



GT/0003

LGPS DISCRETIONS POLICY

POLICIES AND PROCEDURES PROFORMA

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THE GRYPHON TRUST
LGPS DISCRETIONS POLICY

1.0 Discretions on which Employers must make and publish Policies

1.1 Under the Local Government Pension Scheme (Regulation 60 of the LGPS Regulations 2013 and Benefits, Membership and Contributions Regulations 2008), each employer must prepare a written statement of its policy in relation to the exercise of its functions under the following Regulations

2.0 Compulsory Discretions

2.1 Power to award additional pension (Regulation 31)

- An employer can award an additional pension of up to £6,500 a year, to an active member
 - if you or the employee are already contributing towards additional pension, this will need to be taken into consideration
 - the amount will be increased each April by Pensions Increase
- An award may also be made within six months of leaving to members who have left on the grounds of redundancy or business efficiency
- The employer will pay a one of contribution in order to buy a set amount of additional pension

3.0 Guidelines:

- Additional pension will not be awarded in any circumstances

4.0 Shared cost additional pension contributions (Regulation 16(2e) (4d))

- An employer can agree to meet some of the cost when an active scheme member wishes to increase their pension by up to £6,500 per annum
 - if you or the employee are already contributing towards additional pension, this will need to be taken into consideration
 - the amount will be increased each April by Pensions Increase
- The employer can make a one off or regular additional regular pension contribution at any proportion agreed

4.1 Note

- An employee cannot commence an additional pension contribution in this circumstance if they are in the 50/50 section
- For unpaid leave absences this is not discretionary - there are different conditions (e.g. the additional pension contributions must continue to be paid even in the 50/50 section)

4.2 Guidelines:

- The Gryphon Trust will not agree to meet this cost in any circumstances

5.0 Power to allow flexible retirement (Regulation 30 (6))

- 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.
- This is 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 Regulations also allow 'partial' flexible retirement

5.1 **Guidelines:**

- Flexible retirement will not be allowed in any circumstances
- Waiving of actuarial reduction will not be allowed in any circumstances

5.2 **Waiving of actuarial reductions (Regulation 30 (8))**

- An employer can agree to waive any actuarial reduction on pre 2014 benefits on compassionate grounds
 - and or waive on any grounds all, some or none of the reductions on post 2014 benefits
- The employer will pay for the cost of waiving the reductions

5.2 **Guidelines:**

- Waiving of actuarial reduction will not be allowed in any circumstances

6.0 **Switching on the 85year rule (LGPS Regulations 2014 (Transitional provisions, savings and amendments - paragraph 2 (2) of schedule 2))**

- 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 85yr rule does not automatically apply if the employee decides voluntarily draw benefits on or after age 55 and before age 60 - but the employer can agree to apply the 85yr rule to the pre 1 April 2014 accrued benefits
- If you decide to switch on the 85yr rule, the employee will not receive the reduction on their protected membership even if they are leaving before age 60. The employer will pick up the cost for this

6.1 **Guidelines:**

- The 85yr rule will not be applied in any circumstances

7.0 **Post - 31 March 2008 / pre - 1 April 2014 leavers early payment of pension (Regulation B30 (2) (5).B30A.(3).(5))**

- An employer can allow the early payment of deferred benefits to those with pre 2014 benefits 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.
- In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives the reduction on compassionate grounds or a member has protected rights.

7.1 **Please note**

- A member with deferred benefits or who previously retired with a tier three ill health pension can apply for their pension on ill health grounds at any age. This is not an employer discretion; the employer must have the member assessed by an independent medical practitioner and make a decision based on the ill health certificate.
- Where a deferred member left the LGPS before 1 April 2008, the employer policy will be subject to any restrictions that applied under the previous regulations. For example, a deferred member who left before 1 April 1998 may only be allowed to draw their benefits at age 60, age 65 or their normal retirement date.

- The employer will pay any cost for early payment of the benefits, including the additional costs of waiving any early payment reduction.

7.2 Guidelines:

- Early payment of deferred benefits, including suspended tier three ill health pensions, will not be considered.

8.0 Voluntary Discretions

8.1 Membership aggregation Regulation 22 (7b) 8 (b)

- If a member has previous LGPS membership then they will need to make a decision about whether it is combined with their new LGPS membership.
- 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.

9.0 Transfers of Pension Rights (Administration Regulation 83 (8))

- 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.

9.1 Guidelines:

- In certain circumstances a time extension may be considered to either of the above.

Approved(Chairman of the Board) Date

To be reviewed annually