

# Human Resources and Facilities



## PENSIONS AND RETIREMENT OPTIONS

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## **1 INTRODUCTION**

Access to pension scheme is an important part of the reward package available to all employees. The Council makes a significant contribution in addition to the employee's, to ensure that adequate provision is made for themselves and their dependents in their retirement or in the event of unforeseen events such as permanent injury or illness. Most employees are automatically entered into the scheme and encouraged to remain in it and gain the benefit of this provision.

This statement sets out Council's approach to the administration and management of pensions and retirement for employees who are members of the Local Government Pension Scheme (LGPS) or are eligible to join.

It outlines the retirement and pensions options available to employees depending on individual circumstances.

It incorporates the requirements of the LGPS Regulations 2014 and confirms the Council's policies on the exercise of its discretionary powers under the various regulations.

## **2 RETIREMENT AGE**

Employees are no longer subject to a general retirement date. Employment will therefore continue until it is ended either by the employee giving notice or action by the employer for a specified reason such as redundancy or dismissal for conduct or capability reasons.

Under the LGPS Regulations 2014 the normal pension is aligned with State Pension Age (SPA). The State pension age is increasing. Please refer [www.gov.uk/changes-state-pension](http://www.gov.uk/changes-state-pension) for details.

## **3 SUPPORTING EMPLOYEES THINKING ABOUT RETIREMENT**

The Council recognises that it is important for employees to make decisions about when they may wish to retire and to plan accordingly

Employees should ensure they obtain the appropriate information about their financial position and pension benefits.

Employees are encouraged to discuss their retirement plans with their manager at an early stage so that the process can be managed effectively to the benefit of all parties.

We also recognise the importance for employees planning to retire of achieving a balance between work and other interests and encourage serious consideration of requests for flexible retirement, but reserve the right to refuse requests where there are sound business reasons.

## 4 PENSIONS

### 4.1 General

This policy applies to all employees who are members of the LGPS or are eligible to join.

Employees with a contract for at least three months, and aged between 16 and 75 will be brought into the LGPS automatically from their first day of employment. Those with a contract of less than three months and casual employees have a right to join and will need to opt in.

From the first day of employment employees will be able to elect not to be a member of the LGPS. It is not permitted to complete and return an opt-out form until after commencing employment.

Oxford City Council is legally required to auto-enrol certain employees into a pension scheme once every three years starting 1 September 2013 or when they meet certain criteria. Those affected will be informed in writing on enrolment.

### 4.2 Pensionable Pay

The Pension Scheme Regulations define which elements of pay are pensionable and which are not. In broad terms all salary and pay for work done is pensionable and other payments such as expenses or pay for loss of holidays are not pensionable. Compensation in consideration of loss of future pensionable payments is not pensionable therefore pay protection is not pensionable.

### 4.3 Employee Contributions

Employee contribution rates will be assessed as outlined below.

#### 4.3.1 Contribution Bands

With effect from 1<sup>st</sup> April 2015 the bands for employee pension contributions are as follows: -

Band	Pensionable Pay	Percentage Contribution Rates	
		Main Scheme	50/50 Scheme
1	Up to £13,600	5.5	2.75
2	£13,601 to £21,200	5.8	2.90
3	£21,201 to £34,400	6.5	3.25
4	£34,401 to £43,500	6.8	3.40
5	£43,501 to £60,700	8.5	4.25
6	£60,701 to £86,000	9.9	4.95
7	£86,001 to £101,200	10.5	5.25
8	£101,201 to £151,800	11.4	5.70
9	£151,801 or more	12.5	6.25

Bandings are assessed on actual pensionable pay received irrespective of hours worked.

#### 4.3.2 Assessment of Pay for Banding

A continual assessment will be made each pay period deducting a monthly contribution based on annualised salary plus any pensionable payments and allowances made to determine the correct contribution rate.

#### **4.3.4 Notification of Banding Contribution Rate**

The Council informs employees of their banding contribution rate on monthly payslips.

#### **4.3.5 Multiple Employments**

Employees with more than one job with the Council will be assessed separately for each individual contract of employment.

#### **4.3.6 Review of Banding Decision**

If you have a query about the contribution band you have been placed in you should contact Human Resources in the first instance to resolve it. If you still consider that your contribution rate has not been correctly assessed you must write to Human Resources for a review of the assessment. Human Resources will respond in writing. If you still consider that the policy has not been properly applied you may submit a written application for a review of the decision under the Pensions Adjudication of Disagreements Procedure outlined in Paragraph 11.

#### **4.4 Discretions to Increase Pension Benefits**

The Council will not use discretion to increase pension benefits as outlined below.

The Council will not use discretion to award additional pension to:-

- active scheme members, or
- a member who was an active scheme member who was dismissed by reason of redundancy, or business efficiency, or whose employment was terminated by mutual consent on the grounds of business efficiency.

Active scheme members may enter into an arrangement to pay additional pension contributions (APCs). The Council will not contribute to the funding of additional pension contributions other than when it is required to do so because the APC arrangement is to make up for pension rights lost during a period of unpaid absence. In these cases the request must be received by HR within 30 days of the end of the unpaid absence otherwise the employee will be required to meet the full cost.

The Council will not enter into a shared cost additional voluntary contribution (AVC) scheme.

## **5 RETIREMENTS**

Employees may choose to retire before normal pension age. The earliest age that an employee can have their pension paid by their own volition is 55, but it will be actuarially reduced in accordance with Secretary of State Guidance.

LGPS pension benefits must be put into payment by age 75 and the LGPS provides for an actuarial increase in pension benefits if they are not put into payment until after normal pension age.

In some appropriate circumstances employees may be dismissed by the Council and receive pension payments before normal pension age.

These retirements are explained below.

#### 5.1 **Voluntary Retirement**

An employee who is aged 55 or older may choose to leave employment by giving notice of their resignation and draw their pension by giving Pension Services (Oxfordshire County Council) the appropriate notice of their request for payment of their pension benefits. A minimum of 3 months' notice is required for early payment of pension benefits.

If the scheme member requests immediate payment of their pension before age 60 then all pension benefits payable (whether built up in the scheme before or after April 2014) will be subject to a full reduction. The Council will not, in any circumstance use its discretion to waive all or any part of the reduction that may apply in the early payment of a pension under this Regulation.

The Council may exercise its discretion to approve 'switching on' the 85 Rule protection only when it is in the Council's interests to do so. Managers will have to provide a proposal report for all requests they support demonstrating how it meets the Council's business objectives, employee relations benefits, service delivery benefits, financial and funding considerations.

Employees should ensure they obtain information about the amounts of their pension benefits and the amounts of any reductions that apply to them before formally resigning from employment. This information is available upon request from [Pensions Services](http://www.oxfordshire.gov.uk/PensionsServices) at the County Council, [www.oxfordshire.gov.uk](http://www.oxfordshire.gov.uk).

#### 5.2 **Flexible Retirement**

An employee who is aged between 55 and 75 may request 'Flexible Retirement' under the LGPS Regulations. This involves continuing to work and either reducing his/her hours of work or accepting a lower paid job within the Council while receiving an immediate payment of pension benefits.

##### 5.2.1 **Scheme Summary**

- Pension benefits are likely to be reduced if they are paid before normal pension age.
- Scheme members must take all of their pre 1<sup>st</sup> April 2008 benefits (which the employer must pay for where there is a cost) but may take all, some or none of the benefits accrued after 1<sup>st</sup>

April 2008.

- The Council will not, in any circumstance use its discretion to waive any reduction that may apply in the early payment of a pension.
- Employees may also make a 'Flexible Working' request under the Flexible Working Policy and must state if they are making a 'Flexible Retirement' request in addition to a 'Flexible Working' request.
- A request must involve a reduction in gross salary (including contractual enhancements to pay) of at least 20%, either through reduced hours or level of responsibility (grade).
- Once the Council has agreed to a request for flexible retirement it will not consider any requests from the employee to increase their hours or grade in the position for which flexible retirement has been agreed and no further requests for flexible retirement will be considered.
- The employee's contract of employment will be amended by mutual agreement to reflect the new hours or grade, as agreed, and continuity of service will be preserved for terms and conditions purposes.
- Requests will only be agreed when it is in the Council's interests to do so taking into account business needs and financial implications including pension strain costs.

#### **5.3.2 Request Procedure**

- Employees must make a written request (application form available) for flexible retirement providing the details of their request including the amount of pension they wish to draw down.
- HR will request a pension estimate from Pension Services for the employee and the Council. Pension estimates for flexible retirement can only be obtained via HR. If employees are uncertain about their pension benefits or the level of draw down they wish to request they should contact HR to discuss obtaining an estimate before making a formal request.
- The employee's manager (or appropriate senior officer) will consider the request and make a proposal report to explain their reasons for supporting or not supporting the request including how their recommendation fits with the Council's business objectives, employee relations including the impact on policies such as Recruitment and Organisational Change, service delivery, financial and funding considerations.

- The appropriate Head of Service, Corporate Lead (HR/OD), Section 151 Officer and Monitoring Officer will consider all reports and determine whether or not to agree the request.
- Requests may be declined if they are not in the operational or financial interests of the Council. The business reasons may include:-
  - the burden of additional costs which includes the pension strain cost. Normally the Council would seek to make financial savings within a three year period.
  - a detrimental effect on ability to meet customer demand.
  - inability to re-organise work or recruit additional staff.
  - detrimental impact on quality or performance.
  - insufficiency of work during proposed working times.
  - planned changes.
- The employee and their manager will be advised of the decision and if flexible retirement has been agreed the arrangement will be confirmed.

### **5.3 Retirement as a result of Redundancy or on the Grounds of Efficiency of the Service**

Early retirement may be granted for employees aged 55 years and over with at least two years membership in the LGPS in the circumstances outlined below, taking into consideration the full cost to the Council and best interest of the Council.

The Council may find it necessary to dismiss an employee on the grounds of redundancy. The pension is paid without any actuarial reduction. Payment of pension benefits is in addition to any redundancy compensation under the Council's Redundancy Payment Scheme.

Alternatively there may not be a redundancy situation, but it may be necessary to dismiss an employee or mutually agree a termination of employment for other reasons on the grounds of the efficiency of the service. The pension is paid without any actuarial reduction.

These cases will normally be subject to a settlement agreement.

As specified in 4.4 above the Council will not use discretion to award additional pension in these cases.

### **5.4 Ill Health Retirement**

Where an employee with at least two years membership of the LGPS been certified by an Independent Registered Medical Physician (approved by the Council) as being permanently incapable of discharging their duties by reason of ill health or infirmity of body or mind and having a reduced likelihood of undertaking other gainful employment the Council will consider awarding early retirement with immediate payment of pension benefits. Ill health retirement may occur

at any age. This authorisation will only be given after all alternatives have been explored.

Further information on ill health retirement is available in the Pensions Services Ill Health Retirement Guide for Members which is on their website <http://www.oxfordshire.gov.uk/cms/content/current-members-guide-lgps>.

#### **5.5 Deferred Pension Members**

If an ex-employee suffers deterioration in their health such that they consider they meet the LGPS criteria for ill health retirement they can make a request for early payment of pension benefits on health grounds. The Council will consider such requests in accordance with the appropriate LGPS regulations and if it is satisfied that the criteria are met early payment of pension benefits will be authorised.

Members with deferred benefits under the LGPS Regulations 2014 may request payment of their deferred pension from age 55 without needing employer consent. As previously stated the Council will not, in any circumstance use its discretion to waive all or any part of the reduction that may apply in the early payment of a pension under this Regulation. The Council will not use its discretion to 'switch on' the 85 Rule.

Under previous Scheme Regulations deferred pension members require employer consent for early payment of pension benefits before the age of 60. Ex-employees may make a request for early payment of pension. The Council will only consider requests on compassionate grounds, but is unlikely to agree a request if there is a cost to the Council. The Council will not, in any circumstance use its discretion to waive any reduction that may apply for the the early payment of a pension.

#### **5.6 Re-employment in Local Government**

Employees who retire from the Council may seek re-employment with the Council through normal recruitment procedures.

Employees who seek re-employment with any local authority should ensure that they are aware of any pension abatement policies that may apply.

If an employee is made redundant they will forfeit their right to a redundancy payment if they are offered and take up other employment with a body covered by the Redundancy Payments (Continuity of Employment in Local Government etc) (Modification) Order within 4 weeks of leaving the Council.

Any employee who receives an enhanced pension or discretionary redundancy package by virtue of the fact they have left the Council's employment will not normally be re-employed or re-engaged to work for the Council in any capacity for a period of three years.



## **6 INJURY ALLOWANCE REGULATIONS**

The Council will not provide a compensation scheme under the Local Government (discretionary Payments) (Injury Allowances) Regulations 2011.

## **7 ADMINISTRATIVE REGULATIONS**

### **7.1 Deferred Members who become Active Members Again**

If a deferred member again becomes an active member the deferred pension account is aggregated with the active pension account unless the member makes an election to retain the deferred pension account. This election must be made within 12 months of the opening of the active member account. The Council will not extend the 12-month limit unless there are exceptional circumstances.

### **7.2 Concurrent Employments**

In the case of members who have concurrent (more than one at the same time) employments and one employment ends the deferred pension account will be aggregated with the on-going active account. If the member has more than one on-going active account they may choose which of the active accounts to join it with. The member can elect to retain the deferred pension account within 12 months of the date the concurrent employment ended, unless the account was for less than 2 years i.e. deferred refund account which must be aggregated. The Council will not extend the 12-month limit unless there are exceptional circumstances.

### **7.3 Inward Transfer of Pension Rights**

The Council will not consider allowing requests of transfers of previous pensions outside of the 12-month time limit unless there are exceptional circumstances. If any such requests are agreed they will also be subject to the agreement of the Administering Authority.

## **8 AUTHORISATION**

All retirements that require the Council's authorisation will be subject to the approval of a business case by the Service Head, Human Resources Manager, appropriate Executive Director, Section 151 Officer and Monitoring Officer.

Exceptions to this requirement are:-

- Flexible Retirements which are subject to approval by the Review Panel including the Corporate Lead for HR/OD, appropriate Head of Service, Section 151 Officer and Monitoring Officer.
- Ill health retirements which require the approval of the Corporate Lead for HR/OD (or nominated deputy).

- Requests for early payment of deferred benefits on compassionate grounds which may involve a cost require approval by the Corporate Lead for HR /OD, Executive Director and Head of Service.

The Corporate Lead HR/OD (or nominated deputy) will determine:-

- Waiving the time limit for inward transfers
- Waiving of time limit to separate membership for re-joining deferred members and concurrent employments.

## **9 EMPLOYEES WHO ARE NOT IN THE LGPS**

An employee who has chosen not to contribute to the LGPS (i.e. not an active scheme member) will not receive pension benefits from the scheme upon retirement. If an employee has deferred pension scheme benefits from previous LGPS membership they should contact the administrators of that pension scheme for details of the benefits they have and when they might become payable. Employees may, however, choose to retire by giving the appropriate notice.

Employees who are not in the pension scheme and who wish to request a change to working hours as they approach retirement may make a request under the 'Flexible Working' Policy.

## **10 FINANCIAL CONSIDERATIONS AND FURTHER INFORMATION**

Employees are advised to seek guidance about the financial implications of drawing their local government pension or any other pension benefits they may have either when considering retirement or a flexible retirement (i.e. where they continue to work and draw a pension).

Further information about the LGPS is available on these websites:-

- [Pension Services](#)
- [www.LGPS2014.org](http://www.LGPS2014.org)

and information about the State Pension is available at:-

- <https://www.gov.uk/browse/working/state-pension>

If you have queries about your LGPS pension benefits please contact:-

- Pension Services  
By email [pension.services@oxford.gov.uk](mailto:pension.services@oxford.gov.uk)  
By telephone 01865 797125 or 08165 797133  
By post Pension Services, Oxfordshire County Council, Unipart House, Garsington Road, Oxford OX4 2GQ

or

- Human Resources  
By email [hradmin@oxford.gov.uk](mailto:hradmin@oxford.gov.uk)  
By telephone 01865 252848

## **11 ADJUDICATION OF DISAGREEMENTS PROCEDURE**

If a member of the LGPS disagrees with a decision made in respect of their pension benefits, they may wish to refer to the Pension Scheme Adjudication of Disagreements Procedure. Complaints under this procedure must be made within six months of the date that the pension decision was made.

The procedure is available on the intranet and Pension Services website and copies are available from Human Resources, St Aldate's Chambers, St Aldate's, Oxford OX1 1DS or Pensions Services, Oxfordshire County Council, Unipart House, Garsington Road, Oxford, OX4 2GQ on request.

Complaints should be made to Oxford City Council's Adjudicator, the Corporate Secretariat Manager, Chief Executive's Office, St Aldate's Chambers, Oxford OX1 1DS. If the member is not satisfied with this decision they may refer the complaint the Administering Authority's Adjudicator within six months of receiving the decision.

If an employee wishes to raise a concern not relating to pension benefits referral to the Grievance Procedure may be appropriate.

## **12 REVIEW OF POLICY**

In formulating and reviewing its policy, the Council

- a. has regard to the extent to which the exercise of its discretionary powers (in accordance with the policy), unless properly limited, could lead to a loss of confidence in the public service; and
- b. is satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs.

The Regulations require the Council to keep its policy under regular review. This policy will therefore normally be reviewed every three years or earlier if deemed necessary.

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.

This document is not a full statement of the law. Oxford City Council retains the right to change policies at any time, this policy confers no contractual rights and the policy that is current at the time a relevant event occurs to an employee will be the one applied to that employee.

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