

CASTLEREAGH BOROUGH COUNCIL



POLICY STATEMENT ON EMPLOYERS DISCRETIONS – PENSION SCHEME

1. Introduction

1.1 Under regulation 108 of the Local Government Pension Scheme Regulations (Northern Ireland) 2002, which come into operation on 1 February 2003, Castlereagh Borough Council is required to publish and keep under review a Statement of its Policy on certain discretions, which it can exercise under the Regulations.

1.2 In formulating this Policy Statement Castlereagh Borough Council has ensured that its discretionary powers:

- have been exercised reasonably;
- will not be used for ulterior motive;
- will be used with regard to all relevant factors;
- will be duly recorded when used;
- has consulted NILGOSC.

1.3 Castlereagh Borough Council's overarching policy in relation to all of the following discretions is that it will only incur additional cost if it is deemed to be justified in terms of efficiency and benefit to the Council. The only possible exception would be requests for benefits on compassionate grounds.

1.4 In applying this Policy Statement the Council confirms that its discretions will be applied reasonably and will not be fettered. It will be used when necessary to assist the Council in attracting, retaining staff and in paying staff to leave.

2. Regulation 33 - Employee's and Former Employee's request to retire early

2.1 Background

2.1.1 From age 50, employees who are members of the Pension Scheme and former employees with deferred benefits for membership after 31 January 2003 have the right to apply for early payment of their benefits subject to the consent of Castlereagh Borough Council if they are under age 60.

2.1.3 If the employee's or former employee's age and membership (in whole years) is less than 85 years reduced benefits are payable. This is known as the "85 Year Rule".

2.1.4 Castlereagh Borough Council may on compassionate grounds waive the reduction in benefits when the 85-year rule is not satisfied.

2.2 Policy

2.2.1 To allow employees aged over 50 and less than 60 who request to leave to receive their benefits early.

2.2.2 Each request from existing staff members will be judged equally on its own merits and this discretion will only be exercised on compassionate grounds or when the cost of funding the early retirement calculated by the actuary appointed by NILGOSC can be off set by the cost saving of release within a three-year period.

2.2.3 To allow former employees over the age of 50 and less than 60 with preserved benefits for membership.

2.2.4 Early payment of benefits for former employees will not be considered unless in exceptional circumstances on compassionate grounds.

2.2.5 To waive the reduction to benefits where the 85 year rule is not satisfied for employees and former employees allowed to retire over the age of 50 and under the age of 60 and for employees and former employees who voluntarily retire over age 60.

Requests to waive the reduction in benefits where the 85-year rule is not satisfied will be considered only on compassionate grounds.

2.3 Exercising Discretion of Compassionate Grounds

2.3.1 Each request on compassionate grounds for either the early payment of benefits and / or a request to waive the reduction in benefits where the 85-year rule is not satisfied will be considered on its own merits.

The main reasons the Council will consider on compassionate grounds are to allow employees or former employees to care for a sick spouse, parent, child or sibling etc or for financial hardship.

Before exercising this discretion the Council will require:

- full details of the exceptional circumstances and any supporting evidence;
- medical reports, if appropriate, to support a case of retirement to look after an elderly or infirm spouse, child, parent, sibling or other dependant;
- Confirmation in financial hardship cases that the hardship would not be better assisted by the Social Security Agency and the effect the payment of scheme benefits would have on the receipt of any state benefits the member is entitled to.

3. Regulation 54 - To grant additional membership to members who leave over age 50

3.1 Background

3.1.1 Castlereagh Borough Council has power to increase Scheme membership for employees who are scheme members who leave employment aged 50 or over. The additional period of membership awarded must not exceed the shortest of:

- the member's total membership.
- 40 years minus the member's total membership.
- potential membership from the date of leaving to age 65.
- 6 years 243 days.

3.2 Policy

3.2.1 This discretion will only be exercised in cases of retirement, on redundancy or in the interests of efficiency of the service.

4. Regulation 55 - To grant additional membership to new employees

4.1 Background

4.1.1 This discretion allows the Castlereagh Borough Council to grant additional membership to new employees. The additional membership must be granted within 6 months of the employee becoming a scheme member and the employee must be aged less than 59 when joining the scheme.

4.1.2 The membership granted must not exceed the maximum allowed by the Inland Revenue after taking account of any period for any retained benefits in any other pension arrangement and will be the shorter of:

- the period by which the members potential period of membership to age 65 falls short of 40 years
- the member's potential period of membership to age 65.

4.1.3 The additional period granted will not count as part of the member's total membership if the member leaves before being entitled to an immediate pension.

4.2 Policy

4.2.1 The award of additional years to a new employee under Regulation 55 is not an integral part of the Council's recruitment policy. The application of this discretion will only be exercised in rare and exceptional circumstances when it is deemed absolutely necessary as an

inducement to attract and retain a new employee who has specialist skills and experience required by Castlereagh Borough Council.

5. Regulation 69 - To introduce a Shared Cost A VC Arrangement

5.1 Background

5.1.1 The Council may establish and maintain a Shared Cost Additional Voluntary Contribution Scheme (SCAVC) to provide a top up pension or death in service cover for employees.

5.2 Policy

5.2.1 Castlereagh Borough Council does not intend to establish a Shared Cost Additional Voluntary Contribution Scheme at this time.

6. Regulation 6 (9) (a) - Re-entry to the Scheme for members who have opted out

6.1 Background

6.1.1 The Council has the discretion to allow an employee who has opted -out of the Scheme more than once to re-join the Pension Scheme.

6.2 Policy

6.2.1 The Council will allow employees who have opted out of the scheme more than once to rejoin provided the employee requesting to rejoin has satisfied the Council that he / she is in good health. This must require the employee to pass a medical to the Council's satisfaction.

7. Regulation 14 - Contribution Waiver where Scheme Membership exceeds 40 years

7.1 Background

7.1.1 The Council has the discretion to reduce or waive an employee's standard contribution once the employee has completed 40 years Scheme membership in local government employment excluding any transferred in service.

7.2 **Policy**

7.2.1 The Council does not consider the waiver or reduction of employee contributions appropriate within its normal operation but will consider the exercise of its discretion under Regulation 14 based on the merits of each individual case. In exceptional circumstances the suspension of contributions for eligible employees may be agreed where such a decision is deemed to be in the Council's interest.

8. Implementation

8.1 The Policy Statement was approved by Castlereagh Borough Council on Friday 27th June 2003.

8.2 The policy discretions will be subject to review in three years time.