



Date agreed	Committee	Minute number	Renewal date
14 th November 2022	Resources	420/22.1	November 2025

BUCKINGHAM TOWN COUNCIL PENSIONS AUTO ENROLLMENT

This policy applies to employees of Buckingham Town Council (“The Council”) and covers:

- Eligible jobholders
- Local Government Pension Scheme (LGPS)
- Opting out
- Re-enrolment

Under the Pensions Act 2008, every employer in the UK must put certain staff into a pension scheme and contribute towards it. This is called 'automatic enrolment'. The Council 'staging' date was April 2017, after which date all eligible jobholders are required to be automatically enrolled.

Eligible jobholders

For the purpose of automatic enrolment, workers are put into three different categories depending on how much they earn and their age. The categories are "eligible jobholders", "non-eligible jobholders" and "entitled workers".

Employees of The Council that are “eligible jobholders” will be:

- aged between 22 up to State Pension Age, and
- earn over the earnings threshold (*as at May 2017* this is £10,000 per year, or £833 per month or,

£192 per week); *this will be periodically updated and can be viewed here:*

<https://www.moneyhelper.org.uk/en/pensions-and-retirement/building-your-retirement-pot/joining-a-workplace-pension-scheme?source=tpas#am-i-eligible-for-my-workplace-pension-scheme>

Eligible jobholders must be enrolled into a pension scheme and both the employee, and The Council must pay into it.

Any employees that fall outside of the ‘eligible jobholder’ classification (age and earning criteria) can be enrolled into a pension scheme if they ask but they are not required to be auto enrolled.

Local Government Pension Scheme (LGPS)

The Council are members of the Local Government Pension Scheme (LGPS) administered by Buckinghamshire County Council.

The LGPS is a valuable part of the pay and reward package for employees of local government, other participating employers, and some councillors. It is heavily subsidised by The Council and is often viewed as one of the most valuable financial rewards of the job.

The LGPS has two sections - the Main Scheme, and the 50/50 Scheme. Employees will be auto enrolled into the Main Scheme.

Employee contributions

The rate of contributions that the employee pays is based on their actual salary. There are 9 different pay bands with contribution rates ranging from 5.5% to 12.5% of pensionable pay. If the employee elects to join the 50/50 section of the scheme they would pay half the rates. The contribution rates and/or pay bands are reviewed periodically, and the latest rates are available here:

<http://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/scheme-members/scheme-members/>

Employee contributions are calculated on their normal salary plus any overtime (both contractual and non- contractual), Maternity Pay, Paternity Pay, Adoption Pay, Shared Parental Pay and any other taxable benefit specified in their contract as being pensionable.

Employer contributions

The Council pays the balance of the cost of providing the employee's benefits after taking into account investment returns. Every three years an independent actuary calculates how much The Council should contribute to the scheme. The amount will vary, but generally the present underlying assumption is that employees contribute approximately one third of the scheme's costs and the employer contributes the remainder. The latest employer contribution rates are available here: <http://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/employers/contribution-rates/>

Tax relief

The LGPS is fully approved by HM Revenue and Customs, which means that the employee receives tax relief on their contributions. To achieve this, their contributions are deducted from their pensionable pay before they pay tax.

Full details of the LGPS and the scheme benefits are available here:

<http://www.buckscc.gov.uk/services/council-and-democracy/local-government-pension-scheme/scheme-members/>

50/50 section

Employees in the LGPS who feel they cannot afford to make the full contributions, can elect to enrol in the 50/50 section. The 50/50 section of the scheme allows employees to pay half their normal contributions and build up half their normal pension during the time they are in that section. This flexibility may be useful during times of financial hardship, and it allows employees to remain in the scheme, building up valuable pension benefits, as an alternative to opting out of the scheme.

If an employee moves to the 50/50 section they can opt back into the main section whenever they wish. They will however automatically be re-auto enrolled into the main scheme on the 3-year anniversary of joining. They can choose at that point to elect back into the 50/50 section again at that time.

Opting out

An employee who is automatically enrolled into the LGPS can only opt out after they have been brought into the scheme. That does not mean that contributions have to be collected from pay before they can opt out. However, they cannot sign and date the opt-out form until on or after the day they are enrolled.

If the employee opts out within 3 months of being enrolled they will be treated as never having been a member of the LGPS. The Council must refund the employee contributions to the employee within 6 weeks of receipt of the opt out form (or, if the payroll has already been run, by the end of the next pay period), and must reduce the next contribution pay over to the Pension Fund by the amount of the refunded employee contributions and by the amount of employer contributions already paid to the Pension Fund in respect of that employee.

Re-enrolment

The Council's re-enrolment date is the 3rd anniversary of the original staging date, and every 3 years after. On the re-enrolment date The Council must re-enrol any eligible jobholders who are not currently active members of the LGPS.