

# Local Government Pension Scheme Regulations - Employer Discretions

Under the Regulations that govern the Local Government Pension Scheme from April 2014, scheme employers (the Council) are required to prepare and publish a written policy in relation to specific discretions as per below:

## **1 Whether to grant additional pension to a member (up to £6,500 a year). R31**

The Council will only consider exercising this discretion where it is in the Council's financial interest to do so.

## **2 Whether to allow the rule of 85 to be "switched on" for members who would normally meet the rule but who will not if they draw the benefits age 55-59. TP Sch 2, para 1 (2) & 1 (1) (c)**

The Council will only consider exercising this discretion where it is in the Council's financial interest to do so.

## **3 Waiving actuarial reduction on early retirement (age 55+) – for both active, deferred member and suspended tier 3 ill health pensions. R30 (8)**

The Council will only consider exercising this discretion where it is in the Council's financial interest to do so.

## **4 Whether to make it either a regular or lump sum Additional Pension Contribution (APC) to a member's account (part or whole funding this). R16 (2) (e)**

The Council will only consider exercising this discretion where it is in the Council's financial interest to do so.

Note: for cases where a member has a period of unauthorised unpaid leave of absence and chooses within 30 days of return to work to pay a Shared Cost APC to cover the amount of pension 'lost' during that period of absence, the employer must contribute 2/3rds of the cost to a Shared Cost AP; there is no discretion.

**5 Whether all or some pension benefits can be paid if any member aged 55 or over reduces their hours / grade and continues to work (“flexible retirement”), and whether to waive some or all, of any actuarial reduction that applies on flexible retirement. R30 (6) & (8), &TP11 (2)**

The proposed reduction in hours or grade required to facilitate flexible retirement must be compatible with the requirements of the Service;

If a reduction in hours is proposed, it must be by a minimum of 20%;

A flexible retirement request which causes a cost to the Council (including any request to waive some or all, of the actuarial reductions that apply) would normally be refused except in exceptional circumstances e.g., where the Corporate Director of Resources deems it to be in the interests of the authority to pay the cost and there are sound financial reasons for doing so. Any recommendation must be approved by the Portfolio Holder for Finance or on the grounds of compassion where in the opinion of the Corporate Director of Resources, the special actors surrounding the application, along with the appropriate supporting evidence provided, justify such a recommendation. Any such recommendation should also consider the Council’s ability to meet the cost of granting such a request.

**6 Whether, how much, and in what circumstances to contribute to a shared-cost Additional Voluntary Contribution (SCAVC) arrangement. R16 (2) (e) & R16 (4) (d)**

The Council will pay Shared Cost AVC contributions where an employee is a member of a salary sacrifice AVC scheme. The amount of these employer Shared Cost AVC contributions will not exceed the amount of salary sacrificed by the employee. This discretion is subject to the employee meeting the conditions for acceptance into the salary sacrifice Shared Cost AC scheme and may be withdrawn or changed at any time.

**7 Whether to extend 12-month period to separate previous LG service. R22 (8) & (9)**

The Council (as a scheme employer) will only allow an extension to the 12-month period to separate previous local government service in exceptional circumstances, e.g., where it can be shown that the member was not provided with the required information within 9 months of starting employment.

**8 Determine rate of employees’ contributions. R9 (3)**

The Council will review all employees’ contribution band monthly, and in addition whenever an employee’s contractual hours or rate of pay changes.

**9 Whether to extend 12-month period to all a transfer-in of non-LG pension rights. R1 00 (6)**

The Council (as a Scheme Employer) will only allow an extension to the 12-month period to transfer-in non-local government pension rights in exceptional circumstances, for example where it can be shown that the member was not provided with the required information within 9 months of starting employment.

**10 Whether or not, when calculating assumed pensionable pay when a member: is on reduced contractual pay or no pay on due to sickness or injury; or is absent during ordinary maternity, paternity or adoption leave or during paid additional maternity, paternity, or adoption leave; or is absent on reserve forces service leave; or retires with a Tier 1 or Tier 2 ill health pension, or dies in service; to include in the calculation the amount of any 'regular lump sum payment' received by the member in the 12 months preceding the date the absence because of the ill health retirement or death occurred. A 'regular lump sum payment' is a payment for which the member's employer determines there is a reasonable expectation that such a payment would be paid on a regular basis. R21 (4) (b) (iv) & R21 (5)**

As the Council rarely makes any 'regular lump sum payments', this discretion will be taken on a case-by-case basis.