West Itchenor Parish Council

Local Government Pension Scheme Discretions Policy

1. INTRODUCTION

Employers are required to formulate, publish and keep under review a statement of policy of discretions they may exercise in relation to members of the Local Government Pension Scheme. By virtue of regulation 60 of the LGPS Regulations 2013 and paragraph 2(2) of Schedule 2 to the LGPS (Transitional Provisions, Saving and Amendment) Regulations 2014 Scheme employers are required to prepare and publish a written policy. In formulating and reviewing its policy, the Employer must have regard to the extent to which the exercise of its discretionary powers could lead to a serious loss of confidence in the public service [regulation 60(5) of the LGPS Regulations 2013]

2. KEY DISCRETIONS – TO BE EXERCISED ON AND AFTER 1 APRIL 2014 IN RELATION TO ACTIVE SCHEME MEMBERS (excluding councillor members) AND MEMBERS (excluding councillor members) WHO CEASE ACTIVE MEMBERSHIP AFTER 31 MARCH 2014

i) Whether, at full cost to the employer, to grant extra annual pension of up to £6,500 (figure at 1 April 2014[1)] to an active Scheme member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency [regulation 31 of the LGPS Regulations 2013]

West Itchenor Parish Council will not exercise this right

ii) Whether, where an active Scheme member wishes to purchase extra pension of up to £6,500 (figure at 1 April 2014[1]) by making Additional Pension Contributions (APCs) to (voluntarily) contribute towards the cost of purchasing the extra pension via a Shared Cost Additional Pension Contributions (SCAPC) [regulation 16(2)(e) and 16(4)(d) of the LGPS Regulations 2013]

West Itchenor Parish Council will not exercise this right

iii) Whether to permit flexible retirement for staff aged 55 or over who, with the agreement of the employer, reduce their working hours or grade [regulation 30(6) of the LGPS Regulations 2013] and, if so as part of the agreement to permit flexible retirement:
-whether, in addition to the benefits the member has accrued prior to 1 April 2008 (which the member must draw), to permit the member to choose to draw

- all, part or none of the pension benefits they accrued after 31 March 2008 and before 1 April 2014, and/or
- all, part or none of the pension benefits they accrued after 31 March 2014 [regulations 11(2) and 11(3) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014], and

-whether to waive, in whole or in part, any actuarial reduction which would otherwise be applied to the benefits taken on flexible retirement before Normal Pension Age (NPA)[2] [regulation 3(5) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, regulation 18(3) of the LGPS (Benefits, Membership and Contributions) Regulations 2007 and regulations 30(6) and 30(8) of the LGPS Regulations 2013]

West Itchenor Parish Council will consider this discretion on a case by case basis. Any final decision will be taken by resolution of the full council. West Itchenor Parish Council reserves the right to refuse the request for Flexible Retirement on operational grounds irrespective of the financial business case made where flexible retirement would not be feasible to implement without adversely affecting its ability to fulfil its agreed functions.

iv) weather, as the 85 year rule [3] does not apply (other than 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, to switch the 85 year rule back on in full for such members [paragraph 1(1)(c) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014].

Where the employer **does not do so** then:

a. if the member has already met the 85 year rule, the member's benefits are to be reduced in accordance with actuarial guidance issued by the Secretary of State (with the benefits from any pre 1 April 2008 membership for members who will not be 60 or more on 31 March 2016, and benefits from any pre 1 April 2016 membership for members who will be 60 or more on 31 March 2016, which would not normally have been subject to an actuarial reduction nonetheless being subject to a reduction calculated by reference to the period between the date the benefits are drawn and age 60) [paragraphs 1(2) and (4) of Schedule 2 of the LGPS (transitional Provisions, Savings and Amendment) Regulations 2014], or

b. if the member has not already met the 85 year rule, the member's benefits are to be reduced in accordance with actuarial guidance issued by the Secretary of State (with the reduction on that part of the member's benefits subject to the 85 year rule being calculated by reference to the period between the date the benefits are drawn and age 60, or the date of attaining the 85 year rule, whichever is the later), and

c. the employer can exercise a discretion to waive actuarial reductions (at a cost to the employer) – see v below.

West Itchenor Parish Council will consider this discretion on a case by case basis. Any final decision will be taken by resolution of the full council. West Itchenor Parish Council reserves the right to refuse the request for Flexible Retirement on operational grounds irrespective of the financial business case made where flexible retirement would not be feasible to implement without adversely affecting its ability to fulfil its agreed functions.

v) For active members voluntarily retiring on or after age 55 and before Normal Pension Age, who elect under regulation 30(5) of the LGPS Regulations 2013 to immediately withdraw benefits [4], and for deferred members and suspended tier 3 ill health pensioners who elect under regulation 30(5) of the LGPS Regulations 2013 to draw benefits [4] (other than on ill health grounds) on or after age 55 and before Normal Pension Age, and who

a. Were **not** members of the LGPS before 1 October 2006 [group 4 members], weather to
   - Waive on compassionate grounds [5], any actuarial reduction that would otherwise be applied to benefits, if any, accrued before 1 April 2014 [6] '[regulations 3(1) and (5) of the LGPS (Transitional Provisions, Savings and Amendments) Regulations 2014 and regulation 30(5) or 30A (5) of the LGPS (Benefits, Membership and Contributions) Regulations 2007], and /or
   - Waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March 2014 [regulation 30(8) of the LGPS Regulations 2013]

b. **Were** members of the LGPS before 1 October 2006 and who **will** be 60 or more on 31 March 2016 [Group 1 members] (i.e. those members falling within paragraph 3(1) of Schedule 2 of the LGPS (transitional Provisions, Savingand Amendment) Regulations 2014), whether to:
   - Waive on compassionate grounds [5], any actuarial reduction that would otherwise be applied to benefits accrued before 1 April **2016** [paragraph 2(1) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014}, and/or
   - Waive, in would or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March **2016**[6] [regulation 30(8) of the LGPS Regulations 2013]

c. **Were** members of the LGPS before 1 October 2006 and who will **not** be 60 or more on 31 March 2016 and will **not** attain age 60 between 1 April 2016 and 31 March 2020 [Group 3 members] (i.e. those members falling within paragraph 3(2) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014) whether to:
   - Waive on compassionate grounds [5], any actuarial reduction that would otherwise be applied to benefits accrued before 1 April 2014 [paragraph 2(1) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 re the membership before 1st April 2008 and regulations 3(1) and (5) of, paragraph 2(1) of Schedule 2 to, the LGPS (Transitional Provisions, Savings and Amendments) Regulations 2014 and regulations 30(5) or 30A(5) of the LGPS (Benefits, Membership and Contributions) Regulations 2007 re the membership between 1 April 2008 and 31 March 2014], and/or

- Waive, in whole or in part (on any grounds), any actuarialreduction that would otherwise be applied to benefits accrued after 31 March 2014 [regulation 30(8) of the LGPS Regulations 2013]

d. **Were** members of the LGPS before 1 October 2006 and who will **not** be 60 or more on 31 March 2016 but **will** attain age 60 between 1 April 2016 and 31 March 2020 [Group 2 members] (i.e. those members falling within paragraphs 3(2) and 9 Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendments) Regulations 2014), whether to:

- Waive on compassionate grounds [5], any actuarial reduction that would otherwise be applied to benefits accrued before 1 April **2020** [paragraph 2(1) of Schedule 2 to the LGPS (transitional Provisions, Savings and Amendment) Regulations 2014], and/or
- Waive, in whole or in part (on any grounds), any actuarial reductions that would otherwise be applied to benefits accrued after 21 March **2020** [6] [regulation 30(8) of the LGPS Regulations 2013]

West Itchenor Parish Council will consider this discretion on a case by case basis. Any final decision will be taken by resolution of the full council. West Itchenor Parish Council reserves the right to refuse the request for Flexible Retirement on operational grounds irrespective of the financial business case made where flexible retirement would not be feasible to implement without adversely affecting its ability to fulfil its agreed functions.

3. ADDITIONAL DISCRETIONS

i. Whether, how much, and in what circumstances to contribute to a shared-cost Additional Voluntary Contribution (SCAVC) arrangement entered into on or after 1 April 2014 [regulation 17 of the LGPS Regulations 2013] and whether, how much, and in what circumstances to continue to contribute to any shared cost Additional Voluntary Contribution (SCAVC) arrangement that the employer had entered into before 1 April 2014 [regulation 15 (1)(d) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, regulations 25(3) of the LGPS (Administration) Regulations 2008 and regulation 15(3) of the LGPS (Benefits, Membership and Contributions) Regulations 2007]

West Itchenor Parish Council will not exercise this discretion

ii. Whether, with the agreement of the Pension Fund administering authority, to permit a Scheme member to elect to transfer other pension rights into the LGPS if he/she has not made such an election within 12 months of joining the LGPS [regulation 100(6) of the LGPS Regulations 2013]

West Itchenor Parish Council will exercise this discretion only were exceptional extenuating circumstance exist and are entirely beyond the member's control.

iii. Whether to extend the 12 month time limit within which a Scheme member who has a deferred LGPS benefit in England or Wales following the cessation of employment (or cessation of a concurrent employment) as 31 March 2014 may elect not to have the deferred benefits aggregated with their new LGPS employment (or ongoing concurrent LGPS employment) if the member has not made an election to retain separate benefits within 12 months of commencing membership of the LGPS in the new employment (or within 12 months of ceasing the concurrent membership) [regulation 22(7) and (8) of the LGPS Regulations 2013]

West Itchenor Parish Council will exercise this discretion only were exceptional extenuating circumstance exist and are entirely beyond the member's control.

iv. How the pension contribution band to which an employee is to be allocated on joining the scheme, and at each subsequent April, will be determined and the circumstances in which the employer will, in addition to the review each April, review the pension contribution band to which an employee has been allocated following a material change which affects the member's pensionable pay in the course of the Scheme year (1 April to 31 March) [regulations 9 and 10 of LGPS Regulations 2013

West Itchenor Parish Council will review the bandings on annual basis each April or following a

material change which affects the member's pensionable pay during the scheme year.

v. Whether or not, when calculating assumed pensionable pay when a member is:
- On reduced contractual pay or no pay due to sickness or injury, or
- Absent during ordinary maternity, paternity or adoption leave, or paid shared parental leave, or during additional maternity or adoption leave, or
- Absent on reserve forces services, or
- Retires with a Tier 1 or Tier 2 ill health pension, or
- Dies in service

To include in the calculations the amount of any 'regular lump sum payment' received by the member in the 12 months preceding the date the absence began or 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 [regulations 21(4)(a)(iv), 21(4)(b)(iv) and 21(5) of the LGPS Regulations 2013].

West Itchenor Parish Council will not exercise this discretion

A review of the policy shall be undertaken Annually (or as appropriate) and necessary amendments will be undertaken by the Clerk and reported to the Full Council for approval. The Council will undertake to ensure that its members and employees are trained in the processes required by this policy as deemed appropriate.

Adopted by Full Council _____ Minute Number_____

Review_____

[1] The figure of £6,500 will be increased each April (starting April 2015) under the Pension (Increase) Act 1971 (as if it were a pension with a PI date of 1 April 2013). The uprated figure as at April 2015 is £6,675

[2] NPA means the employee's individual State pension age at the time the employment is terminated but with the minimum of age 65 (although, the NPA for membership accrued prior to 1 April 2014 is still linked to age 65. For a full breakdown of state pension ages see: https://www.pensionsadvisoryservice.org.uk/about-pensions/the-state-pension/know-your- state-pension-age

[3] If a member voluntarily draws benefits before their Normal Pension Age and they were a member of the LGPS on 30 September 2006, then some or all of their benefits could be protected from the normal actuarial reduction applied to benefits paid early under the 85 year rule. The 85 year rule is satisfied if the member's age at the date they draw their benefits and their scheme membership (in whole years) add up to 85 or more.

[4] Including pre 1 April 2014 benefits – see regulation 11(1) of the LGPS (Transitional Provisions, Savings and Amendments) Regulations 2014

[5] There is no definition in the regulations of 'compassionate grounds'

[6] Including Part D2 membership – see 85 year rule