

Pensions Audit Sub-Committee

10am, Friday 20 September 2013

Irrecoverable overpayments of pensions

Item number	5.3
Report number	
Wards	All

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Irrecoverable Overpayments of Pensions

1. Summary

- 1.1 Pension regulations determine the calculation and payment of pension benefits to scheme members. During the course of administration overpayments of pension may occur upon the death of a pensioner, where people go back to work when receiving a pension (this only affects people who retired on the grounds of efficiency and received compensatory added years when they retired) or where a mistake occurs.
- 1.2 The pension funds attempt to recover overpayments over £250 however, on occasions, it is not in the best interest to seek recovery of an overpaid pension. Depending on the circumstances of the particular case, in line with delegated functions certain officers in the Investment & Pensions division may write off the whole or part of an overpayment up to £3,000. The most likely circumstances would be if recovery would cause undue hardship to the member's family, if there are insufficient funds to repay the overpayment or it is uneconomical to pursue. Any overpayments over £3,000 are referred to the Director of Corporate Governance.
- 1.3 The value of pension overpayment write offs between 1 April 2013 and 31 August 2013 is shown below. The total value is £5,491.50.

	Date of Death	Amount Written Off	Reason for write off
Member A	25/02/2012	£602.41	The member died February 2012 and we were not informed. The bank returned the member's May 2012 pension payment. The bank did not respond to our letters however we identified the death through matching our records to the General Registrars Office, Disclosure of Death Information (January 2013). The solicitor then advised that the Estate had been wound up and that no funds were available to repay the overpayment.

	Date of Death	Amount Written Off	Reason for write off
Member B	17/05/2012	£2,586.22	On the death of a part-time active member, Lothian Pension Fund made a mistake by using full-time final pay instead of actual part-time final pay to calculate death in service lump sum. Incorrect pay information from the scheme employer compounded the problem (the member had a pension protection certificate). As it took the scheme employer nearly a year to send correct pay information a decision was made to write off the overpayment for sensitivity reasons.
Member C	13/11/2010	£2,302.87	The death was identified through National Fraud Initiative 2010/11. Repeated attempts to contact the next of kin were unsuccessful.

1.4 Any overpayment of pension is charged to the respective pension Fund.

Recommendations

Pensions Audit-Sub Committee is requested to note the total value of pension overpayment written off between 1 April 2013 and 31 August 2013 is £5,491.50.

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Links

Coalition pledges

Council outcomes CO26 – The Council engages with stakeholders and works in partnerships to improve services and deliver agreed objectives.

Single Outcome Agreement

Appendices None