

# Employer Pensions Discretions Policy

**The LGPS Regulations 2013**

and


**The LGPS Regulations 2014**

(Transitional Provisions and Savings)

and

**The LGPS Regulations 2008**

(Benefits, Membership and Contributions)

Date of last review	20 Oct 2023	Review Period	As per legislation
Date of Next Review	As per legislation changes	AC or Board Approved	Board
Type of Policy	Trust	Signed (chair)	

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## Section 1: Mandatory LGPS 2013 & 2014 discretions

Discretionary policies from 1 April 2014 in relation to post 31 March 2014 active members and post 31 March 2014 leavers (excluding councillor members)

<p><b>Shared Cost Additional Pension Contribution APC's) Reg 16(2)(e) &amp; Reg 16(4)(d))</b></p>	<p><b>Policy Decision:</b></p>
<p><i>'Whether, how much, and in what circumstances to contribute to a shared cost APC scheme.'</i></p> <p>Where an active member wishes to purchase extra annual pension by making additional pension contributions (APCs)*, an employer can choose to voluntarily contribute towards the cost of purchasing that extra pension through a Shared Cost Additional Pension Contribution (SCAPC)</p> <p><i>*(Please see <a href="#">LGPS Member Website</a> for the current years maximum additional pension purchase limit)</i></p> <p><b>Note:</b> this discretion does not relate to cases where a member has a period of authorised unpaid leave of absence and elects within 30 days of return to work (or a longer period if the employer allows) to pay a SCAPC to cover the amount of pension 'lost' during that period of absence. In those cases, the employer <u>must</u> contribute 2/3rds of the cost to a SCAPC; there is no discretion (regulation 15(5) of the LGPS Regulations 2013).</p>	<p>The Trust will not contribute to any APC's nor does it provide a salary sacrifice SCAVC scheme</p>
<p><b>Flexible Retirement R30(6) &amp; TP11(2)</b></p>	<p><b>Policy Decision:</b></p>
<p><i>'Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement).'</i></p> <p>An employer can decide whether to permit flexible retirement for staff aged 55 or over who reduce their working hours and/or grade and wish to access their pension benefits.</p>	<p>The Trust will exercise its discretion to use some or all of the options available for flexible retirement. Each specific case will be judged equally and fairly on its own merits, having fully considered service delivery and financial costs.</p>

In such cases, pension benefits may be reduced in accordance with actuarial tables unless the employer waives reduction.

The employee must reduce either their hours, and/or their grade and the employer must agree to the release of the pension.

You will need to consider:

- The minimum reduction in hours or grade required.

*(The specific reduction required is not set out in the regulations, but instead must be determined by the employer and specified in this flexible retirement policy).*

- Whether the employee should commit to a reduction in hours or grade for a minimum period.
- Whether the employee should commit to remaining in employment with the employer for a minimum period

You must also state whether, in addition to the benefits the member has accrued prior to 1st April 2008 (which the member must draw), you permit the member to choose to draw:

- All, part, or none of the benefits they accrued after 31st March 2008 and before 1st April 2014 and,
- All, part, or none of the benefits accrued after 31st March 2014.

Note: If flexible retirement is agreed for a member aged between 55 and 60, there could be a Strain cost to be paid to the Pension Fund by the employer in respect of the pension benefits paid. There would also be a Strain cost payable by the employer where you have waived any actuarial reduction, in whole or in part (See below discretion).

<p><b>Flexible Retirement – Waiving Reductions R30(8)</b></p>	<p><b>Policy Decision:</b></p>
<p><i>‘Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement.’</i></p> <p>There would be a Strain cost payable by the employer.</p>	
<p><b>Waiving Reductions R30(8)</b></p>	<p><b>Policy Decision:</b></p>
<p><i>‘Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age other than on the grounds of flexible retirement (where the member only has post 31 March 2014 membership)’.</i></p>	<p>The Trust will only waive reductions on compassionate grounds in exceptional circumstances. Decisions will be made on the merit of each case with particular regard to:</p> <ul style="list-style-type: none"> <li>• the member’s personal circumstances;</li> <li>• the economic interests of the Trust;</li> <li>• the ability of the Trust to meet the cost of awarding the discretion.</li> </ul>

**'Switch on' the 85-year rule**

TPSch 2, para 1(2) &amp; 1(1)(c)

*'Whether to "switch on" the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (other than on the grounds of flexible retirement).'*

The 85-year rule does not automatically fully apply to members who would have had the protection under old regulations, and who choose to voluntarily draw their benefits on or after age 55 and before age 60. An employer can decide to switch the 85-year rule back on in full for such members.

Where the Scheme employer does not switch back on the 85-year rule, the member's benefits will be actuarially reduced. However, the Scheme employer can exercise a discretion to waive any actuarial reductions (at cost to the Scheme employer).

**Waive actuarial reductions to members benefits**

TP3(1), TPSch 2, para 2(1), B30(5) &amp; B30A(5)

*'Whether to waive any actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on the grounds of flexible retirement (where the member has both pre 1 April 2014 and post 31 March 2014 membership):*

- a) *on compassionate grounds (pre 1 April 2014 membership) and / or, in whole or in part on any grounds (post 31 March 2014 membership) if the member was not in the Scheme before 1 October 2006,*
- b) *on compassionate grounds (pre 1 April 2014 membership) and / or, in whole or in part on any grounds (post 31 March 2014 membership) if the member was in the Scheme before 1 October 2006, will not be 60 by 31 March 2016 and will not attain 60 between 1 April 2016 and 31 March 2020 inclusive,*

**Policy Decision:**

The Trust will only agree to "switch on" the rule of 85 in exceptional circumstances. Decisions will be made on the merit of each case with particular regard to:

- the member's personal circumstances;
- the economic interests of the Trust.

**Policy Decision:**

The Trust will only waive reductions on compassionate grounds in exceptional circumstances. Decisions will be made on the merit of each case with particular regard to:

- the member's personal circumstances;
- the economic interests of the Trust;
- the ability of the Trust to meet the cost of awarding the discretion.

<p>c) <i>on compassionate grounds (pre 1 April 2016 membership) and / or, in whole or in part on any grounds (post 31 March 2016 membership) if the member was in the Scheme before 1 October 2006 and will be 60 by 31 March 2016,</i></p> <p>d) <i>on compassionate grounds (pre 1 April 2020 membership) and / or, in whole or in part on any grounds (post 31 March 2020 membership) if the member was in the Scheme before 1 October 2006, will not be 60 by 31 March 2016 and will attain 60 between 1 April 2016 and 31 March 2020 inclusive.'</i></p>	
<p><b>Power of employing authority to grant additional pension Reg 31</b></p>	<p><b>Policy Decision:</b></p>
<p><i>'Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500 p.a. on 1 April 2014 - this figure is inflation proofed annually).'</i></p> <p>An employer can choose to grant extra annual pension* (at full cost to themselves) to:</p> <ul style="list-style-type: none"> <li>• an active member; or</li> <li>• to a member, within 6 months of leaving, whose employment was terminated on the grounds of redundancy or business efficiency</li> </ul> <p><i>*(Please see <a href="#">LGPS Member Website</a> for the current years maximum additional pension purchase limit)</i></p>	<p>The Trust will not grant additional pension</p>

## Section 2: Pre 2014 mandatory discretions

Discretions to be exercised on and after 1 April 2014 in relation to scheme members who ceased active membership between 1 April 2008 and 31 March 2014

**‘Switch on’ the 85-year rule**

TPSch 2, para 1(2) & 1(1)(c)

*‘Whether to “switch on” the 85 year rule for a member **voluntarily drawing benefits** on or after age 55 and before age 60.’*

*‘Whether to “switch on” the 85 year rule for a **pensioner member with deferred benefits** voluntarily drawing benefits on or after age 55 and before age 60.’*

**Policy decision**

The Trust will only agree to “switch on” the rule of 85 in exceptional circumstances.

Decisions will be made on the merit of each case with particular regard to:

- the member’s personal circumstances;
- the economic interests of the Trust.

**Waive actuarial reductions to members benefits**

B30(5), B30A(5), TPsCh 2, para 2(1)

*‘Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30 (member).’*

*‘Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30A (**pensioner member with deferred benefits**).’*

An employer can decide whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.

**Policy decision**

The Trust will only waive reductions on compassionate grounds in exceptional circumstances.

Decisions will be made on the merit of each case with particular regard to:

- the member’s personal circumstances;
- the economic interests of the Trust;
- the ability of the Trust to meet the cost of awarding the discretion.

**Section 3: Pre 2014 mandatory discretions**

**Discretions to be exercised on and after 1 April 2014 in relation to scheme members who ceased active membership between 1 April 1998 and 31 March 2008**

**Grant application for early payment of deferred benefits**

**Policy decision**



R31(2) LGPS Regulations 1997	
<i>'Grant application for early payment of deferred benefits on or after age 50 and before age 55.'</i>	
<b>'Switch on' the 85-year rule upon the voluntary early payment of deferred benefits</b> TPSch 2, para 1(2) & 1(1)(f) & R60	<b>Policy decision</b>
<i>'Whether to "switch on" the 85 year rule for a member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60.'</i>	<p>The Trust will only agree to "switch on" the rule of 85 in exceptional circumstances.</p> <p>Decisions will be made on the merit of each case with particular regard to:</p> <ul style="list-style-type: none"> <li>• the member's personal circumstances;</li> <li>• the economic interests of the Trust.</li> </ul>
<b>Waive actuarial reductions to members benefits</b> R31(5) 1997 & TPsCh 2, para 2(1)	<b>Policy decision</b>
<p><i>'Waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early.'</i></p> <p>An employer can decide whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to benefits which are paid before age 65.</p>	<p>The Trust will only waive reductions on compassionate grounds in exceptional circumstances.</p> <p>Decisions will be made on the merit of each case with particular regard to:</p> <ul style="list-style-type: none"> <li>• the member's personal circumstances;</li> <li>• the economic interests of the Trust;</li> <li>• the ability of the Trust to meet the cost of awarding the discretion.</li> </ul>

## Section 4: Pre LGPS 2014 mandatory discretions

Discretions to be exercised on and after 1 April 2014 in relation to members who ceased active membership before 1 April 1998

**Grant application for early payment of deferred benefits**

TP3(5A)(vi), TL4, L106(1) 1997 Transitional & D11(2)(c) 1995 Regs

*‘Grant application for early payment of deferred benefits on or after age 50 on compassionate grounds. Although the common provisions of the 1997 Transitional provisions regulations do not specify regulation D11(2)(c), there intention was that it should apply to this regulation.’*

Employers can decide whether to grant applications early payment of deferred pension benefits on or after age 50 and before normal retirement age on compassionate grounds.

**Policy Decision:**

The Trust will exercise its discretion to waive actuarial reduction.  
Each specific case will be judged equally and fairly on its own merits, having fully considered service delivery and financial costs.

**Section 5: Recommended LGPS 2013 & 2014 (Non-mandatory discretions)**

There is no requirement to have a written policy in respect of non-mandatory discretions. However, there are some non-mandatory discretions where it is recommended for Scheme employers to have a written policy so that both members and the Pension Fund administering authority can be clear on the employer’s policy on these matters.

**Non-mandatory therefore the trust has not included in policy.**

**Section 6: Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006 (as amended)**

**Redundancy Payments calculation R5**

*‘To base redundancy payments on an actual week’s pay where this exceeds the statutory week’s pay limit.’*

**Policy Decision:**

The Trust will calculate redundancy payments based on each employee’s contractual weekly earnings

**Lump-sum compensation R6**

**Policy Decision:**

*'To award lump sum compensation of up to 104 week's pay in cases of redundancy, termination of employment on efficiency grounds, or cessation of a joint appointment.'*

The Lump sum payments made under the discretionary payments regulations is up to a maximum of 60 weeks' pay (inclusive of statutory redundancy payments) and mirrors the calculation for statutory payments but compensated by 2.167 times.