



**Open Report on behalf of Andrew Crookham, Executive Director - Resources**

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| Report to: | <b>LGPS Local Pension Board</b>  |
| Date:      | <b>01 December 2022</b>  |
| Subject:   | <b>Services to members approaching retirement (the retirement process)</b> |

**Summary:**

The Pension Board has requested information on services provided by West Yorkshire Pension Fund (WYPF) to scheme members at retirement. Because of the Defined Benefit nature of the LGPS, services are restricted to a process that can deliver the statutory entitlement scheme members accrue during their Local Government career. The largest, complex and most important part of the service provided is the ability to ensure the pension entitlement is correct and to communicate this to the scheme member as part of the retirement process.

To assist Pension Board Members with their knowledge and skills a presentation will be provided regarding services provided to scheme members at retirement (the retirement process).

Matt Mott, Governance and Business Development Manager from WYPF, will update the Board on services to members approaching retirement.

**Recommendation(s):**

That the Board note the report and presentation and consider if they require any further information on the services provided to members approaching retirement.

**Background**

- 1.1 The role of the Pension Board, as defined by sections 5(1) and (2) of the Public Service Pensions Act 2013 is to assist the Council as Scheme Manager in ensuring the effective and efficient governance and administration of the Local Government Pension Scheme (LGPS) including securing compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS; securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator; and any other such matters as the LGPS regulations may specify.

- 1.2 To be able to assist the Scheme Manager and meet the requirements of the Public Service Pensions Act 2013, Pension Board Members must be able to demonstrate suitable knowledge and skills of the LGPS to effectively scrutinise the decisions made by officers.

## **2.0 The Retirement Process**

- 2.1 The scheme member should have a general idea of the nature of the LGPS at retirement age. They will have received an Annual Benefit Statement containing current and projected values of the pension benefits every year of their scheme membership and they are able to attend a pre-retirement course ideally with 6 to 12 months before retirement, but certainly at any time in the last 3 years of their employment.
- 2.2 The process usually begins with data and instruction provided to WYPF ideally within 3 months, but certainly within 1 month of the scheme members intended retirement date.
- 2.3 The initial instruction may be made by either the employer or by the scheme member and data, such as pensionable pay, date and reason for retirement are provided by the scheme employer.
- 2.4 Throughout the process scheme members are provided with clear information of their benefits including details of:
- the benefits payable
  - options to commute part of their pension to a tax free lump sum
    - This is restricted to a maximum of 25% of the capital value of their pension “pot”
  - date of pension payment
  - date of lump sum payment (if applicable)
  - where they may access independent pension advice
  - contact details for WYPF in the event they require further information or explanation regarding the LGPS regulations
  - Information regarding communication and contact after retirement
  - Details of how to make a complaint
- 2.5 The majority of services provided by WYPF largely goes unnoticed by scheme members as the administration ensure the benefit values to be paid are the correct statutory entitlement under the scheme regulations based on data provided by the employer.
- 2.6 The data provided, over the career of the scheme member, is checked and, challenged, if necessary, before confirmed as correct. Only then are the pension calculations performed (they are also checked to ensure they are correct) and a

retirement pack sent to the member which includes all the necessary pension values and election forms they must complete in order to receive payment.

2.7 Only once all information has been received by WYPF can the payment process commence. Details required are:

- Date and reason for retirement
- Pensionable pay
- Confirmation of the scheme member's date of birth
- Election form to receive payment
- Election form to commute pension to lump sum
- Bank details

2.8 The payment of the scheme benefits is usually on the first payday, 23<sup>rd</sup> of the month, following the retirement date and the lump sum payment, if there is one, must be paid under scheme regulations within 4 weeks of the date of retirement, however, it is usually paid within 3 days of the date of retirement.

2.9 After retirement the pensioner member receives regular communication by way of P60, life certificate and the occasional pay advice. WYPF also promote use of MyPension the portal for online access to view pension details, including payslip and P60s but also with the capability for scheme members to send and receive information to and from WYPF.

### **3.0 Conclusion**

3.1 For the Pension Board to note that services provided to scheme members at retirement may take several forms, including: data checking, calculation of benefits, payment of benefits, communication and contact information, however, it is largely determined, even restricted, by the nature of the LGPS as a Defined Benefits pension scheme.

### **Consultation**

#### **a) a) Risks and Impact Analysis**

The Pension Fund has a risk register which can be obtained by contacting the Head of Pensions.

### **Background Papers**

This report was written by Matt Mott, who can be contacted at [matt.mott@wypf.org.uk](mailto:matt.mott@wypf.org.uk).

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