

SFHA Pension Scheme**Briefing Paper for Employers – May 2010**

Contents	Page
1. Introduction	2
2. Executive Summary	2
3. Pension Provision Within the SFHA Pension Scheme	3
4. Valuation Results	4
5. Benefit Review	7
6. 2012 Reforms – Automatic Enrolment and its Impact	11
7. Committee Position for Consultation	11
8. Next Steps for Employers	12

1. Introduction

This briefing paper sets out the valuation results of the Scheme, including consequences regarding contribution requirements. It provides analysis on the changes to the Scheme's funding position which have occurred during the inter-valuation period.

In addition, it provides member organisations with an update on progress and proposals regarding the Benefit Review that the SFHA Pensions Committee ('the Committee') has been undertaking, taking into consideration the purpose of the Scheme and the background legislation on workplace pension reforms.

2. Executive Summary

2.1. Key Actuarial Valuation Results

- The funding position of the Scheme has deteriorated to 64.8% as at 30 September 2009 (down from 83.4% as at 30 September 2006).
- The Scheme deficit has increased to £160.1 million as at 30 September 2009 (up from £53.6 million as at 30 September 2006).
- The cost of meeting the past service deficit (over a 15 year period from the actuarial valuation date) will increase to 10.4% of pensionable earnings from 1 April 2011 (up from 5.3% over a 12 year period as at 30 September 2006).

Benefit Option	Employer Contribution	Employee Contribution	Total Contribution
Final Salary 60th	19.8%	9.8%	29.6%
CARE 60th	18.3%	9.2%	27.5%
CARE 70th	16.9%	8.4%	25.3%

- For the Final Salary 60th benefit option the standard total cost of benefit accrual (employer and member contributions combined including the past service deficit) inclusive of administration expenses and Pensions Protection Fund (PPF) levies is 29.6% (up from 23.1% as at 30 September 2006).
- For the CARE 60th benefit option the standard total cost of benefit accrual (employer and member contributions combined including the past service deficit) inclusive of administration expenses and PPF levies is 27.5% (up from 19.9% as at 30 September 2006).
- For the CARE 70th benefit option the standard total cost of benefit accrual (employer and member contributions combined including the past service deficit) inclusive of administration expenses and PPF levies is 25.3% (up from 17.9% as at 30 September 2006).
- Appendix 1A, 'Key Valuation Assumptions', sets out the key assumptions in the valuation. Details of the assumptions' derivation will be provided as part of the Employer Forums.

2.2 Benefit and Contribution Proposals

- The Committee has reviewed the benefit options currently available within the Scheme.
- The Committee has decided not to propose the introduction of any new benefit options at the present time. The rationale behind this is provided in section 5.
- The split of the total contributions shall remain in the ratio of employer 2/3rds, member 1/3rd. Employers will be allowed to contribute more than the 2/3rds required contribution share, should they wish to do so.
- Employers with 50 or more employees are required to consult with 'affected members' (Scheme members, and employees eligible to join the Scheme) about any change to the benefit option offered and/or any increase to member contributions. Regardless of the statutory position, consultation is 'best practice' and all employers are recommended to undertake some form of consultation.
- Employer Forums will be held in Dundee, Edinburgh and Glasgow during June 2010. Where requested, we will provide an online meeting facility for employers wishing to access the forum presentation remotely.

3. Pension Provision Within the SFHA Pension Scheme

3.1. The Purpose of the Scheme

- 3.1.1. The Committee has considered the fundamental principles of the SFHA Pension Scheme and believes that the Scheme exists to provide a worthwhile level of pension for its members.

3.2. The Role of the SFHA Pensions Committee

- 3.2.1. The Committee has powers delegated to it by Verity Trustees Limited, the corporate Trustee of The Pensions Trust. These powers include deciding on contribution rates and benefit options. As a quasi-trustee body the Committee must abide by the principles of trusteeship and act in the best interests of members.
- 3.2.2. The Committee also represents the Scheme's participating employers and acts as a conduit for their views regarding Scheme funding, investment strategy and benefit options.

3.3. Pension Reforms – Automatic Enrolment

- 3.3.1. Starting in October 2012 with the very largest employers, a four-year staging programme will require all UK employers to automatically enrol their 'eligible jobholders' into a qualifying pension arrangement.
- 3.3.2. For the majority of SFHA Pension Scheme employers, the legislation will not impact until 2013 or 2014.
- 3.3.3. There will be a requirement for minimum contributions if a defined contribution (DC) pension arrangement is used as the qualifying scheme. Please see Appendix 1B, 'Workplace Pension Reforms', for further information.

3.4. Current Pensions Environment for SFHA Pension Scheme Employers

- 3.4.1. The provision of defined benefit (DB) pensions in multi-employer arrangements, such as the Local Government Pension Scheme and the SFHA Pension Scheme represents a risk to participating employers. Recent stock market performance has affected the overwhelming majority of DB schemes and the SFHA Pension Scheme is no exception.
- 3.4.2. In addition, increased life expectancy has added a further burden to Scheme sponsors i.e. participating employers who fund increases in the liabilities that fall due.
- 3.4.3. Against this, the SFHA Pension Scheme comprises a considerable number of soundly managed strong associations in a sector that is backed by a strong Regulator and overseen by the Government. Employers are required to submit long-term business plans – a reflection of the fact that they, along with the sector, are here for the long-term.
- 3.4.4. Notwithstanding this, the pension reforms that will come in over the next three to six years will impact on member organisations. The Committee is already keeping a careful watch on the risks that DB pension provision within the sector presents to member organisations and the Scheme.

4. Valuation Results

4.1. Background

- 4.1.1. As employers will be aware, DB schemes, such as the SFHA Pension Scheme, are required to undergo an assessment of the assets and liabilities and funding requirements of the Scheme, at least once every three years.
- 4.1.2. Pension scheme funding regulations require schemes to have sufficient and appropriate assets to cover their 'Technical Provisions', (the liabilities) in respect of the Scheme members. In arriving at a basis for calculating the 'Technical Provisions', the Trustee is required to adopt 'prudent' assumptions.
- 4.1.3. Where the actuarial valuation reveals a deficit, a Recovery Plan must be implemented. The Recovery Plan determines over what period participating employers will fund any shortfall. The Pensions Regulator has intimated that deficits should be paid off over a 'relatively short period of time'.

4.2. Valuation Results (Provisional) and Contribution Requirements

- 4.2.1. The provisional results of the triennial valuation show a deficit of £160.1 million at 30 September 2009. This means that the funding level of liabilities represented by assets is 64.8%. This is a significant decline since the last triennial valuation in September 2006 when the deficit was £53.6 million and liabilities were 83.4% funded.
- 4.2.2. The cost of meeting the past service deficit (over a 15 year period from the actuarial valuation date) is 10.4% of pensionable earnings (up from 5.3% over a 12 year period as at 30 September 2006). In practice, this means that employers will continue to pay deficit contributions of 5.3% until 31 March 2011; the increase will take effect from 1 April 2011.

4.2.3. The cost of benefits for future pensionable service has also increased. As with the deficit costs, the future service cost increases are effective as at the valuation date (30 September 2009) but will not be payable until 1 April 2011. The future service costs for the three benefit options including administration expenses and PPF levies, as a % of pensionable earnings are:

- Final Salary 60th: 19.2% (2006: 17.8%)
- CARE 60th: 17.1% (2006: 14.6%)
- CARE 70th: 14.9% (2006: 12.6%)

4.2.4. The combined employer and member contribution rates, including deficit contributions, administration expenses and PPF levies, from 1 April 2011 will be:

- Final Salary 60th: 29.6% (2006: 23.1%)
- CARE 60th: 27.5% (2006: 19.9%)
- CARE 70th: 25.3% (2006: 17.9%)

4.2.5. Employers that have closed the Scheme to new entrants pay a loading on their contribution rate of 3.5%, to recognise that the average age of their Scheme membership will increase more quickly than for an employer continuing to offer the Scheme to new employees. The loading is payable in addition to the rates quoted above.

4.3. Treatment of Past Service Deficit

4.3.1. The Committee has considered how past service deficit payments should be calculated and collected.

4.3.2. For employers that continue to offer the Scheme to new members, the Committee has decided, on advice from the Scheme Actuary, that deficit contributions will continue to be calculated as a percentage of pensionable salary roll.

4.3.3. For employers that close the Scheme to new entrants, past service deficit contributions will be based on the greater of pensionable salary roll as at 30 September 2009 (increased in-line with the valuation assumption for earnings increases (4.5%) up to the point at which closure takes place), or the pensionable salary roll at the date of closure. This will be reviewed at each subsequent valuation.

4.4. Reasons for the Deterioration in the Funding Position Since 2006

Pension schemes are funded on the basis of assumptions about the future. There is a risk that these assumptions will not be realised. The key areas of risk concern investment returns (both achieved and expected), longevity, inflation and salary increases.

The combination of poor investment returns and the requirement for more prudent assumptions in respect of longevity and inflation in particular, have given rise to the deterioration in the Scheme's funding position, leading to the requirement to increase contributions.

4.4.1. Investment Returns

- Financial markets have not performed very well and the performance achieved by the Scheme over the three years between the 2006 and 2009 actuarial valuations, fell below the Scheme Actuary's expectations expressed in the 2006 actuarial valuation.
- The investment return assumption that the Scheme Actuary had assumed in 2006 was 6.74% a year. The actual return was -1.6% a year. This adds £75.5 million to the deficit.

4.4.2. Longevity

- There has been detailed research published on the area of increased life expectancy of pension scheme members. Indeed this has been widely reported in both the pensions and national media.
- Increased life expectancy has a significant effect on pension scheme costs. For each year longer that members are expected to live (over and above the assumption that has been made by the Scheme Actuary), an additional year's pension benefit must be paid (and consequently funded) in respect of all members affected.
- The following table shows the difference in the ages that people who survive to age 65 are expected to live, at the 2006 and 2009 actuarial valuation dates.

Life Expectancy in Years at 65	2006 Actuarial Valuation	2009 Actuarial Valuation
Male	19.3	22.2
Female	22.2	24.9

It can be seen that these increases are significant. Whilst this is welcome from the perspective of members, it adds to the funding burden. Changes to mortality (life expectancy) assumptions add around £19.5 million to the deficit. They also increase the cost of future service benefits, with a corresponding effect on future service contribution rates.

4.4.3. Inflation

- The Scheme Actuary has used a long-term inflation assumption of 3.0% for the 2009 actuarial valuation (up from 2.6% in 2006).
- Whilst the increase in the inflation assumption is only 0.4%, this also feeds through to the increase in the assumption used for predicting long-term salary increases (which is inflation **plus** 1.5%).
- The changes to the inflation and salary increase assumptions add around £18.3 million to the deficit. It also means the cost of future service pensions increase.

4.4.4. Scheme Experience on Withdrawals

- On the positive side, there have been more early leavers from the Scheme than expected. In addition a reduction in the percentage of members assumed to be married (at the time they die), based on the Scheme's actual experience, result in a funding gain of £17.5 million.

4.5 Strength of Employers

- 4.5.1 The Committee has undertaken an assessment of the financial strength of the employers participating in the Scheme, including an analysis of the employers' ability and willingness to pay additional contributions.
- 4.5.2 Although The Pensions Regulator recognises the current financial environment, the Regulator expects trustees to reduce the deficit in their scheme as quickly as employers can reasonably afford.
- 4.5.3 The Committee has considered the financial strength of the employers and is comfortable that long-term security of the Scheme's covenant is strong. Although it recognises in the medium-term there may be cash flow pressures on the sponsoring employers, and that for a considerable proportion of employers their cash flow position would improve after 10 to 15 years, as major repairs expenditure levelled off and their loans were increasingly repaid.
- 4.5.4 On this basis, the Committee, on advice from the Scheme Actuary has agreed a period of 15 years within which to eliminate the deficit.

5. Benefit Review

5.1. Aims of the Review

- 5.1.1. The Committee is aware of the potential difficulties that the pension reforms might present for some employers over the next few years. The requirement to automatically enrol all eligible jobholders into a qualifying pension scheme, and to make employer contributions on behalf of those who do not opt out, will impact on employers' budgets. The impact is likely to be greater on employers with currently low take-up of Scheme membership and very high staff turnover. This is no longer an immediate concern for the Scheme as auto-enrolment is not likely to impact on the participating employers before the effective date of the next valuation in September 2012. The risk of increased costs remains however, action could be considered as part of the 2012 Valuation Results and Benefit Review.
- 5.1.2. Like many employers in the Scheme, the Committee is also concerned at the continuing potential impact of the Employer Debt Regulations. An employer closing the Scheme to future accrual of benefits may crystallise a substantial debt to the Scheme. The Committee has considered what it can do within the SFHA Pension Scheme to retain employer support and whether it can assist in reducing the risk of debts becoming payable by member organisations.
- 5.1.3. These issues must be considered with both the Committee's quasi-trustee role to act in the best interests of the membership (protecting existing accrued benefits) and with the reason for the Scheme's very existence, namely to provide a vehicle that facilitates the provision of worthwhile levels of pension for its members.

5.2. Progress to Date

- 5.2.1. The Committee wrote to all participating employers in January 2010 to say that a DC benefit option might be added to the suite of available options from 2011. The rationale behind this initial thinking was to provide a means by which employers, that could no longer support DB provision, could manage their pension costs and risks and also to provide a lower cost qualifying scheme for automatic enrolment when the new 'employer duties' become law.
- 5.2.2. The Committee considered a lower cost DB option as well as a DC option.

5.2.3. On investigating these options, the Committee established that:

- the level of pension is understandably low, based on the contributions required;
- there is an inequity in the balance between member and employer contributions, particularly when deficit contributions are taken into consideration; and
- the cost savings to employers that might have been initially perceived in introducing DC options are by no means as great as might be expected.

5.3. Benefit Options

The Committee considered alternative benefit options on the basis of:

- the benefits provided;
- the contribution requirements;
- the value to members of the benefits (against members' own contribution requirements) and associated risks; and
- whether the proposed options satisfy the Scheme's purpose to provide worthwhile pensions for the members of the Scheme.

5.3.1. The Committee considered two alternative benefit options, in some detail. These are a lower level (contracted-in) CARE 120th (DB) and a DC option.

5.3.2. Both options could meet the 'qualifying scheme' criteria and could be used for automatic enrolment once the employer duties are in force.

5.3.3. Details of the costs for the alternative options are set out below. Appendix 1C, 'Summary of Contributions and Benefits', provides a summary of the contributions and an example of the potential benefits for each benefit option.

5.3.4. CARE 120th

- This option would provide members with a benefit of 1/120th of each year's pensionable earnings, revalued in-line with price inflation (capped at 5% a year).
- The **future service cost of 8.5%** of pensionable earnings is attractive, but **deficit contributions of 10.4%** would also be payable in respect of previously accrued benefits.
- Unlike the benefit options currently available in the Scheme, CARE 120th could not be contracted-out of the State Second Pension. Full rate National Insurance contributions would therefore be payable in addition to employer and member pension contributions. For employers, the additional cost would be **(currently) 3.7%** of members' band earnings e.g. the difference between the lower and upper earnings limits.
- Therefore, for an employer to switch to CARE 120th for future service, a total contribution rate of 18.9% would still be required in the Scheme, with higher rate National Insurance contributions, 3.7%, payable in addition.
- The relatively low cost of the future service benefit becomes less attractive when higher National Insurance contributions are factored in.

- In addition, whilst the funding risk is reduced (by virtue of the fact that the benefits themselves are reduced), the funding risks of providing CARE 120th, a defined benefit, still exist.
- The existing policy of members paying one third of the total contribution rate does not make this an attractive option for members when comparing the member cost to the pension received.

5.3.5. Defined Contribution (DC)

- This option would provide members with a pot of money at retirement, with which to purchase a pension from an insurance company. The size of the pot available at retirement is dependent on the amount of contributions paid in, investment choices of the member, the performance of the investment fund selected and the level of pension will be dependent on the rates available within the pension market when the individual member retires. The funding risks under DC arrangements are all transferred to members.
- Its key attraction would be to allow employers to offer a potentially lower cost, lower risk benefit option. A DC option would give employers some certainty regarding the pension cost for members with no accrued defined benefits in the Scheme.
- The Committee considered the minimum requirements for automatic enrolment and felt that contributions at this level would not be compatible with the Scheme's aim to provide worthwhile pensions for its members. The Committee agreed that, at the very minimum, acceptable contributions should at least match the National Association of Pension Funds' (NAPF) Pensions Quality Mark criteria of a **total contribution of 10%**, with at least 6% coming from the employer. The Committee's preference would be to offer a pension based on the NAPF Quality Mark plus or higher, providing for a combined future service contribution of 15-18%, with at least 10-12% coming from the employer. NAPF Pensions Quality Mark plus criteria being a total contribution of at least 15%, with at least 10% coming from the employer.
- A DC benefit option in the Scheme could not be contracted-out of the State Second Pension. Full rate National Insurance contributions would therefore be payable in addition to employer and member pension contributions. For employers the additional cost would be **(currently) 3.7%** of members' band earnings e.g. the difference between the lower and upper earnings limits. This would add to the total cost of a DC option.
- Employers which chose to move to DC for all existing members would be required to pay the **deficit contributions of 10.4%** in respect of previously accrued benefits.
- Employers which chose to move to DC for new entrants only would also be required to pay a **loading of 3.5% of pensionable payroll** for existing DB members' future service benefits, if they closed their DB option to new members.
- Therefore, for an employer to switch to a DC option (NAPF Quality Mark) for future service, a total contribution rate of effectively 20.4% would still be required into the Scheme, until the deficit is eliminated, with higher rate National Insurance contributions, 3.7%, payable in addition.

- Although a separate consideration to the principle of offering DC, the Committee considered the costs of adding a DC option into the Scheme. It concluded that it would be unfair to expect the Scheme as a whole to subsidise the cost of setting up and implementation of a DC option. This would add a further layer of expense for the employers interested in this option.

5.4. The Committee's Conclusions

5.4.1. With regard to the CARE 120th option:

- The Committee recognises the fact that offering a 120th CARE option would lead to the reduced build up of potential (section 75) employer debt liability among employers. It would not eliminate this however, nor would it remove the risks associated with funding defined benefits. The benefits payable from the CARE 120th option would, in the Committee's view, represent a significant difference in the overall benefit level provided to members. The difference in the benefit level is not reflected in the overall cost of benefit provision. Although it appreciates that the addition of contracted-in National Insurance contributions makes it difficult to compare costs of CARE 120th directly with the other scheme benefits currently available.
- Under the proposed contribution structure, with deficit contributions payable, the Committee's view is that member contributions of 1/3rd of the total would not provide a worthwhile future service benefit for the level of contribution paid.

5.4.2. With regard to the DC option:

- The Committee recognises the fact that offering a DC option would potentially cease the build-up of potential (section 75) employer debt liability among employers. The Committee does not believe that the DC option is provided for employers to satisfy the minimum levels of contribution required to meet the auto-enrolment legislation, or to compete with the Government's National Employment Savings Trust (NEST) Scheme. Substantial DC contributions would be required to meet the fundamental aim of the Scheme in providing a worthwhile pension for members.
- Under any proposed worthwhile contribution structure, with deficit contributions payable in respect of existing benefits accrued, the Committee's view is that employers would be unlikely to see a significant reduction in their overall contribution requirements. Members' benefit levels would be based on the future service contributions into and returns achieved by their own investment pots and would be subject to considerable levels of risk.

5.4.3. In view of these considerations, the Committee proposes not to extend the benefit options available under the SFHA Pension Scheme.

5.4.4. Currently employers are allowed to offer one open benefit option. The Committee is considering introducing the ability for employers to open more than one DB option and allow members the choice of benefit option they wish to participate in.

5.4.5. The Scheme has traditionally split contributions in the ratio employer 2/3rds, member 1/3rd. The Committee has considered this position and agreed to continue with the established method of splitting the total contribution rate. In addition, the Committee will allow employers to contribute more than the 2/3rd required contribution, should they wish to do so.

6. 2012 Reforms – Automatic Enrolment and its Impact

- 6.1. One of the initial considerations for the Committee was the introduction of automatic enrolment in 2012. Auto-enrolment is not likely to impact on the majority of the participating employers until 2014, with a few employers requiring action in 2013.
- 6.2. In the light of the Committee's decision not to include a low-cost option within the Scheme, employers will have to consider the pension arrangement they use for auto-enrolment purposes. An arrangement will need to be nominated for auto-enrolment of staff who are not currently members of the SFHA Pension Scheme.
- 6.3. The Scheme's existing Employer Code of Practice (to which participating employers adhere as a condition of Scheme membership) allows employers to set their own eligibility criteria for staff who are eligible to join the SFHA Pension Scheme.
- 6.4. Employers may automatically enrol all staff into the SFHA Pension Scheme or they may make alternative arrangements outside the Scheme, in-line with the eligibility criteria applicable in their organisation.
- 6.5. If it appears that the SFHA Pension Scheme is effectively closed to new entrants, or that employers' categorisation of employees eligible to join the SFHA Pension Scheme results in selection against the Scheme (for example, by using the SFHA Pension Scheme only for the most senior employees), then the Committee reserves the right to impose a loading on the employers' contribution rate.
 - 6.5.1. The Committee has given consideration to the risk that employers who are unwilling to support the Scheme may set up alternative arrangements (such as The Pensions Trust's Flexible Retirement Plan, Group Personal Pension arrangements or through the NEST Scheme). Any such action by an employer is likely to lead to an ageing of the population of remaining Scheme members employed by that organisation. This is known as 'selection against the Scheme'.
 - 6.5.2. Unless the employer can demonstrate that there is no selection against the Scheme then a loading, currently 3.5% will be applied to the employer contribution rate.
 - 6.5.3. This position will be kept under review.

7. Committee Position for Consultation

This section sets out a brief commentary on the contribution and benefit results set out in Appendix 1C, 'Summary of Contributions and Benefits' together with the Committee's position statement with regard to consideration of the Benefit Review. Employers are invited to provide their feedback on Appendix 3, the 'Employer Consultation - Response Form'.

7.1. Assessment of DC Options

- 7.1.1. The 18% DC option provides a pension of £13,109 p.a. with a total employer contribution rate of 29.6%. This is a pension equivalent to 55% of the final salary pension in return for a contribution rate which is 150% of the final salary pension.
- 7.1.2. The lowest DC option (NEST) requires an employer contribution rate of 20.6% (104% of final salary contributions) but only provides a pension of £5,826 p.a. (25% of the final salary pension).

Neither appears to meet our requirements.

7.2. Lower Cost DB Options

- 7.2.1. The lowest cost option is the CARE 120th which requires an employer contribution rate of 16.3% (82% of the final salary option) but the resulting pension is £8,700 p.a. (37% of the final salary option).

Again, this did not appear to offer sufficient savings to justify the diminution in the pension benefits.

7.3. Committee's Consultation Statement

- 7.3.1. The suite of DB options within the Scheme should not be extended at the present time. The provision of a lower cost CARE 120th option does not represent significant value for money for members and much of the future service cost reduction is offset by the requirement to meet additional National Insurance contributions.

- 7.3.2. The suite of options within the Scheme should not be extended to include the provision of a DC option at the present time. The Scheme exists to provide worthwhile pensions for its members and in order to do this, DC contributions well in excess of the auto-enrolment minima are required. Such contribution levels do not lead to significant cost reductions for employers (particularly when the requirement to meet additional National Insurance contributions is taken into account) and all funding risk of such arrangements would be borne by members.

- 7.3.3. Contributions to the Scheme should be made on the basis that the employer to member contribution ratio is 2:1. Employers wishing to pay a higher ratio of the cost should be able to do so.

- 7.3.4. Employers may be able to offer more than one open benefit option to members of staff. In such circumstances, members wishing to obtain the higher benefit level will be required to pay the contribution difference if the employer wishes.

- 7.3.5. If employers wish to offer DC options to their members of staff, these should be provided outside the Scheme. Should such provision be judged to be selection against the Scheme, a loading should apply to future service contributions in respect of employers concerned.

Each of these proposals can be found in Appendix 3, the 'Employer Consultation - Response Form'.

8. Next Steps for Employers

- 8.1. Regional forums have been arranged in Dundee, Edinburgh and Glasgow during June 2010 to provide further information and to give employers an opportunity to air their views. Details are enclosed in Appendix 2, 'Employer Forums, June 2010 – Reply Slip'. Please complete and return the Reply Slip indicating which forum you or a representative from your organisation wishes to attend.

8.2. Below is the timetable for consultation and implementation of the changes:

Committee consultation with employers	1 June 2010 to 31 July 2010
Employer Forums	24 June 2010 to 29 June 2010
Consideration of employer responses by Committee	1 August 2010 to 31 October 2010
Employer consultation with members on Valuation Results and Benefits Review	1 November 2010 to 28 February 2011
Finalisation of Valuation	31 December 2010
Implementation of contribution rate changes and/or changes to benefit options	1 April 2011

- 8.3. The Committee welcomes feedback and comments; please complete and return Appendix 3, the 'Employer Consultation - Response Form'.
- 8.4. Employers will have to consider whether they will offer a different benefit option for future pensionable service to existing or future members from April 2011 or later.
- 8.5. Changing the benefit option and/or increasing member contributions are 'listed changes' and employers with 50 or more employees will have to consult with their 'affected members' (current active members of the Scheme, and any employees' eligible to join the Scheme but who have not already done so). Regardless of the statutory position, consultation is 'best practice' and all employers are recommended to undertake some form of consultation. Guidance on consultation will be circulated to employers and posted on the Scheme's website at www.sfhaps.org.uk before the Autumn 2010 consultation is due to take place.