

TECHNICAL BULLETIN

NO.7

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TO ALL EMPLOYERS WITH MEMBERS IN THE LOCAL GOVERNMENT PENSION SCHEME. PLEASE ENSURE COPIES ARE PASSED TO RELEVANT STAFF.

The Local Government Pension Scheme (Scotland) Regulations 1998

Regulation 121 of the above Regulations allows a person the right to transfer previous pension rights into the Fund to increase the service which counts for pension purposes.

Regulation 121(7) states, 'A request from a transferring person..... must be made by notice in writing', and Regulation 121(8) states, 'That notice must be given before the expiry of the period of 12 months beginning with the date on which he became an active member (or such longer period as his employer may allow)'.

In the past it has been the policy of Strathclyde Pension Fund to accept payment of a transfer value even outwith the 12 month period stated in Regulation 121(8). However, depending on the age of the member and whether their employer is considering them for early retirement, there could potentially be an increased 'strain on the fund' cost due to the increased benefits.

We are now changing our documentation in relation to new starts and members considering a transfer to make it clear that application for a transfer of previous pension rights must be made within 12 months of commencement. Applications (or further applications if the member has previously refused a transfer) made outwith this period will automatically be rejected by this office but the member can ask the employer to allow the transfer.

It is vital, therefore, that we are notified of new members immediately they commence employment. In cases where the notification of the new start has been delayed and the employee wishes a transfer, we will refer every case to the employer who may grant an extension to the 12 month limit. However, as an employer you may wish to make a policy decision on whether or not you would allow transfers in such cases. If you do, this office will require notification in writing.