

## LGPS DISCRETIONS POLICY

<b>Responsible</b>	Chief Financial Officer
<b>Approved by</b>	Board of Trustees
<b>Approval date</b>	October 2022
<b>Date for review</b>	October 2025

# LGPS DISCRETIONS POLICY

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## Purpose

Better Future’s Multi-Academy Trust (BFMAT) is required to compose, publish and keep under review a policy statement in relation to the exercising of a number of discretions under the relevant Local Government Pension Scheme (LGPS) Regulations.

To ensure value for money and financial stability, BFMAT has adopted an approach that befits the size, finances and current staffing levels at the Trust. In addition, the decisions regarding the discretionary powers have been taken to ensure the affordability of the scheme to all members.

The LGPS is administered on a regional basis, often based on Local Authority area. Which LGPS an employee is a member of for administrative purposes will depend on the Local Authority in which the academy they work at is situated. These discretions apply equally to all LGPS members in all academies within the Trust and in all Local Authority areas.

## The Discretions

Regulation	Policy
<p data-bbox="188 958 735 1037"><b>Regulations 16(2)(e) and 16(4)(d) of the 2013 Regulations</b></p> <p data-bbox="188 1104 759 1133"><b>Shared Cost Additional Pension Scheme</b></p> <p data-bbox="188 1200 730 1328">An employer can choose to pay for or contribute towards a member’s Additional Pension Contract via a Shared Cost Additional Pension Contract (SCAPC).</p>	<p data-bbox="810 958 1390 1055">The policy of BFMAT is not to fund, in whole or in part an employee’s Additional Pension Contributions.</p>

<p><b>Regulation 30(6) of the 2013 Regulations &amp; regulation 11(2) of the 2014 Regulations</b></p> <p><b>Flexible Retirement</b></p> <p>Employers may allow a member from age 55 onwards to draw all or part of the pension benefits they have already built up while still continuing in employment. This is subject to the employer agreeing to the member either reducing their hours or moving to a position on a lower grade.</p> <p>In such cases, pension benefits will be reduced in accordance with actuarial tables, unless the employer waives reduction on compassionate grounds or a member has protected rights.</p>	<p>The policy of BFMAT is to agree to individual applications for flexible retirement where there are no financial costs to the Trust and there is no detrimental effect on service delivery.</p>
<p><b>Regulation 30(8) of the 2013 Regulations</b></p> <p><b>Waiving actuarial reduction</b></p> <p>Employers have the power to waive, on compassionate grounds, the actuarial reduction (in whole or part) applied to members benefits paid on the grounds of flexible retirement.</p> <p>Employers may also waive, on compassionate grounds, the actuarial reduction (in whole or part) applied to member's benefits for deferred members and suspended tier 3 ill health pensioners who elect to draw benefits on or after age 60 and before normal pension age.</p> <p>Employers also have the power to waive, in whole or in part, the actuarial reduction applied to active members benefits when a member chooses to voluntarily draw benefits on or after age 55 and before age 60.</p>	<p>The policy of BFMAT is that a decision to waive any actuarial reduction in the case of flexible retirement will only be considered where there will be a financial or other benefit to the employer or, in very exceptional circumstances on compassionate grounds.</p> <p>The policy of BFMAT is that a decision to waive any actuarial reduction in the case of deferred members and suspended tier 3 ill health pensioners who elect to draw benefits on or after age 60 and before normal pension age will only be considered where there will be a financial or other benefit to the employer or, in very exceptional circumstances, on compassionate grounds.</p> <p>The policy of BFMAT is that a decision to waive any actuarial reduction in the case of an active member who chooses to voluntarily draw benefits on or after age 55 and before age 60 will only be considered where there will be a financial or other benefit to the employer or, in very exceptional circumstances, on compassionate grounds.</p>

<p><b>Schedule 2, paragraphs 1(1)(c), 2(2) and 2(3) of the 2014 Regulations</b></p> <p><b>Power of employing authority to ‘switch on’ the 85 year rule</b></p> <p>An employer can choose whether to ‘switch on’ the 85 year rule for members who voluntarily retire on or after age 55 and before age 60.</p> <p>An employer can also choose to waive, on compassionate grounds, the actuarial reduction applied to benefits for a member voluntarily drawing benefits on or after age 55 and before age 60.</p>	<p>The policy of BFMAT is that a decision to ‘switch on’ the 85-year rule (for scheme members aged between 55 and 60) is only made where there would be a financial or other benefit to the Trust or in very exceptional circumstances on compassionate grounds.</p>
<p><b>Regulation 31 of the 2013 Regulations</b></p> <p><b>Power of employing authority to grant additional pension</b></p> <p>An employer can choose to grant additional pension to an active member or to a member within 6 months of ceasing to be an active member by reason of redundancy or business efficiency (by up to £6500* per annum).</p> <p>(*the figure of £6500 will be increased each April under Pensions Increase Orders)</p>	<p>The policy of BFMAT is that it does not use the discretion to award additional pension, in the circumstances outlined in Regulation 31.</p>