

Exit Credit Policy

26 February 2026



East Sussex Pension Fund – Exit Credit Policy

Introduction

This is the Exit Credit policy for the East Sussex Pension Fund (the Fund), part of the Local Government Pension Scheme (LGPS). It has been prepared by East Sussex County Council in our capacity as Administering Authority of the Fund.

The LGPS (Amendment) Regulations 2018 allow administering authorities to make an exit credit payment to exiting employers. This will be reviewed on a case-by-case basis before any payment is made. Considerations will be based on any previous agreements made and discussions between us, the exiting employer and the guaranteeing employer (if relevant).

Please note that these are guidelines only and the Fund will also consider any other factors that are relevant on a case-by-case basis. These considerations may result in a determination that would be different if these guidelines were rigorously adhered to. In all cases, the Fund will make clear its reasoning for any decision.

This policy was approved on 26 February 2026, superseding the approved version from 19 June 2024 and is effective immediately. These procedures and policies apply to employers participating in the Fund.

General principles

Having regard to any relevant considerations, we will take the following approach to the payment of exit credits:

- Any employer who cannot demonstrate that they have been exposed to underfunding risk during their participation in the Fund will not be entitled to an exit credit payment. This is on the basis that these employers would not have been asked to pay an exit payment had a deficit existed at the time of exit.
- We do not need to enquire into the precise risk sharing arrangement adopted by an employer, but we must be satisfied that the risk sharing arrangement has been in place before we will pay out an exit credit. The level of risk that an employer has borne will be taken into account when determining the amount of any exit credit. It is the responsibility of the exiting employer to set out why the arrangements make payment of an exit credit appropriate.

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- Any exit credit payable may be subject to a maximum of the actual employer contributions paid into the Fund as certified in the Fund's rates and adjustments certificates, up to any cap arrangements that may have been in place and excluding any additional payments such as strain payments.
- We will pay out any exit credits within six months of the cessation date where possible. We may agree to a longer time with the exiting employer where necessary. For example, if the employer does not provide us with all the relevant information within one month of the cessation date, we will not be able to guarantee payment within six months of the cessation date.
- Under the Regulations, we have the discretion to take into account any other relevant factors in the calculation of any exit credit payable and we will seek legal advice where appropriate.

Applications for adjudication and disagreements

An exiting employer, or other employers affected by the decision (such as guarantors), will be able to make representations if there is any conflict or difference of opinion regarding the amount of an exit credit paid or the process by which it was determined. In this situation, the review and adjudication provisions set out in Regulations 74-78 of the LGPS Regulations 2013 will apply.

Review of policy

This policy will be reviewed at least every three years following triennial valuations or following changes in 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 the Head of East Sussex Pension Fund in the first instance at pensions@eastsussex.gov.uk