

# Pensions, Retirement & Long Service Policy



WORKING TOGETHER

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## Overview

This policy applies to all employees of Chorley and South Ribble Borough Councils and their wholly owned companies. The pension scheme guidance relates only to those employees who are members of the Local Government Pension Scheme.

This policy establishes the entitlements of employees who have come to the end of their career with the councils and are looking towards retirement. This policy also outlines the councils' approach to the discretions within the Local Government Pension Scheme Regulations and the Local Government (Discretionary Payments) (Injury Allowances) Regulations.

This document is part of a family of policies which provide advice and information on employee benefits; see the Sustainable Travel, Expenses, and Reservist policies for more information.

## Policy Objective

The purpose of the Retirement Policy is to ensure that the Council deals with all employees who intend to retire and/or have long service with the councils fairly and consistently.

Under Regulation 106 of the Local Government Pension Scheme Regulations 1997, and Regulation 66 of the Local Government Pension Scheme (Administration) Regulations 2008, it is a requirement for all employing authorities to prepare a written statement of their policy in relation to exercising the discretions within the regulations. This policy confirms how both councils will exercise the various discretions under the respective regulations.

## Responsibilities

The councils will ensure that:

- The policy is published in accordance with the Local Government Pension Scheme (Administration) Regulations 2008 and is regularly reviewed.
- A copy of the Policy and any future amendments to it will be sent to the Pension Administering body, in accordance with the Regulations.

## Pensions Discretion

The following regulations contain discretions which employers have with regard to the Local Government Pension Scheme.

- Local Government Pension Scheme Regulations 1997
- Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007
- Local Government Pension Scheme (Administration) Regulations 2008
- Local Government Pension Scheme Regulations 2013
- Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014
- The Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011,

Further detail on the councils' approach to these regulations is outlined below.

	<b>Regulation</b>	<b>Discretion available</b>	<b>How this is applied at Chorley and South Ribble councils</b>
<b>Early Release of Deferred Benefits with employer consent</b>	(Regulation 30(2), (5), 30A (3) and (5) of the LGPS (Benefits, Membership and Contributions) regulations 2007, Regulation 31(2) and (5) of the LGPS Regulations 1997)	<p>Employers can consider requests from employees who left the Local Government Pension Scheme before 1<sup>st</sup> April 2008 with deferred (or frozen) benefits, to have their pension released from the age of 50.</p> <p>Employers can also consider requests from employees who left the Local Government Pension Scheme after 1<sup>st</sup> April 2008 and before 31<sup>st</sup> March 2014 with deferred (or frozen) benefits, to have their pension released from the age of 55.</p>	<p>Any release for individuals with deferred benefit would likely have a significant financial impact on the councils, whilst not providing any efficiency saving.</p> <p>The councils will not consent to any such requests, where the individual is no longer employed by the councils.</p>
<b>Contribution rate</b>	(Regulation 9 and 10 of the LGPS Regulations 2013)	<p>The percentage rate that employees contributions are based, are dependent upon the level of salary received, with the percentage rate increasing as the level of salary increases.</p> <p>The percentage rate is set on the 1<sup>st</sup> April each year based upon the assumed pensionable pay for the forthcoming year. Where there is a change to an employee's pensionable pay during the financial year, the employer has the discretion to amend the contribution rate for the remainder of the year.</p>	<p>The councils will ordinarily not amend contribution rates midway through a financial year, either increasing or reducing the percentage rate, as this would generally have a very minimal impact upon the amount contributed to the scheme and an adjustment would be made at the start of the next financial year.</p> <p>For part time employees changes will be implemented immediately, provided that the contribution rate would increase by at least 1%.</p>
<b>Awarding additional pension</b>	(Regulation 31 of the LGPS Regulations 2013)	An employer may award an employee an additional pension of up to £6,500), payable on the release of the individual's normal pension benefits or	The cost of any such additional pension would be borne by the employer and is payable in full to the pension fund within 1 month of the

		within 6 months of the release of the individual's normal pension benefits.	employee drawing their pension benefits. The Council would only consider awarding additional pension in exceptional circumstances, with approval of the Chief Executive.
<b>Regulation 18 - Flexible Retirement</b>	Regulation 30(6) and (8) of the LGPS Regulations 2013, Regulation 3(5), 11(2) and 11(3) of the LGPS (Transitional Provisions, Savings and Amendment Regulations 2014 and regulation 18(3) of the LGPS (Benefits, Membership and Contributions) Regulations 2007)	<p>Employees can apply for flexible retirement, where they can draw their pension benefits from the age of 55 (or above), and can continue working provided that;</p> <ul style="list-style-type: none"> <li>• there is a reduction in hours, or</li> <li>• a reduction in grade</li> </ul> <p>It is likely that the pension benefits would be reduced as a consequence of the benefits being released, unless the employer agrees to waive all or some of the pension benefits reduction for the employee, though this would normally result in a financial cost to the Council by means of a pension strain payment.</p>	<p>In order to apply for flexible retirement the employee must propose a reduction in hours of at least 10% or a salary reduction of at least one grade.</p> <p>The councils will consider all qualifying requests for flexible retirement, taking into account the impact on the service and transformation plans.</p> <p>A flexible retirement request from can be provided by HR.</p> <p>A decision on whether pension benefits could be waived can be made by the Chief Executive, where there is an agreed case for change. Decisions will be made in line with planned transformation of services.</p>
<b>Early retirement</b>	(Schedule 2 paragraph 1(2), 2(1), 2(2) and regulation 3(1) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 and Regulation 30(5) and 30A(5) of the LGPS (Benefits, Membership and Contributions) Regulations 2007)	An employee can choose to receive their pension benefits once they have attained the age of 55, though any benefits payable may be reduced in light of their early release. The employer may waive all or part of any reduction that might apply and pay the appropriate pension strain costs to the Pension Fund.	<p>The Council will only give consent to requests for early retirement and pay the pension strain to avoid any pension reduction, for employees aged over 55 where there is an agreed case for change. This includes employees retiring under the 85 year rule.</p> <p>Decisions will be made in line with planned transformation of services.</p>

			Where the pension strain is not being paid by the councils the employee may receive a reduced pension benefit.
<b>Assumed Pensionable Pay and Lump sum Payments</b>	(Regulation 21(4) and (5) of the LGPS Regulations 2013)	Employers can include regular lump sum payments when calculating assumed pensionable pay, for periods of contractually reduced pay, absences for maternity, paternity and adoption, absences for reserved forces, and death in service.	The councils will include regular lump sum payment when calculating assumed pensionable pay, but only where the payment has been made for a minimum of 26 weeks prior to the date on which the assumed pensionable pay is calculated.
<b>Applications to make absence contributions</b>	(Regulation 22 of the LGPS Regulations 2008)	An employee who has been on a period of authorised unpaid leave may elect to pay optional contributions for the period of unpaid absence.  An employee may also make an optional contribution for a period of unauthorised absence.	Optional contributions following an authorised absence will ordinarily only be agreed within 30 days of the absence ending. The councils will make the relevant linked employer contribution.  Optional contributions following unauthorised absence (e.g. strike action) can be made at any time. The employee is responsible for the whole cost of that period and the councils will not make any contribution towards it.
<b>Shared Cost of Additional Pension Contributions</b>	(Regulation 16(2)(e) and 16(4)(e) of the LGPS regulations 2013)	Employees may elect to pay additional pension contributions (APC) towards their membership of the pension scheme.	Ordinarily employees will be responsible for the whole cost of the APC and no contribution towards it will be made by the councils.
<b>Shared Cost of Additional Voluntary Contributions</b>	(Regulation 17 of the LGPS Regulations 2013, Regulations 15(1)(d) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, Regulation 25(3) of the LGPS	Employees may elect to pay additional voluntary contributions (AVC) to an appropriate administering authority.	Employees are responsible for the whole cost of the AVC and no contribution towards it will be made by the councils.

	(Administration) Regulations 2008 and Regulation 15(3) of the LGPS (Benefits, Membership and Contributions) Regulations 2007)		
<b>Inward transfer of pension rights</b>	(Regulation 100(6) and 22(7) and (8) of the LGPS Regulations 2013)	Employees with previous membership of an LGPS or a pension scheme which is not part of the LGPS may choose to have their membership aggregated with their current LGPS membership (subject to the Pension Fund administering authority's approval). The regulations give employers the discretion to consider aggregating previous pension membership where a request is made more than 12 months after their current membership commenced.	The councils will only consider elections made after 12 months have elapsed in exceptional circumstances.
<b>Discretionary Injury Allowance</b>	The Local Government (Discretionary Payments) (Injury Allowances) Regulations 2011	Local authorities have the discretion to adopt an injury benefit scheme for employees who are injured or develop a disease which has come about through any work related factor (which could include the employee's own negligence). The level of such allowances would also be at the discretion of the local authority and could be granted either for a temporary or permanent incapacity, and for a temporary or permanent period of time.	The councils have not adopted this scheme as other provisions are in place for employees in these circumstances.  The councils' Employer's Liability Insurance Policy, NJC provisions, and ill health retirement benefits available through LGPS ensure that there are already sufficient facilities in place.
<b>Redundancy and Compensation Payments</b>	Discretions in relation to the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 and 2006	Information on redundancy, redeployment and organisational change are contained within the Change Policy.	



## Retirement

Employees may choose to retire at any point from the age of 55, whether they are eligible to receive their state pension or not. There is no age at which employees must retire.

It is beneficial to the councils if managers and employees can have open and honest conversations about retirement to enable succession planning and to support the employee to make the right choice for them.

Employees considering retirement have several options:

- Continue working, either indefinitely, for a set period, or until a stated date.
- Continue working and apply for flexible retirement.
- Take retirement from the councils.

## Pension contributions after 65

Employees can continue to contribute into the Local Government Pension Scheme after the age of 65 and those contributions would be used to calculate their final pension entitlement.

An employee who is granted flexible retirement can also continue to pay into the Local Government Pension Scheme, however from the date they access their existing pension any further contributions could only be paid into a new personal pension fund.

Employees are advised to contact the Local Government Pension Scheme for advice and guidance regarding their pension entitlements.

## Long Service Award

The councils recognise long service and retirement by making financial awards, these will usually be made annually through payroll.

Employees leaving the councils because of normal age retirement, early retirement/voluntary severance or compulsory redundancy will be eligible for a retirement award. The amount of the award will be dependent upon length of service with the councils as shown below.

After 25 years' service	£250
On retirement 15 – 19 years service	£100
On retirement 20 – 29 years service	£150
On retirement Over 30 years service	£200