



VIVO CARE CHOICES LTD

HUMAN RESOURCES

PENSIONS DISCRETIONS POLICY

1. Introduction

- 1.1 There is a legal requirement for Vivo Care Choices to publish a policy statement on its approach to specified pensions discretions. The policy also sets out Vivo Care Choices' approach to other discretions.

2. Policy

- 2.1 The policy addresses the discretions available to Vivo Care Choices under the Local Government Pension Scheme (LGPS) Regulations.

3. Aims/Principles

- 3.1 To operate pension discretions in a way that is fair and equitable to employees and that manages the liabilities of the pension fund in the overall interests of its members and of Vivo Care Choices.

4. Scope/Application

- 4.1 The Policy applies to all Vivo Care Choices employees who are eligible for membership of the Local Government Pension Scheme.
- 4.2 Where there is a difference between Vivo Care Choices' policy and that operated by Cheshire West and Chester Council from which an employee transferred under the TUPE, Vivo may vary the application of its discretion to address any TUPE related considerations.
- 4.3 The exercise of discretions outside the general approach detailed in Appendix 1 will be subject to a decision of Vivo.

5. Definitions

- 5.2 Active member: an employee who is currently a member of Vivo Care Choices' defined benefit pension scheme
- 5.3 Deferred member: an employee or former employee who has benefits in Vivo Care Choices' defined benefit pension scheme from an earlier period of service.

6. See also:

6.1 Retirement and redundancy policy

Version	Date Created	Date Approved by Vivo
1.1	5th August 2014	Dec.' 14
1.2	31st March 2017	11.05.17

Appendix 1(Policy on Pensions Discretions)

APPROACH TO THE USE OF PENSIONS DISCRETIONS

1. Regulation 31- Power under Regulation for an Employer to award additional pension to an active member, or a member who was an active member who was dismissed under redundancy or business efficiency (within 6 months of leaving)

*Explanation - Under LGPS 2014, members no longer build up pension service in years, and in future will build up yearly pension accounts. As a result an employer's ability to grant additional years' pension service is no longer available from April 2014. To replace pension augmentation under the new LGPS 2014 employers will be able to award additional pension of up to *£6,500(a year) (subject to increases each year). The employer can partly or wholly fund an Additional Pension Contribution (APC) purchase with the member through regular payments under regulation 16(2)(e) or a one off lump sum under regulation 16(4) (d).*

Policy – Vivo Care Choices has agreed to adopt this provision only to enable redundant employees to purchase additional pension with any additional redundancy payment over and above the payment made under the Statutory Redundancy Scheme. Vivo Care Choices will not make a contribution. Trade Unions will be advised.

2. Regulation 30(6) - Flexible retirement

Explanation - This discretion allows members to “wind down” towards full retirement by receiving immediate payment of their accrued pension whilst continuing in employment. A member who is age 55 or over (age 50 or over, joined the LGPS before 1 April 2008 if they make an election before 31 March 2010) may, with their employer's consent, reduce their hours and/or grade and receive all or part of their pension without retiring. If payment occurs before age 65 the benefits are actuarially reduced but the employer may waive part or the whole of the reduction with the cost of this being paid to the pension fund.

Policy - May be agreed where an employee reduces their hours by at least 20%, and/or their pay grade by at least two grades. Approval must be granted in conjunction with the change in contract and will take account of Vivo Care Choices' overall best interests and value for money.

Where pension is released under this discretion, it will be on an actuarially reduced basis where the current Pension Scheme Regulations allow for this.

3. Regulation 30 (5) - Right to receive benefits from age 55.

Explanation - all members who have attained the age of 55 or over may elect to receive their pension provided they have left local government service in that employment. Benefits will be reduced by an amount in accordance with guidance issued by the Secretary of State.

Policy – Reductions will be applied in accordance with the guidance issued by the Secretary of State.

- 3.1 For members who left the scheme before 31st March 2014 the below will continue to apply:

Regulation 30 - Choice of early payment of pension

Explanation - Leavers before age 60 may, with the consent of their employer, choose to receive their benefits from age 55. The benefits are actuarially reduced (unless they are in the protected “85 year rule” group) but the reduction may be waived on compassionate grounds.

Policy for Active Members - Early release of pension to an active employee will only be approved where Vivo Care Choices is satisfied that such release represents value for money, or is on compassionate grounds. Vivo Care Choices will release benefits on compassionate grounds in full for active members.

Policy for Deferred Members - Early release of pension to a former employee will only be approved where Vivo Care Choices is satisfied that such release is on compassionate grounds.

Regulation 37 Power of Employing Authority to grant early payment of a suspended Tier 3 Ill Health Pension

Explanation - to release benefits early to employees who have left local government with an entitlement to a tier three ill-health pension which has since been suspended and who apply for early payment on or after age 55 and before age 60.

Policy - Early release of pension, to an employee in the above circumstances, will only be approved where Vivo Care Choices is satisfied that such release is on compassionate grounds.

4. Regulation 9- Contributions payable by active members

Explanation - Employers will determine the contribution rate to be paid by employees at commencement of membership based on actual earnings and in accordance with the table (bands increased as part of the triennial valuation) in this regulation.

Where there has been a permanent material change to a member’s pensionable pay in the course of a financial year, the employer may re-determine the contribution rate to be applied.

Policy - Employees will be allocated to a contribution band once a year from 1st April and this will only change if their contract materially changes (i.e. a promotion, downgrading or change in hours). Any other changes to pay will be taken into account when the band is reviewed on the following 1st April.

5. Regulation 22(8) (b) - Re-employment and re-joining deferred members.

Explanation- Aggregation in the LGPS 2014 is automatic unless the member elects to keep separate records within 12 months. Where a deferred member becomes an active member again before becoming entitled to the immediate payment of retirement benefits in respect of his former membership, he may elect to have his former membership kept separate to his current active membership.

Policy – Where a member elects to keep separate records then they should do this within 12 months. Extensions to the 12 month period will not normally be allowed, although sympathetic consideration will be given where the current employment is initially temporary.

6. Regulation 22 - Applications to make absence contributions

Explanation - Where members have been absent without pay due to maternity, paternity or adoption leave, or an authorised leave of absence, they have 30 days from returning to work or termination of employment to opt to take an Additional Pension Contribution (APC) to enable the membership to count and costs to be shared (1/3rd employee, 2/3rd's employer) between the employer and employee. Applications due to industrial action are at full cost to the employee. Applications outside the 30 days are normally at full cost to the employee.

Policy - An employee may elect within 30 days of notification of an unpaid absence to make up the lost contributions to benefit from the shared cost APC. Extensions to the 30 day period will not normally be allowed, other than in exceptional circumstances.

7. Regulation 100 (6) - Inward transfer of pension rights

Explanation - A person who becomes an active member who has relevant pension rights may request their fund authority to accept a transfer value for some, or all, of his former rights. An election must be made in writing before the expiry of the period of 12 months, beginning with the date that he became an active member (or any such longer period as his employer may allow).

Policy - An employee may elect to transfer rights from a previous pension scheme within 12 months of joining the LGPS. Extensions to the 12 month period will not normally be allowed, although sympathetic consideration will be given where the employment is initially temporary.

8. Regulation 35 - Early leavers – ill health

Explanation - Vivo Care Choices can award one of three tiers of ill health benefits to employees at any age. Before doing so the case must be referred to an Independent Registered Medical Practitioner (IRMP) who will provide an opinion and medical certificate as to whether or not the employee is permanently incapable of undertaking the duties of their employment and whether they have a reduced likelihood of obtaining any gainful employment before age 65.

Policy - The power of the employer to award one of the three tiers of Ill health pension benefits.

9. Regulation 38 - Early payments of deferred pension – ill health

Requests from former employees with deferred benefits who seek early release of their pension on the grounds of ill health will be considered in accordance with the guidance issued by the Department of Communities and Local Government.