

**Pension Related Discretions**

Pension Discretion	Regulations	Costs?	Employer approval required?	Comments	Recommendation on Discretion
Award of Additional Pension	2014	Yes, if payments made	Yes	This regulation is also in the current regulations and the Council's policy is not to award additional pension.	To confirm the Council's current decision not to award additional pension.
Funding Additional Pension	2014	Yes, if funding agreed	Yes	As in the current regulations when the additional pension is to make up periods of unpaid absence the Council is required to share the cost. Employees can increase pension benefits over and above this and the Council can contribute to this cost.	To confirm that the Council will not fund additional pension where it has discretion to do so. This is consistent with the decision above not to award additional pension.
Contributions Policy	2014	Yes, the amount of contributions collected will depend on the assessment method used	N/a	The Council will have a new policy explaining its approach to determining pensionable pay for the purpose of assessing pension contribution bandings within the Regulations. Our approach depends on iTrent capability. We expect it to automatically assess bandings, but this is not yet confirmed. If it can be automated this is the best approach, but if not it will have to be calculated and administered manually (giving rise to cost)	To adopt a monthly calculation and notification process if iTrent is capable.  Otherwise a manual method will be necessary and the recommended approach which minimises administration is outlined below.
Injury Allowance Regulations	2011	Yes, if implement a scheme	Yes	These regulations allow employers to have a scheme awarding compensation where there has been an industrial injury. They revoke and replace previous regulations. We do not have a scheme under the previous regulations, but have generous a sick pay scheme and pension scheme options. There is no guidance about content or nature the scheme.	To confirm a decision that reflects our current position i.e. not to have such a scheme.

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Discretionary Compensation Regulations	2000	No	N/a	This applies to ex-employees who retired with additional pension awards up until 2008. We are required to have a statement confirming how the additional pension will be abated on re-employment into LGPS. County Pensions also have a policy for accrued pension under different Regulations. The policy was to abate, but they have changed this and no longer abate.	To note the change to County Policy in respect of accrued pension and that our statement remains the same.

## Contributions Policy

If it is not possible to automatically calculate bandings monthly in iTrent then the proposal is:-

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- Base the calculation on financial years.
- At 31<sup>st</sup> March each year, pay for the previous 12 months will be assessed to determine the contribution band for the next financial year.
- This assessment will be in two elements:-
  - i. Pay based on actual spinal column point and hours plus any other fixed payments such as contractual overtime and First Aid Allowance at 31<sup>st</sup> March.
  - ii. The total of all other variable pensionable pay for the 12 month period ending 31<sup>st</sup> March.
  - iii. Add in the pay award from 1 April
- These three amounts will be added together to determine total pensionable pay for banding assessment.
- Banding will only be reviewed during the year if the person changes job, pay point or hours. This assessment will be:-
  - i. Pay based on actual spinal column point and hours plus any other fixed payments such as contractual overtime and First Aid Allowance for the new job and/or hours.
  - ii. The total of all variable pensionable pay for the 12 month period ending the previous 31<sup>st</sup> March as previously calculated.

## Retirement Discretions

Type of retirement	Regulations	Costs?	Employer approval required?	Comments	Recommendation on Discretion
Flexible Retirement (active members)	2014	Yes, possible if retirement before age 60	Yes	<p>Currently have a policy to consider when a minimum 40% reduction in pay and full draw down of benefits.</p> <p>Has employee relations benefits including retaining valuable skills. Not considering requests would reduce flexibility in workforce options</p>	<p>Retain policy to consider requests.</p> <p>Current policy seems effective recommend maintain 40% reduction in pay and full draw down of benefits. Add that Council will agree once so if employee re-joins LGPS they cannot submit a further request in this membership.</p>
69 Early Retirement (active and deferred members)	2014	No	No	This is an employee decision, not employer but the employer can influence the amount of pension paid by the use of discretions as identified in the next table	No discretion, but see next table.
Early Retirement (deferred members)	1997 and 2007	Yes, possible if retirement before age 60	Yes for retirements before age 60	<p>Requests are currently considered by exception on compassionate grounds.</p> <p>Employer approval is required because there could be a cost. Whereas 2014 members don't need consent because there is no cost. These members don't have a choice about the protection – it has to be applied, but the Council is unlikely to agree if a cost is involved. This creates a conflict between the schemes that so this decision and the 2014 decision need joint consideration to ensure consistency of application as far as possible.</p>	The recommendation is to consider requests only where there are compassionate grounds and specify requests are unlikely to be agreed if there is a cost.

## Actuarial Reduction Discretions and '85 Year Rule' Protections for Retirements

In addition to determining discretions for agreeing early retirements the use of discretions to waive actuarial reduction needs to be determined for each retirement option. These benefit scheme members financially at cost to the Council. Assuming that the transitional regulations are agreed as proposed a decision also needs to be made about 'switching on' the 85 year rule protection for 2014 scheme retirements. This benefits the employee financially. See notes about cost to the Council.

Type of Retirement	Actuarial Reduction/ 85 Rule/ Partial Draw Down	1997 Regulations Membership up to 31.3.2008	2007 Regulations Membership from 1.4.08 to 31.3.14	2014 Regulations membership from 1.4.14	Recommendation on Discretion
Flexible Retirement (needs employer consent, may cost before age 60)	Actuarial Reduction - Employer	All or none. Only on Compassionate Grounds.	All, part or none. On any grounds.	All, part or none. On any grounds.	<b>Active members</b> - Not to waive at all
	Partial Draw Down - Employee	No – all has to be taken	Yes – can take all, some or none	Yes – can take all, some or none	Only consider requests for full draw down of benefits.
	85 Rule	Protection applies	Protection applies	Protection applies	N/a
Early Retirement 2014 Scheme leaver (doesn't need employer consent)  70	Actuarial Reduction - Employer	All or none. Only on Compassionate Grounds.	All, part or none. On any grounds.	All, part or none. On any grounds.	<b>Active members</b> - Not to waive at all <b>Deferred members</b> - Not to waive at all
	85 Rule	Protection from age 60. 55-59 no protection unless employer agrees	Protection from age 60. 55-59 no protection unless employer agrees	Protection from age 60. 55-59 no protection	<b>Consider comments below table*</b> <b>Active members</b> – use discretion to 'switch on', by exception when it can be demonstrated to be in the Council's interests, subject to confirmation of our current understanding of cost implications <b>Deferred members</b> – not to use discretion to 'switch on'
Early payment deferred member 1997 Regulations (needs employer consent and may cost before age 60)	Actuarial Reduction - Employer	All or none. Only on Compassionate Grounds.	N/a	N/a	<b>Deferred members</b> - Not to waive at all
	85 Rule	Protection Applies	N/a	N/a	N/a
Early payment Deferred Member 2007 Regulations (needs employer consent and may cost before age 60)	Actuarial Reduction - Employer	All or none Only on Compassionate Grounds	All or none Only on Compassionate Grounds	N/a	<b>Deferred members</b> – Not to waive at all
	85 Rule	Protection applies	Protection applies	N/a	N/a

\* **Important - 85 Rule 'Switch On'** The actuarial information confirming the cost implications is not available. Assuming that our current understanding is correct then not allowing 'Switch On' may reduce costs in future valuations as provision has been made for the cost. However it also restricts flexibility in management decision making processes when it may be in the Council's interests to agree to the 'Switch On'.