

**Appendix 1 – Suggested response to Questions raised in DCLG
Consultation Paper**

Based on the views presented in the report please indicate your agreement or otherwise with the following questions raised in respect of the DCLG consultation Paper 'Options for a new look Local Government pension Scheme in England & Wales'		
Question	Answer	
	Agree	Disagree
1. Which new scheme option do you support?		
A: Updated current final salary scheme (1/80 th accrual plus 3/80ths lump sum) with RPI revaluation after leaving		
B: New 1/60 th final salary scheme (and lump sum available by commutation) with RPI revaluation after leaving.		
C: CARE scheme with 1.85% accrual and RPI revaluation both during employment and after leaving (with lump sum available by commutation)		
D: CARE scheme with 1.65% accrual and RPI + 1.5% revaluation during employment and RPI revaluation after leaving (with lump sum available by commutation)		
E: a new hybrid CARE / final salary arrangement	✓	
Other - please specify:		
2. Do you agree that cohabitees' pensions should be introduced into the new-look LGPS?	✓	
If so, should this be from		
a. the beginning of the new-look scheme?	✓	
b. the date the "law of the land" is changed to recognise cohabitees?		
3. Do you agree that spouse's pensions should increase		✓
4. Which of the extensions to the flexible retirement provisions would you support?		
I. Allow scheme members to make extra contributions to offset any reduction in their pension in the case that they wish to retire early. These extra contributions could be calculated according to cost neutral buy-back factors;	✓	
II. Remove the requirement for employees to obtain employer consent for flexible retirement;	✓	
III. Remove the requirement for employees to take a reduction in hours or grade in order to take flexible retirement;	✓	

IV. Benefits accrued <i>after</i> age 65 also to be <i>increased</i> by cost-neutral uplift factors when a member elects to take payment of them after age 65.	✓	
5. Do you agree that in the initial design of the new-look LGPS the average employees' contribution rate should be targeted at 7%?	✓	
If not, what percentage rate would you wish to target? Please specify:		
6. Do you support a tiered employee contribution rate?		✓
If so, do you think the tier should be set at £7185 (the basic rate tax figure)		
Or at some other rate (please specify):		
7. Do you agree that in the initial design of the new-look LGPS the employers' contribution rate for future service should be no more than 13%?	✓	
If not, what percentage rate would you wish to target? Please specify:		
8. Do you agree that there should be a cost sharing mechanism built into the LGPS?	✓	
If not:		
by some other mechanism (please specify):		
9. Do you agree that this should be assessed by the Government Actuary following every second valuation and based on all Funds experience?	✓	
10. Should any resulting change in cost be met by:		
a. a change in the accrual rate for future scheme membership (but not accrued membership)?		✓
b. a change in the normal retirement date for future scheme membership (but not accrued membership)?		✓
c. a change in the employees' contribution rate?	✓	

Question	Answer	
	Yes	No
11. Do you support a move to a two-tier ill health arrangement?	✓	
If yes:		
Should ill health enhancement at the top tier be based on 50% of prospective membership between leaving and age 65?	✓	
If not, what should it be based on (please specify)		
12. Do you agree there should be no enhancement at the second tier?	✓	
13. Do you support a review mechanism for the top tier?		✓
14. Do you support a review mechanism for the second tier?		✓
15. Do you think there should be more than two tiers?		✓
If so, how many (please specify)		
16. Do you agree that to fall within the top tier an employee's earnings capacity should be reduced by more than a specified percentage?	✓	
If so, should that percentage be a 75% reduction?	✓	
Or some other percentage (please specify):		
If not, how do you think the assessment of whether or not an employee falls into the top-tier should be assessed (please specify):		
17. If Option A (retention of the existing Scheme) is not the scheme taken forward by the DCLG, do you agree that existing scheme members should be compulsorily moved into the new look scheme for future service?		✓
If yes, which of the options set out in 1,2 and 3 of (2.78) would you support in relation to existing members accrued service		
1. give all existing members at 31 March 2008 an actuarially equivalent period of service in the new-look Scheme, according to a formula to be set by the Government Actuary?		
2. give existing scheme members at 31 March 2008 more credit in the new-look scheme than they would receive under (a)?		
3. treat all accrued service of existing scheme members at 31 March 2008 as a benefit to be payable on retirement, under terms of the current scheme, based on the final salary at retirement?		
Other – please specify:		
18. Do you support the idea that there should be a facility for individual employers to opt to provide specific additional benefits (above the national core benefits)?		✓

