

meeting

PENSIONS ADMINISTRATION SUB - COMMITTEE

date

7 OCTOBER 2010

agenda item number

REPORT OF THE SERVICE DIRECTOR (HUMAN RESOURCES)

PAYMENT OF PENSION

1. Purpose of the Report

- 1.1 The purpose of this report is to inform the Sub-Committee on the payment of monthly pension to pensioners of the Nottinghamshire Local Government Pension Scheme.

2. Information and Advice

- 2.1 At the meeting of the Sub-Committee on 7 July, it was queried whether the monthly pension payments could be paid in advance (as per the police pensions) rather than in arrears as currently.
- 2.2 The LGPS pensions regulations (administration) 2008 states that in terms of commencement of pensions, 'the first period for which any retirement pension which is payable immediately on a member leaving any employment is payable begins with the day after the date on which his employment ends'. The regulations do not specify whether the payment should be made in advance or in arrears. The County Council currently pays the pension in arrears, on a monthly basis, on the last working day of each month.
- 2.3 The Police pensions regulations, as related to the police pensions schemes, requires the pension to be payable for life and to be discharged by payment in advance at such reasonable intervals as the police authority may, in their discretion determine. The County Council who undertakes the administration of the police pensions currently pays the pension in advance, on a monthly basis, on the last working day of each month.
- 2.4 Should the pension payment for a Nottinghamshire LGPS member be changed to be made payable in advance, the implications would be that:
- a) initially, each existing pensioner would need to be paid an extra payment at the end of the month, e.g. on 30 September, the

pensioner would receive the pension payment for September and October;

- b) subject to receiving timely notification from an employer of a member's retirement on for e.g. 30 September, the member would receive their pension for October on the same date;
- c) in the event of a pensioner's death, there would be an immediate overpayment to recover on the basis of the advance payment; and
- d) overall the Fund would have a reduction in the interest accrued in its accounts.

2.5 It should be noted that all of the east midlands administering authorities make the LGPS pension payment in arrears and on a monthly basis.

3. Statutory and Policy Implications

3.1 This report has been compiled after consideration of implications in respect of finance, equal opportunities, personnel, crime and disorder and those using the service and where such implications are material they have been described in the text of the report.

4. Recommendation

4.1 The Pensions Administration Sub - Committee is recommended to note that the County Council continues to make payment of LGPS pensions in arrears.

M TOWARD
SERVICE DIRECTOR (HUMAN RESOURCES)

Background Papers Available for Inspection

- a) The LGPS Regulations (Administration) 2008;
- b) The Police Pensions Regulations 1987.

Electoral Division(s) and Member(s) Affected

All