

## **Mama Bear's Day Nursery Limited – Employer Discretions**

**29<sup>th</sup> September 2009**

**This document outlines Mama Bear's Day Nursery's policy in relation to the exercise of its functions under the following Benefit Regulations:**

- regulation 12 (power of employing authority to increase total membership of active members)
- regulation 13 (power of employing authority to award additional pension)
- regulation 18 (flexible retirement)
- regulation 30 (choice of early payment of pension)

This statement was published to members of the LGPS on 29<sup>th</sup> September 2009 (i.e. within 3 months after the date on which Mama Bear's became a Scheme Employer of Avon Pension Fund) and copied to the Avon Pension Fund on this date.

**Mama Bear's Day Nursery will:**

- keep this statement under review
- make appropriate revisions following a change in our policy
- publish any revisions within one month of the date it is revised, send it to members of the LGPS and a copy sent to the Avon Pension Fund within that month.

In preparing, or reviewing and making revisions to, our statement, we have taken / will take regard to the extent to which the exercise of any of the functions in accordance with our policy could lead to a serious loss of confidence in the public service.

### **Background**

Mama Bear's Day Nursery Ltd. (the 'company') has entered into the Avon Pension Fund (a section of the LGPS) under an Admitted Body Status agreement.

Employees who transferred to Mama Bear's Day Nursery under a contract with City of Bristol College on 30<sup>th</sup> June 2009 (the 'employees') are entitled to remain in the Local Government Pension Scheme (LGPS).

Within LGPS 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 Mama Bear's policy in relation to how it will exercise its discretionary powers under Benefit Regulations 12, 13, 18 and 30.

### **Regulation 12 (power of employing authority to increase total membership of active members)**

Regulation 12 allows an employer to resolve to increase the total membership of a member who is currently paying contributions to the scheme. The member's increase in membership under this regulation (including additional membership in respect of different employments) may be up to a maximum of 10 years service.

Mama Bear's Day Nursery will not normally make use of this discretion, because of its cost to the company and the consequent ability to offer it to all staff.

### **Regulation 13 (power of employing authority to award additional pension)**

Regulation 13 allows an employer to resolve to reward a member additional pension of not more than £5,000 a year payable from the same date as his / her pension payable under any other provisions of the benefits regulations.

Mama Bear's Day Nursery does not intend to reward staff in this way in the foreseeable future.

### **Regulation 18 (flexible retirement)**

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 Mama Bear's to allow him / her to access pension benefits whilst still remaining employed by Mama Bear's Day Nursery.

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 Mama Bear's.

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 Mama Bear's Day Nursery 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 Mama Bear's Day Nursery to agree to the specific flexible retirement requested.

Mama Bear's policy on Flexible Retirement is that an application will only be approved where:

- There are no additional pension costs to Mama Bear's Day Nursery arising from the employee's flexible retirement and actuarial reduction will be applied to ensure this if necessary. (Pension estimates for Flexible Retirement from Avon Pension Fund will reflect this policy).

- The Flexible Retirement will provide benefits to Mama Bear's Day Nursery, 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, Mama Bear's Day Nursery'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 Mama Bear's Day Nursery's normal recruitment procedures in filling the post.

### **Regulation 30 (choice of early payment of pension)**

An employee aged 55 or over (50 until 31 March 2010, age 55 from 1 April 2010 and new joiners from 1 April 2008) but not yet 60, who wishes to voluntarily resign, may apply to Mama Bear's Day Nursery for approval to the early payment of accrued pension benefits. Mama Bear's Day Nursery has decided that such applications will only be accepted where it can be demonstrated as being in the company's interests or where there are compassionate grounds for the early release of pension benefits.

If Mama Bear's Day Nursery agrees to permit early retirement with the immediate payment of pension benefits for reasons other than compassionate, an actuarial reduction will be applied to the person's accrued pension benefits. (For employees born before 1 April 1956, if the sum of their age and pensionable service is 85 or more, pension benefits are paid without an actuarial reduction for early payment, if they retire before 1 April 2016.)

If Mama Bear's Day Nursery agrees on compassionate grounds, the accrued pension entitlement is paid without an actuarial reduction for early payment, but with no augmentation or enhancement.

As a general rule, Mama Bear's Day Nursery will only agree to the early release of pension benefits on compassionate grounds if it can be demonstrated that the person is unable to continue working or resume employment due to circumstances outside of their control. Financial reasons alone will not normally be considered sufficient grounds for the early release of benefits.

Signed,

A handwritten signature in black ink, appearing to read 'A.W. Driffield', with a long horizontal flourish extending to the right.

A.W. Driffield  
Director.