



This bulletin from the Staffordshire Pension Fund, focuses on the current issues that you should be aware of relating to the Local Government Pension Scheme.

Issue July 2024

Employer training day – 1 October 2024

In the [June 2024](#) edition of the newsletter, we notified you of the Fund's employer training day which will take place on Tuesday 1 October 2024, 10.00am to 3.30pm. This event will be held in person at the County Buildings, Stafford.

A separate communication was issued on 11 July 2024 to main HR and Payroll contacts with details of the event and a booking link. If you did not receive the correspondence, a link to the booking form can be found here:

- [Employer Training Day Booking Form](#)

Bookings are on a first come, first served basis. Each employer will be able to send up to three representatives. However, if you would like more than three places, please email martin.elliott@staffordshire.gov.uk with details of who you would like to attend. We will keep a waiting list and notify you if additional places become available.

Subject to demand, we will consider offering alternative formats for future training events e.g. Hybrid and Microsoft Teams.

Pensions Awareness 2024 – Scheme member webinar

[Pensions Awareness](#) returns on week commencing 9 September 2024. The campaign aims to increase the public's interest and make pensions a talking point for people going about their everyday lives.

The Staffordshire Pension Fund will look to support this important national initiative by holding its own Scheme member webinar to promote the benefits of being a member of the Local Government Pension Scheme (LGPS).

The presentation will be held via Microsoft Teams on Wednesday 11 September 2024, 10:00am to 12:00pm and is open to all current Scheme members and employees eligible for the LGPS. A link to register for the event is below:

- [Scheme member webinar registration link \(September 2024\)](#)

We would be grateful for your assistance in helping to promote the event to your employees via your internal mail system, intranet site, news bulletins, notice boards etc. We have also created a flyer which you can use to promote the event:

- [Promotional flyer for Scheme member webinar \(September 2024\)](#)

Reminder - annual benefit statement – My Pension Portal (MPP)

Every year we issue Scheme members with their annual benefit statement (ABS) on the My Pension Portal area of the Pension Fund's website. The ABS is a statement that tells members about the pension benefits they have added to their pension pot over the previous financial year. It is important that they are aware of their ABS and make sure that things such as their pay and contribution levels are correct. Since 2020 all ABS's are only provided online, unless a member makes a written request to continue to receive their ABS in a paper format.

Under the Pension Regulations, each time the Fund uses a website to provide an ABS to an active member, the Fund must first have informed the member of that fact and explain to them how they can access and read the statement.

The Local Government Association's (LGA) view is that these requirements would be met by bringing the information to the members attention via Scheme employers. Therefore, we would very much appreciate your assistance in cascading the following message via your internal mail system, intranet site, news bulletins, notice boards etc.

Draft email – Staffordshire Pension Fund - Your Annual Benefit Statement (ABS)

If you are a member of the Staffordshire Pension Fund, then your Annual Benefit Statement will be available online via My Pension Portal (MPP) from 31 August 2024.

If you have not yet registered for MPP you will need to do so by applying for an [activation code](#) on the Fund's website. The activation code will then be sent to your home address (Please allow up to 20 working days). By logging on to MPP after 31 August 2024, to check your annual benefit statement, you can make sure that any other information we hold for you is correct.

By accessing My Pension Portal, you can also:

- View your personal, financial and membership details.
- Produce your own pension quotes, helping you to plan for retirement.
- Calculate how much tax-free cash lump sum you could get.
- View the valuable life assurance and dependents pension provided.
- Easily and quickly update your contact details.
- View/amend your Death Grant nomination details.
- Send online enquiries to us.

Employer driven retirements – pension strain costs

A Scheme member can take their LGPS pension at any time from age 55 to 75, as long as they have been a member for at least two years (this is known as the 'vesting period'). However, if they take their pension before their State Pension age, the benefits will normally be reduced to account for them being paid longer.

As the employer, you can decide whether to waive, in whole or in part, the actuarial reduction on benefits which a member voluntarily draws before normal pension age. This includes whether to 'switch on' the 85-year rule for a member voluntarily drawing benefits on or after age 55 and before 60.

Note: if you are considering an application for flexible retirement from one of your employees, please be aware that the 'rule of 85' will be automatically 'switched on'. This will result in a partial strain cost for protected members aged 55 to 60 i.e. those with membership of the LGPS before 1 October 2006 and will meet the 'rule of 85' before attaining age 60. The rule of 85 is satisfied when the sum of the member's age plus the calendar length of their membership of the scheme (both in whole years) is equal to or greater than 85.

Exercising these discretions can lead to immediate costs – actuarial strain – for employers. The Local Government Pension Scheme (LGPS) requires all scheme employers to formulate, publish and keep under review a statement of policy on all mandatory discretions which they may exercise in relation to members of the LGPS. If your organisation does not have an [Employer Discretionary Policy](#) in place, Staffordshire Pension Fund will be unable to release payment of certain benefits.

Where an active member who has attained the age of 55 or over is dismissed from an employment by reason of redundancy or business efficiency, or whose employment is terminated by mutual consent on grounds of business efficiency, that member is entitled to, and must take immediate payment of their pension, without reduction. This will result in an actuarial strain cost being recharged to the employer.

Where an active member who has qualifying service for a period of two years and whose employment is terminated by a Scheme employer on the [grounds of ill-health](#) or infirmity of mind or body before that member reaches normal pension age, they are entitled to, and must take, early payment of a retirement pension. This will also result in a 'funding shortfall' to Staffordshire Pension Fund. However, we do not currently recharge early retirement strain for ill-health retirements. Instead, these costs will be accounted for when setting employer contributions at future valuations.

For information, please find below a link to the recent flexible retirement presentation which was delivered at the recent June 2024 Employer Focus Peer Group meeting:

- [Flexible Retirement Presentation \(EFPG\) June 2024](#)

If you are interested in joining our Employer Focus Peer Group and are able to represent your Scheme employer, please contact Simon Jackson **01785 276450** or email simon.jackson@staffordshire.gov.uk.

The Scheme Advisory Board (SAB) Annual Report 2023

The Scheme Advisory Board (SAB) have published their eleventh [Annual Report for the Local Government Pension Scheme \(LGPS\)](#) in England and Wales. The LGPS is one of the largest defined benefit (DB) schemes in the world and is the largest DB scheme in England and Wales, with 13,802 active employers, 6.49m members and assets of £354bn.

The aim of the SAB annual report is to provide a single source of information about the status of the LGPS for its members, employers and other stakeholders. Continually improving key information about the Scheme as a whole is one of the top priorities of the Board. This report aggregates information supplied in the 86 Pension Fund's annual reports, as of **31 March 2023**. Highlights include:

- Total membership of the LGPS increased slightly, growing by **106,166 (1.6%) to 6.49m members in 2023 from 6.39m in 2022**
- The total assets of the LGPS decreased to £354bn (a change of -2.6%). These assets were invested in **public equities (51%), bonds (12%), property (8%), infrastructure and private equity (both 6%)**

respectively), as well as other asset classes including – but not limited to – multi-asset credit, private debt, diversified growth funds

- In a challenging year for markets, the LGPS return on investment over 2022/23 was **-1.8%**. This compares to UK CPI year on year inflation of 3.2% (Sept – Sept)
- The scheme maintained a positive cash-flow position overall, including investment income
- Over **2m** pensioners were paid during the year
- Despite continued higher than expected mortality in the general UK population, 2022 was a better year than the two difficult years that preceded it. Pensioners appear to be seeing a more pronounced bounce back towards pre-pandemic life expectancies than the general population, particularly pensioners in the LGPS
- Total **investment management costs decreased by £141m** (-7.6%) from £1,868m. This was primarily driven by a £188.5m net decrease in performance fees. Management fees increased by £106m, transaction costs increased by £15m while other [investment] costs decreased by £71m.
- Total **administration and governance costs increased by £28m**, with administration costs increasing by £12.1m, and oversight and governance costs increasing by £19.7m. “Other” administration and governance costs decreased by £3.8m.

In a separate analysis of local fund valuation reports, it was estimated that as at 31st March 2022, the LGPS had an overall funding level of 107%. Since its establishment, the Board has actively developed proposals to tackle the funding deficit (£6bn in 2019, £37bn in 2016) and has been successful in improving the sustainability of the LGPS and its funding level. The next triennial valuation of the LGPS will be as at 31st March 2025.

Circulating the Newsletter within your organisation

We would be grateful if you could continue to circulate this Newsletter to appropriate staff in your organisation for example, Human Resources, Payroll and Finance Department or alternatively provide us with their email address, so we can add them to our distribution list.

If you require any further information or clarification, please do not hesitate to email the Fund at pensions.comms@staffordshire.gov.uk