

## **WILTSHIRE PENSION FUND – CESSATION POLICY**

### **1. Introduction**

This is the policy of Wiltshire Pension Fund (“the Fund”) as regards the treatment of employers on termination of their participation in the Fund. It covers the methodology for calculation and payment of any deficit or refund of surplus on leaving the Fund (via a “cessation valuation”). It applies independently from any risk-sharing which has been agreed bilaterally between a Scheme Employer and an exiting Scheme Employer.

It has been prepared by the Administering Authority, with input from the Fund’s Actuary, Hymans Robertson LLP. This policy relates to all employers in the Fund.

This policy replaces all previous policies on employer termination and is effective from 1 April 2020.

This policy applies to all past, current and future employers participating in the Fund. In exceptional circumstances, the Fund reserves the right to differ from the contents of this policy if the particular circumstances of an Exiting Employer mean that the application of this policy is not appropriate or goes against the spirit of the principles applied here.

### **2. Terminology**

The following terms all have the same meaning as defined in the Local Government Pension Scheme Regulations 2013 (“the 2013 Regulations”), as amended from time to time: Scheme Employer, Administering Authority, Exiting Employer, Exit Credit, Exit Date, Rate and Adjustment Certificate and Related Employer.

### **3. Regulatory framework**

The 2013 Regulations outline the general framework for employees and employers participating in the Local Government Pension Scheme in England and Wales. The regulations that are most relevant to employers leaving the Fund are as follows;

- Regulation 64 (2) – where an employer ceases to be a Scheme Employer, the Administering Authority is required to obtain an actuarial valuation of the liabilities of current and former employees as at the Exit Date. Furthermore, it requires the Rates and Adjustments Certificate to be amended to show the Exit Payment due from the exiting employer or the Exit Credit due to the exiting employer.
- Regulation 64 (2A) & (2B) – the Administering Authority, at its discretion, may issue a suspension notice to suspend payment of an exit amount for up to three years, where it reasonably believes the exiting employer is to have one or more.
- Regulation 64 (2ZAB) & (2ZC) – the Administering Authority is given discretion on the level, if any, of Exit Credit made to an Exiting Employer subject to certain considerations and it is required to notify the relevant parties of its pending determination within 6 months of the date of cessation (or a longer timeframe if agreed).

- Regulation 64 (3) – in instances where an exit payment is due but it is not possible to obtain additional contributions from the employer leaving the Fund or from the bond/indemnity or a guarantor, the contribution rate(s) for the appropriate Scheme Employer or remaining Fund employers may be amended.
- Regulation 64 (4) – where it is believed a scheme employer may cease at some point in the future, the Administering Authority may obtain a certificate from the Fund actuary revising the contributions for that employer, with a view to ensuring that the assets increase by an amount broadly equivalent to the exit payment that will be due.
- Regulation 64 (5) – following the payment of an Exit Payment to the Fund, no further payments are due to the Fund from the Exiting Employer.

In addition to the 2013 Regulations summarised above, Regulation 25A of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (“the Transitional Regulations”) gives the Fund the ability to levy a cessation debt on employers who have ceased participation in the Fund (under the previous regulations) but for whom a cessation valuation was not carried out at the time. This policy document describes how the Fund expects to deal with any such cases.

#### **4. Policy reviews**

This policy will be reviewed at least every three years following triennial valuations or following changes to the regulations pertaining to employers leaving the Fund.

It should be noted that this statement is not exhaustive and individual circumstances may be taken into consideration where appropriate. Any queries should be directed to Andy Cunningham, Head of Pensions Administration and Relations in the first instance at [Andy.Cunningham@wiltshire.gov.uk](mailto:Andy.Cunningham@wiltshire.gov.uk) or 01225 718296.

#### **5. Cessation events**

The purpose of a cessation valuation is to determine the level of any surplus or deficit in an employer’s share of the Fund as at the date the employer leaves the Fund and the manner in which they will be processed.

##### **5.1. Current cessations**

There are a number of scenarios that may lead to an employer leaving the Fund;

##### **a). Contractors participating in the Fund under an admission agreement (previously referred to as Transferee Admission Bodies).**

- A cessation event will occur when either a contract comes to a pre-arranged end date (the period of which will be defined in the admission agreement), a contract is terminated early or the employer has no remaining active members in the Fund.
- Action will be taken by the Fund to determine the level of any cessation debt owed by, or exit credit owed to, the exiting employer. The Fund will then seek to recover any debt from the exiting employer or alternative bond or guarantor in

place, or refund any surplus.

- Regardless of the success of recovering any cessation debt in respect of the exiting employer, or the amount of any Exit Credit refunded, all active, deferred and pensioner liabilities of the contractor will automatically transfer back to the Awarding Authority, along with the notional value of assets held by the ceased employer.
- If the contract is re-let, a new admission agreement will be set-up between the Awarding Authority and the new employer which may lead to some or all the original active members transferring to the new employer.

#### **b). Academies and Multi-Academy Trusts (MATs)**

- A cessation event will occur if a current Academy or Multi-Academy Trust ceases to exist as an entity or as an employer with the Fund.
- If the cessation event occurs due to an academy or MAT merging with or being taken over by another academy or MAT within the Wiltshire Pension Fund, all active, deferred and pensioner liabilities from each of the merging entities will be combined, along with the notional value of assets held by the bodies concerned, and the responsibility for the payment of all current and future liabilities will become the responsibility of the newly merged entity<sup>1</sup>. In these circumstances the Actuary, in consultation with the Fund, will determine if an Exit Payment or Exit Credit is required or if these funding variations should be addressed as part of future employer's contributions relating to the newly merged entity.
- If the academy or MAT is "debrokered"/split into more than one either new or existing employers with the Wiltshire Pension Fund then the Actuary will split the notional assets and liabilities relating to all active, deferred and pensioner liabilities of the exiting employer between the employers which are inheriting responsibility for the debrokered academy or MAT<sup>1</sup>. In consultation with the administering authority, the Actuary will use his or her professional judgement to determine an appropriate and fair methodology for undertaking this split. Furthermore, the Actuary, in consultation with the Fund, will determine if an Exit Payment or Exit Credit is required or if these variations should be addressed as part of future employers' contributions.
- If the Fund is unable to recover any cessation debt from an academy or MAT then it will seek to recover the debt from the Department for Education (DfE) as outlined in the DfE's parliamentary minute from 2 July 2013.
- In all other circumstances, following the payment of any cessation debt or the receipt of any cessation surplus, responsibility for all the remaining deferred and pensioner liabilities will be ring-fenced until the final liability ceases and then the liabilities and assets will be shared amongst all remaining active employers in the Fund, unless another Scheme Employer (or group of employers) provides a guarantee that requires them to inherit responsibility for the exiting employer's notional assets and liabilities.

#### **c). All other employers.**

---

<sup>1</sup>This approach is consistent with the wording of paragraph 9 of the [DfE parliamentary minute published on 2 July 2013](#)

- A cessation event will typically occur due to an employer having no remaining active members in the Fund.
- Following payment of any cessation debt or the receipt of any cessation surplus, responsibility for all remaining deferred and pensioner liabilities will be shared amongst all remaining active employers in the Fund, unless another Scheme Employer (or group of employers) provides a guarantee that requires them to inherit responsibility for the exiting employer's notional assets and liabilities.

The calculation of the cessation position will depend on which scenario applies. See section 6 for details.

## **5.2 Suspending payment of exit amounts**

At the absolute discretion of the Administering Authority, a suspension notice may be awarded to an exiting employer. This may be for a period of up to three years after the cessation event (the maximum period permitted by the Regulations).

Any application for the Administering Authority to grant a suspension notice will normally only be considered if the following criteria apply;

- The employer can provide evidence that it is likely to admit one or more new active members to the Fund within the period of the suspension notice
- The employer is not a closed Admitted Body, as under the existing admission agreement no new active members would be permitted to join the Fund.
- Any application for the Administering Authority to grant a suspension notice is made within three months of the cessation event.

The Administering Authority reserves the right to withdraw a suspension notice if it is of the opinion that the terms of any agreement to award a suspension notice are not being upheld by the employer.

If a suspension notice is awarded, the cessation valuation will be deferred until the earlier of 1) the end of suspension period or 2) the point at which the suspension notice is withdrawn (for any reason). If one or more new active members are admitted to the Fund, the employer's full participation in the Fund will resume, including the ongoing responsibility for historic liabilities. If no new active members are admitted to the Fund it will seek to recover any cessation debt as per 5.1.

During the period of any suspension notice, the employer must continue to make such contributions to the Fund as certified in the Rates and Adjustments certificate.

## **5.3 Future cessations**

If an employer is aware that it will be leaving the Fund in the future, it should alert the Administering Authority and request an indicative cessation valuation.

If this valuation indicates that a surplus position is likely, then the Actuary will be able to advise the Administering Authority whether a contribution reduction (before the employer ceases) is appropriate. Alternatively, if this calculation indicates a deficit position is likely then the Actuary will be able to advise of any required increase in contributions over the

remaining period of membership. In either case, the Administering Authority has discretion over the funding basis to be used for this calculation.

#### **5.4 Historic cessations**

As required under Regulation 25A of the Transitional Regulations, the Administering Authority reserve the right to levy a cessation debt on employers who have ceased participation in the Fund under previous LGPS regulations, but for whom a cessation valuation was not carried out at the time. In such circumstances, the appropriate approach would be taken in line with the contents of this policy document depending on the relevant circumstances of each case.

### **6. Calculation Basis for cessation events: Crystallisation of cessation amount**

It is the Fund's policy that (unless a suspension notice has been awarded) the determination of any surplus or deficit on termination will be carried out as at the date that the final active member leaves active service/retires. The policy aims to minimise, as far as is practicable, the risk that the remaining, unconnected employers in the Fund have to make contributions in the future towards meeting the past service liabilities of current and former employees of employers leaving the Fund.

In each of the following scenarios, the cessation amount is crystallised. This means that once the cessation debt or surplus has been determined, this amount will not be reviewed in future to allow for future events such as market movements or demographic change, although in the event of an exit payment being due, it may be used as a reference point to agree upon a payment plan as per section 7 (if applicable).

#### **6.1 Contractors participating in the Fund under an admission agreement (previously referred to as Transferee Admission Bodies).**

The Fund's policy is to carry out the cessation valuation in this situation in line with the 'ongoing' actuarial valuation basis from the previous valuation (updated for market conditions at the date of exit).

The Regulations require that the contribution rate for the Scheme Employer who awarded the original contract is amended on termination should there be any unfunded liabilities remaining. This may occur if the certified cessation debt due from the ceased employer has not been paid or any amount received from any bond in place has not been sufficient to meet the full cessation debt.

In this case, the original awarding employer is the ultimate 'guarantor' for any legacy liabilities in respect of the ceased employer's liabilities.

If the admission agreement is terminated earlier than the contract period set out in the agreement, then the Administering Authority reserves the right to perform the cessation valuation on an alternative basis as agreed with the original awarding authority.

#### **6.2 All other employers (including Scheme Employers, Designated Bodies, other Admission Bodies)**

##### **(a) No Guarantor Exists**

In the case of an Exiting employer where no guarantor exists, since the Regulations suggest that any unfunded liabilities (at the point of cessation or after the cessation

date) should be met via increased contributions from all other employers in the Fund, the Administering Authority wishes to protect the interests of the other unconnected employers.

The cessation valuation in such a case will be performed on a 'minimum risk' basis (i.e. a gilts basis which does not allow for any outperformance above gilts from other assets such as equities, and with an increased allowance for future mortality improvements above those adopted for the ongoing funding basis at the last actuarial valuation).

If, in the judgement of the Administering Authority, there is a risk of pushing the exiting employer into insolvency by adopting the 'minimum risk' basis, even after allowing for the spreading period (see section 7 below), the Head of Pensions Administration and Relations, with the prior agreement of the Chairman and Vice Chairman of the Pensions Committee and the Chief Financial Officer, may allow the cessation valuation to be performed on a set of financial assumptions that are less prudent than the 'minimum risk' basis. In these circumstances, the asset outperformance assumption will be no greater than half of the asset outperformance used at the previous formal actuarial valuation. In this situation, there will be an increased allowance for future mortality improvements beyond that adopted for the ongoing funding basis at the previous formal actuarial valuation.

(b) Exiting employer has a guarantor

If a scheme employer guarantor does exist or if the exiting employer is able to obtain a legally binding guarantee from a Scheme Employer on cessation which states the guarantor is prepared to absorb the exiting employer's responsibilities on an ongoing funding basis, then the Actuary will calculate the cessation valuation using the ongoing funding basis adopted at the last actuarial valuation (updated for market conditions). This approach is subject to the guarantor Scheme Employer being deemed by the Administering Authority to be sufficiently large and financially secure that the cessation deficit for the exiting employer is not material to the ongoing funding position of the guarantor Scheme Employer.

(c) Treatment of pass-through employers

In the case where the admission agreement with the Fund specifies a full pass-through arrangement, a nil cessation amount will be certified. If an employer enters into an arrangement regarding risk-sharing or pass-through with another Scheme Employer that is not reflected in the employer admission agreement, then a cessation amount will be calculated according to (a) or (b) above and charged to or credited to the exiting employer. The exiting employer will be entirely responsible for claiming from the other Scheme Employer any monies to which the exiting employer is entitled as a result of arrangements not reflected in the admission agreement.

## **7. Payment of any Deficit**

If the actuary determines that there is a deficit at the cessation date and the exiting employer is required to make a payment to the Fund, the Administering Authority will advise the exiting employer of the amount required.

The Fund's policy is for any deficit on cessation to be recovered through a single lump sum payment to the Fund, where possible. The Administering Authority may consider

permitting an Exiting employer to spread the payment over an agreed period, where it considers that this does not pose a material risk to the solvency of the Fund. This repayment period will not exceed the deficit recovery period that applies for any guarantor, or in the absence of a guarantor, that for non-tax raising bodies within the Fund (currently 14 years) and will incorporate within the repayment profile the unwinding of the discount rate implicit in the final deficit payment as agreed with the Fund Actuary. If, however, the proposed repayment period is to exceed 7 years then the Head of Pensions Administration and Relations must obtain the agreement of the Chairman and Vice Chairman of the Pensions Committee and the Director of Finance.

If no guarantor will be in place for the length of time of which the deficit is recovered, the Fund will seek to obtain security which matches or exceeds the level of the outstanding deficit at all times during the period of time it is recovered (i.e. a decreasing amount over time). The form of financial security must be acceptable to the Administering Authority at its absolute discretion. Approved forms of security include a bond with a financial institution, a charge over assets or a Scheme Employer who will act as guarantor for the cessation debt over the extended cessation period.

The first port of call for payment of the deficit is the exiting employer itself and only in the final event of failure to recover from this source would other scenarios be explored.

Unless the cost of doing so is deemed to outweigh the likely recovery to the Fund, the Administering Authority will pursue an Exiting employer (including the liquidator, receiver, administrator or successor body if appropriate) for any deficit. In the event of non-payment, the Administering Authority will also pursue any bond or indemnity provider or guarantor, for payment where appropriate. For academies, this may include seeking to activate the Department for Education's guarantee as outlined within the parliamentary minute from 2013.

In the normal course of events (i.e. where the process above has been adhered to), the exiting employer will not normally be exposed to interest rate, investment or other funding risks after the cessation date. Any late deficit payment will include the addition of interest at the level of the base rate plus 5% per annum between the cessation date and the final payment date(s). However, exceptions to this may need to be made depending on the circumstances of the cessation and must be agreed by the Chairman and Vice Chairman of the Pensions Committee and the Director of Finance.

## **8. Payment of any Exit Credit**

If the actuary determines that there is a surplus at the cessation date, the Administering Authority has discretion to decide upon the level of any Exit Credit payment up to the full surplus value, including on whether to set the value to zero. The Fund's approach to making a determination is to consider the circumstances of the case, as set out in 8.1 and as split below between regulatory considerations and Fund identified considerations, and to apply the principles in 8.2.

However, the points below act only as guidelines and each case will still be decided on its own merits and as such the Fund may differ in its approach where it deems it appropriate to do so.

### **8.1. Considerations**

The LGPS Regulations 64, paragraph 2ZC state that in exercising its discretion to determine the amount of any exit credit, the Fund must have regard to the following:

- a). the extent to which there is an excess of assets in the fund relating to that employer over the liabilities...;*

*(b) the proportion of this excess of assets which has arisen because of the value of the employer's contributions;*

*(c) any representations to the administering authority made by the exiting employer and, where that employer participates in the scheme by virtue of an admission agreement, any body listed in paragraphs (8)(a) to (d)(iii) of Part 3 to Schedule 2 to these Regulations [LGPS Regulations 2013 in relation to transferee admission bodies]; and*

*(d) any other relevant factors.*

Further to point d), the Fund considers the following factors as being potentially relevant in making a determination:

i). If the terms of the any admission agreement, service agreement or transfer agreement was determined before May 2018 (i.e. before the Regulations were changed to allow Exit Credits to become payable), the Fund will normally assume that Exit Credits were not considered at that point in time unless than is information available to the contrary;

ii). The type of employer body within the definitions of the LGPS Regulations, its initial funding position and whether or not it is part of a pool.

iii). The approach which was taken to setting that exiting employer's contributions during its participation in the Fund, in particular in terms of any secondary contribution rates and the levels of prudence applied.

iv). The presence, or otherwise, and details of any risk-sharing arrangements provided to the Administering Authority by the relevant parties, including any contractual terms which either directly or indirectly indicate an agreed approach to Exit Credits.

## **8.2. The principles which will apply to reach a determination**

The principles that apply will vary according to an Exiting Employer's classification:

### **Admitted bodies**

a). In the absence of evidence to the contrary, the Fund will assume that for all employer admissions prior to May 2018, it is likely that the understanding of all relevant parties at that point in time would have been that no Exit Credit payment would be due on cessation in any circumstances and this may have influenced the terms agreed (including the absence of any reference to exit Credits);

b). The Fund will normally make an Exit Credit payment in line with any contractual agreements which specifically covers the ownership of Exit Credits/cessation surpluses in a clear, unambiguous way. Similarly, if the Scheme Employer, Guarantor and Exiting Employer agree on an approach to the paying of any Exit Credit at the time of exit, the Fund will normally make a payment in line with that agreement (as long as its payment is still consistent with Regulations);

c). If as a result of any risk-sharing agreement outlined with an admission agreement, service contract or transfer agreement, the exiting employer's participation in the Fund is on a pooled or quasi-pooled basis, whereby it only has responsibility for primary rate contributions, then no

Exit Credit will normally be paid out (with all assets and liabilities remaining the responsibility of the remaining employer or pool).

d). For other types of risk-sharing arrangements, other than that outlined in c), the Fund will consider what approach to paying an Exit Credit would appear consistent with details of the risk-arrangement. This could result in nil, partial or full Exit Credit payment. The Fund will consider the representations made by the parties before making a decision.

e). If the service contract or transfer agreement ended early, the Fund will consider the reason for the early termination, and whether that should have any relevance on the determination of the Fund of the value of the Exit Credit.

f). Where a guarantor arrangement is in place, but no risk-sharing arrangement was entered into:

i). For admissions post May 2018 the Fund will normally assume that the parties had an understanding and awareness of the upside and downside risks involved at the time of admission and it will normally seek to make the Exit Credit to the exiting employer unless other relevant matters apply.

ii). For admissions prior to May 2018, the Fund will seek to determine if it is likely the terms of admission would have been different if legislation applying from May 2018 had been in place at the time of the admission and it will make a decision accordingly on whether to pay the Exit Credit to the exiting employer in full or not.

g). The Fund will consider the differential between employers' contributions paid and the size of the surplus, as required by amended Regulations. However, the Fund will not normally determine the approach to paying Exit Credits on this differential alone without a wider analysis of the risks undertaken by each party.

h). If an admitted body leaves on a gilts cessation basis (because no guarantor is in place), then any exit credit will normally be paid in full to the Exiting Employer.

### **Scheduled bodies and designating bodies**

h). Employers within the Town and Parish Councils pool will not normally receive exit credits upon leaving the Fund as the remaining participants of the pool will continue to take responsibility for assets and liabilities after the relevant employer has exited.

i). Similarly, academies which form part of a wider multi-academy trust (MAT) which leave the Fund for whatever reason will not normally be entitled to an Exit Credit and any surplus will remain with the MAT.

j). Normally a scheme employer will only become an Exiting Employer on an ongoing cessation basis if the exit relates to a reorganisation, merger or take-over (as per 5.1.b). In such circumstances, no exit credit will be made as assets and liabilities will be transferred over to the new organisation.

### **8.3. Timeframes, determinations and tax**

The Administering Authority is required to advise the Exiting employer, as well as other relevant Scheme Employer or Scheme Employer guarantor (normally the same body), of its requirement to make an Exit Credit determination under Regulation 64 and to obtain the information outlined in 8.1, as required.

The final decision will be made by the Fund's Head of Pensions Administration and Relations, in conjunction with advice from the Fund's actuary, Section 151 officer and Wiltshire Pension Fund Committee where necessary, in consideration of the points held within this policy.

The Administering Authority will advise the Exiting Employer of the amount due to be repaid and seek to make the payment within six months of the Exit Date. However, in order to meet the six-month timeframe, the Administering Authority requires prompt notification of an employers' exit and all data requested. The Administering Authority is unable to make any Exit Credit payment until it has received all data requested.

At the time this policy was originally produced, the Fund has been informed by HMRC that Exit Credits are not subject to tax and are considered authorised payments, however all exiting employers must seek their own advice on the tax and accounting treatment of any Exit Credit.

## **9. Extended Cessation Arrangements: Non-crystallisation of cessation calculation (only applicable where no guarantor exists)**

The methodology set out in sections 5, 6 and 7 of this policy is the Fund's preferred treatment of exiting employers. Extended arrangements for cessation valuations including delaying the calculation or payment of a cessation debt beyond the date the last active leaves active service within the Fund, other than in the circumstances set out in Section 5.2, may be considered and if approved (at the Administering Authority's absolute discretion), will be managed as set out below.

This section of policy is based on our current understanding of the Regulations and clarification provided to us by MHCLG.

- (1) A cessation debt will be calculated at the date of the cessation event on the Fund's 'ongoing' actuarial basis and this amount will be due from the exiting employer immediately. The same terms for repayment of this debt will apply as in specified in 6.
- (2) The Fund Actuary will calculate the value at risk after the 'ongoing' cessation debt payment arrangements are made, by assessing the potential cessation deficit that may arise on the 'minimum risk' basis over the next 3 years.
- (3) The exiting employer must provide an appropriate form of financial security to Wiltshire Council as administering authority to the Wiltshire Pension Fund for the amount of the value at risk. The form of financial security must be acceptable to the Administering Authority at its absolute discretion. Approved forms of security include a bond with a financial institution, a charge over assets or a Scheme Employer who will act as guarantor for the cessation debt over the extended cessation period.
- (4) The value at risk will be re-calculated at each triennial valuation and the security arrangements reviewed to ensure the outstanding value at risk is covered.
- (5) A contribution plan targeting full payment of the outstanding cessation debt calculated on the 'minimum risk' basis by a fixed date not later than the deficit recovery period that applies for non-tax-raising bodies within the Fund (currently 14 years) after the original cessation event will be assessed at the cessation event and re-calculated at each triennial actuarial valuation by the Fund Actuary taking account of all previous payments. The Administering Authority shall require the exiting employer to enter into such agreements and other documents in the Administering Authority's standard form as are (in the Administering Authority's opinion) required to effect the extended cessation arrangement.
- (6) The extended cessation arrangement will be terminated (at the "termination date") and the full amount of any outstanding cessation debt calculated on the minimum risk basis on the termination date will become due immediately in any of the following circumstances:
  - a. At a termination date requested by the exiting employer with a minimum notice period of 1 month;
  - b. If the exiting employer fails to meet contributions under the contribution plan;

- c. If the exiting employer is no longer able to provide appropriate security to the value required; or
- d. At a date, notified to the exiting employer with a minimum notice period of 3 months by the Administering Authority, which will be not later than 14 years after the original cessation event.

(7) All legal and actuarial costs incurred by the Fund in the process of maintaining the above extended cessation arrangements will be met by the exiting employer.

Any employer entering into extended cessation arrangements will be exposed to funding risks after the date of the cessation event. Employers could end up paying more to the Fund than the 'minimum risk' cessation amount calculated as at the cessation date.

## **10. Ongoing Management of liabilities after settlement of cessation debts**

It is the policy of the Fund to avoid 'orphaned' liabilities and assets which can occur in the following situations:

- a) The former employer no longer exists; or
- b) The former employer still exists, but they have paid off a cessation valuation in full, so there is no further recourse to them.

In these situations, the issue remains of where the former employer's liabilities (which don't cease until the last pensioner dies) and investment assets reside within the Pension Fund's unitised structure. The approach for dealing with this is as follows:

- a) Where there is a guarantor which is also an employer within the Fund, it is the Fund's policy that they will take the legacy (deferred and pensioner) liabilities and assets into their own valuation group for the purposes of future actuarial valuations. This can also be a way of spreading the cost of any remaining deficit that the guarantor may be picking up, because the liabilities (and assets) become merged with the guarantor's existing liabilities/assets for valuation and contribution rate purposes.
- b) Where there is no guarantor, another existing employer within the Fund, such as the original ceding employer (in the case of old Community Admission Bodies) or some other organisation with close links to the former employer will be sought to similarly absorb the legacy (deferred and pensioner) liabilities and assets.
- c) If no other employer within the Fund has links to the former employer, the former employer's assets will be ring-fenced until the last pensioner dies and any emerging deficit or surplus will be allocated across all current employers in the Fund at that date in proportion to their liabilities.

**Approved at Wiltshire Pension Fund Committee on 26 March 2020**