

Report to: Pension Board

Date: 16 November 2017

By: Chief Operating Officer

Title: Annual Benefit Statement update

Purpose: Provide an oversight of the Annual Benefit Statement exercise carried out by Business Operations on behalf of the East Sussex Pension Fund.

RECOMMENDATION

The Board is recommended to consider and comment on the report

1 Introduction

1.1 This report has been prepared to inform the Board of the status of the recently completed Annual Benefit Statement exercise. The production of the statement serves to provide scheme members with an overview of their contributions and forecasted benefits at point of retirement. The exercise involves issuing statements to Active members (c 21,000) and Deferred members (c 22,500).

2 Supporting Information

Online access

2.1 As previously shared with the Board, Business Operations, in conjunction with the system provider, Heywoods, has developed and now introduced a new online portal which was launched to Active scheme members this year allowing the following benefits to be realised:

- Secure access 24/7 to pension benefits by every scheme member including an online view of their annual statement.
- Member's ability to project "what if" scenarios using different retirement criteria.
- Reduced costs annually to the Pensions Fund by removing print & postal charges.

Communications timetable

2.2 Every local authority has a statutory obligation to make available benefit statements for its members by 31 August 2017. In order to achieve this deadline, it requires year end returns to be submitted by the employers (approximately 130 in E Sussex) on behalf of their employees in good time to prepare the individual records.

2.3 We are pleased to report that, with the exception of the cases identified below, all active members were provided with either a paper version of their statement or an invitation to access the online portal before this date. 19,649 statements (93%) were issued by 31 August.

2.4 Paper statements were produced and sent where no email address was held on the personnel file and this amounted to approximately 40% of the active member database. In addition to a summary of benefit entitlement shown on the paper statement, an invitation to register on the online portal was included, encouraging members to use this facility going forward.

The attached Appendix 1 shows the breakdown of statements issued and those outstanding.
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Cases Excluded from Initial Statement Run

2.5 A small proportion of active members will not yet have received their statements. This includes 520 employees registered at 10 employers where the returns were not fully completed within the deadline to allow their statements to be issued. 480 of these relate to one employer where the return has now been received and statements are being prepared.

2.6 In addition to the above, there are 600 cases where Business Operations has identified a member joined during 2016/17 but for whom a formal notification has not yet been received and these are being pursued with employers. This will include staff with multiple posts where the member was an existing employee but a new role commenced in 2016/17. Around 220 records were unable to be notified due to incorrect email addresses held. Finally, 44 records have a technical issue with the registration process and will be sent paper statements.

Next Steps for Active Members

2.7 As is normal practice, a further statement run will take place at the end of October to capture late submissions and query responses as well as for members who require their statement to be re-issued following queries and corrections we will have received following the production of the original statements. This year a second supplementary run is also planned for November. The most common reason for re-issuance is when members' files have not been updated with correct marital status.

2.8 Around 3,300 members have registered to use the online portal. Further communications and promotion will take place with employers in October to encourage members to access the online portal. Following this, during November and December Business Operations will also be promoting the benefit of registering to members who have been invited but not yet registered.

Deferred Statements

2.9 Regrettably, we were unable to meet the 31 August deadline for issuing deferred members statements. This was due in the main to a delay with the external mailing house. Statements` were issued a few days after the deadline and were dispatched to members from our mailing house on 11 September. Due to issues with responsiveness from the mailing house Business Operations will not be using their services for any future bulk mailings, paper annual benefit statements included and will instead use an alternative external print facility who automatically provides a 48 hour turnaround.

3.0 Recognising this delay in issuance is technically a breach of law, Business Operations has produced a breach report and submitted to the Monitoring Officer who with the Chief Finance Officer (S151) will be arranging for a notification to the Pensions Regulator.

3.1 As with active members, deferred members were issued with instructions on how to use the online portal so they can view their pension records online in future.

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