



<u>Committee and date</u> Pensions Board 5 February 2016 10.00am

<u>Item</u> <u>Public</u>
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Issues relating to ‘scamming’

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1. **Summary**
This report provides information on the issues relating to pension ‘scamming’ and details how the pension’s administration team ensure only legitimate transfers are made when transferring out benefits from the Scheme.
2. **Recommendations**
Members are asked to accept the position as set out in the report.

REPORT

3. **Risk Assessment and Opportunities Appraisal**
 - 3.1 **Risk Management**
By ensuring the legislation and processes mentioned in this report is followed and adhered to risks to the Fund are minimised.
 - 3.2 **Human Rights Act Appraisal**
Any recommendations contained in this report are compatible with the Human Rights Act 1998.
 - 3.3 **Environmental Appraisal**
There is no direct environmental, equalities or climate change consequence of this report.
 - 3.4 **Financial Implications**
Transfers out from the Local Government Pension Scheme (LGPS) to another pension provider are made on a cost-neutral basis removing any future liability to the Fund.
4. **Transferring benefits out of the Scheme**
 - 4.1 From 1st April 2014, if an active member leaves with more than two years’ service they are entitled to a deferred pension based on their accrual to the date of leaving. They can then transfer to another pension arrangement e.g. Occupational Scheme, Personal Pension, should they so wish unless they are within 12 months of their Normal

Pension Age (NPA). A retired member receiving payment of their pension cannot transfer benefits out of the Scheme.

5. Freedom and Choice

- 5.1** The government introduced Freedom and Choice legislation in April 2015 which gave increased flexibility in the options available to members of Defined Contribution (DC) Schemes. These new freedoms only apply to DC Schemes and not Defined Benefit (DB) Schemes such as the LGPS. The only way an LGPS member can access their pension through these freedoms is by transferring to a DC Scheme.
- 5.2** To release benefits from the LGPS the Fund has robust processes in place to ensure that members are protected from potential scams. If the transfer is valued over £30,000, the member must seek financial advice as this is now a regulatory requirement.
- 5.3** The Pensions Regulator (TPR) has a leaflet on how to avoid ‘Pension Scams’. This leaflet is included in all transfer-out quotations issued by the Fund. It is available to read on the ‘Transfers Out’ pages on the website: <https://shropshirecountypensionfund.co.uk/left-but-no-benefits-paid/about-your-pension/when-is-a-deferred-pension-paid/pensions-liberation/>
- 5.4** The Pensions Team use the TPR’s scam action pack for administrators which includes a check list, which if any are answered ‘yes’ to may be cause for concern, as a scam may be taking place, **Appendix A**. Transfer out request forms are also used to ensure the necessary information is provided to the member before they make a request. The forms used have been provided by the Local Government Association therefore include the necessary regulatory information which must be collated for all transfers out.

The Government has also set up a service called ‘Pension Wise’ which offers free and impartial guidance over the phone or face-to-face to individuals considering transferring pension benefits. Information about this service has been communicated to members in newsletters and via the Funds website.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

05/02/16 Item 6 Communicating and Safeguarding of hard to reach groups.

Cabinet Member (Portfolio Holder)

NA

Local Member

NA

Appendices

Appendix A – The Pension Regulators Action Pack