

**LOCAL GOVERNMENT PENSION SCHEME EMPLOYER'S  
DISCRETIONS POLICY FOR HELSTON TOWN COUNCIL  
LGPS 2014 Scheme**

**CORNWALL PENSION FUND**

<b>DISCRETION &amp; REGULATION</b>	<b>POLICY ON INDIVIDUAL DISCRETIONS</b>
<p><b>1). Reg 31: Whether to grant additional pension to a member (up to the annual limit)</b> <b>(Mandatory in Policy Statement)</b></p>	<p>Helston Town Council will only exercise this discretion in exceptional circumstances. This discretion will only be exercised with the expressed permission of the Staffing Committee after consideration of the costs that would apply.</p>
<p><b>2). Reg 16(2)e &amp; Reg 16(4)d: Whether to it make either a regular or lump sum Additional Pension Contribution (APC) to a member's account (part or whole funding this)</b> [Note: this discretion only relates to cases when the member is working as normal rather than absent from work with permission but no pensionable pay – in the latter scenario, employers must fund it if necessary.] <b>(Mandatory in Policy Statement)</b></p>	<p>Helston Town Council will only exercise this discretion in exceptional circumstances. This discretion will only be exercised with the expressed permission of the Staffing Committee after consideration of the costs that would apply.</p>
<p><b>3). Reg 30(5): Whether you will permit early retirement on compassionate grounds</b> <b>(Mandatory in Policy Statement)</b></p>	<p>Helston Town Council will only exercise this discretion in exceptional circumstances. This discretion will only be exercised with the expressed permission of the Staffing Committee after consideration of the costs that would apply.</p>
<p><b>4). Reg 30(6): Whether all or some pension benefits can be paid if an member aged 55 or over reduces their hours/grade and continues to work (“flexible retirement”)</b> <b>(Mandatory in Policy Statement)</b></p>	<p>Helston Town Council will consider employee requests to take flexible retirement on a case by case basis after taking into factors such as service delivery and any costs that may apply. The Staffing Committee will be responsible for considering (or otherwise) all requests to take flexible retirement.</p>
<p><b>5). Reg 30(8): Waiving actuarial reduction on flexible retirement.</b> <b>(Mandatory in Policy Statement)</b></p>	<p>Helston Town Council will only waive the actuarial reduction on flexible retirement in exceptional circumstances following approval from the Staffing Committee after consideration of the costs that would apply.</p>
<p><b>6). Reg 30(8): Waiving actuarial reduction on early retirement (age 55+) – for both active, deferred members &amp; suspended tier 3 ill health pensions</b> <b>(Mandatory in Policy Statement)</b></p>	<p>Helston Town Council will only waive the actuarial reduction on early retirement in exceptional circumstances and as the result of the expressed permission of the Staffing Committee after considering the costs that would apply.</p>

<b>DISCRETION &amp; REGULATION</b>	<b>POLICY ON INDIVIDUAL DISCRETIONS</b>
<p><b>7). TP Regs 1(1)(c) of Schedule 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</b> (Mandatory in Policy Statement)</p>	<p>Helston Town Council will only agree to “switch on” the rule of 85 in exceptional circumstances following approval from the Staffing Committee after considering the costs that will apply.</p>
<p><b>8.) Regs 17(1): Whether you will contribute to an employee’s Shared Cost Additional Voluntary Contributions (SCAVC)</b> (Not Mandatory in Policy Statement)</p>	<p>Helston Town Council will only exercise this discretion in exceptional circumstances. This discretion will only be exercised with the expressed permission of the Staffing Committee after consideration of the costs that would apply.</p>
<p><b>9). Regs 22(8 &amp; 9): Whether to extend 12-month period to separate previous Local Government service.</b> (Not Mandatory in Policy Statement)</p>	<p>Helston Town Council will not exercise this discretion.</p>
<p><b>10). Reg 9(3): Determine rate of employees’ contributions.</b> (Not Mandatory in Policy Statement)</p>	<p>Helston Town Council will review all employees’ contribution bands when there has been contractual change to a member’s salary or hours at some point during the year. A member’s contribution rate will not be reviewed as the result of one-off additional payments (such as honorariums).</p>
<p><b>11). Reg 100(6): Whether to extend 12-month period to allow a transfer-in of non-LG pension rights.</b> (Not Mandatory in Policy Statement)</p>	<p>Helston Town Council will not exercise this discretion.</p>
<p><b>12). Reg 16(6): Whether to extend the 30 day deadline for a member to elect for a shared cost additional pension contribution with no pensionable pay ie authorised unpaid leave.</b> (Mandatory in Policy Statement)</p>	<p>Helston Town Council will not extend the 30 day deadline unless maladministration is proven whereby a 30-day deadline will be triggered from the date of the letter offering the member the opportunity to buy back their lost pension as a shared cost additional pension contribution.</p>

### Abbreviations

“Reg 16(2)e” means Regulation 16(2)e of the Local Government Pension Scheme Regulations 2013 [which apply from 1 April 2014]

“TP Regs” means LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014].

### Explanation of each Discretion

#### **1. Reg 31: Whether to grant additional pension to a member of up to *the annual limit***

Employers are allowed to purchase additional pension on a member's behalf up to the annual limit less any amount of additional annual pension the employer has already contributed. The cost of providing any additional pension to the member (over their expected time as a future pensioner) will be invoiced to the employer concerned as at the time of the award. As of April 2014, this is now under the title of Additional Pension Contributions (APCs). This discretion is rarely used but when it is used it is in cases of redundancies or compromise agreements etc.

#### **2. Reg 16(2)e & Reg 16(4)d: Whether to make either a regular or lump sum Additional Pension Contribution (APC) to a member's account (part or whole funding this)**

This discretion relates to the option to help a member purchase additional pension where the employer is not required to do so under the Local Government Pension Scheme Regulations (in a similar way to no 1).

#### **3. Reg 30(5): Whether you will permit early retirement on compassionate grounds**

This discretion allows early payment of benefits on compassionate grounds. The considerations that could be taken into account include such things as extreme financial hardship, the need to give up work in order to provide constant care for an immediate family member, availability of other family members to assist, future life expectancy of sick relative, assistance from National Health Service or Social Services and the possible receipt of State Benefits.

#### **4. Reg 30(6): Whether all or some pension benefits can be paid if an member aged 55 or over reduces their hours/grade and continues to work (“flexible retirement”)**

Flexible retirement means that the member can begin drawing their pension from a certain point in time while they continue working in the same employment (on reduced hours or pay). There will not normally be a direct and immediate cost to the employer if the employer agrees to do this, as the member's pension will be reduced accordingly to allow for any early withdrawal, as is the case for any early retirement. However, if the member would normally reach the rule of 85 before age 60 and they take flexible retirement before age 60 then costs may well apply – therefore for pre-60 flexible retirement cases it is suggested that you contact the Cornwall Pension Fund for an estimate before making a decision.

Please note that the Local Government Pension Scheme Regulations do not explicitly mention that a minimum reduction in hours or pay is necessary or that the reduction needs to be permanent.

#### **5. Reg 30(8) Waiving actuarial reduction on flexible retirement.**

Employers can choose to ‘waive’ the reduction that would normally apply because the member would be taking their pension early. As the full pension would be being paid for longer, this means that the Cornwall Pension Fund would expect to pay out more pension in the member's lifetime. This additional cost (or ‘strain’) would be invoiced to the employer. The Cornwall Pension Fund would be able to provide estimates of the likely cost.

## **6. Reg 30(8) Waiving actuarial reduction on early retirement (age 55+) – for both active and deferred members**

This discretion is identical to number 4) except that here it applies for early retirement instead of flexible retirement.

## **7. TP Regs 1(1)(c) of Schedule 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**

The rule of 85 applies to some members who originally joined the Local Government Pension Scheme before 2006. It allows members who meet the rule to retire earlier than the normal pension age, taking their pension benefits in full. However, under the Local Government Pension Scheme 2014 Regulations certain members would lose some of the rule of 85 protections if they wished to draw their pension benefits before 55 and 59. Hence this discretion allows the protections to be re-instated by the employer; this will have cost implications so it is recommended that an estimate of costs is obtained before implementing the discretion.

## **8. Shared Cost Additional Voluntary Contribution Arrangement (SCAVC)**

With this discretion an employer can choose to pay for or contribute towards a member's Additional Voluntary Contribution through a shared cost arrangement (SCAVC). In these circumstances the employer would need to decide how much and in what circumstances to contribute to a SCAVC arrangement.

## **9. Regs 22 (8 & 9) Whether to extend 12-month period to separate previous Local Government Pension Scheme service.**

As of April 2014, all members' previous Local Government Pension Scheme service (either within Cornwall Pension Fund or from another Local Government Pension Fund) should be automatically linked together or transferred in. However, members have 12 months from their starting date to decide if they wish to separate these benefits. If they do not respond, the benefits will be linked. The Cornwall Pension Fund will write to the member, upon receiving a starter form/spreadsheet from the Council, to provide them with the relevant information and offer them this choice.

This discretion is to allow for the normal 12 month window to be extended. A typical reason why the Council may wish to do this is because the member was not contacted in time (possibly the Cornwall Pension Fund received starter information from the Council very late).

## **10. Reg 9(3) Determine rate of employees' contributions.**

Employee contribution rates must be reviewed each April but employers have the discretion to review them more frequently.

## **11. Reg 100(6) Whether to extend 12-month period to allow a transfer-in of non-Local Government pension rights.**

New members have 12 months to decide whether or not to transfer in a pension from non-public sector fund; they should be provided with this information as part of the starter pack.

This discretion is to allow for the normal 12 month window to be extended. A typical reason why for this is because the member was not contacted in time (possibly the Cornwall Pension Fund received starter information from the council very late). If the Council agrees to do this, the Cornwall Pension Fund will ask the Council to sign a 'Consent to Late Transfer' Form on each occasion to make sure that the person agreeing to this is aware of the potential consequences.

## **12. Reg 16(6) Whether to extend the 30 day deadline for a member to elect for a shared cost additional pension contribution 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 force service leave).**

The LGPS regulations state where a person takes authorised unpaid leave the employer must write to the member within 30 days of returning to work to offer them the opportunity to buy back their lost pension as a shared cost additional pension contribution (SCAPC). If the member elects to buy back this lost pension within the 30 days then it must be a shared cost (one third member, two thirds employer) e.g. if the total cost was £90 then the member would pay £30 and the employer would pay £60. If the member elects to buy back their lost pension after 30 days from returning to work i.e. 31 days+ then the cost of the additional pension contribution is entirely at the member's cost. Please note, this only applies to authorised unpaid leave.

By not allowing the extension, the employer is limiting their costs to the first 30 days only but by allowing this extension, this would potentially allow the member to apply at any time for a SCAPC unless time limited.

Points to consider: if the employer does not wish to extend the 30 day deadline, what happens if maladministration is identified and the member did not receive their letter to buy back the lost pension in 30 days upon returning to work? If the employer wishes to extend the 30 day deadline, in what circumstances would this be allowed?