

Exit Credit Policy

Introduction

The Local Government Pension Scheme (Amendment) Regulations 2020 came into force on 20 March 2020, and are effective from 14 May 2018.

If an employer becomes an exiting employer on or after 14 May 2018 under Regulation 64 of the 2013 Local Government Pension Scheme (LGPS) Regulations (as amended) it may be entitled to receive an exit credit.

In accordance with Regulation 64(2ZAB) of the LGPS Regulations 2013, the Administering Authority will determine the amount of any exit credit (which may be zero) by taking into account the factors set out in Regulation 64(2ZC):

- a. the extent to which there is an excess of assets in the fund relating to that employer over the liabilities specified in paragraph (2)(a);
- b. the proportion of this excess of assets which has arisen because of the value of the employer's contributions;
- c. any representations to the administering authority made by the exiting employer and, where that employer participates in the scheme by virtue of an admission agreement, any body listed in paragraphs (8)(a) to (d)(iii) of Part 3 to Schedule 2 to these Regulations; and
- d. any other relevant factors

Cheshire Pension Fund Policy

In determining whether an exit credit may be payable, Cheshire West & Chester Council as Administering Authority for the Cheshire Pension Fund will apply the following principles.

1. If an employer becomes an exiting employer on or after 14 May 2018 under Regulation 64 of the 2013 Local Government Pension Scheme (LGPS) Regulations (as amended) it may be entitled to receive an exit credit.
2. In order to protect other employers, liabilities to determine the amount of any exit credit will be calculated on a "gilts exit basis"
3. Employers within a funding pool (e.g. the Town and Parish Councils pool or a multi-academy trust with more than one school in the Fund) will not normally receive exit credits upon leaving the Fund provided the remaining participants of the pool take responsibility for the residual assets and liabilities after the employer has exited.
4. No exit credit will be payable to any employer who participates in the Fund via the mandated pass through approach as set out in the Funding Strategy Statement.
5. If an employer becomes an exiting employer under Regulation 64 of the 2013 LGPS Regulations (as amended) and an exit payment is payable to the Fund over such period of time as the administering authority considers reasonable, no exit credit will be payable at any future date in relation to that specific agreement as a participating employer.
6. The Administering Authority may calculate an exit credit payment which reflects any contractual pension risk sharing provisions between the exiting employer and the letting authority and/or other relevant scheme employer. This information, which will include which party is responsible for which funding risk, must be presented in writing to the Administering Authority and in clear terms. The document must be agreed by the exiting

employer and the letting authority and/or other relevant scheme employer, and presented to the Administering Authority no later than one month after the exiting employer ceases participation in the Fund. Where a variation to the original letting contract is required to facilitate any agreement containing the required information, this will be agreed between the exiting employer and the letting authority and/or other relevant scheme employer.

7. Where a guarantor arrangement is in place, but no formal pension risk-sharing arrangement exists, the Administering Authority may consider any representations as to how the approach to setting contribution rates, payable by the exiting employer during its participation in the Fund, reflects which party is responsible for funding risks. This may inform the determination of the value of any exit credit payment.
8. The Administering Authority will consider any representations made by the letting authority and/or other relevant scheme employer regarding monies owed to them by the exiting employer in respect of the contract/services under which the exiting employer participates in the Cheshire Pension Fund. These representations must be made in writing to the Administering Authority in clear terms no later than one month after the exiting employer ceases participation in the Fund. Where a variation to the original letting contract is required to facilitate any agreement containing the required information, this will be agreed between the exiting employer and the letting authority and/or other relevant scheme employer.
9. If there is any dispute from either party with regards interpretation of contractual, risk sharing or guarantor agreements as outlined above, the Administering Authority will withhold payment of any exit credit until such disputes are resolved by the letting authority and/or other relevant scheme employer and the exiting employer.
10. The Administering Authority will advise the exiting employer as well as the letting authority and/or other relevant scheme employers of its exit credit determination under Regulation 64.
11. The Administering Authority will take into account whether any contributions due or monies owed to the Fund remain unpaid by the exiting employer at the cessation date. If contributions or monies are due to the Fund, the Administering Authority will notify these to the exiting employer and will deduct these from any exit credit payment.
12. The Administering Authority's final decision will be made by the Pension Fund Manager in the first instance, in conjunction with advice from the Fund's Actuary, and/or legal advisors and Chief Operating Officer where necessary, in consideration of the points held within this policy. Where any dispute remains unresolved, the parties will use the internal dispute resolution procedure specified in MHCLG guidance and Regulations.
13. The Administering Authority accepts that there may be some situations that are bespoke in nature and do not fall into any of the categories set out above. In these situations the decision of the Administering Authority is final in interpreting how any arrangement applies to the value of an exit credit payment.
14. The Administering Authority will advise the exiting employer of the exit credit amount due to be repaid and seek to make the payment within six months of the exit date. In order to meet the six-month timeframe, the Fund requires prompt notification of an employer's exit and for all data and relevant information to be provided as requested. The Administering Authority is unable to make any exit credit determination or payment until it has received all data and information required and if the delay caused by the Fund requiring data means the 6 month date is passed, the parties will work constructively to enable the Administering Authority to reach its decision as soon as possible thereafter.