



PENSIONS DISCRETIONS POLICY

1. General Principles

- 1.1. Under the rules of the Local Government Pension Scheme (LGPS) the employer has the right to authorise discretion on a number of matters regarding the administration of the pension scheme.
- 1.2. For a number of discretions, numbers 2.1 – 2.7 below, there is a statutory requirement to publicise the approach the employer will take.
- 1.3. The approach to exercising discretion in this policy is to allow the employer to make a reasonable decision in individual cases but also to be clear as to the factors it will take into account in making that decision.
- 1.4. In formulating and reviewing its policy statements the employer is required to:
 - Have regard to the extent to which the exercise of their discretionary powers, unless properly limited, could lead to a serious loss of confidence in the public service, and,
 - Be satisfied that the policy is workable, affordable and reasonable having regard to the foreseeable costs.
- 1.5. Where reference is made in this policy to the decision making role of the Lead Member or specific Officer roles, the authority to make these decisions will be for them and their successor roles should there be a change in the future.
- 1.6. Any complaints relating to Council decisions in these matters would need initially to be raised under the pension scheme's Internal Disputes Resolution Procedure, details of which are available from the pension scheme administrator.

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2 Discretions

- **Whether to augment membership of an active member (by up to 10 years)**
 - **Whether to grant additional pension to a member (by up to £5,000 pa).** (*The Local Government Pension Scheme Regulations 2007 (as amended), Regulation 12 &13*).
- 2.1 Where there is a clear and significant financial or operational advantage to be gained by the Council, the Council will consider awarding discretionary additional membership, or additional pension, and only then with the prior recommendation of the Compensation Panel and subsequent confirmation under standing orders from the Lead Member, or nominated Councillor.
- **Whether all or some benefits can be paid if an employee reduces their hours or grade (flexible retirement) (also see 2.4 below)** (*The Local Government Pension Scheme Regulations 2007(as amended), Regulation 18 (1)*).
- 2.2 Only where there is a clear operational or financial advantage for the Council will a request for early payment of benefits under flexible retirement rules normally is permitted. This would be for employees aged 55 or over. Decisions regarding early payment of retirement benefits under the flexible benefits rules are delegated to the Director of Finance and/or the Compensation Panel.
- **Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement.** (*The Local Government Pension Scheme Regulations 2007 (as amended), Regulation 18(3)*)
- 2.3 Where there is a clear and significant financial or operational advantage for the Council, taking all issues into account, the Council will consider waiving, in whole or in part, the actuarial reduction on benefits paid in flexible retirement and only with the prior recommendation of the Compensation Panel and subsequent confirmation under standing orders from the Lead Member, or nominated Councillor.

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- **Whether to grant an application for early payment of benefits on or after age 55 and before age 60.** (*The Local Government Pension Scheme Regulations 2007 (as amended), Regulation 30(2)*)

For current employees.

- 2.4 Where there is no financial, or operational, disadvantage to the Council, or where unforeseen circumstances might result in the employee suffering personal hardship, and taking all other factors into account, a request for early payment of benefits will normally be accepted with the prior recommendation of the Director of Finance / Compensation Panel and subsequent confirmation under standing orders from the Lead Member or nominated Councillor.

For former employees.

- 2.5 Only where there is no financial disadvantage to the Council will a request for early payment of deferred benefits normally be accepted (other than on the grounds of permanent ill-health or compassion), with the prior recommendation of the Director of Finance / Compensation Panel and subsequent confirmation under standing orders from the Lead Member, or nominated Councillor.

- **Whether to waive, on compassionate grounds, the actuarial reduction applied to benefits paid early.** (*The Local Government Pension Scheme Regulations 2007(as amended), Regulation 30(5)*)

- 2.6 Only where unforeseen circumstances will result in severe and lasting personal hardship, and taking into account the financial impact on the Council, will a request for early unreduced payment of benefits on compassionate grounds from a retiring employee, or a former member, normally be accepted with the prior recommendation of the Compensation Panel and subsequent confirmation under standing orders from the Lead Member, or nominated Councillor.

- **To reduce or suspend the pension paid (abatement) should a retired employee in receipt of a current Hounslow LGPS pension be re-employed by another scheme employer at a rate that results in their new pay plus pension being higher than the pay in the job from which they retired.** (*The Local Government Pension Scheme (Administration) Regulations 2008, Regulation 70*)

- 2.7 Where a pensioner of the Council's pension scheme is re-employed by another LGPS employer the current practice of abatement of pension will continue.

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- **Determination of the rate of employee's contributions** (*The Local Government Pension Scheme Regulations 2007, Regulation 3 and The Local Government Pension Scheme (Transitional Provisions) Regulations 2008, Regulation 9*).
- 2.8 The method for the determination of employee's contributions to the scheme is that employee contribution band rates are assessed on 1 April each year based on all permanent elements of pay, and then remain fixed until they are reassessed the next year. New entrants to the scheme during the year will be assessed at the first month of pay, then remain fixed until they are reassessed on the following 1 April.
- **Extend the normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS.** (*The Local Government Pension Scheme (Administration) Regulations 2008 Regulation 16(4)(b)(ii)*).
- 2.9 The Council will normally only consider extending the time limit of 12 months to allow employees to transfer the value of a previous pension into the scheme if there is clear evidence that they had not been informed of, or could not reasonably have known of, the time limit. Decisions on the extension of the time limit for transfer values are delegated to the Director of Finance and Head of Human Resources and Organisational Development.

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