

Title	Pension Allowance
Associated Policies	<ul style="list-style-type: none"> • LGPS Discretionary Policy (TPO/STA/24)

REVIEWED: FEBRUARY 2023

NEXT REVIEW: FEBRUARY 2026

1. Policy Statement

- 1.1 This policy details the terms under which specified employees may benefit from a Pension Allowance in lieu of employer pension contributions.
- 1.2 The purpose of this policy is to:
 - To provide the terms under which a Pension Allowance will be payable.
 - To provide details of the level of Pension Allowance that can be applied.
 - To provide details on the method of payment of a Pension allowance.
 - To ensure consistency and equity in approach and application.

2. Who does this policy apply to?

- 2.1 This policy may be applied to an employee who is a member of the Executive Team, Principal or Head of Function (or equivalent) within the Trust in the following circumstances:
 - 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, and/or;
 - 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, and or;
 - Employees who decide to opt -out for any other reason; this remains subject to not being induced or required to opt out by Brooke Weston Trust, the employer.

3. Principles

- 3.1 We will provide a Pension Allowance to eligible employees as determined by this policy.
- 3.2 The level of the Pension Allowance will be the equivalent percentage employer contribution that would have been paid into either the Local Government Pension Scheme or the Teachers’ Pension Scheme.
- 3.3 Where the employer contribution rate for the relevant pension scheme changes, any pension allowance being paid will be adjusted accordingly – up or down at the time the change is applied to the rules of the pension scheme.
- 3.4 Any employee considering opting out is strongly advised to take independent financial advice.
- 3.5 The pension allowance payable will be no more than the employer contribution would have been, should the employee have decided not to opt out.
- 3.6 The employee is advised to arrange their own life assurance and ill health retirement cover as required by the employee; both of which would have been provided as part of membership of the relevant pension scheme.
- 3.7 One twelfth of the annual amount of the Pension (opt-out) Allowance will be paid gross through the monthly payroll and remains subject to tax and national insurance deductions
- 3.8 The employer is not responsible for any impact on the personal tax code of the employee due to the

payment of a Pension Allowance.

- 3.9 Employees in receipt of the Pension Allowance are not eligible to receive any concurrent employer pension contribution.
- 3.10 The employee will submit their request for a Pension Allowance in writing, via letter or email to the Head of People, along with a pension opt out form, and must sign an agreement which provides for its cessation upon re-joining/ joining the applicable pension scheme, confirming that the decision is solely that of the employee.
- 3.11 Where an allowance has been agreed to be backdated by the CEO (e.g., where an employee has previously opted out of the pension scheme and has therefore not had pension deductions taken), the allowance will not be backdated over a financial year.
- 3.12 The allowance will appear as a separate line on the employee’s payslip.

4. Salary Changes

- 4.1 When an employee’s basic salary is amended, the Pension Allowance will be recalculated with effect from the same date as the revised basic salary is payable –for annual pay review, this is usually from the 1st of September each year.

5. Re-Joining the Scheme

- 5.1 The application of this policy does not prevent, where permitted by the pension body, the employee re-joining the scheme at any time.
- 5.2 The Pension Allowance will cease on the date of re-joining the relevant pension scheme.

7. Policy Review

- 7.1 This policy is not intended to be contractual, and we reserve the right to amend this policy at any time, including to reflect any new or updated pension regulations, other statutory or regulatory changes or changes to the relevant pension schemes
- 7.2 This policy will be reviewed in line with any contribution percentage confirmation from the relevant applicable pension schemes.

Document Control

Date of last review:	February 2023	Author:	MWE
Date of next review:	February 2026	Version:	1.0
Approved by:	REMCO	Status:	Non-Statutory

Summary of Main Changes

V1: First iteration of the policy.