



LOCAL PENSION COMMITTEE

8 NOVEMBER 2019

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

LOCAL GOVERNMENT PENSION SCHEME (LGPS) – TRANSFER OF PENSION RIGHTS

Purpose of the Report

1. The purpose of this report is to recommend some minor changes to the Leicestershire Local Government Pension Scheme regarding the acceptance of transfer values from certain pension scheme arrangements.

Background

2. The current Fund rules on the acceptance of transfer values are detailed in the report to Employment Committee dated 21 September 2009. This is attached as Appendix A.

Under the Local Government Pension Scheme rules transfer values can be accepted into the scheme from a variety of different types of scheme. These are detailed in the report dated 21 September 2009 and remain;

- Transfers from another Local Authority pension scheme, known as Inter Fund adjustments.
 - Transfers from other members of the Public-Sector Transfer Club.
 - Transfers from other approved pension schemes other than the above.
3. Currently the Fund allows transfers in from other Local Authorities (known as Inter Fund adjustments) and Public-Sector Transfer Club schemes. Examples of Public Sector Club schemes are; Civil Service, NHS, Teachers, Police, Fire. The Fund does not accept transfers from other schemes, including Non-Club schemes.
 4. As Public-Sector pension schemes have developed over recent time, some Public-Sector Transfer Club schemes now also provide Non-Club transfers for some of their scheme members. This evolving change in public sector pensions has resulted in some confusion on what can or cannot be accepted by Local Government Pension Funds.
 5. This report is to propose minor changes in the Leicestershire Fund rules and to avoid any possible confusion.

Proposal - What transfers will be accepted in the Leicestershire Fund

6. The Fund will accept;
- Transfers from another Local Authority pension scheme, known as Inter Fund adjustments.
 - Transfers from Public-Sector – this includes Club and Non-Club transfers from these Schemes.

The Fund will continue not to accept transfers from Non-Club schemes or other approved pension schemes.

Transfers in Under Transfer of Undertakings Protection of Employment (TUPE) arrangements

7. Currently, the only exception to the above is for individual scheme members whose employment transfers into Leicestershire Fund employers via TUPE. These are extremely uncommon, but the Fund is sometimes asked if these members can transfer in any previous pension arrangements. This is referred to in Section 6 in the report dated 21 September 2009.

The proposal for these cases is as follows;

Proposal - What transfers will be accepted in the Leicestershire Fund for Members transferring under TUPE

8. The Fund will accept;
- Transfers from another Local Authority pension scheme, known as Inter Fund adjustments
 - Transfers from Public-Sector – this includes Club and Non-Club transfers from these Schemes.

The Fund will no longer accept any non-related Non-Club scheme or non-related other approved pension schemes.

This change aligns the rules for all scheme members in the Fund and negates the risk of the receiving Fund employer in the TUPE arrangement, increasing the fund liability and their fund risk.

General

9. In all cases a member can only request a transfer in within 12 months of starting in the Leicestershire Fund.

10. The rationale behind the current rules and these minor amendments, are to maintain an avoidance of unnecessary liabilities into the Fund, but also to clarify the position about Public-Sector schemes.

Recommendation

11. That the Local Pension Committee approves the minor changes on the acceptance of pension transfers in as detailed in paragraphs 6 – 10 of the report.

Appendix

Employment Committee Report 21 September 2009 – LGPS Transfer of Pension Rights.

Equality and Human Rights Implications

None specific

Officers to Contact

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