



**Bollington**

TOWN COUNCIL

Bollington Town Hall  
Wellington Road, Bollington, Cheshire SK10 5JR  
Email: [clerk@bollington-tc.gov.uk](mailto:clerk@bollington-tc.gov.uk)  
[www.bollington-tc.gov.uk](http://www.bollington-tc.gov.uk)  
Tel: 01625 572985

# **Pension Discretion Policy**

## **Local Government Pensions Scheme (LGPS) with effect from 2014**

This Pension Discretion Policy was adopted by the Council at its meeting held on 3<sup>rd</sup> October 2023.

This version of the Pension Discretion Policy supersedes any previous versions.

## Contents

1. Introduction .....	3
2. Scope .....	3
3. Objectives .....	3
4. Principles .....	3
5. Transitional Arrangements.....	4
6. Discretions .....	5
6.1. Regulation 9, Contributions .....	5
6.2. Regulation 22 (7b&8b) Aggregation of benefits .....	5
6.3. Regulations 16 (2)e and (4)d, Additional Pension Contributions .....	5
6.4. Regulation 31, Award of Additional Pension .....	5
6.5. Regulation 91(1), Forfeiture of pension rights after convictions for employment related offences .....	6
7. Retirement .....	6
7.1. Retirement at Normal Pension Age.....	6
7.2. Late Retirements .....	6
7.3. Regulation 30(8), Retirement before normal pension age.....	6
7.4. Regulation 30(7), Retirement on Grounds of Redundancy.....	7
7.5. Regulation 30(7), Retirement on the Grounds of Business Efficiency – Employer Consent.....	7
7.6. Regulation 30(6&8) 32(4), Flexible Retirement .....	7
7.7. Regulations 35,36,37,38,39, Ill Health Retirement .....	7

Table 1 Document Version Control

Version	Date	Initials	Comment
00.01_2023	06/09/2023	HW & JM	Updated and replaced previous version
01.00_2023	03/10/2023	HW	Reviewed by Personnel, Policy & Governance Committee on 13/09/23. Adopted by Full Council 03/10/23

Date of next review – Quarter 2 2025

## 1. Introduction

This document defines Bollington Town Council's discretions under the LGPS Regulations 2013 and clarifies the Council's approach to the different retirement options.

## 2. Scope

This policy statement applies to all members of staff who are eligible to be members of the local government pension scheme, as defined in the regulations.

Currently these are employees with a contract of employment of over 3 month's duration and who are under 75 years of age.

Employees who are members of the pension scheme are only entitled to receive pension benefits if they have 2 years or more service. Under LGPS 2014 Regulation 18, if an employee leaves within 2 years of the start of their employment, their contributions are repayable unless, in accordance with Regulation 19, that person:

- a) Becomes an active member again within one month and one day of ceasing active membership in an employment, or before the date a return of contributions has been issued by the appropriate administering authority, whichever is the later;
- b) Left the employment because of
  - An offence of a fraudulent character, or
  - Grave misconduct, in connection with the employment;
- c) Benefits from a transfer payment to another registered pension scheme or to a qualifying recognised overseas pension scheme;
- d) Continues as an active member in another employment held concurrently with the employment in which that person has ceased to be an active member; or
- e) Is an active member and dies in service.

## 3. Objectives

This policy statement clarifies the Council's position on the discretions it can exercise in accordance with the Local Government Pensions Scheme (LGPS) with effect from 2014 regulations and guidance on how they apply to different retirement options. It also provides clear guiding principles to assist decision making given that consideration of an employee's retirement, in a range of circumstances, will be considered on its own merits on a case by case basis.

## 4. Principles

The Council will treat any individual retirement case and decision on its merits.

Decisions relating to retirement will be made taking into account the business case and business implications, the financial implications, employment law consideration, the regulations and the legality of each case. It may also take into account long term savings, affordability, skills and skills retention and impact on service delivery.

The definition of business efficiency shall include, but not be limited to financial savings and/or quality improvements judged on a case by case basis. Each decision will be made free from discrimination on the grounds of any protected characteristic - age, disability, gender reassignment, marriage or civil partnership, pregnancy & maternity, race, religion and belief, sex, sexual orientation or any other personal criteria.

The Council's decisions relating to retirement and the release of a pension will be in line with the current pension regulations. **These regulations may be updated from time to time and the Council's policy is to default to the regulations if the policy is not explicit on any current or future regulation.**

Decisions relating to the release of deferred benefits to former employees will refer to the relevant pension policies applicable to their pre 2014 service. In all such cases, the decision as to the release of deferred benefits will be on a case by case basis and will take into account the criteria detailed in these principles. Guidance may be sought from the pension administrators as required.

Compassionate grounds are defined as: situations of severe personal distress resulting from non-financial circumstances affecting the individual or close family member (e.g. partner/spouse/child/parent) leading to unavoidable financial hardship.

## 5. Transitional Arrangements

### **Regulation 1 (1)c Schedule 2 Authority to switch on the 85 year rule**

Power of employing authority to 'switch on' the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60.

The 85 year rule is when a member's age plus scheme membership (in whole years) equals 85 may be able to take their pension before their Normal Pension Age, without it being reduced for early payment.

An employer may decide to 'switch on' protection to the 85-year rule for a member who voluntarily retires from age 55 but before age 60 and meet any additional cost of the retirement.

The Council will use these discretions where an employee meets the 85-year rule and has requested early payment of benefits on or after age 55 and before age 60, on a case by case basis in accordance with the principles set out in section 4.

The decision to switch on the protection to the 85-year rule for a member who voluntarily retires from age 55 but before age 60. and to meet any additional cost of the retirement will only be made following consideration by and a recommendation from the Council's Personnel, Policy and Governance Committee.

## **6. Discretions**

Within the regulations there are a number of discretionary statements that require the Council to explicitly state their position. The discretions detailed below relate to the current LGPS 2014 regulations and guidance. These should be read alongside the principles in section 4 and the retirement options in section 7.

### **6.1. Regulation 9, Contributions**

The Council will apply the nationally determined employee contribution rates and bands. These are subject to an annual review and may be varied.

The Council will pay the rate of contributions determined in the regulations for employees whose pay is reduced through ill health or during authorised unpaid leave, including child related leave.

Where an employee has variable pensionable pay throughout the year, the Council will determine the contribution rate based on the total pensionable pay of the previous year and guidance from the relevant line manager and will annually review the contribution rate to ensure the correct rate is being applied.

Where an employee changes their employment within the Council and there is a material change to their pensionable pay during a year (working hours and / or grade), the Council will change the employee's contribution rate when the material change takes effect.

### **6.2. Regulation 22 (7b&8b) Aggregation of benefits**

Employees can transfer any previous benefits into the LGPS provided they express an interest within 12 months of starting the new period of membership. The Council has the discretion to extend this period beyond 12 months.

The Council will not normally allow an extension except where the employee believed they had made a request but the administrators to the pension scheme are unable to find any paperwork relating to the request. The decision whether to extend this period will be made on a case by case basis by the Town Council following consideration by and recommendation from the Personnel, Policy and Governance Committee.

The employee should request to the Town Clerk after three months to check the monies are present in their pension report.

### **6.3. Regulations 16 (2)e and (4)d, Additional Pension Contributions**

The Council will not adopt the discretion to fund whole or in part additional pension contributions made by a member whether paid as a regular contribution or a lump sum.

### **6.4. Regulation 31, Award of Additional Pension**

The Council has discretion to award additional pension up to the additional pension limit defined in the regulations (currently £7,579 per annum – reviewed each April) to employees who are active members or who have been dismissed on grounds of redundancy or business efficiency.

The Council will only exercise this discretion in exceptional circumstances and only following consideration by and recommendation from the Personnel, Policy and Governance Committee.

## **6.5. Regulation 91(1), Forfeiture of pension rights after convictions for employment related offences**

The Council will adopt the discretion to apply to the Secretary of State for a forfeiture certification if any employee who is a member of the pension scheme is convicted of a relevant offence committed during their employment and for which they left their employment.

This discretion will be exercised in line with regulations. In such circumstances, the Council will adopt those discretions detailed in regulation 91(7), 93(1), 93(2) to mitigate any loss subject to the protection of guaranteed minimum pension rights detailed on regulation 95.

## **7. Retirement**

### **7.1. Retirement at Normal Pension Age**

The LGPS 2014 defines the normal pension age for each member as equal to their state pension age. At the employee's normal pension age their pension benefits are paid unreduced and will be based on their Career Average Re-valued contributions in their pension account for service after 01/04/2014.

The accrual rate for contributions after this date is currently 1/49th of pensionable pay and the Council will pay employee contributions and the employer contributions to the pension scheme administrations in line with the regulations and triennial reviews. Eg. if a member's pensionable earnings were £20,000 for a given year (1<sup>st</sup> April – 31<sup>st</sup> March) they would accrue £408.16 CARE pension ( $£20,000/49 = £408.16$ ). At the end of each year your CARE pension is revalued in line with the Consumer Price Index (CPI) to take into account the cost of living.

The 'Final Salary' element of your pension is still calculated based on your service (in years and days) up to the 31<sup>st</sup> March 2014, as well as your full time equivalent pension pay at leaving (not your part time pay).

All pension contributions paid into the local government pension scheme before 1 April 2014 are fully protected in line with the transitional arrangements.

### **7.2. Late Retirements**

Employees who are members of the pension scheme and who work beyond their normal pension age will receive enhanced benefits in line with the Government's Actuaries Department guidance and the regulations.

### **7.3. Regulation 30(8), Retirement before normal pension age**

The LGPS 2014 permits current employees to choose to take their retirement pensions from age 55. This election is without employers' consent and therefore is subject to an actuarial reduction. In such cases of voluntary retirement between the ages of 55 to 60, the Rule of 85 protections do not apply however, the Council has discretion to waive the actuarial reduction applied to benefits paid early.

A deferred member (a person who was once a member of the pension scheme but left before retirement age and their benefit is "frozen" or "preserved") may also elect

to take their retirement pensions from age 55 and this will be subject to an actuarial reduction. In such cases of voluntary retirement between the ages of 55 to 60, the Rule of 85 protections do not apply however, the Council has discretion to waive the actuarial reduction applied to benefits paid early.

The Council will use these discretions where an employee has requested early payment of benefits on or after age 55 and before 60 on a case by case basis in accordance with the principles set out in section 4.

The decision to waive the actuarial reduction applied to benefits paid early will only be made by the Town Council following consideration by and a recommendation from the Council's Personnel, Policy and Governance Committee. NB this is a cost to Bollington Town Council.

#### **7.4. Regulation 30(7), Retirement on Grounds of Redundancy**

Where an employee aged 55 or over is dismissed on the grounds of redundancy, they are entitled to receive immediate payment of their pension and it is not subject to an actuarial adjustment. The actuarial strain continues to be taken by the Council.

If the employee has been paying additional pension contributions, those additional pension contributions are subject to actuarial reduction in line with the regulation 30(7a) and any further guidance.

#### **7.5. Regulation 30(7), Retirement on the Grounds of Business Efficiency – Employer Consent**

Where an employee aged 55 or over is dismissed or their employment terminated by mutual consent on the ground of business efficiency (employers' consent), they may be entitled to receive immediate payment of their pension and it is not subject to an actuarial adjustment. The actuarial strain continues to be taken by the Council.

If the employee has been paying additional pension contributions, those additional pension contributions are subject to actuarial reduction in line with the regulation 30(7a) and any further guidance.

#### **7.6. Regulation 30(6&8) 32(4), Flexible Retirement**

The Council does not operate a flexible retirement scheme and therefore will not normally use these discretions. However, this could be accommodated if there was a compelling reason for doing this for the efficiency of the Town Council and subject to consideration by and recommendation to the Town Council from the Personnel, Policy and Governance Committee.

#### **7.7. Regulations 35,36,37,38,39, Ill Health Retirement**

The Council will approve the release of pension benefits on the termination of employment when an employee meets the following two conditions:

- That the member is, as a result of ill health or infirmity of mind or body, permanently incapable of discharging efficiently the duties of the employment the member was engaged in, and,

- The member, as a result of ill health or infirmity of mind and body is not immediately capable of undertaking gainful employment.

Ill Health retirement benefits are based upon one of three tiers. The tier an employee retires under will determine whether benefits are enhanced and by how much. The tiers are as follows:

- Tier 1 - No prospect of other gainful employment at any age before normal retirement age.
- Tier 2 - No prospect of other gainful employment now or any time in the next 3 years; but there IS good prospect before normal retirement age.
- Tier 3 - Good prospect of other gainful employment straight away or any time in the next 3 years. The pension is paid for a maximum of 3 years but may stop earlier following the 18-month review or taking up gainful employment.

The Council will investigate whether the reasons for retirement is on ill health grounds as laid out in the LGPS regulations and obtain a certified opinion from a registered independent medical practitioner. Bollington Town Council must take this into consideration.

Former employees who are deferred members of the pension scheme may request a release of their pension on ill-health grounds at any age. The Council will investigate whether the reasons for retirement is on ill health grounds as laid out in the LGPS regulations and obtain a certified opinion from a registered independent medical practitioner.

The decision as to which if any award will be made for ill health retirement will be made by the Council following consideration by and recommendation from the Personnel, Policy and Governance Committee.