



COLLEGE POLICY ON PENSION ARRANGEMENTS

1. Policy Statement

- 1.1 The Corporation recognises two pension providers in respect of staff pensions, the Teachers' Pension Scheme and the Local Government Pension Scheme.
- 1.2 This paper and supporting appendices set out details relevant to the provision of pensions for staff of the College.

2. The Teacher's Pension Scheme

- 2.1 The Teacher's Pension Scheme is a contributory scheme run by Teachers' Pensions. The benefits of the scheme are governed by the Teachers' Superannuation (Consolidation) Regulations 1988, as amended.
- 2.2 The scheme automatically covers full-time teachers who have not opted out the scheme to make their own pension arrangements. The scheme also covers those who are teaching part-time but membership is by application rather than automatic.
- 2.3 The scheme pays guaranteed benefits which are protected against inflation. The benefits provide a lump sum on retirement and an annual pension. The normal retirement age in this scheme for both men and women is 60. The scheme also provides for ill-health benefits, and death and family benefits. Details of the scheme are published in 'Your Pension - A Guide to The Teachers' Pension Scheme', which is available from the Personnel Services Division.

3. The Local Government Pension Scheme

- 3.1 The Local Government Pension Scheme is a contributory scheme administered by Bath & North East Somerset Council in the Avon area. The formal legal documents associated with the scheme are the Local Government Pension Scheme Regulations 1997 (plus any subsequent amendments).
- 3.2 The scheme automatically cover all full-time and part-time staff who are employees of Scheduled Bodies which includes the College, up to the age of 65. The scheme also covers those who are working on a casual basis, but membership for such staff is by application rather than automatic.

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- 3.3 The scheme pays a lump sum on retirement and an annual pension based on Final Pensionable Pay and Pensionable Service. The scheme also provides for ill-health benefits and death and family benefits. Details of the scheme are published in 'A Simple Guide to the Local Government Pension Scheme', which is available from the Personnel Services Division

4. Premature Retirement and Other Pensions Issues

- 4.1 The Corporation has determined policies for premature retirement and other pension issues for staff, as set out in Appendix 1 (Academic Staff) and Appendix 2 (College Services Staff).



COLLEGE PENSIONS POLICY IN RESPECT OF ACADEMIC STAFF PREMATURE RETIREMENT

1. INTRODUCTION

- 1.1 The Corporation has financial responsibility for all cases of premature retirement on the grounds of the efficient exercise of the College's function or redundancy .
- 1.2 Premature retirement on medical grounds is dealt with separately, and has no direct financial implications for the Corporation. Premature retirement on medical grounds only applies to lecturers under 60 years of age.
- 1.3 This document sets out the basis for consideration of premature retirement for Academic staff.

2. CRITERIA

- 2.1 To be eligible for premature retirement and to be considered for pension benefits a lecturer must be:-
 - 2.1.1 Aged 50 years or over at the time of retirement
 - 2.1.2 Employed on a permanent basis
 - 2.1.3 Paying Superannuation and have at least 5 years' reckonable service.
- 2.2 From September 1997 the benefit cost of premature retirement (pension and lump sum) are split between the scheme and the Corporation. The Corporation's share is called the "mandatory compensation" and the Corporation must agree to pay this if an application for premature retirement benefits is to be accepted by Teachers' Pensions.
- 2.3 "Discretionary Compensation" is entirely at the discretion of the Corporation and is subject to certain limits.
- 2.4 The Corporation will have to be satisfied that in the case of either premature retirement on its own, or premature retirement with Discretionary Compensation, the costs can be justified.

3. DISCRETIONARY COMPENSATION

- 3.1 Under the Teachers (Compensation for Redundancy and Premature Retirement) Regulations 1985 the Corporation has the discretion to award additional years of service, for pension purposes. These additional years of service are known as 'Compensatory Added Years'. The Corporation scheme is set out below.

3.1.1 If the retirement is in the efficient exercise of the College's function then:

Compensatory, added years **may** be added only in special circumstances such as:

- Where significant financial savings accrue to the College, or
- Where the interests and efficiency of the College are served

Staff who apply under this scheme will be considered for added years in the case of either of the above according to their age on the following scale:

Aged 50 to 54 years - up to a max of 5 years
Aged 55 to 59 years - up to a max of 3 years
Aged 60 to 63 years - up to a max of 1 year

3.1.2 If the retirement is on the grounds of redundancy, then a maximum of 10 years is applicable. However, this is subject to the following restrictions:

- Your accrued reckonable service plus compensatory added years must not exceed a total of 40 years.
- Compensatory added years cannot be in excess of the period equal to the period which could have been served had the member of staff remained in service to date they attained at the age of 65 years.
- Compensatory added years cannot be in excess of the individuals accrued reckonable service at the official date of retirement.
- Should any of the above restrictions apply then the compensatory added years applicable will always be the shortest period.
- In the event of the retirement being on the grounds of redundancy and the compensatory added years awarded exceeding 6 2/3 years then the compensatory added years lump sum will be reduced on the following basis:

(Number of Compensatory Added Years Less 6 2/3 years x 30% x Redundancy Payment.)

4. GENERAL

- 4.1 Requests for consideration by the Corporation must be made in writing and directed to the Director of Corporate Administration in the first instance.
- 4.2 An indication of benefits may be provided by the Personnel Services Division but such indication is for information only and provision of the financial information by the Personnel Services Division does not constitute an offer of premature retirement. Full financial details will be obtained from Teachers' Pensions. The provision of financial details may take a considerable time subject to the level of demand.

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- 4.3 If decision of the Corporation is to offer premature retirement, the Principal will then instruct the Personnel Services Division to make a formal written offer.
 - 4.4 Written acceptance of such an offer is regarded as the final decision by the member of staff to leave the service. Staff should be aware that any formal offer of premature retirement will state a clear end date for acceptance, otherwise the offer may be withdrawn.
 - 4.5 Having received written confirmation that a member of staff wishes to proceed with premature retirement the College will issue a formal notice of dismissal in order to satisfy the requirements of the Teachers' Pension Scheme.
 - 4.6 The present regulations concerning redundancy, pension and lump sum payments have an effect on lecturers resuming employment after they have retired prematurely. If a member of staff is contemplating part-time work, it is essential that there be a clear break in reckonable service to preserve all premature retirement benefits. The Teachers' Superannuation Regulations require a break after the date of premature retirement of at least one term from the date of formal dismissal. Staff will find themselves in great difficulty and may be involved in protracted correspondence with the appropriate Government Departments if they are unable to clearly establish a definite break in service.
 - 4.7 The Corporation has decided that as a matter of policy, staff granted premature retirement will not be offered other full-time or fractional, permanent or fixed term contract posts with the College.
 - 4.8 Staff who have accepted offers of premature retirement must inform the Paymaster General and the College Personnel Services Division of any earnings as a lecturer from re-employment at any time so that any necessary services adjustments can be made to their pension.
 - 4.9 The information in this document is for guidance only and cannot override the statutory provisions of the teachers pensions regulations, the Teachers (Compensation for Redundancy and Premature Retirement) Regulations 1985 and the Redundancy Payments (Local Government Modification) order 1983.

5. INCOME TAX BENEFITS

- 5.1 The Lump Sums payable by the Department for Education and the Corporation and the Redundancy Payment are tax free up to certain limits set by the Inland Revenue, but Annual Pensions are accessible for income tax as earned income.

6. INDEX LINKED PENSIONS

- 6.1 For staff aged over 55 years the pension will be indexed linked. If retirement is before the age of 55 then normally the individual would have to wait until attaining the age of 55. At that time, the pensions would include increases awarded since retirement increases are awarded in April of each year.



COLLEGE PENSIONS POLICY IN RESPECT OF COLLEGE SERVICES STAFF

1. INTRODUCTION

- 1.1 The Corporation has financial responsibility for all cases of premature retirement on the grounds of the efficient exercise of the College's function or redundancy .
- 1.2 Premature retirement on medical grounds is dealt with separately, and has no direct financial implications for the Corporation.
- 1.3 The Corporation has other discretionary powers which are exercised under the Local Government Pension Scheme Regulations (LGPSR) of 1997.
- 1.3 This document sets out the basis for consideration of premature retirement and other discretionary issues for College Services Staff.

2. REGULATION 31

- 2.1 Any employee who is between the ages of 50 and 59 inclusive and leaves employment may apply to the College for the early release of his or her pension benefits. Such application must be made in writing to the College.
- 2.2 The College will give due consideration to any such request received and to the reasons raised by the individual, and will also take into account the needs of the College at the time of the application. It is Corporation policy that applications for early release of benefits from employees between the ages of 50 and 59 inclusive will only be accepted in cases where it can be demonstrated as being in the Corporation's best interests, or where there are compassionate grounds for the early release of pension benefits. All applications will be considered by the Corporation's Finance and General Purposes Committee.
- 2.3 In such cases where the early release of pension benefits is approved, actuarial abatement will be applied to the pension benefits if the sum of the employee's age and pensionable service is less than 85 years.

3. REGULATION 52

- 3.1 This regulation relates to the ability to grant additional service to members leaving local government employment at or after age 50. This will allow discretion for the employer to augment (increase) at retirement an employee's service within the pension scheme as an alternative to granting "added years" outside the scheme under the Discretionary Payments Regulations (DPR) 1996. It will also allow the employer to augment an employee's service in circumstances where the DP Regulations do not apply.

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- 3.2 The Corporation has no intention to make general use of the discretionary power under Regulation 52, but may wish to consider its use in exceptional cases in the future.

4. **REGULATION 53**

- 4.1 The regulation relates to the ability to grant additional service to members within 6 months of joining the scheme.
- 4.2 The Corporation has no intention to make general use of the discretionary power under Regulation 53 but may wish to consider its use in exceptional cases in the future.

5. **REGULATION 67**

- 5.1 This regulation relates to a shared cost additional voluntary contribution (SCAVC) arrangement. In common with other occupational pension schemes, the LGPs must offer members a facility to make Additional Voluntary Contributions (AVCs). The present facility is through an AVC scheme provided by Equitable Life Insurance Company. The Corporation makes no financial contribution to this scheme.
- 5.2 The Corporation does not intend to set up a Shared Cost AVC Scheme in the foreseeable future.

6. **GENERAL**

- 6.1 Requests for consideration under the above regulations by the Corporation must be made in writing and directed to the Director of Corporate Administration in the first instance.
- 6.2 Where appropriate, an indication of benefits may be provided by the Personnel Services Division but such indication is for information only and provision of the financial information by the Personnel Services Division does not constitute an offer of premature retirement. Full financial details will be obtained from the administrators of the Local Government Pension Scheme. The provision of financial details may take a considerable time subject to the level of demand.
- 6.3 If the decision of the Corporation is to grant a request under any of the above regulations, the Principal will instruct the Personnel Services Division to make a formal written offer.
- 6.4 The Corporation has decided that as a matter of policy, staff granted premature retirement will not be offered other full-time or fractional, permanent or fixed term contract posts.
- 6.5 The information in this document is for guidance only and cannot override the statutory provisions of the Local Government Pension Scheme Regulations (LGPSR) of 1997.
- 6.6 The Corporation has determined that this policy should be reviewed on a bi-annual basis.

7. INCOME TAX BENEFITS

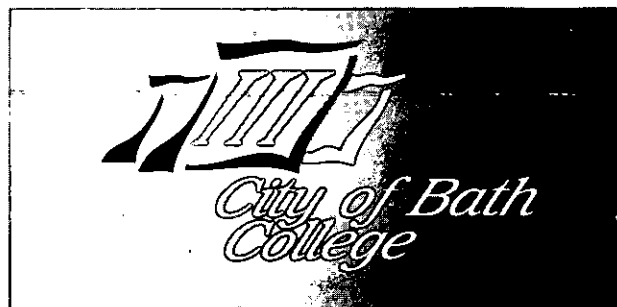
7.1 The Lump Sums payable by the Department for Education and the Corporation and the Redundancy Payment are tax free up to certain limits set by the Inland Revenue, but Annual Pensions are accessible for income tax as earned income.

8. INDEX LINKED PENSIONS

8.1 For staff aged over 55 years the pension will be indexed linked. If retirement is before the age of 55 then normally the individual would have to wait until attaining the age of 55. At that time, the pensions would include increases awarded since retirement increases are awarded in April of each year.

AP/EC

05 January 1999



Education & Training for the Community

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RECEIVED

7 - JAN 1999

Dear Mr Worth

Re Widowers' Pension Resolution

I refer to your facsimile message of 13 November 1998 and our subsequent telephone conversation.

I can confirm that at a meeting of the Corporation held on 15 July 1998, the Board ratified a management decision in respect of Regulation 9 (Discretion F) in respect of the provision of widowers' pensions in respect of service between 1972 and 1988.

I believe that the ratification of the management decision, which had previously been notified to you, meets the requirements of an employing body in respect of widowers' pensions.

Yours sincerely

Tony Plummer
Director of Corporate Administration