

NCG Pension Opt Out Policy



<u>Policy Title</u>	NCG Pension Opt Out Policy	
<u>Policy Category</u>	Compliant	
<u>Owner</u>	Payroll and Pensions Manager	
<u>Group Executive Lead</u>	Executive Director and Secretary to the Board	
<u>Date Written</u>	November 2019	
<u>Considered By</u>	HR	
<u>Approved By</u>	Appraisal and Remuneration Committee	
<u>Date Approved</u>	June 2021	
<u>Equality Impact Assessment</u>	The implementation of this policy is not considered to have a negative impact on protected characteristics	
<u>Freedom of Information</u>	This document will be publically available through the Groups Publication Scheme.	
<u>Review Date</u>	June 2024	
<u>Policy Summary</u>	This policy details the terms under which employees may benefit from a Pension Salary Supplement Allowance in lieu of employer pension contributions.	
<u>Applicability of Policy</u>	<u>Consultation Undertaken</u>	<u>Applicable To</u>
Newcastle	No	Yes
Newcastle 6th Form	No	Yes
Carlisle	No	Yes
Kidderminster	No	Yes
Lewisham	No	Yes
Southwark	No	Yes
West Lancashire	No	Yes
Professional Services	No	Yes
<u>Changes to Earlier Versions</u>		
<u>Previous Approval Date</u>	<u>Changes Made</u>	
November 2019	Amendment to employer contribution rate – increase to 14.3%	
June 2020	<p>Requirement added under 4.1 to take independent advice.</p> <p>Clarification that this policy is not a contractual right and can be withdrawn at any time. Clarification that this option will never be authorised where NCG would end up financially worse off as a result.</p> <p>Minor amends, including update of review cycle of policy in line with the receipt of the contribution percentage confirmation from the pension scheme triennial valuation or where the relevant pension scheme regulations are amended.</p>	
<u>Linked Documents</u>		
<u>Document Title</u>	<u>Relevance</u>	



1. Introduction

This policy details the terms under which employees may benefit from a Pension Salary Supplement Allowance in lieu of employer pension contributions.

2. Aims

- To provide a detailed and consistent approach for all employees in relation to Pension Salary Supplement.
- To provide the terms under which a Salary Supplement Allowance will be payable to employees.
- To provide details of the level of Salary Supplement Allowance.
- To provide details on the method of payment of a Salary Supplement Allowance.

3. Principles

NCG will provide a Pension Salary Supplement to eligible employees as determined by this policy.

4. Policy Content

4.1. Pension Salary Supplement Allowance Eligibility

NCG will provide Pension Salary Supplement Allowance as follows:

- **Lifetime Allowance (LTA)**

Employees who have reached or exceeded the Pension Lifetime Allowance and / or have a form of HMRC protection, which may prohibit them from making any further contributions to any pension arrangement. Employees must provide the relevant supporting documentation to the Payroll & Pensions team.

OR

- **Annual Allowance (AA)**

Employees who have reached or exceeded the Pension Annual Allowance and who have taken advice from an independent financial advisor and / or in their own informed judgement decided to stop making any further contributions to any pension agreement. Employees must provide the relevant supporting documentation to the Payroll & Pensions team.

4.2. AA and LTA Pension Salary Supplement Allowance Level

The level of the Pension Salary Supplement Allowance will be 14.3%. This percentage is applied to annual basic salary to determine the annual value.

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One twelfth of the LTA Pension Salary Supplement Allowance is paid gross through the monthly payroll and is subject to tax and national insurance deductions. Employees in receipt of the LTA Pension Salary Supplement Allowance are not eligible to receive any employer pension contributions from NCG.

The level of Pension Salary Supplement Allowance is non-negotiable and will be reviewed on a triennial basis.

In addition NCG will arrange for a life insurance policy to be sourced at the lower of the level that would be received if they were a member of the pension scheme or equivalent to 3 times the individual's gross salary.

4.3. Changes to Basic Salary

When an employee's basic salary is amended, the Pension Salary Supplement Allowance is recalculated with effect from the same date the revised basic salary is payable.

4.4. Reward Scheme (Bonus)

Payments made under the NCG Senior Management Reward Scheme will be excluded from the Pension Salary Supplement Allowance payment.

4.5. Re-Joining the Scheme

The enactment of this policy does not prevent, where permitted by the pension body, the individual re-joining the scheme at a later date of their choosing.

5. Amendments

NCG reserves the right to amend this policy at any time. The policy will be reviewed in line with the receipt of the contribution percentage confirmation from the pension scheme triennial valuation or where the relevant pension scheme regulations are amended.

6. Clarifications

It should be noted that this is not a contractual right and as a result is offered at the discretion of the NCG Corporation. Further any opt out request received will be automatically rejected where approval would result in an adverse financial position for NCG.