

# Employer Pensions Discretions Policy

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**The LGPS Regulations 2013**

and

**The LGPS Regulations 2014**

(Transitional Provisions and Savings)

and

**The LGPS Regulations 2008**

(Benefits, Membership and Contributions)

**(as at 14<sup>th</sup> May 2018)**

**Employer name:** TORBAY COUNCIL

**Policy effective from:** 01/04/2021

These policies may be subject to review from time to time. Affected employees will be notified of any subsequent change to this Policy Statement.

**Print name of authorised officer:** Anne-Marie Bond

**Job title:** Interim Chief Executive

**Date:**

**Signature of authorised officer:**

## Mandatory LGPS 2013 & 2014 discretions

### **Power of employing authority to grant additional pension Regulation R31**

An employer can choose to grant extra annual pension\* (at full cost to themselves) to:

- a) an active member; or
- b) to a member, within 6 months of leaving, whose employment was terminated on the grounds of redundancy or business efficiency

*\*(Current maximum additional pension allowed is £6,822 (figure at 1 April 2018))*

**Please state your decision below:**

Torbay Council will not normally exercise the discretion to grant additional pension except in exceptional circumstances.

### **Shared Cost Additional Pension Scheme Regulation R16 (2) (e) and R16 (4) (d)**

Where an active member wishes to purchase extra annual pension by making additional pension contributions (APCs)\*, an employer can choose to voluntarily contribute towards the cost of purchasing that extra pension via a shared cost additional pension contribution (SCAPC)

*\*(Current maximum additional pension allowed is £6,822 (figure at 1 April 2018))*

**NOTE:** this discretion does not relate to cases where a member has a period of authorised unpaid leave of absence and elects within 30 days of return to work (or such a longer period as the Scheme employer may allow) to pay a SCAPC to cover the amount of pension 'lost' during that period of absence. That is because, in those cases, the Scheme employer must contribute 2/3rds of the cost to a SCAPC; there is no discretion [regulation 15(5) of the LGPS Regulations 2013].

**Please state your decision below:**

Torbay Council will not normally enter into a Shared Cost Additional Pension Contribution contract to count towards a member's APC purchase except in exceptional circumstances.

### **Flexible Retirement**

#### **Regulation R30 (6) and TP11 (2)**

Under the regulations, once an employee reaches age 55, they may remain in employment and draw their retirement benefits.

However, there are certain conditions that must be met:

- a) The employer must agree to the release of the pension.
- b) The employee must reduce either their hours, and/or their grade. *(The specific reduction required is not set out in the regulations, but instead must be determined by the employer, whom must specify the requirements within their flexible retirement policy).*

In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives reduction on compassionate grounds or a member has protected rights).

**If flexible retirement is permitted, employers will need to publish a Flexible Retirement Policy and send Peninsula Pensions a copy. This can be done on the final section of this template.**

### **Please state your decision below:**

Torbay Council will take all reasonable steps to accommodate an employee's request for Flexible Retirement.

The Council will consider waiving a reduction to pension benefits where flexibility will enable the Council to retain key skills within critical service areas.

The Council will also consider requests where an employee is aged between 55 and 60, satisfies the 85 year rule and in which case the decision incurs a pension strain cost. Such requests will be considered by the Head of Paid Service and/or the Council, dependent on the seniority of the role and the associated cost, in line with the Local Government Transparency Code 2015.

### **Waiving of actuarial reduction**

#### **Regulation R30 (8) , TP3 (1), TPSch2, Para 2(1), B30 (5) and B30 (A) (5)**

Employers have the power to waive, on compassionate grounds, the actuarial reduction (in whole or part) applied to members' benefits paid on the grounds of flexible retirement.

Employers may also waive, on compassionate grounds, the actuarial reduction (in whole or part) applied to members' benefits for deferred members and suspended tier 3 ill health pensioners who elect to draw benefits on or after age 60 and before normal pension age.

### **Please state your decision below:**

Torbay Council will consider waiving a reduction to pension benefits in the event of Flexible Retirement where flexibility will enable the Council to retain key skills within critical service areas.

The Council will not waive the actuarial reduction applied to deferred member's benefit requests, suspended tier 3 ill health pensioners

Employers also have the power to waive, in whole or in part, the actuarial reduction applied to active members' benefits when a member chooses to voluntarily draw benefits on or after age 55 before age 60 and on or after age 60 and before Normal Pension Age (NPA).

or active members who retire voluntarily and draw benefits from age 55 to Normal Pension Age.

**Power of employing authority to 'switch on' the 85 year rule (excludes flexible retirement) upon the voluntary early payment of benefits.**

**TP1(1)(c) Sch2**

The 85-year rule does not (other than on flexible retirement) automatically fully 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.

An employer can therefore choose whether to switch on the 85-year rule for members:

- 1) who voluntarily draw their benefits on or after age 55 and before age 60 and,
- 2) former members who ceased active membership between 1<sup>st</sup> April 2008 and 31<sup>st</sup> March 2014 and choose to voluntarily draw their suspended tier 3 ill health pension (on or after 14 May 2018) on or after age 55 and before age 60.
- 3) former members who ceased active membership between 1<sup>st</sup> April 1998 and 31<sup>st</sup> March 2014) and elect for voluntary early payment of any deferred benefits

**Please state your decision below:**

Torbay Council will not 'switch on' the 85 year rule for current or former members who voluntarily draw their pension benefits early, except in exceptional circumstances.

## Non-Mandatory/Recommended LGPS 2013 & 2014 discretions

### Regulation R17 (1) and TP15 (1) (d) and A25 (3) and definition of SCAVC in RSch 1

#### Shared Cost Additional Voluntary Contribution Arrangement

An employer can choose to pay for or contribute towards a member's Additional Voluntary Contribution via a shared cost arrangement (SCAVC). An employer will also need to decide how much, and in what circumstances to contribute to a SCAVC arrangement.

#### Please state your decision below:

Torbay Council will not currently contribute to a member's Shared Cost Additional Voluntary Contribution arrangement.

### Non-mandatory policies but recommended by Peninsula Pensions:

**Reg 16(16)** - An employer can extend the 30-day deadline for a member to elect for a SCAPC upon return from a period of absence from work with permission with no pensionable pay (otherwise than because of illness or injury, relevant child-related leave or reserve forces service leave).

**Reg 22(7) and (8)** - Whether to extend the 12-month time limit for a member to elect not to aggregate post 31<sup>st</sup> March 2014 (or combinations of pre-April 2014 and post March 2014) deferred benefits.

**Reg 27 of the LGPS (Amendment) Regs 2018** - Whether to extend the 12-month option period for a member to elect to aggregate pre-1st April 2014 deferred benefits.

**R100 (6)** - Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS

**R9(1) & R9(3)** - Determine rate of employees' contributions and when the contribution rate will be assessed

#### Please state your decision below:

Reg 16(16) – Torbay Council will not extend the 30-day deadline upon return from a period of absence allowing for a member to elect for a SCAPC unless the Council have not provided sufficient time to enable the member to make the election.

Reg 22(7) and (8) – Torbay Council will not extend the 12-month time limit except in exceptional circumstances.

Reg 27 of the LGPS (Amendment) Regs 2018 - Torbay Council will not extend the 12-month option period except in exceptional circumstances.

R100 (6) – Torbay Council will consider member requests for the acceptance of transfer values on an individual basis.

R9(1) & R9(3) – Torbay Council will assess and determine an employee's contribution rate on a monthly basis.



## Pre LGPS 2014 discretions

To cover scheme members who ceased active membership on or after 1 April 2008 and before 1 April 2014 (no need to complete if not applicable).

### **Reg 30(5) , TP2(1) Sch2, Reg 30A(5) TP2(1) Sch 2**

#### **Early payment of benefits**

Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65

Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to any suspended tier 3 ill health pension benefits which are brought back into payment before age 65

### **Policy decision**

Torbay Council will not waive the actuarial reduction to the early payment of a deferred benefit except in exceptional circumstances.

Torbay Council will not waive the actuarial reduction to any suspended tier 3 ill health pension benefits which are brought back into payment before age 65.

To cover scheme members who ceased active membership between 1 April 1998 and 31 March 2008 (no need to complete if not applicable).

### **Regulation 31(2), 31(5), 31(7A) of the LGPS Regulations 1997 and paragraph 2(1) of Schedule 2 to the LGPS (TP) Regs2014**

#### **Early payment of benefits**

Employers can allow the early payment of deferred benefits to former members of the LGPS between the ages of 50 and 55.

Employers can also choose, on compassionate grounds, to waive any actuarial reduction that would normally be applied to benefits which are paid before age 65

#### **Regulation D11(2)(c) of the LGPS Regulations 1995**

**In relation to members who ceased active membership before 1 April 1998:**

### **Policy decision**

Torbay Council will consider requests for the early payment of deferred benefits to former members between age 55 and 55 where there is no cost to the Authority.

Torbay Council will not waive any actuarial reduction that would apply to benefits paid before age 65 where there is a cost to the Council.

Reg D11(2)(c) of the LGPS Regs 1995 – Torbay Council will only grant applications for early release of deferred pension benefits on

Whether to grant applications for the early payment of deferred pension benefits on or after age 50 and before NRD on compassionate grounds.

compassionate grounds to former members between age 50 and NRD where there is no cost to the Council.



## Flexible Retirement Additional Policy

### Flexible Retirement (Regulation R30 (6) and TP11 (2))

#### This must be completed if you allow flexible retirement

You will need to consider; -

1. The minimum reduction in hours or grade required.
2. Whether the employee should commit to a reduction in hours or grade for a minimum period.
3. Whether the employee should commit to remaining in employment with the employer for a minimum period

You should also state; -

1. Whether, in addition to the benefits the member has accrued prior to 1<sup>st</sup> April 2008(which the member must draw) to permit the member to choose to draw;
  - All, part, or none of the benefits they accrued after 31<sup>st</sup> March 2008 and before 1<sup>st</sup> April 2014 and/or,
  - All, part, or none of the benefits accrued after 31<sup>st</sup> March 2014, and,
  - Whether to waive, in whole, or in part, any actuarial reduction which would normally be applied to the benefits for Flexible retirement taken before normal retirement age.

#### Please state your decision below:

1. The minimum recommended reduction in hours is 40%, however, reductions of 20% will also be considered. The minimum reduction in grade is one full grade.
2. The employee must commit to a permanent reduction in hours or grade.
3. The employee must commit to remaining in employment for a minimum period of 1 year, however, the Council can terminate that employment prior to the 1 year deadline.
  - Torbay Council will permit Flexible Retiree's to draw all of their benefits accrued after 31<sup>st</sup> March 2008 and before 1<sup>st</sup> April 2014.
  - The Council will permit members to draw all of their benefits accrued after 31<sup>st</sup> March 2014.
  - The Council will not waive, in whole, or in part, any actuarial reduction which would normally be applied to benefits taken before NRA except in exceptional circumstances.

