



Subject/Title: Employer discretions Local Government Pension Scheme – Group Procedure

Business Function: All Functions across Sanctuary Group

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Author(s): HR Services

Other Contributors: None

Authorised by: Group Executive

Sanctuary Group:

Sanctuary Housing Association (exempt charity) and all subsidiaries within Sanctuary Group

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CONTENT

Appendices.....	Error! Bookmark not defined.	
Additional Guidance	Error! Bookmark not defined.	
A. General Information		4
1 Objective of this Procedure		4
2 Legislative/Regulatory Context		4
3 Responsibilities for Implementation		4
4 What’s New – What’s Different?		4
5 Definitions.....		5
B. Detailed Procedures.....		6
Discretions in relation to active Local Government Pension Scheme (LGPS) members after 31 March 2014 and former employees that are deferred LGPS members’ after 31 March 2014.		
1	Whether, how much, and in what circumstances to contribute to a shared cost of an Additional Pension Contribution scheme.	
2	Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement).	
3	Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement.....	
4	Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age Error! Bookmark not defined.	
5	Whether to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.	
6	Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits from pre 1/4/14 membership where the employer has “switched-on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 Error! Bookmark not defined.	
7	Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500 per anum)	
Discretions in relation to former employees who are Local Government Pension Scheme (LGPS) members who ceased active membership on or after 01 April 2008 and before 01 April 2014		
8	Whether to grant application for early payment of benefits on or after age 55 and before age 60.	
9	Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early. Error! Bookmark not defined.	
10	Whether to grant an application for early payment of a suspended tier 3 ill health pension on or after age 55 and before age 60.	
11	Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early	
12	Whether, for a member leaving on the grounds of redundancy or business efficiency on or before 31st March 2014, to augment membership (by up to 10	

years). The resolution to do so would have to be made within 6 months of the date of leaving.

Discretions in relation to former employees who are Local Government Pension Scheme (LGPS) members who ceased active membership on or after 01 April 1998 and before 01 April 2008.

- 13 Whether to grant application from a post 31 March 1998 and pre 1 April 2008 leaver for early payment of benefits on or after age 50 to 55 and before age 60. See note below.
- 14 Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early for a post 31 March 1998 and pre 1 April 2008 leaver.

A. General Information

1 Objective of this procedure

Each employer within a Local Government Pension Scheme (LGPS) is required to formulate, publish and keep under review a policy statement in relation to the exercise of a number of discretions under the LGPS.

The requirement is for discretions policies under the Scheme to be copied to the Pension Fund administering authority and any subsequent revisions to the policies be published and copied to the administering authority within one month of the change in policy.

The objective of this procedure is to describe how the Group will implement its discretions in the following areas.

- Voluntary funding of additional pension via a Shared Cost Additional Pension Contribution (SCAPC) contract, either by regular on-going contribution or one-off lump sum;
- Flexible retirement;
- Waiving all or part of any actuarial reduction; and
- Awarding of additional pension (at the whole cost to the employer).

2 Legislative/Regulatory Context

- Local Government Pension Scheme (Administration) Regulations 2013
- Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014
- Local Government Pension Scheme (Administration) Regulations 2008
- Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)
- Local Government Pension Scheme (Transitional Provisions) Regulations 2008
- Local Government Pension Scheme Regulations 1997 (as amended)
- Local Government Pension Scheme (Transitional Provisions) Regulations 1997 (as amended)
- www.lgps.org.uk
- www.lgpsregs.org HR guide to 2014 scheme

3 Responsibilities for Implementation

The HR department is responsible for ensuring the adoption of and adherence to this policy and procedure.

4 What's New – What's Different?

This formal requirement of documenting the employer discretions relating to Local government pension scheme is new. The Groups procedure for executing these discretions is described below.

5 Definitions

LGPS	Local Government Pension Scheme
APC	Additional Pension Contribution
85 Year Rule	A member could retire early on a full pension if the sum of their age and length of service equalled or exceeded 85 years subject to consents.
Flexible Retirement	Eligible employees are able to take retirement benefits from their pension and continue working.
Actuarial Reductions	A proportional reduction in the value of a benefit receivable to reflect a change in time from the due date the benefits would ordinarily come into payment.

B. Detailed Procedures

Every request received from a Local Government Pension Scheme member or pension fund representative in relation to the below employer discretions must be considered by the Group in good faith. Group responses to these requests are to be formed in accordance with the below procedural guidelines.

1 Whether, how much, and in what circumstances to contribute to a shared cost of an Additional Pension Contribution scheme.

The Group will not contribute to a shared cost additional pension contribution scheme unless there are compelling business reasons which warrant such consideration. The standard Group procedure is to decline such requests from the pension fund as is permitted under the 2013 Regulation R16(2)(e) & R16(4)(d) of the LGPS.

2 Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement).

Some or all of the benefits may be paid if an employee reduces their hours or grade for the purposes of flexible retirement if there are compelling business reasons which warrant such consideration. The Group procedure is to reserve the right to decide the level of benefit payable as per the 2013 Regulation R30(6) & TP11(2) of the LGPS. Any consideration of such requests will be carried out in conjunction with the Groups Retirement policy.

3 Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement.

The Group will not waive any actuarial reduction on benefits paid where a scheme member chooses flexible retirement unless there are compelling business reasons which warrant such consideration. The Group procedure is to decline such requests from the pension fund as is permitted under the 2013 Regulation R30(8) of the LGPS.

4 Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age.

The Group will not waive any actuarial reduction on benefits paid where a member voluntarily draws before normal pension age unless there are compelling business reasons which warrant such consideration. The standard Group procedure is to decline such requests from the pension fund as is permitted under the 2013 Regulation R30(8) of the LGPS.

5 Whether to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.

The 85 year rule would not be switched on for a member voluntarily drawing benefits on or after age 55 and before age 60 unless there are compelling business reasons which warrant such consideration. The standard Group procedure is to decline such requests from the pension fund as is permitted under the 2013 Regulation TPSch 2, paragraph 2(2) of the LGPS.

6 Whether to waive the actuarial reduction applied to benefits from pre 1/4/14 membership where the employer has “switched-on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.

The actuarial reduction applied to benefits from pre 1/4/14 membership where the employer has “switched-on” the 85 year rule for a member voluntarily drawing

benefits on or after age 55 and before age 60 will not be waived unless there are compelling business reasons which warrant such consideration. The standard Group procedure is to decline such requests from the pension fund as is permitted under the 2013 Regulation TPSch 2, paragraph 2(3) of the LGPS.

7 Whether to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500 per annum)

Additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency will not be granted unless there are compelling business reasons which warrant such consideration. The standard Group procedure is to decline such requests from the pension fund as is permitted under the 2013 Regulation R13 of the LGPS.

8 Whether to grant application for early payment of benefits on or after age 55 and before age 60 to former employees who are Local Government Pension Scheme (LGPS) members who ceased active membership on or after 01 April 2008 and before 01 April 2014.

The Group will not grant application for early payment of benefits on or after age 55 and before age 60 to former employees who are Local Government Pension Scheme (LGPS) members who ceased active membership on or after 01 April 2008 and before 01 April 2014 unless there are compelling business reasons which warrant such consideration. The standard Group procedure is to decline such requests from the pension fund as is permitted under the 2008 Regulation B30(2) of the LGPS.

9 Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30 to former employees who are Local Government Pension Scheme (LGPS) members who ceased active membership on or after 01 April 2008 and before 01 April 2014.

The Group will not waive on compassionate grounds, the actuarial reduction applied to deferred benefits paid early to former employees who are Local Government Pension Scheme (LGPS) members who ceased active membership on or after 01 April 2008 and before 01 April 2014 unless there are compelling business reasons which warrant such consideration. The standard Group procedure is to decline such requests from the pension fund as is permitted under the 2008 Regulation B30(5) of the LGPS.

10 Whether to grant an application for early payment of a suspended tier 3 ill health pension on or after age 55 and before age 60 to former employees who are Local Government Pension Scheme (LGPS) members who ceased active membership on or after 01 April 2008 and before 01 April 2014.

The Group will not grant an application for early payment of a suspended tier 3 ill health pension on or after age 55 and before age 60 to former employees who are Local Government Pension Scheme (LGPS) members who ceased active membership on or after 01 April 2008 and before 01 April 2014 unless there are compelling business reasons which warrant such consideration. The standard Group procedure is to decline such requests from the pension fund as is permitted under the 2008 Regulation B30A(3) of the LGPS.

11 Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30(A) to former employees who are Local Government Pension Scheme (LGPS) members who ceased active membership on or after 01 April 2008 and before 01 April 2014

The Group will not waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30A(5) to former employees who are Local Government Pension Scheme (LGPS) members who ceased active membership on or after 01 April 2008 and before 01 April 2014 unless there are compelling business reasons which warrant such consideration. The standard Group procedure is to decline such requests from the pension fund as is permitted under the 2008 Regulation B30A(5) of the LGPS.

12 Whether, for a member leaving on the grounds of redundancy or business efficiency on or before 31st March 2014, to augment membership (by up to 10 years) to former employees who are Local Government Pension Scheme (LGPS) members who ceased active membership on or after 01 April 2008 and before 01 April 2014

The Group will not augment membership to former employees that left on the grounds of redundancy or business efficiency who are Local Government Pension Scheme (LGPS) members who ceased active membership on or after 01 April 2008 and before 01 April 2014 unless there are compelling business reasons which warrant such consideration. The resolution to do so would have to be made within 6 months of the date of leaving. Hence this discretion is spent entirely after 30th September 2014. The standard Group procedure is to decline such requests from the pension fund as is permitted under the 2008 Regulation B12 of the LGPS.

13 Whether to grant application for early payment of benefits on or after age 50 to 55 and 55 and over but before age 60 to former employees who are Local Government Pension Scheme (LGPS) members who ceased active membership on or after 01 April 1998 and before 01 April 2008

The Group will not grant an application for early payment of benefits on or after age 50 and before age 55 to former employees who are Local Government Pension Scheme (LGPS) members who ceased active membership on or after 01 April 1998 and before 01 April 2008. Benefits paid on or after age 50 and before age 55 are subject to an unauthorised payments charge and, where applicable, an unauthorised payments surcharge under the Finance Act 2006.

The Group will not grant an application for early payment of benefits on or after age 55 and before age 60 to former employees who are Local Government Pension Scheme (LGPS) members who ceased active membership on or after 01 April 1998 and before 01 April 2008 unless there are compelling business reasons which warrant such consideration.

The standard Group procedure is to decline such requests from the pension fund as is permitted under the 1997 Regulation (as amended) 31(2) of the LGPS.

14 Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early to former employees who are Local Government

Pension Scheme (LGPS) members who ceased active membership on or after 01 April 1998 and before 01 April 2008.

The Group will not waive, on compassionate grounds, the actuarial reduction applied to benefits paid early to former employees who are Local Government Pension Scheme (LGPS) members who ceased active membership on or after 01 April 1998 and before 01 April 2008 unless there are compelling business reasons which warrant such consideration. The standard Group procedure is to decline such requests from the pension fund as is permitted under the 1997 Regulation (as amended) 31(5) of the LGPS.