
Managing Trivial Commutation & Small Pot Pension Services

LPP

Local Pensions Partnership



Identifying, calculating and paying trivial commutation and small-pot pension liabilities is a complex area of work and LPP has a team with the expertise and experience to help your fund manage this process.

Why manage your fund's low-value pensions?

With the increasing emphasis to capture and maintain accurate data, which can put immense strain on pension administration teams, facilitating trivial commutation and small-pot pension payments can be a great way to reduce the number of small, but complex, pensions your fund may be dealing with.

In effect, in the case of low-value pensions where certain criteria are met, your fund can pay a one-off lump sum to the member to extinguish the fund's liability to future payments, including death grants, survivors' and children's pensions.

- A member can access to a cash lump sum now, rather than receiving a small nominal annual pension.
- Your fund benefits from the:
 - reduced administrative burden of looking after small pensions
 - reduced monthly payroll expenditure
 - potential reduction in fund liabilities, which could lead to a better funding position. This would need to be assessed by your fund actuary.

What we offer

Our specialist team can take care of the whole process end-to-end for you. Alternatively, we can work with your administration team to undertake specific steps within the process:

- We start by identifying members who may be eligible for a payment using our in-house reporting tools.
 - Once this list is determined, we communicate on your fund's behalf with each member using standard letter templates branded with your logo/corporate colours etc. If preferred, your administration team could undertake this step.
 - When the member returns the required declaration form, we review his/her eligibility for a payment.
 - If the member is eligible, we liaise with the member's other pension providers to arrange a nomination date for all pensions to be compounded.
 - If the member is not eligible, we will update the member record to reflect this to avoid a future exercise contacting the member again.
 - For eligible members, we undertake the final calculation.
 - We complete the payment of the trivial commutation or small pot pension payment to the member.
 - A post-project report will be provided to you detailing how many pensions have been commuted, the value of all payments made, and the reduction in the monthly payroll expenditure.
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About Local Pensions Partnership Ltd

LPP is a well-established pension scheme administrator in the public sector, servicing the pensions of around 590,000 members across nine Local Government pension schemes (LGPS), involving multiple employers, seven Fire schemes and one Police Scheme.

We help our clients and their members prepare financially for the years ahead, with our end-to-end pension services partnership covering Pension Administration, Asset and Liability Risk Management (ALM) and Investment Management and Advisory services. With sector-leading governance, a not-for-profit philosophy and client service at the core of our offer, our clients benefit from our active long-term stewardship of both assets, and risk and liabilities.

Contact

We would welcome the opportunity to discuss your requirements and explain how we can help your fund to manage its trivial commutation and small pot pensions. For further information please contact:

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