

<b>Employer</b>	Seaford Town Council
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<b>Date of Policy Statement</b>	15/01/2015 (reviewed 29/03/2018)
<b>Date for Review</b>	April-20

### Discretions under the Local Government Pension Scheme 2014

These discretions are Employer discretions under The Local Government Pension Scheme Regulations 2013 (prefix **R**) and The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (prefix **TP**) on which Employers are required to formulate and publish a policy on.

<b>Regulation</b>	<b>Discretion</b>	<b>Proposed Employer's Policy on the exercise of this discretion</b>
<b>The Local Government Pension Scheme Regulations 2013</b>		
<b>R16(2)(e)</b>	Where APCs are to be paid by regular contributions, whether to fund in whole or in part a members additional pension contribution. The maximum additional pension which can be purchased from 1 <sup>st</sup> April 2014 is £6,500.	<i>Not to adopt this discretion See paras 1.1 – 1.3 below</i>
<b>R16(4)(d)</b>	Where APCs are to be paid by a lump sum contribution, whether to fund in whole or in part a members additional pension contribution. The maximum additional pension which can be purchased from 1 <sup>st</sup> April 2014 is £6,500.	<i>Not to adopt this discretion See paras 1.1 – 1.3 below</i>
<b>R30(6) &amp; TP11(2)</b>	Whether to allow an active member who has attained the age of 55 or over who reduces their working hours or grade to receive immediate payment of all or part of their retirement pension to which the member is entitled to in respect of that employment subject to an actuarial reduction.	<i>Not to adopt this discretion</i>
<b>R30(8)</b>	Whether to waive in whole or in part any reduction in a members pension benefits as a result of a member who has not attained normal pension age but who has attained the age of 55 or over and has elected to receive immediate payment of a retirement pension.	<i>Agree to adopt these discretions based on compassionate grounds ie compelling domestic reasons which will affect the ability of the individual to continue with his/her present working arrangements, and/or Ill health which does not meet the criteria for ill-health requirement.</i>

<b>R31</b>	Whether to award additional pension up to a maximum of £6,500 to an active member or a member who was an active member who was dismissed by reason of redundancy, or business efficiency, or whose employment was terminated by mutual consent on grounds of business efficiency within 6 months of the date the members employment ended.	<i>Not to adopt this discretion.</i>
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<b>The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014</b>		
<b>TPSch 2, 2(2)</b>	Whether to “switch on” the 85 Year Rule for a member voluntarily drawing benefits on or after age 55 and before age 60.	<i>Agree to adopt this discretion.  Agreement to be determined through the Council’s usual business case approval process.</i>
<b>TPSch 2, 2(3)</b>	Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits from pre 1/4/14 membership where the employer has “switched-on” the 85 Year Rule for a member voluntarily drawing benefits on or after age 55 and before age 60.	<i>Agree to adopt these discretions based on compassionate grounds ie compelling domestic reasons which will affect the ability of the individual to continue with his/her present working arrangements, and/or Ill health which does not meet the criteria for ill-health requirement.</i>

- 1.1 The 2013 regulations introduce two new discretions in relation to ‘Additional Pension Contributions’ (APCs). Essentially, APCs provide for additional pension to be purchased which will then enhance the final pension benefits payable. The discretions provide the opportunity for the employer to fund, either in whole or in part, the cost of this additional pension contribution.
- 1.2 In determining our policy on this, careful consideration needs to be given to both the circumstances in which such contributions would be made and the costs of doing this. In practice, there will be very few, if any, occasions when this would be appropriate as this is likely to be used as either a recruitment incentive or as part of a severance arrangement for the most senior staff. The costs associated with this are considerable, for example, the maximum additional pension which can be purchased is £6,500. As a guide, the costs of purchasing this for a male aged 40 years is £55,926 and for a female aged 40 years is £59,826. These costs increase the older the individual, for example, rising to £78,208 for a female aged 50 years.
- 1.3 This level of cost is disproportionate to the potential benefit(s) that would be gained by the organisation in applying this discretion and as such, there is no business case for operating it. It is therefore recommended that our policy in relation to APCs is to not operate this as a discretion.