



# SUTTON PARISH COUNCIL

## LOCAL GOVERNMENT PENSION SCHEME EMPLOYEE CONTRIBUTION POLICY

March 2008



## **Pension Contributions**

Following the introduction of new pension regulations with effect from 1 April 2008 a tiered basic employee contribution rate is applied. The regulations also make provision for the transitional protection for employees who until 1 April 2008 have paid a 5% contribution rate.

Contribution rates will therefore be deducted from salary based on the following table:

<b>BAND</b>	<b>RANGE</b>	<b>CONTRIBUTION RATE</b>
1	£0 - £12,000	5.5%
2	£12,001 - £14,000	5.8%
3	£14,001 - £18,000	5.9%
4	£18,000 - £30,000	6.5%
5	£30,001 - £40,000	6.8%
6	£40,001 - £75,000	7.2%
7	More that £75,000	7.5%

The salary ranges are increased each April in line with the annual increase applied to pensions, with the results being rounded down to the nearest £100.

## **Part-time Employees**

For the purpose of deciding which contribution band a part-time employee falls into, the band is assessed by reference to their whole-time equivalent (WTE) pay. (For example a full time employee earning £20,000 will pay a rate of 6.5% and a part time employee whose WTE is £20,000 will also pay a contribution rate of 6.5%).

## **Term Time only employees – Voluntary**

Employees who work term time only as a flexible working option (in a service that operates 52 weeks a year) – employee contribution rate is based on full time equivalent pensionable pay (for 52 weeks).

## **Multiple Employments**

Where an employee has more than one post, the contribution band will be assessed in respect of each post. For example an employee could hold two posts and the contribution rate might be different in respect of each job, depending upon the WTE pay.

## **Additional Payments**

Additional payments that are claimed for (e.g on call and call out payments, enhancements) and other one off payments (e.g. honoraria) are NOT included because there is no way of knowing with certainty how many will actually be claimed/paid.

## **Transitional Regulations for those employees making a 5% contribution until 01.04.08**

With effect from 1 April 2008 the contribution made by employees previously contribution 5% will be increased to 5.25%. This will be increased to 5.5% with effect from 1 April 2009. With effect from 1 April 2010 the contribution payable by such employees should be checked against the rate paid by other employees at the same rate of pay and with effect from 1 April 2011 their rate of contribution will be the same as whichever of the seven tiers applies to them.

## **Review of Deduction Rates**

Sutton Parish Council will decide on the rate payable at joining and will re-assess the rate on the 1<sup>st</sup> April each year, or at other times because of a change in circumstances, for example promotion to a higher salary.

The new contribution rate is applied to any back pay that is paid and to the employee's annual pensionable pay going forward.

The new contribution rate is not applied retrospectively i.e. no further deductions will be made/refunded for pay that has already been received.

## **Cost of living pay increase**

An employee's contribution rate is assessed after the cost of living pay award is implemented. The pay award may take an employee from one contribution band to a higher contribution band.

The new contribution rate is applied to any back pay that is paid and to the employee's annual pensionable pay going forward.

The new contribution rate is not applied retrospectively, i.e. no adjustment will be made for pay that has already been received.

## **Additional Contributions**

It is possible to make additional monthly percentage contributions to the Scheme before Income Tax is collected in order to purchase additional pension.

## **Added Years Contract**

From 1st April 2008 it is not possible for an employee to enter into an added years contract. Employees who have elected before 1st April 2008 to buy Added Years in the Scheme can continue to pay the additional contributions.

## **Who can join**

The LGPS is available to all employees of Sutton Parish Council. Employees will automatically be put into the scheme, unless they choose to opt out, by way of writing to the Parish Clerk.

## **Policy Review**

This policy will be reviewed on an annual basis, or when the LGPS announces changes.