



# 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)

**(as at 14<sup>th</sup> May 2018)**

**Employer name:** Burnham-on-Sea and Highbridge Town Council

**Policy effective from:** Date of F&R meeting agreed TBC \_\_\_\_\_

These policies may be subject to review from time to time. Affected employees will be notified of any subsequent change to this Policy Statement.

**Print name of authorised officer: Sally Jones**

**Job title:** Responsible Finance Officer

**Signature of authorised officer:**

\_\_TBC\_\_\_\_\_

**Date:** \_\_TBC\_\_\_\_\_

## Mandatory LGPS 2013 & 2014 discretions

### Power of employing authority to grant additional pension (Regulation R31)

An employer can choose to grant extra annual pension\* (at full cost to themselves) to:

- a) an active member; or
- b) to a member, within 6 months of leaving, whose employment was terminated on the grounds of redundancy or business efficiency

*\*(Please see [our website](#) for the maximum additional pension purchase limit for the current year)*

### Policy Decision:

The Council will not normally exercise this discretion. This does not however preclude the Council from funding an employee's additional Pensions Contributions in exceptional circumstances or where there is a financial or practical reason for doing so.

### Shared Cost Additional Pension Scheme Regulation R16 (2) (e) and R16 (4) (d)

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)

*\*(Please see [our website](#) for the maximum additional pension purchase limit for the current year)*

**Please note:** 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 such a longer period as the Scheme employer may allow) to pay a SCAPC to cover the amount of pension 'lost' during that period of absence. That is because, in those cases, An employer must contribute 2/3rds of the cost to a SCAPC; there is no discretion [regulation 15(5) of the LGPS Regulations 2013].

### Policy Decision:

The Council will not normally exercise this discretion. This does not however preclude the Council from funding an employee's additional Pensions Contributions in exceptional circumstances or where there is a financial or practical reason for doing so.

## Flexible Retirement

### Regulation R30 (6) and TP11 (2)

Under the regulations, once an employee reaches age 55, they may remain in employment and draw their retirement benefits.

However, there are certain conditions that must be met:

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

*(The specific reduction required is not set out in the regulations, but instead must be determined by the employer, whom must specify the requirements within their flexible retirement policy).*

In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives reduction on compassionate grounds or a member has protected rights).

**Please note:** If flexible retirement is permitted, you will need to publish a Flexible Retirement Policy and send us a copy or you can include in this policy – see final section of this template.

## Policy Decision:

There is no blanket consent for staff to flexibly retire and draw immediate payment of any pension benefits. Each flexible retirement request will be considered on its merits and will only be agreed if it is in the Council's interests to do so.

<p><b>Waiving of actuarial reduction Regulation R30 (8) , TP3 (1), TPSch2, Para 2(1), B30 (5) and B30 (A) (5)</b></p>	<p><b>Policy Decision:</b></p>
<p>Employers have the power to waive, on compassionate grounds, the actuarial reduction (in whole or part) applied to members' benefits paid on the grounds of flexible retirement.</p> <p>Employers may also waive, on compassionate grounds, the actuarial reduction (in whole or part) applied to members' benefits for deferred members and suspended tier 3 ill health pensioners who elect to draw benefits on or after age 60 and before normal pension age.</p> <p>Employers also have the power to waive, in whole or in part, the actuarial reduction applied to active members' benefits when a member chooses to voluntarily draw benefits on or after age 55 before age 60 and on or after age 60 and before Normal Pension Age (NPA).</p>	<p>The Council will not normally exercise this discretion. This does not however preclude the Council from waiving the actuarial reduction in exceptional circumstances should it so decide.</p>

<p><b>Power of employing authority to 'switch on' the 85-year rule (excludes flexible retirement) upon the voluntary early payment of benefits. TP1(1)(c) Sch2</b></p>	<p><b>Policy Decision:</b></p>
<p>The 85-year rule does not (other than on flexible retirement) automatically fully apply to members who would otherwise be subject to it and who choose to voluntarily draw their benefits on or after age 55 and before age 60.</p> <p>An employer can therefore choose whether to switch on the 85-year rule for members:</p>	<p>The Council will not normally exercise this discretion. This does not however preclude the Council from exercising this discretion in exceptional circumstances should it so decide following receipt of</p>

<ol style="list-style-type: none"><li>1) who voluntarily draw their benefits on or after age 55 and before age 60 and,</li><li>2) former members who ceased active membership between 1<sup>st</sup> April 2008 and 31<sup>st</sup> March 2014 and choose to voluntarily draw their suspended tier 3 ill health pension (on or after 14 May 2018) on or after age 55 and before age 60.</li><li>3) former members who ceased active membership between 1<sup>st</sup> April 1998 and 31<sup>st</sup> March 2014) and elect for voluntary early payment of any deferred benefits</li></ol>	<p>information in respect of the financial implications to the Council.</p>
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## Recommended LGPS 2013 & 2014 discretions (non mandatory)

<b>Regulation R17 (1) and TP15 (1) (d) and A25 (3) and definition of SCAVC in RSch 1</b>	<b>Policy Decision:</b>
<b>Shared Cost Additional Voluntary Contribution Arrangement (SCAVC)</b> An employer can choose to pay for or contribute towards a member's Additional Voluntary Contribution through a shared cost arrangement (SCAVC). An employer will also need to decide how much, and in what circumstances to contribute to a SCAVC arrangement.	The Council will not exercise this option
<b>Non-mandatory policies but recommended by Peninsula Pensions:</b>	<b>Policy Decision:</b>
<b>Reg 16(16)</b> - An employer can extend the 30-day deadline for a member to elect for a SCAPC upon return from a period of absence from work with permission with no pensionable pay (otherwise than because of illness or injury, relevant child-related leave or reserve forces service leave).  <b>Reg 22(7) and (8)</b> - Whether to extend the 12-month time limit for a member to elect not to aggregate post 31 <sup>st</sup> March 2014 (or combinations of pre-April 2014 and post March 2014) deferred benefits.  <b>Reg 27 of the LGPS (Amendment) Regs 2018</b> - Whether to extend the 12-month option period for a member to elect to aggregate pre-1st April 2014 deferred benefits.  <b>R100 (6)</b> - Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS	The Council will not normally exercise these non-mandatory policies. This does not however preclude the Council from exercising these policies in exceptional circumstances should it so decide following receipt of information in respect of the financial implications to the Council.

**R9(1) & R9(3)** - Determine rate of employees' contributions and when the contribution rate will be assessed

## **Pre LGPS 2014 discretions**

**To cover scheme members who ceased active membership on or after 1 April 2008 and before 1 April 2014 (no need to complete if not applicable).**

**Reg 30(5) , TP2(1) Sch2, Reg 30A(5) TP2(1) Sch 2**

### **Early payment of benefits**

Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65

Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to any suspended tier 3 ill health pension benefits which are brought back into payment before age 65

### **Policy decision**

The Council will not normally exercise this discretion. This does not however preclude the Council from exercising this discretion in exceptional circumstances should it so decide following receipt of information in respect of the financial implications to the Council

**To cover scheme members who ceased active membership between 1 April 1998 and 31 March 2008 (no need to complete if not applicable).**

**Regulation 31(2), 31(5), 31(7A) of the LGPS Regulations 1997 and paragraph 2(1) of Schedule 2 to the LGPS (TP) Regs2014**

### **Early payment of benefits**

Employers can allow the early payment of deferred benefits to former members of the LGPS between the ages of 50 and 55.

Employers can also choose, on compassionate grounds, to waive any actuarial reduction that would normally be applied to benefits which are paid before age 65.

### **Policy Decision:**

The Council will not normally exercise these policies. This does not however preclude the Council from exercising these policies in exceptional circumstances should it so decide following receipt of information in respect of the financial implications to the Council.

**Regulation D11(2)(c) of the LGPS Regulations**

**1995**

**In relation to members who ceased active membership before 1 April 1998:**

Whether to grant applications for the early payment of deferred pension benefits on or after age 50 and before NRD on compassionate grounds.

**Regulation 31(7) of the LGPS Regs 1997:**

**In respect of a member who opted out of the scheme after 31 March 1998 and before 1 April 2008:**

Where a member who opted out of the scheme continues to be employed by a Scheme employer, the member is only entitled to receive their benefits at NRD if their employer consents to them doing so.



## Flexible Retirement Additional Policy

### Flexible Retirement (Regulation R30 (6) and TP11 (2))

This must be completed if you allow flexible retirement

You will need to consider:

1. The minimum reduction in hours or grade required.
2. Whether the employee should commit to a reduction in hours or grade for a minimum period.
3. Whether the employee should commit to remaining in employment with the employer for a minimum period

You should also state:

1. Whether, in addition to the benefits the member has accrued prior to 1<sup>st</sup> April 2008(which the member must draw) to permit the member to choose to draw;
  - a) All, part, or none of the benefits they accrued after 31<sup>st</sup> March 2008 and before 1<sup>st</sup> April 2014 and/or,
  - b) All, part, or none of the benefits accrued after 31<sup>st</sup> March 2014, and,
  - c) Whether to waive, in whole, or in part, any actuarial reduction which would normally be applied to the benefits for Flexible retirement taken before normal retirement age.

### Policy Decision:

There is no blanket consent for staff to flexibly retire and draw immediate payment of any pension benefits. Each flexible retirement request will be considered on its merits and will only be agreed if it is in the Council's interests to do so.

1. The minimum reduction in hours would need to be at least 50%.
2. The reduction in hours should be committed to for at least a year.
3. The employee needs to commit to remaining in employment for a year.

b) The Council would not look to waive any actuarial reduction unless in exceptional circumstances.