



Pensions in partnership

April 2011



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Pensions politics

The Government has issued a consultation paper on the **'Fair Deal'** policy that applies when there are compulsory transfers of public sector staff, see

http://www.hm-treasury.gov.uk/press_28_11.htm

HM Treasury has published the outcome of a consultation exercise undertaken toward the end of 2010 considering the most appropriate options for enabling individuals to pay **annual allowance tax charges** resulting from the reduction to the annual allowance from April 2011, see

http://www.hm-treasury.gov.uk/d/pensions_benefits030311.pdf

The ECJ has ruled that the use of **sex-specific actuarial factors** in the context of insurance should not continue to be permitted after 21 December 2012.

This could have far-reaching implications for the LGPS in areas like ARC and added years contracts; calculating outgoing cash equivalents; the benefits granted in return for incoming transfers; adjusting benefits to account for early or late retirement; valuation assumptions; employer contribution rates and strain costs.

HM Budget 23 March 2011

Following the issue of Lord Hutton's final report on 10 March 2011 (see our website for 2 News Stories about the report), the Chancellor announced that **the Government accepted the report's recommendations IN FULL** as a basis for consultation with the unions in the run up to setting out proposals in the Autumn.

The Prudential will be happy to deliver presentations on Lord Hutton's report on request (via our AVC account manager, Robert Stormonth, on 01236 763486).

The Chancellor announced that the DWP will shortly publish a Green Paper to consult on options for **reform of the basic state pension**, which will include a proposal for a single tier pension, currently estimated to be worth around £140 a week. This would end contracting out for defined benefit pension schemes.

The Government will bring forward proposals to manage future changes in the State Pension Age more automatically, including the option of a **regular independent review of longevity changes**.

New 2010/11 accounting requirement

The timetable is available from the bullet about the Admin Forum of 25 02 11 in the Employers / Technical Bulletins area of our website.

The (Pensionable remuneration) Excel is available from the Employers / Forms area of our Website.

"I'm in..."

Copy for intranets or "all staff" emails, gifs for intranets and pdfs have been issued for you to use in your employee comms.

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Taxation of redundancy payments

We would like to make you aware that, generally, where the total of payments exceeds £30,000, the excess should be taxed by the employer at the employee's marginal tax rate unless the payment is made after leaving (i.e. not included in the employee's final pay), in which case, for payment made before 6 April, tax at basic rate is charged and for payments made on or after 6 April 2011 tax is charged using code 0T on a week 1 / month 1 basis.

LGE subscribers can access a practitioners guide from:

<http://www.lge.gov.uk/lge/core/page.do?pageld=119685>

More information is also available from:

<http://www.hmrc.gov.uk/guidance/2011/cwg2.pdf>

Member contribution rates 2011 / 2012

Our website's contribution calculator has been updated with the new employee contribution rates for 2011 / 2012. The correct summary table (for the lowest tranche's end point) is now in the Employee Member area, with the look up table available from the Employers / Tech Bullts area.

CPI

The Statutory Instrument is available at:

<http://www.legislation.gov.uk/uksi/2011/827/contents/made>

Benefit statements

We will be providing you with active statements returned to us as "undeliverable" or "unknown at this address" to enable you to forward them to a new address.

There is a News story about the benefit statements that includes answers to a list of **common questions** on our website.

Other news

The Prudential have developed a **secure email for transmission of AVC information**. You can register for this at:

<https://secure.prudential.co.uk/websafe/root>

The LGE has issued **circulars 244, 245 and 247** about salary sacrifice, maternity / paternity / adoption leave and N.I. rates for 2011 / 2012 tax year, see

<http://www.lge.gov.uk/lge/core/page.do?pageld=9889224>

We will not be producing a sticker for our literature but amending the covering letters we issue with any LGPS guides or Councillor guides.

We have just issued the first ever **Councillor benefit statements**.

A useful link about **auto enrolment**, a subject we will provide further guidance on, is:

<http://www.scotland.gov.uk/Topics/People/15300/ThirdSectorPensions>

A News story about the SPF Committee meeting of 9 March is available from our website.

We have issued **Technical Bulletin No. 38** about our new bank account.

We have issued **Technical Bulletin No. 39** about CAY monthly payment arrangements.

Finally a reminder that members with an AVC (even if their AVC payments have been stopped) cannot have their retirement grant or pension paid until AFTER we have received notice from the Prudential of their AVC's fund value at their retirement date.