

## **Pension Policy**

### **Legal Position**

▶ Private sector transfer of staff:

If staff with final salary pension benefits are transferred within the private sector, their new employer may choose to offer them pension benefits that are either (i) final salary or (ii) money purchase (subject to any specific pension rights which were written into their original employment contracts).

If the new employer offers money purchase benefits, then they must match the contributions that the previous employer was obliged to make up to a maximum matched contribution of 6% of pensionable pay.

Reference

*Transfer of Undertakings (Protection of Employment) Regulations 2006*

*Pensions Act 2004 & 2008*

▶ Public sector transfer of staff:

*Future service*

Government guidance and legislation affords public sector employees additional protection on transfer to a private sector employer.

With the new "Fair Deal for staff pensions: staff transfers from central government" introduced in October 2013 employers have been required to provide transferees from the Local Government Pension Scheme ("LGPS") continued access to the LGPS post-transfer. This is done by entering into an "admission agreement" with the local authority and the Client to become an "admission body". Transferring employees remain a member of the LGPS and Pabulum, as participating employer, agrees to pay contributions in respect of their service relating to the contract by which they were transferred to Pabulum.

Reference

*"Fair Deal for Staff Pensions" HM Treasury June 1999*

*"Staff Transfers in the Public Sector: Statement of Practice"  
Cabinet Office January 2000*

*S.102 Local Government Act 2003*

*"Fair Deal for staff pensions: staff transfer from central government" HM Treasury October 2013*

### **Pabulum's Position**

- ▶ *Pabulum do not provide final salary benefits for its current employees.*
- ▶ *Pabulum will allow transferring employees who are members of the LGPS continued access to the LGPS.*
- ▶ *Pabulum will seek to manage the potential cost to the company by ensuring that they enter the LGPS on the basis that it is "fully funded", that our employer contributions to the LGPS are capped and that Pabulum is not responsible for any "exit deficit" related to its participation in the LGPS.*

AUTO-ENROLMENT

In accordance with government legislation, from 1 January 2014, Pabulum has been automatically enrolling its 'eligible jobholders' into a pension scheme.

For the avoidance of doubt, staff who are members of the LGPS or who transferred to Pabulum under the old "Fair Deal" and therefore are receiving employer contributions to a DC scheme in excess of the levels set out below will not require to be auto-enrolled.

The scheme which Pabulum will be using is *NEST*, the National Employment Savings Trust (a government-backed scheme).

*Contributions*

Pabulum will make contributions in respect of its auto-enrolled staff. The member will also be required to make contributions. The levels of contributions are being phased in over time in accordance with the table below:

Period	Employer Minimum Contribution	Employee Minimum Contribution	Combined Total Contribution
6 April 2019 onwards	3%	5%	8%

*Opting-Out*

It is open to an eligible jobholder to opt-out if they so choose. They can do this by requesting an opt-out form from the scheme administrator. If they opt-out within 1 month of being enrolled, their contributions will be re-paid to them. If they opt-out after this period, the obligation to return their contributions does not apply.

Pabulum will not induce its staff in any way to opt-out of membership of the automatic-enrolment scheme.

*Re-enrolment*

If a worker is not auto-enrolled for any reason, for example if they do not meet the qualifying earnings criteria or because they are already a member of a qualifying scheme, or if they opt-out of membership, then they will be re-assessed as required by the auto enrolment legislation and if they qualify at the re-assessment date, they will be enrolled.

An opt-out notice received in one year does not allow Pabulum to take free of its obligations to re-enrol that eligible jobholder three years later.

In summary Pabulum will

- Offer continued membership of LGPS to transferring staff if they are already members
- Ensure that Pabulum’s exposure to risk is limited by the inclusion of indemnities from the Client in the Client contract and admission agreements
- Consider negotiating with employees for them to voluntarily terminate their membership of the LGPS post-transfer, subject to Client agreement
- Comply with TUPE regulations with respect to pensions and transferring staff from the Private Sector
- Comply with all auto-enrolment statutory requirements