

Local Government Pension Scheme

Terms of Reference

1. General Statement

- 1.1 This policy statement incorporates changes that were made to the Local Government Pension Scheme Regulations which were effective from 1 April 2008 and 1 April 2014. It applied to all members of the Local Government Pension as of 31 March 2014 who were automatically transferred into the new scheme. Any existing benefits accrued before April 2014 were not affected and kept their link to final pay. The amendment Regulations effective May 2018 changed the employer discretions in connection with the early release of deferred benefits and the Discretions Policy reflects these changes.
- 1.2 The Local Government Pension Scheme (LGPS) from 1 April 2014:
- 1.2.1 It is a Career Average Revalued Earnings (CARE) Scheme and is the basis for calculating pension not Final Salary.
- 1.2.2 The Consumer Price Index (CPI) not the Retail Price Index (RPI) is the annual revaluation factor used.
- 1.2.3 The annual accrual rate used is 1/49ths and not 1/60ths unless members opt for the 50/50 section.
- 1.2.4 Non contractual overtime and any other additional hours related to the employment worked are pensionable.
- 1.2.5 Estimated annual pay based on expected actual hours to be worked is used to determine the employee contribution rate. Pensionable pay for all employees is their actual pay, including additional hours worked and any overtime, whether contractual or not.
- 1.2.6 The normal pension age is the individual's state pension age 65 – 69.
- 1.2.7 Members (existing and new) can opt to pay 50% contributions for a 50% pension and can opt back into the Main Pension Scheme at any time.
- 1.2.8 A person opting out of the scheme within 3 months of starting can still have refund of contributions through the payroll.
- 1.2.9 To qualify for a benefit a member now needs a minimum of two years in the Scheme or qualify under the vesting terms in the regulations.
- 1.3 Employees are no longer subject to a general retirement date effective from 1 October 2011. Employment will therefore continue until it is ended by either the employee giving notice or action by the employer for a specific reason such as redundancy or dismissal for conduct or capability reasons, or by mutual agreement by the employer and employee.
- 1.4 If a member makes a request regarding their pension, the Council has the discretionary power to consider any request received on a case-by-case basis. Oxford Pension Services will be asked to provide the cost and what the financial implications will be before it is considered by the Council.

2. Eligibility

- 2.1 From 1 October 2012, the default pension scheme became the Local Government Pension Scheme (LGPS), although employees may opt out of the scheme at any time.

No election can be made by new starters before they begin employment. Where a new starter makes a written election to leave the LGPS the election must be received by the Town Council within three months of starting to be eligible for the employer to adjust payroll and repay contributions. Any new member of staff who has a Contract of Employment with Thame Town Council for at least three months and is under the age of 75 years must be contractually enrolled into the LGPS on the first day of employment i.e. automatic enrolment will take place.

2.2 Employees contracted to work for less than three months can now join the LGPS. However, they must make a written election to the Council for contributions to start.

2.3 Where employees with a contract for less than three months, which is subsequently extended, will be automatically enrolled in the LGPS (with the right to opt out) from the date of the contract extension, although there is no facility to backdate their membership to their first day of employment.

3. Contribution Rates

3.1 Contribution Rates are reviewed annually. From **1 April**, the contribution rates are updated which are based on actual salary including non-contractual overtime and additional hours worked in accordance with the calculation tables issued by local LGPS provider.

4. Assessment of contribution banding

4.1 An assessment of actual pensionable earnings including any non-contractual overtime will be made on 1 April each year based on the guidelines below, to allocate the appropriate salary range and resulting employee contributions.

5. Employees in post at 31 March

5.1 The Contribution Rate assessment will be made using actual pensionable pay applicable as at 1 April.

5.2 This assessment will be reviewed at six-month intervals and an adjustment to the contribution rate either up or down will be made if it is judged necessary and if applicable contribution rates will be back dated to 1 April.

5.3 Where there is a change of job, the contribution rate will be assessed on the new salary as determined below, and effective from the date of change.

5.4 A salary increase in the same post will result in a revised assessment for that year.

6. Newly Appointed Employees

6.1 The new employee will be automatically opted into the LGPS, and the Contribution Rate assessment will be made on actual pensionable pay including any non-contractual overtime **unless they complete an OPT OUT Pension Form.**

7. Pensionable Earnings

7.1 All elements of pay, which are pensionable, will be made clear on the Contract of Employment.

8. Appeals

8.1 If an employee feels that their contribution rate has not been assessed correctly and in accordance with this policy statement, the member must contact the RFO/Town Clerk to

ask for a breakdown of the assessment no later than 31 March in the year in which their assessed contribution relates, or 3 months following any change, whichever is appropriate.

8.2 Where it is confirmed that the assessment has been made in accordance with this policy statement and appropriate LGPS Regulations, but the employee is challenging the assessment, then the complaint will be referred to the Personnel Committee.

8.3 If a complaint cannot be resolved satisfactorily then employees can use the Adjudicator at the administering authority within six months of the Personnel Committee's decision to undertake a further review of this decision.

9. Employers Discretions

9.1 The Local Government Pension Scheme Regulations 2013 require that an employer must have a policy statement on several Statutory Discretions. This will increase transparency and efficiency whilst meeting the legal requirements as an employer of the LGPS.