

Employer Discretions Policy

Employer name: Hamwic Education Trust
Employer number:
Policy effective from: 1 April 2019

Statement of policy

on the Local Government Pension Scheme Regulations (LGPS) 2013 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014.

This document sets out the scheme employer's policy on the operation of each of the mandatory discretions (and optional discretions where chosen) available under the LGPS Regulations. It states whether or not discretions will be operated and the circumstances and criteria for applying them

The following discretions apply to members who were actively paying into the scheme as at 1 April 2014 onwards

PART A - Mandatory Discretions

Power to award additional pension (Regulation 31)

Whether, at the full cost to the Scheme employer, to grant extra annual pension of up to £6,822 (figure at 1 April 2018) to an active member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency [regulation 31 of the LGPS Regulations 2013]

Employer Policy Decision

As a general rule the Trust's policy is not to exercise this discretion, but it will consider individual cases on their merits and having regard to the cost to the Trust.

An application for additional pension must be supported by a business case in writing to:

Head of HR
Hamwic Education Trust
Unit E, The Mill Yard
Nursling Street
Southampton
SO16 0AJ

Shared cost additional pension contributions (Regulation 16(2e) (4d))

Whether, how much, and in what circumstances to contribute to a Shared Cost APC scheme

Where an active scheme member has decided to make Additional Pension Contributions (APCs) to purchase extra pension benefits up to £6,822 per annum (figure as at 1 April 2018), the employer can resolve to **voluntarily** contribute towards the cost of this too.

Note: This does not include instances where the employee is paying for **lost** pension via an APC where the election was made in the first 30 days (or longer if the employer allows) – in this circumstance the employer **must** pay two-thirds of the cost of such purchase

Employer Policy Decision

As a general rule, the Trust's policy is not to exercise this discretion but the Trust will consider individual cases on their merits having regard to the cost to the Trust.

Any application must be supported by a business case in writing to:

Head of HR
Hamwic Education Trust
Unit E, The Mill Yard
Nursling Street
Southampton
SO16 0AJ

Whether to allow flexible retirement - (Regulation 30 (6)) & TP11(2) & R30(8)

Whether to allow flexible retirement for staff aged 55 or over who, with the agreement of the Scheme employer, reduce their working hours or grade [regulation 30(6) of the LGPS Regulations 2013] and, if so, as part of the agreement to allow flexible retirement:

- whether, in addition to the benefits the member has built up prior to 1 April 2008 (which the member must draw), to allow 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 / or
- all, part or none of the pension benefits they built up after 31 March 2014 [regulations 11(2) and 11(3) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014], and
- whether to waive, in whole or in part, any actuarial reduction which would otherwise be applied to the benefits taken on flexible retirement before Normal Pension Age (NPA) [regulation 3(5) of the LGPS (Transitional Provisions,

Employers may allow a member from age 55 onwards to draw all or part of the pension benefits

they have already built up whilst still continuing in employment. This is provided the employer agrees to the member either reducing their hours or moving to a position on a lower grade.

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.

Please be aware, if you allow members to retire under flexible retirement, and they meet the 85 year rule between the ages of 55 and 60, there may be a cost to the employer as there is no option to switch the 85 year rule off in this instance.

Employer Policy Decision

When exercising its' discretion in relation to flexible retirement, the Trust will consider its' operating requirements; have regard to pension fund members' individual circumstances and the impact on services of granting flexible retirement together with the cost to the Trust.

As a general rule the Trust will only grant flexible retirement to members where there is, in the opinion of the Trust, a financial or operational benefit to the Trust in granting the member's request for flexible retirement.

As a general rule the Trust's policy is not to exercise this discretion but will consider individual cases on their merits having regard to the cost to the Trust.

Any application by a scheme member must be supported by a business case in writing to:

Head of HR
Hamwic Education Trust
Unit E, The Mill Yard
Nursling Street
Southampton
SO16 0AJ

The Trust will not as a general rule exercise its discretion to waive any actuarial reduction in benefits although each case will be considered on its merits (see further below).

Switching on the 85year rule [paragraph 1(1)(c) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014]

Whether to “switch on” the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.

Active members are now able to voluntarily retire between ages 55 and 60. If they were a member of the LGPS on 30 September 2006 then some of their benefits could be protected from reductions applied to early payment under the 85 year rule. This rule only applies automatically to members voluntarily retiring from age 60 but the employer has the discretion to “switch it on” for

voluntary retirements between age 55 and 60.

This discretion does not apply to flexible retirement (see [Regulation 30\(6\)](#)) whereby the 85 year rule is always switched on.

Where the employer does not choose to “switch on” the rule, then benefits built up would be subject to reduction in accordance with actuarial guidance issued by the Secretary of State regardless of whether a member meets the rule or not

If the employer does agree to “switch on” the 85 year rule, the employer will have to meet the cost of any strain on fund resulting from the payment of benefits before age 60 i.e. where the member has already met the 85 year rule or will meet it before age 60.

Employer Policy Decision

As a general rule the Trust’s policy is not to exercise this discretion, but it will consider individual cases on their merits and having regard to the cost to the Trust.

An application must be supported by a business case in writing to:

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Waiving of actuarial reductions - Regulation 30(8), TP3(1), TPSch 2, para 2(1), B30(5) and B30A(5)

Whether to waive, in whole or in part, any actuarial reductions on benefits which a member voluntarily draws before normal pension age (other than on the grounds of flexible retirement).

Employers can agree to waive any actuarial reductions due in the case of employees retiring anytime after age 55.

Employers should also note that the strain cost of any such retirements would need to be met by the employer and paid into the Pension Fund at the appropriate time.

There are 4 member groups which you would be making the discretions policy on, the below covers in what circumstance reductions can be waived and to which benefits these would apply:

Members joined before 1 October 2006 and who reached 60 before 1 April 2016 – Group 1

- To waive on compassionate grounds, any actuarial reductions applied to benefits built up before 1 April 2016

- To waive on any grounds, actuarial reductions applied to benefits built up after 1 April 2016

Members joined before 1 October 2006 and who reach age 60 between 1 April 2016 and 31 March 2020 and also meet their critical retirement age before 1 April 2020 (date member meets the 85 year rule)– **Group 2**

- To waive on compassionate grounds, any actuarial reductions applied to benefits built up before 1 April 2020
- To waive on any grounds, actuarial reductions applied to benefits built up after 1 April 2020

Members joined before 1 October 2006 and who reach age 60 after 1 April 2016 but before 31 March 2020 and don't meet their critical retirement age before 1 April 2020 (date member meets the 85 year rule)– **Group 3**

- To waive on compassionate grounds, any actuarial reductions applied to benefits built up before 1 April 2014
- To waive on any grounds, actuarial reductions applied to benefits built up after 1 April 2014

Members joined after 1 October 2006 – **Group 4**

- To waive on compassionate grounds, any actuarial reductions applied to benefits built up before 1 April 2014
- To waive on any grounds, actuarial reductions applied to benefits built up after 1 April 2014

Employer Policy Decision

Whether to waive any actuarial reductions for a member voluntarily drawing benefits before normal pension age (other than on the grounds of flexible retirement), as outlined above?

As a general rule the Trust's policy is not to exercise this discretion, but it will consider individual cases on their merits and having regard to the cost to the Trust.

An application must be supported by a business case in writing to:

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The following discretions apply to members who ceased active membership between 1 April 2008 and before 1 April 2014

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 – [paragraph 1(1)(c) & 1(2) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014]

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 or upon the voluntary early payment of a suspended tier 3 ill health pension?

A member with a deferred benefit who left the scheme voluntarily between 1 April 2008 – 31 March 2014 and who has subsequently become a deferred pensioner may now claim their benefits from age 55 without their employers consent. However, these benefits will be reduced for early payment.

Where a member has reached the 85 year rule at the point of retirement, an employer can consent to switching on the 85 year rule. Any ‘strain’ to the Fund will be payable immediately by the Scheme employer.

Employer Policy Decision

The Trust’s policy is not to switch on the 85 year rule or, as a general rule, to exercise the discretion to waive on compassionate grounds the actuarial reduction. The Trust will, however, consider individual cases on their merits and having regard to the cost to the Trust.

An application must be supported by a business case in writing to:

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Whether to waive upon the voluntary early payment of deferred benefits or suspended tier 3 ill health pension, any actuarial reduction on compassionate grounds? [regulation 30(5) of the LGPS (Benefits, Membership and Contributions) Regulations 2007 and paragraph 2(1) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014]

Whether to waive reductions which may occur on deferred benefits claimed between ages 55-60 or suspended tier 3 ill health for leavers between 1 April 2008 and 31 March 2014.

A member with a deferred benefit who left the scheme voluntarily between 1 April 2008 – 31 March 2014 or was awarded a Tier 3 ill health pension under the 2007 Regulations and who has subsequently become a deferred pensioner may now claim their benefits from age 55 without their employers consent. However, these benefits will be reduced for early payment. An employer can consent to waiving any reductions, on compassionate grounds, which may be applied to deferred benefits or suspended tier 3 ill health pension paid early.

Employer Policy Decision

Whether to waive, on compassionate grounds, any actuarial reduction applied to deferred benefits or suspended tier 3 ill health pension paid early

As a general rule the Trust's policy is not to exercise this discretion, but it will consider individual cases on their merits and having regard to the cost to the Trust.

An application must be supported by a business case in writing to:

Head of HR
Hamwic Education Trust
Unit E, The Mill Yard
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SO16 0AJ

The following discretions apply to members whose active membership stopped between 1 April 1998 and before 1 April 2008

Whether to 'switch on' the 85 year rule upon the voluntary early payment of deferred benefits [paragraph 1 (1) (f) & 1 (2) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) regulations 2014]

Whether, as the 85 year rule does not automatically fully apply to members who would otherwise be subject to it and who choose to voluntarily draw their deferred benefits (on or after 14 May 2018) on or after age 55 and before age 60, to switch the 85 year rule back on in full for such members.

Deferred members who left the scheme after 1 April 1998 are now able to voluntarily retire between ages 55 and 60. If they were a member of the LGPS on 30 September 2006 then some of their benefits could be protected from reductions applied to early payment under the 85 year rule. This rule only applies automatically to members voluntarily retiring from age 60 but the ceding employer has the discretion to "switch it on" for voluntary retirements between age 55 and 60.

Where the employer does not choose to “switch on” the rule, then benefits built up would be subject to reduction in accordance with actuarial guidance issued by the Secretary of State regardless of whether a member meets the rule or not

If the employer does agree to “switch on” the 85 year rule, the employer will have to meet the cost of any strain on fund resulting from the payment of benefits before age 60 i.e. where the member has already met the 85 year rule or will meet it before age 60.

Employer Policy Decision

The Trust’s policy is not to switch on the 85 year rule or, as a general rule, to exercise the discretion to waive on compassionate grounds the actuarial reduction. The Trust will, however, consider individual cases on their merits and having regard to the cost to the Trust.

An application must be supported by a business case in writing to:

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Whether to grant applications for the early payment of pension benefits on or after age 50 and before age 55 [regulation 31(2) of the LGPS Regulations 1997].

Whether to grant application for early payment of deferred benefits on or after age 50 and before age 55.

A member with a deferred benefit who left the scheme between 1 April 1998 – 31 March 2008 can claim their benefits from age 50 with their employers consent.

However, these benefits may be reduced for early payment and/or be subject to an unauthorised payment charge under the Finance Act 2004

Employer Policy Decision

As a general rule the Trust’s policy is not to exercise these discretions but it will consider individual cases on their merits having regard to the compassionate grounds of individual members and having regard to the cost to the Trust.

An application must be supported by a business case in writing to:

Head of HR
Hamwic Education Trust

Unit E, The Mill Yard
Nursling Street
Southampton
SO16 0AJ

Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to benefits which are paid before age 65 [regulation 31(5) of the LGPS Regulations 1997 and paragraph 2(1) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014].

Whether to waive any actuarial reduction on compassionate grounds which would normally be applied to benefits which are paid before age 65.

Employers can agree to waive any actuarial reductions on compassionate grounds due in the case of employees who ceased active membership between 1 April 1998 and 31 March 2008.

Employers should note that the strain cost of any such retirements would need to be met by the employer and paid into the Pension Fund at the appropriate time.

Employer Policy Decision

As a general rule the Trust's policy is not to exercise these discretions but it will consider individual cases on their merits having regard to the compassionate grounds of individual members and having regard to the cost to the Trust.

An application must be supported by a business case in writing to:

Head of HR
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The following discretions apply to members who ceased active membership before 1 April 1998

Whether to grant applications for the early payment of deferred pension benefits on or after age 50 and before NRD on compassionate grounds [regulation D11(2)(c) of the LGPS Regulations 1995].

Whether to grant early payment of a deferred benefit on compassionate grounds, on or after age 50 and before NRD.

An employer can grant application for early payment of deferred benefits on or after age 50 on

compassionate grounds.

However, these benefits may be reduced for early payment and/or be subject to an unauthorised payment charge under the Finance Act 2004

Employer Policy Decision

As a general rule the Trust's policy is not to exercise this discretion, but it will consider individual cases on their merits and having regard to the cost to the Trust.

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- These policies may be subject to review from time to time. Any subsequent change in this Policy Statement will be notified to affected employees.
- Any changes to this policy will be notified to the Hampshire Pension Fund within 30 days of the change.

For the full list of discretions policies go to <http://lgpslibrary.org/assets/gas/ew/DISCLv1.6c.pdf>

Signed on behalf of:

Completed by:

Position:

Signature:

Date:

PART B - Optional Discretions

(The two detailed are the most frequently used Regulations, but remain optional – see [LGA Discretions](#) for the full list of optional employer discretions)

Membership Aggregation Regulation 22 (7)(b),(8)(b)

Whether to extend the 12 month option period for a member to elect to join deferred benefits to their current employment/membership

The election to keep separate pension benefits must be made within 12 months of becoming an active member, who must be active at the date of election.

An employer may allow a period longer than 12 months

Employer Policy Decision

As a general rule the Trust’s policy is not to exercise this discretion, but it will consider individual cases on their merits and having regard to the cost to the Trust.

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Transfers of Pension Rights Regulation 100(6)

Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS

Where an active member requests to transfer previous pension rights into the LGPS, the member must make a request within in 12 months of becoming an active member.

An employer may allow a longer period than 12 months

Employer Policy Decision

As a general rule the Trust’s policy is not to exercise this discretion, but it will consider individual cases on their merits and having regard to the cost to the Trust.

An application must be supported by a business case in writing to:

Head of HR
Hamwic Education Trust
Unit E, The Mill Yard
Nursling Street
Southampton
SO16 0AJ

Signed on behalf of:

Completed by: Position:

Signature: Date: