

Policy – LGPS Regulations – Compulsory Policies on Discretions

Introduction

As a result of its admitted body status to LGPS pension schemes, under the LGPS regulations Addaction is required to formulate, publish and keep under review a written Statement of Policy on certain discretions in accordance with:

- regulation 60 of the Local Government Pension Scheme Regulations 2013,
- paragraph 2(2) of Schedule 2 to the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014,.

This document sets out Addaction's policy in relation to these discretions.

Discretion 1

Whether, at full cost to Addaction, to grant extra annual pension of up to £6,675 (figure at 1 April 2015) 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 1

Addaction will not make use of the discretion to grant extra annual pension of up to £6,675 (figure at 1 April 2015) 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 Addaction 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. A decision on whether a case made is acceptable and the discretion waived will be taken by the Executive Director of Finance & IT and the Executive Director of HR.

Discretion 2

Whether, where an active scheme member wishes to purchase extra annual pension of up to £6,675 (figure at 1 April 2015) by making Additional Pension Contributions (APCs), Addaction will voluntarily contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).

Policy 2

Addaction will only voluntarily contribute towards the cost of purchasing extra pension via a Shared Cost Additional Pension Contribution (SCAPC) where:

- 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 Addaction may deem reasonable in any individual case.

A decision on whether the member meets the above criteria (and on whether the 3 month period referred to should be extended in any individual case) will be taken by the Executive Director of Finance & IT and

the Executive Director of HR and, where it is agreed that the conditions are met, Addaction will be required to contribute 2/3rds of the cost of buying back the 'lost' pension via a SCAPC.

Discretion 3

Whether to permit flexible retirement for staff aged 55 or over who, with the agreement of the employer, 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)

Policy 3

Addaction will not agree to flexible retirement except in circumstances where Addaction 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,
- will set out whether, in addition to any pre 1 April 2008 benefits, the member will be permitted, as part of the flexible retirement agreement, to take
 - a) all, some or none of their 1 April 2008 to 31 March 2014 benefits, and /or
 - b) all, some or none of their post 31 March 2014 benefits, and
- will require the approval of the Executive Director of Finance & IT and the Executive Director of HR.

Discretion 4

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 4

Addaction 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 Addaction 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 Executive Director of Finance & IT and the Executive Director of HR.

Discretion 5

For:

- i) 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
- ii) 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

who:

- were not members of the LGPS before 1 October 2006 [Group 4 members], whether to:
 - waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits, if any, accrued before 1 April 2014, and / or
 - waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March 2014
- were members of the LGPS before 1 October 2006 and will be 60 or more on 31 March 2016 [Group 1 members], whether to:
 - waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April 2016, and / or
 - waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March 2016
- were members of the LGPS before 1 October 2006 and will not be 60 or more on 31 March 2016 and will not attain age 60 between 1 April 2016 and 31 March 2020 [Group 3 members], whether to:
 - waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April 2014, and / or
 - waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March 2014
- were members of the LGPS before 1 October 2006 and will not be 60 or more on 31 March 2016 but will attain age 60 between 1 April 2016 and 31 March 2020 [Group 2 members], whether to:
 - waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April 2020, and / or
 - waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March 2020

Policy 5

Where members choose to voluntarily draw their benefits on or after age 55 and before Normal Pension Age Addaction 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 Addaction 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, or
- will be considered on the merits of the compassionate case put forward, and
- will require the approval of the Executive Director of Finance & IT and the Executive Director of HR including, where the reduction is only to be waived in part, approval for the amount of reduction to be waived

Discretion 6

Whether, how much, and in what circumstances to contribute to a shared-cost Additional Voluntary Contribution (SCAVC) arrangement entered into on or after 1 April 2014 and whether, how much, and in what circumstances to continue to contribute to any shared cost Additional Voluntary Contribution (SCAVC) arrangement entered into before 1 April 2014.

Policy 6

Addaction will not enter into a shared cost AVC arrangement.

Approved by the Executive on 30 November 2016

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