



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

Report to:	<b>LGPS Local Pension Board</b>
Date:	<b>21 March 2024</b>
Subject:	<b>Temporary bank accounts</b>

**Summary:**

This report updates the Board on the number of temporary bank accounts created by West Yorkshire Pension Fund (WYPF) to hold monies due to beneficiaries of the scheme.

Matt Mott, Head of Governance and Business Development from WYPF, will update the Board.

**Recommendation(s):**

That the Board discuss the report and consider whether they wish to take any further actions.

## **1.0 Background**

- 1.1 For a number of years, WYPF have set up a number of temporary bank accounts with HSBC for deferred or pensioner beneficiaries who are entitled to a pension scheme benefit but for whom we have lost contact with or who will not claim their benefits.
- 1.2 Under the current scheme rules members who are entitled to a refund are required to claim the refund within 5 years of leaving. WYPF has a number of members who have not claimed the refund within the 5-year period. As a result, temporary deposit accounts have been set up for these members. Late claims will then be released from the account and paid to the claimant.
- 1.3 The payment into a temporary bank account means that the Fund has discharged its liability and the member is not faced with an unauthorised tax charge if they were to claim their benefits late.
- 1.4 The Pensions Board have asked for information on the number of temporary accounts held and the amount of money held in these accounts.

## 2.0 Lost Contact Pensioners/Beneficiary

### STG1 – Pensioner/Beneficiary

#### Currently Opened

<b>No. of Deposit Currently Opened</b>	<b>23</b>
<b>Total Credits</b>	<b>£76,461.48</b>

#### Opened Accounts

<b>2023/24</b>	<b>6</b>
<b>2022/23</b>	<b>12</b>
<b>2021/22</b>	<b>3</b>
<b>2020/21</b>	<b>17</b>
<b>2019/20</b>	<b>27</b>
<b>2018/19</b>	<b>34</b>
<b>2017/18</b>	<b>66</b>
<b>2016/17</b>	<b>11</b>
<b>2015/16</b>	<b>4</b>

#### Closed Accounts

<b>2023/24</b>	<b>3</b>
<b>2022/23</b>	<b>37</b>
<b>2021/22</b>	<b>5</b>
<b>2020/21</b>	<b>15</b>
<b>2019/20</b>	<b>42</b>
<b>2018/19</b>	<b>22</b>
<b>2017/18</b>	<b>27</b>
<b>2016/17</b>	<b>4</b>
<b>2015/16</b>	<b>0</b>

- 2.1 The number of temporary deposit accounts held for this category of members has decreased from 26 to 23 which was reported at the last Pensions Board.

Total number: 23

Current amount held in accounts: £76,461.48

This is a decrease on the number of accounts previously held as we have made contact with some beneficiaries.

- 2.2 A detailed breakdown of the number of accounts opened and closed is shown at Appendix A.

### 3.0 Post 2014 Refunds

#### STG2 – Post 14 Refunds

##### Currently Opened

<b>No. of Deposit Currently Opened</b>	<b>680</b>
<b>Total Credits</b>	<b>£111,013.30</b>

##### Opened Accounts

<b>2023/24</b>	<b>143</b>
<b>2022/23</b>	<b>203</b>
<b>2021/22</b>	<b>199</b>
<b>2020/21</b>	<b>169</b>
<b>2019/20</b>	<b>131</b>

##### Closed Accounts

<b>2023/24</b>	<b>24</b>
<b>2022/23</b>	<b>46</b>
<b>2021/22</b>	<b>27</b>
<b>2020/21</b>	<b>48</b>
<b>2019/20</b>	<b>14</b>

3.1 The number of temporary deposit accounts held for this category of members has increased from 598 to 680:

Total number: 680

Current amount held in accounts: £111,013.30

This is an increase from the amount previously held of £91,432.85

3.2 This is an increase of 82 reported at the last Pensions Board, as expected as more and more members come up to their five-year deadline. However, the National Technical Group has contacted the Scheme Advisory Board to request a change in the LGPS Regulations 2013 to remove the requirement for a refund to be paid within five years. A response is still awaited.

3.3 A breakdown of the number of accounts opened and closed this year is shown at Appendix B.

#### **4.0 Members not claiming benefits**

- 4.1 A number of temporary bank accounts relate to members not claiming their benefits for reasons unknown. This could be because any pension may impact on DWP benefits they may be claiming; the pension is too small or they do not believe the pension is genuine.
- 4.2 The Pensioner Services Team have recently contacted the beneficiaries who we have contact details for and have a deposit account either by phone, e-mail or text and this has resulted in some of the deposit accounts being closed and the pensions put into payment.

#### **5.0 Tracing**

- 5.1 At least on an annual basis WYPF review the bank accounts and carry out further traces to see if the member can be located. This can be through the National Fraud Initiative, using a tracing agency or other means such as death notifications, member contacting us etc.
- 5.2 On-line tracing agencies used include Experian, Locta, Trace IQ & THE Tracing Group. Where pensions are a reasonable amount (the cost is deductible from the benefits payable) then individuals tracing agents are used.

#### **6.0 Conclusion**

- 6.1 Payments into a temporary bank account are made when all tracing options are exhausted and mean that the Fund has discharged its liability and the member is not faced with an unauthorised tax charge if they were to claim their benefits late.
- 6.2 The accounts are regularly monitored and closed where members are located or confirmation received that they have died.

#### **Appendices**

These are listed below and attached at the back of the report	
Appendix A	Deposit Account Summary - Pensioner/Beneficiary
Appendix B	Deposit Account Summary - Post 14 Refunds

## **Consultation**

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

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

### **Background Papers**

No background papers within Section 100D of the Local Government Act 1972 were used in the preparation of this report.

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

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