



Employers Pension Discretions Policy Statement

Bradley Stoke Leisure Centre
Fiddlers Wood Lane
Bradley Stoke
South Gloucestershire
BS32 9BS
Tel: 01454 865798



Contents

Page

❶ Policy Statement

1

Document Status: Final Version
Policy Owner: Human Resources Manager
Date: 22/10/2010
Date Approved by Board: 25/10/2010
Review date: 22/10/2011

① Policy Statement

Employees of South Gloucestershire Leisure (SGL) are entitled to join the Local Government Pension Scheme. The LGPS is an excellent occupational pension scheme which is administered by Bath & North East Somerset Council and is called the Avon Pension Fund. SGL encourages employees to take advantage of the opportunity to join the LGPS and they can do this by opting-in to the scheme following commencing employment.

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

- Who can join;
- 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 policy summarises how SGL has decided to exercise its discretionary powers and SGL's policies in relation to pension matters.

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 - £12,600.99	5.5%
2	more than £12,601 – £14,700.99	5.8%
3	more than £14,701 – £18,900.99	5.9%
4	more than £18,901 – £31,500.99	6.5%
5	more than £31,501 – £42,000.99	6.8%
6	more than £42,001 – £78,700.99	7.2%
7	more than £78,701	7.5%

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

Existing employees who pay contributions at the protected 5% contribution rate will be brought into line with all other Scheme members from 1 April 2011.

For ease of administration and implementation and to ensure a fair and consistent transition to the new rates, South Gloucestershire Leisure, has determined the following arrangements will apply:

- a) Scheme members, who have an increase in salary part way through the year as a result of a change in post that takes them into a higher band, will be moved into the higher band.
- b) 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.
- c) Scheme members, who have an increase in salary as a result of a pay award or salary scale point increase part way through the year that takes them into a higher band, will be moved into the higher band from the April following the change to their whole-time equivalent rate of pay.
- d) In both a) and b) 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.
- f) Term-time members will be placed in a band based on their full-time equivalent term-time pay (not grossed up to 52 weeks pay). Staff should be aware that those who choose, perhaps because of family commitments, to only work during term times is a part-time employee and will be allocated to a contribution on that basis.

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.

To grant widower's pensions for service between 1972 and 1988

Previous Regulations did not allow married female employees to count their service between 1972 and 1988 for a widower's pension unless they paid for it by additional contributions or loss of lump sum. SGL has used its discretion under more recent Regulations to effectively grant this entitlement to female employees with such service at no cost, thus bringing their position in line with married male employees.

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 SGL (age 55 or over);
- Compassionate Grounds (age 55 or over);
- Redundancy (age 55 or over);
- Retirement in the interests of efficiency (age 55 or over)

A brief description of each of these routes is set out below, highlighting the discretions which SGL 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 Manager, HR Manager and the Avon Pension Fund.

Permanent ill-health

SGL has made arrangements for professional and independent occupational health advice from IMASS (Industrial Medical and Safety Services Limited). If the Occupational Health Doctor certifies that an employee is “permanently incapable of discharging efficiently the duties of their relevant local authority 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 local government 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.

If the ill-health retirement is as a result of an injury or disease contracted in the course of the person's employment, he/she is entitled to be considered for an Injury Allowance. SGL has adopted an Injury Allowance Scheme which provides for benefits to be paid having regard to the person's service and degree of incapacity. SGL may also take account of any contributory negligence on the part of the employee and any other benefits which may be paid including ill-health pension and State benefits.

Voluntary early retirement between the ages of 55 and 59 (Benefits Regulation 30)

An employee aged 55 or over but not yet 60, who wishes to voluntarily resign, may apply to SGL for approval to the early payment of accrued pension benefits. SGL has decided that such applications will only be accepted where it can be demonstrated as being in SGL's interests or where there are compassionate grounds for the early release of pension benefits.

If SGL 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 SGL 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, SGL 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, for example to look after and care for a dependant spouse. Financial reasons alone will not normally be considered sufficient grounds for the early release of benefits.

Redundancy

If SGL terminates an employee by reason of redundancy, the employee, if aged 55 (50 until 31 March 2010, age 55 from 1 April 2010 and new joiners from 1 April 2008) or over, becomes automatically entitled to the immediate payment of accrued pension benefits without any reduction for early payment.

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

As regards the Redundancy payment, SGL has decided that all employees with 2 or more years service, will receive a redundancy payment based on actual earnings and twice the number of weeks pay required under the Employment Rights Act.

Flexible Retirement (Benefits Regulation 18)

An employee who is aged 55 or over, can request SGL to allow him/her to access pension benefits whilst still remaining employed by SGL.

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

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 SGL 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 SGL to agree to the specific flexible retirement requested.

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

- There are no pension costs to SGL 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 SGL, 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, SGL'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 SGL'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 SGL.

Ex-employees

South Gloucestershire Leisure ex-employees, who have Deferred Benefits which are preserved benefits in the Avon Pension Fund, may apply to SGL 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.

Useful contacts	
Avon Pension Fund	01225 - 477000
Human Resources	01454 - 867061
South Gloucestershire Payroll	01454 - 865201