

## **Bethphage discretionary policies under the Local Government Pension Scheme Regulations 2013 and other related Regulations**

### **1. Introduction**

- 1.1 Bethphage (charity number 1046225 and company number 2971171) became an admitted body in the Shropshire County Pension Fund, which is part of the Local Government Pension Scheme (the "**LGPS**"), to enable staff transferred to it from Shropshire Council (the "**Council**") to remain members of the LGPS. This was only made possible by an agreement from the Council to underwrite certain liabilities of Bethphage that may arise from those transfers.
- 1.2 Admitted bodies such as Bethphage are required to formulate, publish and send to the relevant LGPS administering authority a written statement of their policy on certain discretions under the LGPS that they have the power to exercise.
- 1.3 As required by regulation 60 of the Local Government Pension Scheme Regulations 2013 (the "**2013 Regulations**") and paragraph 2(2) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (together, the "**LGPS Regulations**"), this document sets out the policies of Bethphage in respect of the exercise of certain discretions under the LGPS.
- 1.4 Any amended policy under paragraph 1.3 above must be published and sent to the Council, acting in its capacity as administering authority for the Shropshire County Pension Fund, within one month of the date the revisions to the policy were made.
- 1.5 In formulating and reviewing its policies under the LGPS Regulations referred to in paragraph 1.3 above, Bethphage is required to have regard to the extent to which the exercise of its discretionary powers might lead to a serious loss of confidence in the public service.
- 1.6 These policies apply to all employees of Bethphage transferred to it from the Council with a right to continued membership of the LGPS at the time of transfer.
- 1.7 The policies on discretions to be exercised under the LGPS Regulations take immediate effect from the date Bethphage agrees the policies.
- 1.8 It should be noted that:
  - (a) these policies will confer no contractual rights;
  - (b) Bethphage retains the right to change the policies at any time without prior notice or consultation; and

- (c) only the policy which is current at the time a relevant event occurs to an employee / scheme member will be the one applied to that employee / scheme member.

## **2. Statutory Discretions**

### **2.1 Granting Annual Extra Pension**

#### Discretion

- 2.1.1 *Whether, at full cost to Bethphage, to grant extra annual pension of up to £6,755 (figure at 1 April 2017<sup>1</sup>) to an active scheme member or, within 6 months of leaving, to a member who is dismissed by reason of redundancy or business efficiency or whose employment is terminated by mutual consent on the grounds of business efficiency.*

#### Policy

- 2.1.2 Bethphage will not make use of the discretion to grant extra annual pension of up to £6,755 (figure at 1 April 2017) to an active scheme member or, within 6 months of leaving, to a member who is dismissed by reason of redundancy or business efficiency or whose employment is terminated by mutual consent on the grounds of business efficiency except in exceptional circumstances where Bethphage in consultation with the Council considers it is in its financial or operational interests to do so.

Each case will be considered on the merits of the financial and / or operational business case put forward and will require the approval of the Trustees of Bethphage.

### **2.2 Shared Cost Additional Pension Contribution ("SCAPC")**

#### Discretion

- 2.2.1 *Whether, where an active scheme member wishes to purchase extra annual pension of up to £6,755 (figure at 1 April 2017<sup>2</sup>) by making Additional Pension Contributions, Bethphage will voluntarily contribute towards the cost of purchasing that extra pension via a SCAPC.*

#### Policy

- 2.2.2 Bethphage will only voluntarily contribute towards the cost of purchasing extra pension via a SCAPC in two situations:

- (a) Firstly, where:

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<sup>1</sup> The figure of £6,500 that applied at April 2014 is 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).

<sup>2</sup> The figure of £6,500 that applied at April 2014 is 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).

- an active scheme member returns from a period of authorised leave of absence; and
- the member does not, within 30 days of returning from the leave of absence, make an election to buy-back the amount of pension 'lost' during that period of leave of absence; and
- the member subsequently makes an election to do so whilst an active member and it can be demonstrated that the reason for the member missing the original 30 day deadline was because the member had not been made aware of that deadline; and
- the election is made no more than 3 months after the member returns from the period of leave of absence or such longer period as Bethphage may deem reasonable in any individual case.

Bethphage will make a decision on the above on a case by case basis and, if it decides that the relevant criteria are met, the amount it will contribute to a SCAPC, based on the individual merits of each case.

- (b) Secondly, in exceptional circumstances, where Bethphage considers it is in its financial or operational interests to do so. Each such case will be considered on the merits of the financial and / or operational business case put forward.

## **2.3 Flexible Retirement**

### Discretion

**2.3.1** *Whether to permit flexible retirement for staff aged 55 or over who, with the agreement of Bethphage, reduce their working hours-or grade and, if so, -as part of the agreement:*

- (a) *Whether, in addition to the benefits the member has accrued prior to 1 April 2008 (which the member must draw if flexible retirement is agreed), 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, and*
- (b) *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.*

## Policy

- 2.3.2 Bethphage will not agree to flexible retirement except in circumstances where Bethphage, in consultation with the Council, considers it is in its financial or operational interests to do so.

Each case will be considered on the merits of the financial and / or operational business case put forward and will require the approval of the Trustees of Bethphage.

- 2.3.3 Where flexible retirement is agreed, the benefits payable will be subject to any actuarial reduction applicable under the LGPR Regulations. Bethphage will only waive any such reduction, in whole or in part, where it considers it is in its financial or operational interests to do so.

Each case will be considered on the merits of the financial and / or operational business case put forward and will require the approval of the Trustees of Bethphage including, where the reduction is only to be waived in part, approval for the amount of reduction to be waived.

## **2.4 Switching on the 85 Year Rule**

### Discretion

- 2.4.1 *Whether, as the 85 year rule does not (other than on flexible retirement) automatically 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 apply the 85 year rule to such voluntary retirements.*

### Policy

- 2.4.2 Bethphage will not agree to apply the 85 year rule where members choose to voluntarily draw their benefits on or after age 55 and before age 60 except in circumstances where Bethphage, in consultation with the Council, considers it is in its financial or operational interests to do so.

Each case will be considered on the merits of the financial and / or operational business case put forward, and will require the approval of the Trustees of Bethphage.

## **2.5 Early Retirement and Actuarial Reduction**

### Discretion

- 2.5.1 *Whether to waive any actuarial reduction for:*

- (a) *active members voluntarily retiring on or after age 55 and before Normal Pension Age who elect under regulation 30(5) of the 2013 Regulations to immediately draw benefits, and*

- (b) *deferred members and suspended Tier 3 ill health pensioners who elect under regulation 30(5) of the 2013 Regulations to draw benefits (other than on ill health grounds) on or after age 55 and before Normal Pension Age.*

### Policy

- 2.5.2 Where members choose to voluntarily draw their benefits on or after age 55 and before Normal Pension Age, Bethphage will not agree to waive in whole or in part any actuarial reduction that would otherwise be applied to their benefits except in circumstances where Bethphage, in consultation with the Council, considers it is in its financial or operational interests to do so or there are compelling compassionate reasons for doing so.

Each case will be considered on the merits of the financial and / or operational business case put forward and / or on the merit of the compassionate case put forward, and will require the approval of the Trustees of Bethphage including, where the reduction is only to be waved in part, approval for the amount of reduction to be waived.

## **3. Request to Apply Discretions**

- 3.1 An employee or scheme member who wishes to request that Bethphage exercises a discretion in respect of them must write to the Director of Operations at Bethphage stating their name, place of work and the details of their request including the date they wish the request to be effective from and which of the pension discretions is requested i.e.
- Granting extra annual pension
  - Purchasing extra annual pension
  - Flexible retirement
  - 85 year rule
  - Early retirement and actuarial reduction
- 3.2 The Director of Operations will take into account all factors they consider relevant including (but not limited to) any pension strain, the extent to which Bethphage will be indemnified for any such pension strain by the Council, the financial and operational business case and (where applicable) the compassionate case put forward.
- 3.3 If supported by the Director of Operations, the request will be recommended for final approval by the Trustees of Bethphage.
- 3.4 If the employee is dissatisfied with any decision in relation to the exercise of any discretion by Bethphage under the LGPS Regulations, they may make an appeal to the Chair of Trustees of Bethphage who will be the 'adjudicator' for the purposes of regulation 74 of the 2013 Regulations. An appeal must be made within six months of the event and otherwise in accordance with the relevant provisions of the 2013 Regulations.

3.5 Any appeal beyond the decision of the Chair of Trustees of Bethphage would need to be carried out in accordance with the 2013 Regulations.

#### **4. Review**

This policy document will be reviewed at least every three years and sooner where changes to legislation may impact the LGPS discretions available to Bethphage.

This policy was approved by the board of Trustees on 30<sup>th</sup> June 2017 and applies from the date that Bethphage became an admitted body to the Local Government Pension Scheme (9/12/2016).



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Signed        Derek Lum (chair)  
30<sup>th</sup> June 2017