

# **Local Government Pension Scheme 2014 (Administered by the Cheshire Pension Fund)**

## **Employer Pension Discretions Policy Statements for Employees**

VERSION NUMBER V2 F&TC 12.02.2013 item 94	V3
DATE & MINUTE REFERENCE (Council)	31.05.2022 HR1/8
DATE OF NEXT REVIEW	Should the LGP scheme change or council wish to amend the policy

**Employer name: Neston Town Council**

**Effective date of discretions: 31.05.2022**

**Completed by: Council Manger**

**\*Signed:**

**Date: 31.05.2022**

**[\*We cannot accept your discretions if you have not signed this document. If you are completing an electronic copy please type your name in full.]**

**The LGPS requires employers to publish a policy statement which needs to be completed and approved by the appropriate people in your organisation. "published" means it is available to employees.**

- **The LGPS Regulations state that all employers should have an employer's discretions policy in line with the current regulations.**

- **A copy must be sent to the Fund, and re - sent when any changes take place, within a month of them becoming active.**

## Employer Discretions

### COMPULSORY - Policy Statements in accordance with Local Government Pension Scheme Regulations 2013

#### REGULATION 16 (2)(e) & (4)(d)

#### Ability to contribute to a shared cost additional pension contribution (APC) scheme

**EXPLANATION** Where an employee has elected to pay Additional Pension Contributions (APCs) an employer can elect to fund part or the entire employees share of the contributions.

In your policy you must decide:

- if you would consider contributing to a shared cost APC,
- in what circumstances you would enforce this discretion, and,
- how much you would contribute.

**Note: this discretion only relates to cases where the member is working as normal rather than being on authorised leave without pay. For cases where members are on authorised leave without pay e.g. as a result of an approved career break or unpaid additional maternity leave the employer must fund 2/3rds of the contribution if the member makes an election within 30 days of returning to work.**

*Please state your policy in the box below:*

**The Council will not contribute to a shared cost APC for an employee who is working as normal.**

## REGULATION 30 (6) & (8)

### Ability to award flexible retirement & waive actuarial reduction

**EXPLANATION** A member who is aged 55 or over and with their employer's consent reduces their hours and/or grade, can then, but only with the agreement of the employer, make an election to the administering authority to receive all or part payment of their accrued benefits without having retired from that employment. In your policy you must decide:

- if you will consider granting flexible retirement,
- the circumstances in which flexible retirement will be awarded, and
- whether to waive any reduction that will be applied to the members benefits. There will be a direct cost to the employer.

*Please state your policy in the box below:*

**Neston Town Council has a flexible retirement policy that is reliant upon a sound business case being made for the granting of flexible retirement with immediate access to all or part of the member's benefits. To this end Neston Town Council will consider requests on a case-by-case basis, but there must be no net cost to the Council.**

**The Council will not waive any reduction that will be applied to the members benefits.**

**N.B.**

In determining this policy, the Council is aware that if flexible retirement is agreed for an employee aged 55 or over but under 60 who is subject to the 85 year rule and who, at the date of flexible retirement, has either met the 85 year rule or would have met the rule before age 60, there will be a strain on fund cost to be met by, and paid to the Pension Fund by, the Council in respect of the pension benefits paid, following flexible retirement.

Where flexible retirement is agreed for an employee aged 55 or over but under Normal Pension Age the cost of waiving any actuarial reduction, in whole or in part, would have to be met by, and paid to the Pension Fund by, the Scheme employer.

## REGULATION 30 (8)

### Ability to waive some or all of early retirement reduction on benefits if a member retires before Normal Pension Age (NPA) – For both active and deferred members

**EXPLANATION** Employers can elect to waive some or all of the reduction on benefits if a member chooses to retire and take their benefits before their Normal Pension Age (NPA).

In your policy you must decide:

- if you will consider waiving any reductions,
- the circumstances in which you would consider waiving any reductions, and
- whether to waive any reduction that will be applied to the members benefits. There will be a direct cost to the employer.

*Please state your policy in the box below:*

**As a consequence of flexible retirement there may be a reduction to the benefit paid where the employee does so before their normal retirement age. NestonTown Council will not fund the reductions applied.**

**TRANSITIONAL PROTECTIONS – Regulation 1 (1)(c) SCHEDULE 2**

**Power of employing authority to ‘switch on’ the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60**

**EXPLANATION** A member who meets the “85 year rule” and elects to draw their pension benefits from age 55 will no longer require their employer’s consent if they retire after 31<sup>st</sup> March 2014. However certain members will lose some “85 year rule” protections if they wish to draw their pension between age 55 and 59.

An employer may decide to ‘switch on’ protection to the 85 year rule for a member who voluntarily retires from age 55 but before age 60, and meet any additional cost of the retirement.

In your policy you must decide:

- if you will consider switching the 85 year rule on for this group of members which may result in a direct cost for the employer.

***Please state your policy in the box below:***

**The Council will not consider switching the 85 rule on for this group of members where it will result in a direct net cost to the Council.**

**Switching the 85-year rule back on in full might be a mechanism the Council would wish to consider encouraging members to retire early to, for example, help achieve a balanced age profile within the workforce or to avoid possible redundancies later, which have attendant greater costs.**

## REGULATION 31

### Ability 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

**EXPLANATION** An employer may decide to award a member additional pension up to a limit of £6755 per year\* payable from the same date as their pension is payable.

You must resolve to award additional pension while the member is active. If the member has been made redundant or retired on efficiency grounds you must make this resolution within 6 months of them leaving.

**\*IMPORTANT NOTE: The amount of additional pension that can be awarded will increase each April.**

In your policy you must decide:

- if you will consider awarding additional pension to a member, and
- the circumstances in which you will consider awarding additional pension

***Please state your policy in the box below:***

**The Council will not consider awarding additional pension to a member.**

In determining this policy, the Council are aware that an implication of the Equality Act 2010 and the Equality Act (Age Exceptions for Pension Schemes) Order 2010 is that all staff should be treated equally regardless of their age, unless different treatment can be objectively justified and would not wish to be open to challenge on age or gender discrimination grounds. (as those not in the pension scheme tend to be younger employees and part-time female workers).