



News Release

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TRANSITIONAL PROTECTION PROPOSED FOR LOCAL GOVERNMENT PENSION SCHEME

Consultation commenced today on implementing transitional protection for existing members of the Local Government Pension Scheme when the Rule of 85 is removed, Tom McCabe announced today.

Full transitional protection to 2020 is being proposed for existing members who would have attained age 60 and satisfied the Rule by that date, and who decide to leave before age 65.

The Rule – which lets members retire early without actuarial reduction of their pension – has to be removed from the local government pension scheme to comply with EC law. It will be removed from October 1 2006.

The Minister for Finance and Public Service Reform said:

“We have had many constructive discussions with the trades unions and COSLA over the past few months. We have undertaken an earnest search for legal and affordable protection for current members.

“Crucially, any proposals also had to be fair and address the concerns of members. I believe the proposals we are putting forward for consultation meet those aims – this is a specific Scottish solution tailored to Scottish circumstances.

“Removing the Rule of 85 will ease the financial pressures on the local government pension scheme. We are determined to ensure that every saving made from its removal will be recycled back into the LGPS. This will help ensure that the new scheme which will take effect from 2008 is fair and healthy and delivers for all its members – not just those who can afford to retire early.

“We will be working closely with the trades unions and COSLA on the details of the new scheme.”

Responding to a Parliamentary Question from Maureen Macmillan MSP, he added:

“The Rule of 85 has to be removed from the Local Government Pension Scheme by 1 October 2006 in order to comply with EC Directive 2000/78/EC. I am commencing a consultation exercise on removing the Rule and implementing transitional protections for existing scheme members.

“Following extensive discussions with representatives of the local government trades unions and COSLA, the Scottish Executive is now consulting on the terms of the protection to be provided for existing scheme members when the Rule is removed. Full transitional protection to 2020 is being proposed for existing members who decide to retire before age 65 if they have attained age 60 and would have satisfied the Rule by that date.

“The consultation exercise, which also covers tax changes resulting from the Finance Act 2004, will run until July 31 2006. This timetable will allow the regulations to be made and come into force on October 1.

“We will also continue discussions with trades unions and CoSLA, and aim to consult widely later this year on costed, realistic options for a new-look LGPS specifically tailored for Scotland, with the objective of having modernised arrangements in place for April 2008.”

NOTES FOR NEWS EDITORS

The draft regulations are available on-line at:

http://www.sppa.gov.uk/pension_reform/PRLGPSConsultations.htm

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