Employer Discretions Policy

Employer name:	Hampshire Fire and Rescue Authority
Employer number:	00777
Policy effective from:	TBA

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 compulsory 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, in relation to active and deferred members of the LGPS.

PART A - Compulsory Discretions

Regulation 16(2)(e) and 16(4)(d)

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 £6,500 per annum (figure as at 1 April 2014), the employer can resolve to voluntarily contribute towards the cost of this.

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 – here the employer ***must*** pay two-thirds of the cost of such purchase

Employer Policy Decision

A contribution will only be made to meet the cost of a member's additional pension contributions where as an employer we are required to do so under the LGPS regulations.

Where a member is voluntarily making additional pension contributions, HFRA will not consider meeting any part of that cost.

Transitional Provision Schedule 2, paragraphs 1(2) and 2(2)

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

Employees are able to voluntarily retire between ages 55 and 60, post-31 March 2014 and onwards. Formerly this was only with employer permission and if granted, the employer would have paid any strain cost due if the employee met the 85-year rule.
The 85-year rule does not automatically apply to members retiring between 55 and 60 as the facility to retire voluntarily between 55 and 60 is a new facility.
The employer has the discretion to 'switch' back on the 85-year rule for employees leaving between 55 and 60, thus allowing employees to not have reductions (or have lesser reductions). In these cases the employer would have associated strain costs that would have to be paid by the organisation instead.

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

Employer Policy Decision

HFRA will not 'switch' back on the 85 year rule for employees leaving voluntarily between age 55 and 60.

Regulation 30(6)

Whether all or some benefits can be paid if an employee reduces their hours or grade (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 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

HFRA may consent to a request for pension benefits being paid under the flexible retirement policy to an employee over the age of 55, providing:

i) their remuneration is reducing by 40% either through a reduction in contractual hours or grade, or

ii) where the reduction is less than 40% and does not incur a pension fund strain charge.

Employees should note that the final decision as to whether to allow flexible retirement is at the sole discretion of the Fire Authority as the employer.

Regulation 30(8) (2013 Regs) - Regulation 30(5) (2013 Regs) - and 30(5) and 30A(5) (2007 Regs)- Regulation 3(1) and (5) (TP2014 Regs)

Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age (where the member only has post 31/3/14 membership)

Employers can agree to waive any actuarial reductions due in the case of employees retiring anytime after age 55. This does not have to be due to 'compassionate' reasons and the situation differs according to the group of member the person is classified as for 85 Year Rule purposes. See Employer discretions for more information.
If this discretion is used, the employer will pick up the cost of waiving reductions as an immediate strain cost payment.

Employer Policy Decision

HFRA will not consent to waive any actuarial reduction applicable to an employee who retires voluntarily between age 55 and their Normal Pension Age.

HFRA will not consent to ex-employees taking deferred benefits before their Normal Retirement Age unless there is no cost to the employer.

Regulation 31

Whether 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 p.a.)

An employer may resolve to grant extra pension of up to £6,755 (figure at 1 April 2017) to an active Scheme member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency.

Employer Policy Decision

HFRA will not consider granting extra pension unless you the scheme member is retired in the interests of efficiency of the service.

If a scheme member is retired in the interests of efficiency of the service, HFRA will consider granting (and paying for) additional pension in the Local Government Pension Scheme using an amount no greater than the payment the scheme member would have received had they been made redundant, and in any event no greater than £6,755 (figure at 1 April 2017), this is reviewed each April in line with the 'Pensions Increase Order'. There may be tax implications associated with this.

Regulation B30 (2) (5).B30A.(3).(5)
Whether to allow the early payment of pension to deferred members who left the scheme post 31 March 2008/Pre 1 April 2014
An employer can allow the early payment of deferred benefits to those with pre 2014 benefits between ages 55 and 59. They may also allow early payment of pensions to former employees who were in receipt of a tier 3 ill health pension which has since been suspended. In such cases, pension benefits will be reduced in accordance with actuarial tables unless the employer waives the reduction on compassionate grounds or a member has protected rights.
Employer Policy Decision
HFRA will not consent to the early payment of deferred benefits to individuals with pre 1 April 2014 benefits and between ages 55 and 59, unless there is no cost to the HCC. HFRA will not allow early payment of pension to former employees who were in receipt of a tier 3 ill health pension which has since been suspended, unless there is no cost to HCC.
• 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 LGA Discretions

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 that deferred benefits should not be aggregated with an ongoing concurrent employment

If a member has previous LGPS membership they will need to make a decision about whether it is combined with their new LGPS 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

HFRA will not extend the 12 month period for a member to elect to not combine pension rights from previous local government employment with an ongoing concurrent employment.

If the election not to combine is not made within 12 months of the new active membership, then the previous LGPS membership will be combined with the members new LGPS membership.

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 12 months of becoming an active member.

An employer may allow a longer period than 12 months

Employer Policy Decision

HFRA will normally only accept a request to transfer previous pension rights into the LGPS if the election to do so is made within 12 months of becoming an active member of the LGPS.

Consideration may be given to extending this time period (up to a maximum of 24 months) where there are extenuating circumstances. Requests under this discretion must be agreed by the Chief Financial Officer.

Whether to extend 30 day deadline for member to elect for a shared cost APC Regulation 16(16)
Whether to extend 30 day deadline for member to elect for a shared cost APC upon return from a period of absence from work with permission with no pensionable pay (otherwise than because of illness or injury, relevant child-related leave or reserve force service leave)
Employer Policy Decision
HFRA will extend the deadline for a member to elect a share cost APC to **60 days**, upon return from a period of absence from work with permission with no pensionable pay

Signed on behalf of:			
Completed by:		**Position:**	
Signature:		**Date:**	