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LOCAL GOVERNMENT PENSION SCHEME

In respect of the following regulations, as applicable:

The Local Government Pension Scheme Regulations 2013

The Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014

The Local Government Pension Scheme Regulations (Benefits, Membership and Contributions) regulations 2007 (as amended)

The Local Government Pension Scheme Regulations 1997 (as amended)

EMPLOYER DESCRETIONARY POLICY

Employer: Shropshire Community Leisure

Pension Fund: Shropshire LGPS

Date effective: 1 July 2016

Each employer within the LGPS is required to publish a statement with regards to how the employer will respond to discretionary aspects of the scheme rules and regulations.

The attached policy applies in all instances where Serco is acting as an LGPS employer through the means of an Admission Agreement. In some cases, individual LGPS funds may require the policy to be lodged with them in a specific format or template and this may require slight adaption or re-formatting of the policy. The policies contained here should be taken as the full unabridged version.

This policy is effective from 1 July 2016.

In publishing this policy, Serco as a scheme employer were required to pay due regard to the requirement that the formulated policy and its application and the extent to which the exercise of the discretions could lead to a serious loss of confidence in the public service.

Serco will ensure that the discretions are exercised reasonably and where cost is incurred it will only be used where there is a future benefit to the employer for incurring the extra costs that may arise or be associated with the discretion. It will ensure that where exercised any discretions that incur additional costs, will be applied and recorded as appropriate.

PART A - Compulsory Discretions – Active Members

Regulation 16(2)(e) and 16(4)(d)

Whether, how much, and in what circumstances to contribute to a shared cost APC scheme

Where an active scheme member has decided to make Additional Pension Contributions (APCs) to purchase extra pension benefits (up to £6,500 per annum), the employer can resolve to voluntarily contribute towards the cost of this.

*Note: This does not include instances where the employee is paying for lost pension via an APC where the election was made in the first 30 days – here the employer **must** pay two-thirds of the cost of such purchase*

Employer Policy Decision

Serco will not contribute towards the costs of Additional Pension Contributions (APCs) (other than in the event of a member paying for lost pension after a period of authorised unpaid leave where an election was made within 30 days of returning to work.)

Transitional Provision Schedule 2, paragraphs 1 (2) and 2(2)

Whether to "switch on" the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.

Employees are able to voluntarily retire between ages 55 and 60, post-31 March 2014 and onwards. Formerly this was only with employer permission and if granted, the employer would have paid any strain cost due if the employee met the 85-year rule.

The 85-year rule does not automatically apply to members retiring between 55 and 60 as the facility to retire voluntarily between 55 and 60 is a new facility.

The employer has the discretion to 'switch' back on the 85-year rule for employees leaving between 55 and 60, thus allowing employees to not have reductions (or have lesser reductions). In these cases the employer would have associated strain costs that would have to be paid by the organisation instead.

This discretion does not apply to flexible retirement whereby the 85 year rule is always switched on.

Employer Policy Decision

Serco will not "switch on" the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.

Regulation 30(6)

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

Employers may allow a member from age 55 onwards to draw all or part of the pension benefits they have already built up whilst still continuing in employment. This is provided the employer agrees to the member either reducing their hours or moving to a position on a lower grade.

In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives the reduction either fully or in part or a member has protected rights.

Please be aware, if you allow members to retire under flexible retirement, and they meet the 85 year rule between the ages of 55 and 60, there may be a cost to the employer as there is no option to switch the 85 year rule off in this instance.

Employer Policy Decision

Serco will require a reduction of at least 20% in gross contractual pay or contractual hours in order for an employee to be considered for flexible retirement. Where an admission agreement specifies a minimum reduction for flexible retirement, it shall take precedent over this policy.

Where an employee between the age of 55 and 60 requests a flexible retirement, the request will not be granted if a cost arises in respect of switching on the 85 year rule, unless it can be demonstrated, in the sole opinion of Serco, that there is a significant future financial benefit to Serco despite accepting the initial costs.

Regulation 30(8) (2013 Regs) - Regulation 30(5) (2013 Regs) - and 30(5) and 30A(5) (2007 Regs)- Regulation 3(1) and (5) (TP2014 Regs)
Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age (where the member only has post 31/3/14 membership)
<p><i>Employers can agree to waive any actuarial reductions due in the case of employees retiring any time after age 55. This does not have to be due to 'compassionate' reasons and the situation differs according to the group of member the person is classified as for 85 Year Rule purposes</i></p> <p><i>If this discretion is used, the employer will pick up the cost of waiving reductions as an immediate strain cost payment.</i></p>
Employer Policy Decision
<p>Serco will consider waiving actuarial reductions on compassionate grounds based on the following criteria:</p> <ul style="list-style-type: none"> - The applicant can demonstrate that they will suffer from extreme financial hardship due to the actuarial reductions and is unable to alleviate that hardship through paid employment, as a result of caring for a dependent or being in care themselves <p>AND</p> <ul style="list-style-type: none"> - Serco are able to meet the cost of granting the request. <p>Serco will not consider waiving reductions for any other reason, unless it can demonstrated, in the sole opinion of Serco, there will be a significant future financial benefit despite incurring the initial strain costs associated with waiving the reductions.</p>
Regulation 31
Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500 p.a.)
<i>An employer may resolve to grant extra pension of up to £6,500 (figure at 1 April 2014) to an active Scheme member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency.</i>
Employer Policy Decision
Serco will not grant extra pension to members who ceased to be active as a result of redundancy or business efficiency.

PART B - Recommended Discretions

Membership Aggregation Regulation 22 (7)(b),(8)(b)

Whether to extend the 12 month option period for a member to elect that deferred benefits should not be aggregated with an ongoing concurrent employment

If a member has previous LGPS membership they will need to make a decision about whether it is combined with their new LGPS membership

The election to keep separate pension benefits must be made within 12 months of becoming an active member, who must be active at the date of election.

An employer may allow a period longer than 12 months

Employer Policy Decision

Serco will not extend the 12 month window for a decision on combining LGPS membership, unless it can be demonstrated in the sole opinion of Serco, that the member was not aware of their right to make that election, as a result of an administrative error by Serco.

Transfers of Pension Rights Regulation 100(6)

Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS

Where an active member requests to transfer previous pension rights into the LGPS, the member must make a request within 12 months of becoming an active member.

An employer may allow a longer period than 12 months

Employer Policy Decision

Serco will not normally extend the 12 month window for acceptance of a transfer value, unless:

- It can be demonstrated in the sole opinion of Serco, that the member was not aware of their right to investigate a transfer, as a result of an administrative error by Serco.

Serco will operate this policy on this assumption that transfers within the Public Sector inner or outer club would not be permitted on preferential terms if permitted to go ahead after the initial 12 month window has expired.

PART C - Compulsary Discretions – Deferred Members

Choice of early payment of pension (where left employment between 01/04/2008 and 31/03/2014) – Regulation 30(2) & (5)

Whether to grant applications from deferred members who left between 01/04/2008 and 31/03/2014, the early payment of deferred pension benefits on or after age 55 and before age 60

Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.

Employer Policy Decision

Serco will consider waiving actuarial reductions on compassionate grounds based on the following criteria:

- The applicant can demonstrate that they will suffer from extreme financial hardship due to the actuarial reductions and is unable to alleviate that hardship through paid employment, as a result of caring for a dependent or being in care themselves

AND

- Serco are able to meet the cost of granting the request.

Serco will not consider waiving reductions for any other reason, unless it can demonstrated, in the sole opinion of Serco, there will be a significant future financial benefit despite incurring the initial strain costs associated with waiving the reductions.

Choice of early payment of pension (where left employment between 01/04/2008 and 31/03/2014) for a suspended tier 3 ill health pensioner (Regulation 30(A)3 & 5

Whether to grant applications from a suspended Tier 3 Ill Health member who left between 01/04/2008 and 31/03/2014, the early payment of deferred pension benefits on or after age 55 and before age 60

Whether on compassionate grounds, to waive any actuarial reduction that would normally be applied to a previously suspended Tier 3 Ill health member, which are paid before age 65.

Employer Policy Decision

Serco will consider waiving actuarial reductions on compassionate grounds based on the following criteria:

- The applicant can demonstrate that they will suffer from extreme financial hardship due to the actuarial reductions and is unable to alleviate that hardship through paid employment, as a result of caring for a dependent or being in care themselves

AND

- Serco are able to meet the cost of granting the request.

Serco will not consider waiving reductions for any other reason in relation to these requests.

Early payment of Deferred Benefits (where the member left employment between 01/04/1998 and 31/03/2008) Regulation 31 (2) & (5)

Whether to grant applications from deferred members who left between 01/04/1998 and 31/03/2008, the early payment of deferred pension benefits on or after age 50 and before age 60

Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.

Employer Policy Decision

Serco will consider waiving actuarial reductions on compassionate grounds based on the following criteria:

- The applicant can demonstrate that they will suffer from extreme financial hardship due to the actuarial reductions and is unable to alleviate that hardship through paid employment, as a result of caring for a dependent or being in care themselves

AND

- Serco are able to meet the cost of granting the request.

Serco will not consider waiving reductions for any other reason, unless it can be demonstrated, in the sole opinion of Serco, there will be a significant future financial benefit despite incurring the initial strain costs associated with waiving the reductions.

