

## Pensions Policy Statement

### The Local Government Pension Scheme Regulations 2013

### The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014

Under the above regulations which came into force on 1 April 2014, each employer must publish and keep under review a Statement of Policy on certain discretions contained in the Regulations.

This Statement of Policy is applicable to all employees of Sandwell Council who are eligible to be members of the Local Government Pension Scheme.

This policy will be reviewed annually. If the council decides to change its policy, it will publish a statement of the amended policy within one month of the date of its decision.

#### **1. FLEXIBLE RETIREMENT - Regulations 30(6) and 30(8) of the 2013 Regulations.**

##### **EXPLANATION**

An employer may decide to permit flexible retirement for employees aged 55\* years or over who, with the agreement of the employer, reduce their working hours or grade and make an election to receive pension without having full retirement from that employment. If payment of pension occurs before normal retirement age, the payments are actuarially reduced in accordance with guidance issued by the Government actuary.

An employer may also decide whether in addition to the benefits the member has accrued prior to 1 April 2008 (which the member must draw) whether to permit the member to choose to draw:

- a) All, part or none of the pension benefits accrued after 31 March 2008 and before 1 April 2014 and/or
- b) All, part or none of the pension benefits accrued after 31 March 2014

Additionally, the employer may also decide whether to waive, in whole or in part any actuarial reduction which would otherwise be applied to the benefits taken on flexible retirement before normal pension age of the Local Government Pension Scheme.

\* Age 50 for those LGPS members transferred from the Learning Skills Council.

##### **POLICY**

***The council will exercise its discretion to use some or all of the options available for flexible retirement. Each specific case will be judged equally and fairly on its own merits, having fully considered service delivery and financial costs in accordance with the written policy of Sandwell Council.***

## **2. AWARDING ADDITIONAL PENSION – Regulation 31 of the 2013 Regulations.**

### **EXPLANATION**

An employer may decide to award a member additional annual pension of not more than £6,500 a year, payable from the same date as pension is payable under any other provisions of these regulations. Such an award would be made to an active scheme member or within six months of leaving to a member whose employment is terminated on the grounds of redundancy or business efficiency.

The £6,500 amount will be subject to index- linked increases each year.

### **POLICY**

*The council will exercise its discretion to use the facility to award additional pension. Each specific case will be judged equally and fairly on its own merits, having fully considered service delivery and financial costs.*

## **3. SHARED COST ADDITIONAL PENSION CONTRIBUTIONS (SCAPC) - Regulations 16(2)(e) and 16(4)(d) of the 2013 Regulations.**

### **EXPLANATION**

An employer may decide to establish and maintain a Shared Cost Additional Pension Contributions (SCAPC) scheme. This is where an active scheme member wishes to purchase extra annual pension (currently up to £6,500) by making Additional Pension Contributions (APCs). The employer may *voluntarily* contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution.

This discretion does not relate to cases where a member has a period of authorised unpaid leave of absence and elects, within 30 days of return to work, to pay a SCAPC to cover the amount of pension lost during that period of absence.

### **POLICY**

*Sandwell Council does not propose to introduce a Shared Cost Additional Pension scheme.*

## **4. 'SWITCH ON THE 85 YEAR RULE' FOR EMPLOYEES AGED 55 TO 60 YEARS – Regulation 1(1) Schedule 2 of the 2014 Regulations**

### **EXPLANATION**

There is no longer an automatic entitlement for employees in this age group, to receive unreduced pension, where their age plus length of pensionable service is 85 or more. An employer may decide whether, as the 85 year rule does not automatically apply to members who would otherwise be subject to it and who chose to voluntarily draw their benefits on or after age 55 and before age 60, (other than on flexible retirement) to switch the 85 year rule back on, for such members.

**POLICY**

***The council will exercise its discretion to use the facility to ‘switch on’ the 85 year rule. Each specific case will be judged equally and fairly on its own merits, having fully considered service delivery and financial costs.***

**5. EARLY PAYMENT OF RETIREMENT BENEFITS WITH NO ACTUARIAL REDUCTION. – Regulation 30(5) of the 2013 Regulations.**

**EXPLANATION**

Employees may retire from age 55\* years and receive immediate payment of their pension benefits. However, the pension benefits payable will be subject to an actuarial reduction to allow for early payment unless Regulation 30(7) is applicable (redundancy or business efficiency termination of employment). An employer has the discretion, under a number of retirement scenarios, to waive actuarial reductions.

\* Age 50 for those LGPS members transferred from the Learning Skills Council.

**POLICY**

***The council will exercise its discretion to waive actuarial reduction. Each specific case will be judged equally and fairly on its own merits, having fully considered service delivery and financial costs.***

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Your employer is not obliged by the regulations to publish a statement on the following discretions, but has chosen to do so:

## **6. SHARED COST ADDITIONAL VOLUNTARY CONTRIBUTIONS (SCAVC) – Regulation 17 of the 2013 Regulations**

### **EXPLANATION**

Employers may resolve to establish and maintain a Shared Cost Additional Voluntary Contribution (SCAVC) scheme. Who can join, how much the employer and employee jointly contribute, and the type of benefits provided must be considered.

### **POLICY**

***Sandwell Council will offer a HMRC approved Salary Sacrifice - Shared Cost Additional Voluntary Contribution scheme.***

## **7. INWARD TRANSFER OF PENSION RIGHTS – Regulation 100(6) of the 2013 Regulations.**

### **EXPLANATION**

A person who becomes an active member of the Local Government Pension Scheme who has relevant pension rights from a previous employment may request West Midlands Pension Fund and the employer to accept a transfer value for some, or all, of their former rights before the expiry of 12 months, beginning with the date that they became an active member (or any such longer period as their employer and West Midlands Pension Fund may allow). This discretion allows the employer to extend the period in which an employee may request the transfer in of pension rights.

Both the employer and the Pension Fund administering authority have to agree to the acceptance of a late election. If one agrees, and the other does not, the late election cannot be accepted.

### **POLICY**

***Sandwell Council will extend the period of 12 months beginning with the date that the employee became an active member – thereby allowing a member to transfer some or all of their rights from the relevant transfer in exceptional circumstances or where it was beyond the member's control. Any such requests must be made in writing to the Executive Director – Resources.***

## **8. AGGREGATION OF BENEFITS FOR RE-EMPLOYED AND RE-JOINING DEFERRED MEMBERS – Regulations 22(7) and (8) of the 2013 Regulations**

### **EXPLANATION**

Employees who have previous Local Government Pension Scheme (LGPS) pension benefits in England and Wales will automatically have these aggregated with their new LGPS employment unless they elect, within 12 months of commencing membership of the LGPS in the new employment to retain separate benefits. Employers have discretion to extend this period of 12 months.

### **POLICY**

*The council will use its discretion to extend the period in which employees can elect for the non-aggregation of benefits in exceptional circumstances. Any such requests must be made in writing to the Executive Director – Resources.*

## **9. CONTRIBUTIONS PAYABLE BY ACTIVE MEMBERS – Regulations 9 and 10 of the 2013 Regulations.**

### **EXPLANATION**

Employers may determine the contribution rate payable based on actual pensionable pay for scheme members. Where there has been a material change to a members pensionable pay in the course of a financial year, the employing authority may re-determine the contribution rate to be applied.

### **POLICY**

*Sandwell MBC will re-determine the contribution band on a monthly basis and adjust the contribution rate accordingly.*

## **10. DEEMING ASSUMED PENSIONABLE PAY – Regulations 21(4) and 21(5) of the 2013 Regulations.**

### **EXPLANATION**

Employers may determine whether to include any 'regular lump sum payment' in the calculation of assumed pensionable pay. This is, in cases where an employees pay needs to be calculated, where their pay has been reduced due to certain absences in order that they are not unduly advantaged or disadvantaged.

### **POLICY**

*Sandwell Council will calculate assumed pensionable pay by using an average of the 12 weeks' pay preceding the absence.*

J Britton  
Chief Executive  
Sandwell Metropolitan Borough Council

## **The Local Government (Early Termination of Employment) (Discretionary Payments) Regulations 2006**

Under the above regulations, which came into force on 1<sup>st</sup> October 2006, the Council must publish and keep under review a statement of policy in respect of certain discretions contained within the regulations which change and in some cases revoke previous discretionary payments. The statement of policy is applicable to all employees of Sandwell Council and reads accordingly

### **1. Power to increase statutory redundancy payments (Regulation 5)**

The Council has the discretion to make payments in excess of the statutory weekly pay amounts.

#### ***POLICY***

***The Council will calculate redundancy payments based on each employee's contractual weekly earnings.***

### **2. Discretionary Compensation (Regulation 6)**

Where an employee is made redundant and is not able to benefit from augmentation to their service in the local government pension scheme then the Council under regulation 6 is able to compensate the number of statutory weeks paid for redundancy purposes.

#### ***POLICY***

***The Lump sum payments made under the discretionary payments regulations is up to a maximum of 60 weeks' pay (inclusive of statutory redundancy payments) and mirrors the calculation for statutory payments but compensated by 2.167 times.***

J Britton  
Chief Executive