

## Tracing Deferred Pension Members

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### 1. Summary

The report provides Pension Board members with an update on the regulatory requirements for record keeping in the Local Government Pension Scheme. In particular it provides detail on the number of 'gone away' records held on the Pension Administration System and the plans in place to trace them.

### 2. Recommendations

Pension Board Members are asked to note the report.

## REPORT

### 3. Risk Assessment and Opportunities Appraisal

#### 3.1 Risk Management

By ensuring the guidance and legislation mentioned in this report is followed and adhered to risks to the Fund are minimised.

#### 3.2 Human Rights Act Appraisal

The 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

Poor record keeping can have an impact on both members and employers. Therefore, it is essential that records are kept up to date and any investment in systems or processes ensures the risk of being fined by the Pensions Regulator, or the incorrect payment of benefits are minimised. Any financial implications regarding the cost of any investment will be kept to a minimum and will be met by the Fund.

### 4. Record Keeping Requirements

- 4.1 The Public Service Pensions (Record Keeping and Miscellaneous Amendments) Regulations 2014 requires the Scheme Manager to keep specific data about members. The information which must be kept is

outlined in regulations 4 to 6 of the above regulations. In January 2016, the Fund created a record keeping matrix and documented where the information specified in the regulations is held, who is the responsible officer, the internal controls in place to check the data and the review period. The Fund's Record Keeping Matrix can be found in **Appendix A**.

- 4.2** There are improvements that can be made in this area and the Fund has recently undertaken a review to establish any additional processes which should be introduced to ensure completeness and accuracy of information held. There is known to be gaps in the address data held for deferred Scheme members. Currently, member tracing is undertaken when benefits are due for payment, although it is recognised that this type of exercise is required more often, there is not currently enough staffing resource to undertake this exercise on an annual basis.

## **5. Reviewing and improving Scheme data**

- 5.1** The Pensions Regulator's Code of Practice 14, in addition to the regulations provides practical guidance, page 35, paragraph 141 states;

*'Where the fund identify poor quality or missing data they should put a data improvement plan in place to address these issues. The plan should have specific data improvement measures which schemes can monitor and a defined end date within a reasonable timeframe when the scheme will have complete and accurate data.'*

Although the Record Keeping Regulations specifically states that only a member's 'last known postal address' should be held to comply with these regulations. The Fund is using the Pensions Regulators guidance to implement a data improvement exercise to specifically tackle the issue of missing addresses and a project is currently underway to identify and update the inaccurate addresses held on the Pensions Administration System.

- 5.4** An exercise was undertaken to identify the records where the Fund does not have an up-to-date address; known as a 'gone away' record. The Fund records a 'gone away' record as a result of a communication being returned by the postal service. The table below shows the total number of records currently identified as 'gone away';

Type of member	Number of 'gone away' records
Active	135
Undecided leaver	8

Deferred	1708
Pensioner	49
Widow/Dependant	30
Frozen Refund	492
Opt Out	2

- 5.2** The Fund is obtaining quotations from companies who specialise in tracing 'gone away' members, to work with the Fund across certain categories of membership to improve the records. There is also merit in looking into a mortality screening exercise at the same time to establish whether members have passed away. However, the Fund does participate in the LGPS National Insurance Database which means that a notification will be received if a member dies and is in another LGPS Fund, as this avoids the payment of two death grants which is not permitted under the LGPS regulations. The Fund also participates in the national Tell Us One (TUO) death notification service.
- 5.3** Although the regulations state that Scheme managers must keep all records of information relating to member information and transactions, priority will be given to tracing the address details of active members, deferred members, frozen refunds and pensioners. As benefits are due to be paid or already in payment.
- 5.4** The Board will be updated once the service provider's quotations have been analysed and a data improvement plan drawn up.

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

**Cabinet Member (Portfolio Holder)**

NA

**Local Member**

NA

**Appendices**

NA