



LOCAL GOVERNMENT PENSION SCHEME – EMPLOYER DISCRETIONS

Subject: Local Government Pension Scheme Regulations 2013
Employer Discretions

Background

PCSA has to exercise discretion in relation to a number of matters covered by the Local Government Pension Scheme (LGPS) Regulations 2013, the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, the LGPS Regulations 2008 and the LGPS (Benefits, Membership and Contributions) Regulations 2007 (as amended) and PCSA's policy in respect of these is proposed as follows:

PCSA Policy

Regulation 31, 16(2) (e) and 16 (4) (d)	Power of employer to grant additional LGPS pension membership
<p>Regulation 31 allows PCSA to award additional annual pension of up to £6,500 a year (as at 1 April 2014), to an active scheme member or within 6 months of leaving to a member whose employment was terminated on the ground of redundancy or business efficiency.</p> <p>Where an active scheme member wishes to purchase extra annual pension of up to £6,500 (figure as at 1 April 2014) by making Additional Pension Contributions (APAC's), regulation 16 (2) (e) and 16 (4) (d) allows PCSA to voluntarily contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).</p>	
Policy	PCSA will not normally make use of these discretions as it has no intention of increasing LGPS membership for an employee. PCSA may consider the use of these regulations in exceptional circumstances.

Regulation 30 (6) and 30 (8)	Power of employer to agree to the release of all or some LGPS pension benefits if an employee reduces their hours or grade
<p>This regulation allows PCSA to agree to the release of all or some pension benefits for a LGPS member aged 55 or over whom, with PCSA's consent, reduces their hours worked or their pay grade – i.e. Flexible Retirement. Regulation 30 (8) also allows PCSA to agree to waive any actuarial reduction in pension benefits connected with the 'Flexible Retirement'.</p>	
Policy	<p>PCSA will consider each application for early release of pension benefits through 'Flexible Retirement' on its merits , taking account of the following:</p> <ul style="list-style-type: none"> • The 'Flexible Retirement' should have no significant detrimental impact on service delivery or costs to PCSA and may bring benefits in terms of financial savings or facilitating organisational change that flexible retirement would bring. • The reduction in hours is at least 14.8 hours each week, or • The employee is able to move to a post at least one grade lower, or the employee's existing post has been evaluated at least one grade lower • There are no pension costs to PCSA <p>PCSA will not normally make use of the discretion under Regulation 30 (8) to waive any actuarial reduction in pension benefits connected with the 'Flexible Retirement', but may wish to consider meeting these costs in exceptional circumstances.</p>
Regulation 30 (8)	Power of employer to agree to waive any actuarial reductions for active members voluntarily retiring on/or after 55 and immediately drawing pension benefits or for 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
<p>These regulations allow PCSA to agree to waive in whole or in part any actuarial reduction in pension benefits connected with early retirement, either on compassionate grounds for benefits accrued prior to 1 April 2014 or on any grounds for any benefits accrued after 31 March 2014</p>	
Policy	<p>PCSA will not normally make use of the discretion to waive any actuarial reduction in pension benefits however PCSA may consider exercising this discretion in exceptional circumstances, such as where the early retirement is in order to be the main carer for a terminally ill partner, or where it is in PCSA's business interests to do so.</p>

Allocation of LGPS Contribution Bands

Contributions bands for Members of the Local Government Pension scheme will be calculated each month according to pensionable pay. Contribution bands may therefore fluctuate should pensionable pay change.