SHREWSBURY COLLEGES GROUP

LGPS DISCRETIONS POLICY

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SHREWSBURY COLLEGES GROUP	**LGPS DISCRETIONS POLICY**

1. INTRODUCTION

1.1 Under Regulation 60 of the Local Government Pension Schem (LGPS) Regulations 2013 and paragraph 2(2) of schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 scheme employers must prepare and publish a written policy in relation to five specific mandatory discretions. each employer must formulate, keep under review and publish a Statement of Policy on certain discretions contained within the LGPS Regulations. Where references are made, AReg refers to "Administration" Regulations and BReg to the "Benefit" Regulations.

1.2 This policy is applicable to all employees of Shrewsbury Colleges Group who are members of the LGPS and/or previous employees with deferred benefits.

1.3 This policy sets out the college's policy on the operation of each of the mandatory discretions and chosen optional discretions.

2. MANDATORY DISCRETIONS

2.1 The five specific mandatory discretions are:

Regulation 31	Power to award additional pension
Regulations 16(2e) and 16(4d)	Shared cost additional pensions
Regulation 30(6), TP11(2) & R30(8)	Whether to allow flexible retirement
Paragraph 1(1)(c) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014	Whether to 'switch on' the 85 year rule
Regulation 30(8), TPSch 2 para 2(1), B30(5) and B30A(5)	Whether to waive actuarial reductions

3. OPTIONAL DISCRETIONS

3.1 The four optional discretions are:

Regulation 22 (7)(b), (8)(b)	Membership Aggregation
Regulation 100(6)	Transfers of Pension Rights
Regulation 16(16) of the LGPS Regulations 2013	Time limit for a member to elect to purchase additional pension by way of an SCAPC upon return from absence
Regulation 17 of the LGPS Regulations 2013 and Regulation 15(2A) of the LGPS (Transitional Provisions and Amendment) Regulations 2014	Shared cost Additional Voluntary Contribution arrangements

4. POWER TO AWARD ADDITIONAL PENSION

4.1 Discretion

Whether, at full cost to the college, to grant extra annual pension of up to £7,579 (figure at 1 April 2023) to an active member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency (regulation 31 of the LGPS Regulations 2013)

4.2 Policy

Each specific case will be judged equally and fairly on its merits, having fully considered service delivery and financial costs. No decision will set a precedent.

The discretion will be exercised by the Governing Body.

5. SHARED COST ADDITIONAL PENSIONS

5.1 Discretion

Whether, where an active member wishes to purchase extra annual pension of up to £7,579 (figure as at 1 April 2023), by making additional pension contributions (APCs), to voluntarily contribute towards the cost of purchasing that extra pension via a shared cost additional pension contribution (SCAPC) (regulations 16(2)e) and 16(4)d) of the LGPS Regulations 2013).

This does not include instances where the employee is paying for lost pension via an APC where the election was made in the first 30 days (or longer if the college allows). In this instance the college must pay two-thirds of the cost of the purchase.

5.2 Policy

The college will not award additional pension to active members and will not fund the APDC in whole or in part.

6. WHETHER TO ALLOW FLEXIBLE RETIREMENT

6.1 Discretion

Whether to allow flexible retirement for staff aged 55 or over who, with the agreement of the college, reduce their working hours or grade (regulation 30(6) of the LGPS Regulations 2013 and, if so, as part of the agreement to allow flexible retirement;

- whether, in addition to the benefits the member has built up prior to 1 April 2008 (which the member must draw) to allow the member to choose to draw:

  i) all, part or none of the pension benefits they built up after 31 March 2008 and before 1 April 2014 and/or

  ii) all, part or none of the pension benefits they built up after 31 March 2014 (regulations 11(2) and 11(3) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014.

- 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). (Regulatio 3(5) or the LGPS Transitional Provisions, Savings and Amendment) Regulations 2014, Regulation 18(3) of the LGPS (Benefits, Membership and Contributions) Regulations 2007 and Regulations 30(6) and 30(8) of the LGPS Regulations 2013).

6.1 Policy

Each specific case will be judged equally and fairly on its own merits, having fully considered service delivery and financial costs. No decision will set a precedent. This discretion will be exercised by the Governing Body.

Where an application for flexible retirement is approved, the College will not waive any actuarial reduction in the employee's pension benefits unless the decision is made after considering any compassionate ground that any reduction could justifiably be waived.

7. WHETHER TO 'SWITCH ON' THE 85 YEAR RULE

7.1 Discretion

Active members are now able to retire between the ages of 55 and 60. If they were a member of the LGPS on 30 September 2006 then some of their benefits could be protected from reductions applied to early payment under the 85-year rule. This rule only applies automatically to members retiring from age 60 but the employer has the discretion to 'switch it on' for voluntary retirements between ages 55 and 60.

This discretion does not apply to flexible retirement (Regulation 30(6) whereby the 85-year rule is always switched on.

Where the college does not choose to 'switch on' the rule, then benefits built up would be subject to reduction in accordance with actuarial guidance issued by the Secretary of State regardless of whether a member meets the rule.

If the college does agree to 'switch on' the 85-year rule, the college will have to meet the cost of any strain on the fund resulting from the payment of benefits before age 60 i.e. where the member has already met the 85 year rule or will meet it before if before age 60.

7.2 Policy

The college will 'switch off' the rule of 85 protections for affected members on a case by case basis. This would allow those staff who wish to retire under the 85-year rule and take the actuarial reduction themselves (at no cost to the college) to do so.

Each specific case will be judged equally and fairly on its own merits, having fully considered service delivery and financial costs. No decision will set a precedent.

This discretion will be exercised by the Governing Body.

8. WHETHER TO WAIVE ACTUARIAL REDUCTIONS

8.1 Discretion

Employers can agree to waive, in whole or in part, any actuarial reductions due in the case of employees retiring on or after age 55 and before normal pension age (NPA), who elect under regulation 30(5) of the LGPS Regulations 2013 to immediately draw benefits, and for deferred members and suspended tier 3 ill-health pensioners who elect under regulation 30(5) or the LGPS Regulations 2013 to draw benefits (other than on ill health grounds on or after age 55 and before NPA.

There are four member groups to which the policy may apply and various circumstances in which reductions can be waived based on joining date and age at a specific date.

The strain costs of any such retirements would need to be met by the college and paid into the Pension Fund at the appropriate time.

8.2 Member Groups

Group 1 – Members who joined before 1 October 2006 and who reached 60 before 1 April 2016

To waive on compassionate grounds any actuarial reductions applied to benefits build up before 1 April 2016 and/or

To waive, in whole or in part, on any grounds, actuarial reductions built up after 31 March 2016.

Group 2 – Members who joined before 1 October 2006 and who reach age 60 between 1 April 2016 and 31 March 2020 and also meet their critical retirement age before 1 April 2020 (date member meets the 85 year rule)

To waive, on compassionate grounds, an actuarial reductions applied to benefits built up before 1 April 2020 and/or

To waive in whole or in part on any grounds, actuarial reductions applied to benefits built up after 31 March 2020.

Group 3 – Members who joined before 1 October 2006 and who reach age 60 between 1 April 2016 and 31 March 2020 and don't meet their critical retirement date before 1 April 2020 (date member meets the 85-year rule)

To waive on compassionate grounds, any actuarial reductions applied to benefits built up before 1 April 2015 and/or

To waive in whole or in part on any grounds, actuarial reductions applied to benefits built up after 31 March 2014.

Group 4 – Members who joined after 1 October 2006

To waive on compassionate grounds, any actuarial reductions applied to benefits build up before 1 April 2014 and/or

To waive in whole or in part on any grounds, actuarial reductions applied to benefits built up after 31 March 2014.

8.3 Policy

Each specific case will be judged equally and fairly on its own merits, having fully considered service delivery and financial costs unless the decision is made after considering any compassionate ground that any reduction could justifiably be waived. No decision will set a precedent.

This discretion will be exercised by the Governing Body.

9. DISCRETIONS APPLIED TO SCHEME LEAVERS

9.1 Members who left the scheme between 1 April 2008 and 31 March 2014

Discretion

Whether to 'switch on' the 85-year rule for a member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60 or upon the voluntary early payment of a suspended tier 3 ill health pension.

A member with a deferred benefit who left the scheme voluntarily between 1 April 2008 – 31 March 2014 and who has subsequently become a deferred pensioner may now claim their benefits from age 55 without their employer's consent. However, those benefits will be reduced for early payment.

Where a member has reached the 85 year rule at the point of retirement, an employer can consent to switching on the 85 year rule. Any strain to the fund will be payable by the Scheme employer. (Paragraph 1(1)(c) & 11(2) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014).

Policy

The college will 'switch off' the rule of 85 protections for affected members on a case by case basis. This would allow those staff who wish to retire under the 85-year rule and take the actuarial reduction themselves (at no cost to the college) to do so.

Each specific case will be judged equally and fairly on its own merits, having fully considered financial costs. No decision will set a precedent.

This discretion will be exercised by the Governing Body.

Discretion

Whether to waive reductions which may occur on deferred benefits claimed between the ages of 55-60 or suspended tier 3 ill health for leavers between 1 April 2008 and 31 March 2014.

A member with a deferred benefit who left the scheme voluntarily between 1 April 2008 – 31 March 2014 or was awarded a Tier 3 ill health pension under the 2007 Regulations and who has subsequently become a deferred pensioner may now claim their benefits from age 55 without their employer's consent. However, these benefits will be reduced for early payment. An employer can consent to waiving any reductions, on compassionate grounds, which may be applied to deferred benefits or suspended tier 3 ill health pension paid early. (Regulation 300(5) of the LGPS (Benefits, Membership and Contributions) Regulations 2007 and paragraph 2(1) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014).

Policy

Each specific case will be judged equally and fairly on its own merits, having fully considered financial costs. No decision will set a precedent.

This discretion will be exercised by the Governing Body.

9.2 Discretions applied to members who left the scheme between 1 April 1998 and before 1 April 2008

Discretion

Whether to switch on the 85 year rule upon the voluntary early payment of benefits. (Paragraph 1(1)(f) and 1(2) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) regulations 2014.

Whether, as the 85 year rule does not automatically fully apply to members who would otherwise be subject to it and who choose to voluntarily draw their deferred benefits (on or after 14 May 2018) on or after age 55 and before age 60, to switch the 85 year rule back on in full for such members.

Deferred members who left the scheme after 1 April 1998 are now able to voluntarily retire between ages 55 and 60. If they were a member of the LGPS on 30 September 2006 then some of their benefits could be protected from reductions applied to early payment under the 85 year rule. This rule only applies automatically to members voluntarily retiring from age 60 but the ceding employer has the discretion to “switch it on” for voluntary retirements between age 55 and 60.

Where the employer does not choose to “switch on” the rule, then benefits built up would be subject to reduction in accordance with actuarial guidance issued by the Secretary of State regardless of whether a member meets the rule or not.

If the employer does agree to “switch on” the 85 year rule, the employer will have to meet the cost of any strain on fund resulting from the payment of benefits before age 60 i.e. where the member has already met the 85 year rule or will meet it before age 60.

Policy

The college will ‘switch off’ the rule of 85 protections for affected members on a case by case basis. This would allow those staff who wish to retire under the 85-year rule and take the actuarial reduction themselves (at no cost to the college) to do so.

Each specific case will be judged equally and fairly on its own merits, having fully considered financial costs. No decision will set a precedent.

This discretion will be exercised by the Governing Body.

Discretion

Whether to grant application for early payment of deferred benefits on or after age 50 and before age 55. (Regulation 31 (2) of the LGPS Regulations 1997).

A member with a deferred benefit who left the scheme between 1 April 1998 and 31 March 2008 can claim their benefits from age 50 with their employer’s consent. However, these benefits may be reduced for early payment and/or be subject to an unauthorised payment charge under the Finance Act 2004.

Policy

Any requests for preserved benefits to be released early will be considered on an individual basis where the case is one of compassion, taking into account the representations of the member and any associated costs to the College.

Each specific case will be judged equally and fairly on its own merits, having fully considered financial costs. No decision will set a precedent.

This discretion will be exercised by the Governing Body.

Discretion

Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to benefits which are paid before age 65 (regulation 31(5) of the LPGS Regulations 1997 and paragraph 2(1) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014.

Policy

Each specific case will be judged equally and fairly on its own merits, having fully considered financial costs. No decision will set a precedent.

This discretion will be exercised by the Governing Body.

9.3 Discretions applied to members who ceased active membership before 1 April 1998

Discretion

Whether to grant applications for the early payment of deferred pension benefits on or after age 50 and before NRD on compassionate grounds (regulation D11(2)(c) of the LGPS Regulations 1995).

An employer can grant application for early payment of deferred benefits on or after age 50 on compassionate grounds. However, these benefits may be reduced for early payment and/or be subject to an unauthorised payment charge under the Finance Act 2004.

Policy

Any requests for preserved benefits to be released early will be considered on an individual basis where the case is one of compassion, taking into account the representations of the member and any associated costs to the College.

Each specific case will be judged equally and fairly on its own merits, having fully considered financial costs. No decision will set a precedent.

This discretion will be exercised by the Governing Body.

10. MEMBERSHIP AGGREGATION

10.1 Discretion

Whether to extend the 12 month option period for a member to elect to join deferred benefits to their current employment/membership. (Regulation 22 (7)(b),(8)(b).

The election to keep separate pension benefits must be made within 12 months of becoming an active member, who must be active at the date of election.

An employer may allow a period longer than 12 months.

10.2 Policy

The college will consider extending the period of 12 months, starting with the date the member became an active member again, to allow a member to aggregate their former membership in exceptional circumstances where is clear there has been an administrative delay or error by the college or the scheme administrator.

11. TRANSFERS OF PENSION RIGHTS

11.1 Discretion

To extend the normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS. (Regulation 100(6).

Where an active member requests to transfer previous pension rights into the LGPS, the member must make a request within 12 months of becoming an active member.

11.2 Policy

The college will consider extending the period of 12 months beginning with the date that the employee became an active member – thereby allowing the member to transfer some or all of their rights from the relevant transfer in exceptional circumstances where is clear there has been an administrative delay or error by the college or the scheme administrator.

12. TIME LIMIT FOR A MEMBER TO PURCHASE ADDITIONAL PENSION BY WAY OF A SHARED COST ADDITIONAL PENSION CONTRIBUTION (SCAPS) UPON RETURN FROM A PERIOD OF ABSENCE

12.1 Discretion

Whether to extend the 30 day deadline for a member to elect for a SCAPC upon return from a period of absence form work with permission with no pensionable pay (otherwise than because of illness or injury, relevant child-related leave or reserve forces (service leave).

12.2 Policy

The college will consider extending the period of 30 days in exceptional circumstances beyond the member’s control.

13. SHARED COST ADDITIONAL VOLUNTARY CONTRIBUTION ARRANGEMENTS

13.1 Discretion

Whether to allow a Shared Cost Additional Voluntary Contribution (SCAVC) arrangement. To determine how much will be allowed to be contributed to the SCAVC arrangement. To define in what circumstances contribution to a SCAVC arrangement.

13.2 Policy

The college does not propose to introduce a Shared Cost Additional Voluntary Contribution Scheme.

14. DISPUTES

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

The specified person is: Principal and CEO

14.2 A first stage appeal under the IDRP should be lodged with the specified person within six months of the decision and a written reply should be made within two months of the date of the complaint. If the member is not satisfied with the first stage appeal decision, they have a further six months to make a second stage appeal to the nominated person at the administering authority.