

Live Active Leisure

PENSION PROVISION AND PREPARING FOR RETIREMENT

Live Active Leisure recognises that employees are no longer required to retire at a specific date and therefore does not have a retirement age as it considers retirement to be a matter of personal choice. The Company is committed to creating a positive and inclusive environment, respecting equality and diversity and encouraging good relations between **Our People** of all ages and recognises the valuable contribution made by **Our People**

However, there are a number of retirement options for **Our People** which are detailed in this Retirement Policy. This is an important part of our workforce planning arrangements and supports business and organisational change. For **Our People** it supports equality of opportunity and valuing diversity as well as providing flexible options for **Our People** who may wish to consider opportunities to improve work life balance or who may no longer feel they are able to cope with the demands of a fulltime position.

PENSION PROVISION

Pensions are a valuable part of the pay and reward package offered to **Our People** working for Live Active Leisure. They provide benefits to you and potentially your family both now and in retirement.

With the increase in life expectancy most of us can look forward to being retired for a long time. Whilst this is good news, we do all need to seriously think about what we are going to live on in terms of an income in retirement.

Successive governments have recognised this issue and the fact that millions of us are not saving enough for our retirement. Consequently a new initiative has been introduced whereby all UK employers must automatically enrol all staff who meet certain criteria into a workplace pension scheme. The result of this new initiative will mean many more people will have access to a pension at work to help them save for their retirement.

Live Active Leisure provides a proactive and positive approach that recognises the contribution of all **Our People** regardless of age or salary and also wants to support provision of a meaningful income in retirement. Live Active Leisure has gone further than is required by legislation and will make a workplace pension available to all **Our People**, and contribute towards their pension pots. However we also recognise that it is **Our People's** choice to be in a workplace pension and that choice remains with individuals.

Live Active Leisure currently makes pension provision through two providers;

- 1 Local Government Pension Scheme
 - Admittance dependent on scheme qualifying criteria
- 2 Sporta Friends Life Pension Scheme,
 - Default scheme for workers who do not qualify for the Local Government Pension Scheme or who choose entry into this scheme as an alternative to the Local Government Pension Scheme.

AUTOMATIC ENROLMENT

All **Our People** will be automatically enrolled into the appropriate qualifying pension scheme irrespective of age and or earnings. It is individual's choice if they wish to opt out, however in line with legislation they will be automatically enrolled into a qualifying pension in line with current legislation after a period of 3 years from opting out.

THE LOCAL GOVERNMENT PENSION SCHEME

The Local Government Pension Scheme (LGPS) is one of the largest public sector pension schemes in the UK. It is a nationwide pension scheme for people working in local government or working for other types of employer who have admitted body status such as Live Active Leisure.

It is widely viewed as one of the most valuable financial rewards the Company has to offer.

The LGPS provides a secure future income, independent of share prices and stock market fluctuations. The income in retirement is based on length of membership in the Scheme and final year's salary up to 31st March 2015, thereafter the LGPS 2015 will change to a Career Average Revalued Earnings Scheme (CARE) and income on retirement will be based on average earnings over the course of a members working life whilst contributing to the scheme. (This can be subject to review by the LGPS). The pension builds up during employment with the Company keeps pace with pay rises and after you retire, the pension keeps pace with the cost of living increases.

**All of current member benefits built up in the scheme to 31 March 2015 are protected. They will still be based on final salary on leaving and the normal pension age of 65 in the current scheme.
For further information go to the Scottish Local Government Pension Scheme website or contact the Pension Administrators*

Joining the Local Government Pension Scheme

The LGPS is available to all contracted employees with a contract of 3 months or more in duration and who are under the age of 75.

Admission to the scheme is automatic on commencement of employment with the Company. Employees who have previously opted out of the scheme will be provided with an opportunity to opt into the new scheme providing that their request to opt in is 12 months from the date that they previously opted out.

Benefits of the Local Government Pension Scheme

The LGPS is one of the best ways to plan for retirement with an excellent range of benefits that both full-time and part-time employees can enjoy.

These include, after 2 years in the Scheme and providing the member meets the qualifying criteria:

From 1st April 2015 the normal pension

- **A Tiered Ill Health Retirement Package** - if you have to leave work at any age due to permanent ill health. This gives graded levels of benefit based on how likely you are to be capable of gainful employment after you leave, with a higher level of benefit for those more seriously ill.
- **Early Payment of Benefits** - if you are made redundant or retired on business efficiency grounds and you are aged 55 or over.
- **The Right to Voluntarily Retire*** from age 60, even though the Scheme's normal pension age is 65. You can even retire from as early as age 55, provided your employer agrees.
- **Flexible Retirement*** - from age 55 if you reduce your hours, or move to a less senior position and, if you are under age 60, your employer agrees, you can draw some or all of your benefits – helping you ease into your retirement. For employees over 60 the Company only need to agree to the revised working arrangements.
- You can even stay in the LGPS if you carry on working beyond age 65, although you have to draw your benefits by 75. Benefits drawn after age 65 will be increased.
- **Death In Service Lump Sum** – 3 x pensionable pay

**If you choose to voluntarily retire before 65, or take flexible retirement before then, your benefits would normally be reduced to account for them being paid for longer.*

Contributions

Employer The Company currently contributes 17% of an employee's pensionable earnings towards their pension pot. This figure is reviewed every 3 years by the Pension Administrator's actuaries.

Employee An employee's pension contribution is a percentage based on actual pensionable pay which can range from 5.5%-11.2.

Banding The banding rates applicable will be as determined by the scheme and will be notified to the Company by the Pension Administrators.

The contribution band will be assessed using the annual earnings plus any permanent pensionable extra payment

Multiple Job Members

Employees with more than one contract of employment will be treated separately unless a single employment relationship exists. Where a member has more than one contract of employment their contribution band will be assessed separately based on the annual earnings for each contract

Maternity/Paternity/Adoption/Sick Leave and Unpaid Leave

Members on maternity, paternity, adoption, half/no/ssp sick leave or unpaid leave who go on reduced pay during the year must continue to pay contributions on their allocated band but on the reduced amount of pensionable pay they receive. When determining a contribution rate for staff already on half pay or no pay at 31 March, their contribution rate will be based on the full-time equivalent rate of pay that would have been received.

Keep in Touch Days (KIT)

Pension contributions on Keep in Touch Days (KIT) days are payable based on the pay received.

If a KIT day is taken then it is deemed to be pensionable at whatever stage of the maternity leave period it is received.

Overtime/Additional hours

The standard working hours is 37 per week, additional overtime payments for full-time employees will not be pensionable.

Additional hours worked for part-time employees who are in the pension scheme is included in pensionable pay up to the standard working week of a FTE of 37 hours.

Acting-Up/Secondment

Since an acting-up/secondment/honorarium is normally temporary, the member's contribution rate will not be adjusted during the year although contributions will be based on actual earnings. If the acting-up/secondment/honorarium is to apply for the whole of the next year it will be taken into account when determining the band.

Reassessment of Banding

re-assess bandings for all members every March unless there is a permanent change to the contract which results in a promotion/demotion in which case an immediate reassessment will take place.

No re-assessment of pension contribution bandings will be made after a back-dated pay award.

A backdated pay increase due to Job Evaluation is a permanent material change which affects pensionable pay however, while the pay increase may be backdated, the revised contribution rate will not be backdated but will be changed at the next payroll date. In instances where a pay increase is backdated over previous years the contributions due on arrears will be deducted at the rate already set for the year (ie the rate the member was paying in that year).

Details of the revised annual assessment of banding contributions are received they will be communicated to employees.

50/50 Option

Under the LGPS2015 employees have an option that allows them to elect, from the beginning of the next available pay period, to contribute less and receive less benefit in return instead of opting out of the altogether.

This option to elect for the '50/50 section (per job) enables members to pay half their normal rate of contribution and in return build up half pension during that period.

Forms of Retirement

- Normal Retirement
- Late Retirement
- Flexible Retirement
- Voluntary Early Retirement
- Early Retirement in the Interests of Efficiency of the Service, or Redundancy (applicable only in circumstances initiated by the employer)

Normal Retirement

The Normal Pension Age (NPA) for each member is equal to their State Pension Age (SPA) subject to a minimum of age 65. If a member chooses to retire before their NPA, their pension will be reduced for early payment. If they retire after NPA their pension will be reduced for early payment. If they retire after NPA their pension will be increased for late payment. NPA will be whatever their SPA is at the time that they retire. Members of the Scheme will therefore have different NPAs determined by their date of birth and SPA rules at the time of retirement.

Normal retirement occurs at the age the Scheme pays benefits at NPA. Where retirement occurs at NPA there is no actuarial reduction to benefits and no actuarial increase either.

Late Retirement

Members who wish to work beyond their NPA will see their pension enhanced for payment after NPA.

Flexible Retirement

An employee who is a member of the LGPS may request to receive their retirement benefits and to continue working under provisions known as Flexible Retirement if the following conditions are met:

- The employee must be aged 55
- The employee must take a reduction in hours or grade;
- The Company agrees to both the revised working arrangement and the release of pension benefits (for employees aged 60 and over, the Company only needs to agree to the revised working arrangements).

The option of Flexible Retirement may be attractive to employees who are approaching retirement and wish to either reduce their hours of work or step down to a less demanding role. This option may be a useful transition from work to retirement and enable employees to continue to make a valuable contribution to the Company and the services it delivers.

This provides the Company with an opportunity of retaining skills, abilities and experiences it may otherwise lose - it creates options to utilise such expertise in encouraging and developing other employees who can benefit from such skills; or to take forward specific projects.

A request for Flexible Retirement must be for a permanent change to the employee's contract of employment.

Normally where an employee who is a member of the LGPS retires and is re-employed by an LGPS employer, the retirement pension is reduced by the extent to which the total of the retirement pension plus the salary in the new post exceeds the salary in the former post. This process is known as abatement. In a Flexible Retirement situation, these abatement rules do not apply and therefore there is no requirement to reduce the pension as a result of the employee continuing in employment.

The employee may choose to take all or part of their occupational pension without having to retire completely. The employee may elect to re-join the LGPS and build up a new set of rights in respect of their ongoing employment, or continue making contributions if they take part of their pension. Retirement benefits in the LGPS are generally payable from the normal retirement age of 65. Benefits being claimed prior to age 65, including those claimed under the Flexible Retirement provisions, may be subject to an actuarial reduction in the pension payable to the employee and a strain on the fund payment may be payable by the Company.

Reduction In Hours of Work

The employee may request to reduce working hours in their current job - this may be to weekly part time hours, term time working or annualised hours; it may be a request to job share. If agreed, pay will reduce pro rata for hours worked and the employee will receive pension benefits accrued for previous service.

Stepping Down/Reduced Grade

The employee may request to move to a lower graded post. In the event that a suitable post can be identified and agreed, pay will reduce to the rate of pay for the new post and the employee will receive pension benefits accrued for previous service. Options include redesigning/downgrading the employee's current post or providing support to the employee to secure an alternative post within the Company should a suitable position be available.

In all types of flexible retirement, the reduction should be sufficient to be regarded as creating a genuine retirement situation. For this reason, there is a requirement for a reduction of at least 20% of original salary which may be achieved by reduced hours or grade, or a combination of both.

Employees wishing to apply for Flexible Retirement should notify the HR & Admin Manager at least 6 months prior to their preferred date of this arrangement coming into place. Careful consideration will be given to all requests for Flexible Retirement. Operational business needs and individual circumstances must be taken into account. It is appropriate to consider:

- Costs to the Company
- Effect on the operation of the service
- Ability to re-organise work among existing employees
- Impact on performance or quality of work
- Availability of work during the period the employee proposes to work
- Planned structural changes
- Potential recruitment difficulties

If in principle the request is agreed arrangements will be made for an estimate of benefits to be sent to the employee and details of any costs for the Company.

Where the request for Flexible Retirement involves a reduction in grade, it can only be approved in principle when a suitable post has been identified.

Employees are encouraged to obtain independent financial advice to inform their own decision-making.

If the request is not accepted, the employee will be given written reasons for the decision and where possible explore alternative options, if available.

When an employee, having received and considered the pensions estimate, wishes to proceed with their request, they should confirm this in writing to the HR & Admin Manager, who will then present the case and recommendations to the Financial Controller.

There is an appeals process in the form of an independent review by nominated members the HR Committee of the outcome of a decision on whether to recommend approval of an employee's application for Flexible Retirement.

The employee must lodge their appeal within 10 working days of receipt of the letter informing them of the decision. The independent review meeting should be convened within one month of receipt of the appeal and should be chaired by a member of the HR Committee. The HR & Admin Manager will advise the Chairperson at the review meeting. Any decision at this stage is final.

Under the Right to Request Flexible Working Policy, **Our People** can request a reduction in their hours of work or a change in their work pattern. This policy applies to all employees who otherwise meet the criteria of the Right to Request Flexible Working Policy, regardless of membership of an occupational pension scheme. If an employee wishes to make a flexible working hours request to reduce their hours or change their work pattern in their current job, this will be considered under the terms of the Right to Request

Flexible Working Policy and their hours of work would be adjusted as agreed - the employee would receive the pro-rated pay and pension contributions would be made on the basis of their new salary. There would be no payment of pension benefits at this time. This may be an alternative option for discussion between the manager and employee in situations where Flexible Retirement is not an acceptable option.

Voluntary Early Retirement

In a Voluntary Early Retirement situation, employees who are members of the LGPS may request to retire early with an actuarial reduction in their pension which takes account of the fact that they will be receiving their pension before the normal retirement age of 65 and not making the contributions they would otherwise have been making. In Voluntary Early Retirement, the pension calculation is based on the employee's period of membership and final pensionable remuneration. There is no award of added years. (Normal LGPS criteria also apply.)

Employees who are aged 55 to 59 years require the Company's approval to leave under this provision.

Employees who are aged 60 or over may decide to retire without the agreement of the Company. The employee's pension may be actuarially reduced, subject to the detailed rules of the LGPS, and there would be no cost to the Company. Employees who are aged 60 or over must inform the HR & Admin Manager of their intention to retire in writing preferably 6 months in advance but no less than the contractual notice period (one month) of their proposed retirement date. There are no other decisions that require to be made by the Company in this situation.

A reduction in pension will not apply when the employee meets the rule of 85 at the date of retirement. The rule of 85 is only applicable to qualifying LGPS members who have pension protection from the Critical Retirement Age (CRA) under the 2009 scheme. There may be strain on the fund costs for the Company depending on the individual circumstances of the employee.

The option to take Voluntary Early Retirement may suit an employee who wishes to leave the Company's employment before their normal retirement age - perhaps to take up employment with another employer, to start a new career or to stop working to take on caring responsibilities or to improve their work life balance. The Company recognises that sometimes the pace of change may become too much for certain individuals, and it may be in everyone's interests if there was provision for them to leave on more favourable terms to a simple resignation, although such a decision may be an individual's personal choice.

Employees wishing to apply for Voluntary Early Retirement, with a leaving date prior to their 60th birthday, should apply to their manager at least 6 months prior to their preferred date of leaving. Requests will be considered following an assessment of the organisational and financial impact and the individual circumstances. It is appropriate to consider:

- Costs to the Company
- Effect of the efficient and effective operation of the service
- Ability to re-organise work among existing employees
- Impact on performance or quality of work
- Planned structural changes
- Recruitment difficulties

Advice and support is available from the HR & Admin Manager. If in principle the request is agreed arrangements will be made for an estimate of benefits to be sent to the employee and details of any costs for the Company

Employees are encouraged to obtain independent financial advice to inform their own decision-making.

When an employee, having received and considered the pensions estimate, wishes to proceed with their request, they should confirm this in writing to the HR & Admin Manager, who will then present the case and recommendations to the Financial Controller. Any request for Voluntary Early Retirement for employees leaving prior to their 60th birthday requires scrutiny and consideration by the HR Committee if there are strains on the fund costs to be borne by the Company, the Finance Committee will have final approval.

If the request is not accepted, the employee will be given written reasons for the decision and the alternative options should be explored, if available.

There is an appeals process in the form of an independent review by nominated members of the HR Committee of the outcome of a decision on whether to recommend approval of an employee's application for Voluntary Early Retirement.

The employee must lodge their appeal within 10 working days of receipt of the letter informing them of the decision. The independent review meeting should be convened within one month of receipt of the appeal and should be chaired by a member of the HR Committee. The HR & Admin Manager will advise the Chairperson at the review meeting. Any decision at this stage is final.

Requests from the Chief Executive Officer and the Deputy Chief Executive Officer will initially be considered by the Board of Directors for a decision. The decision of the Board is final there is no grounds for appeal.

Early Retirement on Grounds of Efficiency of the Service/Redundancy

There may be times when restructure or redesign requires the Company to consider allowing some employees to take Early Retirement on Grounds of Efficiency or Redundancy as we remodel our workforce to meet the challenges ahead. Early Retirement on Grounds of Efficiency or Redundancy would be available only in circumstances initiated by the employer and would be considered only after other alternatives have been explored.

There may be opportunities for employees aged 55 or over who are members of the LGPS to leave early with payment of pension benefits with an award of added years and no actuarial reduction, and, in exceptional circumstances, a redundancy payment. The availability of this option may be part of the Company's approach to avoiding compulsory redundancy.

Members of the LGPS who have their employment terminated on Grounds of Efficiency or Redundancy have a protected pension age of 50 as long as they were in the LGPS Scotland on 5 April 2006.

The LGPS allows Company to exercise discretion in the award of added years and, in Live Active Leisure, it will be applied in accordance with the table below. Please note that the service criteria for the award of added years relates only to service with Live Active Leisure.

Criteria	Award of Added Years
Age 50– less than 55 years	Nil
Age 55 and over with less than 10 years' continuous service with LAL	Nil
Age 55 and over with between 10 years' and less than 20 years' continuous service with LAL	Up to a Max 2 added years
Age 55 and over with between 20 years' and less than 30 years' continuous service with LAL	Up to a Max 4 added years
Age 55 and over with 30 years' or more continuous service with LAL	Up to a Max 6 2/3 added years

Employees will not receive an enhancement that will take their service beyond that which they would earn up to their normal retirement age of 65, nor would take them beyond 40 years' service.

For the purposes of calculating continuous service for the award of added years, breaks in continuity of service for maternity reasons for up to 8 years are disregarded where the employee has not undertaken paid employment during the break. The period of the break will not, however, count towards overall continuous service.

Employees affected by a Management Review/Managing Change review will be advised if the change process is likely to provide opportunities for Early Retirement on Grounds of Efficiency, or Redundancy. In exceptional circumstances, employees in other areas may be allowed to retire early if this would provide redeployment options for those directly affected by the change.

Employees may be eligible to take Early Retirement on Grounds of Efficiency, or Redundancy and, in circumstances determined by the Company; employees should normally explore this option with the HR & Manager 6 months in advance of a possible leaving date. Careful consideration will be given to requests from employees to take Early Retirement on Grounds of Efficiency, or Redundancy. Operational business needs and individual circumstances must be taken into account. It is appropriate to consider:

- Costs to the Company
- Effect on the operation of the service
- Suitable alternative employment within the Company
- Training and development needs
- Actual savings arising directly from the Management Review/Restructure
- Ability to reorganise work, including the impact on demands of jobs and grades
- Workforce or succession planning arrangements

Employees are encouraged to obtain independent financial advice to inform their own decision-making.

When an employee, having received and considered the pensions estimate, wishes to proceed with their request, they should confirm this in writing to the HR & Admin Manager, who will then present the case and recommendations to the Financial Controller. Any request for Early Retirement on the grounds of efficiency or redundancy for employees leaving prior to their 60th birthday requires scrutiny and consideration by the HR Committee if there are strains on the fund costs to be borne by the Company, the Finance Committee will have final approval.

If the request is not accepted, the employee will be given written reasons for the decision and the alternative options should be explored, if available.

There is an appeals process in the form of an independent review by nominated members of the HR Committee of the outcome of a decision on whether to recommend approval of an employee's application for Early Retirement on the grounds of Efficiency or Redundancy.

The employee must lodge their appeal within 10 working days of receipt of the letter informing them of the decision. The independent review meeting should be convened within one month of receipt of the appeal and should be chaired by a member of the HR Committee. The HR & Admin Manager will advise the Chairperson at the review meeting. Any decision at this stage is final.

Requests from the Chief Executive Officer and Deputy Chief Executive Officer will initially be considered by the Board of Directors for a decision.

Sporta FRIENDS LIFE PENSION SCHEME

The Sporta Friends Life pension scheme (FL) is provided by Friends Life who are one of the UK's largest GPP pension providers whose roots can be traced to 1832. They are a FTSE 100 company and currently have some £114bn assets under management.

This scheme will be available to **Our People** who are;

- 1 Engaged on Relief Worker Arrangements
- 2 Contracted employees who do not wish to be admitted into the LGPS

The scheme has a tiered system of contribution of options and with percentage contributions rates on 4 Tiers as noted below;

Tier	% contributions on your basic pay		
	Minimum you pay	LAL pays	Total to your pension pot
1*	1%	2%	3%
2	2%	6%	8%
3	3%	9%	12%
4	4%	10%	14%

* Will no longer be available from 1st November 2017

Joining the Sporta Friends Life Pension Scheme

Admission to the scheme for **Our People** with Relief Worker Arrangements will be automatic with an entry level at Tier One. Individuals will then have an option to increase their contribution to a higher percentage in line with the tiered options with the Company increasing to the appropriate percentage level of the chosen tier.

Admission for **Our People** who are eligible to join the LGPS but opt to choose to join Friends Life can select a contribution level between tiers 1-4 as noted above.

The actual contribution made will be based on the percentage tier chosen based actual earnings each month with the corresponding level paid by the employer. If there are no earnings no contribution will be made by either the employee or employer.

Retiring under Friends Life

Our People who have joined the Friends Life pension scheme should check the details of their policy in relation to pension entitlement and when this can be released, any further enquiries should be made directly to Friends Life.

RETIRING WITHOUT A PENSION

Our People who wish to retire and have no pension provision can do so by providing the appropriate contractual notice (normally one month) and notifying, in writing, their intention to retire and the effective date, to their Line Manager or nominated supervisor. Copies of the letter of notice should be forwarded to the HR Team at Company Head Office.

Further Information can be found on the following websites;

LGPS	To be added
Dundee Pensions – Pension Administrators	To be added
Friends Life	To be added

MONITORING AND REVIEW

The Policy will be subject to regular review to ensure it remains fit for purpose. Regular monitoring will be carried out by the HR & Admin Manager to ensure fairness and consistency of application.

Disclaimer

*The policy has been produced as information and a guide for **Our People** who wish to join a pension scheme provided by the Company, it does not provide financial advice. Further financial advice in relation to the schemes should be sought directly by the pension provider or an independent financial advisor*