

CENTRE FOR THE DEAF

How the Centre exercises discretion under the Local Government New Look Pension Scheme (LGPS) 2007

Introduction

The Board of Trustees in view of the economic forecast and notification from Avon Local Government Pension Scheme of the necessity for the Centre to cover a 300,000. Shortfall have closed entry by new members of staff from 1st November 2007 to the said Avon Pension Scheme. For excising members the following will apply. LGPS is an excellent occupational pension scheme, which is administered in our area by Bath & North East Somerset Centre and is called the Avon Pension Fund.

The general framework of the LGPS is determined nationally by the Department of Communities and Local Government and is set out in legislation. This covers all major aspects of the scheme such as

- Contribution rates;
- Type and level of Benefits;
- When benefits are payable or can be claimed.
- What happens to a leaver's accrued benefits.

Within the legislation, there is provision in specific areas for the employer to exercise discretion over the entitlements of its current or past employees. The employer must publish a written statement of how it intends to exercise such powers.

This document summarises how The Centre for The Deaf has decided to exercise its discretionary powers and the Centre's policies in relation to pension matters.

Inward transfers of pension rights – Regulation 83(8):

If a scheme member wishes to transfer pension rights into the LGPS he/she must opt to do so within 12 months of joining the LGPS. Only in exceptional circumstances will a longer period be allowed so long as there is no known reason or prospect of the employee having access to their pension within the next 12 months.

Contribution Bands

Employees are to pay contributions according to the following table based on their whole-time equivalent pensionable pay (salary plus contractual payments) as follows.

Band	Range (2008/09)	Contribution Rate
1	£0 - £12,000	5.5%
2	more than £12,000 – £14,000	5.8%
3	more than £14,000 – £18,000	5.9%
4	more than £18,000 – £30,000	6.5%
5	more than £30,000 – £40,000	6.8%
6	more than £40,000 – £75,000	7.2%
7	more than £75,000	7.5%

These bands will be enhanced by the cost of living (Retail Price Index) each year. Employees will be reassessed at the 1 April annually to determine any re-allocation to a new band is necessary.

For ease of administration and implementation and to ensure a fair and consistent transition to the new rates, Centre for the Deaf, has determined the following arrangements will apply for 2008/09.

- a.** Existing Scheme members will be placed into one of the above bands on the basis of their actual pensionable pay as at 1 April 2008.
- b..** Scheme members, who have an increase in salary part way through the year as a result of a change in post or regrading that takes them into a higher band, will be moved into the higher band.
- c.** Scheme members, who have a decrease in salary that places them in a lower band, will be moved to the lower band. This will not apply to someone who has a reduction in salary through working fewer hours as their whole-time equivalent pay will not have changed.
- d.** In both b) and c) the changes will be effective from the date of the change in pensionable pay.
- e.** The contribution band for a part-time employee will be assessed with reference to their whole-time equivalent pay, normally based on a 37 hour week.

Power of employing authority to award additional pension (Benefits Regulation 13)

The Centre may resolve to award a member additional pension of not more than £5,000 a year. With the exception of early retirements, which are explained below, the Centre has no intention of making use of this power in the foreseeable future.

Members of the Avon Pension Fund may choose to enhance their pension benefits by purchasing additional pension up to a maximum of £5000 (in multiples of £250) by paying Additional Regular Contributions (ARCs). The Centre already makes a significant contribution to the Avon Pension Fund for its employees as determined by an independent Actuary

Early retirement discretions

Normal retirement age under the LGPS is 65 years and benefits are paid automatically from this age. Individuals who choose to retire at any time from age 60 years may elect to receive their accrued pension benefits early. However, unless the member has protected benefits under the "rule of 85", their pension benefits will be actuarially reduced.

Persons under the age of 60 will only gain access to their pension benefits early under the following circumstances:

- Permanent ill-health (any age);
- Voluntary retirement with the approval of the Centre (age 50 or over, age 55 from 1 April 2010) ;
- Redundancy (age 50 or over, age 55 from 1 April 2010) ;
- Retirement in the interests of efficiency (age 50 or over, age 55 from 1 April 2010)

A brief description of each of these routes is set out below, highlighting the discretions which the Centre may exercise. These are complex situations and it is essential that any individual who may possibly be involved in one of them seeks early and detailed advice from their Chief Executive and the Avon Pension Fund.

Permanent ill-health

The Centre will make arrangements for professional and independent occupational health advice. If the Occupational Health Doctor certifies that an employee is **“permanently incapable of discharging efficiently the duties of the Centre employment because of ill-health or infirmity of mind or body and, if so, whether that condition is likely to prevent the employee from carrying out other gainful employment within a reasonable time of leaving the Centre**

employment or, as the case may be, before reaching normal retirement age (NRA, which is 65 years)”, the employee will be entitled to the immediate payment of their accrued pension benefits, without abatement, together with additional benefits as laid down in the LGPS regulations. There are no specific age restrictions on an ill-health retirement, however members must have retired by the day before their 75th birthday.

Redundancy

If the Centre terminates an employee by reason of redundancy, the employee, if aged 55 or over, becomes automatically entitled to the immediate payment of accrued pension benefits without any reduction for early payment.

In addition, the Centre has decided not to grant any additional pension (Benefits Regulation 13)

As regards the Redundancy payment, the Centre has decided that all employees with 2 or more years service, will receive a redundancy payment based on pay required under the Employment Rights Act.

Retirement in the interests of efficient exercise of The Centre Function (RIEECF)

If the Centre terminates an employee by reason of RIEECF, the employee, if aged 55 or over, becomes automatically entitled to the immediate payment of accrued pension benefits without any reduction for early payment.

The Centre has the discretionary power to increase (i.e. augment) an employees total membership (Benefits Regulation 12); and/or to award up to £5000 additional pension (Benefits Regulation 13) in such cases. However, since such cases are likely to be infrequent, the Centre has decided to consider the question having regard to the individual circumstances of any case which comes forward.

Flexible Retirement (Benefits Regulation 18)

An employee who is aged 55 or over (50 until 31 March 2010, age 55 from 1 April 2010 and new joiners from 1 April 2008), can request the Centre to allow him/her to access pension benefits whilst still remaining employed by the Centre.

This would only be in situations where the employee wishes to reduce hours and/or move to a lower graded post, and must be agreed by the Centre.

Flexible Retirement is aiming to assist a more gradual move into retirement over a period of years, by allowing an employee to work fewer hours and/or in a less demanding job, whilst at the same time drawing their pension. This may be of benefit to the employee, and also the Centre in terms of retaining the services of the employee.

The key factors in this scheme are:-

The acceptability to the employee of the level of pension he/she would receive.

The willingness of the Centre to agree to the specific flexible retirement requested.

The Centre's policy on Flexible Retirement is that an application will only be approved where:-

There are no pension costs to the Centre arising from the employee's flexible retirement. (Pension estimates for Flexible Retirement from Avon Pension Fund will reflect this policy).

The Flexible Retirement will provide benefits to the Centre, for example financial savings or the facilitation of organisational or staffing changes and will not result in any detriment to the level of service.

IF the request is to work reduced hours, the Centre's assessment must be that there would be no operational problems caused, or recruitment difficulty anticipated, in making up the reduced hours.

IF the request is for a move to a lower graded post, this would be subject to an appropriate vacancy arising and the operation of the Centre's normal recruitment procedures in filling the post.

Given the above policy, it is anticipated that in practice Flexible Retirement is likely to be more applicable to those employees aged 60 and where there is no "strain on the fund" pension costs to the Centre.

Forfeiture of pension rights after conviction of employment-related offences - Regulation 72, 73, 74 & 76 – Administration Regulations

There are provisions whereby If a scheme member is convicted of, and ceases employment as a result of, an offence in connection with his/her employment which was gravely injurious to the State or liable to lead to a serious loss of confidence in the public service, the employer can apply to the Secretary of State for the issue of a forfeiture certificate. If a certificate is issued the employer may direct that any of the person's rights be forfeited. The Centre reserves the right to exercise this discretion in wholly exceptional circumstances.

Ex-employees

The Centre for Deaf ex-employees who have Deferred Benefits which are preserved benefits in the Avon Pension Fund, may apply to the Centre for the early release of their benefits by reason of permanent ill-health or on compassionate grounds. Such applications are dealt with on the same basis as for current

employees. However, in the case of permanent ill-health the pension scheme does not provide for benefits to be enhanced as it does for current employees.

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