

**The Diocese of Sheffield Academies Trust**

**LOCAL GOVERNMENT PENSION  
SCHEME REGULATIONS 2014**

**EMPLOYER DISCRETIONS  
POLICY STATEMENT**

## Discretions of the Employing Authority

<b>COMPULSORY DISCRETIONS</b>		
<b>Main Purpose of Regulation</b>	<b>Regulation</b>	<b>Discretion Exercised</b>
Funding of Additional Pension through a Shared Cost Additional Pension Contribution - Where an active Scheme member wishes to purchase extra annual pension up to the maximum by making Additional Pension Contributions (APCs), the employer may choose to (voluntarily) contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).	Regulation 16 (2)(e) and/or 16 (4)(d)	Because of the costs involved and likelihood of this provision either being of little or no benefit to the organisation, or not being vital to the support and application of the organisation's business plan and strategy, then the organisation would not normally expect to exercise its discretion to fund additional pensions for members either through regular contributions or lump sum contributions. However, each and every application will be considered in the light of the circumstances of the individual case concerned and a decision reached on the merits of that case
Flexible Retirement - This regulation allows the employer to consent to the early release of all, or part, of a member's LGPS benefits provided they have also consented to the reduction of hours worked or grade in which the member is employed. The member must be aged 55 or over.	Flexible retirement, Regulation 30 (6)	The organisation seeks to support the principle of allowing member to prepare for retirement in as many ways as possible. It seeks to do this whilst also running its business and services in the most efficient and cost effective manner, having regard to the ongoing security of its employees. As such, subject to the following criteria, the organisation would not normally expect to exercise its discretion in allowing members to retire flexibly but may do so where:

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<b>Main Purpose of Regulation</b>	<b>Regulation</b>	<b>Discretion Exercised</b>
		<ol style="list-style-type: none"> <li>1. The reduction in working hours or salary is permanent</li> <li>2. The reduction in working hours or salary is at least 40% of those hours or salary being worked or earned immediately prior to the member's flexible retirement.</li> <li>3. The reduction in hours or reduction in responsibility allowing the member to be paid a reduced salary does not impact upon the organisation's ability to carry out its business efficiently and effectively</li> <li>4. The individual flexible retirement concerned supports the organisation's overall business plan and strategy and</li> <li>5. The individual retirement cost does not lead to a funding strain in respect of the LGPS</li> </ol>
<p>Waiving of actuarial reduction - This regulation allows the employer to consent to the early release of all, or part, of a member's LGPS benefits provided they have also consented to the reduction of hours worked or grade in which the member is employed. The member must be aged 55 or over.</p>	<p>Regulation 30 (8)</p>	<p>Because of the additional costs involved to the organisation of waiving the actuarial reduction to member benefits in cases of voluntary retirement it is not envisaged that the organisation would normally exercise its discretion in favour of waiving those reductions. However, each case will be considered on its merits and with reference to the circumstances involved of the individual concerned.</p> <p>A potential exception to this policy would be where the individual can</p>

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<b>Main Purpose of Regulation</b>	<b>Regulation</b>	<b>Discretion Exercised</b>
		<p>make a case for the waiving of such reduction to be granted on compassionate grounds. "Compassionate grounds" must be determined to the satisfaction of the Trust. An example of "compassionate grounds" may (in certain circumstances) be where the member has been forced to cease work to take up a caring role for an immediate family member, although it is recognised that other grounds could and may exist</p> <p>Every application will be considered on the circumstances of the individual concerned. Financial hardship alone would not constitute compassionate grounds.</p>
<p>Switching on the 85-year rule for members voluntarily drawing benefits on or after age 55 and before age 60 -</p> <p>Whilst the 85-year rule does not automatically apply in full if the employee decides to voluntarily draw benefits on or after age 55 and before age 60, this regulation allows the employer to switch the rule back on.</p>	<p>Schedule 2 of the Transitional Regulations.</p>	<p>Because of the retrospective impact on the LGPS' funding requirements for the organisation, and the future additional costs that the exercise of this discretion would bring to the organisation, and the fact that the organisation does not deem the exercise of this discretion to be necessary in the pursuit of its overall business plan and strategy then it is not anticipated that there will be any instances where the organisation will switch on the rule of 85 for members wishing to retire voluntarily between the ages 55 and 60. However, every application will be considered on its individual merits and the circumstances involved</p>

<b>COMPULSORY DISCRETIONS</b>		
<b>Main Purpose of Regulation</b>	<b>Regulation</b>	<b>Discretion Exercised</b>
If the employer switches on the 85-year rule they will pick up any strain on Fund cost.		
The power of employing authority to award additional pension - this regulation allows an employer to resolve to award a member an amount of additional pension, up to the LGPS maximum, to an active scheme member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency.	Regulation 31	Because of the costs involved and the likelihood of this provision either being of little or no benefits to the organisation, or not being vital to the support and application of the organisation's business plan and strategy, then the organisation would not normally expect to exercise its discretion to award additional pension to members. However, each and every application will be considered in the light of the circumstances of the individual case concerned and a decision reached on the merits of that case

<b>OPTIONAL DISCRETIONS</b>		
<b>Main Purpose of Regulation</b>	<b>Regulation</b>	<b>Discretion Exercised</b>
Whether to waive any actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on the grounds of flexible retirement (where the member has both pre 1/4/14 and post 31/3/14	TP3(1), TPSch 2, para 2(1) & B30(5) & B30A(5)	

<p>membership) a) on compassionate grounds (pre 1/4/14 membership) and / or, in whole or in part on any grounds (post 31/3/14 membership) if the member was not in the Scheme before 1/10/06, b) on compassionate grounds (pre 1/4/14 membership) and / or, in whole or in part on any grounds (post 31/3/14 membership) if the member was in the Scheme before 1/10/06, will not be 60 by 31/3/16 and will not attain 60 between 1/4/16 and 31/3/20 inclusive c) on compassionate grounds (pre 1/4/16 membership) and / or, in whole or in part on any grounds (post 31/3/16 membership) if the member was in the Scheme before 1/10/06 and will be 60 by 31/3/16 d) on compassionate grounds (pre 1/4/20 membership) and / or, in whole or in part on any grounds (post 31/3/20 membership) if the member was in the Scheme before 1/10/06, will not be 60 by 31/3/16 and will attain 60 between 1/4/16 and 31/3/20 inclusive</p>		
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Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early under B30 (member)	B30(5), TPSch 2, para 2(1)	
Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early under B30A (pensioner member with deferred benefits, i.e. a suspended tier 3 ill health pensioner)	B30A(5), TPSch 2, para 2(1)	
Grant application for early payment of deferred benefits on or after age 50 and before age 55	L31(2)	
Waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early	L31(5) & TPSch 2, para 2(1)	
Whether to "switch on" the 85 year rule for a member with deferred benefits voluntarily drawing benefits on or after age 55 and before age 60	TPSch 2, para 1(2) & 1(1)(f) & R60	
Grant application for early payment of deferred benefits on or after age 50 on compassionate grounds	TP3(5A)(vi) TL4 & L106(1) & D11(2)(c)	

Date Revised	Date Approved	Summary of Changes	Author