

Rossendale Borough Council

Employers Discretions Statement of Policy

Introduction

The Council is required to have a clear Employer Discretions Policy in place to safeguard the Council from inadvertently making inconsistent decisions in relation to its pension provision which can help protect the Council from potential future discrimination claims.

The new Local Government Pension Scheme 2014 commenced from 1 April 2014. It is still a defined benefit scheme but has now moved to a Career Average Scheme (CARE). The definition of pensionable pay has altered and this will now build up at 1/49th per year.

There is no longer any fixed retirement age and normal pension age has been replaced with the State Pension Age (SPA) minimum of age 65. There is increased flexibility to draw a pension from age 55 to 75.

There is now an additional section of the LGPS, a 50/50 section where employees can pay half contributions in return for half pension build up.

The vesting period has been increased from 3 months to 2 years whereby a refund of contributions can be made.

There are also new methods to buy back "lost" pension with Additional Pension Contributions (APC).

There is no change to the life cover currently 3 times of pay, pension for dependants, 3 tiered ill health cover and the option to take a tax free lump sum is still 12:1 ratio.

For members in the scheme before April 2014, all pension built up before the changes is fully protected. Membership up to 31 March 2014 is based on final pay at date of leaving and the Normal pension Age of 65 is protected for almost all members.

It is a statutory requirement for the Council to provide a Statement of Policy in relation to discretions under 5 areas for the LGPS 2014 Scheme:

- Voluntary funding of additional pension via Shared Cost APC's.
- Awarding additional pension via APCs at whole-cost
- Employer consent to retire before age 60
- Flexible retirement
- Waiving actuarial reductions