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Our ref: LGPS Late Retirement Consultation  
Your ref:  
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Thahira Khatun  
Local Government Finance Reform and Pensions  
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Dear Thahira

**Local Government Pension Scheme  
Consultation on the implementation of new Late Retirement Factors**

With reference to the consultation launched on 28 March 2019, I respond on behalf of LGSS Pensions as their Head of Pensions. LGSS Pensions provide the pension administration service to both Cambridgeshire County Council and Northamptonshire County Council, being the administering authorities for the Cambridgeshire Pension Fund and the Northamptonshire Pension Fund respectively.

**Removing the Cliff Edge**

The proposed methodology does indeed remove the stark cliff edge effect that was experienced by members at the 2017 change; it smooths the effect of a change in the rate of Late Retirement increase since it takes into account the current Late Retirement methodology and 'linear' factors up to the point of the change.

**Other policy choices in methodological approach**

I do not have any comments about the specific assumptions made in formulating the factors, but would say that avoiding volatility and constant changes in factors would be appreciated.

**Implementing the new approach and factors**

The stated proposal is that the new guidance and factors will apply to all retirements from 1 May 2019 and that there is to be no recommendation to backdate the methodology.

I support the methodology not being backdated, however I note that there is no mention of a 3 month delay/lead in period to the new guidance applying as there was for the 2017 change, but believe that including one in the recommendation to your Minister is being considered .

Such a delay/lead in period may have had merit in the context of the 2017 change as members potentially had an opportunity to avoid the universal cliff edge reduction to the level of their increases. The change being proposed now, however, is rather different; there is no universal reduction but a far more nuanced effect on members' benefits, whereby some will see an increase and others a reduction to what they would have under the current methodology and factors.

I therefore question whether there is a need for any delay/lead in period this time, since the new methodology removes the stark cliff edge that led to such disquiet previously. With this particular change, a hard 3 month delay/lead in period may actually create its own problems and potentially lead to challenges; my concern is that it is the oldest members who would be most impacted by such a delay in implementation as their annual pension factors are improving and, say, one attaining age 75 in the delay/lead in period would have no options available that would allow them to benefit from the, by then, already published methodology and factors.

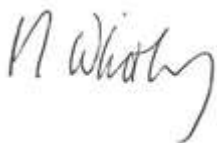
My preference would be for a clear, immediate, introduction of the new factors and methodology. In my view the new methodology provides sufficient mitigation to the effects of the changes in rates without requiring a 3 month delay/lead in period. This approach would also provide clarity from a communication perspective when dealing with members, and removes the prospect of a rush of speculative, time critical, enquiries regarding retiring before the factors take effect.

Finally, in the draft guidance document itself and the examples, NPA (Normal Pension Age) seems to be used interchangeably with NRA (Normal Retirement Age). In paragraph 2.1 of the guidance, rather than referring to 'service before 1 April 2014' and 'service on or after 1 April 2014' when distinguishing between categories, it may be helpful to keep a clear distinction between:

- a) Benefits under the LGPS Regulations 2013 which have a Normal Pension Age equal to the member's State Pension Age (with a minimum of age 65), and
- b) Benefits under the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, and Regulations that are defined in there as the Earlier Regulations and includes those that apply to councillor members, which have a Normal Retirement Age of 65.

I trust that this response proves helpful and look forward to the outcome of the consultation and the introduction of the new late retirement guidance and factors in due course.

Yours faithfully,



Mark Whitby FPMI, CPFA  
Head of Pensions  
LGSS Pensions