

Circular 13/2017
29 November 2017

To: Salaries and Wages
Human Resources
Pension Contacts

At: All Employing Authorities

Dear Colleagues

Revised Factors for Early Retirement Strain and Employer Awards of Additional Pension - likely to be effective from 1 January 2018

Following on from the results of the triennial valuation at 31 March 2016, the Scheme's actuary has advised that the actuarial factors used in the calculation of early retirement strain (capital costs) and employer awards of additional pension need updated. We understand that the current factors are underestimating the cost. Strain costs arise when benefits are paid early due to redundancy/efficiency, flexible retirement or when employers, at their discretion, waive early retirement reductions to benefits or turn on the 85 year rule for retirements before age 60. Employer awards of additional pension are entirely funded by the employer and any costs associated with an award of this type are charged directly to the employer concerned.

It is likely that the implementation date of the new factors will be 1 January 2018 so please be aware that any strain costs already quoted could increase. This means that any invoices for capital costs or awards of additional pension raised after 31 December 2017 will include the uplift. We will advise employers of the confirmed implementation date in due course.

Employer National Insurance Payments from April 2018 – for information

In Circular 10/2017 we updated you on proposals for employer National Insurance Contributions (NICs) to be charged on termination (exit) payments of over £30,000. This change will align how these payments are treated for NICs purposes with the

way they are treated under tax rules. Her Majesty's Treasury (HMT) had originally intended that these arrangements would take effect from April 2018.

HMT has now announced that the proposed measures have been delayed and will now take effect from April 2019. The full statement is available at [National Insurance Contributions Bill](#) .

Autumn Budget increases Lifetime Allowance - for information

On 22 November the Chancellor of the Exchequer announced that the Lifetime Allowance for pension savings will increase in line with the Consumer Prices Index (CPI) and rise from £1 million to £1.03 million for 2018/19.

Please contact either the Pensions Development Team or myself if you have any queries.

Yours sincerely

A handwritten signature in black ink that reads "Zena Kee". The signature is written in a cursive, slightly slanted style.

Zena Kee
Pensions Manager