

LOCAL GOVERNMENT SUPERANNUATION ACT, 1953

PRIOR to the passing of the *Local Government Superannuation Act, 1953*, there have been two previous general acts providing for the superannuation of local government employees, namely, the *Local Government and Other Officers' Superannuation Act, 1922* (*J.I.A.* 53, 285) and the *Local Government Superannuation Act, 1937* (*J.I.A.* 69, 93).

The main object of the new Act is to provide widows' pensions on the deaths of employees, whether before or after retirement, together with retirement grants payable as lump sums at the time of retirement. The principle adopted is that substantially the overall cost of the new Act to both employees and local authorities is not to exceed that of the 1937 Act and accordingly the level of retirement pensions has been reduced so that the new and old benefits become actuarially equivalent. Previously the provisions of the scheme were included in the 1937 Act but the new provisions are included partly in the 1953 Act and partly in the *Local Government Superannuation (Benefits) Regulations, 1954* (S.I. 1954 No. 1048). Moreover the 1937 Act has not been repealed so that it is also necessary to refer to that Act to some extent. Similar legislation has been passed to apply to Scotland.

The new Act continues the provisions of the 1937 Act under which membership is compulsory for officers and at the option of the authority for servants. The appointed day was 1 October 1954 and the new benefits became compulsory for all new entrants to funds on and after that date. Employees who were members of funds on the appointed day had the option of either retaining the benefits of the 1937 Act or, alternatively, taking those of the new Act. An unusual provision included is that the new benefits were made retrospective to 1 October 1950 in the case of married members who either died in service or retired on or after that date but before the appointed day.

The main provisions under the new Act relating to contributions and benefits may be summarized as follows:

(a) Contributions

Subject to the modification referred to below contribution rates remain as under the 1937 Act at 6% of remuneration for officers and 5% of remuneration for servants, an equivalent contribution being paid to the fund by the authority. The 1937 Act arrangements for discharging liabilities by equal annual charges remain unaltered.

(b) Pensions

The pension is calculated as $\frac{1}{80}$ th ($\frac{1}{60}$ th under the 1937 Act) of *average remuneration* of members for each year of contributing service together with $\frac{1}{160}$ th ($\frac{1}{120}$ th under the 1937 Act) of such remuneration for each year of non-contributing service. The maximum pension fraction is $\frac{45}{80}$ ths and the minimum pension fraction on retirement due to ill-health is $\frac{20}{80}$ ths or such smaller fraction as would be applicable at age 65. Under the 1937 Act not more than 40 years' service were allowed to count for benefit at the full rate, while in the case of ill-health retirement the minimum pension fraction of one quarter did not apply. *Average remuneration* is the average of the three years

preceding retirement as opposed to the average of five years under the 1937 Act.

The retirement conditions remain unaltered, namely attainment of age 60 and completion of 40 years' service, whichever be the later, or attainment of age 65. Members may however remain in the service after age 65 by specific decision of the authority and with the consent of the member and may count such service for benefit if the maximum pension fraction has not then been attained.

(c) Widow's Pension

If a married male member dies after not less than 10 years' service either before or after retirement a widow's pension is payable equal to one-third of the member's accrued or current pension. The widow's pension ceases on remarriage and is not payable in respect of any wife whom the member marries after retirement.

(d) Retirement Grants

The retirement grant is calculated as $\frac{3}{80}$ ths of *average remuneration* for each year of contributing service together with $\frac{3}{160}$ ths of such remuneration for each year of non-contributing service. These fractions are reduced to $\frac{1}{80}$ th and $\frac{1}{160}$ th respectively for a married male member, to whose widow a pension may become payable. The larger fractions however are applied to any service after the death of the member's wife.

The retirement grant of a member who opts for the new benefits is increased by a percentage determined according to service before 1 October 1950, the purpose of this adjustment being to compensate for the absence of widow's cover before that date.

(e) Death Grant

Under the 1937 Act the benefit on death before retirement consisted of a return of contributions with interest. Under the new conditions the death grant if no widow's pension is payable is the greatest of:

(i) $\frac{3}{80}$ ths of *average remuneration* for each year of contributing service together with $\frac{3}{160}$ ths of such remuneration for each year of non-contributing service.

(ii) The amount of past contributions with interest.

(iii) One year's *average remuneration*.

If a widow's pension is payable the death grant is normally one-third of the amount in (i) above.

(f) Short Service Grant

This is a new benefit introduced by the 1953 Act and provides for a lump sum payment of one year's *average remuneration* in the event of retirement due to permanent ill-health or injury after five years' but before ten years' service.

(g) Return of Contributions

Contributions are returned on withdrawal in similar circumstances to those of the 1937 Act.

(h) Modification

In 1947 the contributions and benefits of Local Government Schemes were modified in order to allow for National Insurance Pensions and details were set out in the *National Insurance (Modification of Local Government Superannuation Schemes) Regulations, 1947* (S.R. & O. 1245 of 1947) and amendments. Modification is still continued but although contributions and benefits are both modified to the same extent as previously the National Insurance contributions and benefits have since increased considerably and are now about to increase yet again.

No changes have been introduced in the general administration of schemes but, in introducing the new benefits, the Act has provided extensive arrangements to preserve equity between old and new entrants. Funds now contain members who are subject to either the benefits of the 1937 Act or the 1953 Act and in either case the benefits may be modified or unmodified with the result that Local Government Superannuation has now become an extremely complex and detailed subject.

Finally, reference must be made to the valuation of Local Government Superannuation Funds at least once every five years by an actuary and those interested in these valuations should refer to the *Local Government Superannuation (Actuarial Valuations) Regulations, 1954* (S.I. 1954 No. 1224). These regulations indicate the lines on which the valuations are to be made and prescribe eight forms which are to be appended to the actuary's report giving details of the data, the experience, the actuarial bases and the results of the investigation.

G. H.