



Pensions and Retirement Policy

Contents:

- 1.0 Statement of Purpose/Objective**
- 2.0 Scope**
- 3.0 Roles and Responsibilities**
 - 3.1 The Responsibilities of Managers
 - 3.2 The Responsibilities of Employees
- 4.0 Pension**
 - 4.1 Auto-Enrolment
 - 4.2 Joining the Pension Scheme and Contribution Rates
 - 4.3 85 year rule
 - 4.4 50:50 Option
 - 4.5 Transferring pension into the Shropshire Pension Fund
 - 4.6 Awarding Extra Pension
- 5.0 Retirement**
 - 5.1 Early Retirement on Compassionate or Exceptional Grounds
 - 5.2 Early Retirement on the Grounds of Ill Health
 - 5.3 Flexible Retirement
- 6.0 Working beyond the age of 65**
 - 6.1 Applicants over the age of 65
 - 6.2 Existing employees working beyond age 65
 - 6.3 Implications for employees in Local Government Pension scheme
- 7.0 Pre-retirement courses**
- 8.0 Links to other policies**
- 9.0 Pensions Appeals**
- 10.0 Monitoring and Review**
- 11.0 Further Advice on Pensions**

Appendix 1 – Flexible Retirement Process Flow

Appendix 2 – Flexible Retirement Request Manager Report

1.0 Statement of Purpose/Objective

In supporting one of our core values of promoting diversity, Shropshire Council no longer applies compulsory retirement at age 65. An early and flexible retirement age is provided as part of enhancing of the employment policies. This is to ensure that Shropshire Council's retirement policy meets the requirements of the Equalities Act 2010.

APPENDIX B

2.0 Scope

This policy is effective from April 2014, as a result of the changes in LGPS Regulation.

This policy applies to all Shropshire Council employees, other than those employed by schools, for which a separate policy will apply.

3.0 Roles and Responsibilities

3.1 The Responsibilities of Managers

3.1.1 Managers have a statutory duty to ensure that all employees approaching retirement age are informed of Shropshire Council's retirement policy, 6 to 12 months prior to an employee reaching the age of 65. They are also required to be aware of the flexible retirement provisions.

3.2 The Responsibilities of Employees

3.2.1 Employees are responsible for deciding whether or not they wish to be a member of the pension scheme and for taking the necessary actions to request the transfer in of any other scheme membership as outlined in this policy. They are also responsible for following the relevant processes outlined below in respect of pension transfers, early retirement or flexible retirement.

4.0 Pensions

4.1 Pension Auto-enrolment

The government has introduced new regulations to encourage more people in the UK to save for their retirement and require employers (both private and public sector) to automatically enrol employees' into a 'qualifying pension scheme'. The Shropshire Pension Scheme is classified as a 'qualifying scheme'.

Employees who have previously opted out of the Pension Scheme, and who are eligible (please see below) for auto enrolment on 1 February 2013, will not be auto enrolled until 1 October 2017 due to a transitional delay.

4.1.2 Eligibility criteria for auto enrolment?

Criteria set by the government means that you will be eligible for auto enrolment if you:-

- are aged 22 or over, and are below state pension age, and
- are paid more than Pension Regulator threshold, which is subject to change each year in line with inflation.

APPENDIX B

4.1.3 How does this affect you?

Under the Pension Regulations, employees can join the scheme at any time.

If you are currently a member of the Pension Scheme, you will still receive correspondents (for each of your posts) regarding auto-enrolment as the Authority is required by legislation to keep you informed about how this affect you or the Scheme.

If you are not currently a member of the Scheme, and you meet the eligibility criteria on 1st February 2013, you will be automatically enrolled into the LGPS on 1 October 2017. You will receive correspondence from Pensions Services advising you of this. You will have the right to opt out if you wish

You may also be auto enrolled in the following circumstances: -

- a) If you change your role or take on an additional role.
- b) If you become eligible for auto enrolment after 1 February 2013. You will be auto enrolled into the Scheme from the date you become eligible.

So, for example, if your 22nd birthday falls after 1 February 2013, and you are paid more than Pension Regulator threshold you will be auto enrolled from your 22nd birthday.

Likewise, if you are paid more than the Pension Regulator threshold and you meet the age criteria, you will be auto enrolled from the first of the month that your pay increases over that threshold.

If you are auto enrolled, Pension Services will write and advise you of this. You do have the option to opt out of the Scheme if you wish. Forms for this purpose are available on the County Pension Scheme Website.

4.2 Joining the Pension Scheme and Contribution Rates

4.2.1 Employees will automatically become a member of the pension scheme, unless one of the following applies: -

- Unless in a post in which the employee is required to join another public sector scheme, e.g. teachers
- Employed as a casual worker, in which case, if you have worked for us for three consecutive months or more, you are not already in the LGPS and you meet the eligibility criteria detailed in section 4.1.2, you will be written to advising you that we will be applying the transitional delay. If you have worked on a casual basis for less than three consecutive months, you'll be written to advising you that we'll postpone auto enrolment until you have worked for three months, but that you have the right to opt into the LGPS at any time.

APPENDIX B

- Whereby the offer of employment, and subsequent contract does not exceed three months – You'll be written to advising you that auto enrolment will be postponed for three months, but that you have the right to opt into the LGPS at any time. If your contract is then extended beyond three months, you will be auto enrolled into the LGPS if you are not already a member and you meet the eligibility criteria detailed in section 4.1.2.
- Where the employee has written to Shropshire Pension Fund to confirm they do not want to be a member of the pension scheme. This can only be done once employment with the organisation has commenced.
- Employees aged 75 or over.

4.2.2 Bandings

Effective from 1st April 2018, employees' pension contribution rate will be based on their actual pensionable pay according to the following table:

Band	Full-time equivalent salary	Contribution rate – main scheme	Contribution rate – 50/50 scheme
1	£0 - £14,100	5.5%	2.75%
2	>£14,101 - £22,000	5.8%	2.90%
3	>£22,001 - £35,700	6.5%	3.25%
4	>£35,701 - £45,200	6.8%	3.40%
5	>£45,201 - £63,100	8.5%	4.25%
6	>£63,101 - £89,400	9.9%	4.95%
7	>£89,401 - £105,200	10.5%	5.25%
8	>£105,201 - £157,800	11.4%	5.70%
9	More than £157,800	12.5%	6.25%

The contribution band will be assessed using the actual pensionable salary plus any pensionable extra payments.

For term time staff, the actual pensionable salary will be based on the actual pensionable salary across the term time week's only, plus any pensionable extras.

Any fee earning staff will be assessed on the previous year's earnings to 31st March or part year if the individual is not employed for the whole year.

The salary figures detailed in the table above will increase on 1st April each year by the rise in the Consumer Price Index.

4.2.3 –Reassessment of Banding

The Council will re-assess bandings for all employees every April, with the exception of the following:

- Promotion or permanent/long term honoraria payments

APPENDIX B

- Down-grading or demotion
- A re-grading exercise

All of the above will prompt an immediate reassessment.

4.2.4 The Council will not re-assess pension contribution bandings after a back dated pay award.

4.2.5 Individual Pension contribution banding can be found on your payslip accessed through [MyView](#)

4.2.6 Any appeal against a decision regarding an employees pension contribution banding, or any other decision relating to an employees rights or liabilities under the scheme, will be as detailed in paragraph 9.1 below.

4.2.7 All payments in respect of the job carried out by the employee are pensionable, save for the following exclusions:

- Any sum which has not had income tax liability determined on it
- Any expenses incurred in carrying out the duties of the role
- Any payment made in consideration of loss of holidays
- Any payment in lieu of notice to terminate the contract of employment
- Any retention payment made in order not to terminate the contract
- Any amount paid in relation to the provision of a motor vehicle or any amount in lieu of
- Any payment in consideration of loss of future pensionable payment or benefits
- Any award of compensation for the purposes of achieving equal pay in relation to other employees
- Any payment made by the Authority to a member of staff on reserve forces service leave
- Returning Officer (or acting) fees other than those paid in respect of local government elections, elections for the National Assembly of Wales, Parliamentary Elections or European Parliamentary Elections.

4.2.8 In addition to pensionable contributions, an employee is able to pay additional pension contributions (APC). There is no minimal payment, although the maximum is £6,675 (figure at April 2015) per annum. Advice on this is available from the Pensions team (see paragraph 11.1 below).

4.3 Those scheme members wishing to voluntarily draw benefits on or after 55 and before 60, the 85 year rule will not be applied by the Authority in this circumstance, except in circumstances where the Council considers it is in its financial or operational interests to do so. For those employees would have to meet any strain on fund cost via an actuarial reduction applied to their pension.

APPENDIX B

85 year rule is a very complex area and individuals considering retirement should contact Shropshire County Pension Fund for clarification as to whether, and if so how, protections apply to their pension benefits.

4.4 50:50 Option

- 4.4.1 This option allows employees to contribute half the normal contribution rates to the pension scheme, yet still provides the full death in service benefit.
- 4.4.2 The intention is that this option allows those who wish to join the scheme, but can't afford to pay the full contribution rates, as a "stepping stone" into the scheme.
- 4.4.3 Should you wish to remain in this option longer term, you will be required to opt out of the full contribution rate scheme every three years and re-join the 50:50 option
- 4.4.4 The employer will pay the same contribution rates as members paying the full contribution rates.
- 4.4.5 For new employees to the Council who wish to join the 50:50 option, you must elect to pay reduced contributions as a 50:50 member. You are only allowed to do this once you have started your employment with the Council.
- 4.4.5 Should you elect to join the 50:50 option, please refer to the Shropshire County Pension Scheme website where you are able to find the application form.
- 4.4.6 The switch to the 50:50 option will only take effect from the next available pay period and not the date that the application form has been completed.
- 4.4.7 The Pension Scheme will provide you with information regarding how joining the 50:50 option will impact on your benefits.

4.5 Transferring Pension into the Shropshire Pension Fund

- 4.5.1 Employees may choose to transfer other pension rights into the Shropshire Pension Scheme. Advice on this is available from the Pensions Team (see paragraph 11.1 below).
- 4.5.2 Transfers between Local Government Pensions Funds will happen automatically, unless the employee requests for this not to happen.
- 4.5.2 The request to transfer pension rights as per section 4.4.1, or in the event of 4.4.2 the employee then decides to transfer other Local Government Pension Fund benefits, should normally be made within 12 months of the employee starting employment with Shropshire Council.
- 4.5.3 In exceptional circumstances, where an employee can demonstrate good cause, they may seek an extension to the first twelve months by up to a further 12 months before making a decision on making an application to

APPENDIX B

transfer their pension rights subject to confirmation from their Director that they are not likely to retire, or be subject to ill-health retirement in the near future. Please note that this provision is **discretionary** and in **all instances**, the employee should write to the Head of Human Resources requesting an extension to the twelve months, detailing any extenuating circumstances. The Head of Human Resources will be the first stage approval, with the Pension Fund having to also agree to the transfer.

4.5.4 Any appeal against a decision not to allow an employee to transfer pension rights, or any other decision relating to an employee's rights or liabilities under the scheme, will be as detailed in paragraph 9.1 below.

4.5.5 Relevant employees (those who have AVC contracts taken out prior to 13th November 2001) at retirement may request to transfer in AVCs (Additional Voluntary Contributions). Requests should be made within 1 month of retiring; however this may be extended to 3 months to allow for administrative procedures.

4.6 Awarding extra Annual Pension

4.6.1 As a result of the changes to the Local Government Pension Scheme Regulations 2014, Augmentation (also known as "Added Years") will no longer be permitted as part of the Scheme. The option for the employer to grant extra annual pension of up to £6,675 (figure at April 2015) to an active member of the scheme, or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency (APC) will only be in exceptional circumstances and is not an automatic entitlement.

4.6.2 The Head of Human Resources, in consultation with the Head of Finance, has discretion to approve an award after taking into account all the financial implications, including sharing the cost with the employee (Shared Cost Additional Pension Contributions – SCAPC). It should be noted that any extra annual pension granted would be subject to an actuarial reduction if the pension is drawn early, other than if on the grounds of Ill Health.

4.6.3 Shropshire Council will only voluntarily contribute towards the cost of purchasing extra pension via a SCAPC if 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. The Council will contribute 2/3rds of this cost to a SCAPC.

4.6.4 Granting extra pension will also be permitted in accordance with the Council's Redundancy and Compensation Policy

5.0 Retirement

For information on all aspects of retirement please refer to the "Shropshire Fund Pension Scheme Booklet – a guide to your pension" available from the

APPENDIX B

Pensions Team (01743 – 252130) or look on their website <http://shropshirecountypensionfund.co.uk/>

5.1 Early Retirement on Compassionate or Exceptional Grounds

- 5.1.1 With effect from 1st April 2014, the opportunity to apply for early release of benefits on compassionate or exceptional grounds will no longer be available and will only be considered in exceptional circumstances only.

Employees that left prior to 01 April 2014, the provision for compassionate grounds remains **discretionary** and in **all instances**, the employees should write to the Head of Human Resources detailing the exceptional circumstances and any associated evidence to support their request. The case will then be considered on the basis of the submission and any associated costs that the Council may have to meet.

5.2 Early Retirement on the Grounds of Ill Health

- 5.2.1 With effect from 1st April 2008, a three tiered ill health retirement scheme will apply (amended under the 2013 regulations). Extra membership on the grounds of ill health retirement will be awarded on the following basis:

- The first condition is that the member is, as a result of ill-health or infirmity of mind or body, permanently incapable (that the member will, more likely than not, be incapable until at the earliest, the member's normal pension age) of discharging efficiently the duties of the employment the member was engaged in.
- The second condition is that the member, as a result of ill-health or infirmity of mind or body, is not immediately capable of undertaking any gainful employment (in this instance, "gainful" is defined as "paid employment for not less than 30 hours per week for a period of not less than 12 months")

- 5.2.2 The process for ill health retirements can be found within the Council's policy on "Caring about Sickness", Section 9.

5.3 Flexible Retirement

- 5.3.1 Under the flexible retirement arrangements, employees who are members of the Local Government Pension Scheme, may request a reduction in their hours or move to a lower graded post and also draw their pension whilst continuing to work, under regulation 30(6) of the LGPS Regulation 2013 of the pension scheme regulations. This will be subject to management consent and will only be considered where there is a justifiable business case and the cost, if any, of early release of pension is managed within the section's budget.

It should be noted that as this provision needs to be cost effective, cases will be considered on an individual basis and a reduction in hours

APPENDIX B

needs to equate to a minimum requirement equivalent to one working day (pro-rotta) if already part-time.

5.3.2 To be considered for this, employees must:

- be aged 55 or over
- not work in a post or area of work where there are difficulties in recruiting; there are skill shortages or work of a particular nature which requires their skills;
- get authorisation for early release of their pension.

5.3.3 Employees who request a reduction in their hours or in the grade of their post should use the procedure outlined in the Flexible and Agile Working Policy and submit a Flexible and Agile Working Request Form to their Manager. The manager will then complete a Flexible Retirement Request Manager Report, outlining the business case. See Appendix 1 Flexible Retirement Process Flow and Appendix 2 for manager report template.

5.3.3 Early release of pension before age 65 may mean pension benefits are reduced (please refer to Section 5.3.5). Employees should therefore obtain information on their pensionable benefits, which would apply in these circumstances before submitting a request. This is available from the Pensions team (see paragraph 11.1 below).

5.3.4 The decision to permit an employee to receive immediate payment of their pension under flexible retirement will be authorised by their Director, in discussion with the Head of Human Resources.

5.3.5 When making the decision to permit Flexible Retirement, all benefits pre 1st April 2008 will be released. A cost analysis of benefits accrued between the 1st April 2008 and 31st March 2014, and 1st April 2014 onwards will determine whether all, part or none of the benefits are released and whether actuarial reduction, in whole or in part, will be waived to benefits taken before Normal Pension Age (NPA).

5.3.6 Once the Manager has received approval from their Director and Head of Human Resources, they should complete the Flexible and Agile Working Acceptance Form and submit a Contract Amendment e-Form through MyView (refer to Appendix 1 for process).

Please note that in order to be accepted for Flexible Retirement, approval is required from the Head of Human Resources and the appropriate Director. Merely accepting the reduction in hours does not automatically release the pension benefits of the employee

6.0 Working beyond the age of 65

6.1 Job applicants over the age of 65

APPENDIX B

There will be no upper age restriction for job applicants to the Council. Where a job applicant aged 65 or over is appointed, they will receive the standard contractual terms which apply to the post.

6.2 Existing employees working beyond age 65

6.2.1 The Employment Equality (Age) Regulations 2006 state that employees have the right to request not to be retired. As Shropshire Council does not apply a compulsory retirement age, an employee can continue in their post beyond the age of 65 if they wish to do so.

6.2.2 Performance of all employees will continue to be reviewed through the normal annual performance appraisal mechanisms. When being appraised, no employee should be treated differently because of their age.

6.3 Implications for employees in the Local Government Pension Scheme (LGPS) who work beyond age 65

6.3.1 Employees in the LGPS who continue to work beyond 65

Employees over the age of 65 can remain in the scheme to the eve of their 75th birthday and their LGPS benefits earned up to their Normal Pension Age will be increased to compensate for their late payment. Benefits must be paid from age 75, even if employment continues beyond that age.

6.3.2 Employees formerly in the LGPS who after a break in service are re-employed at 65 or above

Employees under the age of 75 can re-join and remain in the scheme up to that age and benefits must be paid from age 75, even if employment continues beyond that age. Any LGPS pension already in payment will not be affected, but any part of that pension resulting from added years given in early retirement cases may be subject to adjustment. Details are available from the pension section in individual cases.

6.3.3 Employees appointed at 65 or above with no previous reckonable service

Employees under the age of 75 can join and remain in the scheme up to that age and benefits must be paid from age 75, even if employment continues beyond that age.

7.0 Pre-retirement Courses

7.1 Employees who have indicated that they wish to retire will have the opportunity of attending a Pre-Retirement Course, to better prepare them for that change.

APPENDIX B

- 7.2 Further details of the Planning a Positive Retirement course are available on SC Intranet: <http://staff.shropshire.gov.uk/training-and-development/staff/planning-a-positive-retirement/>

8.0 Links to Other Policies

- 8.1 This policy links to Shropshire Council's Flexible Working Framework and to the Council's Redundancy and Compensation Policy, Absence Management Policy with relation to ill health.

9.0 Pensions Appeals

- 9.1 In accordance with Regulation 73 of the Local Government Pension Scheme (Administration) Regulations 2013, the Council is required to draw all employees' attention to the fact that, if they are dissatisfied with any decision in relation to their rights or liabilities under the Scheme, they may make an application to the Head of Treasury and Pensions, as the person appointed for resolving first stage disputes. An appeal must be made within six months of the event. Standard forms and guidelines are available from the Pension Team for this purpose.

If employees remain dissatisfied, they may apply for a reconsideration of the decision to the Head of Legal and Democratic Services. The final level of appeal would be to the Pensions Ombudsman.

In all instances, all initial concerns, or matters whereby an employee is not in agreement, should be referred to the individual who made the original decision. The Pension Scheme will also be available to advise you of your rights under the Scheme.

10.0 Monitoring and Review

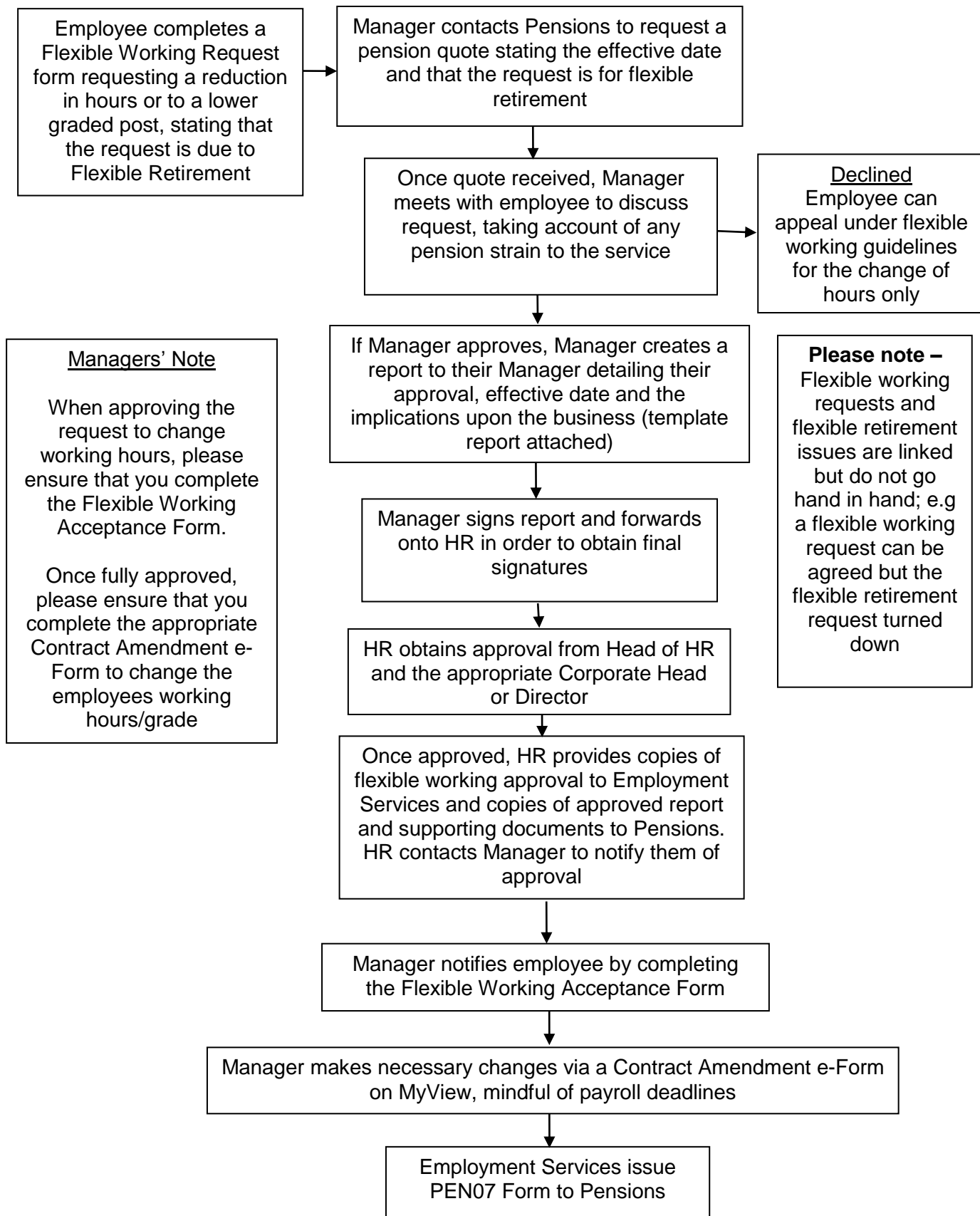
- 10.1 Human Resources will work with Managers to monitor the application of this policy. Shropshire Council may review any aspect of the procedure in the light of changing circumstances at any time, in consultation with the trade unions.
- 10.2 The policy will be reviewed at regular intervals, in conjunction with changes to legislation, and any changes to the regulations as informed by the LGPS that may impact upon it.

11.0 Further Advice on Pensions

- 11.1 Advice and information on the Local Government Pension Scheme (LGPS) is available from the Pensions team who can be contacted on 01743 252130 or at pensions@shropshire.gov.uk. Further useful information can also be found at <http://shropshirecountypensionfund.co.uk/>

APPENDIX B

Appendix 1 - Flexible Working Process Flow



APPENDIX B

Flexible Retirement Request Manager Report

Employee Name:

Employee number:

Background

Include the following in your business case:

- *Current employment details – include current post, hours worked and current SCP details*
- *Effective date of change and what that change will be*
- *How the approval of the request will benefit the team*
- *Details regarding the strain (if any) on the pension fund, and the cost implications in relation to the team budget (if any)*

I agree to this request for flexible retirement and that pension payments commence with effect from (date).

Direct Line Manager

.....Date.....
(Name and sign)

Post:

Next Level of Line Management

.....Date.....
(Name and sign)

Post:

Head of Human Resources & Development

.....Date.....
(Name and sign)

Director of Group or Service Area

.....Date.....
(Name and sign)

Attached supporting paperwork:

Flexible Working Request Form

Flexible Working Approval Form