

DORCHESTER TOWN COUNCIL

STATEMENT OF POLICY

THE LOCAL GOVERNMENT PENSION SCHEME 2014 - DISCRETIONS

PART A – Formulation of COMPULSORY policy in accordance with Regulation 60 of the Local Government Pension Scheme Regulations 2013

Regulation 16 – Additional Pension Contributions

The Scheme employer may resolve to fund in whole or in part any arrangement entered into by an active scheme member to pay additional pension contributions by way of regular contributions in accordance with **Regulation 16(2)(e)**, or by way of a lump sum in accordance with **Regulation 16(4)(d)**.

The Scheme employer may enter into an APC contract with a Scheme member who is contributing to the Scheme in order to purchase additional pension of not more than the additional pension limit (£6,500 from 1st April 2014 subject to annual increase in line with the Pensions (Increase) Act 1971).

The amount of additional contribution to be paid is determined by reference to actuarial guidance issued by the Secretary of State.

Consideration needs to be given to the circumstances under which the Scheme employer may wish to use their discretion to fund in whole or in part an employee's Additional Pension Contributions.

Dorchester Town Council's policy concerning the whole or part funding of an active member's additional pension contributions

The Council will not normally exercise this discretion. This does not however preclude the Council from funding an employee's Additional Pension Contributions in exceptional circumstances or where there is a financial or practical reason for doing so.

Regulation 30(6) – Flexible Retirement

An active member who has attained the age of 55 or over and who with the agreement of their employer reduces their working hours or grade of employment may, with the further consent of their employer, elect to receive immediate payment of all or part of the retirement pension to which they would be entitled in respect of that employment as if that member were no longer an

employee in local government service on the date of the reduction in hours or grade (*adjusted by the amount shown as appropriate in actuarial guidance issued by the Secretary of State*)

As part of the policy making decision the Scheme employer must consider whether, in addition to the benefits the member may have accrued prior to 1 April 2008 (which the member must draw), to permit the member to choose to draw all, part or none of the pension benefits they built up after 31 March 2008 and before 1 April 2014 and all, part or none of the pension benefits they built up after 1 April 2014.

Due consideration must be given to the financial implications of allowing an employee to draw all or part of their pension benefits earlier than their normal retirement age.

Dorchester Town Council's policy concerning flexible retirement

There is no blanket consent for staff to flexibly retire and draw immediate payment of any pension benefits. Each flexible retirement request will be considered on its merits and will only be agreed if it is in the Council's interests to do so.

Regulation 30(8) – Waiving of Actuarial Reduction

Where a Scheme employer's policy under regulation 30(6) (flexible retirement) is to consent to the immediate release of benefits in respect of an active member who is aged 55 or over, those benefits must be adjusted by an amount shown as appropriate in actuarial guidance issued by the Secretary of State (commonly referred to as actuarial reduction or early payment reduction).

A Scheme employer (or former employer as the case may be) may agree to waive in whole or in part and at their own cost, any actuarial reduction that may be required by the Scheme Regulations.

Due consideration must be given to the financial implications of agreeing to waive in whole or in part any actuarial reduction.

Dorchester Town Council's policy concerning the waiving of actuarial reduction

The Council will not normally exercise this discretion. This does not however preclude the Council from waiving the actuarial reduction in exceptional circumstances should it so decide.

Regulation 31 – Award of Additional Pension

A Scheme employer may resolve to award

- (a) an active member, or
- (b) a member who was an active member but dismissed by reason of redundancy, or business efficiency, or whose employment was terminated by mutual consent on grounds of business efficiency,

additional annual pension of, in total (including any additional pension purchased by the Scheme employer under Regulation 16), not more than the additional pension limit (£6,500 from 1st April 2014 subject to annual increase in line with the Pensions (Increase) Act 1971).

Any additional pension awarded is payable from the same date as any pension payable under other provisions of the Scheme Regulations from the account to which the additional pension is attached.

In the case of a member falling within sub-paragraph (b) above, the resolution to award additional pension must be made within 6 months of the date that the member's employment ended.

Dorchester Town Council's policy concerning the award of additional pension

This option will only be exercised in circumstances of redundancy, or termination of service on the grounds of the efficiency of the service. In all such cases any award will relate to age and length of service and will be determined by the Council on recommendation of the Policy Committee.

Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014

Schedule 2 – paragraphs 2 and 3

Where a scheme member retires or leaves employment and elects to draw their benefits at or after the age of 55 and before the age of 60 those benefits will be actuarially reduced unless their Scheme employer agrees to meet the full or part cost of those reductions as a result of the member otherwise being protected under the 85 year rule as set out in previous Regulations.

So as to avoid the member suffering the full reduction to their benefits the Scheme employer can 'switch on' the 85 year rule protections thereby allowing the member to receive fully or partly unreduced benefits but subject to the Scheme employer paying a strain (capital) cost to the Pension Fund

Scheme Employer's policy concerning the 'switching on of the 85 year rule

The Council will not normally exercise this discretion. This does not however preclude the Council from exercising this discretion in exceptional circumstances should it so decide following receipt of information in respect of the financial implications to the Council.

**PART B – Formulation of RECOMMENDED policy in accordance with the
Local Government Pension Scheme Regulations 2013**

Regulation 9(1) & (3) – Contributions

Where an active member changes employment or there is a material change which affects the member's pensionable pay during the course of a financial year, the Scheme employer may determine that a contribution rate from a different band (as set out in Regulation 9(2)) should be applied.

Where the Scheme employer makes such a determination it shall inform the member of the revised contribution rate and the date from which it is to be applied.

Dorchester Town Council's policy concerning the re-determination of active members' contribution bandings at any date other than 1st April

The Council will allocate employees to the appropriate contribution band according to their salary on the 1st April annually and amend it throughout the year from the effective date of any change in employment or material change to the rate of pensionable pay received.

Regulation 22 – Merging of Deferred Member Pension Accounts with Active Member Pension Accounts

A deferred member's pension account is automatically aggregated with their active member's pension account unless the member elects within the first 12 months of the new active member's pension account being opened to retain their deferred member's pension account.

A Scheme employer can, at their discretion, extend the 12 month election period.

Dorchester Town Council's policy concerning merging of Deferred Member Pension Accounts with Active Member Pension Accounts

The Council will allow an active member to elect not to aggregate a deferred member's pension account to an active member's pension account beyond the 12 month deadline only where there is no financial implications to the Council and it is of benefit to the member.

Regulation 100(6) – Inward Transfers of Pension Rights

A request from an active member to transfer former pension rights from a previous arrangement into the Local Government Pension Scheme as a result of their employment with a Scheme employer must be made in writing to the administering authority and the Scheme employer before the expiry of the period of 12 months beginning with the date on which the employee first became

an active member in an employment (or such longer period as the Scheme employer and administering authority may allow).

Dorchester Town Council's policy concerning the extension of the 12 month transfer application period

The Council will accept inward transfer of pension rights beyond the 12 month deadline only where there is no financial implications to the Council and subject to the agreement of the Administering Authority.

Policy Statements

1. The Council will consider any other non-compulsory discretions on an individual basis; the merits of each being fully investigated.
2. The Council, in exercising the discretionary powers available under the above Regulations has acted with due prudence and propriety and considered the financial aspect of applying the discretions.
3. The above Policies may be subject to review from time to time. Any subsequent change in this Policy Statement will be notified to affected employees.
4. This Policy will be effective from 1 June 2014.

This Policy was approved by the Dorchester Town Council at its meeting held on 20 May, 2014

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