

Local Government Pension Scheme Regulations 2020



Policy on Employer Discretions

The Town Council, as an employing body, is required to formulate a Statement of Policy in respect of certain discretionary provisions within the Pensions Regulations (2012):

- Regulation 12: Power to increase of total membership of active members
- Regulation 13: Power to award additional pension.
- Regulation 18: Flexible Retirement
- Regulation 30: Choice of early payment of pension
- Regulation 30A: Choice of payment of pension: pensioner member with deferred benefits

Note that references in this document to 'he' or 'him' apply equally to 'she' and 'her'.

Regulation 9: Employers have discretion to determine how frequently employee's contributions are reviewed and on what basis.

Patchway Town Council will reassess employee's pension contributions each April, based on contractual payments only.

Regulation 12: Power of employing Authority to increase total membership of active members.

Explanation

An employer may resolve to increase the total membership of an active member. A member's total additional membership under this regulation (including additional membership in respect of different employments) must not exceed 10 years.

Policy

The Town Council notes the discretion to increase an employee's total membership but has no intention to make general use of this discretionary power. It may wish to consider its use in exceptional cases in the future.

Regulation 13: Power of employing Authority to award additional pension.

Explanation

An employer may resolve to award a member additional pension of not more than £5,000 a year payable from the same date as his pension payable under any other provisions of the pension regulations. Additional pension may be paid in addition to any increase of total membership resolved to be made under regulation 12.

Policy

The Town Council notes the discretion to award additional pension benefits. It has no intention to make general use of this discretionary power but may wish to consider its use in exceptional cases in the future.

Regulation 18: Flexible retirement

Explanation

A member who has attained the age of 55 and who, with his employer's consent, reduces the hours he works, or the grade in which he is employed, may make a request in writing to the appropriate administering authority to receive all or part of his benefits under these Regulations, and the authority may pay those benefits to him notwithstanding that he has not retired from that employment.

If the payment of benefits referred to above takes effect before the member's 65th birthday, the benefits payable are reduced in accordance with guidance issued by the Government Actuary. The employer may, however, agree to waive, in whole or in part, any such reduction as is referred to above.

Where a member is receiving benefits under this regulation, the period of membership used to calculate those benefits is not taken into account in any subsequent calculation of such benefits to which he is entitled under these Regulations.

Policy

The Town Council notes this discretion to allow an employee to take 'Flexible Retirement' pension benefits. The Council, when exercising its right to agree to an employee's 'Flexible Retirement', will consider each application on its merit.

The Town Council has no intention to make general use of the discretionary power to waive any actuarial reduction as a result of the employee's early retirement but may wish to consider its use in exceptional cases.

Regulation 30: Choice of early payment of pension

Explanation

If a member leaves local government employment before he is entitled to the immediate payment of retirement benefits (apart from this regulation), once he has attained the age of 55 he may choose to receive payment of them immediately.

Note that:

- A choice made by a member of less than 60 is ineffective without the consent of his employing authority or former employing authority.
- If the member so chooses, he is entitled to a pension payable immediately calculated in accordance with regulation 29.
- His pension must be reduced by the amounts shown as appropriate in guidance issued by the Government Actuary.
- A member's employing authority may determine on compassionate grounds that his retirement pension should not be reduced under the above.

Policy

The Town Council notes that an employee is allowed to receive his pension before his normal retirement date, and that it may waive reduction due to early receipt on compassionate grounds. The Town Council has no intention to make general use of this discretionary power but may wish to consider its use in exceptional cases in the future.

Regulation 30A: Choice of payment of pension: pensioner member with deferred benefits

Explanation

Where a member who is treated as a pensioner member with deferred benefits under regulation 20(9) has reached the Scheme's normal retirement age, he is entitled to immediate payment of his retirement pension without reduction.

Such a member may choose upon reaching the age of 55 to receive his retirement pension immediately. However, approval must be sought from the former employing authority where the member is aged less than 60 and, unless the former employing authority so determines on compassionate grounds, the member's pension must be reduced by the amounts shown as appropriate in guidance issued by the Government Actuary.

Policy

The Town Council notes the discretion to allow a pensioner member with deferred benefits to seek early payment of his pension, and to do so without reduction on compassionate grounds. The Town Council has no intention to make general use of this discretionary power but may wish to consider its use in exceptional cases in the future.