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POLICY OWNER:	Director of Finance & Resources	
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Pension Discretions Policy Statement

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1.0 INTRODUCTION

By virtue of regulation 60 of the LGPS Regulations 2013 and paragraph 2(2) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 Scheme employers are required to formulate, publish and keep under review a Statement of Policy in relation to five specific discretions they may exercise in relation to members of the LGPS.

Any amendments to this policy must be published and sent to the LGPS pension fund within one month of the date of the revisions to the policy were made.

This policy applies to all employees of Shropshire Towns & Rural Housing with the exception, in relation to some of the discretions, to LGPS members transferred from the Learning and Skills Council to whom regulation 16A of the LGPS (Benefits, Membership and Contributions) Regulations 2007 applies and to former NHS Scheme members who are covered by regulation 23 of the LGPS (Transitional Provisions) Regulations 1997 who are advised to contact Shropshire County Pension Fund.

2.0 STATUTORY DISCRETIONS

2.1 Granting Annual Extra Pension

2.1.1 Whether, at full cost to Shropshire Towns & Rural Housing, to grant extra annual pension of up to £6,755 per annum (figure at 1 April 2016) 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.

2.1.2 Shropshire Towns & Rural Housing will not make use of the discretion to grant extra annual pension of up to £6,755 per annum (figure at 1 April 2016) 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 Shropshire Towns & Rural Housing 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 Director of Finance & Resources, in consultation with the HR Officer (see section 3.0).

2.2 Shared Cost Additional Pension Contribution (SCAPC)

2.2.1 Whether, where an active scheme member wishes to purchase extra annual pension of up to £6,755 per annum (figure at 1 April 2016) by making Additional Pension Contributions (APCs), Shropshire Towns & Rural Housing will voluntarily contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).

2.2.2 Shropshire Towns & Rural Housing will only voluntarily contribute towards the cost of purchasing extra pension via a Shared Cost Additional Pension Contribution (SCAPC) in two situations, where;

- A member has a period of authorised unpaid leave of absence and elects within 30 days of return to work to pay a SCAPC to cover the amount of pension 'lost' during that period of absence. The Company will contribute 2/3rds of this cost to a SCAPC.

A decision on whether to extend the 30 day deadline will only be made in cases where the member can demonstrate that they 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 the Company may deem reasonable in any individual case. A decision on whether a member meets the above criteria will be taken by the Director of Finance & Resources, in consultation with the HR Officer (see section 3.0).

- Secondly, in exceptional circumstances where Shropshire Towns & Rural Housing considers it is in its financial or operational interests to do so. Each case to contribute to a SCAPC (and a decision on the amount to be contributed) will be considered on the merits of the financial and / or operational business case put forward (see section 3.0).

2.3 Flexible Retirement

2.3.1 Whether to permit flexible retirement for staff aged 55 or over who, with the agreement of Shropshire Towns & Rural Housing, reduce their working hours or grade and, if so, as part of the agreement:

- 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
- 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).

2.3.2 Shropshire Towns & Rural Housing will not agree to flexible retirement except in circumstances where the Company 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 Director of Finance & Resources, in consultation with the HR Officer (refer to Pension and Retirement Policy section **4.3** Flexible Retirement).

2.3.3 Shropshire Towns & Rural Housing when making the decision to permit Flexible Retirement, all benefits pre 1st April 2008 will be released. A cost analysis of benefits accrued between the 1st April 2008 and 31st March 2014, and 1st April 2014 onwards will determine whether all, part or none of the benefits are released and whether actuarial reduction, in whole or in part, will be waived to benefits taken before Normal Pension Age (NPA).

The decision to permit an employee to receive immediate payment of their pension under flexible retirement will be authorised by the Director of Finance & Resources, in discussion with the HR Officer (see section 3.0).

2.4 Switching on the 85 Year Rule

- 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.
- 2.4.2 Shropshire Towns & Rural Housing 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 the Company 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 Director of Finance & Resources, in consultation with the HR Officer (see section 3.0).

2.5 Early Retirement and Actuarial Reduction

- 2.5.1 Whether to waive any actuarial reduction 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 draw benefits, and
 - deferred members and suspended Tier 3 ill health pensioners who elect under regulation 30(5) of the LGPS Regulations 2013 to draw benefits (other than on ill health grounds) on or after age 55 and before Normal Pension Age (NPA).
- 2.5.2 Where members choose to voluntarily draw their benefits on or after age 55 and before Normal Pension Age Shropshire Towns & Rural Housing 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 the Company 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, or will be considered on the merits of the compassionate case put forward, and will require the approval of the Director of Finance & Resources, in consultation with the HR Officer (see section 3.0).

2.6 Discretions to be exercised on and after 1 April 2014 under the LGPS Regulations in relation to scheme members who ceased active membership between 1 April 2013 and 31 March 2014

- 2.6.1 Whether to grant applications for the early payment of deferred pension benefits on or after age 55 and before 60 (on grounds other than permanent ill health).
- 2.6.2 Where a former scheme member who left the scheme between 1 April 2013 and 31 March 2014 requests early release of deferred benefits on or after age 55 and before age 60 (on grounds other than permanent ill health) approval will only be given on compassionate grounds. Each case will be considered on its merits and will be subject to the approval of The Director of Finance & Resources, in consultation with the HR Officer. Subject to 2.6.3 below, the benefits payable in such circumstances will be subject to any actuarial reduction applicable under the relevant LGPS Regulations.
- 2.6.3 Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.
- 2.6.4 Shropshire Towns & Rural Housing will consider an application to waive, on compassionate grounds, any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65. Each case will be considered on its merits and will be subject to the approval of the Director of Finance & Resources, in consultation with the HR Officer.
- 2.6.5 Whether to grant applications for the early payment of a suspended Tier 3 ill health pension on or after age 55 and before age 60 (on grounds other than permanent ill health).
- 2.6.6 Where a former scheme member who left the scheme between 1 April 2013 and 31 March 2014 requests early release of deferred benefits on or after age 55 and before age 60 (on grounds other than permanent ill health), approval will only be given on compassionate grounds. Each case will be considered on its merits and will be subject to the approval of the Director of Finance & Resources, in consultation with the HR Officer. Subject to 2.6.7 below, the benefits payable will be subject to any actuarial reduction applicable under the relevant LGPS Regulations.

- 2.6.7 Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to any suspended Tier 3 ill health pension benefits which are brought back into payment before age 65.
- 2.6.8 Shropshire Towns & Rural Housing Ltd will consider an application to waive, on compassionate grounds, any actuarial reduction that would normally be applied to a suspended Tier 3 ill health pension which is brought back into payment before age 65. Each case will be considered on its merits and will be subject to the approval of the Director of Finance & Resources, in consultation with the HR Officer.

3.0 Request to Apply Discretions

- 3.1 Requests to apply any of the statutory pension discretions will be considered only in exceptional circumstances and will not be an automatic entitlement. An employee who wishes to request a statutory pension discretion must complete a Statutory Pension Discretions Employee Request Form (Appendix 1) and provide a copy to their manager.
- 3.2 The manager will arrange a meeting with the employee to discuss the request, taking account of any pension strain to the service. The manager will create a report to their senior manager detailing their request, effective date and the operational implications upon the business (see Appendix 2 Statutory Pension Discretions Manager Report).
- 3.3 Each case will be considered by the Senior Management Team on the merits of the financial and / or operational business case, or will be considered on the merits of the compassionate case put forward, and will require the approval of the Director of Finance & Resources, in consultation with the HR Officer.

4.0 Pension Appeals

- 4.1 In accordance with Regulation 73 of the Local Government Pension Scheme (Administration) Regulations 2013, the Company is required to draw all employees' attention to the fact that, if they are dissatisfied with any decision in relation to their rights or liabilities under the Scheme, they may make an application to the Managing Director, as the person appointed for resolving first stage disputes. An appeal must be made within six months of the event. Standard forms and guidelines are available from the Pension Team for this purpose.
- 4.2 If employees remain dissatisfied, they may apply for a reconsideration of the decision to the Head of Legal & Democratic Services for Shropshire Council as

the administering body for the scheme. The final level of appeal would be to the Pensions Ombudsman.

- 4.3 In all instances, all initial concerns, or matters whereby an employee is not in agreement, should be referred to the individual who made the original decision. The Pension Scheme will also be available to advise you of your rights under the Scheme.

5.0 Monitoring and Review

- 5.1 The policy will be reviewed at regular intervals, in conjunction with changes to legislation, and any changes to the regulations as informed by the LGPS that may impact upon it.
- 5.2 HR will work with managers to monitor the application of this policy. The policy will be reviewed at regular intervals in conjunction with changes to legislation that may impact upon it and in consultation with trade unions.

You may also wish to refer to:

Pensions and Retirement Policy

Shropshire County Pensions Fund: www.shropshirecountypensionfund.co.uk

APPENDIX 1

Statutory Pension Discretions – Employee Request Form

Before completing this form, please ensure that you have read the Pension Discretions Policy in conjunction with the Pension and Retirement Policy.

Employee's name

Employee Number.....

Name of Manager

Service Area.....

Please indicate pension discretion request:

Granting Annual Extra Pension	
Shared Cost Additional Pension Contribution	
85 Year Rule	
Actuarial Reduction (Early Retirement)	
Flexible Retirement – benefits and/or actuarial reduction	

Please provide details of your request and when you wish this request to be effective from:

Name (signature) Date

APPENDIX 2

Statutory Pension Discretions - Manager Report

Employee Name:

Employee number:

Please indicate employee's request:

Granting Annual Extra Pension	
Shared Cost Additional Pension Contribution	
85 Year Rule	
Actuarial Reduction (Early Retirement)	
Flexible Retirement – benefits and/or actuarial reduction	

Background

Include the following in your business case:

- *Current employment details – include current post, hours worked and current SCP details*
- *Provide details of the exceptional circumstances where Shropshire Towns & Rural Housing considers it is in its financial or operational interests to permit this discretion*
- *Details regarding the strain (if any) on the pension fund, and the cost implications in relation to the team budget (if any)*

I agree to this request for [INPUT REQUEST] for consideration by the Senior Management Team.

Direct Line Manager

.....Date.....
(Name and sign)

Post:

Appropriate Senior Manager

.....Date.....
(Name and sign)

Post:

Director of Finance & Resources

.....Date.....
(Name and sign)