



LPFA proposes three step plan for reform of local government pensions

London Pensions Fund Authority proposes Independent Commission to debate solutions for change

London, 24 February 2010 – A new minimum threshold requirement and a non-political Independent Commission are at the heart of a three step plan outlined today by the London Pensions Fund Authority (LPFA) to help secure the long term sustainability of the Local Government Pension Scheme (LGPS).

Speaking at a Symposium on the future of the LGPS, Anthony Mayer, Chairman of the LPFA set out a proposed three step plan under which:

- new legislation would set a minimum threshold requirement where the scheme's assets should be at least 80% of its discounted long term liabilities
- an Independent Commission would be established with the sole remit of ensuring the long term sustainability of the LGPS, and
- should a valuation fall short of the 80% funding threshold, the Commission would have complete freedom to increase contributions, or adjust inflation indexation

Anthony Mayer joined speakers from the Local Government Association, the GMB union and pensions industry experts from the National Association of Pension Funds, Hymans Robertson, Barnett Waddingham, Record Currency Management and Eversheds.

In his opening remarks to the Symposium at the Greater London Assembly this morning, Anthony Mayer said:

"There is a growing body of opinion that over time the unfunded liabilities of LGPS will have to be picked up by the taxpayer unless the fund is closed. This is a nonsense. The LGPS will always be sustainable – if contributions into the fund and/or pensionable retirement ages are increased sufficiently and/or by reducing benefits, such as adjusting the indexation of pensions increases."

"What we need now is to start a debate. If there is a better plan out there, fine by me. Only one thing is set in stone - doing nothing about the long term sustainability of the LGPS is not an option."

Mike Taylor, Chief Executive of the LPFA, said:

"Today's event is designed to enable stakeholders to debate the real issues affecting the sustainability of the LGPS. We intend for this to be the starting point towards a consensus which will inform policy-makers, regardless of the result of the next election."

"To illustrate our commitment to informing this much-needed debate, the LPFA is today launching a unique [website](#) 'An affordable Local Government Pension Scheme' that contains key information about our campaign to promote constructive and informed debate on the future of the LGPS."

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Please visit [An affordable Local Government Pension Scheme](#) which contains information about the scheme, texts of speeches made by LPFA staff and board members, press releases and events designed to promote the debate

Other speakers at today's event included:

- Joanne Segars Chief Executive, National Association of Pension Funds
- Neil Record Chairman and Chief Executive of Record Currency Management
- Douglas Anderson Actuary, Hymans Robertson
- Ian Greenwood Councillor, Chair of West Yorkshire Pension Fund
- Brian Strutton National Secretary for public services, GMB - Britain's General Union
- Graham Muir Actuary, Barnett Waddingham
- Gary Delderfield Partner, Eversheds
- Terry Edwards Head of Pensions, Local Government Employers

Two panel sessions aimed to debate, firstly, the issues facing the LGPS, looking at what it is for and what should it be for; and secondly, alternative views on reform of the LGPS from the perspective of members, actuaries, lawyers and practitioners.

For further information

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About the LPFA

The London Pensions Fund Authority (LPFA) administers a £3.5bn pension fund providing Local Government Pension Scheme benefits to almost 20,000 employees of 200 not-for-profit organisations and around 40,000 pensioners, many of whom used to work for the Greater London Council and the Inner London Education Authority.

As well as administering its own fund, LPFA provides a comprehensive range of third party pension services from full administration and pensions payroll to staff placement, data cleanse projects, pension websites and benefit statements.

For more information see www.lpfa.org.uk or email communications@lpfa.org.uk