



# Local Government Pension Scheme Discretions Policy

This policy was adopted by:  
The Directors of Ventrus Multi Academy Trust

On 13<sup>th</sup> December 2017

Signed by  .....Chair of Directors

Reviewed on .....Signed.....

Reviewed on .....Signed.....

Reviewed on .....Signed.....



## 1. Introduction

- 1.1. This Policy sets out how the Trust will exercise its discretionary functions under the Local Government Pension Scheme (LGPS), which is administered by Peninsula Pensions.
- 1.2. This policy covers the regulations where a written policy must be in place in relation to the exercise of its discretion, which are:
  - a. 9. Determine rate of employees' contributions
  - b. 16. Shared Cost Additional Pension
  - c. 17 & TP15. Shared Cost AVC arrangement
  - d. 18. Flexible retirement
  - e. 22. Whether to extend the 12 month option period for a member
  - f. 30. Choice of early payment of pension according to the Benefits Regulations
  - g. 31. Power of employing authority to grant additional pension
  - h. TPSch 2. Power to 'switch on' the 85 year rule.

## 2. Definition

- 2.1. For the purpose of this document:
  - a. Members, Trustees/Directors and Governors are referred to as Trustees;
  - b. Ventrus Multi Academy Trust is referred to as The Trust;
  - c. Staff refers to all staff employed by Ventrus Multi Academy Trust

## 3. Legal Framework

- 3.1. 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.

## 4. Policy Decisions Table

Regulation R16 (2)(e) and R16 (4)(d)	Policy Decision
<b>Shared Cost Additional Pension Scheme</b> An employer can choose to pay for or contribute towards a member's Additional Pension Contract via a Shared Cost Additional Pension Contract (SCAPC)	<p>The employer will not contribute to a shared cost contribution scheme.</p> <p>This discretion is exercised only in the circumstances where a scheme member has a period of approved unpaid leave and wishes to pay additional contributions to fund the lost pension due to reduced pensionable pay, has not made the election within 30 days of returning to work, but has done so within 30 days of the notification of the option to pay. The total cost is funded by scheme member at 1/3rd of cost and employer at 2/3rd of cost.</p> <p>In any other circumstances any additional pension contributions will be funded in full by scheme members.</p>

<p><b>Regulation R17(1) &amp; TP15(1)(d) &amp; A25(3)</b></p> <p><b>Shared Cost Additional Voluntary Contribution Arrangement</b>  An employer can choose to pay for or contribute towards a member’s Additional</p>	<p><b>Policy Decision</b></p> <p>The employer will not contribute to a shared cost contribution scheme.</p>
<p><b>Regulation R30(6) &amp; TP11(2)</b></p> <p><b>Flexible Retirement</b>  Employers may allow a member from age 55 onwards to draw all or part of the pension benefits they have already built up while 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 reduction on compassionate grounds or a member has protected rights.</p>	<p><b>Policy Decision</b></p> <p>Ventrus will only consider release of benefits where there is a reduction in employee’s gross pay of at least 25% and, will only agree where there is no cost to the employer.</p> <p>A flexible retirement may be considered on:</p> <ul style="list-style-type: none"> <li>• Reduction of hours and/or grade, or</li> <li>• Reduction of hours and/or grade with the release of pension benefits, or</li> <li>• Appointment to new continuing employment within the Trust on reduced hours and/or grade, with or without the release of pension benefits</li> </ul> <p>Flexible retirement will be subject to:</p> <ul style="list-style-type: none"> <li>• Reduction in salary similar to the level of pension to be received, and</li> <li>• A minimum period of employment of 12 months in the reduced grade and/or hours following Flexible Retirement, and</li> <li>• No return to the higher hours/grade</li> </ul> <p>Employees must be therefore be made aware that where a Flexible Retirement request has been approved, any actuarial reduction will be borne by them.</p> <p>In some cases, employer “strain” cost may apply. The trust can only consider Flexible Retirement where there is no cost to the trust. An employee is not able to pay the cost of the employer “strain” cost.</p>
<p><b>Regulation R30(8)</b></p> <p><b>Waiving of actuarial reduction</b>  Employers have the power to waive, on compassionate grounds, the actuarial reduction (in whole or part) applied to member's benefits paid on the grounds of flexible retirement.  Employers may also waive, on the compassionate grounds, the actuarial reduction (in whole or in part) applied to member's benefits for deferred members and suspended tier 3 ill health pensioners who elect to draw benefits on or after age 60 and before normal pension age.</p>	<p><b>Policy Decision</b></p> <p>This may be considered in exceptional circumstances where there are demonstrable business benefits.</p>

Employers also have the power to waive, in whole or in part, the actuarial reduction applied to the active members of benefits when a member chooses to voluntarily draw benefits on or after age 55 and before age 60.

**Regulation TPSch 2, para 2(2) & 2(3)**

**Policy Decision**

**Power of employing authority to 'Switch on' the 85 Year Rule**

This may be considered in exceptional circumstances where there are demonstrable business benefits.

An employer can choose whether to "switch on" 85 year rule for members who voluntarily retire on or after the age of 55 and before age 60.

An employer can also choose to waive, on compassionate grounds, the actuarial reduction applied to benefits for a member voluntarily drawing benefits on or after age 55 and before age 60.

**Regulation R31**

**Policy Decision**

**Power of employing authority to grant additional pension**

This may be considered in exceptional circumstances where there are demonstrable business benefits.

An employer can choose to grant additional pension to an active member or within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6,500\* per annum).  
(\* the figure of £6,500 will be increased each April under Pensions Increase orders).

**Regulation 22**

**Policy Decision**

**R22(8)(b)** Whether to extend the 12 month option period for a member to elect that deferred benefits should not be aggregated with a new employment.

The employer will not extend the 12 month period where a 'strain' cost may apply.

**R22(7)(b)** Whether to extend the 12 month option period for a member to elect that deferred benefits should not be aggregated with a new employment.

**Regulation 9**

**Policy Decision**

Contributions payable by active members. Determine the rate of employees' contributions and when the contribution rate will be assessed

The employer has determined the rates of contribution on entry to the scheme and subsequently where there is a change in employment, or a material change which affects the member's pensionable pay, with the contributions payable being the applicable rate dependent on the relevant earnings banding in which the members pensionable pay falls.

## LGPS 2008 DISCRETIONS

### Regulation B18

#### Flexible retirement

Employers may allow a member from age 55 onwards to draw all or part of the pension benefits they have already built up while 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 reduction on compassionate grounds or a member has protected rights.

### Policy Decision

A flexible retirement may be considered on:

- Reduction of hours and/or grade, or
- Reduction of hours and/or grade with the release of pension benefits, or
- Appointment to new continuing employment within the trust on reduced hours and/or grade, with or without the release of pension benefits

Flexible retirement will be subject to:

- Reduction in salary similar to the level of pension to be received, and
- A minimum period of employment of 12 months in the reduced grade and/or hours following Flexible Retirement, and
- No return to the higher hours/grade

Employees must be therefore be made aware that where a Flexible Retirement request has been improved, any actuarial reduction will be borne by them.

In some cases, employer “strain” cost may apply. The trust can only consider Flexible Retirement where there is no cost to the trust. It has been clarified that an employee is not able to pay the cost of the employer “strain” cost.

### Regulation B30

Choice of early payment of pension **B30(2)**  
Employers can also allow the early payment of deferred benefits to former members of the LGPS between the ages of 55 and 59.

*Please note where a deferred member left the LGPS before 1 April 2008 the employer policy under the 1997 Regulations will apply.*

**B30A(3)** Employers may also grant an application for reinstatement of a suspended tier 3 ill health pension on or after age 55 and before age 60.

**B30(5) & B30A(5)** In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives reduction on compassionate grounds or a member has protected rights.

### Policy Decision

These may be considered in exceptional circumstances where there are business benefits.

## 5. Internal Dispute Resolutions Procedure (IDRP)

- 5.1. Peninsula Pensions operate an Internal Dispute Resolution procedure for when an employee raises a complaint against a decision made in accordance with this policy.

## 6. Policy Implementation

- 6.1. This policy confers no contractual rights. The Trust as the employer retains the right to change this 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.
- 6.2. Before the expiry of the period of one month beginning with the date any such revisions are made, the Trust will send a copy of its revised statement to each relevant administering authority and will publish the revised policy.

## 7. Policy Circulation

- 7.1. This Policy will be published on the Trust's website and included in the Trust's Policy Monitoring Schedule.
- 7.2. The Trustees are responsible for overseeing, reviewing and organising the revision of the LGPS Discretions Policy.

Policy Date	Summary of change	Contact	Version/ Implementation Date	Review Date

Ventrus Limited has made every effort to ensure that this policy does not have the effect of discriminating, directly or indirectly against employees, on grounds of race, age, nationality, ethnic (or national) origin, gender, sexual orientation, marital status, religious belief or disability. This policy will apply equally to full or part time employees.

If you require any support or help in understanding or interpreting this policy please speak to our HR department, face to face or via email at [hr@ventrus.org.uk](mailto:hr@ventrus.org.uk)