

## Retirement Performance Statistics and Cost of Early Retirements Monitor

Contact Officers

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Papers with this report

nil

### SUMMARY

This report summarises the number of Early Retirements in the third quarter of 2013/14. Additionally it gives an update on the current situation on the cost to the fund of early retirements.

### RECOMMENDATIONS

That the contents of the report be noted.

### EARLY RETIREMENT PERFORMANCE STATISTICS

The table below shows the number of employees, by category, whose LGPS benefits have been put into payment. In the case of redundancy and efficiency this relates to employees over 55 years of age.

	Redundancy	Efficiency	Ill Health	Voluntary over 60
<b>2010/2011</b>	<b>20</b>	<b>0</b>	<b>11</b>	<b>34</b>
<b>2011/2012</b>	<b>65</b>	<b>0</b>	<b>12</b>	<b>24</b>
<b>2012/2013</b>	<b>23</b>	<b>0</b>	<b>6</b>	<b>14</b>
2013/2014 - 1 <sup>st</sup> qtr	3	0	0	11
2013/2014 - 2 <sup>nd</sup> qtr	8	0	2	14
2013/2014 - 3 <sup>rd</sup> qtr	30	0	0	8
<b>2013/14 - total</b>	<b>41</b>	<b>0</b>	<b>2</b>	<b>33</b>

The large number of redundancies for the 3<sup>rd</sup> quarter is a result of the redundancies arising from reorganisation of the housing repairs team and the outsourcing of Occupational Health.

### EARLY RETIREMENT COSTS MONITOR

As a result of a key recommendation by the Audit and Accounts Commission, local authorities were advised to calculate and monitor early retirement costs as they occurred within the LGPS between formal triennial valuations. This authority took the decision, in agreement with the fund actuary, to increase the employer's contribution rates as prescribed in the last valuation by 1%, effective from 1 April 2011, to meet

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anticipated early retirement costs. This 1% employer's contribution is locked in to the rate until March 2014.

This report compares actual costs of early retirements against the additional 1% contributions paid into the Fund 3 year valuation period.

Detail for Valuation Period 01.04.2011 to 31.03.2014

	<b>Capital Cost of early retirement to the fund £000s</b>	<b>Payroll Total £000s</b>	<b>Cost as a % of payroll</b>
2011/12	£1,108	£102,450	1.08
2012/13	£983	£95,114	1.03
To 31 December 2013	£657	£95,114	0.69
Average over previous valuation period			0.59

The payroll total figure above is based on the Employers Contributions reported in the Pension Fund Annual Report and Accounts as at 31 March 2013. The figures for 2011/12 have been restated based on this amount following receipt of year end figures.

## **FINANCIAL IMPLICATIONS**

The cost to the pension fund of early retirements on the grounds of ill health, is recorded by the pensions administration system and reported to the scheme Actuary. The cost includes the benefits being paid before the employees normal retirement date and any period of service awarded. Depending on which tier the retirement falls in to, determines the length of service to be awarded. Details of the service to be awarded against each Tier are shown above. All Employers within the fund have a notional budget built in to their Employers Contribution Rate to fund ill health retirements. If the notional figure is exceeded, this will result in an increase to that Employers Contribution Rate, at the next valuation of the fund.

## **LEGAL IMPLICATIONS**

There are no legal implications arising directly from this report.