

# Stanley and Stanley Common Parish Council

## **Local Government Pension Scheme Discretionary Policy**

## 1.0 Introduction

1.1 The Local Government Pension Scheme Regulations require each local authority to publish a policy statement detailing how it will exercise the discretionary items in relation to the Local Government Pension Scheme (LGPS). By virtue of regulation 60 of the LGPS Regulations 2013 and paragraph 2(2) of schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014. Stanley and Stanley Common Parish Council (SSCPC) is a local authority for the purposes of these regulations.

1.2 This policy explains how SSCPC will exercise the discretions available to it under Parts 3 and 4 of the regulations and reflects changes caused by the May 2018 amending regulations.

1.3 Following the updated May 2018 regulations, any leaver from the LGPS scheme from 1998 to 2014 with a deferred pension, can now ask for immediate payment of it from age 55. They do not need the employer to agree, but the employer gets the opportunity on the members request to switch on the 85-year rule when it is applied or waive some or all of the percentage if applicable.

1.4 SSCPC has the discretionary power to consider any request received on a case-by-case basis.

## 2.0 Mandatory Discretions

| 1. Regulation 31                                                                                                                                                                                                                                                | Policy Decision                                                                                                                                                                                                  |
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| Award of Additional Pension: An employer can choose to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency by up to £8,344 per annum <sup>1</sup> .                | SSCPC will not consider contribution towards additional pension contributions to be an essential part of its employment strategy and therefore will not exercise this option.                                    |
| 2. Regulation 16(2)(e) & R16(4)(d)                                                                                                                                                                                                                              | Policy Decision                                                                                                                                                                                                  |
| Shared Cost Additional Pension Contributions (SCAPC): An employer can choose to pay for or contribute towards a member's additional pension contract via a Shared Cost Additional Pension Contract (SCAPC).                                                     | SSCPC will not fund any employee's Additional Pension Contributions either in whole or in part on the basis of cost                                                                                              |
| 3. Regulation 30(6)                                                                                                                                                                                                                                             | Policy Decision                                                                                                                                                                                                  |
| Flexible Retirement: An employer may allow a member from age 55 onwards to draw all or part of the pension benefits while continuing employment and fund membership provided that the member either reduces their hours or move to a position on a lower grade. | SSCPC will only agree to requests for flexible retirement in exceptional circumstances. Each request will be considered on a case-by-case basis and cost estimates must be obtained before any decision is made. |
| 4. TP Regs 1(2)(c) & 2(2)                                                                                                                                                                                                                                       | Policy Decision                                                                                                                                                                                                  |
| Authority to 'Switch on' the 85 Year Rule: An employer can choose whether to 'switch on' the 85-year rule for members                                                                                                                                           | SSCPC will not switch on the 85 year rule                                                                                                                                                                        |

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| <p>who voluntarily retire between ages 55 and 60. If a member was part of the scheme prior to 30 September 2006, some of their benefits could be protected from reductions applied to the early payment under the 85 year rule.</p> <p>This rule applies automatically only to members who voluntarily retire from age 60 onwards. However the employer has the discretion to “switch it on” for voluntary retirements between ages 55 and 60, or where a member requests early payment of deferred benefits between ages 55 and 60 and left employment between 1 April 1998 &amp; 31 March 2014</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                                                |
| <b>5. Regulation 30(8)</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>Policy Decision</b>                                                                                                         |
| <p><b>Waiving of Actuarial Reductions:</b> An employer can waive the actuarial reduction (in whole or part) applied to members benefits paid on the grounds of flexible retirement. <b>(Where the member has only post 31 March 2014 membership)</b></p> <p><b>Waiving of Actuarial Reductions:</b> an employer can waive any actuarial reduction for a member voluntarily drawing benefit before normal pension age other than on the grounds of flexible retirement <b>(Where the member has both pre 1 April 2014 and post 31 March 2014 membership).</b></p> <p>a) On compassionate grounds (pre 1 April 2014 membership) and/or in whole or in part on any grounds (post 31 March 2014 membership) if the member was not in the scheme before 1 October 2006;</p> <p>b) On compassionate grounds (pre-1 April 2014 membership) and/or in whole or in part on any grounds (post 31 March 2014 membership) if the member was in the scheme before 1 October 2006; will not be 60 by 31 March 2016 and will not attain 60 between 1 April 2016 &amp; 31 March 2020 inclusive;</p> | <p>SSCPC will obtain costs estimates before any decision is made. Each request will be considered on a case-by-case basis.</p> |

c) On compassionate grounds (pre 1 April 2016 membership) and/or in whole or in part on any grounds (post 31 March 2016 membership) if the member was in the scheme before 1 SSCPC will obtain costs estimates before any decision is made. Each request will be considered on a case-by-case basis. SSCPC will obtain costs estimates before any decision is made. Each request will be considered on a case-by-case basis. SSCPC will obtain costs estimates before any decision is made. Each request will be considered on a case-by-case basis. SSCPC will obtain costs estimates before any decision is made. Each request will be considered on a case-by-case basis. 1 the figure of £8,344 will be increased each April under the Pension (Increase) Act 1971 (as if it were a pension with a PI date of 1 April 2013) 3 October 2006; and will not be 60 by 31 March 2016;

d) On compassionate grounds (pre 1 April 2020 membership) and/or in whole or in part on any grounds (post 31 March 2020 membership) if the member was in the scheme before 1 October 2006; will not be 60 by 31 March 2016 and will attain 60 between 1 April 2016 and March 2020 inclusive.

<sup>1</sup> the figure of £8,344 will be increased each April under the Pension (Increase) Act 1971 (as if it were a pension with a PI date of 1 April 2013)

### 3.0 Non-Mandatory Discretions

| 1. Regulation 100(6)                                                                                                                                                                                                                                                                                                                                                                  | Policy Decision                                                                                                             |
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| Facility to extend time limits for active members to request a transfer of previous pension rights into the LGPS: Where an active member requests to transfer previous pension right into the LGPS, the member must make a request within 12 months of becoming an active member. Employers, with agreement of the Administering Authority, may allow a longer period than 12 months. | SSCPC will extend the time period for acceptance of a transfer value for a period of up to 24 months from joining the LGPS. |