



# LGPS update

February 2020

# Pensions Tax

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- High earner opt outs undermines cash flows into pension funds
- Annual allowance starting to hit middle earners – not just a top end problem
- Recruitment/retention of long service high earners problematic without flexibilities on package
- Leaving the scheme/sector, turning down promotion/acting up
- Biggest issue might be ignoring the pension saving statement
- Doctors getting their own deal
- Ideas for other schemes put to HM Treasury last year
- Chancellor eyeing higher rate tax relief
- Manifesto pledge to review situation of low earners

# Clawback and £95k cap

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- Manifesto pledge to ‘ensure redundancy payments can be clawed back when high-paid public servants move between jobs’
- Regulations must be affirmative but manifesto and majority should minimise parliamentary problems
- Last time this was £80k plus and 12 month sliding scale clawback
- Duties on the employee as well as both the old and new employer
- No timetable yet
- £95k cap will also no longer need opposition support to get through ‘affirmative process’ due to majority
- No response to consultation yet
- No timetable yet

# McCloud/Sargeant

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- Age discriminatory protections (appeal court)
- ET's finding is right to be treated as if protected
- Changes need to remove discrimination and deal with 'remedy period' (inc' possible options for unfunded schemes)
- Don't yet know changes to schemes or limit of remedy period (GLD will lead)
- Timetable roughly consultations in the spring followed by necessary changes to primary legislation then scheme regulations – could take 9 months could take 3 years
- Danger of new claims if interregnum too long
- LGPS probably some form of extended underpin
- Half of new 'protected members' have probably left since 2014 – administration 'challenge'

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