

**LOCAL GOVERNMENT PENSION SCHEME REGULATIONS – EMPLOYER DISCRETIONS
EAST HAMPSHIRE DISTRICT COUNCIL
MAY 2014**

The LGPS regulations, issued by the Department of Communities and Local Government (DCLG), require employers to produce their own policies on 'discretions'. There are two types of discretion – compulsory and optional.

The *minimum* requirement is to have a policy on each of the following compulsory discretions;

- **Regulation 16 (2e) (4d) Shared cost additional pension contributions**
- **Regulation 30 (6) Power to allow flexible retirement**
- **Regulation 30 (8) Waiving of actuarial reductions**
- **Regulation 31 Power to award additional pension**
- **(LGPS Regulations 2014 (Transitional provisions, savings and amendments - paragraph 2 (2) of schedule 2)) - Switching on the 85 year rule**
- **Regulation B30 (2) (5).B30A.(3).(5) Post - 31 March 2008 / pre - 1 April 2014 leavers early payment of pension**

For comparison and where applicable, set out below are details of East Hampshire District Council current *compulsory* policies

REGULATION & DISCRETION	Current EHDC Policy	Rationale	New Policy
<p>Regulation 16 (2e) (4d) Shared cost additional pension contributions.</p> <p>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</p> <p>the amount will be increased each April by Pensions Increase</p> <p>The employer can make a one off or</p>	<p>No existing policy as new regulation.</p>	<p>The costs can be highly prohibitive and this can lead to a loss of public confidence.</p>	<p>The Council will only contribute to the cost of a member's additional pension contributions where required to do so under the LGPS Regulations. Where a member is voluntarily making additional pension contributions, the Council will not consider meeting any part of that cost.</p>

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<p>regular additional regular pension contribution at any proportion agreed</p> <p>Note An employee cannot commence an additional pension contribution in this circumstance if they are in the 50/50 section</p> <p>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)</p>			
<p>Regulation 30 (6) Power to allow flexible retirement.</p> <p>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.</p> <p>This is provided the employer agrees to the member either reducing their hours or moving to a position on a lower grade.</p> <p>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.</p> <p>The employer will pay any cost for early payment of the benefits, including the additional costs of waiving any early payment reduction.</p>	<p>Previous regs 18 (1) & (3). The Council will consent to pension benefits being paid, in line with above age eligibility, provided the employee's remuneration is reducing typically by 40 per cent through a reduction in hours or grade. Consideration will be given to the requirements of the service and any early retirement charge which is payable to the Pension Fund being considered affordable in each case.</p> <p>In exceptional circumstances the Council may consider waiving the member's early payment reduction.</p>	<p>No substantive change from existing policy but a separate procedure has been drafted that updates structural changes made</p>	<p>The Council will consider all written requests for flexible retirement and will only approve a request when it is in the Council's interests to do so. Consent to pension benefits being paid, in line with age eligibility, may be approved provided the employee's remuneration is permanently reducing by at least 40 per cent through a reduction in hours or grade. Consideration will be given to the requirements of the service and any early retirement charge which is payable to the Pension Fund being considered affordable in each case.</p> <p>In exceptional circumstances the Council may consider waiving the member's early payment reduction and this</p>

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			must be agreed by an Executive Director or the Chief Executive.
<p>Regulation 30 (8) Waiving of actuarial reductions.</p> <p>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 non of the reductions on post 2014 benefits</p> <p>The employer will pay for the cost of waiving the reductions</p>	<p>Previous reg 30 (2) said An employer can allow voluntary early retirement to current employees who are contributing members of the LGPS between the ages of 55 and 59. 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. Policy was The Council will, in line with statutory regulations, consent to the early payment of pensions from age 55 (current employees aged over 50 and who are members of LGPS on 31 March 2008 and who are leaving before 31 March 2010) in the event of redundancy or termination in the interest of efficiency</p> <p>The Council will consent to immediate payment of benefits to an employee who requests this and retires voluntarily between aged 55 and 60 (or over 50 and who are members of LGPS on 31 March 2008 and who are leaving before 31 March 2010) subject to it being in the Council's interest to do so and</p>	<p>The costs can be highly prohibitive and this can lead to a loss of public confidence. However the ability to consider any exceptional cases on the grounds of compassionate reasons will show us to be a considerate employer.</p>	<p>As a rule, the Council will not waive actuarial reductions applicable to an employee who retires voluntarily between 55 and Normal Pension Age . Any exceptional cases supported by a business case to be determined by JEB.</p> <p>EHDC will not consent to ex employees taking deferred benefits unless there is no cost to the council.</p>

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	<p>with regard to the Pension Fund charge being affordable and the consent of the Chief Executive, Section 151 Officer and HR Manager. In exceptional circumstances the Council may consider waiving the early payment reduction on compassionate grounds on a case by case basis.</p>		
<p>Regulation 31 Power to award additional pension</p> <p>An employer can award an additional pension of up to £6,500 a year, to an active member</p> <ul style="list-style-type: none"> 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 <p>An award may also be made within six months of leaving to members who have left on the grounds of redundancy or business efficiency</p> <p>The employer will pay a one of contribution in order to buy a set amount of additional pension.</p>	<p>Previous reg 13 . An employer can award an additional pension of not more than £5,000 a year, to a member who is currently paying contributions to the scheme.</p> <p>Additional pension may be awarded in addition to any increase of total membership awarded under Regulation 12.</p> <p>The employer will pay for the cost of the additional pension. Policy was not to award additional pension</p>	<p>The costs can be highly prohibitive and this can lead to a loss of public confidence.</p> <p>However the ability to consider any exceptional cases rather than lose a key member of staff, Awarding additional pension could be used as an incentive for that person not to leave employment. Rewarding in this way can have advantages over inducements made through other elements of the pay and rewards package.</p>	<p>as a rule, the Council will not award additional pension or membership. Any exceptional cases supported by a business case are to be determined by JEB.</p> <p>However, if employees are retired in the interests of efficiency, the Chief Executive or an Executive Director will consider buying additional pension in the LGPS using an amount no greater than the payment that would have been received had an employee been made redundant. There may be tax implications associated with this.</p>
<p>For those who stopped contributing to the LGPS between 1 April 2008 and 31 March 2014:</p>			
<p>LGPS Regulations 2014</p>	<p>No existing policy as new regulation.</p>	<p>The costs can be highly prohibitive and this can lead to</p>	<p>As a rule, the Council will not switch on the 85 year rule.</p>

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(Transitional provisions, savings and amendments - paragraph 2 (2) of schedule 2) - Switching on the 85 year rule		a loss of public confidence.	Any exceptional cases supported by a business case to be determined by JEB.
Regulation B30 (2) (5).B30A.(3).(5) Post - 31 March 2008 / pre - 1 April 2014 leavers early payment of pension	No existing policy as new regulation.	The costs can be highly prohibitive and this can lead to a loss of public confidence.	The Council will not consent to immediate payment of benefits to an employee or ex-employee who requests this and retires voluntarily between age 55 and 60, unless there is no cost to the Council. Any exceptional cases supported by a business case to be determined by JEB.
Other – Augmentation of redundancy payments	No existing policy but this has been allowed in the past provided there was no cost to the council.	Allowing staff who are made redundant to use their redundancy pay above statutory to buy extra years in order to augment pension is a good way of ensuring staff that leave by way of redundancy do so on the best possible terms. There is no cost to the Council.	The part of an employees redundancy payment that relates to earnings in excess of the statutory maximum can be used to buy additional service in the Local Government Pension Scheme. This option is only open to employees if they request it before employment ceases. Employees should note that there may be tax implications.

Set out below are details of East Hampshire District Council current **Optional** policies. It is recommended that the new optional policies are adopted as follows.

REGULATION & DISCRETION	Current EHDC Policy	Rationale	New Policy
25 (3). To operate a shared cost Additional Voluntary Contribution (AVC) Scheme.	It is the Council's policy not to offer shared cost AVCs.	No Change - The costs can be highly prohibitive and this can lead to a loss of public confidence. The pension is a good scheme and members are able to pay personal AVCs in any case.	It is the Council's policy not to offer shared cost AVCs.
32. The 12 month time limit for transferring pension rights (deferred benefits) from a previous LGPS fund or employer may be extended (but only where there has not been an option to transfer with a previous LGPS employer).	Nil	Extending the time limit could have adverse cost implications for the Pension Fund and/or the Council. Allowance is made for future investment return and normal payment age when calculating the service credit. Where for instance an employee age 57 is being made redundant or is retiring under ill health grounds, the pension is paid early with no reduction. If this employee decided to transfer previous benefits into the Fund just before leaving, the service credit would be overstated, as it would be assumed that payment of benefits would not be until age 65. As a result, there would be an additional cost to the pension fund which would be passed onto the Council.	With the exception of any current employee who took a preserved benefit when they received an enforced reduction in pensionable remuneration, the Council will only accept elections to combine pension rights from previous local government employment with a current period of membership, which are made within 12 months of re-joining the scheme.