

## **Making a formal representation for an exit credit payment**      dated 11 02 2022

The Appendices of our [Funding Strategy Statement](#) (FSS) detail our policy on exit payments and exit credits. This document details how an employer / interested party makes a formal representation for an exit credit payment and the process that we will follow.

A representation for an exit credit payment must be made to us by letter or email within 3 months of an employer ceasing to participate from an employer official at Director level. Where possible, the information requested in item 1 below should be provided to the Fund ahead of the employer's exit date.

We will require the following information as part of the representation:

1. Details of any risk sharing agreements that may form part of the separate contractual arrangements between the admitted body and the guarantor / the entity which will subsume the liabilities at the end of the contractual agreement, including the contact details of the parties, and a summary or extract of the risk sharing provisions which sets out how the risk of an exit payment was borne.
2. Up to date (i.e. including the last month prior to exiting) pay and service details for all members
3. Confirmation of what is happening to the members after the employer ceases to participate at an individual member level
4. Confirmation of all employer contributions paid and when they were paid for the whole period that the employer participated in the Fund
5. Any other representation you wish to make, or factors that you consider relevant.

Once we have that information, we will:

- i. acknowledge receipt of the representation,
- ii. assess whether the information we require has been provided,
- iii. advise any interested parties that we have received the representation,
- iv. notify the employer and any interested parties if we intend to make a determination of an exit credit, and then if so:
  - a. instruct our actuary to calculate any potential exit payment or exit credit in line with the FSS (including an appropriate provision for the [McCloud case](#)), then
  - b. determine the amount of the exit payment or exit credit (if any).

Where we determine that an exit credit is payable, prior to making a payment, the authority of the Chair of the Pensions Committee to make payment must be sought if the payment is above £500,000. Payments below £500,000 can be made once the amount has been reviewed by the Finance Manager – Pensions and Treasury Management and then approved by Worcestershire County Council's Chief Financial Officer (CFO). We will pay an exit credit within 6 months of the exit date, or such longer time as the Fund and the exiting employer may agree.

Where we determine that no exit credit is payable, no such amount will be paid to the exiting employer (despite any other agreements that may be in place).

If an employer wishes to dispute the amount of the exit credit payment we have made (including where we determined that no exit credit was payable), our [Appeals Form](#) must be used as if the employer were a member invoking our Internal Disputes Resolution Process.

The form that follows will be used by us to record our progress on handling representations for an exit credit payment and will be made available on request to the employer in question and interested parties.

**Worcestershire Pension Fund record of a representation for an exit credit payment**

**Employer name and Fund number:**

**Date employer exited the Fund:**

| <b>ACTIVITY AND FULL DETAILS OF INFORMATION SUPPLIED</b>  | <b>DATE<br/>ACTIVITY<br/>CONFIRM<br/>ED AS<br/>COMPLET<br/>ED AND<br/>INITIALS<br/>OF</b> |
|---|---|
| <b>Contact details of employer's interested party's official making the representation:</b>   |   |
| <b>Contact details of the following interested party who has been identified and advised of this representation:</b>                    |   |
| <b>Date representation received:</b>  |   |
| <b>Date admission agreement scanned to U:</b>   |   |
| <b>Date representation acknowledged:</b>  |   |
| <b>Details of any information missing from the representation and date requested:</b>   |   |
| <b>Date all information required received and passed to our actuary:</b>  |   |
| <b>Date we received relevant advice from our actuary:</b>   |   |
| <b>Amount of exit credit payment determined by us:</b>  |   |
| <b>Date, outcome and next steps of the review of the exit credit payment by the Finance Manager – Pensions and Treasury Management:</b> |   |
| <b>Date exit credit payment approved by the CFO (under £500,000):</b>   |   |
| <b>Date exit credit payment approved by the Chair of Pensions Committee (required only for exit credit payments over £500,000):</b>     |   |
| <b>Date amount of exit credit payment provided to employer / interested party:</b>  |   |
| <b>Date exit credit payment made:</b>   |   |