



# RATTON SCHOOL

AN ACADEMY TRUST SCHOOL

## Local Government Pension Scheme Policy and Discretions

Date of Review	May 2017
Date of Next Review	May 2018
Status	Statutory

All our policies support our vision and are based on our core virtues

Developing caring, confident and creative  
students who achieve excellence

- Compassion
- Respect
- Creativity
- Teamwork
- Effort
- Responsibility

Ratton School Academy Trust is an exempt charity and a company limited by guarantee, registered in England & Wales with Company Number 8130302 and has a registered address at Park Avenue, Eastbourne, East Sussex BN21 2XR

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## Statement of Intent

From April 2014, new regulations apply “The Local Government Pension Scheme Regulations 2013”, these regulations place the requirement on Ratton School Academy Trust to compose, publish and keep under review a policy on the required discretions.

To ensure value for money and financial stability, Ratton School Academy Trust has adopted an approach that befits the size, finances and current staffing levels at the Academy. In addition, the decisions regarding the discretionary powers have been taken to ensure the affordability of the scheme to all members.

Ratton School Academy Trust is committed to equality and this policy has been created in accordance with anti-discrimination laws, the Equality Act 2010 and with regard to age regulations.

In addition to the above, the Academy is required to adhere to a number of provisions and to create and implement effective procedures for the administration of the LGPS scheme.

These duties and procedures are established in detail in this Policy.

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Signed by:

Headteacher

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Date:

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Chair of Resources Committee

Date:

Review date:

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## **1. LGPS 2014 overview**

1.1. The LGPS 2014 is a Career Average Revalued Earnings (CARE) scheme.

### **1.2. Accrual rate**

1.2.1. The accrual rate is 1/49<sup>th</sup>.

### **1.3. Revaluation rate**

1.3.1. The revaluation rate is based on the Consumer Price Index (CPI).

### **1.4. Pensionable pay**

1.4.1. Pay, including non-contractual overtime and additional hours for part-time staff, is classed as pensionable pay.

### **1.5. Contribution flexibility**

1.5.1. There is contribution flexibility with a 50/50 option.

### **1.6. Normal Pension Age**

1.6.1. The normal pension age is equal to the member's State Pension Age (minimum 65).

### **1.7. Lump sum trade off**

1.7.1. A trade off of £1 annual pension for £12 lump sum is available.

### **1.8. Death in service lump sum**

1.8.1. The death in service lump sum is 3x pensionable pay.

### **1.9. Death in service survivor benefits**

1.9.1. A 1/160<sup>th</sup> accrual rate based on Tier 1 **or** ill health pension enhancement.

### **1.10. Ill health provision**

1.10.1. Tier 1 - immediate payment with service enhanced to Normal Pension Age

1.10.2. Tier 2 - immediate payment of pension with 25% service enhancement to Normal Pension Age.

1.10.3. Tier 3 - temporary payment of pension for up to 3 years.

### **1.11. Indexation of pension in payment**

1.11.1. The LGPS indexation of pension in payment is based on CPI.

### **1.12. Vesting period**

1.12.1. The LGPS has a vesting period of 2 years.

### **1.13. Administering authority details**

1.13.1. The administering authority for Ratton School Academy Trust is East Sussex County Council.

#### 1.14. Actuary details

- 1.14.1. The actuary to the East Sussex Pension Fund is Hymans Robertson and Ratton School Academy Trust **form** part of this Fund.

## 2. Key roles and responsibilities

- 2.1. The Governing Body has overall responsibility for the implementation and monitoring of the LGPS Discretionary Policy at Ratton School Academy Trust.
- 2.2. The Governing Body has responsibility for ensuring that the LGPS Discretionary Policy, as written, does not discriminate on any grounds, including but not limited to: age, ethnicity/national origin, culture, religion, gender, disability or sexual orientation.
- 2.3. The Governing Body has overall responsibility for handling complaints regarding this policy as outlined in the Academy's Complaints Policy.
- 2.4. In the first instance, complaints should be directed to the Business Manager.
- 2.5. The Business Manager has responsibility for the day-to-day implementation and management of the LGPS Discretionary Policy at Ratton School Academy Trust.
- 2.6. The Business Manager is responsible for monitoring overtime worked and for initiating review procedures as necessary.
- 2.7. Staff members enrolled on the LGPS will be responsible for following the LGPS Discretionary Policy.

## 3. Discretionary decisions

- 3.1. The Academy, as an LGPS Employer, is legally required to provide employees and LGPS scheme members with information regarding their decision to include or omit the following discretions in their LGPS scheme:
  - 3.1.1. Where APCs are paid by regular contributions or paid by a lump sum, whether to grant additional pension to a member (by up to £6,500 p.a.)
  - 3.1.2. Whether to award additional pension up to a maximum of £6,500 to an active member who was dismissed by reason of redundancy or business efficiency or whose employment was terminated by mutual consent on grounds of business efficiency within 6 months of the date the members' employment ended
  - 3.1.3. Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement).
  - 3.1.4. Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement.

3.1.5. Whether to waive, on compassionate grounds, the actuarial reduction applied to the reinstatement of a suspended tier 3 ill health pension paid early (i.e. on or after age 55 and before age 60).

3.1.6. Whether to “switch on” the 85 year rule for a member voluntarily drawing benefit on or after age 55 and before age 60

3.1.7. Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits from pre April 2014 membership where the employer has “switched on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.

3.1.8. Whether the Academy will adopt a discretionary injury benefit scheme.

3.1.9. Whether the Academy will permit late inward transfer of pension rights.

**4. Whether to grant additional pension to a member (by up to £6,500 p.a.)**

4.1. The Academy may agree, at its own cost, to award a member an additional pension up to a maximum of £6,500 p.a.

This discretion is not exercised but the Academy will only consider doing so in cases where there is a clear financial or administrative advantage to the Academy.

**5. Whether to award additional pension up to a maximum of £6,500 to an active member who was dismissed by reason of redundancy or business efficiency or business efficiency or whose employment was terminated by mutual consent on grounds of business efficiency within 6 months of the date the member’s employment ended.**

5.1 This discretion is not exercised but the Academy will only consider doing so in cases where there is a clear financial or administrative advantage to the Academy.

**6. Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement)**

6.1. The Academy may agree, at its own cost (if there is any) for a member aged 55 or over, who reduces their grade, hours of work, or both, to receive all or part of their LGPS benefits immediately, even though they have not left the Academy’s employment.

6.2. This discretion is not exercised but the Academy will only consider doing so in cases where there is a clear financial or administrative advantage to the Academy.

**7. Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement**

7.1. If the benefits on flexible retirement would normally be reduced for early payment, the Academy may agree, at its own cost, to waive all or part of the reduction.

7.2. This discretion is **not** exercised but the Academy will only consider doing so in cases where there is a clear financial or administrative advantage to the Academy.

**8. Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early**

8.1. If the benefits payable in such cases would normally be reduced for early payment, the Academy may agree, at its own cost, to waive all or part of the reduction if there were compassionate grounds for doing so.

8.2. This discretion is **not** exercised but the Academy will consider any cases arising on their individual merits.

8.3. Decisions, following consultation, regarding the waiving of actuarial reductions rest with the Governing Body

**9. Whether to grant an application for the reinstatement of a suspended tier 3 ill health pension on or after age 55 and before age 60**

9.1. For current employees - where there is no financial or operational disadvantage to the Academy, or where unforeseen circumstances might result in the employee suffering personal hardship, a request for early payment of benefits will normally be accepted.

9.2. It will require the prior recommendation of the Business Manager and the Governing Body

9.3. For former employees - where there is no financial or operational disadvantage to the Academy, a request for early payment of deferred benefits will normally be accepted (other than on the grounds of permanent ill-health or compassion).

9.4. It will require the prior recommendation of the Business Manager and the Governing Body.

**10. Whether to waive, on compassionate grounds, the actuarial reduction applied to the reinstatement of a suspended tier 3 ill health pension paid early (i.e. on or after age 55 and before age 60)**

10.1. Only in cases where unforeseen circumstances will result in severe and lasting personal hardship will a request for early unreduced payment of benefits on compassionate grounds from a retiring employee be considered.

10.2. It will require the prior recommendation of the Business Manager and the Governing Body.

## **11. Whether the Academy will adopt a discretionary injury benefit scheme**

11.1. The Academy has adopted a discretionary injury benefit scheme. This allows the payment of a lump sum or allowances to an employee that they would not otherwise be eligible for, following an injury sustained, or disease contracted, whilst carrying out their normal duties.

11.2. An award may be granted where an employee suffers a reduction in remuneration as a direct result of an injury sustained, or disease contracted, whilst carrying out their normal duties.

11.3. An award may be granted where an employee loses employment due to permanent incapacity as a direct result of an injury sustained, or disease contracted, whilst carrying out their normal duties.

11.4. A certificate from an independent registered medical practitioner (IRMP) must be obtained prior to any award.

11.5. The amount of any award will be determined by the Insurance Company for the Academy, having due regard to all the circumstances of the case.

11.6. The cost of any award will not be met out of any pension fund.

## **12. Whether the Academy will permit late inward transfer of pension rights**

12.1. The Academy will consider, although not have a general policy, extending the time limit of 12 months for employees to transfer the value of a previous pension scheme if there is clear evidence that they had not been informed of, or could not reasonably have known, the time limit.

12.2. The Academy will also consider extending the time limit for late inward transfers where there is evidence of significant administrative delays.

12.3. Decisions regarding the acceptance of late inward transfers are delegated to the Business Manager and the Governing Body.

## **13. Whether to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.**

This discretion is not exercised unless The Academy will only consider doing so in cases where there is a clear financial or administrative advantage to the Academy

Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits from pre April 2014 membership where the employer has “switched on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.

This discretion is not exercised unless The Academy will only consider doing so in cases where there is a clear financial or administrative advantage to the Academy

#### 14. LGPS member records

14.1. The Business Manager is responsible for maintaining a clear and up-to-date record of all school staff enrolled on the LGPS scheme along with the school’s Payroll provider.

14.2. The record will record details of each member’s:

14.2.1. Full name.

14.2.2. National Insurance number.

14.2.3. Current full-time equivalent (FTE) salary.

14.2.4. Hours and weeks worked.

14.2.5. Contact details for payroll and HR use.

#### 15. Salary checks in light of staff overtime

15.1. From 1 April 2014, overtime is classed as pensionable pay. In response, the Academy is required to introduce additional measures to ensure payment percentages are correct and pension payments are fair and accurate.

#### 16. Support

16.1. East Sussex County Council Pension Fund provides support for the LGPS scheme locally.

They can be contacted using the phone number Tel: **01273 337400**

#### 17. LGPS 2014 Contribution Calculator

A ‘Contribution Calculator’ for the new scheme has been launched. The calculator requires users to input some information including their annual pensionable pay, pay frequency, section of the scheme they are in and whether they are over State Pension Age. The results will include both the gross and net contribution amount for the new scheme. This can be a useful tool in helping members understand how much they will be contributing under the new Scheme.

To access the LGPS 2014 Contribution Calculator please visit <http://lgps2014.org/content/what-will-new-scheme-cost-me>

## Appendix A - Auto enrolment template letter for full-time staff

(Insert Address)  
(Insert Address)  
(Insert Address)  
Date

Insert name of staff member

(Insert Address)  
(Insert Address)  
(Insert Address)

Dear (Insert name of staff member),

To help people save more for their retirement, the government now requires employers to enrol their workers into a workplace pension scheme. This applies to those who are not already in one and who:

- Earn over a minimum amount (currently £10,000 a year/£833 a month);
- Are aged 22 or over; and
- Are under State Pension age.

We will therefore enrol you into our pension scheme in May 2017, if you meet the criteria above on that date.

Currently you are contractually entered into a pension scheme or you make a decision to personally opt out.

When this happens, you can choose to opt out of the scheme if you want to, but if you stay in you'll have a pension which will be paid to you when you retire:

- Ratton School Academy Trust and you will pay into it every month.
- The government will also contribute through tax relief.
- Your pension will belong to you, even if you leave us in the future.

If you want to you have the right to join the scheme before May 2017.

### What you need to do now

You have three options:

**1 - If you want to join the pension scheme now** (before May 2017), you will contractually be included in the scheme or you complete the opt out form available online from LGPS website.

**2 - If you want to join the pension scheme in May 2017**, you don't need to do anything. It will happen automatically. We will write to you again around the time you are automatically enrolled.

**3 - If you do not want to join the pension scheme**, you don't need to do anything before May 2017. Once you have been automatically enrolled on May 2017, you can personally choose to opt out.

## Questions you may have

### Why is the date that I will be automatically enrolled so far in the future?

We are allowed by law to delay the automatic enrolment of certain workers into our workplace pension scheme until May 2017 (These workers must meet the criteria listed on page 1 and previously had the right to join the pension scheme, but have not done so).

This delay is after the date we were first required to carry out automatic enrolment. During this period, you have the right to join the workplace pension scheme if you want.

If you want to do this, follow the instructions in the 'What you need to do now' section of this letter.

### How much will be paid into my pension?

Currently, the contributions are calculated as follows:

**2017/2018 Employer contribution rate from 1 April 2017 - 21.60%**

**2017/2018 Member Contribution Table - From 1 April 2017**

Pay Bands	Employee Contribution Rates
Up to £13,700	5.5%
£13,701 - £21,400	5.8%
£21,401 - £34,700	6.5%
£34,701 - £43,900	6.8%
£43,901 - £61,300	8.5%
£61,301 - £86,800	9.9%
£86,801 - £102,200	10.5%
£102,201 - £153,300	11.4%
More than £153,300	12.5%

### **How much will I get from this pension when I retire?**

You will receive a statement each year from Ratton School Academy Trust/ESCC showing how much money has gone into your pension and how much you might get when you reach the scheme's pension age.

More information on the scheme can be found LGPS website.

### **What will happen in May 2017 if I don't meet the criteria listed on page 1 of this letter?**

If, on that date, you are not already a member of the pension scheme and you don't meet the criteria, you will not be automatically enrolled.

However, you'll still have the right to join a workplace pension scheme if you want. We will write to you again around the time you would have been automatically enrolled had you met the criteria.

### **Could the pension scheme change between now and May 2017**

Yes, by law, we are allowed to change the terms of the scheme (for example, how much is paid in, how much you get at the end and the scheme's pension age) at any time. However, the scheme must continue to meet the government's new standards.