

Annex 1 Discretions for active scheme members and those ceasing post 31 March 2014

Discretions to be exercised on and after 1 April 2014 under the LGPS Regulations in relation to active scheme members and members who cease active membership after 31 March 2014	IDeA policy
<p>1. Whether, at full cost to the IDeA, to grant extra annual pension of up to £6,500 (figure at 1 April 2014) to an active Scheme member or within 6 months of leaving to a member whose employment is terminated on the grounds of redundancy or business efficiency.</p>	<p>The IDeA will not make use of this discretion.</p>
<p>2. Whether, where an active Scheme member wishes to purchase extra annual pension of up to £6,500 (figure at 1 April 2014) by making Additional Pension Contributions (APCs), the IDeA will voluntarily contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).</p>	<p>The IDeA will only contribute to a SCAPC where:</p> <ol style="list-style-type: none"> an active scheme member returns from a period of authorised leave of absence the member does not, within 30 days of returning from the leave of absence, make an election to buy-back the amount of pension 'lost' during that period of leave of absence the member subsequently makes an election to do so and it can be demonstrated that the reason for the member missing the original 30 day deadline was because the member had not been made aware of that deadline the election is made no more than 6 months after the member returns from the period of leave of absence or such longer period as the IDeA may deem reasonable in any individual case. <p>A decision on whether the member meets the above criteria (and on whether the 6 month period referred to should be extended in any individual case) will be taken by the Executive Director in consultation with the Chair of the Board and, where it is agreed that the conditions are met, the IDeA will contribute 2/3rds of the cost of buying back the 'lost' pension via a SCAPC.</p>
<p>3. Whether to permit flexible retirement for staff aged 55 or over who, with the agreement of the IDeA, reduce their working hours or grade and, if so, as part of the agreement whether to:</p> <p>3.1 in addition to the benefits the member has accrued prior to 1 April 2008 (which the member must draw if flexible retirement is agreed), permit the member to choose to draw</p> <ul style="list-style-type: none"> - all, part or none of the pension benefits they accrued after 31 March 2008 and before 1 April 2014, and/or - all, part or none of the pension benefits they accrued after 31 March 2014, and <p>3.2 waive, in whole or in part, any actuarial reduction which would otherwise be applied to the benefits taken on flexible retirement before Normal Pension Age (NPA).</p>	<p><u>Flexible retirement</u></p> <p>The IDeA will not agree to flexible retirement except in circumstances where the IDeA considers it is in its financial or operational interests to do so. Each case will :</p> <ol style="list-style-type: none"> be considered on the merits of the financial and/or operational business case, set out whether, in addition to any pre 1 April 2008 benefits, the member will be permitted to take all, some or none of their post 31 March 2008 benefits, a require the approval of the Executive Director in consultation with the Chair of the Board. <p><u>Waiver of any actuarial reduction on flexible retirement</u></p> <p>Where flexible retirement is agreed, the benefits payable will be subject to any actuarial reduction applicable under the LGPS Regulations 2013 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014. The IDeA will only waive any such reduction, in whole or in part, where it considers it is in its financial or operational interests to do so. Each case will be considered on the merits of the financial and/or operational business case and will require the approval of the Executive Director in consultation with the Chair of the Board.</p>

<p>4. Whether, as the 85 year rule does not (other than on flexible retirement) automatically fully apply to members who would otherwise be subject to it and who choose to voluntarily draw their benefits on or after age 55 and before age 60, to switch the 85 year rule back on in full for such members.</p>	<p>The IDeA will not agree to switch the 85 year rule on in full where members choose to voluntarily draw their benefits on or after age 55 and before age 60 except in circumstances where the IDeA considers it is in its financial or operational interests to do so. Each case will:</p> <ul style="list-style-type: none"> - be considered on the merits of the financial and / or operational business case put forward, and - require the approval of the Executive Director in consultation with the Chair of the Board.
<p>5. For active members voluntarily retiring on or after age 55 and before Normal Pension Age, who elect under regulation 30(5) of the LGPS Regulations 2013 to immediately draw benefits, and for deferred members and suspended tier 3 ill health pensioners who elect under regulation 30(5) of the LGPS Regulations 2013 to draw benefits (other than on ill health grounds) on or after age 55 and before Normal Pension Age, and who:</p> <p>5.1 were <u>not</u> members of the LGPS before 1 October 2006 [Group 4 members], whether to:</p> <ul style="list-style-type: none"> - waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits, if any, accrued before 1 April <u>2014</u>, and/or - waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2014</u> <p>5.2 were members of the LGPS before 1 October 2006 and <u>will</u> be 60 or more on 31 March 2016 [Group 1 members], whether to:</p> <ul style="list-style-type: none"> - waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April <u>2016</u>, and / or - waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2016</u> <p>5.3 were members of the LGPS before 1 October 2006 and will <u>not</u> be 60 or more on 31 March 2016 and will <u>not</u> attain age 60 between 1 April 2016 and 31 March 2020 [Group 3 members], whether to:</p> <ul style="list-style-type: none"> - waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April <u>2014</u>, and / or - waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2014</u> <p>5.4 were members of the LGPS before 1 October 2006 and will <u>not</u> be 60 or more on 31 March 2016 but <u>will</u> attain age 60 between 1 April 2016 and 31 March 2020 [Group 2 members], whether to:</p> <ul style="list-style-type: none"> - waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April <u>2020</u>, and / or - waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2020</u> 	<p>The IDeA will not agree</p> <ul style="list-style-type: none"> - to waive on compassionate grounds any reduction on pre 1 April 2014 benefits for Group 3 or 4 members, on pre 1 April 2016 benefits for Group 1 members, or on pre 1 April 2020 benefits for Group 2 members, and / or - to waive in whole or in part on any grounds (including compassionate grounds) any reduction on post 31 March 2014 benefits for Group 3 or 4 members, on post 31 March 2016 benefits for Group 1 members, or on post 31 March 2020 benefits for Group 2 members <p>Where members choose to voluntarily draw their benefits on or after age 55 and before Normal Pension Age except in circumstances where the IDeA considers it is in its financial or operational interests to do so or there are compelling compassionate reasons for doing so.</p> <p>Each case will</p> <ul style="list-style-type: none"> - be considered on the merits of the financial and / or operational business case put forward, or - be considered on the merits of the compassionate case put forward, and - require the approval of the Executive Director in consultation with the Chair of the Board.

<p>6. Whether, how much, and in what circumstances to contribute to a Shared-Cost Additional Voluntary Contribution (SCAVC) arrangement entered into on or after 1 April 2014 and whether, how much, and in what circumstances to continue to contribute to any shared cost Additional Voluntary Contribution (SCAVC) arrangement entered into before 1 April 2014.</p>	<p>The IDeA will not enter into a SCAVC arrangement other than in exceptional circumstances in which case the decision will be subject to the approval of the Executive Director in consultation with the Chair of the Board.</p>
<p>7. Whether, with the agreement of the Pension Fund administering authority, to permit a Scheme member to elect to transfer other pension rights into the LGPS if he / she has not made such an election within 12 months of joining the LGPS.</p>	<p>Subject to the agreement of the relevant administering authority in any individual case, the IDeA will extend the 12 months period where:</p> <ul style="list-style-type: none"> a) the member asked for transfer investigations to be commenced within 12 months of joining the LGPS but a quotation of what the transfer value will purchase in the LGPS has not been offered to the member within 11 months of joining the LGPS. The time limit for such a member to make a formal election to transfer pension rights into the LGPS will be extended to one month beyond the date of the letter issued by the appropriate administering authority providing the Scheme member with a quotation of what the transfer value will purchase in the LGPS; b) the member is initially appointed on a fixed term contract for a period of a year or less and the contract is subsequently extended to a period of greater than one year. Such a member may request transfer investigations to be commenced within 3 months of the notification of the contract extension or within 12 months of joining the LGPS, whichever is the later and may make a formal option for the transfer to proceed within one month of the date of the letter issued by the appropriate administering authority providing the Scheme member with a quotation of what the transfer value will purchase in the LGPS or within 12 months of joining the LGPS, whichever is the later; c) the Executive Director in consultation with the Chair of the Board agrees that the available evidence indicates the member had not been informed of the 12 month time limit due to maladministration; or d) the Executive Director in consultation with the Chair of the Board agrees that the available evidence indicates the member had made an election within 12 months of joining the LGPS but the election was not received by the appropriate administering authority (e.g. the election form was lost in the post).
<p>8. Whether to extend the 12 month time limit within which a Scheme member who has a deferred LGPS benefit in England or Wales following the cessation of employment (or cessation of a concurrent employment) may elect not to have the deferred benefits aggregated with their new LGPS employment (or ongoing concurrent LGPS employment) if the member has not made an election to retain separate benefits within 12 months of commencing membership of the LGPS in the new employment (or within 12 months of ceasing the concurrent membership).</p>	<p>The IDeA will extend the 12 months period where:</p> <ul style="list-style-type: none"> a) the Executive Director in consultation with the Chair of the Board agrees that the available evidence indicates the member had not been informed of the 12 month time limit due to maladministration; b) the Executive Director in consultation with the Chair of the Board agrees that the available evidence indicates the member had made an election within 12 months of joining the LGPS but the election was not received by the appropriate administering authority (e.g. the election form was lost in the post); or c) the member has pre 1 April 2014 membership and the Executive Director in consultation with the Chair of the Board agrees the available evidence indicates that, due to maladministration, the member had not been informed of the implications of having benefits aggregated and would, in consequence, suffer a detriment to their pension benefits (for example, where member's whole-time

	equivalent pensionable pay on commencing with the IDeA is, in real terms after allowing for inflation, significantly less than the whole-time equivalent pensionable pay upon which the deferred benefits were calculated).
9. How the pension contribution band to which an employee is to be allocated on joining the Scheme, and at each subsequent April, will be determined and the circumstances in which the employer will, in addition to the review each April, review the pension contribution band to which an employee has been allocated following a material change which affects the member's pensionable pay in the course of a Scheme year (1 April to 31 March).	<ul style="list-style-type: none"> - The IDeA will assess an employee's contribution rate based on their annual salary rate¹ (actual rate for a part-time employee). - The IDeA will reassess an employee's contribution rate as from the date from which a change in their annual salary rate² is effective³ (actual rate for a part-time employee).
10. Whether or not, when calculating assumed pensionable pay when a member is: <ul style="list-style-type: none"> - on reduced contractual pay or no pay on due to sickness or injury, or - absent during ordinary maternity, paternity or adoption leave or during paid additional maternity, paternity or adoption leave, or - absent on reserve forces service leave, or - retires with a Tier 1 or Tier 2 ill health pension, or - dies in service to include in the calculation the amount of any 'regular lump sum payment' received by the member in the 12 months preceding the date the absence began or the ill health retirement or death occurred.	In assessing Assumed Pensionable Pay (APP) the IDeA will not include in the calculation any regular lump sum payments.

¹ this does not include any overtime or bonus payments.

² this does not include any overtime or bonus payments.

³ this can result in a retrospective reallocation to a different contribution rate with a consequential adjustment to the employee contributions due (e.g. where there is a retrospective pay award or retrospective re-grading).

Annex 2 – Discretions for inactive scheme members

Discretions to be exercised on and after 1 April 2014 under the LGPS Regulations in relation to scheme members who ceased active membership between 1 April 2008 and 31 March 2014	IDeA policy
1. Whether to grant applications for the early payment of deferred pension benefits on or after age 55 and before age 60.	Where a former scheme member who left the scheme between 1 April 2008 and 31 March 2014 requests early release of deferred benefits on or after age 55 and before age 60, approval will only be given on compassionate grounds. Each case will be considered on its merits and will be subject to the approval of the Executive Director in consultation with the Chair of the Board. Subject to 2 below, the benefits payable in such circumstances will be subject to any actuarial reduction applicable under the relevant LGPS Regulations.
2. Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.	Each case will be considered on its merits and will be subject to the approval of the Executive Director in consultation with the Chair of the Board.
3. Whether to grant applications for the early payment of a suspended tier 3 ill health pension on or after age 55 and before age 60.	Where a former scheme member who left the scheme between 1 April 2008 and 31 March 2014 requests early release of a suspended Tier 3 ill health pension on or after age 55 and before age 60, approval will only be given on compassionate grounds. Each case will be considered on its merits and will be subject to the approval of the Executive Director in consultation with the Chair of the Board. Subject to 4 below, the benefits payable in such circumstances will be subject to any actuarial reduction applicable under the relevant LGPS Regulations.
4. Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to any suspended tier 3 ill health pension benefits awarded before 1 April 2014 which are brought back into payment before age 65.	Each case will be considered on its merits and will be subject to the approval of the Executive Director in consultation with the Chair of the Board.
5. Whether, within 6 months of the date of termination, to grant extra membership in the pension scheme to a Scheme member whose employment was terminated before 1 April 2014 on the grounds of redundancy or business efficiency.	The IDeA will not grant extra pension scheme membership to a Scheme member whose employment was terminated before 1 April 2014 on the grounds of redundancy or business efficiency.
Discretions to be exercised on and after 1 April 2014 under the LGPS Regulations in relation to scheme members who ceased active membership between 1 April 1998 and 31 March 2008	IDeA policy
1. Whether to grant applications for the early payment of pension benefits on or after age 50 ⁴ and before age 60.	Where a former scheme member who left the scheme between 1 April 1998 and 31 March 2008 requests early release of deferred benefits on or after age 50 and before age 60, approval will only be given on compassionate grounds. Each case will be considered on its merits and will be subject to the approval of the Executive Director in consultation with the Chair of the Board. Subject to 2 below, the benefits payable in such circumstances will be subject to any actuarial reduction applicable

⁴ Benefits paid on or after age 50 and before age 55 will be subject to an unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, and a Scheme sanction charge on any benefits built up after 5 April 2006.

	under the relevant LGPS Regulations.
2. Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to benefits which are paid before age 65.	Each case will be considered on its merits and will be subject to the approval of the Executive Director in consultation with the Chair of the Board.
Discretions to be exercised on and after 1 April 2014 under the LGPS Regulations in relation to scheme members who ceased active membership before 1 April 1998	IDeA policy
1. Whether to grant applications for the early payment of deferred pension benefits on or after age 50 ⁵ and before age 65 on compassionate grounds.	Each request will be considered on its merits and will be subject to the approval of the Executive Director in consultation with the Chair of the Board.
Discretions to be exercised under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006	IDeA policy
1. Whether to base a redundancy payment on an employee's actual weeks' pay where this exceeds the statutory week's pay limit of, currently, £464 per week (as at 6 April 2014).	Any redundancy payment will be calculated on the employee's actual week's pay. Continuous local government service, as defined under the Redundancy Payments (Continuity of Employment in Local Government, etc.) (Modification) Order 1999 (as amended), will be taken into account in the calculation of redundancy payments.
2. Whether to make a termination payment (inclusive of any redundancy payment) of up to a maximum of 104 weeks' pay.	Redundant staff will receive a severance payment (to incorporate statutory redundancy pay) calculated using the statutory redundancy payment formula but based on actual pay, enhanced by a multiplier of 1.3. A severance payment will not automatically be paid to employees whose employment is terminated on the grounds of efficiency of the service. Instead, the Leadership Board will determine each case on its merits, taking into account operational factors and personal circumstances (with the maximum severance payment being no greater than would have applied under the redundancy severance policy).
Discretions to be exercised under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000	IDeA policy
1. How a person's annual compensatory added years payment is to be abated during, and following the cessation of, any period of re-employment by an employer who offers membership of the LGPS to its employees, regardless of whether or not the employee chooses to join the LGPS (except where the employer is an Admitted Body, in which case abatement only applies if the person is in the LGPS in the new employment).	The IDeA will, during any period of re-employment in local government (see note below), abate a person's annual compensatory added years' payment by the 'excess' if the aggregate of: <ul style="list-style-type: none"> - the annual compensation, and - the annual pension from the LGPS, and - the annual rate of pay from the new employment exceeds the pay the person would have received from the employment in respect of which the compensatory added years were granted, based on the annual rate of pay at the date of ceasing the former employment as increased by the Retail Prices Index. Where compensatory added years were awarded on or after 21 June 2000, the IDeA will reduce a person's annual compensatory added years' payment following the cessation of a

⁵ Benefits paid on or after age 50 and before age 55 will be subject to an unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, but there would be no Scheme sanction charge.

period of re-employment in local government (see note below) to the extent necessary to secure that if:

- the period of compensatory added years granted in respect of the former employment, *plus*
- the period of membership the person has accrued in the LGPS (or would have accrued had he/she joined the scheme when first eligible to do so) during the period of re-employment in local government, counted at its part-time length, if the person was part-time, *exceeds* the period of membership the person would have accrued during the period from the cessation of the former employment until age 65 on the assumption that he/she had continued in that former employment to age 65 (again counted at its part-time length if the person was part-time at the date of cessation of the former employment), *then*
- the annual pension and lump sum from the first job combined with the annual pension and lump sum from the second job (based on the assumption that the employee joined the LGPS when first eligible to do so), plus the annual compensation and lump sum compensation, shall not in aggregate exceed the pension and lump sum the person would have achieved if he / she had remained in the first job through to age 65.

Where there is an excess, the annual compensation will be reduced by the excess pension and, if the annual compensation is not reduced to nil, the amount of the remaining (reduced) basic annual compensation will then be suspended until the excess lump sum (if any) is recovered.

In calculating whether or not, in aggregate, the annual pension and lump sum from the first job, plus the annual pension and lump sum (if any) from the second job (based on the assumption that the employee joined the LGPS at the first opportunity), plus the annual compensation and lump sum compensation, exceeds the pension and lump sum the person would have achieved if he/she had remained in the first job through to age 65 it will be necessary to compare:

- a) the actual LGPS pre 1 April 2009 1/80th pension and 3/80ths lump sum, plus the actual LGPS post 31 March 2008 1/60th pension (ignoring any commutation for a lump sum), plus the actual 1/80th annual compensation and 3/80ths lump sum compensation, with
- b) the 1/80th LGPS pension and 3/80ths lump sum the member would have achieved in their first job to 31 March 2008, plus the 1/60th LGPS pension the member would have achieved in their first job (ignoring any potential commutation for a lump sum), if the member had stayed in the first job through to age 65.

In determining the benefits the employee could have achieved had he / she remained in the first employment through to age 65 it will be necessary to determine the pensionable pay to be used in the calculation. For this purpose, the pensionable pay figure used in the calculation of the pension benefits in the first job will be used as brought up to date by increasing it in line with the Pensions Increase (Review) Orders.

If a person has been awarded more than one previous period of compensatory added years, e.g. as a result of being made redundant more than once, the abatement / claw back

	<p>provisions are modified. In such a case, the rules under the former Local Government (Discretionary Payments) Regulations 1996 will be applied where a person ceases a period of re-employment in local government and has previously been granted more than one period of compensatory added years, but using the pay in the first job as increased in line with inflation (i.e. ignoring regulations 18(5)(a)(ii), 18(6) and 18(7) of the Local Government (Discretionary Payments) Regulations 1996).</p> <p>Where compensatory added years were awarded before 21 June 2000, the IDeA will reduce a person's annual compensatory added years' payment following the cessation of a period of re-employment in local government (see note below) in accordance with the Local Government (Discretionary Payments) Regulations 1996.</p> <p>Note: 'local government' means employment with an employer who offers membership of the LGPS to its employees, regardless of whether or not the employee chooses to join the LGPS (except where the employer is an Admitted Body). Technically, an employee of an Admitted Body (i.e. a body that has applied to the administering authority to allow its employees to join the LGPS and has entered into a formal admission agreement) is only employed in 'local government' if he / she is a member of the LGPS.</p>
<p>2. How any surviving spouse's or civil partner's annual compensatory added years is to be apportioned where the deceased person is survived by more than one spouse or civil partner.</p>	<p>The IDeA will apportion any surviving spouse's or civil partner's annual compensatory added years where the deceased person is survived by more than one spouse or civil partner in such proportions as, at its sole discretion, it sees fit (based on the merits of the individual cases).</p>
<p>3. Whether, if the spouse of a person who ceased employment before 1 April 1998 remarries, enters into a civil partnership or cohabits after 1 April 1998, the normal annual compensation suspension rules will be disapplied i.e. the survivor's annual compensatory added years will continue to be paid.</p>	<p>If the spouse of a person who ceased employment before 1 April 1998 remarries, enters into a civil partnership or cohabits after 1 April 1998, the normal annual compensation suspension rules will be disapplied i.e. the spouse's annual compensatory added years will continue to be paid.</p>