

# LOCAL GOVERNMENT PENSION SCHEME DISCRETIONS AND BANDING POLICY

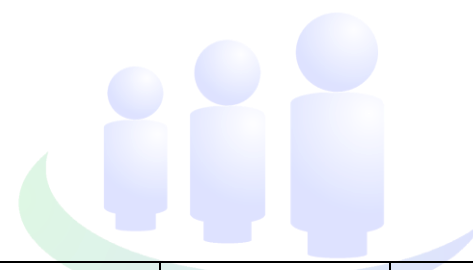
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This document is subject to the standard policy statements

This policy has an appeals process applied to it

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<b><i>Date agreed &amp; Implemented:</i></b>	
<b><i>Agreed by:</i></b>	
<b><i>Review date:</i></b>	
<b><i>Frequency:</i></b>	

<i>Ver</i>	<i>Status</i>	<i>Date</i>	<i>Reason for Change</i>	<i>Authorised</i>
V1			New Regulations 01/04/14	Sophie Vaughan

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# 1. What is this Policy?

## **Discretions Policy**

The regulations of the Local Government Pension Scheme require every employer, under Regulation 60(1) of the LGPS (Administration) Regulations 2013 and Regulation 66(1) of the LGPS (Administration) Regulations 2007 to:

- (i) issue a written policy statement on how it will exercise the various discretions provided by the scheme,
- (ii) keep it under review and
- (iii) revise it as necessary.

This document meets these requirements stating the regulation requirement and the organisation decision on these.

These discretions are subject to change, either in line with any change in regulations or by due consideration by the Authority. These provisions do not confer any contractual rights.

## 2. Contribution Banding Process

Denbighshire County Council will determine the employee's pensionable pay contribution banding on the 1<sup>st</sup> April each year in accordance with Regulation 9(3) of the LGPS Regulations 2013.

Each April contribution banding will be allocated as follows:

- Relief / Casual Employees band allocation will be based on their actual pensionable earnings from the previous financial year.
- Employees who have worked additional hours will be allocated by their current contractual salary and any additional hours worked in the previous financial year. This will be adjusted for new starters who do not have a whole years' service,
- Employees who participate in a salary sacrifice scheme that is not recognised by the Local Government Pension Scheme (e.g. Car Sacrifice Schemes) will have their contributions calculated on their reduced salary. Childcare Vouchers or Cycle to Work are not affected as they are currently recognised by Local Government Pension Scheme.

Details of the percentages and salary band ranges that decide the pension contributions that members pay can be found on the Pay & Reward Intranet Page.

## 3. LGPS Regulations 2013, Regulation 31 – Awarding Additional Pension

This regulation allows an employer to resolve to award a member additional pension of not more than £6500 a year payable from the same date as his / her pension is payable under any other provisions of the Regulations.

Additional pension may be awarded in addition to any increase of total membership.

### **Statement of Policy**

Denbighshire County Council will not award additional pension.

**Review** - The Council may review its policy at any time.

## **4. LGPS Regulations 2013 Regulation 30(6) 30(8) – Flexible Retirement**

A member of the pension scheme who has attained the age of 55 and with his/her employer's consent, reduces the hours he / she works, or the grade in which he/she is employed, may make a request in writing to the Pension Fund to receive all or part of his/her benefits under the Benefits Regulations. However, payment of the benefits cannot be made without the employer's consent.

If the benefits are reduced in accordance with guidance issued by the Government Actuary, the employer may agree to waive, in whole or in part, any such reduction.

### **Statement of Policy**

Any employee request for flexible retirement will be considered on a case by case basis on its own merits following full consideration of all financial and service delivery implications. The reduction should be a minimum of 20% of their current salary or hours and the employee must retire fully within 2 years of taking flexible retirement.

Denbighshire has the discretion to waive in full or in part any employee actuarial reductions. Where there is a capital cost to the employer it is unlikely that the request will be agreed unless these costs can be offset by financial savings. Each case will be decided based upon its individual merits.

This does not preclude younger employees under 55 years of age requesting flexible working but without the payment of their retirement benefits.

**Review** - The Council may review its policy at any time.

## **5. LGPS (Benefits, Membership and Contributions) Regulations 2013 Regulation 30(5) and 30(8) - Early Payment of Pension Benefits at the Request of the Employee**

When a member of the pension scheme leaves employment before he/she is entitled to the immediate payment of retirement benefits, once he/she has attained the age of 55 he/ she may choose to receive payment of them immediately without consent from his/her employer, and their retirement benefits will be actuarially reduced.

If the benefits are reduced in accordance with guidance issued by the Government Actuary, the employer may agree to waive, in whole or in part, any such reduction on compassionate grounds.

The Council will consider former employees (deferred members before April 2014) who are over the age of 55 and who request access to their retirement benefits if there is no cost to the employer, or they can demonstrate they meet the criteria of compassionate grounds which is determined by the HR Manager

### **Statement of Policy**

It is the policy of Denbighshire County Council to consider each case of early release of pension on its own merits:-

- (i) If there are compelling, compassionate\* reasons to do so.
- (ii) If there is no cost to Denbighshire County Council and the benefits are actuarially reduced.

If Denbighshire County Council agrees to permit early release of deferred benefits for reasons other than compassionate grounds, any actuarial reduction will be applied to the person's accrued pension benefits to take account of the fact that the benefits are being paid early.

Denbighshire County Council has the discretion to waive any actuarial reduction for early payment on compassionate grounds

**Review** - The Council may review its policy at any time

## **6. LGPS Regulations 2013 Regulation 17 (1) – Shared Additional Voluntary Contributions**

Where the member's employing authority contributes to the scheme, the additional voluntary contributions arrangement is to be known as a shared cost additional voluntary contributions arrangement and contributions to it as "SCAVCs".

### **Statement of Policy**

Denbighshire County Council will not contribute towards a shared cost additional voluntary contributions scheme.

**Review** - The Council may review its policy at any time.

## **7. LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, Schedule 2 – 85 Year Rule**

The “85 Year Rule”, where a member’s service and age equal 85, can be activated for individual members, prior to age 60 in the case of Early Retirement, the cost of which can be borne, in full or in part, by the employer.

### **Statement of Policy**

Denbighshire County Council has the discretion to waive reductions in full, or in part, and will consider each case on its own merits with a full business case to be approved by the Head of Finance and Head of HR.

The Council will approve activating the 85 year rule in all cases where there is no cost to the employer, allowing the member to take their benefits early with some actuarial reduction

**Review** - The Council may review its policy at any time.

## **8. LGPS Regulations 2013 Regulation 100(6) – Transfer of Pension Rights**

If a scheme member wishes to transfer a previous pension benefits into the LGPS he/she must opt to do so within 12 months of joining the LGPS or such longer period as the employer may allow.

### **Statement of Policy**

Denbighshire County Council will not consider extending the time limit for a transfer in of previous pension rights more than twelve months of joining.

## **9. Definitions**

\*Definition of compelling, compassionate reasons:

(i) The member can clearly demonstrate that they have a dependent, who is in need of the member’s constant supervision due to a long term illness and as a result the member is suffering from severe financial hardship OR

(ii) There is another substantial reason (not relating to caring for an ill dependant) where the member can demonstrate that they are facing very severe, on-going financial hardship and will be doing so on a long term basis.

In exceptional circumstances, and only with the prior approval of Denbighshire County Council, Denbighshire County Council may vary the terms of this policy on an individual basis, and consider each case on its merits. The list is subject to statute, regulations and Denbighshire County Council policy. It may be varied in the future as necessary. Each discretion will be dealt with independently.