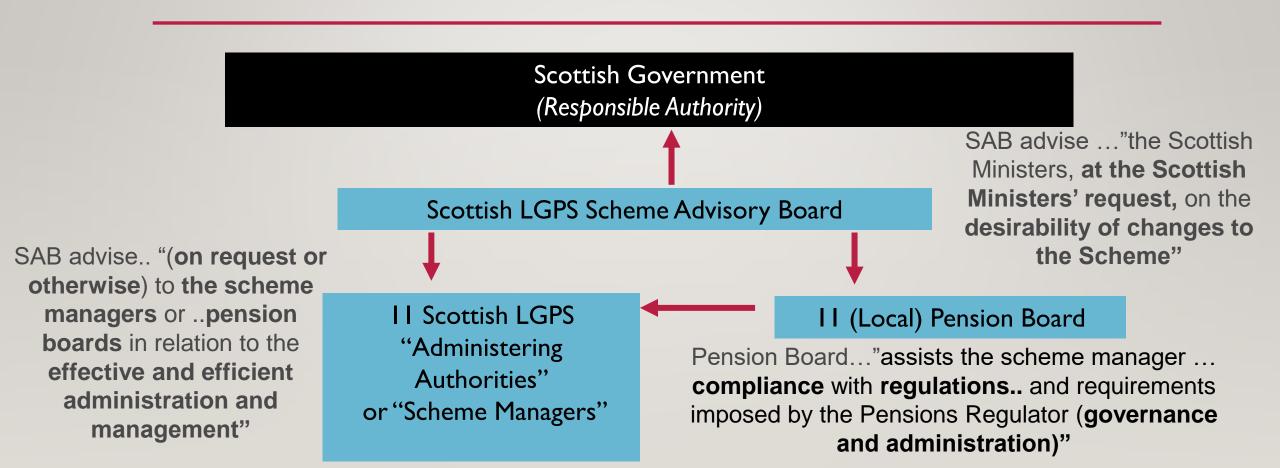


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ROLE OF LGPS SCHEME ADVISORY BOARD - DISCUSSION



ROLES OF SCHEME ADVISORY BOARD & PENSION BOARDS



ADVICETO SCHEME MANAGERS OR PENSION BOARDS...

- ... effective and ...
- ... efficient ...
- ... administration and management...



ADVICE TO THE SCOTTISH MINISTERS,...

- ...at the Scottish Ministers' request, on the
- ...desirability of changes to the Scheme





QUESTIONS? COMMENTS?



PENSIONS ADMINISTRATION & MEMBER SERVICE

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MEMBERS' BENEFITS - "DEFINED BENEFIT"

Pre 2008	2008 to 2015	Post 2015
Final salary	Final salary	Career average
I/80 th Tax free cash of 3/80 th Pension Age 65 (or 60 if more	I/60 th No automatic tax free cash 12 to 1 conversion	I/49 th Revalued with Consumer Price Index No automatic tax free cash I2 to I conversion
than 25 years service)	Pension Age 65	Pension Age = State Pension Age

Benefits are defined by service, pay, retirement type (irrespective of how long members live or investment performance)

GOVERNANCE OF PENSIONS ADMINISTRATION

- Regulatory deadlines
 - Annual benefit statements
 - Annual pensions savings statements
 - Other transactions joining, transfers etc (Disclosure standards)
 - Collecting contributions from employers
- The Pensions Regulator's Codes of Practice
- The Pensions Regulator's data measures (Common & Conditional)
- Pensions Administration Strategy? Discretions Policy. Communications Policy.
- Monitoring of performance
- Reporting of material breaches to The Pensions Regulator and/or Information Commissioner

CHALLENGES – PENSIONS ADMINISTRATION

- Complex... and increasingly so...McCloud
- Specialist knowledge / resources
- Data, data, data
- Administration systems
- Self-service for members / (More) automation?
- No consistent administration service standards

WHO PAYS?

• Members pay pre-determined contributions, dependent on salary

Contribution Rates Tables

The table for the allocation of rates for 2023/24 is:

Table 1

Table 1 - Tiered Contribution Pay Rates		
Pensionable Pay (2023/2024)	Rate (%)	
On earnings up to and including £25,300	5.5%	
On earnings above £25,301 and up to £31,000	7.25%	
On earnings above £31,001 and up to £42,500	8.5%	
On earnings above £42,501 and up to £56,600	9.5%	
On earnings of £56,601 and above	12%	

WHO PAYS?

- Members pay pre-determined contributions, dependent on salary
- Long term aim for employers to pay twice the member rate for overall Scheme ...
- ... But employers pay the balance of the cost in each fund
- One of the few public sector schemes which is 'funded' i.e. pay as benefits are earned



QUESTIONS? COMMENTS?



ROLE OF ADMINISTERING AUTHORITY - FUNDING

ROB BILTON

HYMANS ROBERTSON

AGENDAS – DAY 2 & 3

- Role of Administering Authority Investment
- Alternative LGPS delivery models
 - Investment Pooling
 - Investment Collaboration
 - Pensions Administration Collaboration
 - Fund mergers
- 29 August & 12 October



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LINKS FOR MORE INFORMATION

- Regulatory mapping of the LGPS by Pensions and Lifetime Savings Association
- The Pensions Regulator Public Sector Code of Practice
- The Pensions Regulator New (General) Code of Practice
- Law Commission review of Fiduciary Duty
- LGPS Scotland Section 13 funding report as at 31 March 2020

