



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

Report to:	LGPS Local Pension Board
Date:	17 March 2022
Subject:	Temporary Bank Accounts

### Summary:

This report updates the Board on the number of temporary bank accounts created by WYPF to hold monies due to beneficiaries of the scheme.

Yunus Gajra, Assistant Director (Finance, Administration and Governance) from WYPF, will update the Board.

### Recommendation(s):

That the Board note the report.

## Background

### 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.

**STG1 - Pensioner/Beneficiary****Currently Opened**

<b>No. of Deposit with Credit</b>	
Balances	48
Total Credits	£47,847.82

**Opened Accounts**

2021/22	3
2020/21	17
2019/20	27
2018/19	34
2017/18	66
2016/17	11
2015/16	4

**Closed Accounts**

2021/22	4
2020/21	15
2019/20	42
2018/19	22
2017/18	27
2016/17	4
2015/16	0

**STG2 - Post 14 Refunds****Currently Opened**

<b>No. of Deposit with Credit</b>	
Balances	378
Total Credits	£51,371.37

**Opened Accounts**

2021/22	160
2020/21	169
2019/20	131

**Closed Accounts**

2021/22	20
2020/21	48
2019/20	14

## **2.0 Lost Contact Pensioners/Deferreds**

- 2.1 The number of temporary deposit accounts held for this category of members has decreased to 48 from 49 which was reported at the last Pensions Board.

Total number: 48

Current amount held in accounts: £47,847.82

This is a reduction on the number of accounts previously held as some beneficiaries have been traced.

## **3.0 Post 2014 Preserved Refunds**

- 3.1 The number of temporary deposit accounts held for this category of members has increased to 378 from 274:

Total number: 378

Current amount held in accounts: £51,371.37

This is an increase from the amount previously held of £34,483.48

- 3.2 This is an increase of 104 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 detailed breakdown of the number of accounts opened and closed is shown at Appendix A.

## **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 If persistent attempts to contact the beneficiary fails then a personal visit usually resolves the issue and the count is closed and balances are paid to the beneficiary. However, personal visits are currently on hold due to the pandemic.

## **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 and Trace IQ. Where pensions are a reasonable amount (the cost is deductible from the benefits payable) then individual tracing agents are used.

## **6.1 Conclusion**

- 6.1 Payments into a temporary bank account are made when all tracing options are exhausted and 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.
- 6.2 The accounts are regularly monitored and closed where members are located or confirmation received that they have died.

## **Consultation**

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

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

## **Appendices**

These are listed below and attached at the back of the report	
Appendix A	Deposit Account Summary

## **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 Yunus Gajra, who can be contacted on 01274 432343 or [Yunus.gajra@wypf.org.uk](mailto:Yunus.gajra@wypf.org.uk).