

Avon Pension News

Avon Pension Fund, Local Government Pension Scheme
Administered by Bath & North East Somerset Council

ISSUE 14 AUTUMN 2011



Welcome to the latest edition of Avon Pension News. Featured in this issue are important articles on:

- The Hutton Commission and proposed changes to the LGPS
- Electronic delivery of future information by Avon Pension Fund
- A new Fund Strategy designed to improve our service to you
- A step-by-step guide on how to register and use the on line Member Self-Service facility
- The effect on your LGPS pension of outsourcing your job
- An overview of Pension Clinics we hold with Members
- Changes to the Avon Pension Fund Committee

We hope you will enjoy these articles and, as always, would welcome any ideas for articles which you might wish to see included in future issues.

Steve McMillan
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Member Self-Service

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**Bath & North East
Somerset Council**



lgps

Pensions have become headline news with the government currently reviewing public sector pension schemes. Changes to tax legislation have also increased the need for members to have greater access to their pension details.

As a result and as part of our continued aim to improve the way the Local Government Pension Scheme is communicated to our members, we recently launched Member Self-Service ("MSS"). This will enable us to provide more regular updates at a lower cost.

Starting on page 4, there is an in-depth article on the benefits of MSS. Please read this and help us to help you, by registering immediately.

Hutton Commission Update

Lord Hutton released his recommendations for public sector pension scheme reforms back in March this year. The suggested changes were fully accepted by the Chancellor in the budget.

The key recommendations were:

- A common framework for all public sector pension schemes.
- Normal retirement age to mirror State Pension Age.
- LGPS to retain its "Funded" status.
- Retain 'defined benefit' structure but change from final salary to career average revalued earnings [CARE]; uplifted in line with average earnings whilst an active member
- Existing benefits for active members accrued up to the time of change to continue to be linked to final salary.
- Pensions in payment to be indexed in line with prices
- Tiered contribution rates to address differing characteristics of higher and lower earners
- Fixed cost ceiling to be set on percentage of pensionable pay an employer will be required to pay. If exceeded then consultations should take place to bring back below this ceiling with automatic default if no agreement reached.
- More partnership working for LGPS administrators
- Scheme changes to be introduced before the end of this Parliament [2015]

Government departments responsible for the public sector pension schemes have been, and are continuing to discuss with interested parties, the required changes to schemes to take effect from 2015.

The Department for Communities and Local Government [DCLG] are consulting with employers and unions and are due to have notified the Treasury of the headline changes by the end of October 2011. A 12 week formal consultation period will be given, when the actual proposals are released; but, as yet, no timescale for this has been given.

Independent Public Service Pensions Commission

Proposed Contribution Increases: Comprehensive Spending Review

Running alongside the Hutton review has been the proposed increase in pension contributions to take effect from April 2012. This was first raised as part of the Chancellor's Comprehensive Spending Review, released in October 2010. The LGPS has been identified as different from the other public sector schemes due to its funded nature. As a result, the Treasury has stated that it will consider other alternatives to any contribution increases to recover the amounts required.

Following that, the Local Government Group has now been invited by the Secretary of State to conduct discussions with the local government trade unions to establish a package of measures to secure the necessary short-term savings in the LGPS, equivalent to the 3.2% percentage point increase in other schemes. The package will include protections from contribution increases for the lowest paid. Other issues important to the long-term sustainability of the LGPS may also be discussed.

Having received information from the Local Government Association on their discussions with the Trade Unions, DCLG has submitted their proposal to the Treasury for consideration. A consultation document on any scheme changes for April 2012 is expected to be released shortly to enable comments to be made by the end of December 2011. This deadline will be crucial to allow Parliament sufficient time to enable legislation to be put into place by April 2012.

Avon Pension Fund will keep you fully updated with developments on both these issues by updating the APF website; and will be holding regional meetings with scheme members as soon as clearer defined details are known.

Updates will be made on the Avon Pension Fund website at www.avonpensionfund.org.uk

A New Fund Strategy : What this means for Members

Avon Pension Fund issued its new **Pensions Administration Strategy** in April this year following consultation with employers in the Fund.



What it is, why it was introduced and what difference it will make for Avon Pension Fund members?

The main aim of the new Strategy is to improve the service the Fund gives to members by forging stronger links with all the Fund's employers - and there are over a hundred of them - to work together to improve the flow of information and ultimately provide a better service to our members.

The Fund will be signing new "Service Level Agreements" with every one of our employers which will give our joint commitment to **target delivery times** for provision of information, resulting in a more seamless and streamlined service for all our Fund members, especially those retiring and expecting timely payment of their benefits. These targets are published in the Fund's **Service Charter**

which can be found on the APF website.

How will this work in practice?

The joint performance of APF and each Fund employer is monitored. Regular review meetings are held with major employers to address any problem areas identified and to prevent potential obstacles to the provision of information which would adversely affect service delivery to members.

The key to improving information data flows to achieve better data quality is the use of **electronic delivery**. A requirement is included in the Strategy for all employers to provide any member change information (starters, leavers, hour changes) **electronically** by 2012. The roll-out of **Employer Self-Service** is an exciting development that will help employers to achieve this by allowing them to submit their member change information on-line.

Ongoing training of both APF and employer staff is the final important strand of the Administration Strategy. This ensures that the Strategy is followed through, and that accurate and timely information is produced to enable members to receive the high quality of service they deserve.

Reports on our joint performances against SLA targets will be appear on our website and in future Fund publications, so watch this space.

Further information is available on our website www.avonpensionfund.org.uk

Member Pension Clinics

The Avon Pension Fund has been holding regular Pension Clinics during 2011 and will shortly be contacting employers with a view to arranging the 2012 calendar.

The clinics are comprised of a series of individual, confidential sessions at which experienced Pensions Officers will provide assistance and (non-financial) advice to members on queries submitted in advance. Equipped with laptops, our Pensions

Officers have remote electronic access to members' records, and also a calculation facility to address any subsequent queries.

If you are interested in attending a Pension Clinic event in the near future please look out for further information from your employer. All clinic bookings are to be made direct with the employer prior to the event.

Avon Pension Fund

Local Government Pension Scheme

Administered by Bath & North East Somerset Council

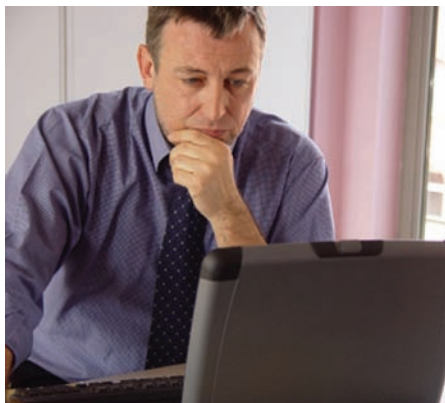


Member Self-Service

Member Self-Service is an internet based application which enables active Scheme members, deferred beneficiaries, pensioners and dependants of the Avon Pension Fund to access their own information online using a PC and compatible browser.



The service provides approximate benefit projections relevant to your membership status helping members to plan and adjust for the future. **My Pension Online** also allows members to view their Financial details, service history and specific membership information highlighted below.



Current Contributors / Active Members

- Update Personal Details
- View Financial Details
- View Benefits Statements
- Update Death Grant Nomination details
- Benefits Projections include Retirement Projection



Deferred Contributors / Deferred Members

- Update Personal Details
- View Financial Details
- View Deferred Pension Details
- Deferred Beneficiaries Projector



Pensioner Members / Dependant Members

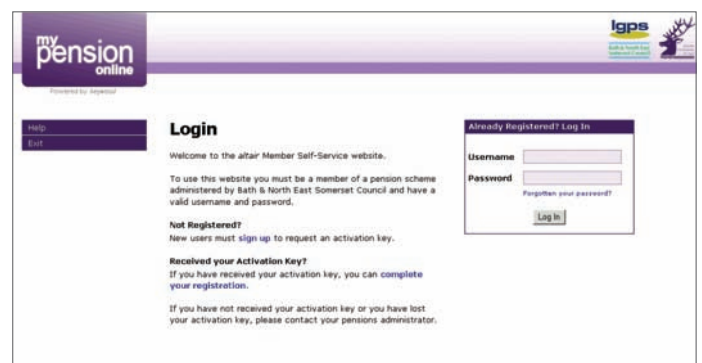
- Update Personal Details
- View Pension Details
- View P60 History
- Payslip History
- Death in Retirement Projection

Accessing Member Self-Service Step 1

The web address for the Avon Pension Fund login page is:

<https://myaccount.avonpensionfund.org.uk>

Please follow the instructions on the Avon Pension Fund member self-service home page to start your registration.



If you have not received an activation key by post, please select the **'sign up'** link and follow the on screen instructions. You will need to confirm the following information:

- Surname
- NI Number
- Date of Birth

To comply with Data Protection Regulations, your activation key will be sent to your current postal address within 3-5 working days.

Accessing Member Self-Service Step 2

If you have received your activation key by post, please select the **'complete your registration'** link and follow the on screen instructions. You will need to confirm the following information:

- Surname
- NI Number
- Date of Birth
- **Activation Key**

Accessing Member Self-Service Step 3

To **'complete your registration'** you will need to choose the following:

- Username (Between 8 & 30 characters long)
- Password (6 & 12 characters in length and must include at least one numeric and one uppercase character. **Passwords are case sensitive**)
- Two Security Questions and Answers

You are responsible for protecting your user name and password to prevent viewing of your account by unauthorised persons. If you suspect either of the above have been compromised you will need to amend your security settings for access.

For more information or if you encounter any problems and have any questions with using Member Self-Service, please contact **The Support Team** at the Avon Pension Fund

Address:

Avon Pension Fund
Floor 3 South, Riverside
Temple Street,
Keynsham
BS31 1LA

Opening Hours:

Monday - Thursday 8.30am - 5.00pm
Friday 8.30am - 4.30pm

Telephone: 01225 395262

Fax: 01225 395258

Email: pensions_support@bathnes.gov.uk

What if my job is outsourced?

What will happen to my LGPS pension rights if my job is TUPE transferred?

Avon Pension Fund regularly receives enquiries from Members of the LGPS (Local Government Pension Scheme) asking about their pension rights if their job is transferred under 'TUPE' conditions from their current employer to a new employer. This is a very complex area, and this article can only give very general background information. If you have any specific questions about your own pension rights if your job is transferred to a new employer then you must address them to your Human Resources department.



What if my employment is outsourced to a contractor?

If your employment is transferred under TUPE to a Contractor providing a service for your current LGPS Employer, then your future pension rights depend on the type of LGPS Employer organisation for which you currently work.

- If you work for an LGPS Employer which is a **Local Authority** (such as a Unitary Authority or Parish Council) or a **Fire Authority** then your Employer must ensure that their Contractor provides statutory 'pension protection' for transferring staff under the government's 'Best Value' direction.
- If you work for any other type of LGPS Employer, which is not a Local Authority or Fire Authority, but is part of the **Public Sector** then they may consider themselves to be under an obligation to follow **HM Treasury 'Fair Deal' guidance** and arrange 'pension protection' for staff transferring to their Contractor.

What is 'pension protection'?

Pension Protection refers to the type of pension scheme made available to transferring staff by the Contractor which is their new employer. This can be either:

- **Continuing Membership of the LGPS**
The Contractor will enter an Admission Agreement to become an LGPS Employer in the Avon Pension Fund in its own right. LGPS Members whose employment is transferred to the Contractor will continue as Members of the LGPS. Or:
- **Membership of a 'Broadly Comparable' pension scheme**
This type of pension scheme is certified by the Government Actuary as being broadly comparable, in actuarial terms, to the LGPS. When an LGPS Member's job transfers to a Contractor which has a broadly comparable scheme their LGPS Membership will cease. They can then either choose to leave their LGPS rights in the Avon Pension Fund, or transfer the value of them into the broadly comparable scheme. As part of the outsourcing contract, the current employer would normally set up a '**Bulk Transfer Arrangement**'. This should effectively credit staff, who take-up the offer to participate in the Bulk Transfer Arrangement, with actuarially equivalent day-for-day service in the broadly comparable scheme.



I work in a School, what will happen to my LGPS rights if it converts into an Academy?

You don't need to take any action as you will continue as a Member of the LGPS.

The rules of the LGPS state that an Academy, set up under the Education Act 1996 and the Academies Act 2010, is an LGPS Employer; and

the right of non-teaching staff to be Members of the LGPS is normally laid out in the Academy's 'Funding Agreement' from the Secretary of State for Education. This means that if a School in one of the four Unitary Authorities in the Avon area converts into an Academy then it should become an LGPS Employer in the Avon Pension Fund and current LGPS Members, whose employment is transferred from the School to the Academy, would continue as Members of the LGPS.

As stated above, pension rights under TUPE are complex and this article is only intended to give general background information. If your employment may be transferred to a Contractor and you have any specific queries about your own pension rights then you must address them to your Human Resources department, which will be aware of any pensions protection arrangements in your employer's service contract, and not to Avon Pension Fund.

Committee Changes

New Committee Members

As a result of the local elections earlier this year, there have been changes to the Avon Pension Fund Committee. After serving on the committee for eight years, and as Chairman for the last four, Councillor Gordon Wood retired as a local councillor. Councillors Tim Ball, David Bellotti, Vic Clarke, Tim Kent and Keith Kirwan also stepped down from the committee. Our thanks go to all outgoing members for their invaluable support.

The committee is now chaired by Councillor Paul Fox and Councillor Charles Gerrish will chair the Investment Panel. Although there are six new

members*, the ten continuing committee members provide significant depth of knowledge and experience which ensures the committee is able to discharge its duties to the level required.



The new committee comprises:

Voting Members

Councillor Gabriel Batt	Bath & North East Somerset Council
Ann Berresford	Independent Member
Councillor Mary Blatchford	North Somerset Council
Councillor Nicholas Coombes*	Bath & North East Somerset Council
Carolan Dobson	Independent Member
Councillor Mike Drew	South Gloucestershire Council
Councillor Paul Fox*	Bath & North East Somerset Council
Councillor Charles Gerrish*	Bath & North East Somerset Council
Councillor Katie Hall*	Bath & North East Somerset Council
Bill Marshall	University of the West of England
Rowena Hayward	GMB**
Councillor Mark Wright*	Bristol City Council

Non-voting Members

Councillor Clive Fricker*	Keynsham Town Council
Richard Orton	Unison
Paul Shiner	Unite
Steve Paines	Unite

* New Members / ** The unions rotate as the voting member.

Equitable Life Update

Government Announce Limited Compensation Payments To Equitable Life With-Profit Investors

Following the Penrose Report the government recently announced that it will pay compensation to certain members who have suffered loss by being invested in Equitable Life's with-profit fund. This affects members of the Avon Pension Fund who used Equitable Life as the provider for investment of their Additional Voluntary Contributions. (AVCs).

In a recent statement the government set out full details of the Compensation Scheme. The timetable sees those invested with individual policies being considered first with members of group arrangements such as APF's AVC contract being considered on or after mid 2012 at the earliest and any payments due not being made for up to 2 years after that. The other rather disappointing

news for investors in the with-profit fund was that the government announced that only 22.4% of any loss will be paid as the "public purse" cannot afford more in these austere times and there will be no compensation payments under £10.

One area that was clarified by the government was that to qualify for compensation, members did not have to still be invested in Equitable's with-profit fund and this now clears the way for those who may have been deferring transferring their with-profit funds elsewhere to make a decision.

All members who still have their AVCs invested in the Equitable Life with-profit fund have been sent a specific announcement (prepared by the Fund's actuarial adviser) setting out the government's detailed proposals. **If you think you should have received this and did not please contact us (See page 1 for contact details).**

Electronic Delivery of Documentation to our Members

The introduction of Member Self-Service ("MSS") will also enable the APF to reduce its costs for printing and postage by setting up access to documents such as APF Newsletters or Annual Benefit Statements via the MSS facility. You will be notified when any newly released documentation is ready to access.

Members who do not have access to an email account or want to continue to receive documentation by post should complete the slip below and return it to us in the prepaid envelope.

Don't worry if you forget to return the form as you will be given two further opportunities to tell us that you wish to continue to receive documentation by post.



NAME:

ADDRESS:

DATE OF BIRTH: N.I. NUMBER:

PENSION NUMBER:

EMPLOYER:

I, the undersigned, do not wish to receive my pensions information electronically, and confirm that I would like to continue to receive my pensions information in paper format via post.

SIGNED: DATE: