

LOTHIAN PENSION FUND AND FALKIRK COUNCIL PENSION FUND PROPOSED MERGER



MEMBER Q&A

OVERVIEW

Lothian Pension Fund (LPF) and Falkirk Council Pension Fund (FCPF) are exploring the possibility of merging their operations.

With LPF and FCPF representing a combined 115,000 members, 98 active employers and £11.3bn of assets, a merger could have significant benefits for the funds, which in turn benefits members, employers, and colleagues. It will continue to build an increasingly resilient pension fund provider for the City of Edinburgh and Falkirk Council with operational scale to leverage contracts and investment in new technology.

For members, there are no changes to their pensions, and it would provide greater access to improved technology and more efficient operations.

The Pensions Committees of both the City of Edinburgh Council and Falkirk Council have been leading on this work for some time, building upon a history of successful collaboration between the two funds. Both funds have carried out an investigation of the expected benefits, disadvantages, costs and risks of a merger and this review is now complete with favourable results.

Work to take this proposal forward will continue this year, subject to approval by both the City of Edinburgh and Falkirk Council, and regulatory approval in both Scotland and the UK. If approved, the merger is expected to take place in 2023.

Both funds share the same principles and goals: to provide excellent administration to members and to invest assets responsibly. These would remain cornerstone goals if the merger was to proceed.

What does this mean for me if the merger goes ahead?

There will be no change to your pension. This move doesn't affect how much your pension is, how it's calculated or when you can take it. A Local Government Pension Scheme is a defined benefit contribution scheme with the rules set in law.

As part of the transfer of data, Lothian and Falkirk Pension Funds will provide all of your pension records to the new merged fund. You don't have to do anything.

It's simply a different pension fund looking after your pension, sending you your annual pension updates, and answering your questions.

As a member, deferred former member or pensioner of these funds, your Local Government Pension Scheme pension benefits will be provided by the merged fund from 2023. The change will take place

in 2023 and both Funds are working together to ensure a smooth transition to the single merged fund.

You'll find information below about your Local Government Pension Scheme (LGPS) Pension held with Falkirk Council and Lothian Pension Funds and what this change means for you and your pension when the change happens. You don't need to do anything as the change will happen automatically.

When will the pension switchover happen?

The switchover is due to take place in 2023. Nearer the time, a date will be announced for the transfer switchover and all the pension records will move from FCPF and LPF to the new merged fund. The new merged fund will be your pension provider from that point onwards.

When will we find out more about the proposed merger?

We'll provide more detailed updates after the Committee meetings in Autumn and in the months thereafter.

How do I get in touch if I have any questions?

For Lothian Pension Fund, please contact us at enquiry@lpf.org.uk if you have any questions.

For Falkirk Council Pension Fund, please contact us at pensions@falkirk.gov.uk

ACTIVE MEMBERS PAYING IN

Will the merger affect the pension benefits I have already built up within Falkirk Council Pension Fund (FCPF) or Lothian Pension Fund (LPF)?

No, the value of your pension benefits will remain the same and you'll continue to build up pension as set out in the Local Government Pensions Scheme (LGPS) Regulations, which apply to both Funds. An LGPS pension is a defined benefit contribution scheme with the rules set in law. The rules of the LGPS itself could change in future, but if they did, this would affect all LGPS members, no matter who their local authority fund was.

I am making contributions to both the LPF and the FCPF; will my pension benefits be combined?

No, if you're currently paying into both Lothian and Falkirk Council Pension Funds, these benefits will remain separate.

Will the merger affect the contributions that I pay?

No, your pension contributions will continue to be deducted from your pay by your employer as it does now, in line with the contribution rate that's applicable to you.

Will the merger affect the contributions that my employer makes to the fund?

The value of your benefits isn't dependent on the amount your employer pays. That said, scale economies in both investment and administrative operations arising from the merger may serve to lower future employer contribution rates.

I pay Additional Voluntary Contributions; do I need to inform my AVC provider?

No, all policies held within LPF and FCPF will transfer to the new merged fund's AVC scheme.

I pay Additional Pension Contributions; will I need to renew my contract?

No, the arrangements set out in your current contract will transfer to the new merged fund.

I have a Certificate of Protection; will this be affected?

No, the arrangements of any Certificates of Protection will continue to be unaffected.

I'm thinking about retiring in early 2023. Will the merger delay this process?

No, the day-to-day administration will carry on as usual, including processing pensions on retirement.

DEFERRED FORMER MEMBERS

How will the change affect me?

Following the merger, you'll still be a member of the Local Government Pension Scheme (LGPS), but your benefits will be held and administered by the new merged fund. There will be no change at all to the pension benefits you've built up so far. This change will simply result in a different pension fund looking after your member record, sending you your annual pension statement, and eventually paying your pension.

Will there be any impact on my pension benefits?

No, there won't be any change to any benefits you've built up in the scheme so far. As a deferred member, your pension benefits ceased to accrue from the date you opted out or stopped working with the employer you paid into the LGPS with. Your deferred pension entitlement isn't impacted by the merger and will be payable just as they would have been from the previous fund at retirement. The rules of the LGPS itself could change in future, but if they did, this would affect all LGPS members, no matter who their local authority fund was.

I paid Additional Voluntary Contributions (AVCs). What will happen to them as a result of the transfer?

Falkirk Council and Lothian Pension Funds have the same AVC providers – Prudential and Standard Life. Your AVC benefits will be held under the new merged fund once the merger has been completed and the link retained to your main scheme benefits. We'll contact you after the transfer has been completed to confirm new reference details.

Will I still be able to see my pension record online once it has moved?

Nearer the merger date, we'll confirm the arrangements for the Lothian Pension Fund members who use the My Pension Online system within the new merged fund. Providing an online facility for Falkirk members is a planned enhancement.

PENSIONERS

How will the change affect me?

The only change will be that the merged pension fund will take over the responsibility for paying your monthly pension from Falkirk Council and Lothian Pension Funds. Your monthly pension will continue to be paid by your current fund until the transfer to the new merged fund. After this date the new merged fund will pay your pension.

Will my pension payment date change?

Both Lothian Pension Fund and Falkirk Council Pension Fund pay pensions on the 15th of each month. There will be no change to the payment date. As before, if the 15th falls on a weekend or bank holiday, your pension will be paid on the closest banking day beforehand.

Will the pension amount change?

No, it won't. Your pension amount won't change as a result of the merger, and you'll continue to be paid the same monthly amount as Lothian or Falkirk Council Pension Funds paid you. Your LGPS pension remains secure, and the only change is that it will be paid by the new merged fund. Prior to the merger, we'll confirm the changes in payroll reference number to HMRC and work with HMRC to mitigate any risk of short-term amendment to individual members' tax codes.

Will I need to confirm my bank details to the new fund?

As part of the transfer of data, Lothian and Falkirk Council Pension Funds will provide all of your pension records to the new merged fund, including your bank details. You don't have to do anything. The new merged fund will take over the responsibility for paying your pension and they'll automatically pay it into the same bank account.