

DRAFT DISCRETIONS POLICY FOR LGPS SCHEME

This policy statement was approved by Bishopstoke Parish Council at its meeting on 27 May 2014. This statement has been distributed to all employees and to the pension fund administrators.

As an employer, Bishopstoke Parish Council can exercise certain discretions under the Local Government Pension Scheme (LGPS). From 27 May 2014 the Parish Council will exercise these discretionary powers as set out below, and inform you if it alters them in future:

Award of Additional Pension (Regulation 31):

An employer can award an additional pension of not more than £6500 a year (or as subsequently amended) to a member who is currently paying contributions to the scheme (less any amount of additional annual pension the employer has already contributed towards or is contributing towards under a shared cost APC). This is a total figure and will take account of any amount where the employee is purchasing additional pension. Additional pension can also be awarded within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency.

The Council will not normally exercise this discretion but may consider its use in exceptional circumstances, having regard to the business case being in the interest of the Council and the pension fund strain charge being affordable by the Council.

Flexible Retirement (Regulation 30(6)):

An employer can consent to flexible retirement following a reduction in an employee's hours or grade. The discretion can be considered where the employee is aged from 55 to less than 60 years of age.

The Council will not normally exercise this discretion but may consider its use in exceptional circumstances, having regard to any pension fund strain charge being affordable by the Council. Agreement must be obtained from the Chairman of the Parish Council that use of this discretion is in the Council's interest. Waiving of the actuarial reduction will only be allowed in exceptional circumstances and if it is in the business interest of the Parish Council to do so.

Voluntary Funding of Additional Pension Via Shared Cost Additional Pension Contributions (Regulations 16(2e) 16(4d))

An employer may voluntarily agree to meet some or all of the cost of any additional pension purchased by an active scheme member, which can be to a maximum of £6500 per annum (or as subsequently amended), and is only possible where the employee is making full contributions and not 50/50 contributions.

The Council will not normally exercise this discretion but may consider its use in exceptional circumstances, having regard to the business case being in the interest of the Council and the pension fund strain charge being affordable by the Council.

Switching on the 85 Year Rule for Members Voluntarily Drawing Benefits On or after Age 55 and before Age 60 (subject to a minimum actuarial reduction to age 60):

The employer can agree to apply the 85 year rule to pre 1/4/2014 accrued benefits (subject to a minimum actuarial reduction to age 60).

The Council will not normally exercise this discretion but may consider its use in exceptional circumstances, having regard to the business case being in the interest of the Council and the pension fund strain charge being affordable by the Council.

Waving of Actuarial Reductions (Regulation 30(8):

The employer can agree to waive any actuarial reduction on the pre-2014 benefits on compassionate grounds and/or wave (on any grounds) all, some or none of the reduction in post-2014 benefits. The discretion can be considered where the employee is 55 to 60 years of age.

The Council will not normally exercise this discretion but may consider its use in exceptional circumstances, having regard to the business case being in the interest of the Council and the pension fund strain charge being affordable by the Council.

Transfers in of Pension Rights (Regulation 100(6):

The employer can agree to extend the 12 month time limit for transfer requests.

The Council will not agree to extend the 12 month time limit for transfer requests.

Aggregation of Previous Periods of Membership (interfund adjustments) (Regulation 22(7b) (8b):

The employer can agree to extend the 12 month time limit for members to keep their benefits separate (interfund adjustments).

The Council will not agree to extend the 12 month time limit for electing to combine pension rights from previous local government employment.

Change in Contributions Policy:

The Council will review the contribution rate for all affected employees on an annual basis to apply from 1st of April each year, and whenever there is a material change in the number of expected hours worked per annum or in the level of salary being paid, such that there will be a material change to the member's expected pensionable pay in the scheme year.

ADDITIONAL DISCRETIONS THAT ONLY APPLY TO FORMER EMPLOYEES:

Policy for Post 31/3/2008/ pre 1st April 2014 Leavers (Regulation 30 of the LGPS (Benefits, Membership and Contributions) Regulations 2007):

The employer can agree to grant applications for the early payment of deferred benefits on or after age 55 and before age 60, to grant applications for the early payment of a suspended tier 3 ill-health pension on or after age 55 and before age 60, to waive any actuarial reduction and to switch on the role of 85.

The Council will not agree to award early voluntary retirement or to pay deferred benefits earlier than expected, or to waive any actuarial reduction, in any of these circumstances.

Policy for Pre 1/4/2008 deferred members:

Where a deferred member left the LGPS before 1 April 2008, the employer policy will be subject to any restrictions that applied under the previous regulations. For example, a deferred member who left before 1 April 1998 may only be allowed to draw their benefits at age 60, age 65 or their normal retirement date.

The Council will not agree to award early voluntary retirement or to pay deferred benefits earlier than expected, or to waive any actuarial reduction, in any circumstances.

Early Payment of Pension to Deferred Members of the Scheme (Regulation 30A (3) and (5)):

An employer may agree to the early payment of deferred benefits to former employees on or after age 55 and before age 60. An employer may also allow early payment of pensions to former employees who were in receipt of a tier 3 ill-health pension which has since been suspended. The employer may waive, under compassionate grounds, the actuarial reduction.

The Council will not exercise these discretions under any circumstances.

Review:

These policies will be subject to periodic review. Any subsequent change to this policy statement will be notified to both affected employees and to the pension fund administrators.

27/05/2014