

EMPLOYER: Lapley, Stretton and Wheaton Aston Parish Council

LOCAL GOVERNMENT PENSION SCHEME REGULATIONS 2013

STATEMENTS OF POLICY ABOUT EXERCISE OF DISCRETIONARY FUNCTIONS

In accordance with Regulation 60 of the above regulations a Scheme employer **must** prepare a written statement of its policy in relation to the exercise of its functions under regulations:

- 16(2)(e) and 16(4)(d) (funding of additional pension);
- 30(6) (flexible retirement);
- 30(8) (waiving of actuarial reduction); and
- 31 (award of additional pension).

In addition and in accordance with Paragraphs 2(2) of Schedule 2 to the Local Government Pension Scheme (Transitional Provisions, Savings & Amendment) Regulations 2014 a Scheme employer **must** also prepare a written statement on whether, in respect of benefits relating to pre 1st April 2014 membership, to 'switch on' the 85 year rule for a member who voluntarily retires (leaves employment) and elects to draw their benefits on or after the age of 55 and before the age of 60 thereby agreeing to waive in full or part any actuarial reduction applied to the member's benefits.

A Scheme employer **must** send a copy of its statement to the administering authority (Staffordshire County Council) and must publish its statement.

A Scheme employer **must** keep its statement of policy under review and make such revisions as are appropriate following a change of its policy.

Where a revision to the statement of policy is made, a Scheme employer **must** send a copy of its revised statement to the administering authority before the expiry of one month beginning with the date that any such revision is made. A Scheme employer must also publish its revised statement.

In preparing, or reviewing and making revisions to its statement, a Scheme employer **must** have regard to the extent to which the exercise of its discretionary functions could lead to a serious loss of confidence in the public service.

Whilst it is compulsory for a Scheme employer to prepare a statement in respect of the regulations detailed above, there are a number of other discretions available to a Scheme employer throughout the Scheme Regulations which do not require such a statement of policy to be made. It is recommended for administrative purposes that such additional statements are made and included as part of the statement of policy.

Once completed, a Scheme employer **must** ensure that its statement of policy is published in a place that is easily accessible to all of its eligible Scheme employees and that any revisions made to the statement of policy are equally accessible.

SCHEME EMPLOYER DECLARATION

The Scheme employer known as Lapley, Stretton and Wheaton Aston Parish Council has prepared this written statement of policy in relation to its exercise of certain discretionary functions available under the Local Pension Scheme Regulations 2013. The Scheme employer declares that it will keep this statement under review and publish the statement (and any amendments made thereto) in a place that is easily accessible to all of its eligible Scheme employees and that it will provide to the administering authority the most up to date version of the statement at all times.

Local Government Pension Scheme Regulations 2013

1. Regulation 16 – Additional Pension Contributions

The Scheme employer may resolve to fund in whole or in part any arrangement entered into by an active scheme member to pay additional pension contributions by way of regular contributions in accordance with **Regulation 16(2)(e)**, or by way of a lump sum in accordance with **Regulation 16(4)(d)**.

The Scheme employer may enter into an APC contract with a Scheme member who is contributing to the MAIN section of the Scheme in order to purchase additional pension of not more than the additional pension limit (£6,500 from 1st April 2014 subject to annual increase in line with the Pensions (Increase) Act 1971).

The amount of additional contribution to be paid is determined by reference to actuarial guidance issued by the Secretary of State.

Consideration needs to be given to the circumstances under which the Scheme employer may wish to use their discretion to fund in whole or in part an employee's Additional Pension Contributions.

Scheme Employer's policy concerning the whole or part funding of an active member's additional pension contributions

Not to fund an employee's APCs.

2. Regulation 30(6) – Flexible Retirement

An active member who has attained the age of 55 or over and who with the agreement of their employer reduces their working hours or grade of employment may, with the further consent of their employer, elect to receive immediate payment of all or part of the retirement pension to which they would be entitled in respect of that employment as if that member were no longer an employee in local government

service on the date of the reduction in hours or grade (*adjusted by the amount shown as appropriate in actuarial guidance issued by the Secretary of State – separate policy required under Regulation 30(8)*).

As part of the policy making decision the Scheme employer must consider whether, in addition to the benefits the member may have accrued prior to 1 April 2008 (which the member must draw), to permit the member to choose to draw all, part or none of the pension benefits they built up after 31 March 2008 and before 1 April 2014 and all, part or none of the pension benefits they built up after 1 April 2014.

Due consideration must be given to the financial implications of allowing an employee to draw all or part of their pension benefits earlier than their normal retirement age.

Scheme Employer's policy concerning flexible retirement

To consider each application on its merits subject to the financial implications for the employer.

3. Regulation 30(8) – Waiving of Actuarial Reduction

Where a Scheme employer's policy under regulation 30(6) (flexible retirement) is to consent to the immediate release of benefits in respect of an active member who is aged 55 or over, those benefits must be adjusted by an amount shown as appropriate in actuarial guidance issued by the Secretary of State (commonly referred to as actuarial reduction or early payment reduction).

A Scheme employer (or former employer as the case may be) may agree to waive in whole or in part and at their own cost, any actuarial reduction that may be required by the Scheme Regulations.

Due consideration must be given to the financial implications of agreeing to waive in whole or in part any actuarial reduction.

Scheme Employer's policy concerning the waiving of actuarial reduction

To consider each application on its merits subject to the financial implications for the employer.

4. Regulation 31 – Award of Additional Pension

A Scheme employer may resolve to award

- (a) an active member, or

(b) a member who was an active member but dismissed by reason of redundancy, or business efficiency, or whose employment was terminated by mutual consent on grounds of business efficiency,

additional annual pension of, in total (including any additional pension purchased by the Scheme employer under Regulation 16), not more than the additional pension limit (£6,500 from 1st April 2014 subject to annual increase in line with the Pensions (Increase) Act 1971).

Any additional pension awarded is payable from the same date as any pension payable under other provisions of the Scheme Regulations from the account to which the additional pension is attached.

In the case of a member falling within sub-paragraph (b) above, the resolution to award additional pension must be made within 6 months of the date that the member's employment ended.

Scheme Employer's policy concerning the award of additional pension

Not to apply this discretion.

Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014

5. Schedule 2 – paragraphs 2 and 3

Where a scheme member retires or leaves employment and elects to draw their benefits at or after the age of 55 and before the age of 60 those benefits will be actuarially reduced unless their Scheme employer agrees to meet the full or part cost of those reductions as a result of the member otherwise being protected under the 85 year rule as set out in previous Regulations.

So as to avoid the member suffering the full reduction to their benefits the Scheme employer can 'switch on' the 85 year rule protections thereby allowing the member to receive fully or partly unreduced benefits but subject to the Scheme employer paying a strain (capital) cost to the Pension Fund

Scheme Employer's policy concerning the 'switching on of the 85 year rule

Under no circumstances will the Scheme employer agree to 'switch on' the 85 year rule.

RECOMMENDED policy in accordance with the Local Government Pension Scheme Regulations 2013

6. Regulation 9(1) & (3) – Contributions

Where an active member changes employment or there is a material change which affects the member's pensionable pay during the course of a financial year, the Scheme employer may determine that a contribution rate from a different band (as set out in Regulation 9(2)) should be applied.

Where the Scheme employer makes such a determination it shall inform the member of the revised contribution rate and the date from which it is to be applied.

Scheme Employer's policy concerning the re-determination of active members' contribution bandings at any date other than 1st April

To set employee contribution rates at 1st April each year and make no changes throughout the year.

7. Regulation 100(6) – Inward Transfers of Pension Rights

A request from an active member to transfer former pension rights from a previous arrangement into the Local Government Pension Scheme as a result of their employment with a Scheme employer must be made in writing to the administering authority and the Scheme employer before the expiry of the period of 12 months beginning with the date on which the employee first became an active member in an employment (or such longer period as the Scheme employer and administering authority may allow).

Scheme Employer's policy concerning the extension of the 12 month transfer application period

Not to extend the 12-month deadline

Other discretions

Any other discretions which may apply under the LGPS will be dealt with by the Council on their merits on an individual basis.

The Council reserves the right to amend any of the above policies if in its opinion this would be appropriate given the special circumstances of an individual case.

This policy document will be reviewed at least every five years.