

**The Local Government Pension Scheme – Discretionary Powers**

**Policy Statement**

The following statements set out the policy of Telford College of Arts and Technology (TCAT) regarding the exercise of its discretion in accordance with the Local Government Pension Scheme Regulations.

The policy applies to all employees who are a member of the Local Government pension Scheme and/or previous member of staff with deferred benefits.

**1. Discretionary Powers**

**Local Government Pension Scheme Regulations 2013**

**Regulation 16(2)e & Regulation 16(4)d – additional pension contributions**

This regulation allows employers to fund in whole or in part any arrangement entered into by an active scheme member to pay additional pension contributions by way of regular contributions in accordance with Regulation 16(2)(e) or by way of a lump sum in accordance with Regulation 16(4)(d).

**Policy**

TCAT will not normally use this discretionary power.

**Regulation 31 – additional annual pension**

An employer may resolve to award an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency an additional annual pension of up to a maximum of £6,500.

**Policy**

TCAT will not normally use this discretionary power.

**Regulation 30(8) – waive of actuarial reduction**

This regulation allows the employer to waive, in whole or in part, at their own cost, the actuarial reduction on benefits, which a member voluntarily withdraws before normal pension age including flexible benefits.

**Policy**

TCAT will not normally use this discretionary power. Each application will however be considered on a case by case basis and any approval will be subject to cost.

**Regulation 30(6) – flexible retirement**

An active member who is aged 55 or over and who with their employers consent reduces their hours, or grade, can, but only with the consent of the employer, elect to receive immediate payment of all or part of the accrued retirement pension benefits to which they would be entitled without having retired from that employment.

**Policy**

TCAT will consider all applications, on a case-by-case basis, where the employee satisfies the general qualifications for benefits. Applications are only likely to be approved where there is no overall cost to the College.

## **Local Government Pension Scheme (Transitional Provision's and Savings) Regulations 2014**

### **Schedule 2, para 2(2)(3) – 85 year rule 'switch on'**

Where a Scheme member retires or leaves employment and elects to draw their pension benefits on or after age 55 and before age 60 those benefits will be actuarially reduced unless their Scheme employer agrees to meet the full or part cost of those reductions as a result of the member otherwise being protected under the 85 year rule as set out in previous Regulations.

To avoid this reduction in benefits the Scheme employer can 'switch on' the 85 year rule protections.

#### **Policy**

TCAT will not usually exercise this discretion. Each election will however be considered on a case by case basis and any approval will be subject to cost.

## **Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007**

### **Regulation 12 – augment total membership**

An employer may resolve to augment the total membership of an employee (by up to 10 years) when leaving on the grounds of redundancy or in the interests of efficiency on or before 31<sup>st</sup> July 2014. The resolution to do so has to be made within 6 months of the date of leaving. Hence this discretion is spent entirely after 30<sup>th</sup> September 2014.

#### **Policy**

TACT will not normally use this discretionary power.

### **Regulation B30(2) – early payment of deferred benefits**

The employer may grant application for early payment of deferred benefits on or after age 55 and before age 60.

#### **Policy**

TCAT will approve early payment of deferred benefits subject to there being no cost to the College.

### **Regulation B30(5) – early payment of deferred benefits**

Pension benefits to deferred members in accordance with Regulation (B30)2 may be actuarially reduced. Employers may resolve to waive, on compassionate grounds, the reduction applied to deferred benefits paid early under B30(2).

#### **Policy**

TCAT will not normally exercise this discretion.

### **Regulation B30A(3) – tier 3 ill-health retirement**

A member who has been retired on tier 3 ill-health retirement, and whose payments have been subsequently suspended, can apply for the reinstatement of their suspended tier 3 ill-health benefits on or after age 55 and before age 60. It is the employer's discretion whether to grant this application for re-instatement of a suspended tier 3 ill health pension.

#### **Policy**

TCAT will consider each application on a case by case basis and any approval will be subject to cost.

**Regulation B30A(5) – tier 3 ill-health retirement**

The employer has the further discretion to waive, on compassionate grounds, the actuarial reduction applied to the reinstatement of a suspended tier 3 ill-health pension paid early (i.e. on or after age 55 and before age 60).

**Policy**

TACT is unlikely to exercise this discretion.

**Local Government Pension Scheme Regulations 1997**

**Regulation 31(2) – early payment of accrued benefits post 31.03.98/pre 01.04.08**

This regulation allows employers to grant application from a post 31.03.98/pre 01.04.08 leaver early payment of accrued pension benefits on or after age 50/55 (whichever is applicable) and before age 60.

**Policy**

TCAT will consider each application on its merits and any approval will be subject to cost.

**Regulation 31(5) - early payment of accrued benefits post 31.03.98/pre 01.04.08**

The employer has the further discretion to waive, on compassionate grounds, the actuarial reduction applied to the benefits paid early for a post 31.03.98/pre 01.04.08 leaver on or after age 50/55 (whichever is applicable) and before age 60.

**Policy**

TCAT will not normally exercise this discretion.

**Regulation 31(7a) – benefits paid to pre 01.04.08 optants out**

Pre 01.04.08 employee optants out will only be paid benefits from the normal retirement date with the employer's consent.

**Policy**

Each application will be considered on a case by case basis and approved subject to cost.

**2. Additional Discretions**

**Local Government Pension Scheme Regulation 2013**

**Regulation 17(1) – Additional Voluntary Contributions**

An active member may enter into arrangements to pay additional voluntary contributions (AVCs) or to contribute to a shared cost additional voluntary contribution arrangement (SCAVCs) in respect of an employment.

**Policy**

TCAT will not exercise this discretion.

### **Regulation 100(6) – Inward Transfer of Pension Rights**

A request from an active member to transfer former pension rights from a previous arrangement into the Local Government Pension Scheme as a result of their employment with a Scheme employer must be made in writing to the administering authority and the Scheme employer before the expiry of the period of 12 months beginning with the date on which the employee first became an active member in an employment (or such longer period as the Scheme employer and administering authority may allow).

#### **Policy**

TCAT will not allow a transfer request made more than twelve months after the date an employee became an active member.

### **Regulation 22 – Merging of Deferred Member Pension Accounts with Active Member Pension Accounts**

A deferred member's pension account is automatically aggregated with their active member's pension account unless the member elects within the first 12 months of the new active member's pension account being opened to retain their deferred member's pension account.

#### **Policy**

TCAT will not extend the 12-month period for an active member to elect to retain the deferred member's pension account.

### **Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006**

#### **Regulation 6 - Discretionary Compensation**

These provisions provide local government employers with powers to consider making a one off lump sum payment to an employee who ceases to hold his employment with an employing authority. This lump sum must not exceed 104 weeks' pay.

#### **Policy**

The College exercises its discretion not to award an additional discretionary lump sum compensation on the grounds of cost.

### **LGPS (Administration) Regulations 2008**

#### **Regulation 22 – applications to make absence contributions**

A member who has been away from work due to maternity, paternity or adoption leave, industrial action (mainly strikes) or unpaid leave of absence has the right to pay voluntary pension contributions to prevent any gap in membership. Their request to do so normally has to be made within 30 days of returning to work (or within 30 days of their last day of service if they don't return). The employer has discretion to extend the 30 day time limit.

#### **Policy**

TCAT will not permit late applications outside the 30 day limit.

### **3. Approval**

The Principal and the Deputy Principal are the senior staff nominated to approve the application of discretionary powers in accordance with this policy.

#### **4. Disputes**

Disputes will be dealt with in accordance with the first stage of the Internal Dispute Resolution Procedure. Responsibility for determinations under the first stage of the procedure now rests with a specified person appointed by TCAT.

The specified person is:

Vice Principal Corporate Development