

## PENSION POLICY

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### Version Control

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## **PENSION POLICY**

### **1. INTRODUCTION**

1.1 Since 1998, the Pension Regulations have allowed employers to exercise certain discretionary powers to improve benefits for its employees. These powers have since been enhanced by changes to the scheme regulations in 2000 and again in 2004.

1.2 To ensure that these discretionary powers are exercised in a fair and consistent manner, the Council is required to publish a policy explaining how the Council will exercise these powers.

### **2. SCOPE**

2.1 This policy applies to all employees of Winchester City Council who are or become members of the Local Government Pension Scheme and those ex-employees of the Council whom have previously been members of the Local Government Pension Scheme and have preserved benefits under that scheme.

### **3. LEGISLATION**

3.1 This provisions of this policy are subject to the Regulations governing the operation of the Local Government Pension Scheme which may be amended from time to time.

### **4. RELATED POLICIES**

4.1 In the application of this policy, due consideration should be given to any requirements set out under the Absence Management Policy and the Redundancy and Redeployment Policy.

### **5. CONSULTATION**

5.1 This policy will be reviewed regularly by the Director of Personnel in consultation with UNISON to ensure continued compliance with legislation.

### **6. DISCRETIONARY BENEFITS**

6.1 As explained in 1.1 above, under the Local Government Pension Regulations the Council can exercise certain discretions under the Local Government Pension Scheme. Winchester City Council will do so as follows:

- i) Waive an employee's basic contributions providing that 40 years total membership of the LGPS in local government employment has been achieved, and no further benefits are accruing to the employee (usually between ages 58 and 60 only)

- ii) Consent to immediate payment of benefits to an employee who requests this and retires voluntarily between the ages of 55 (or age 50 where protected rights apply under changes made in 2005) and 60 providing that Corporate Management Team agree that it is in the Council's best interests to do so and having regard for the pension funds charge for early retirement being affordable in each case.

*(Note: if the persons age in whole years plus the period of scheme membership (in whole years) totals 85 years or more at the time of retirement then pension benefits will be paid without reductions. If the total is less than 85 then pension benefits will be reduced – under the new regulations this rule only applies to people who will be age 60 by 31<sup>st</sup> March 2013. In all other cases, benefits will be reduced for retirements before age 65)*

- iii) Allow a woman's pensionable service between 1 April 1972 and 5 April 1988 to count towards the calculation of her widowers pension.
- iv) To extend the deadline for employees to opt to combine benefits on leaving the pension scheme for a second time, except for employees who wish to transfer benefits when under notice of redundancy or early retirement.

## **7. DISCRETIONARY COMPENSATION**

7.1 In addition to the discretionary benefits outlined in section 6, the Council has the discretion to make certain compensation under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000. The Council will do so as follows:

- i) Consider awarding added years, up to a maximum of 10 years, to pensionable service as compensation for premature retirement, for reasons of redundancy or on the grounds of efficiency providing this is affordable and reasonable in terms of foreseeable costs and providing that Corporate Management Team agree that it is in the Council's best interests to do so. This can apply to staff over age 55 (or age 50 where protected rights apply under changes made in 2005) with at least 5 years and not more than 40 years membership of LGPS. (see appendix 1 for rules governing protection)

## **8. OTHER ISSUES**

- 8.1 No discretionary compensation will be paid without the prior approval of the Personnel Committee.
- 8.2 Where there are additional charges to decisions on early retirements, these will be charged to the department making the decision with the cost to be met from savings from any reorganisation over a timescale agreed between the relevant Director and the Director of Finance and approved by Members.