you decide not to commence using Your Fund fully until a later date.

Employers using Your Fund will have the reassurance of knowing that everything sent to DCPF has been sent securely and will be received the next day. This will help enable cases to be processed within the appropriate timescales. All forms will be saved on the site for reference, negating the need for employers to print off and store forms sent by the process.

The DCPF will be holding further training sessions for employers new to Your Fund, dates to be provided shortly.



The screenshot shows a form titled "Your Fund Set Up Form" with the following sections:

- Employer / Company name:** A text input field.
- Administrator for Your Fund:** A section with a heading and a sub-heading "Administrators have the ability to set up new users, edit user privileges, change passwords and disable users. Each employer should have at least 1 administrator user." It includes fields for Name, Job title, Email address, and Direct phone number.
- User for Your Fund:** A section with a heading and a sub-heading "Users have the ability to complete online forms, view previously completed forms and securely upload documents to the DCPF. Additional users can be added by your site Administrator." It includes fields for Name, Email address, and Direct phone number.
- LG221 user for Your Fund (monthly return form):** A section with a heading and a sub-heading. It includes fields for Name, Email address, and Direct phone number.
- Declaration:** A section with a heading "I declare that the above named employees are authorised to access the Your Fund portal, for the use specified above, with regard to my establishment's LGPS employees." It includes fields for Signed, Full name, Job title, and Direct phone number.
- Footer:** A green bar with the text "Please return this form to lgpsemployers@dorsetcc.gov.uk or alternatively by post to Pensions Section, County Hall, Dorchester, Dorset, DT1 1XJ".

End of Year Return 2015

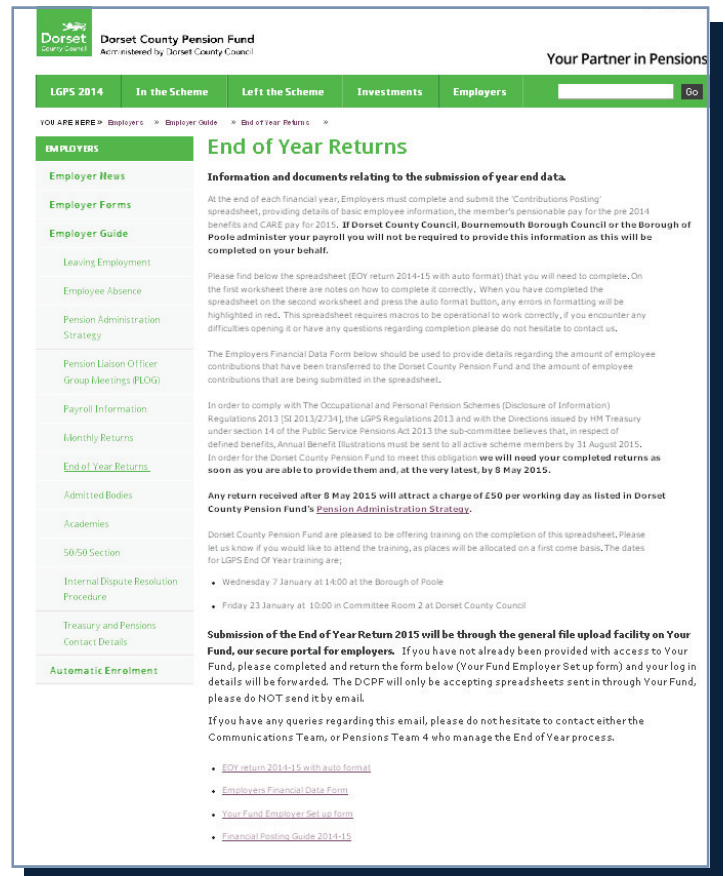
All End of Year Returns spreadsheets for 2014-15 must be submitted via Your Fund by **8 May 2015**, at the latest.

This will enable the DCPF to validate the information provided on the spreadsheet, clear any errors and load the information onto the pensions software. This must be completed on time in order for your employee's Annual Benefit Illustrations to be sent out by 31 August 2015, which is a statutory obligation.

Therefore, in accordance with the DCPF [Administration Strategy](#), fines will be issued to employers for late submission of the return.

All information regarding the return, including the spreadsheet and guide can be found on our website

www.yourpension.org.uk/Dorset/Employers/Employer-Guide/End-of-Year>Returns



The screenshot shows the Dorset County Pension Fund website. The header includes the Dorset County Council logo and the text 'Dorset County Pension Fund Administered by Dorset County Council' and 'Your Partner in Pensions'. A navigation menu has tabs for 'LGPS 2014', 'In the Scheme', 'Left the Scheme', 'Investments', and 'Employers'. The 'Employers' tab is selected. The main content area is titled 'End of Year Returns' and contains information and documents relating to the submission of year end data. It includes a table of contents on the left with links to 'Employer News', 'Employer Forms', 'Employer Guide', 'Leaving Employment', 'Employee Absence', 'Pension Administration Strategy', 'Pension Liaison Officer Group Meetings (PLOG)', 'Payroll Information', 'Monthly Returns', 'End of Year Returns', 'Admitted Bodies', 'Academies', '50/50 Section', 'Internal Dispute Resolution Procedure', 'Treasury and Pensions Contact Details', and 'Automatic Enrolment'. The main text provides instructions on how to complete the spreadsheet, the deadline of 8 May 2015, and the consequences of late submission. It also lists training dates for the spreadsheet completion: Wednesday 7 January at 14:00 at the Borough of Poole and Friday 23 January at 10:00 in Committee Room 2 at Dorset County Council. A note states that the submission of the End of Year Return 2015 will be through a general file upload facility on the Your Fund, secure portal for employers. Links for 'EOY return 2014-15 with auto format', 'Employers Financial Data Form', 'Your Fund Employer Set up form', and 'Financial Posting Guide 2014-15' are provided at the bottom.

Annual Benefit Illustrations 2015

Annual Benefit Illustrations for active LGPS scheme members must be issued by 31 August this year. The information provided by employers at the year end is used to produce these statements. Any queries received from members that concern pay and / or hours will be forwarded to the relevant employer for a response.

As the statements will be sent directly to the member's home address please ensure that the DCPF are informed of address changes.

On the End of Year Return there are optional fields for employers to populate with the member's address, which helps to ensure statements are sent to the correct address. The DCPF will forward any statements that are returned "addressee gone away" to the relevant employer.



Employee Contribution table for 2015/16

The employee contribution rates will be changing with effect from 1 April 2015. Please ensure your payroll is updated with these new pay bands.



Pay bands	Contribution rates	
	Main section	50/50 section
Up to £13,600	5.50%	2.75%
£13,601 to £21,200	5.80%	2.90%
£21,201 to £34,400	6.50%	3.25%
£34,401 to £43,500	6.80%	3.40%
£43,501 to £60,700	8.50%	4.25%
£60,701 to £86,000	9.90%	4.95%
£86,001 to £101,200	10.50%	5.25%
£101,201 to £151,800	11.40%	5.70%
£151,801 or more	12.50%	6.25%

2015 Bulletins

[Bulletin 124](#)

- Ill health information and certificates for Scotland.

[Bulletin 123](#)

- 2015/16 LGPS England and Wales Contribution Rates
- Shadow Scheme Advisory Board (SSAB)
- Freedom and Choice

[Bulletin 122](#)

- LGPS Governance and Employer Cost Cap Regulations
- Automatic Enrolment
- Shadow Scheme Advisory Board

PLOG meetings

The next PLOG meeting held by the Dorset County Pension Fund (DCPF) will be on 12 June 2015.

Minutes of previous meetings can be viewed / downloaded from the employers' [website](#).

If you would like to add anything to the agenda, please email lgpsemployers@dorsetcc.gov.uk

The meeting will be held at County Hall, Dorchester DT1 1XJ, commencing at 10:00am, with refreshments available from 9:30am.

Shadow Scheme Advisory Board

The Shadow Scheme Advisory Board (SSAB) in December 2014 published a briefing note for employers and members in respect of the cost control processes, which will be used to assess the costs of the reformed LGPS in England and Wales.

[The briefing note for members and employers](#) has been published in order to:

- give a broad overview of the background to the cost control processes,
- outline the differences between the cost control processes and local funding valuations, and
- detail the possible impacts on the benefits structure and / or employee contribution rates which could arise from the results of the cost control processes.

Accompanying cost control process map and timetable

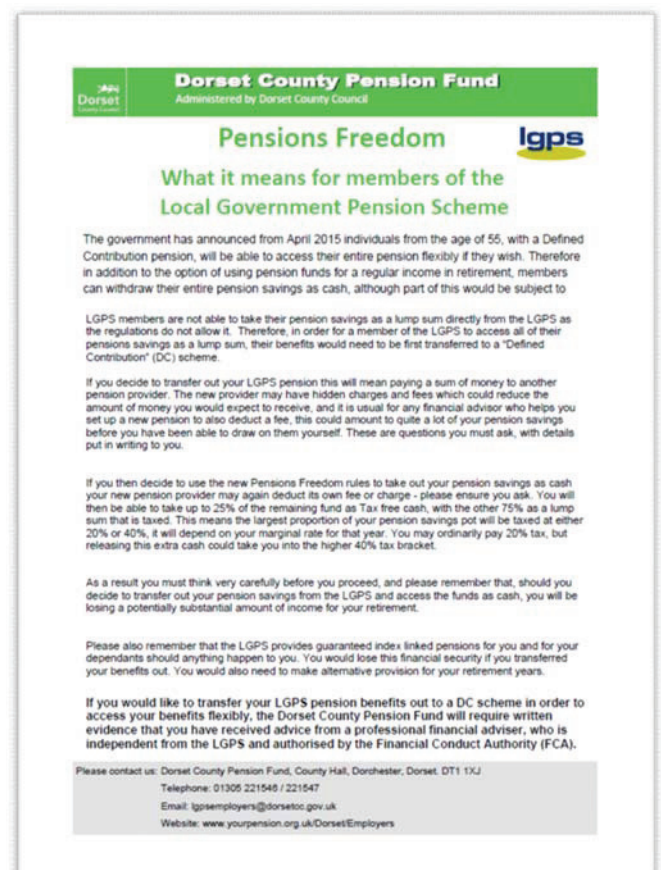
In addition, the SSAB has published a [process map](#) and a [timetable](#) setting out its plans for the interactions between the HM Treasury Employer Cost Cap (ECC) process and the Scheme Advisory Board Future Service Cost (FSC) process.

Pensions Freedom


It is a worrying time for the LGPS ahead, with concerns that members may transfer out their LGPS Defined Benefits to a Defined Contribution (DC) scheme in order to access cash.

A factsheet for members has been produced by the DCPF and is available on the website at www.yourpension.org.uk/Dorset/In-the-Scheme/publications

The LGPS Secretariat have also issued a Q&A for LGPS Pension Funds which covers the implications of Freedom and Choice in respect of transfers of safeguarded benefits in the LGPS to defined contribution (DC) schemes offering flexible benefits. The Q&A can be found on lgpsregs.org at <http://www.lgpsregs.org/index.php/guides/administration-guides-to-the-2014-scheme>



Dorset County Pension Fund
Administered by Dorset County Council

Pensions Freedom 

What it means for members of the Local Government Pension Scheme

The government has announced from April 2015 individuals from the age of 55, with a Defined Contribution pension, will be able to access their entire pension flexibly if they wish. Therefore in addition to the option of using pension funds for a regular income in retirement, members can withdraw their entire pension savings as cash, although part of this would be subject to

LGPS members are not able to take their pension savings as a lump sum directly from the LGPS as the regulations do not allow it. Therefore, in order for a member of the LGPS to access all of their pensions savings as a lump sum, their benefits would need to be first transferred to a 'Defined Contribution' (DC) scheme.

If you decide to transfer out your LGPS pension this will mean paying a sum of money to another pension provider. The new provider may have hidden charges and fees which could reduce the amount of money you would expect to receive, and it is usual for any financial advisor who helps you set up a new pension to also deduct a fee, this could amount to quite a lot of your pension savings before you have been able to draw on them yourself. These are questions you must ask, with details put in writing to you.

If you then decide to use the new Pensions Freedom rules to take out your pension savings as cash your new pension provider may again deduct its own fee or charge - please ensure you ask. You will then be able to take up to 25% of the remaining fund as Tax free cash, with the other 75% as a lump sum that is taxed. This means the largest proportion of your pension savings pot will be taxed at either 20% or 40%, it will depend on your marginal rate for that year. You may ordinarily pay 20% tax, but releasing this extra cash could take you into the higher 40% tax bracket.

As a result you must think very carefully before you proceed, and please remember that, should you decide to transfer out your pension savings from the LGPS and access the funds as cash, you will be losing a potentially substantial amount of income for your retirement.

Please also remember that the LGPS provides guaranteed index linked pensions for you and for your dependants should anything happen to you. You would lose this financial security if you transferred your benefits out. You would also need to make alternative provision for your retirement years.

If you would like to transfer your LGPS pension benefits out to a DC scheme in order to access your benefits flexibly, the Dorset County Pension Fund will require written evidence that you have received advice from a professional financial adviser, who is independent from the LGPS and authorised by the Financial Conduct Authority (FCA).

Please contact us: Dorset County Pension Fund, County Hall, Dorchester, Dorset, DT1 1XJ
Telephone: 01305 221540 / 221547
Email: lgpsemployers@dorsetcc.gov.uk
Website: www.yourpension.org.uk/DorsetEmployers



Pension scheme update August 2015

**Amendment Regulations
Freedom and Choice
Increasing your benefits
Pension Fund Award
CARE pension scheme**

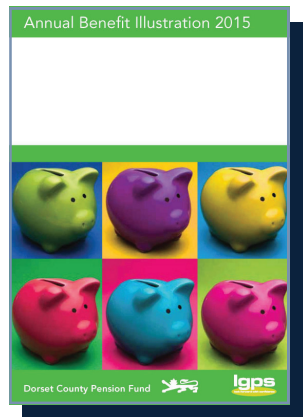
This leaflet provides you with important information regarding the Local Government Pension Scheme (LGPS). If you have any queries regarding any of the topics discussed in this leaflet, please do not hesitate to contact a member of the pensions team at: pensionshelpline@dorsetcc.gov.uk

Welcome to your 2015 newsletter

Your 2015 annual benefit illustration shows the benefits you have accrued in the Dorset County Pension Fund up to 31 March 2015.

Your illustration shows any final salary benefits you may have built up if you were in the scheme before 31 March 2014 and your Career Average Revalued Earnings (CARE) benefits accrued after 1 April 2014.

It is very important that you check your illustration carefully and agree the pay used. The pay was provided by your employer and should be queried with your employer / payroll provider if you think it may be incorrect.



Your Pension Fund has won Best Local Government Pension Scheme

The Dorset County Pension Fund attended the Engaged Investor Trustee Awards 2015 in London on 2 July and were delighted to win the **Best Local Government Pension Scheme** award.

The Chairman of the Pensions Fund Committee, John Beesley, attended the ceremony and accepted the trophy on behalf of the fund. The Dorset County Pension Fund was the only LGPS fund to win an award at this event. Nick Buckland, Head of Treasury and Pensions, was also nominated for Pensions Manager of the Year, against nine other corporate pension funds.

Full details of the event and the category winners can be found here:

www.engagedinvestor.co.uk/the-winners-announced-trustee-awards-2015/14746503.article



Please contact us:

Dorset County Pension Fund, County Hall, Dorchester, Dorset. DT1 1XJ

Email: pensionshelpline@dorsetcc.gov.uk

Websites: www.yourpension.org.uk/dorset or www.lgps.org.uk or www.lgps2014.org

The Amendment Regulations

(www.legislation.gov.uk/ukxi/2015/755/pdfs/ukxi_20150755_en.pdf)

There were changes to the LGPS Regulations, which came into effect on 1 April 2015. The Amendment Regulations made amendments to:

- the Local Government Pension Scheme Regulations 2013, and
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.

1. Joining the Scheme - Election to join the LGPS if you have a contract of employment of less than 3 months

If you are an employee with a contract of employment that's for less than 3 months and you are eligible to join the LGPS you can make an election to join the scheme. An amendment has been made to the scheme rules, as from 11 April 2015, to provide that, after making such an election, you would be brought into the scheme from the beginning of the next available pay period following your election to join, rather than from the date of the election.

2. 50/50 section - Additional circumstance where a member in the 50/50 section is automatically brought into the main section of the scheme

If you are in the 50/50 section an additional circumstance has been added to the list of scenarios where you will automatically be brought back into the main section of the scheme. If you have no pay during a period of ordinary maternity leave, ordinary adoption leave or paternity leave then you will be moved back into the main section of the scheme from your next pay period if you are still not in receipt of pay at that time. This amendment takes effect from 1 April 2014.

3. Buying back lost pension - Employer discretion to extend the 30 day limit to buy back lost pension via a Shared Cost Additional Pension Contribution (SCAPC)

If you wish to purchase the amount of pension you have 'lost' during a period of authorised leave of absence and make the election to do so within 30 days of returning to work then the cost of buying back the amount of 'lost' pension is split between you and your employer. An amendment has been made to the scheme rules to give your employer the ability to extend the 30 day limit within which you normally have to make the election. This is an employer discretion and you can ask your employer what their policy is on this.

4. Opting out of the LGPS - impact on option to combine if you re-join the scheme in the future

If you opt out of the LGPS in an employment on or after 11 April 2015 with an entitlement to a deferred benefit (and do not have a concurrent employment in which you are still a member of the scheme) you will not have the right, if you subsequently re-join the scheme, to aggregate those deferred benefits with any future period of membership in the LGPS.

5. Reductions in hours due to ill health - no impact on pay used to work out lump sum death grant and survivor benefits

An amendment has been made to the scheme rules to ensure that if you die in service and an independent registered medical practitioner certifies that you had, due to the ill health that resulted in your death, reduced your contractual hours of work, the pay used to work out the lump sum death grant and the amount of enhancement added to a survivor's pension is based on the pay you would have received had you not been working reduced contractual hours.

6. Payments in respect of persons incapable of managing their affairs

The provision allowing a pension fund to make payment of benefits to another person where a pensioner, due to mental disorder or otherwise, is incapable of managing their affairs has been extended to now cover payments in respect of an eligible child. This will allow the administering authority, should you die leaving an eligible child, to make pension payments to another person on behalf of the child whilst the child is too young to manage their own affairs.

Career Average Revalued Earnings (CARE)

This year is the first year of the new Local Government CARE Pension Scheme. Here is a reminder of the key points to remember about a CARE pension scheme.



Every April an amount of pension is added to your pension account

The amount added is a 49th of the pay you have earned over the year. Your employer will tell the Dorset County Pension Fund this annual pay amount and it is essential that it is correct.



Any absence due to sickness or contractual parental leave is ignored

If you are on reduced pay due to sickness or contractual parental leave your employer adds an "assumed" amount to your CARE pay so that your pension is not adversely affected.



Pension contributions are not deducted for unpaid Additional Maternity, Paternity or Adoption leave

You will not pay pension contributions while you are on **unpaid** Maternity, Paternity or Adoption leave, this will affect your pension. Your employer will write to you explaining how to "buy back" this lost pension.



Pension contributions are not deducted for Authorised Unpaid Leave

If you have any periods of authorised unpaid leave you will not pay pension contributions for any of these days. Your employer will write to you explaining how to "buy back" this lost pension.



50 / 50 section for members needing to pay reduced contributions

If you are thinking of opting out, a good alternative is the 50 / 50 section of the scheme. While you are a member of the 50 / 50 section you will pay 50% of your normal pension contributions and receive 50% of the "normal" pension. But you would still have full ill health and death in service cover.



Earliest retirement age is age 55

You can retire and receive your pension from age 55. However, if you voluntarily retire at any age before your Normal Retirement Date your pension may be reduced.

Did You Know?



Your pension contributions buy a pension for yourself **and**, in the event of your death, any surviving partner and / or eligible child(ren).



Your employer also contributes to your pension. Dorset County Pension Fund employers currently pay between 12% and 28% of your salary into the pension scheme.



If you should die while contributing to the LGPS, a lump sum payment of three times your pensionable pay will be made. You can nominate who receives this payment by completing an Expression of Wish form.



With 99 regional funds and 46 million members, the LGPS is one of the largest public sector pension schemes in the UK.



Will your pensions savings be enough for your retirement?

Additional Voluntary Contributions (AVCs)

Your Local Government Pension Scheme (LGPS) gives you the option to make Additional Voluntary Contributions (AVCs) to enable you to make extra pension savings. AVCs are a highly tax-efficient way to save for your retirement.

If you would like to start an AVC

- To help you start, go online to www.pru.co.uk/lgpsinsert. The online website is secure, convenient and easy to use, and provides you with all the information you need to make an informed choice.

Or

- Call **0800 012 1378** and UK based Retirement Consultants will guide you through the process. When you call please have a copy of your current payslip ready.

Do you already have an AVC?

It is important that you regularly review the level of contributions that you are making and your investment choices. You should receive a statement from the Prudential every year showing the amount in your AVC account.

Additional Pension Contributions (APCs)

You can also purchase extra pension through the LGPS. If you are in the main section of the scheme, you can pay more in contributions to buy up to £6,500 of extra pension. Any extra pension you purchase is payable each year in retirement and is payable on top of your normal LGPS benefits.

You can normally pay for this extra pension either monthly over a complete number of years directly from your pay or via a lump sum (either from your pay or directly to Dorset County Pension Fund). The minimum period of time you can spread payment of APCs over is 12 months and the maximum period is the number of years to your Normal Pension Age. Any extra regular contributions are taken from your pay and if you pay tax, you receive tax relief automatically through the payroll. You can choose to stop paying APCs at any time by notifying Dorset County Pension Fund in writing. You will be credited with the extra pension that you have paid for at the time of ceasing payment.

You can use the online calculator at www.lgps2014.org/content/how-do-i-buy-extra-or-lost-pension to see how much it costs to buy extra pension. If you want to start paying APCs you can print off an application form from the website to send to your employer.

Remember that tax relief is available on all pension contributions making them a very tax efficient way of saving for your future.

The image shows a screenshot of the 'lgps 2014' website's 'Buy Extra Pension' calculator and application form. The page title is 'The Local Government Pension Scheme 2014'. The calculator section includes fields for personal details (Name, Insurance Number, Qualifier, Pension Number, Job Title), dates (Date of Birth, Date of Scheme), and contribution details (Percentage of cost, Regular Payments, Lump Sum Payment). Below the calculator is a 'QUOTE OR APPLICATION' section with a 'RESET ALL/CLICK on this button only if you wish to reset ALL values to blank' button. At the bottom, there are logos for the Local Government Pension Scheme, LGPS, and other related organizations.

Freedom and Choice

You may have heard about the recent Freedom and Choice in Pensions legislation which came into effect from 1 April 2015. The Local Government Pension Scheme regulations do not permit members to access their benefits in this way.

If you would like to more information regarding this, please visit an independent registered financial advisor who may be able to offer you advice.

Disclaimer

Information in this leaflet is correct at the time of printing and is provided for information purposes only. We cannot cover personal circumstances and any advice given does not affect your statutory rights or over-ride existing legislation.