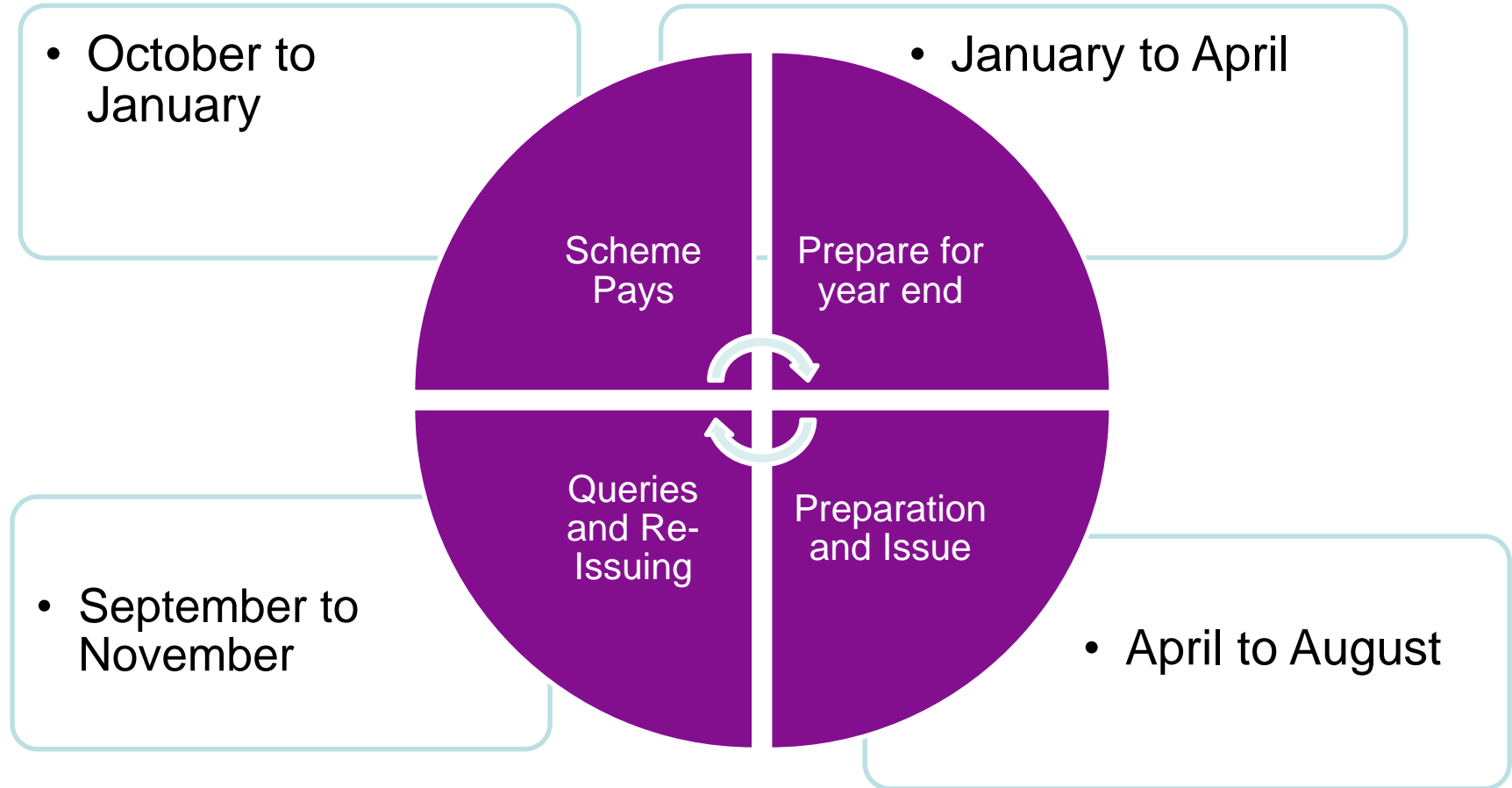


Annual Benefit Statements -

Benefit Statements Cycle



Why?

- [Public Sector Pensions Act 2013 Section 14](#)
 - Defined benefit (DB) schemes must provide an ABS to all active members no later than 17 months after the scheme regulations establishing the scheme come into force, and annually thereafter.
-

Deferred Members

- The provision to send annual benefit statements for **deferred** members of the 2006 & 2015 schemes are set out in the 2006 [\[Part 15, 4\]](#) and 2014 [\[183\]](#) regulations.
 - There is no legislative requirement to send statements to deferred 1992 members, but we would consider to be good practice.
-

Connected Schemes

- [Public Sector Pension Act 2013 Section 30](#)
 - The provisions of the act apply both to the new pension scheme and any connected scheme
 - 1992, 2006 and modified 2006 are all connected schemes.
-

3 pension schemes

1992 Scheme

2006 Scheme

2015 Scheme



10 different types of member

	Protected	Tapered	Unprotected	Transitional
1992 Scheme	√	√	X	√
2006 Scheme (Standard member)	√	√	X	√
2006 Scheme (Special member)	√	√	X	√
2015 Scheme	x	x	√	x

TPR Annual Benefit Statement Guidance

What information to communicate

Annual benefit statements

The scheme manager must provide annual benefit statements to active members of DB public service pension schemes in accordance with any directions issued by HM Treasury or the Department of Finance and Personnel in Northern Ireland. The statement must include:

- ▶ a description of the benefits earned during a member's pensionable service
- ▶ any other information specified by HM Treasury or the Department of Finance and Personnel in Northern Ireland directions

The first statement must be provided within 17 months of the scheme regulations coming into force.

For more information, see our guide and checklist:

[Guide: issuing annual benefit statements for public service pension schemes \(PDF, 66kb, 14 pages\)](#)

[Checklist: preparing annual benefit statements for public service pension schemes \(PDF, 29kb, 2 pages\)](#)

Plan

- Identify data requirements
- Identify critical data
- Identify risks to delivery
- Define monitoring process

Plan

- ▶ Identify data requirements
- ▶ Identify critical dates
- ▶ Define communications plan
- ▶ Identify risks to delivery and develop contingency plans
- ▶ Define monitoring process

Identify Data Requirements

- When is the data needed?
- What format?

Areas to consider

Identify data requirements

You'll need to identify the information your scheme administrator needs to enable them to produce an ABS. For example:

- ▶ What data is required as a result of PSPA13, scheme regulations, disclosure requirements or Treasury directions? Have there been any changes to these legal requirements you need to consider? Are there any gaps which need resolving eg outstanding joining details?
- ▶ Are any additional data items required by the scheme actuary for scheme valuation?
- ▶ Is any other information required?

You'll also need to consider who needs to provide this data, for example employers, payroll, HR or external payroll providers. Check when the data is needed by and in what format.

Find out what the process is for data quality assurance. For example:

- ▶ Process and ownership of data testing
 - ▶ Process and ownership for resolution of data errors
 - ▶ Resourcing required to deliver
-

Identify Critical Dates

- Deadline for identifying data requirements
- Deadline for receipt of data from employers

Identify critical dates

What are the critical dates which need to be met? Consider:

- ▶ Deadline for identifying and setting out data requirements
 - ▶ Deadline for receipt of data from employers or payroll providers
 - ▶ Data quality assurance process
 - ▶ IT scheduling (eg testing)
 - ▶ Internal or external governance deadlines
 - ▶ Printing or publishing lead times
 - ▶ Order in which ABS will be issued
 - ▶ Deadline for issuing ABS in order to meet the legislative requirements
-

Administrator Processes

Data Cleansing	Modified Retained Data Starters / Leavers Part Time Temporary absence
Receive end of year data from employers	
Check and query data received	
Load into system	Check matches leavers and starters Check matches temporary leave records

Administrator Processes

Run end of year processes to build 2015 scheme pension records	
Check and query results of end year	
Run annual benefit statements	Provisional Mode Actual Mode
Finalise formats and send to printers	

- What pensionable pay to provide to your administrator

Pensionable Pay Regs

- [1992 Scheme – Part G Reg G1](#)
 - [2006 Scheme – Part 11, Reg 1](#)
 - [2015 Scheme – Regulation 17](#)
-

Final Salary Pensionable Pay

- Pensionable pay 1992 scheme
 - Pensionable pay 2006 scheme (standard member)
 - Pensionable pay 2006 scheme (special member)
 - Additional Pensionable Benefit Contributions (1st July to 30th June)
-

Date Earned (1992/2006 Scheme)

- Arrears are dealt with on a date earned basis
 - Where pensionable pay is earned within one scheme year but not paid until the following year the pensionable pay is applied to the scheme year in which the pay was earned.
 - For example where pay is earned for service up until March, but the person is not paid until June, the appropriate pay would be used in the final pensionable pay for March
-

1992 Scheme Pensionable Pay

	Final Salary
Full Time	Permanent Pensionable pay i.e. basic and permanent emoluments that make up the pay for the members substantive rank. Continuous Temporary promotion that was considered pensionable at the time of payment (pre 2013) and has been in continuous payment to present day.
Additional Pension Benefits	Continuous Professional Development payments Temporary promotion post 2013, that the employer wishes to make pensionable under an APB (requires the employer discretion to have been made). Any other non permanent emoluments at the employers discretion.

2006 Scheme Pensionable Pay

	Final Salary
Full Time	Basic pay for substantive rank only. Continuous Temporary promotion that was considered pensionable at the time of payment (pre 2013) and has been in continuous payment to present day.
Part Time & Retained	As above. <u>Full time equivalent rates</u> used in calculations for pension purposes.
Additional Pension Benefits	Continuous Professional Development payments Temporary promotion that the employer wishes to make pensionable under an APB (requires the employer discretion to have been made). Any other non permanent emoluments at the employers discretion.

Career Average Pensionable Pay

- Pensionable pay 2015 Scheme
 - Assumed Pensionable Pay
-

Date Paid (2015 Scheme)

- Arrears are dealt with on a date paid basis.
 - Where pensionable salary is earned within one scheme year ie February 2016, but paid in the following scheme year April 2016, the pensionable salary is 'paid' into the 2016/2017 scheme year.
-

CARE Pay – Main Differences from final salary pay

- [Regulation 17](#)
- [17(1a)] the member's pay **received** for the performance of the duties of the member's role
Should be interpreted as 'actual pay'
- [17(1d)] the amount paid to the member for continued professional development *which the authority determines is pensionable*
CPD should be included in the calculation of pensionable pay for the 2015 scheme

CPD Pensionable in the 2015 Scheme

- FRAs are reminded of the NJC collective agreement as per [NJC circular 03/07 appendix A](#).
 - This circular confirmed payments in relation to CPD were pensionable (as set out in paragraph 19).
 - *“19. A Continual Professional Development payment will be treated as basic pay for all pay-related purposes i.e. maternity leave, annual leave, pensionability, sickness.”*
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CPD Pensionable in the 2015 Scheme

- This confirms that the position in the 2014 regulations [17(1d)] does not over-rule the NJC collective agreement that CPD should be pensionable, it just allows for a change in the employer position in the future.
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2015 Scheme Pensionable Pay

	Career Average
Full Time	Permanent Pensionable pay i.e. basic and permanent emoluments that make up the pay for the member's substantive rank. Includes CPD.
Part Time & Retained	Actual rates of pay (i.e. part time pay) used for calculation. Permanent Pensionable pay i.e. basic and permanent emoluments that make up the pay for the member's substantive rank. Includes CPD
Additional Pension Benefits	No Additional Pension Benefits available.

Assumed Pensionable Pay (APP)

- Equal to the pensionable pay the member would have received if the circumstances did not apply
-

APP – What circumstances?

- Secondment
 - Unpaid or reduced pay sick leave and injury leave
 - Paid additional parental leave
 - Ordinary parental leave
 - Unpaid additional parental leave
 - Employer agreed unpaid leave * ED
 - Reserve Forces Leave
 - ~~Industrial action~~
-

APP – For annual benefit statements

- Calculation of earned pension in the absence of pensionable earnings

APP

- Assumed pensionable pay is the pensionable pay the member was in receipt of before going on to no pay for any of the reasons specified in the regulations.
 - Paragraphs 4 & 5 of [regulation 18](#), refer to the calculation of Assumed Pensionable Pay when a member who is employed as a **retained firefighter** or **volunteer firefighter** is in receipt of no pay.
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