

GREAT MILTON PARISH COUNCIL PROVISION OF PENSIONS TO EMPLOYEES

Introduction

Historically, the council has not had to provide a pension for its employees, which, to date, has just been the parish clerk. However, auto-enrolment into pension schemes was introduced from 1 April 2017.

Eligibility

- An employee is entitled to be auto-enrolled in a qualifying pension scheme if their annual earnings are over £10,000 per annum.
- They have the right to opt into a scheme if their annual earnings are £6,240 to £10,000.
- They have the right to join a pension scheme if their annual earnings are below £6,240.

The latter situation currently applies to employees of Great Milton Parish Council. The government may reduce the thresholds in the future. If such an employee exercises their right to join, the employer must provide a pension scheme for that employee, but is not obliged to make employer contributions.

Qualifying Pension

Historically parish councils were obliged to offer the Local Government Pension Scheme (LGPS). This scheme is expensive for employers as they are obliged to make employer's contribution in any event. Currently the employee pays about one third of the scheme's cost; the employer pays two thirds. The amount required to be input by the employer varies with investment performance but would currently add about 11% to the employer's costs above salary.

Parish councils are no longer obliged to use the LGPS and can seek another provider of a qualifying pension.

Provision for employees

Great Milton Parish Council will liaise with current employees and advise any future employees of their rights and their options.