



Employer Pensions Discretions Policy For the Local Governance Pension Scheme for The First Federation Trust

The LGPS Regulations 2013

and

The LGPS Regulations 2014

(Transitional Provisions and Savings)

and

The LGPS Regulations 2008

(Benefits, Membership and Contributions)

(as at 14th May 2018)

Employer name: The First Federation Trust

Adopted:	5 Oct 2023
Review cycle:	As needed
Next review due by:	Oct 2027

1. Introduction

- 1.1. All employers who participate in the Local Government Pension Scheme are required to formulate a discretions policy in accordance with Regulation 66 of The Local Government Pension Scheme (Administration) Regulations 2008, and Regulation 60 of the Local Government Pension Scheme Regulations 2013.
- 1.2. The policy must be published and kept under review. A copy of the employer's published policy statement must be sent to the Pension Fund administering authority (Peninsula Pensions). Any amendments to the policy must be sent to Peninsula Pensions within one month of the amendment.
- 1.3. The policy confers no contractual rights, and • The employer retains the right to change the policy at any time, and • Only the version of the policy which is current at the time that a relevant event occurs to the employee/scheme member will be the one applied to that employee/member.
- 1.4. Exercising these discretionary powers can incur significant additional costs for the Trust. An employer is required to formulate policies that do not lead to loss of confidence in public service; therefore, these discretions must be affordable. Exercising the major discretions (such as "pension strain" as it is commonly called) may result in a significant cost to the Trust. The Trust will obtain an estimate of the strain cost from Peninsula Pensions before making a decision about whether to apply a particular discretion, or not.

2. Scope

- 2.1. These discretions apply to current employees of the Academy Trust who are active members of the Local Government Pension Scheme and to previous employees of the Academy Trust with deferred benefits in the LGPS.

3. Discretions

- 3.2. Applications, where discretions are allowed, will be considered on their merit and will be at the absolute discretion of the Trustees. The Trust will obtain an estimate of any strain cost from Peninsula Pensions before deciding whether to apply a particular discretion, or not.

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

Mandatory LGPS 2013 & 2014 discretions

Discretionary policies from 1 April 2014 in relation to post 31 March 2014 active members and post 31 March 2014 leavers (excluding councillor members)

Power of employing authority to grant additional pension (Reg 31)

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

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

**(Please see [our website](#) for the current years maximum additional pension purchase limit)*

Policy Decision:

The First Federation Trust may consider to grant additional payment of pension in exceptional circumstances where there is a business benefit only and this would be on a case by case basis.

Shared Cost Additional Pension Contribution (Reg 16(2)(e) & Reg 16(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 through a Shared Cost Additional Pension Contribution (SCAPC)

**(Please see [our website](#) for the current years maximum additional pension purchase limit)*

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 a longer period if the employer allows) to pay a SCAPC to cover the amount of pension 'lost' during that period of absence. In those cases, the employer must contribute 2/3rds of the cost to a SCAPC; there is no discretion (regulation 15(5) of the LGPS Regulations 2013).

Policy Decision:

The First Federation Trust will not pay towards a Shared Cost Additional Pension Contract (other than those which we have to pay under the regulations).

'Switch on' the 85-year rule

TPSch 2, para 1(2) & 1(1)(c)

The 85-year rule does not automatically fully apply to members who would have had the protection under old regulations, and who choose to voluntarily draw their benefits on or after age 55 and before age 60. An employer can decide to switch the 85-year rule back on in full for such members.

Where the Scheme employer does not switch back on the 85-year rule, the member's benefits will be actuarially reduced. However, the Scheme employer can exercise a discretion to waive any actuarial reductions (at cost to the Scheme employer).

Flexible Retirement (R30(6) & TP11(2))

An employer can decide whether to permit flexible retirement for staff aged 55 or over who reduce their working hours and/or grade and wish to access their pension benefits.

In such cases, pension benefits may be reduced in accordance with actuarial tables unless the employer waives reduction on compassionate grounds.

The employee must reduce either their hours, and/or their grade and the employer must agree to the release of the pension.

You will need to consider:

- The minimum reduction in hours or grade required.

(The specific reduction required is not set out in the regulations, but instead must be determined by the employer and specified in this flexible retirement policy).

- Whether the employee should commit to a reduction in hours or grade for a minimum period.
- Whether the employee should commit to remaining in employment with the employer for a minimum period

You must also state whether, in addition to the benefits the member has accrued prior to 1st April

Policy Decision:

Active Members:

Applying the 85 year rule and waiving of the actuarial reduction will only be considered in exceptional cases where there is a business benefit.

Deferred Members:

Applying the 85 year rule and reinstatement of tier 3 benefits will only be considered in exceptional cases on compassionate grounds.

Policy Decision:

The First Federation Trust would consider requests for Flexible retirement. In exceptional circumstances The First Federation Trust may consider bearing these costs for economic and/or business reasons. For example where the flexible retirement reduces the number of redundancies required and the overall cost is reduced. Agreeing to the request in these circumstances would therefore enable the employee to continue in employment and their skills be retained, the number of redundancies to decrease, and an overall reduction in cost.

It is the employee's responsibility to apply for flexible retirement, should they so wish. It is recognised that making choices about pensions is a complicated and difficult decision for employees to make.

Requests for flexible retirement will be considered on:

- A reduction of hours and/or grade, in the current post, with or without the release of benefits.

Or an appointment to another post with new continuing employment with The First Federation Trust on reduced hours and/or grade with or without the release of pension benefits. This would be subject to an appropriate vacancy

2008 (which the member must draw), you permit the member to choose to draw:

- All, part, or none of the benefits they accrued after 31st March 2008 and before 1st April 2014 and/or,
- All, part, or none of the benefits accrued after 31st March 2014, and,
- Whether to waive, on compassionate grounds, the actuarial reduction (in whole or part) applied to members' benefits paid on the grounds of flexible retirement before normal retirement age (R30(8)).

Note: If flexible retirement is agreed for a member aged between 55 and 60, there could be a Strain cost to be paid to the Pension Fund by the employer in respect of the pension benefits paid. There would also be a Strain cost payable by the employer where you have waived any actuarial reduction, in whole or in part.

Waive actuarial reductions to members benefits TP3(1) & TP3(5), TPSch 2 (para 2(1), 3(1), 3(2) & 9) B30(5) & B30A(5)

An employer can decide whether to waive in whole or in part any actuarial reduction for a member voluntarily drawing benefits before normal pension age other than on the grounds of flexible retirement

This applies to:

- active members voluntarily retiring on or after age 55 and before Normal Pension Age, who elect to immediately draw benefits, and
- deferred members and suspended tier 3 ill health pensioners who elect to draw benefits (other than on ill health grounds) on or after age 55 and before Normal Pension Age.

arising and the operation of the First Federation Trust's normal recruitment and selection procedures.

Policy Decision:

Active Members:

Waiving of the actuarial reduction will only be considered in exceptional cases where there is a business benefit.

Deferred Members:

Early release of deferred benefits and waiving of the actuarial reduction will only be considered in exceptional cases on compassionate grounds.

Recommended LGPS 2013 & 2014 discretions (non mandatory)

There is no requirement to have a written policy in respect of non-mandatory discretions. However, there are some non-mandatory discretions where it is recommended for Scheme employers to have a written policy so that both members and the Pension Fund administering authority can be clear on the employer's policy on these matters.

Shared Cost Additional Voluntary Contribution Arrangement (SCAVC)

R17 (1) and TP15 (2A) and A25 (3) and definition of SCAVC in RSch 1

An employer can choose to pay for or contribute towards a member's Additional Voluntary Contribution through a shared cost arrangement (SCAVC).

An employer will also need to decide how much, and in what circumstances to contribute to a SCAVC arrangement.

Policy Decision:

The First Federation Trust will not pay towards a Shared Cost Additional Pension Contract (other than those which we have to pay under the regulations).

Pre LGPS 2014 discretions

Discretions to be exercised on and after 1 April 2014 in relation to scheme members who ceased active membership between 1 April 2008 and 31 March 2014

'Switch on' the 85-year rule

TPSch 2, para 1(1)(c) & 1(2)

The 85-year rule does not automatically fully apply to members who would have had the protection under old regulations, and who choose to voluntarily draw their benefits on or after age 55 and before age 60. An employer can decide to switch the 85-year rule back on in full for such members.

This also applies to members with deferred benefits or a suspended tier 3 ill health pension who choose to voluntarily draw their deferred benefits (on or after 14 May 2018) on or after age 55 and before age 60.

Policy decision

Active Members:

Applying the 85 year rule and waiving of the actuarial reduction will only be considered in exceptional cases where there is a business benefit.

Deferred Members:

Applying the 85 year rule and reinstatement of tier 3 benefits will only be considered in exceptional cases on compassionate grounds.

Waive actuarial reductions to members benefits

B30(5), TPsch 2, para 2(1) B30A(5)

An employer can decide whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.

Policy decision

Active Members:

Waiving of the actuarial reduction will only be considered in exceptional cases where there is a business benefit.

Deferred Members:

Early release of deferred benefits and waiving of the actuarial reduction will

only be considered in exceptional cases on compassionate grounds.

Discretions to be exercised on and after 1 April 2014 in relation to scheme members who ceased active membership between 1 April 1998 and 31 March 2008

Grant application for early payment of deferred benefits

R31(2) LGPS Regulations 1997

Employers can decide whether to grant applications for the early payment of pension benefits on or after age 50 and before age 55

Policy decision

The First Federation Trust may consider the early payment of pension in exceptional circumstances only and this would be on a case by case basis

'Switch on' the 85-year rule upon the voluntary early payment of deferred benefits

TPSch 2, para 1(2) & 1(1)(f) & R60

The 85-year rule does not automatically fully apply to members who would have had the protection under old regulations. An employer can decide to "switch on" the 85-year rule in full for a member with deferred benefits voluntarily drawing benefits (on or after 14 May 2018) on or after age 55 and before age 60.

Policy decision

Active Members:

Applying the 85 year rule and waiving of the actuarial reduction will only be considered in exceptional cases where there is a business benefit.

Deferred Members:

Applying the 85 year rule and reinstatement of tier 3 benefits will only be considered in exceptional cases on compassionate grounds

Waive actuarial reductions to members benefits (R31(5) 1997 & TPsCh 2, para 2(1))

An employer can decide whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to benefits which are paid before age 65.

Policy decision

Active Members:

Waiving of the actuarial reduction will only be considered in exceptional cases where there is a business benefit.

Deferred Members:

Early release of deferred benefits and waiving of the actuarial reduction will only be considered in exceptional cases on compassionate grounds.

Discretions to be exercised on and after 1 April 2014 in relation to members who ceased active membership before 1 April 1998

Grant application for early payment of deferred benefits

(TP3(5A)(vi), TL4, L106(1) 1997 Transitional & D11(2)(c) 1995 Regs)

Employers can decide whether to grant applications early payment of deferred pension benefits on or after age 50 and before normal retirement age on compassionate grounds.

Policy Decision:

The First Federation Trust may consider the early payment of pension in exceptional circumstances only and this would be on a case by case basis

Other discretions

Where it is not mandatory to publish a policy and the discretion is not covered above then The First Federation Trust will consider each case on its own merits.