



Legal Developments in Public Sector Pensions

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Overview

- Looking back
 - Hutton
 - Fair Deal
- Looking forward
 - Academies
 - Admission Agreements
 - Auto enrolment
 - De-risking & investment
 - Fund consolidation?
 - LGPS reforms?
 - Further reform?



Looking Back – Hutton

- Independent Public Service Pensions Commission
- Interim Report – 7 October 2010
- Final Report – 10 March 2011
- Lots of recommendations



Looking Back – Hutton

- Negotiations with Unions
 - March 2011 onwards
- Heads of Terms
 - December 2011
- Implementation
 - April 2012 onwards
- Application in Scotland



Looking Back – Fair Deal

- 1999 & updated 2004
 - Future pension provision
 - Accrued pension rights
- *“Consultation on the Fair Deal policy:
Treatment of pensions on compulsory transfer
of staff from the public sector”*
 - Published 3 March 2011
 - Closed 15 June 2011
 - 3 options



Looking Back – Fair Deal

- Written ministerial statement issued by Danny Alexander on 4 July 2011:

“the Government has reviewed the Fair Deal policy and agreed to maintain the overall approach, but deliver this by offering access to public service pension schemes for transferring staff”

- Broadly comparable schemes?
- Autumn 2012



Looking Forward – Academies

- Scheduled Body Employer
- Transfer of deficit relating to past pensionable service
 - transferring employees
 - “non-actives”
- Employer Contribution Rate
 - individual
 - pooled



Looking Forward – Admission Agreements

- The Local Government Pension Scheme (Miscellaneous) Regulations 2012
 - 1 October 2012 in England & Wales
 - Scottish equivalent?
 - Several changes
 - separate admission agreements
 - requirement for a bond or indemnity
 - transferee and community admission bodies
 - actuarial valuation on exit
- Issues



Looking Forward – Auto enrolment

- The Local Government Pension Scheme (Miscellaneous) Regulations 2012
- Regulation 13 of the Administration Regulations
- 1 October 2012 in England & Wales
 - Scottish equivalent?

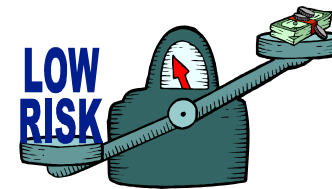
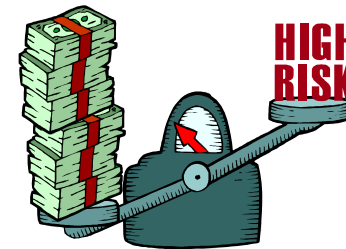


Looking Forward – Auto enrolment

- Automatic enrolment
 - Eligible employees
 - 1st day of employment
 - 1st day that employer becomes a scheme employer
 - Employment contracts less than three months
- Admission bodies
 - Designation date
 - Employment contracts less than three months

Looking Forward – De-risking

- 1st LGPS Buy In
 - The West Midlands Integrated Transport Authority (ITA) Pension Fund
 - Pensioner liabilities only
 - Bulk annuity from Prudential
- Other de-risking
 - LDI
 - Data cleansing
 - Risk benefits insurance
 - Diversification



Looking Forward - Investment

- The Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010
- Reform?
- Infrastructure?
- NAPF platform



Looking Forward – Fund consolidation?

- Pathfinder
- 5 superfunds?
 - 101 funds with £150bn assets
 - 5 superfunds with £30bn assets
- London
 - April 2012
 - £30bn superfund
 - 2016?
- Wales?



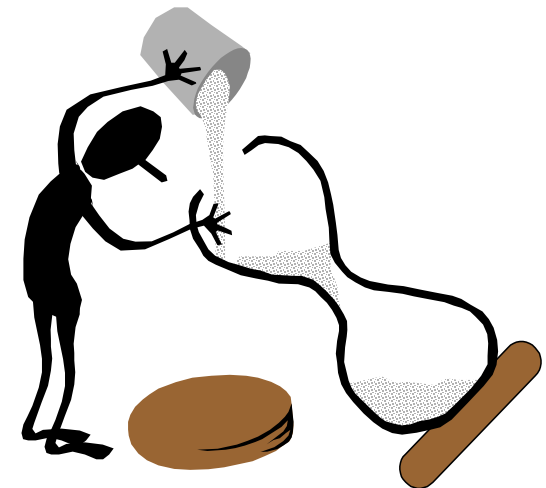
Looking Forward – LGPS Reform?

- Reforms in Scotland yet to be finalised
- 2008 Agreement



Looking Forward – Further Reform?

- Governance
- Investment
- Affordability
- Hutton – 25 years



Any questions?

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- Los Angeles
- Miami
- New York
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- Phoenix
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