

Explanation of each Discretion

1. Reg 31: Whether to grant additional pension to a member of up to £6500pa - Required in Policy Statement

Employers are allowed to purchase additional pension on a member's behalf up to a limit of providing additional pension of £6500 per annum. The cost of providing any additional pension to the member (over their expected time as a future pensioner) will be invoiced to the employer concerned as at the time of the award. We can provide estimates of the cost of awarding additional amounts of pension. As of April 2014, this is now under the title of Additional Pension Contributions (APCs) and hence further information can be found [here](#).

In our experience, we tend to find that this discretion is rarely used but when it is used it is cases of redundancies or compromise agreements etc.

2. Reg 16(2) e & Reg 16(4) d: Whether to it make either a regular or lump sum Additional Pension Contribution (APC) to a member's account (part or whole funding this) - NEW - Required in Policy Statement

Further information about APCs can be found [here](#); this discretions relates to the option to help a member purchase additional where the employer is not required to do so under the LGPS Regulations (in a similar way to no 1). Employers are required to purchase additional pension in the circumstances highlighted in the link.

3. Reg 30(6) Whether all or some pension benefits can be paid if an member aged 55 or over reduces their hours/grade and continues to work ("flexible retirement") - Required in Policy Statement

Flexible retirement means that the member can begin drawing their pension from a certain point in time while they continue working in the same employment (on reduced hours or pay). There will not normally be a direct and immediate costs to the employer if the employer agrees to do this, as the member's pension will be reduced accordingly to allow for any early withdrawal, as is the case for any early retirement. However, if the member would normally reach the rule of 85 before age 60 and they take flexible retirement before age 60 then costs may well apply – therefore for pre-60 flexible retirement cases, we suggest that you contact us for an estimate before making a decision.

Please note that the LGPS Regulations do not explicitly mention that a minimum reduction in hours or pay is necessary or that the reduction needs to be permanent.

4. Reg 30(8) Waiving actuarial reduction on flexible retirement. - Required in Policy Statement

Employers can choose to 'waive' the reduction that would normally apply because the member would be taking their pension early. As the full pension would be being paid for longer, this means that we would expect to pay out more pension in the member's lifetime. This additional cost (or 'strain') would be invoiced to the employer. We are able to provide estimates of the likely cost.

5. Reg 30(8) Waiving actuarial reduction on early retirement (age 55+) – for both active and deferred members - Required in Policy Statement

This discretion is identical to number 4) except that here it applies for early retirement instead of flexible retirement.

6). TP Regs 1(1)(c) of Schedule 2: Whether to allow the rule of 85 to be “switched on” for members who would normally meet the rule but who will not if they draw the benefits age 55-59 (NEW - Required in Policy Statement)

The rule of 85 applies to some members who originally joined the LGPS before 2006. It allows members who meet the rule to retire earlier than the normal pension age, taking their pension benefits in full. However, under the LGPS2014 Regulations certain members would lose some of the rule of 85 protections if they wished to draw their pension benefits before 55 and 59. Hence this discretion allows the protections to be re-instatement by the employer; this will have cost implications so we recommend that you ask for an estimate of costs before implementing this discretion.

7. Regs 22 (8 & 9) Whether to extend 12-month period to separate previous Local Government Pension Scheme service. - Not Mandatory in Policy Statement but please complete

As of April 2014, all members’ previous Local Government Pension Scheme service (either within Wiltshire Pension Fund or from another Local Government Pension Fund) should be automatically linked together or transferred in. However, members have 12 months from their starting date to decide if they wish to separate these benefits. If they do not respond, the benefits will be linked. We will write to the member, upon receiving a starter form/spreadsheet from you, to provide them with the relevant information and offer them this choice.

Your discretion is to allow for the normal 12 month window to be extended. A typical reason why you may wish to this is because the member was not contacted in time (possibly we received starter information from you very late).

8. Reg 9(3) Determine rate of employees’ contributions. - Not Mandatory in Policy Statement but please complete

Employee contribution rates must be reviewed each April but employers have the discretion to review them more frequently. Further information on this can be found [here](#) (underneath the tables)

9. Reg 100(6) Whether to extend 12-month period to allow a transfer-in of non-LG pension rights. - Not Mandatory in Policy Statement but please complete

New members have 12 months to decide whether or not to transfer in a pension from non-public sector fund; they should be provided with this information as part of the starter pack.

Your discretion is to allow for the normal 12 month window to be extended. A typical reason why you may wish to this is because the member was not contacted in time

(possibly we received starter information from you very late). If you agree to do this, we will ask you to sign a 'Consent to Late Transfer' Form on each occasion to make sure that the person agreeing to this is aware of the potential consequences.