



LISKEARD COUNCIL
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**LISKEARD TOWN COUNCIL
LOCAL GOVERNMENT PENSION SCHEME (LGPS) 2014
EMPLOYER DISCRETIONS POLICY**

Summary

This document sets out Liskeard Town Council's policy in exercising its discretions under the Local Government Pension Scheme (LGPS) 2014.

The default position is that it will not make additional pension contributions. However, in exceptional circumstances, where it is in the financial interests of the Council to do so and there is a tangible and specific organisational benefit, the policy allows for the payment of discretionary benefits in cases of early retirement, the award of additional pension and flexible retirement.

The policy also provides for early retirement on compassionate grounds in exceptional circumstances.

Finally, the policy authorises the extension of time limits; for allowing active members to transfer benefits from previous pensionable employment into the Pension Fund where it is determined that maladministration has occurred, or for electing for a shared cost APC upon return from a period of authorised unpaid leave.

Consideration to exercise any discretion will be carried out by the Finance, Economic Development and General Purposes committee, following advice from the Town Clerk / Responsible Finance Officer after full investigation of the cost liability and impact on budget, who will then make a recommendation to Full Council for approval.

Policy Details

1. Shared Cost Additional Voluntary Contributions (AVC) - (regulation 17)

An AVC scheme gives any active employee the ability to pay extra contributions (which receive tax relief) in order to receive additional pension and cash at retirement.

In normal circumstances the Council's policy is not to contribute to an employee's AVC.

2. Early Payment of Retirement Benefits – Waiving Actuarial Reduction – (regulation 30(8))

Employees can retire from age 55 and receive immediate payment of their pension benefits providing they have at least two years' membership of the LGPS. The default position is that the pension benefits payable will be subject to an actuarial reduction.

The Council may elect to waive any actuarial reduction for early retirement where a financial saving can be achieved within two years and there is a benefit to the Council or in accordance with item 4 below (early retirement on compassionate grounds).

3. Early Payment of Retirement Benefits between aged 55 and 60 – (Transitional Provisions Regulations)

Prior to the LGPS 2014 where an employee's age and length of service totalled 85 (known as the '85 Year Rule') they could retire with unreduced benefits with the consent of the employer. As the decision to retire early now rests entirely with the employee, the LGPS 2014 Regulations automatically provide for the 85 Year Rule to be 'switched off' resulting in no additional cost to the employer.

The Council will not 'switch on' the 85 Year Rule for early retirement unless a financial saving can be achieved within two years and there is a benefit to the Council.

4. Early Retirement on Compassionate Grounds – (regulation 30(5))

The Council may permit early retirement on compassionate grounds in exceptional circumstances. These circumstances might include extreme financial hardship or the need to give up work in order to provide constant care for an immediate family member.

The Council will consider a request in exceptional circumstances.

5. Flexible Retirement – (regulation 30(6))

Employees aged at least 55 may request payment of their accrued pension benefits from their employer whilst remaining in employment.

The Council permits flexible retirement only where there is a benefit to the Council (either financial or operational) and where an employee's reduced level of earnings together with their pension does not exceed their pre-retirement earnings. The Council will not waive any actuarial reduction to an employee's pension benefits in these circumstances.

6. Increase of Pension by Employer – (regulation 31)

This is a provision in the scheme that gives the employer the discretion to award an employee an additional amount of pension.

The Council will not grant an additional pension unless there is a definable benefit to the Council in doing so.

7. Transfer of Service into the LGPS – (regulation 100)

Employees joining the LGPS have an initial period of 12 months in which to request the investigation of the option of transferring any pension benefits from previous employments into the Cornwall Pension Fund.

The Pensions Administration Manager, after consultation with Liskeard Town Council, is authorised to extend the 12 month time limit for allowing active members to transfer benefits from previous pensionable employment into the Cornwall Pension Fund where it is determined that maladministration has occurred as a result of affected employees not having been given any or sufficient details about the pension scheme or transfer option.

8. Shared Cost Additional Pension Contributions (APC)

APC's allow an active member to boost their pension at retirement or to cover lost pension due to authorised unpaid leave or industrial action.

- **Buying extra pension (Regulation 31)**

Members can use this option to boost their pension benefits at retirement. An employee must be in the main section of the Scheme to increase their benefits in this way. This option is not available if a member is in the 50/50 section of the scheme.

The Council does not contribute towards a member's APC.

- **Buying lost pension (Regulation 2013 16/6)**

If an active member is absent from work as a result of industrial action, authorised unpaid leave, or unpaid additional child related leave, this period will not count towards their pension. Members can use this option if they wish to buy back the pension they lost during this time. They can do this regardless of whether they are in the main or 50/50 section of the Scheme.

If the member elects to cover the break within 30 days of returning to work, the Council will meet two thirds of the cost as required by regulation, unless the absence is due to industrial action.

9. Shared cost APC (Additional Pension Contributions) 30 day deadline – (regulation 16(6))

There is a 30 day deadline for a 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)

The Council will consider an extension to the 30 day deadline in exceptional circumstances, which may include hospitalisation, severe ill health or mental incapacity.

10. Pension Banding Calculation Methodology (Regulation 9)

The Council will apply the nationally determined employee contribution rates and bands. These are subject to change and may be varied.

The Council will determine the appropriate contribution band for an employee by using actual pensionable pay, based on contractual hours. This will be assessed in April each year and will only be reviewed during the Scheme year (1 April to 31 March) in the event of a material change which affects the member's actual pensionable pay such as a change of job or contracted hours.

The Council will notify employees of their individual contribution rates in April and thereafter when any rate changes are made.

The Council will pay the rate of contributions determined in the regulations for employees whose pay is reduced through ill health or during authorised unpaid leave, including child related leave.

Policy first adopted 26 September 2017 by the Finance & General Purposes Committee

Policy amended and adopted 23 July 2019 by the Finance & General Purposes Committee

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Review due August 2025