

DWP

Flexible New Deal Project

TUPE/HR Workshop

Pension Issues

WALLACE LAW. FIA. FPMI.



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- > GAD role
  - > Advice on 'Fair Deal' policy
  - > Broad comparability
  - > TUPE pension issues
  - > Staff Communications & Bulk Transfer terms
  - > Q&A session

# Why GAD?

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- > Tradition of skilled public sector service since 1919
  - > INDEPENDENT experts on:
    - Social Security
    - Pensions
  - > Regarded by employers, unions and employees as objective
  - > Considerable experience built up from previous restructuring exercises
  - > NO FINANCIAL INTEREST

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- > Treasury guidance June 1999/June 2004
  - > TUPE transfer public to private only
  - > Plus second stage TUPE transfers of ex public sector workers
  - > Future service: 'Broadly Comparable'
  - > Past service: Equivalent bulk transfer terms
  - > Exit Provisions

## Meaning of 'Broadly Comparable'

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- > FUTURE service pension rights at least as valuable
  - > Same RANGE and AVAILABILITY of *final salary* benefits
  - > Individual benefits may differ
  - > Identifiable groups not to be disadvantaged
    - > BY GENDER
    - > By AGE
    - > By SERVICE
    - > By PAY
  - > SECURITY of benefits must be satisfactory

# Possible Situations

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## > PCSPS

- > Classic
- > Classic Plus & Premium
- > Partnership
- > Nuvos

## > LGPS (E&W and Scotland)

- > 'Rule of 85' protection
- > Admitted Body status

## > NHSPS

- > Pre 4/08 members
- > Post 4/08 members
- > Direction Order status
- > Second Generation transfers from private sector

# Possible Solutions

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- > **Large Employers:**
    - > Final Salary Scheme
    - > Own Certificates of Broad Comparability (Passports)
  - > **Medium:**
    - > As above (or below)
    - > One-off certificates (if small numbers TUPE)
  - > **Small:**
    - > Join centralised scheme
    - > eg Prudential Platinum/FPS
  - > **Very small numbers:**
    - > Individual DC assessments

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- > Own advisers – legal/actuarial/administrative/investment managers etc
  - > Set up and ongoing costs
  - > GAD fees
  - > Actual member future service benefits!
  - > Any past service deficits taken on (take up profile).

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- > Non-public sector TUPE transfers – 2004 Pensions Act
  - > Problem of two tier workforce
  - > Possible to amend employee terms & conditions by mutual agreement
  - > DWP could decide to apply “Fair Deal” like provisions.
  - > Need to communicate pension changes to staff & unions.

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- > For TUPE transfers only
  - > Better than individual CETVs
  - > Year for year or equivalent linked service
  - > Individual member option: Preserve or Transfer
  - > PCSPS or NHSPS to private: Standard terms apply
  - > LGPS or private to private: Subject to negotiation
  - > Purchaser responsible for any future underfunding

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- > Ensure pensions benefits are not overlooked
  - > Consider if 'Fair Deal' policy applies
  - > Decide on future pension arrangements for staff
  - > Don't under-estimate costs/timescales for compliance
  - > If BC needed – contact GAD or multi-employer provider

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