

## Hughenden Parish Council Local Government Pension Scheme - Discretions within the Scheme

### Introduction

Under the Local Government Pension Scheme Regulations 2013, each employing authority is required to formulate, publish and keep under review a policy statement in relation to the exercise of a number of discretions under the LGPS.

This document outlines Hughenden Parish Council's policy for the mandatory discretions.

#### 1. Discretion of employer to award additional pension

The Council will not be adopting this discretion to award up to £7,026 (figure at April 2019) per year additional pension on retirement.

#### 2. Discretion to purchase extra annual pension

The Council will not make use of the discretion where an active scheme member wishes to purchase extra annual pension up to £7,026 (figure at April 2019) by making Additional Pensions Contributions (APCs) to contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).

#### 3. Discretion to permit flexible retirement

The Parish Council will, on a case by case basis, consider an application by an employee aged 55 or more (50 for protected members) to reduce his/her hours or grade and receive part or full payment of pension benefits under the main scheme regulations. If the employee would suffer an actuarial reduction in the pension and lump sum due to the early retirement, the Council will also consider the option to waive that reduction.

#### 4. Discretion to permit early payment of pension

Under the Regulations, in the event of a decision to permit early payment, the Employer must pay any Pension Strain cost to the Fund. The Employer may then try to recoup this from the (ex)member. However, if they do, it could be considered as a gift to the Employer which has tax implications and is an unauthorised payment.

Given this complex tax position, the Parish Council will not agree to an application from a current employee.

5. Discretion to grant an application for reinstatement of a suspended tier 3 ill health pension on or after age 55 and before age 60

The Parish Council will consider applications on a case by case basis taking into account all the relevant circumstances including any additional cost to the council.

6. Discretion to waive, on compassionate grounds, the actuarial reduction applied to the reinstatement of a suspended tier 3 ill health pension paid early (i.e. on or after age 55 and before age 60)

The Parish Council will not usually agree applications for the actuarial reduction to be waived but will consider any application on its merits and taking into account the cost.

7. Discretion to adopt a discretionary injury benefit scheme

The Parish Council will not make payments in respect of discretionary injury benefit regulations.

8. Discretion to permit late inward transfer of pension rights

A request to transfer pension rights into the LGPS must be made within 12 months of joining the scheme. The Parish Council will decline any request to transfer pension rights after the twelve-month limit unless there are extenuating circumstances for the delay.

9. Discretion to apply the 85 year rule to a scheme member wishing to voluntarily draw (non-flexible) retirement benefits on or after 55 and before age 60

The Council will not usually agree to switch the 85 year rule back on for members who choose to voluntarily draw their benefits on or after age 55 and before age 60, or agree to waive any actuarial reductions but will consider any application on its merits and taking into account the cost.

10. Discretion to waive any actuarial reduction

The Council will not usually agree applications for the actuarial reduction to be waived. It will, however, consider applications on their merits and take into account the cost.

11. Determination of questions and disputes

Any applications to deal with questions and disputes arising from the administration of the scheme membership shall be made to the Chairman of the Parish Council c/o the Parish Council offices.

12. Review Date

This policy will be reviewed on a biennial basis or as required by any amendment to the relevant Regulations.

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Approving committee: FINANCE & POLICY

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