



# Pensions in partnership

December 2010



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### Payment of CAY lump sums

We are planning a significant change to CAY (compensatory added years) arrangements.

From 1 April 2011 we intend to **transfer the responsibility for the payment of CAY lump sums to employers**, as they are employer compensation, not pension, payments.

The SPF committee will be asked to approve this change on 8 December, and we will issue further details in a Technical Bulletin after the meeting.

### The Independent Public Service Pensions Commission

Lord Hutton has issued a call for evidence by 17/12. The areas he is seeking input on include:

- The appropriate scheme design.
- How much employees should pay.
- How the private sector has dealt with accrued rights.

His final report is expected in the Spring.

### State Pensions Green Paper

The government is expected to issue a Green Paper on state pensions in Dec. Key proposals include:

- Ending “contracting out”. This would raise employer national insurance contributions by 3.7% and employee rates by 1.6%.
- A flat rate state pension that is not means tested. This will remove worries about LGPS benefits displacing means tested benefits.

## Taxation

The LGE has issued Bulletin 75 that includes their best understandings on the new annual allowance rules.

It is clear from the Bulletin that a number of issues need to be clarified before we can deliver a calculator on our website.

## Other news

We have issued **Technical Bulletin 34** that launches a new process for bulk redundancy provisional calculations.

We have issued **Technical Bulletin 35** that launches our new range of forms.

Minutes from the **Admin Forum of 8/11** are available from the Employers / Technical Bulletins area of our website along with accompanying IDRPs flowchart, Hutton presentation and tax presentation.

We expect **In Touch**, our newsletter for deferred members, to go out in December.

There is a **current consultation** requesting views by 24/12 on some new LGPS legislation for 2011. The proposed legislation is largely of a tidying up nature.

One interesting proposal is to allow all members to “**link up**” all their LGPS service within a new 12 month amnesty window. We are working on a “linking up” information sheet in preparation for increased interest in this complex area.

Access to **NEST** (National Employment Savings Trust) will have to be provided by all employers without an occupational pension scheme for their employees earning above £7,475.

## Festive SPFO office closure

We will be closed from Dec 25 to Jan 4 inclusive.

**Merry Christmas!**