

## **Communications for the relevant period**

### **Annual Newsletter for Pensioners**

<https://www.hants.gov.uk/hampshire-services/pensions/local-government/pensioner/news>

### **Employer Matters**

An example of the employer matters, which has been sent to Hampshire's employers, is shown on the following page. This is used as a template for West Sussex employers.

Any urgent matters are sent out under a Stop Press publication.

**Hampshire Pension Fund employers' newsletter**

We hope you find it informative, as always we welcome any feedback you may have.

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# Annual Employer Meeting – 12 October 2018

The Annual Employers' Meeting (AEM) is an important part of the Pension Fund's strategy for keeping all employers informed about the Fund and future developments. This year's AEM will take place on Friday 12 October 2018. The session will include:

- An update from the Chairman of the Pension Fund Panel and Board
- A review of the Annual Report for 2017/18
- An administration update
- A review of the importance of Data Quality in the LGPS
- Review of 2017/18 Accounts and Fund Performance
- The economic and market outlook
- An update from the Fund Actuary (AON) ahead of 2019 Valuation and will provide some indication of the potential impact to Scheme Employers

This year's key speaker is from AON, who will primarily be giving an overview of the importance of 'Data Quality' in the LGPS and the impacts to the results at valuation. This is in line with the greater emphasis from the Pensions Regulator on good quality data.

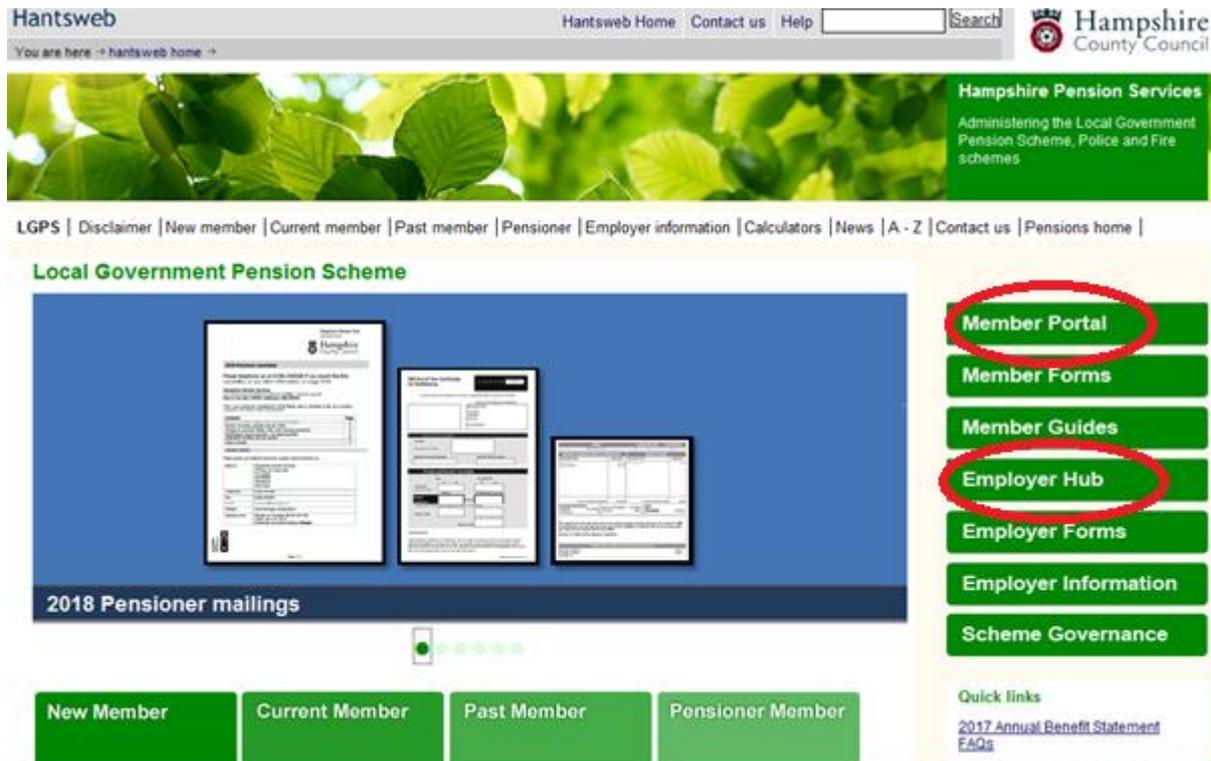
We will also have the following stands available outside of Ashburton Hall from 9am for you to visit before the meeting, during the break and at the end:

- Online Member Portal
  - Providing a demonstration of the new member online portal (available Jan '19)
- Employer Stand
  - Providing a demonstration of the online Employer Web
  - Providing opportunity to see resources available to Employers
  - Guidance on outsourcings and change of payrolls
  - Opportunity to meet the Employer Services Team

## Reserve your place

Please reserve your place at this event by emailing [servdev.pensions@hants.gov.uk](mailto:servdev.pensions@hants.gov.uk). Please note that spaces are limited.

# Upgrade to Member Portal



New member self-service platform

Work is currently ongoing to move to a new platform for 'Member Portal' users which will allow greater functionality and better user experience. The target date for this is **January 2019**.

## Demonstration

At the Annual Employers Meeting on 12 October 2018, Civica our software supplier will be available before, after and during the break to provide online demonstrations of the new Member Portal – we would love to see what you think before the launch!

As we move closer to transition, we will provide a full update to Scheme Employers including information of the changes and any actions required.

## Transition of members online accounts

Once transition has occurred existing online users who have fully upgraded their online member account will be able to login as normal.

Any members who have instigated the first stage of registration **only** and have not 'upgraded' their online account using their activation code would need to start the registration process again. To avoid this, please encourage any of your employees who are still to 'upgrade' their online account to do so.

If you would like a report of which employees have registered so that you can do your own internal promotion, please email [pensions.system.team@hants.gov.uk](mailto:pensions.system.team@hants.gov.uk)

## **Employer Focus Group**

### **Employer Focus Group on 22 November 2018 (10am to 12pm).**

The focus of this meeting will be '**Member Portal – Changes and Communication**'

The Focus Group will be an opportunity for employers to see what the new web could look like and to be able to feed into the project which follows on from the initial feedback received from Employers at the Focus Group in June 2018.

We are also hoping to be able to provide a demo of the upgraded online Employer offering 'Employer Hub' due at the end of 2019.

We would welcome a wide range of employers who wish to come to this meeting; however spaces are limited and will be allocated on a first come first services basis.

Please email [servdev.pensions@hants.gov.uk](mailto:servdev.pensions@hants.gov.uk) as soon as possible to register your interest.

## **Planned maintenance - downtime**

Due to planned maintenance, access to the 'Employer Hub' and 'Member Portal' may not be available during the following times:

Wednesday 12 September 2018 - 5pm to 8pm

Sunday 23 September 2018 – all day

Friday 12 October 2018 - Sunday 15 October

## **Annual returns 2018**

The deadline for the completed and signed annual returns was 30 April 2018.

### **Benchmarking Annual Return Employer Performance**

As part of the annual return process, Hampshire Pension Fund benchmark Scheme Employers for timeliness, financial control and data quality.

We have now completed this process and will be writing to Scheme Employers identified as failing in one or more of these areas by the end of September.

### **Summary of results**

	Return received before deadline		Return received between 1 May and 31 May		Return received more than 1 month late	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
<b>Timeliness</b>	215 (67%)	260 (80%)	90 (28%)	58 (18%)	15 (5%)	9 (2%)
	No reconciliation issues		Minor reconciliation issues/quickly resolved		Major reconciliation issues and/or slow/failed to respond	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
<b>Financial control</b>	185 (58%)	208 (64%)	123 (38%)	107 (33%)	12 (4%)	12 (4%)
	Data quality good		Minor data quality issues (less than 5% of membership)/quickly resolved		Major data quality issues (more than 5% of membership) and/or slow/failed to respond	
	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18
<b>Data quality</b>	178 (56%)	173 (53%)	72 (23%)	93 (26%)	70 (22%)	62 (21%)

### Next Steps

- Scheme Employers should work with us to resolve any outstanding annual return queries as soon as possible
- Meetings with Scheme Employers where additional support is required to improve performance will be arranged
- A data validation exercise will need to be completed by Scheme Employers identified as red for 'Data quality' by Dec 2018. More information will be sent where relevant.

### Annual return 2019 and Valuation

We are currently reviewing the annual return process and template for 2019 and will aim to let you know by the end of 2018 if there are any changes that you need to be aware of.

2019 is the triennial valuation meaning timescales are even tighter to enable the Fund to provide information to the Fund Actuary to carry out this work and provide details of Employer Contribution rates required from 1 April 2020. Although we will not be bringing the deadline forward for returns to be sent to the Fund from 30 April, we do ask that you:

- Check all outstanding Starters and Leavers have been provided to the Fund
- Review your processes to ensure that the Annual Returns sent are correct and on time
- Respond to any queries raised promptly

## Employer Performance



We are continuing to monitor employer performance and continue to write to employers and report to the Pensions Funding Panel and Board for employers who significantly breach the expected timescales in the following key areas:

- Death of an active member
- Active members retiring
- Active members leaving the LGPS

Any employer included in the report will be invited to provide a short statement to be included in the information to the Pension Fund Panel and Board on what actions they are or will be taking to address any issues which caused the late provision of information to the Fund.

### What are the expected timescales for notifications?

The Hampshire Pension Fund [Administration Strategy](#) sets out the required Service Level Agreements (SLAs) for all processes and notifications for both the Fund and Scheme Employers.

Please take particular note of some of the key timescales for Scheme Employers:

Notify HPF of a member's death and next of Kin details	Within 5 working days of death
Notification of Starters to the LGPS	Within 10 working days following the end of the month in which the employee joined the LGPS.
Notification of leavers (retirements)	Within 20 working days before an employee's retirement date
Notification of leavers (non-retirements/casuals)	Within 10 working days following the end of the month in which the employee was last paid

### Do you have a payroll provider?

If you outsource all or some of your LGPS administration responsibilities to a third party payroll provider, as Scheme Employers you are still legally responsible for ensuring timely, accurate notifications are received by the fund.

## General Data Protection Regulation (GDPR)

### Memorandum of Understanding

To ensure that we are fully compliant with the requirements of GDPR, our memorandum of understanding is available on our website to all employers in the LGPS.

#### Useful links

[Memorandum of understanding](#)

This document sets out that participating employers in the scheme are able to share data with the LGPS administering authority **without** a data sharing agreement being in place. This is on the basis that both the employer and the administering authority are data controllers.

### Documentation to send to the Fund

We would also like to remind Scheme Employers, that only the required information and documentation to enable the processing of Pension benefits should be sent to Hampshire Pensions.

We have had a couple of instances recently where we have been sent additional and sensitive information, for example:

- Full ill-health reports and doctors notes alongside the ill-health certificate for retirements
- Full personnel documentation with starter notifications

Sending more information than needed could be considered a **breach** to GDPR.

## Discretions Policies - Updated

Following the LGPS (Amendment) Regulations 2018 [SI2018/493] which were laid on 19 April 2018, we have updated the information and example template for LGPS Discretions on our [website](#).

#### Useful Links

- [LGPS \(Amendment\) Regs 2018](#)
- [Employer Information - Discretions](#)

On our website you will find:

- Details of the discretions you **must** have a policy on
- General information to consider when formulating your policy
- Links to the LGA technical information on Discretions
- An example 'Discretions template'

Scheme employers should review their discretions policy if they wish to exercise the following new discretion

- Scheme employers, may in respect of deferred members who choose to voluntarily draw their benefits on or after age 55 and prior to age 60, choose to:
  - 'switch on' the 85 year rule in full
  - Waive on the grounds of compassion any reduction for early payment

If there is a strain on the fund, a payment will be required of the Scheme Employer

\*\*Where no revised discretions policy is in place, the Fund will take the default approach that the Scheme Employer does not exercise this discretion.

### **Does the Hampshire Pension Fund have a copy of your published 'Employer Discretions Policy'?**

Scheme Employers must make sure as well as publishing their policy, that the Administering Authority (Hampshire Pensions) holds a copy of this.

Failure to do this will mean:

- A breach of the LGPS regulations
- Discretions cannot be applied
- Delays in processing

Employer name:	
Employer number:	
Policy effective from:	

If we do not hold a copy of your most up to date policy, you should send these to:  
[servdev.pensions@hants.gov.uk](mailto:servdev.pensions@hants.gov.uk)

# Employer Charging Policy – Organisational Changes

As set out in the Hampshire Pension Fund Administration Strategy, where Pension Services incur additional administration costs due to the pension implications of an Employer restructuring (eg outsourcing, creation of a company, change of legal status etc) a separate additional administration charge will be made. This is in addition to any actuary or legal fees incurred, which are also recharged.

As a guide for Scheme Employers, we have now published a ['Employer Charging Policy'](#) for this.

## Charging Interest on Late Contribution Payments

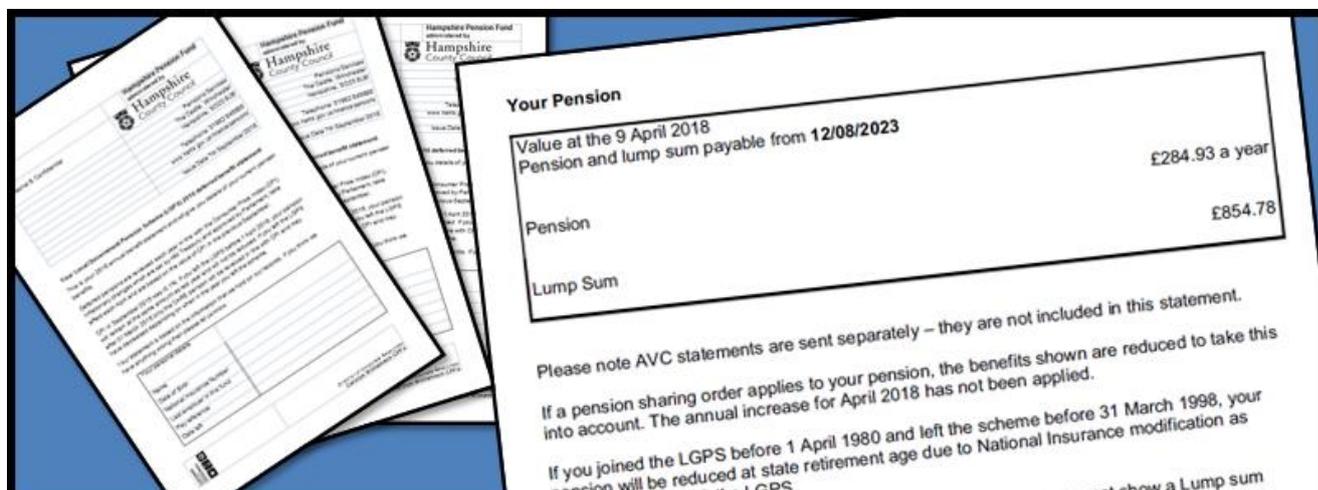
Under regulation 71(4) of the LGPS 2013 regulations, an administering fund has the right to charge interest at a rate of 1% above base rate on late contribution payments.

If contribution payments are not received by the 22<sup>nd</sup> of the month following the month in which deductions have been made, Hampshire Pension Fund will charge interest based on the number of days between the payment due date and the received date, if the total cost exceeds £10.

An employer will be allowed 1 late payment per annum before charging interest. In the event that an employer does make a second late payment and we decide to make an interest charge, the first late payment will also be subject to a charge.

Any payments received in respect of an interest charge will be accounted for separately to the normal pension contributions.

## Annual Benefit Statements – \*\*Feedback required\*\*



Each year we review our Annual Benefit Statements (ABS) template taking account of any changes to scheme rules, as well as feedback and questions received from the previous year.

We understand a lot of employees direct their ABS queries to their employer before they get round to calling us. We would therefore like to ask for your feedback to help us with continuous improvement and would ask you to consider the following:

- The types of questions which are most common following the ABSs being issued
- Which part of the statement generated most queries
- Is there any wording that is/was particularly confusing
- How useful were the FAQs? If not, why not

Please can you send any feedback you have by email to [servdev.pensions@hants.gov.uk](mailto:servdev.pensions@hants.gov.uk)

## **In house AVC's with the LGPS - Updates**

From 14 May 2018, a number of changes were made to the LGPS regulations with the intention of aligning AVC contracts taken out before 1 April 2014 with those made after this date.

Note that:

- These changes do not apply to Councillors.
- Members who left the scheme before 1 April 2014 are still governed by the regulations in place at the date of leaving.
- A member who started their AVC contract before 13 November 2001 retains the right to buy scheme membership under regulation 66(8) of the 1997 regulations.

The main changes from 14 May 2018 are:

- From this date employers will need to deduct AVCs from pensionable pay as defined in the LGPS 2013 regulations (i.e. pensionable pay including additional pensionable elements such as overtime). ***We recommend that you advise members affected by this change.***

- The maximum contribution limit will be 100% (previously this was 50% for pre 2014 contracts). **Members who took out an AVC before 1 April 2014 should be advised of this change.**
- When a member takes payment of their main scheme benefits they must also take their AVC benefits (apart from some flexible retirees). The option to defer payment of their AVC has been removed.
- Deferred members can now use their AVC to buy additional pension (previously this option was only open to members leaving active membership who were entitled to immediate payment of their benefits).
- If a member dies before the AVC plan has come into payment then the administering authority can use their discretion to pay the death grant and any life assurance sum to the member's nominee, personal representative or a person appearing to have been a relative or dependent of the member.
- There are new provisions which aim to reduce the number of "orphan" AVCs left attached to an old record when a deferred member rejoins the scheme. In essence, the following classes of members who rejoin on or after 14 May 2014 **must** aggregate their pre 2014 AVC plan at the same time that their main scheme benefits are aggregated:

i) members with a deferred refund containing only pre 2014 membership

ii) members with a deferred benefit containing only pre 2014 membership who rejoin with a break of less than 5 years membership in a public service pension scheme and do not elect to be treated as if they were a member on 31/3/2014 and 1/4/2014 within 12 months of rejoining

iii) members with a deferred benefit containing only pre 2014 membership who rejoin with a break of more than 5 years membership in a public service pension

(Previously members would have had to elect to aggregate their AVC plan)

## **Equitable Life**

As you are aware, Equitable Life closed to new business in 2000. They are now looking to bring Equitable to an end and transfer all their existing policies to Reliance Life. Unit linked policies will be transferred directly to Reliance Life however, major changes are expected for holders of "with-profits" AVCs. Equitable Life have put forward a proposal to:

- Increase the current 35% capital distribution to a level expected to be between 60% and 70%
- Close the "with-profits" fund (which means that the guaranteed value of members' benefits would end and so would the guaranteed annual increases)
- Convert all "with-profits" policies to unit-linked policies
- Then transfer all these policies to Reliance Life

It is expected that holders of "with-profits" AVCs will be asked to vote on this proposal in mid 2019.

**Note** that if a member proceeds with the disinvestment of their AVC fund before the transfer to Reliance Life they will not be entitled to the later potential enhancement arising from this proposal. We are not authorised or allowed to give advice on this matter, but the member may wish to seek advice from a registered Independent Financial Advisor.

For more information about Equitable Life including questions and answers on this proposal please find a link to their website: <http://www.equitable.co.uk/>

Please would you remind all holders of Equitable Life "with-profits" AVCs to ensure that they keep Pension Services up to date with any change of address and to expect further details of the proposed changes.

## **Members Opting Out of the LGPS - Reminder**

We have recently received an update from LGA which reminds Scheme Employers that, since July 2012, they have not been allowed to take any action to encourage, persuade or induce a member to:

- opt out of the Scheme or
- opt out in order to transfer their benefits to a Defined Contribution scheme

The Pensions Regulator can fine scheme employers who contravene the above law (fine of up to £50,000)

## Other news

### DCLG bulletins

Since the last Pensions Matters the DCLG have released the following bulletins on their website

<http://www.lgpsregs.org/index.php/resources/news-updates>

Bulletin 172 – May 2018

- LGPS amendment regulations

Bulletin 173 – June 2018

- The Pensions Regulator
  - Proactive engagement with LGPS Funds
- European Court of Justice ruling on transgender rights

Bulletin 174 – July 2018

- Exit Credit – tax position confirmed
- Warning of cold-calls from fraudsters claiming to be from TPR

Bulletin 175 – August 2018

- High Court Judgement – Elmes V Essex
- Equitable Life update

## Dates for your diary

All meetings are held in our Winchester offices, unless otherwise stated

### Annual Employer Meeting (AEM)

The AEM will take place on **Friday 12<sup>th</sup> October 2018**

### Employer Focus Group

The next Focus Group will take place on **Thursday 22<sup>nd</sup> November 2018** (10am to 12pm)

## **Employer training days 2018**

If you are new to the LGPS, either as a new employer in the scheme or if you have recently taken on a role that involves LGPS administration for the first time, this is an ideal opportunity to come along to a session aimed at helping you understand some of the complexities of the employer role in the LGPS. The sessions could also be used as a refresher for existing staff.

Following feedback from employers, we will now run the day in two halves, covering the following:

- 28<sup>th</sup> September 2018 – 9.30 to 4.30pm  
Morning – LGPS overview 9.30 – 12.30  
Afternoon – Pensionable pay workshop 1.30 – 4.30
- 30<sup>th</sup> November 2018 – 9.30 to 4.30pm  
Morning – LGPS overview 9.30 – 12.30  
Afternoon – Pensionable pay workshop 1.30 – 4.30

If you would like to register your interest or book a place on the full or partial day, please email [servdev.pensions@hants.gov.uk](mailto:servdev.pensions@hants.gov.uk)

All sessions are held in Winchester.

**We hope you find this edition of *Pensions matters* helpful. If you have any comments or queries please email [servdev.pensions@hants.gov.uk](mailto:servdev.pensions@hants.gov.uk) and we'll be glad to help.**