



## **Pension Discretion Policy Local Government Pension Scheme (LGPS)**

Member of Staff Responsible	HR Manager
Relevant Guidance/Advice/Legal Reference	N/A
Adopted By	Trust Board
Date of Policy	January 2022
Review Period	3 years
Date of Next Review	January 2025

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## **1. Summary**

This document sets out The 3-18 Education Trust's Policy in exercising its discretions under the Local Government Pension Scheme (LGPS) 2014.

Our default position is that the Trust will not make additional pension contributions. However, exceptionally, where it is in the financial interests of the Trust to do so and there is a tangible and specific organisational benefit, the policy allows for the consideration of discretionary benefits.

## **2. Context**

The policy satisfies the requirement to formulate, publish and keep under review a policy statement to take account of the new discretions under the LGPS 2014.

## **3. Background**

This policy is needed to explain whether and in what circumstances the Trust would exercise any of its discretions under the Local Government Pension Scheme 2014 and to set out the approval process for decision making.

## **4. Objectives**

This policy is intended to set out the policy position and clarify the limited circumstances and the related approval process where the Trust might exercise its discretions under the LGPS 2014 in favour of the employee.

The exercise of any of the available discretions in favour of an employee will cause the Trust to incur additional pension costs.

The default position is that the Trust will not grant additional pension benefits under the LGPS 2014 except where it is essential to do so in order to facilitate a tangible and specific organisational benefit and the additional pension costs are recovered within a two year period or where the Trust considers it appropriate to exercise its discretion on compassionate grounds.

## **5. Scope**

This policy covers all The 3-18 Education Trust employees who are members of the Local Government Pensions Scheme.

## **6. Policy Details**

### **REGULATION 16**

#### **Ability to contribute to a shared cost additional pension contribution scheme (APC)**

Additional voluntary contributions (AVCs) allow an active employee to increase their main scheme benefits by making regular monthly payments direct from their salary to an insurance policy the pension fund currently holds. These payments accumulate and are payable in the form of a pension and lump sum along with the main LGPS benefits when the employee retires. The Priory School Trust's policy is not to contribute to an employee's AVC.

## **REGULATION 30**

### **Ability to award flexible retirement and waive actuarial reduction**

The Trust permits flexible retirement only where there is a benefit to the Academy and/or Trust (either financial or operational) and where an employee's reduced level of earnings together with his or her pension does not exceed his or her pre-retirement earnings. The Trust will not waive any actuarial reduction to an employee's pension benefits in these circumstances. Any pension costs incurred by the employee's service must be recovered within a period of no more than two years. Flexible retirement would be approved by The Board of Trustees following recommendation from the Local Governing Body.

Employees can retire from age 55 and receive immediate payment of their pension benefits providing they have at least two years' membership of the LGPS. Whilst the default position is that the pension benefits payable will be subject to an actuarial reduction, The Priory School Trust may elect to waive any actuarial reduction for early retirement where a financial saving can be achieved within two years and there is a benefit to the Academy and/or Trust. Waiving of an employee's actuarial reduction would be at the discretion of The Board of Trustees following recommendation from the Local Governing Body.

## **REGULATION 30**

### **Ability to waive some or all of early retirement benefits if a member retires before Normal Pension Age (NPA). For both active and deferred members**

It is The Trust's policy not to exercise this discretion.

## **TRANSITIONAL PROTECTIONS**

### **REGULATION 1 SCHEDULE 2**

#### **Power of employing authority to 'switch on' the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.**

The Trust will not 'switch on' the 85 Year Rule for early retirement unless a financial saving can be achieved within two years and there is a benefit for the Academy and/or Trust. The Board of Trustees would authorise this discretion following recommendation from the Local Governing Body.

## **REGULATION 31**

### **Ability to grant additional pension to an active member or within six months of ceasing to be an active member by reason of redundancy of business efficiency.**

It is The Trust's policy not to award additional pension.

## **7. Monitoring and Review**

The HR Manager, in conjunction with the CEO, will monitor the outcomes and impact of this policy/procedure on an annual basis.

This procedure will be reviewed no later than 3 years by the HR Manager, in consultation with Trade Unions.