

# Buckinghamshire County Council Pension Fund Employer's Newsletter – DECEMBER 2016



Welcome to our quarterly employer's newsletter.

Details of bulletins and circulars issued by the Local Government Association (LGA) since the last newsletter are detailed below. Bulletins since 2014 are available [from the LGA website](#).

## LGPC Bulletins

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Local Government Pensions Committee (LGPC) issue a bulletin every month to update scheme administrators on where we are with changes to the Local Government Pension Scheme (LGPS). The bulletin is quite detailed and is designed for scheme administrators. We highlight issues to Employers as necessary.

[Bulletin 149](#) – **September 2016** Items of relevance to Employers have been included in this newsletter.

[Bulletin 150](#) – **October 2016** Items of relevance to Employers have been included in this newsletter.

[Bulletin 151](#) – **November 2016** Items of relevance to Employers have been included in this newsletter.

## LGPC Circulars

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### **Circular 301 – October 2016**

This Circular has been issued to advise administering authorities and employers participating in the Local Government Pension Scheme of a number of one-day workshops to be run at various locations across England and Wales. The events have been organised by the Local Government Pension Committee.

### **UNDERSTANDING...AUTO-ENROLMENT & THE LGPS**

These workshops are aimed primarily at staff working for scheme employers who have operational responsibilities under the Local Government Pension Scheme (LGPS) but are yet to reach their staging date under the Pensions Act 2008. Delegates do not necessarily need a thorough working knowledge of the LGPS itself; however, some experience of the scheme and its provisions would be useful. It is important to understand that the workshops explain auto-enrolment duties in the context of the LGPS and that the material, incorporating examples, is LGPS-specific.

### **Workshop dates, locations & venues:**

<a href="#">10 January</a>	Liverpool	Marriott Hotel	
<a href="#">17 January</a>	Birmingham	Novotel, Broad Street	<i>almost full</i>
<a href="#">24 January</a>	London	Victoria Park Plaza	<i>fully booked</i>
<a href="#">31 January</a>	Cardiff	Marriott Hotel	
<a href="#">07 February</a>	Durham	Marriott Hotel	
<a href="#">21 February</a>	Exeter	Mercure Rougemont Hotel	

### **UNDERSTANDING...THE EMPLOYER ROLE**

These workshops are aimed at both administering authority pension section staff and scheme employer staff who have operational responsibility under the Local Government Pension Scheme (LGPS). From assessing contribution rates on commencement to deciding benefit entitlements on leaving, the course goes through everything an employer participating in the LGPS needs to know.



## Workshop dates, locations & venues:

<a href="#">28 February</a>	Birmingham	Novotel, Broad Street	<i>fully booked</i>
<a href="#">07 March</a>	Liverpool	Marriott Hotel	
<a href="#">14 March</a>	Cardiff	Marriott Hotel	<i>fully booked</i>
<a href="#">21 March</a>	London	Victoria Park Plaza	<i>fully booked</i>
<a href="#">04 April</a>	Leeds	Marriott Hotel	<i>almost full</i>
<a href="#">11 April</a>	Exeter	Mercure Rougemont Hotel	<i>almost full</i>

The delegate rate for each workshop, inclusive of lunch, refreshments and all delegate materials is £250 plus VAT at the standard rate.

Early booking is highly recommended as places are limited. Bookings are made via the on-line events booking facility which is part of the Local Government Association website. Each event has a link attached to the date in order to book direct. The main events booking page for all LGA events are viewable at: <http://www.local.gov.uk/events>

If you experience any difficulties in using the on-line website booking facility, please contact Elaine English, LGPS Executive Officer, by email [elaine.english@local.gov.uk](mailto:elaine.english@local.gov.uk)

## Pension Fund Investment Update

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### Quarterly Summary:

30 <sup>th</sup> September 2016	Annualised Performance (%)		
	Quarter	Annual	3 year
Fund (excl. Private Equity)	7.5	18.0	9.8
Benchmark	6.7	19.5	10.0
Out/ <b>-Under</b> Performance	0.8	<b>-1.5</b>	<b>-0.2</b>
Market Value (£bn)	2.485	-	-

The Fund excluding private equity investments achieved a return net of fees of 7.5% for the quarter, outperforming its benchmark of 6.7% by 0.8%, the value of the whole Fund as at 30 September 2016 was £2.485bn. A return of 18.0%, representing underperformance of 1.5%, compared to the 19.5% benchmark, for the twelve month period is reported. A return of 9.8% representing underperformance of 0.2% compared to the benchmark of 10.0% is reported for the three year period.

### Brunel Pension Partnership – Investment Pooling

The Brunel Pension Partnership consists of 10 LGPS pension funds, including Buckinghamshire, who have combined investment assets of almost £25bn. The Partnership was established in response to the Government's requirement for LGPS funds to enter into investment pooling in order that their increased purchasing power can help to reduce investment manager fees and improve the capability of pension funds to invest in infrastructure and undertake internal investment management. The business case illustrates that the Buckinghamshire Pension Fund could make savings in the order of £6.1m annually as a consequence of Pension Pooling.

In order to achieve this, the Brunel Pension Partnership will need to set up a Financial Conduct Authority (FCA) regulated company that is jointly owned by the administering authorities. Each of the funds are currently getting approval from their administering authorities to proceed and establish the Company. So far the first 5 authorities have approved this, and Buckinghamshire will be looking to approve it at County Council on 16<sup>th</sup> February 2017. The last 2 Brunel Pension Partnership authorities will be seeking approval at their County Council meetings on 23<sup>rd</sup> February 2017.

More information and updates about the project can be found on the Project Brunel website at: [www.brunelpensionpartnership.org](http://www.brunelpensionpartnership.org)

### BCC Pension Fund General Meeting 8 December

The BCC Pension Fund General Meeting took place on Thursday 8 December. The agenda included presentations by the Pension Fund Committee Chairman, the Buckinghamshire Pension Board Chairman, our Finance Director, Principal Pensions Officer (Benefit Administration) and our Actuary.

Thank you to those of you who attended the meeting; copies of the presentations have been sent to attendees. We hope you found it helpful and informative.

## **BCC Pension Fund's Administration Update**

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### **2016 Valuation Report**

At the time of this newsletter's publication, we are waiting for the Actuary to provide the Fund's preliminary 2016 valuation report, which will set out the Employer contribution rates for 2017/18, 2018/19 and 2019/2020. Thank you for your patience on this and be assured that we will send the report to Employers as soon as it is available.

### **Member Self-Service - "my pension online" update**

We launched [my pension online](#) earlier this year. The portal allows Scheme members to view their pension information online and the feedback that we have received to date has been very positive.

The launch has been greatly aided by the support that we have had from Employers in helping to make our members aware of the online portal. We would like to extend a big **thank you** to all who have contributed to making the launch so successful. Some of our Employers have MSS registration rates in excess of 60%, which is a great result. Thank you and please do continue to promote 'my pension online' to your staff.

The main benefit of [my pension online](#) is that it gives LGPS members safe and secure access to their pension record, 24 hours a day. They can check their annual benefit statements, update their address details, check the accuracy of their pension records, calculate pension benefits due at retirement and view and change their death grant nomination.

For further information on [my pension online](#) please contact Anthony Franklin by emailing [antfranklin@buckscc.gov.uk](mailto:antfranklin@buckscc.gov.uk). If Scheme members encounter any difficulties completing their registration, please email [mssregistration@buckscc.gov.uk](mailto:mssregistration@buckscc.gov.uk) for assistance.

### **Employer Services and i-Connect**

We are currently trialling two new systems which will bring increased efficiencies to Employers and to the Pension Fund. Employer Services (ES) is essentially a combination of our administration system Altair & [my pension online](#) (aka MSS) i.e. what members see when they go online to view their own benefits. ES users will be able to produce benefit calculations, as the Pensions & Investments Team currently do.

The second of these, i-Connect, is an online data exchange hub through which Employers will be able to submit pension scheme data to us, resulting in greater operational efficiency through automation and realising administrative cost savings. If you are interested in being involved in either of these projects, please contact Steve Lugg by emailing [slugg@buckscc.gov.uk](mailto:slugg@buckscc.gov.uk).

### **Pensions & Investments Team changes**

Pete Ward and Michael Holley will sadly be leaving the County Council at the end of December. Joel Feeney has joined the Employer Liaison Team on a permanent basis and Claire Lewis-Smith will be returning from maternity leave in January 2017.

As per our Pension Administration Strategy, each Employer is allocated a specific Employer Liaison Officer (ELO) as their main point of contact regarding any aspect of administering the LGPS. Claire will review the Employer alphabetic split when she returns, but we don't anticipate too big a change. In the meantime you can continue to email Emma, Hannah, Karen and Joel, as appropriate. We also have a team mailbox at [employers@buckscc.gov.uk](mailto:employers@buckscc.gov.uk)

As you may be aware, Michael Holley was the main contact for monthly contributions and annual return reconciliation, pensions finance issues, as well as coordinating FRS102/IAS19 requests. We are in the process of recruiting to his post. In the meantime, please continue to send your monthly contributions to [LGPSreturns@buckscc.gov.uk](mailto:LGPSreturns@buckscc.gov.uk) and all other pension finance query emails to the shared [pensionfinance@buckscc.gov.uk](mailto:pensionfinance@buckscc.gov.uk) mailbox.

### **Quick Link to our Employee Forms**

All our Employee forms are available from our website. Members can either visit our homepage ([www.buckscc.gov.uk/pensions](http://www.buckscc.gov.uk/pensions)) and click the icon for "Guides, forms and booklets", or use the short URL,

[www.buckscc.gov.uk/LGPSguidesandforms](http://www.buckscc.gov.uk/LGPSguidesandforms), which is a useful short link for inserting into written contracts of employment.

All new LGPS members **must** be provided with a link to our online LGPS literature and forms on joining, as some aspects of the Scheme are time-sensitive e.g. transfers in to the BCC Pension Fund, refunds on opting outs, etc.

### **Additional Voluntary Contributions – Provider switch**

As you will be aware, we currently offer members of the LGPS the opportunity to pay Additional Voluntary Contributions (AVCs) to one of our two providers; Prudential and Clerical Medical. After a review of these providers, it was proposed (and agreed by the Bucks Pension Board in October 2016) that we switch provider from Clerical Medical to Scottish Widows. Members of the scheme will benefit from improved customer service and a wider choice of investment funds.

All members who currently hold an AVC fund with Clerical Medical were advised of the potential switch in September 2016 and we will be writing to them again soon to confirm that this switch will take place from 1<sup>st</sup> April 2017.

As the Employing authority, the main procedural change is that from April 2017 you will be required to pay over the contributions to Scottish Widows, instead of Clerical Medical, using the bank details provided below. A new payment reference will also be required, which we will provide to you nearer the time.

Sort Code: 30-18-05  
Account Number: 00016825

We will remind you of these bank details and provide the payment reference in our next employer newsletter (March 2017). If you have any queries, please contact Martin Price by emailing [maprice@buckscc.gov.uk](mailto:maprice@buckscc.gov.uk).

### **Leaver forms – procedural change**

In line with our Service Level Agreement, we ask that where a member of the LGPS leaves employment you provide us with a leaver form. We have recently received further guidance which confirms that there are some circumstances where a leaver form is not required and others where a leaver form is required.

Where an employee is promoted or moves to another position within the same employer without a break in service, as the Employer you are able to determine that a single employment relationship exists. If this is the case then it is not necessary for you to complete a leaver form as the member's LGPS pension account can just continue.

If the employee moves to a position on a lower salary, this may have an adverse consequence to the member if they were in the scheme prior to **1<sup>st</sup> April 2014**. In these cases, you may determine that a single employment relationship **does not** exist and as such you would be required to complete a leaver form and send this to the Benefit Administration Team as normal.

### **Employer training note – Leavers**

Further to the three Employer training sessions held in July 2016, we have received requests for training notes for completing a leaver form. Please find attached some notes that we hope you find useful.

NB: Further guidance can be found in our Service Level Agreement. Both our SLA and the leaver form guidance notes are available [from the Employers section of our website](#).

### **Update on Year End**

To date, we have fully completed the year-end data cleanse for 127 Employers (i.e. all benefit statements issued and no outstanding queries). A further 68 Employers are yet to either; receive their phase 2 queries, or reply to their queries, or receive their phase two Annual Benefit Statements. Our Employer Liaison Officers continue to raise and chase year-end queries. Please do make responding to these a priority.

### **NICO earnings required on leaver forms**

We often get queries about the National Insurance Contracted Out (NICO) earnings we require on our Leaver forms. The figures that we require are the earnings above Lower Earnings Level (LEL) up to the

Upper Accrual Point (UAP) for each financial year (1 April to 31 March) of the member's employment where the member has less than two years membership and is entitled to a refund of their own LGPS contributions. These are not usually the same as the pensionable pay. The information can be extracted from your payroll system and should be provided separately for each financial year. [National Insurance guidance](#) is available online from the gov.uk website.

Should you need further guidance, please contact [HMRC](#).

### **Further Education and Sixth Form college area reviews**

DCLG produced [an information note to support the area review process](#); this document sets out information that colleges need to think about, in relation to pension issues, during the review process. It also provides information on the ways to manage the asset and liability position of colleges looking to change their current position e.g. merge with another college, or close.

## **BCC Pension Fund's Reminders**

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### **Change of email address for submission of spreadsheets**

We have set up a new email address for returning your starters, changes, CARE 50/50 election and opt out spreadsheets. All starters, changes, CARE 50/50 election and opt out spreadsheets should be sent to [LGPSchanges@buckscc.gov.uk](mailto:LGPSchanges@buckscc.gov.uk). These spreadsheets must be sent to us by the 15<sup>th</sup> of the month following the month the payroll action was taken. To avoid being unnecessarily chased, please send an email quoting "Zero return or "Nil return" for those months that you have no spreadsheets to submit.

The email address for returning your monthly contribution spreadsheets is unchanged. These should be sent to [LGPSreturns@buckscc.gov.uk](mailto:LGPSreturns@buckscc.gov.uk) by the 19<sup>th</sup> of the month following the month the payroll action was taken.

The above deadlines ensure that all spreadsheets are processed by us within the regulatory time limits. If these deadlines are not met, fines may be imposed by the Pensions Regulator, who has administration oversight of the LGPS, and these fines will be passed on to the Employer.

### **Are the right people receiving our newsletters?**

Please ensure that the staff responsible for providing information to us receive copies of this quarterly employer newsletter and that they have been provided with a copy of the BCC Pension Fund Service Level Agreement (SLA). Our SLA is our Fund's detailed LGPS administration guide and the latest version can be accessed from our website at <http://old.buckscc.gov.uk/about-your-council/local-government-pension-fund/employers/employers-guides-forms-and-booklets/>

If you need to add anyone to our email distribution list, please send their full name, job title and email address to [employers@buckscc.gov.uk](mailto:employers@buckscc.gov.uk). For your convenience, back issues of our Employer newsletters are available from the Employers section of our website.

### **Automatic Enrolment**

Our larger employers have reached/will reach the anniversary of their AE staging date and our smaller employers may reach their AE staging date soon. Please remember to email [employers@buckscc.gov.uk](mailto:employers@buckscc.gov.uk) with your organisation's Auto-enrolment staging date, or three year anniversary of your AE staging date.

If you have any questions on auto-enrolment please refer to the [LGA's Automatic Enrolment guide](#) (last updated 9 June 2016).

### **TUPE transfers out and Academy conversions**

Please remember to contact Marie Edwards, TUPE Liaison Officer, [mpedwards@buckscc.gov.uk](mailto:mpedwards@buckscc.gov.uk) prior to any TUPE transfers that affect employees who are members, or who are eligible to be members of the LGPS. Marie deals with admission agreements and bulk transfers, and also deals with the LGPS pension rights of support staff working for schools converting to Academy status.

### **Independent Registered Medical Practitioners**

Please remember to email [employers@buckscc.gov.uk](mailto:employers@buckscc.gov.uk) with contact details for the Independent Registered Medical Practitioners (IRMPs) used by your organisation to provide medical opinions for Ill Health

retirements. Under the Scheme regulations IRMPs have to be approved by the Fund. Also, we need to contact IRMPs from time to time with revised guidance.

### **LGPS Employer Discretionary Policies**

This is a standing item on our Employer newsletters. The 2014 Scheme contains a provision that Employer discretionary policies under the 2014 Scheme must be prepared, published and copied to the Pension Fund administering authority within three months of **1st April 2014**. Any subsequent revisions to the policies must be published and copied to the administering authority within one month of the change in policy.

Please be aware that all LGPS Employers **MUST** have a LGPS discretionary policy in place. Not only is this a regulatory requirement, but:

- Under revised CIPFA Guidance, we have to report on the number of Employers' LGPS discretionary policies we hold within our Pension Fund Annual Report.
- We will not process any quotes for employers who have not submitted their LGPS discretionary policy.

The relevant discretions are:

- Whether to grant additional pension of up to £6,755 per annum (increased each April) to an active Scheme member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency.
- Whether, where an active Scheme member wishes to purchase extra annual pension of up to £6,755 by making Additional Pension Contributions (APCs), to (voluntarily) contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).
- Whether to permit flexible retirement for staff aged 55 or over who, with the agreement of the employer, reduce their working hours or grade.
- Whether, as the 85 year rule does not (other than on flexible retirement) automatically apply to members who would otherwise be subject to it and who choose to voluntarily draw their benefits on or after age 55 and before age 60, to switch the 85-year rule back on for such members.
- Whether to waive any actuarial reduction on benefits paid early.

A guide is available from the national LGPS Regulations and Guidance page at:

<http://www.lgpsregs.org/index.php/guides/hr-guide-to-the-2014-scheme?showall=&start=20>.

If you haven't already done so, or if you are a new Employer in the BCC Pension Fund, please send your LGPS 2014 Employer discretionary Policies to [employers@buckscc.gov.uk](mailto:employers@buckscc.gov.uk). We will be chasing any outstanding LGPS discretionary policies in the new year.

## **LGPS General Update**

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### **Pensions Increase/Revaluation for 2017**

It has been confirmed that CPI in the year to 30 September was 1.0%, so we expect that this will be confirmed as the 2017 rate of pension increase and revaluation. We will let you know when it has been agreed by DCLG.

### **LGPS (Management and Investment of Funds) Regulations 2016**

On 23 September 2016, the above regulations were laid before parliament. The regulations facilitate the pooling of investment funds and introduce:

- A requirement to publish an investment strategy no later than 1 April 2017 in accordance with guidance issued by the Secretary of State
- A power for the Secretary of State to intervene where an authority fails to comply with its statutory obligations as regards its pension fund or where it fails to act in accordance with guidance

See above for more information on the Brunel pension partnership and our role in the partnership.

### **Exit Payment Cap and Recovery update**

The government have provided the LGA with the following update on the exit payment cap and recovery legislation:

## Exit Cap

There will be a further consultation on regulations for the £95,000 exit payment cap; the regulations were therefore not in force in October as originally anticipated. Following this consultation it is hoped that regulations will be published and in force early next year.

## Exit Payment Recovery

The recovery regulations for those earning £80,000 or more who leave public sector employment and return within a year are expected to be published and in force this year, subject to being passed by both Houses of Parliament under the affirmative process.

## Government response to the further consultation on exit payment reform

The government has recently [responded](#) to the further consultation on exit payments confirming that it intends to proceed with plans for further reform.

## Summary of the proposals

- a maximum tariff for calculating exit payments of three weeks' pay per year of service. Employers could apply tariff rates below these limits
- a ceiling of 15 months on the maximum number of months' salary that can be paid as a redundancy payment. Where employers distinguish between voluntary and compulsory redundancies there may be a case for maintaining a differential by applying a lower limit. Likewise, where employers offer voluntary exit packages that are not classed as redundancies there may be a case for applying a different maximum. Employers could apply lower limits, as some do at present.
- a maximum salary on which an exit payment can be based. As a starting point the government will expect this to align with the existing NHS scheme salary limit of £80,000
- a taper on the amount of lump sum compensation an individual is entitled to receive as they get closer to their normal pension age
- action to limit or end employer-funded early access to pension within exit packages. As part of an overall package the government will consider proposals appropriate to each workforce, including action to:
  - cap the amount of employer funded pension 'tops ups' to no more than the amount of the redundancy lump sum to which that individual would otherwise be entitled
  - remove the ability of employers to make such top ups altogether, or offer greater flexibility to employers as to the circumstances in which they are available
  - increase the minimum age at which an employee is able to receive an employer funded pension top up, so that this minimum age is closer to or otherwise linked more closely with the individual's normal pension age in the scheme in which they are currently accruing pension benefits or to which they would be entitled to belong if they were accruing benefits

## Who is in scope?

- current and future public sector employees
- the major workforces covered by existing statutory compensation schemes and other contractual exit arrangements. These are the Civil Service, NHS, Local Government, Teachers, Police, Firefighters and (taking account of the unique nature of the occupation) Armed Forces
- those covered by any new compensation schemes set up for public sector employees
- in other areas, and for smaller public sector workforces, the government would encourage reforms consistent with the principles set out in this response
- devolution: the policy would extend to all employments where compensation policy and practice is within the competence of the UK government. The Scottish government, Welsh government and Northern Ireland Executive would determine if and how they wanted to take forward similar arrangements in relation to devolved bodies and workforces.

## Transitional arrangements

The government will consider the case for protection for those with exits formally agreed on terms that applied before new workforce exit compensation arrangements come into effect. The government expects the details of such protection will form part of the agreements reached by the relevant department with each workforce in scope of the reforms.

## Timing

The response confirms that the government expects departments to produce packages consistent with the framework above and consult on these where appropriate.

The government will expect departments to produce these proposals within three months of the publication of the response (i.e. by 26 December 2016) and to have completed negotiations and made the necessary amendments to exit arrangements within nine months of the publication of the government response (i.e. by 26 June 2017). Given that the compensation arrangements and employer-funded early access to pension are both contained within statutory instruments for the LGPS, this will be a challenging timetable.

## The Pensions Ombudsman (TPO)

As of 1 September 2016, the Pensions Ombudsman Service changed its name to The Pensions Ombudsman, or TPO when abbreviated.

## Government drops plan to convert all schools to academy status

[It was reported](#) on 27 October 2016 that the Government had dropped its bill to require all schools in England to convert to academy status by 2022. The Government are still of the view that schools would benefit from the freedom and autonomy that academy status brings, but they will now focus their efforts on encouraging schools to convert voluntarily.

## State Pension Age independent review: interim report

Under the Pensions Act 2014, the Government must undertake an independent review of the State Pension Age each parliament. The independent review for the current Parliament has [produced an interim report](#) of its findings prior to its final report which is due to be published in 2017. The final report will make recommendations to Government on possible changes to the SPA.

## Publication of LGPS (E&W) statistics 2015/16

Following the completion of the 2015/16 SF3 data collection forms by LGPS administering authorities in England and Wales, DCLG have [published their results](#). The key points from [the England release](#) are:

- Total Local Government Pension Scheme expenditure in England in 2015-16 was £10.0 billion. On a like-for-like basis the increase was £0.6 billion or 6.1%
- Total Local Government Pension Scheme income in England in 2015-16 was £12.4 billion. On a like-for-like basis the decrease was £0.2 billion or 1.4%.
- Employers' contributions to the Local Government Pension Scheme in 2015-16 amounted to £6.6 billion and employees' contributions to the scheme were £2.0 billion.
- The market value of the Local Government Pension Scheme funds in England at the end of March 2016 was just over £200 billion.
- The Local Government Pension Scheme in England encompasses more than 5.06 million people. Of this number, 1.8 million are employees who are still contributing to the scheme, 1.5 million are pensioners and 1.8 million are former employees who are entitled to a pension at some time in the future

## Autumn Statement 2016

On 23 November, the Chancellor of the Exchequer, Philip Hammond MP, gave the [2016 Autumn Statement](#) which included the announcements below.

In his speech, the Chancellor announced that the annual budget will in future take place in autumn and that this would therefore be the last autumn statement. An annual spring statement, with a more limited scope than the current autumn statement, will be given in each spring from 2018 onwards. To transition to the new system, there will be two budgets in 2017.

## Salary sacrifice

Following the Government consultation undertaken earlier this year on limiting the salary sacrifice benefits that achieve tax and National Insurance advantages, the Chancellor confirmed in the statement that the Government plan to proceed with the changes.

Under the reforms, childcare vouchers/workplace nursery provision, the Cycle to Work scheme, pensions (including advice) and ultra-low emission cars will retain their tax and NI advantages, but most other benefits will lose these.

Most of the reforms will come into effect in April 2017, although arrangements already in place before April 2017 will maintain the advantages until April 2018, and arrangements for (non ultra-low emission) cars, accommodation and school fees will keep the advantages until April 2021.

### **Reduction to the money purchase annual allowance**

The Government have announced that they plan to reduce the money purchase annual allowance – the maximum annual amount individuals can contribute to a defined contribution pensions after having previously accessed a pension flexibly – from £10,000 to £4,000 from April 2017.

A [technical consultation was launched](#) to cover the detail, with responses to be submitted by 15 February 2017.

### **Consultation on tackling pensions scams**

The Government also announced that they plan to undertake a consultation before the end of the year on steps to tackle pension scams, including ending ‘cold calling’. In addition, the consultation will contain options for giving schemes greater power to block suspicious transfers.

### **Personal allowance and higher rate threshold**

The government will meet its commitment to raise the income tax personal allowance to £12,500 and the higher rate threshold to £50,000 by the end of this Parliament. For 2017/18, the personal allowance will rise to £11,500 and the higher rate threshold to £45,000. Once the personal allowance reaches £12,500, it will then rise in line with CPI.

### **National Insurance thresholds**

The National Insurance secondary (employer) threshold and the National Insurance primary (employee) threshold will be aligned from April 2017, meaning that both employees and employers will start paying National Insurance on weekly earnings above £157. This will simplify the payment of National Insurance for employers.

### **Termination payments**

As announced at Budget 2016, from April 2018 termination payments over £30,000, which are subject to income tax, will also be subject to employer NICs. Following a technical consultation, tax will only be applied to the equivalent of an employee’s basic pay if their notice is not worked, making it simpler to apply the new rules. The government will monitor this change and address any further manipulation. The first £30,000 of a termination payment will remain exempt from income tax and National Insurance.

## **Distribution and feedback**

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Please ensure that relevant staff in your organisation, including your bursar / finance managers, HR managers **and your payroll provider(s)** receive this newsletter. We also welcome any feedback on the format and content of this newsletter so if you have any comments or suggestions, or would like to add or change any of the contact details on our distribution list, please email [employers@buckscc.gov.uk](mailto:employers@buckscc.gov.uk)



*Thank you for your support and co-operation during 2016.  
The Pensions & Investments Team wish all our employers and  
members a safe, happy Christmas & all the best for 2017!*

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