

## **DESBOROUGH TOWN COUNCIL**

### **Employer Pensions Discretions Policy**

#### **Aim**

The Local Government Pension Scheme (LGPS) is a Statutory scheme. The rules and regulations governing the Scheme are laid down under Act of Parliament. There are some provisions of the Scheme that are discretionary. Discretionary powers allow employers to choose how, or if, they apply certain provisions. This document aims to summarise the discretions that Desborough Town Council exercises as an employer in relation to the Local Government Pension Scheme.

#### **Scope**

This policy applies to all employees of Desborough Town Council who are eligible to join, or have been a member of, the Local Government Pension Scheme.

Under the Local Government Pension Scheme (Regulation 60 of the LGPS Regulations 2013 and Benefits, Membership and Contributions Regulations 2007), each employer must prepare a written statement of its policy in relation to the exercise of its functions under the Regulations.

The Council will seek external advice before exercising any of the discretions permitted by this policy.

All pension discretions will be reviewed at least every two years, or as and when circumstances change.

The various discretions are set out in Annexe A.

## Employer Pensions Discretions Policy

REGULATION	PROVISION	DESBOROUGH TOWN COUNCIL'S DISCRETION
<b>Establishment of a Shared Cost AVC (SCAVC) facility - Regulation 17(1) of the LGPS regulations 2013</b>	A shared-cost AVC scheme is where the Town Council contributes AVCs as well as yourself.	The Town Council does not intend to exercise this discretion.
	The Town Council does not operate a non-shared AVC scheme where you can invest money through an AVC provider, often an insurance company or building society	The Town Council does not intend to exercise this discretion.
<b>Regulation 16(16) of the LGPS regulations 2013</b>	Extension of period for a scheme member to elect to pay for 'lost pension' where the employer contributes two-thirds of the cost in respect of a period of absence.	The Town Council does not intend to exercise this discretion.
<b>Post - 31 March 2008 / pre - 1 April 2014 leavers early payment of pension - Regulations B30 (2) and B30(5)</b>	An employer can allow the early payment of deferred benefits to those with pre 2014 benefits only between ages 55 and 59. They may also allow early payment of pensions to former employees who were in receipt of a tier 3 ill health pension which has since been suspended.	Deferred benefits, including suspended tier 3 ill health pensions, will only be paid early provided it is in the Council's interests to do so, and having regard to the Pension Fund charge for paying benefits early being affordable in each case.
<b>Membership Aggregation - Regulations 22(7)(b) and 22(8) (b)</b>	<p>If a member has previous LGPS membership then they will need to decide if they would like to keep these two pension records separate.</p> <p>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</p>	The Town Council will consider an extension to the time limit on a case by case basis if it is clear that you were unable to meet the normal time period due to circumstances beyond your control.
<b>Transfers of Pension Rights - Regulation 100(6)</b>	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	The Town Council will consider an extension to the time limit on a case by case basis if it is clear that you were unable to meet the normal time period due to circumstances beyond your control.
<b>Local Government (Discretionary Payments) (Injury Allowances) Regulations, Regulation 3 (Reduction in Remuneration), 4 (Loss of employment through permanent incapacity), 6 (Allowances for pensioners), 7 (Death benefits) and 8 (Considerations in determining amount of allowances) 2011)</b>	If you have an industrial injury during the course of your work and suffer a (temporary) reduction in pay or loss of employment through permanent incapacity you may be entitled to receive an industrial injury allowance.	Each case will be looked at on a case by case basis.

<b>Regulation 15(1) (b) of the LGPS (Transitional Provisions and Savings) Regulations 2014 and Regulation 66(9) (b) of the 1997 Regulations</b>	Scheme AVC's can be converted into membership credit.	The Town Council does not intend to exercise this discretion.
<b>Power to award additional pension - Regulation 31</b>	An employer can award additional pension of up to £6,755 per annum (figure as at 1 April 2017), to an active member, or within six months of a member leaving on the grounds of redundancy or business efficiency	Additional pension may be awarded only in exceptional circumstances
<b>Shared cost additional pension contributions - Regulations 16(2)(e) and 16(4)(d)</b>	An employer can agree to meet some of the cost when an active scheme member wishes to increase their pension by up to £6,755 per annum (figure as at 1 April 2017).	Additional pension may be awarded only in exceptional circumstances
<b>Power to allow flexible retirement - Regulations 30 (6), TP11(2) and 30(8)</b>	An employer can allow a member aged 55 or more to draw all of the pension benefits they have already built up whilst still continuing in employment, provided the employer agrees to the member either reducing their hours or moving to a position on a lower grade. In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives the reduction, either fully or in part, or a member has protected rights. The employer will pay any cost for early payment of the benefits, including the additional costs of waiving any early payment reduction.	The Council will expect conditions to apply to flexible retirement or partial flexible retirement, subject to discussion in each case: <ul style="list-style-type: none"> <li>• Hours must be reduced by at least 25% (as a guide)</li> <li>• On reduction in hours, the employee's gross total pay (pension and new salary) must not exceed the salary immediately prior to the reduction in hours</li> <li>• Hours cannot revert back within 12 months of reducing</li> <li>• There must be a business reason to allow a Strain Charge to be paid to the pension fund</li> <li>• Waiving of actuarial reduction will only be allowed in exceptional circumstances</li> </ul>
<b>Waiving of actuarial reductions - Regulations 30(8), TP3(1), TPSch 2, para 2(1), B30(5) and B30A(5)</b>	An employer can agree to waive any actuarial reductions on benefits which a member voluntarily draws before normal pension age, on any grounds other than flexible retirement.	The Town Council may waive the actuarial reduction in exceptional circumstances
<b>Switching on the 85year rule - Regulation TPSch 2, para 2(3) (Transitional Provisions, Savings and Amendment) 2014</b>	The employer can agree to apply the 85yr rule to pre 1 April 2014 accrued benefits (subject to a minimum actuarial reduction to age 60) - there will be no 85yr rule on post 2014 benefits.	The Town Council may switch on the 85yr rule in exceptional circumstances
<b>Other Regulations and Discretions</b>	Where the employer has discretion under any other Regulations or provision not listed above.	Each case will be looked at on a case by case basis.

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