

2017/18 employee contribution bands

The latest bulletin from the Local Government Association (LGA) has been published and is available on the new LGPS web site at <http://lgpsregs.webdigi.co.uk/bulletinsetc/bulletins.php>.

The bulletin sets out the rates and bands applicable from April 2017 for various purposes including:

- the LGPS contribution bands and employee contribution rates applicable for 2017/18 in England and Wales;
- the earnings bands applicable for 2017/18 for the purposes of the automatic enrolment provisions under the Pensions Act 2008;
- the National Insurance contribution thresholds that apply from 6 April 2017;
- the maximum "week's pay" that applies from 6 April 2017 for calculating a statutory redundancy payment.

Lifetime Allowance and Individual Protection 2014

Any scheme members who wish to protect their pension benefits from the Lifetime Allowance under Individual Protection 2014 must do so by 5 April 2017. Although the limits are unlikely to affect many scheme members, you may wish to send a reminder to your employees who are active members of the LGPS.

Individual Protection 2014 was introduced when the Lifetime Allowance was reduced to £1.25m with effect from 6 April 2014 and allows individuals to maintain a Lifetime Allowance of the lower of £1.5 million OR the value of benefits at 5 April 2014. Individuals must have had pension savings of at least £1.25 million on 5 April 2014 to apply.

Members who want to apply for IP2014 protection must do this through the Lifetime Allowance online service, accessed through the guide "Protect your lifetime allowance"
<https://www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance>.

To apply, members will need an HMRC Online Services account. To create an account, or to login to an existing one, they should go to "HMRC services: sign in or register" - <https://www.gov.uk/log-in-register-hmrc-online-services>.

Other members might be interested in applying for Individual Protection 2016 or Fixed Protection 2016. IP 2016 allows someone whose pension rights at 5 April 2016 were valued over £1 million (the Lifetime Allowance from 6 April 2016) to protect those rights, subject to an overall maximum of £1.25 million. There is no deadline for applying for IP2016. FP2016 allows employees to maintain a Lifetime Allowance of £1.25m, although it places strict limits on how members build up future pension. There is also no deadline for applying for FP2016.

If you have any questions relating to this or need anything further, please contact Suzanne Firth by email at suzanne.firth@eastriding.gov.uk.

Extended time limit for aggregation of LGPS membership

The Local Government Pension Scheme regulations changed on the 1 April 2014. Under the new regulations the way periods of service can be aggregated have been significantly changed and this has caused many complexities and uncertainties around scheme members right to aggregate periods of scheme membership.

As a result the East Riding Pension Fund has experienced a significant delay in informing members of their options to enable them to make an election. Whilst the ERPF appreciates that members expect their benefits to be administered in a timely manner, and this is the level of service we strive to achieve, the Fund also has a duty to ensure that the regulations in force are applied and administered correctly.

With so many uncertainties surrounding the aggregation of periods of service it is regrettable that the ERPF have not been in a position to progress many of these cases, and this has resulted in a backlog of this work.

The LGPS Regulations 2013(Regulation 22 (8)) state that:

where a deferred member again becomes an active member, the benefits in the deferred member's pension account must be aggregated with those in the active member's pension account unless—

- (a) within 12 months of the active member's pension account being opened; or*
- (b) such longer time as the Scheme employer in relation to that active member's pension account permits,*

the member makes an election to the appropriate administering authority to retain the deferred member's pension account.

In these exceptional circumstances the ERPF intends to extend the time limit on behalf of all Scheme employers, so that all scheme members are given the opportunity to **elect to not aggregate**. Due to the number of cases involved and the complexity of the work it is expected the extension of the deadline will be afforded until at least March 2018.

The purpose of this note is to inform all scheme employers of this intention and to allow you the opportunity to discuss this decision and to notify the ERPF if you do not wish for this discretion to be exercised.

The ERPF will progress with these cases from Monday 3rd April 2017, if no instruction otherwise has been received. If you have any questions relating to this please contact Liz Vollans by email at Liz.vollans@eastriding.gov.uk.

New Member form

The ERPF has received several queries recently about what pay figures should be provided on the New Member form.

The Pensionable pay (2014 definition), the term-time formula, where there is one, and the full time rate of pay without any adjustment for term-time formulas should all be provided.

We have now amended the wording to hopefully make this much clearer and the revised New Member form is available on the ERPF website at <http://www.erpf.org.uk/employers/>.

The pay figures to be provided on all our other forms and your year end returns remains unchanged.

Email guidance for sending information to ERPF

In employer bulletin 25 issued December 2016 employers were informed that the ERPF has the facility to import emails automatically onto the pension administration system from the group email boxes.

To ensure this system works effectively employers should ensure that when emailing the ERPF only one of the group email boxes is sent the email. When more than one of the group email boxes are copied into the same email, all the copies are imported into the system, duplicating the handling of data.

As a reminder the different group email boxes are; erpf@eastriding.gov.uk, leavers@eastriding.gov.uk, mmt.users@eastriding.gov.uk, abs@eastriding.gov.uk, SU18@eastriding.gcsx.gov.uk, FCT@eastriding.gcsx.gov.uk, and ERPF.YearEndReturns@eastriding.gcsx.gov.uk.

If you have any questions relating to this or need anything further, please contact Teresa Eaton-Watts by email at teresa.eaton-watts@eastriding.gov.uk.

Additional Pension Contributions for lost pension

Where an active scheme member elects to pay Additional Pension Contributions (APCs) to cover lost pension due to authorised unpaid leave, for example maternity or paternity leave, and the election is made **within 30 days** of returning to work (or a longer period if the employer has allowed it), the cost of the APC will be split between the scheme member and employer.

The member will choose to buy the lost pension by spreading payment over either a one year period or by making a one-off payment.

It is essential that scheme employer ensures that the period for repayment of the employer contributions is the same period as the employee has chosen, i.e. in 12 monthly instalments or as a one off lump sum payment.

If you have any questions relating to this or need anything further, please contact Teresa Eaton-Watts by email at teresa.eaton-watts@eastriding.gov.uk.

Distribution details

To make sure the information provided in the monthly employer bulletins is reaching the right people, could you please circulate this bulletin to colleagues within your organisation who have responsibilities for pensions including Business Managers, Finance Officers, HR and Payroll staff.

If you would like to add anyone to the mailing list please then their details (name, email address and organisation): liz.vollans@eastriding.gov.uk.

Earlier bulletins issued can all be found on the ERPF website <http://www.erpf.org.uk/employers>