

LOCAL GOVERNMENT PENSION SCHEME 2018

SUMMARY OF EMPLOYER DISCRETIONS

COMPULSORY ITEMS:

Awarding Additional Pension : Regulation 30 LGPS (Scotland) Regulations 2018

Summary of Discretion:

Consider whether at full cost to the employer, to grant extra annual pension of up to £5,000 (figure at 1 April 2015 plus annual inflation linking as specified in scheme rules) 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.

Approved Discretion:

Additional pension may be awarded up to a maximum of £5000 (figure at 1 April 2015 plus annual inflation linking as specified in scheme rules) to an active scheme member or within 6 months of leaving to a member whose employment was terminated on grounds of redundancy or business efficiency, however this limit must also include any additional pension contributions funded.

The Assessor and Treasurer will consider all relevant factors and only where it can be demonstrated to be in the interests of the Board will additional annual pension be granted. Additional pension will not be granted if the scheme member has been granted Compensatory Added Years.

Funding of Additional Pension : Regulations 16(2e) 16(4d) LGPS (Scotland) Regulations 2018

Summary of Discretion:

Consider whether, where an active scheme member wishes to purchase extra annual pension of up to £6,500 (figure at 1 April 2015 plus annual inflation linking as specified in scheme rules) by making Additional Pension Contributions (APCs), to voluntarily contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).

Approved Discretion:

Where an active scheme member wishes to purchase extra annual pension of up to £6,500 (figure at 1 April 2015 plus annual inflation linking as specified in scheme rules) by making APCs, Central Scotland Valuation Joint Board will not contribute towards the cost of purchasing that extra pension via SCAPCs.

Flexible Retirement : Regulation 29(7) LGPS (Scotland) Regulations 2018

Summary of Discretion:

Consider whether to permit flexible retirement for staff aged 55 or over who, with the agreement of the employer, reduce their working hours or grade.

Approved Discretion:

The Assessor and Treasurer will consider all relevant factors including costs and changes to the employee's contract of employment, and only where it can be demonstrated to be in the best interests of Central Scotland Valuation Joint Board will benefits be released.

Any flexible retirement request will only be approved where there is no financial benefit to the employee from their continued employment with Central Scotland Valuation Joint Board in the new role/hours. Any application to reduce hours must be reasonable and not merely a token or cosmetic reduction to allow scheme benefits to be activated.

Where a flexible retirement request has been approved, the employee will be required to take all accrued benefits in relation to that employment. This does not apply to benefits for second/additional posts.

Waiving of Actuarial Reduction : Regulation 29(9) LGPS (Scotland) Regulations 2018

Summary of Discretion:

Members after age 55 and before Normal Pension Age (including those released on flexible retirement grounds) can choose to access their benefits but may incur an early payment penalty (actuarial reduction). Consideration has to be given to the circumstances in which the early payment penalty would be waived and the costs borne by the employer.

Approved Discretion:

Central Scotland Valuation Joint Board will not, as a matter of course, waive in whole or in part any reduction that would be applied under Regulations 29(6) or 29(7). The Assessor and Treasurer will consider all relevant factors and only where it can be demonstrated to be in the interests of Central Scotland Valuation Joint Board will a variation be made to the general policy.

Rule of 85 Protection: Para 1(1)(c) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014

Summary of Discretion:

The above Regulation makes provision for scheme members **who joined LGPS (Scotland) before 1/12/2006 and who retire before Normal Retirement Age** to be protected against the early payment penalties that would otherwise apply in such cases. This is commonly referred to as "Rule of 85" protection.

The protections already in place **for members who retire on or after age 60** are as follows:

- i) For members born before 1/4/1960 who have **met** the Rule of 85⁽²⁾ at their date of leaving, no actuarial penalty is applied to benefits arising from membership up to 1/4/2020. Benefits accrued from 1/4/2020 will attract a penalty reduction based on the period of time from the member's date of leaving until their Normal Pension Age ⁽¹⁾.
- ii) For members born before 1/4/1960 who have **not met** the Rule of 85⁽²⁾ at their date of leaving, then benefits arising from membership up to 1/4/2020 will only attract a penalty based on the period from date of leaving to the date on which the Rule of 85 (or age 65 at the latest) is met. Benefits accrued from 1/4/2020 will attract a penalty reduction based on the period of time from the member's date of leaving until their Normal Pension Age⁽¹⁾.

- iii) For members born on or after 1/4/1960 who have **met** the Rule of 85⁽²⁾ at their date of leaving, no actuarial penalty is applied to benefits arising from membership up to 1/4/2008. Benefits accrued from 1/4/2008 will attract a penalty reduction based on the period of time from the member's date of leaving until their Normal Pension Age ⁽¹⁾.
- iv) For members born on or after 1/4/1960 who have **not met** the Rule of 85⁽²⁾ at their date of leaving, benefits arising from membership up to 1/4/2008 will only attract a penalty reduction based on the period of time from the member's date of leaving to the date on which the Rule of 85 (or age 65 at the latest) is met. Benefits accrued from 1/4/2008 will attract a penalty reduction based on the period of time from the member's date of leaving until their Normal Pension Age⁽¹⁾.

Under the 2018 Regulations, scheme members can retire voluntarily once they attain age 55. This requires a consideration as to how the Rule of 85 protections should be updated for persons retiring between ages 55 and 60.

(1) Normal Pension Age is different depending on the period of membership it relates to.

(2) For the Rule of 85 to be satisfied, a person's age and calendar length of scheme membership with both elements calculated in complete years must add up to at least 85.

Approved Discretion:

For members who retire between age 55 and 60

The protections described in paragraphs i) to iv) above will apply with the modification that the actuarial penalty based on the period of time from date of leaving until age 60 will not be waived. The Assessor and Treasurer will consider all relevant factors and only where it can be demonstrated to be in the interests of the Council will a variation be made to the general policy.

This is on the basis that voluntary retirement between 55 and 60 is a new provision from 2018 not envisaged when the original protections were introduced in 2008.

NON-COMPULSORY ITEMS:

Early Payment of Pension:

Regulation 29(5) & 29(13) LGPS (Scotland) Regulations 2014

Summary of Discretion:

This applies to those who left the scheme before 1st June 2018 and have deferred rights under former regulations (i.e. not 2018). If the option to access benefits from age 55 becomes an automatic right for former members then this discretion will cease to apply.

Consider whether to agree to a request for early voluntary payment of benefits on or after age 55 and before age 60.

Approved Discretion:

The Assessor and Treasurer, will consider all relevant factors and only where it can be demonstrated that compassionate grounds and exceptional circumstances exist will benefits be authorised for release on or after age 55 and before age 60.

In determining compassionate grounds, financial reasons alone will not be considered sufficient to justify the release of benefits.

**Members' Contribution Rates :
Regulation 9(4) LGPS (Scotland) Regulations 2018****Summary of Discretion:**

Consider whether member's contribution rates will be reassessed where there is a permanent material change to a member's employment.

Approved Discretion:

Contribution rates will be reassessed where there is a permanent material change to a member's employment e.g. on promotion, demotion, re-grading or a part-time member's contractual hours change. The new rate will be communicated to the individual along with the date from which it is to be applied at the year end and they will be informed of the right of appeal under the Internal Dispute Resolution Procedure.

**Internal Disputes Resolution Procedure :
Regulation 68(5)(c) LGPS (Scotland) Regulations 2018****Summary of Discretion:**

The Local Government Pension Scheme contains its own disputes resolution procedure. This involves appeals being heard by the Principal Pensions Officer of Strathclyde Pension Fund with whom the Falkirk Council Pension Fund has a reciprocal arrangement. Some appeals require to be considered by the employer in question (e.g. a dispute over the member's rate of pension contribution or the failure of the employer to grant ill health retirement). Consequently, consideration should be given as to who should be responsible for adjudicating on such "employer related" disagreements.

Approved Discretion:

Where the appeal concerns "employer related disagreements" the specified person to hear an appeal is the Assessor or alternatively the Assistant Assessor or Treasurer.

**Acceptance of Late Transfer Payments :
Regulation 95(6) LGPS (Scotland) Regulations 2018****Summary of Discretion:**

Consider whether to extend the normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS.

Approved Discretion:

Unless there have been administrative delays or omissions as determined by the Treasurer/Pensions Manager, transfer payments will only be accepted where the request to transfer has been made within 12 months of participating in the Falkirk Council Pension Fund.

**Extension of 30 Day Deadline for Shared Cost APCs:
Regulation 16(16) LGPS (Scotland) Regulations 2018**

Summary of Discretion:

Consider whether to extend the 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).

Approved Discretion:

In the event of authorised leave of absence, the scheme member will be allowed to elect to buy-back the amount of "lost" pension within three months of the individual returning from that leave of absence, provided they have requested and received details of the cost of the buy-back from Payroll. The employee should allow up to one month for Payroll to administer the calculation within the 3 month period.

Any other discretions arising under the regulations of the LGPS 2018 regulations will be considered and determined by the Assessor and Treasurer on a case by case basis.