

Pension News

Autumn 2024



An update for Employers in the Local Government Pension Scheme (LGPS)

Inside this issue:

Employees Leaving?	2
Awards Shortlists	2
Triennial Valuation 2025	3
Stewardship Code	4
Ill Health Retirement	5
Save the Date	5
McCloud and the TPS	6
Useful Resources	7

We are pleased to publish the latest edition of our Employers' Newsletter; keeping you informed of your responsibilities as a Local Government Pension Scheme (LGPS) employer. Inside you'll also find the latest developments in the LGPS and any changes in the services we offer.



Save the Date

Surrey Pension Team are delighted to invite you to the forthcoming Annual Engagement for Schools and Trusts, on **Friday 18 October 2024**.

Arrival at 09:30am. Start Time 10:00am until 13:30pm.

The venue will be at: Surrey County Council, Woodhatch Place, 11 Cockshot Hill, Reigate, RH2 8EF

Any questions, please contact
Employer.Pensions@surreycc.gov.uk



Employee Leaving the Scheme?



Why it's important to provide accurate data

Data for your employees

We rely on receiving accurate data from you as the employer to provide the right service to your employees on leaving the scheme.

Providing a completed leaver data file containing required pay information is essential for your employees to receive the correct benefit entitlement on leaving the scheme. This applies whether you have chosen to simplify submitting monthly pensions data by signing up to i-Connect or not.

We are unable to process leavers submitted via i-Connect without an accompanying leaver datafile emailed to pensions.technical@surreycc.gov.uk



Why it's important

When we are informed that an employee has left, the column which asks for why the employee has left is often left incomplete.

Without this information, we are unable to make sure that we are providing the right benefit entitlement to leavers of the scheme.

Here are a couple of examples of how a missing leaver reason can impact the service we provide to your employee:

- If we are unaware that your employee has left due to retirement, they will not automatically receive a retirement quote and their pension will be delayed.
- If we are unaware that your employee has opted out and they rejoin the scheme, their records will be combined. This is a breach of scheme regulations.

If you would like to discuss pensions data submissions, please contact the Data Quality team by emailing us at pensions.technical@surreycc.gov.uk

We've Been Shortlisted for 4 Awards

Keep your fingers crossed for us!

We are excited to announce that Surrey Pension Team have been shortlisted for 3 Rising Star Awards at the Professional Pensions Awards 2024. These being:

- Excellence in Customer Service & Communications – Bethany Goss
- Team of the Year – Future Benefits Team
- Award for Supporting Development

We have also been shortlisted at this year's LAPF Investments Awards for the Investment Innovation Award.

Being shortlisted for these awards reflects the hard work and improvement of our pensions team as we push towards providing our customers with a better tomorrow.

Triennial Valuation 2025



Information on the upcoming Surrey Pension Fund valuation

In accordance with the Local Government Pension Scheme regulations, a valuation of the Surrey Pension Fund must be carried out every 3 years.

Why?

The purpose of a valuation is to assess the Fund's financial position (i.e. are the Fund's assets sufficient to meet its projected liabilities), set out the assumptions for future inflation and investment returns and review the employer contribution rates.

The employer contribution rates are set at a level sufficient to secure the ongoing viability of the Fund and may be amended as a result of each valuation. Please note that members' contribution rates are set in the Scheme's regulations and are not subject to review at the valuation.

2025 Valuation

The next valuation will be based on membership at **31 March 2025** with new employer contribution rates coming into effect on **1 April 2026**.

Initial results are normally available in the autumn or winter following the valuation date, when the Pension Fund consults with employers on the updated Funding Strategy Statement. This sets out how the Fund or each employer/pool will meet its future liabilities and updated employer contribution rate and funding position.

Following each triennial valuation the actuary prepares a **Rates and Adjustment Certificate** setting out:

- the **primary rate** of an employer's contribution – usually expressed and paid over as a percentage of the current payroll, and
- the **secondary rate** of an employer's contributions i.e. any percentage or amount by which, in the actuary's opinion, contributions at the primary rate should be increased or reduced by reason of any circumstances peculiar to that employer. Secondary contributions can also be negative values if 100% funding levels have been achieved by employers.

Employer contribution rates will vary between employers in the Fund. This is due to different membership profiles in terms of age, salary, longevity etc. Smaller employers, such as Town and Parish Councils, tend to be grouped into pools with a common contribution rate.

Triennial Valuation Cycle

1 September 2024 - Pre-scheme Valuation Planning.

2025 - Scheme Valuation process.

1 April 2026 - New employer contribution rates begin.



UK Stewardship Code



Surrey Pension Fund's been granted Signatory status

We are delighted to announce that the Surrey Pension Fund has been granted Stewardship Code Signatory status on its first attempt! This is a significant achievement for the Fund, reflecting the commitment to bolstering our stewardship activities and delivering better outcomes for our customers' futures.

The Fund takes seriously its responsibility to invest sustainably and believes that the active oversight and stewardship of companies encourages long-term value and performance. One of the Fund's key priorities for the 2023/24 reporting period was to prepare to submit an application to become a signatory to the Financial Reporting Council's UK Stewardship Code. This year's application window was May 2024 and we were notified of the acceptance of our report, spanning over 150 pages, in July.

What is the UK Stewardship Code?

The 2020 Code sets high stewardship standards for those investing money on behalf of UK savers and pensioners, and those that support them. Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society.

The code comprises 12 'apply and explain' principles for asset owners. To become a signatory, the Fund must apply all the principles and explain how they have been applied over the last 12 months. The Code has a focus on reporting stewardship activities and outcomes.

The 12 principles are classified into 4 sections:

- a) Purpose and Governance
- b) Investment Approach
- c) Engagement
- d) Exercising Rights and Responsibilities

Our Achievements

When the Financial Reporting Council reviewed the Fund's application, they welcomed the explanation of the Fund's culture, values, model and strategy and the assessment of how effective it has been in serving the best interests of our customers. The governance structures and processes have enabled oversight and accountability and managed any potential conflict of interest. The Fund was able to demonstrate how Environmental, Social and Governance (ESG) factors have been integrated into all of the investment activities and the collaborative engagement it expects from all partners. The Fund and its investment managers exercise voting rights at every opportunity to improve outcomes for all stakeholders.

There are less than 75 asset owners that have achieved signatory status of the Stewardship Code and the Fund will continue to build on its approach and activities to further responsible asset stewardship.



**STEWARDSHIP
CODE**

Ill Health Retirement Estimates



The process and costs

Like redundancy, Ill Health Retirement is an employer's decision. Without the employer's consent, we are unable to provide this information directly to the member.

The process

1. Member applies to their employer for Ill Health Retirement.
2. The employer must refer the member to an Independent Registered Medical Practitioner (IRMP) to assess whether, in their opinion, the member meets the criteria for Ill Health Retirement.
3. The employer can request an estimate of benefits from the Surrey Pension Team (using LG29 for Active members).
4. The employer determines whether to grant Ill Health Retirement, and for active members they determine which tier should apply.
5. Once the Ill Health Retirement has been agreed and approved an [LG4 retirement datafile](#) needs to be submitted and the Ill Health Certificate completed by the IRMP should be sent to lgps.forms@surreycc.gov.uk.
6. Once the retirement datafile and the Ill Health Certificate has been received a retirement estimate and claim forms will be sent to the member.

We would expect the Ill Health Retirement process to have started before an estimate of benefits request is submitted.

Helpful links

For more information on Ill Health Retirement, visit [our employer website](#), where you will find information on the Ill Health Retirement criteria for active and deferred members as well as details of the benefits that are payable if Ill Health Retirement is granted.

The Local Government Association (LGA) provides [free bite size training courses](#) for employers on Ill Health Retirement for active and deferred members as well as how to calculate Assumed Pensionable Pay (APP).

Save the Date – Friday 8 November 2024

The Pension Fund Annual Engagement



Surrey Pension Team are delighted to invite you to the forthcoming Pension Fund Annual Engagement on **Friday 8 November 2024**.

Arrival at 09:30am. Start Time 10:00am, until 13:30pm.

The venue will be at: Surrey County Council, Woodhatch Place, 11 Cockshot Hill, Reigate, RH2 8EF

Any questions, please contact Employer.Pensions@surreycc.gov.uk

McCloud and Teacher's Excess Service



Teachers may be eligible to LGPS membership

Before the introduction of the CARE scheme, teachers with both a full and part time role were only able to contribute to the final salary section of the Teacher's Pension Scheme (TPS) under their full-time role. For any additional part time role, the member would only be enrolled in the LGPS if it was offered to them by the employer.

For the McCloud remedy under the TPS, affected members were automatically rolled back into the final salary section of the scheme (known as the legacy scheme). However, full-time teachers who contributed to the TPS during the McCloud remedy period (1 April 2015 to 31 March 2022), who also held an additional part time position (known as 'excess service') must be reviewed on a case-by-case basis.

Been contacted by the TPS?

The TPS have contacted employers with details of members they believe are affected, requesting validation of the data. Any discrepancies will need resolving with the TPS. The TPS reported that numerous submissions have failed due to errors in the validation process and have notified employers of this via email. Please read the [copy of the TPS email](#) which provides support with a simple checklist to use before returning or resubmitting the file to the TPS.



What should I do?

If you haven't been contacted and think you have affected members, please inform the TPS via the [teachers' pension website](#).

Once the TPS confirm validation, employers must share details of affected members with the Surrey Pension Team (using the same spreadsheet provided by the TPS) so that a LGPS record can be set up. Send validated spreadsheets to mccloud@surreycc.gov.uk.



Helpful links

For further information regarding the McCloud remedy and teachers excess service please see the below links which you may find helpful:

- [Teachers' Pensions for employers – LGPS](#)
- [Teachers Pensions for employers – Transitional Protection News for employers](#)
- [Teachers' excess service – webinar for employers](#)
- [Teachers Pensions for employees – LGPS membership for affected members with excess service](#)

Useful Resources



Helpful resources for you as an employer

Our [employer website](#) has many useful resources and information that can help you to understand your responsibilities as a Local Government Pension Scheme (LGPS) employer. On our website you can find:

- important documents,
- learn pensions terminology,
- and read useful information related to pensions and to you as an employer.

Elsewhere, the Scheme Advisory Board (SAB) and the Institute of Chartered Accountants in England and Wales (ICAEW) have published a new [informer document](#), which provides general information about the LGPS. It also offers help to employers in interpreting actuarial data and understanding key information flows.

The [LGA website](#) also has a section for LGPS employers. This section provides services and resources that can be helpful to you as an employer. These include:

- employer guides,
- documents,
- and employer training.



Resources to share with members

The [National Pension Tracing Day](#) is on 29 October and its website addresses a big issue - that billions of pounds have been lost in pensions when transferring between schemes.

As many as 1 in 20 people could have lost a pension and this website provides helpful resources to help employees track down pension benefits that they are entitled to, these include:

- a video guide,
- a written step-by-step guide,
- and warnings about common pitfalls.

Another source of information and help for employees is the [Pension Attention](#) website. Their new 'Pay your pension some attention' campaign for 2024 features resources and help for future pensions planning.



Both websites also provide resource packs for you to promote the campaigns to employees.

Our Contact Details

☎ 0300 200 1031
 ☒ Surrey Pension Team
 PO Box 465
 Reigate, RH2 2HA

Useful Links:

employers.surreypensionfund.org.uk
www.surreypensionfund.org
lgpsregs.org/employer-resources/