

LGPS POLICY PROPOSALS DISCUSSION PAPER

Proposals for Discussion	Relevant Issues	Comments
<p>“85 year Rule”</p> <ol style="list-style-type: none"> 1. Removal of this provision for all scheme members wef 1st April 05 2. Removal of provision for new members and phasing out for existing members 	<p>Change is accepted as part of the White paper review. For new members immediate effect but issues of fairness and expectation are relevant for existing members. Query the complexity and equity of an actuarial approach. An element of protection or phasing perhaps?</p>	<p>Recognise the need for removal for new Members</p> <p>Oppose the blanket removal for existing members on a single date and recommend phasing in.</p>
<p>Access to Benefits at age 50</p> <ol style="list-style-type: none"> 3. Increase to age 55 before any access to benefits 4. No automatic right to unreduced benefits after 55 for redundancy 5. Protection for existing members prior to 1st April 05 but there after actuarially reduced 6. Allow discretion for each Authority to determine a release of benefits for members who are 55 and over 	<p>Issues of fairness and expectation for existing members – effect on morale? Issues of phasing or protection</p> <p>Current arrangements provide an important tool for managing change. Managing an older workforce in terms of health / sickness if access to retirement (generally) is delayed.</p> <p>Issues of creating an internal pension market with in local government which could result in an upward cost pressure.</p>	<p>Recognise the need for statutory requirement to move age to age 55 by 31.03.2010.</p> <p>Question the withdrawal of automatic right to unreduced benefits after 55 as too great a detriment. Oppose blanket introduction, more equitable to phase in.</p> <p>Express concern about complexity of administration, cost and equity of an actuarial approach.</p> <p>Oppose discretion because of inequity, potential for higher cost.</p>
<p>Partner Benefits</p> <ol style="list-style-type: none"> 7. Same sex couples to have right to claim survivor benefits 	<p>Need for LGPS to come into line with new statutory requirements on Discrimination</p>	<p>Support the Proposal</p>

<p>Employee Contribution Rates</p> <p>8. Increase contribution rate for new members by 1%</p> <p>9. Increase contribution rate for all members by 1%</p> <p>10. Increase contribution rates for all scheme members by 2% (would restore historic balance of 40% employee / 60% employer funding)</p> <p>11. Introduce a more flexible salary linked contribution rate to a basket of benefits (eg tiered benefits for different contribution rates)</p>	<p>Questions surrounding increasing contributions are they to - maintain current benefits – finance improved benefits – alter funding base between employee and employer (SHDC already very close to the historic 40 / 60 funding ratio)?</p> <p>Should all members contribute the same amount? – should lower graded post contribute less whilst senior grades more?</p> <p>Basket of benefits with higher contributions giving a wider range of benefits</p>	<p>Support the 40:60 split once employers have fully made up funding following the pension holiday.</p> <p>Welcome opportunity for more flexible Contribution and benefit regime.</p> <p>Question whether it is also intended to increase the contribution rates for higher paid staff irrespective of their potential access to improved benefits.</p>
<p>Flexible retirement</p> <p>12. Review tax position to enable scheme members to “retire” early from full time service but be able to continue to work part time on a mix of salary and pension</p> <p>13. Membership be allowed for employees age 65 and over with this service contributing to pensionable benefits</p>	<p>Will need to be considered as part of a wider review of the Tax system.</p> <p>Issues of managing an older work force in terms of health / sickness.</p> <p>Principles of equity and fairness about scheme membership</p>	<p>Welcome the opportunity this would offer for both employees and employers.</p> <p>Support</p>