

**Mercia Primary Academy Trust**

Lark Hall Infant & Nursery Academy

Flax Hill Junior Academy

**POLICY STATEMENT ON DISCRETIONARY DECISIONS FOR EMPLOYEES IN LOCAL GOVERNMENT  
PENSION SCHEME**

Effective from	1 July 2014
Review date	July 2017

**Discretionary Decisions Statement by Mercia Primary Academy Trust**

**Local Government Pension Scheme Regulations 2013**

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

**[Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007]**

**[Local Government Pension Scheme Regulations 1997]**

## Introduction

Under the Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 which were effective from 1<sup>st</sup> April 2014, all employers participating in the LGPS are required to prepare and publish a written statement on how they will exercise the various discretions provided by the scheme. This document serves that purpose.

[There are also some residual discretions which employers may be required to exercise under the [Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007] where they had staff who were in the scheme and who left between 1 April 2008 and 31 March 2014 and under the [Local Government Pension Scheme Regulations 1997] where they had staff who were in the scheme and who left between 31 March 2008 and 1 April 1998. Employers participating in the LGPS are required to prepare and publish a written statement on how they will exercise the various discretions. This document also serves that purpose.]

These policy decisions are to be kept under review annually.

<b>Local Government Pension Scheme Regulations 2013</b>	
<b>Employer Discretion</b>	<b>Policy on individual Discretions</b>
<b>Regulation 16: Power to increase membership</b> Additional pension contributions can be made by active members to purchase additional benefits in the LGPS. Under Regulation 16(2)(e) the employer has a discretion to fund additional regular contributions and under Regulation 16(4)(d) to fund additional lump sum contributions. The amount of additional pension that can be purchased is limited to £6,500. This limit is subject to annual increases.	Mercia Primary Trust will not exercise its discretion to fund additional pension contributions.
<b>Regulation 30(6): Flexible retirement</b> An employee who is 55 or over and reduces their grade or hours may, with the consent of their employer, receive immediate payment of some or all of their retirement pension, reduced by an amount in accordance with actuarial guidance issued by the Secretary of State.	Mercia Primary Academy Trust will consider granting flexible retirement where there are no financial costs to the Trust and there is no detrimental effect on service delivery.
<b>Regulation 30(8): Waiving actuarial reduction on flexible retirement or early payment of benefits or retirement for those aged 55 and over</b> Employers have a discretion whether to waive the actuarial reduction which would otherwise apply where a member who is 55 or over receives early payment of their pension on retirement or flexible retirement.	Mercia Primary Academy Trust will not exercise its discretion to waive any actuarial reduction in pension benefits.

<p><b>Regulation 31: Award of additional pension by employer</b> An employer may award additional pension to an active member of the LGPS or a member who is dismissed by reason of redundancy or business efficiency or whose employment terminates by mutual consent on grounds of business efficiency. The amount of additional pension that can be awarded is limited to £6,500. This limit is subject to annual increases.</p>	<p>Mercia Primary Academy Trust will not exercise its discretion to award additional pension.</p>
<p><b>Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014</b></p>	
<p><b>Paragraph 1(3) of Schedule 2: Application of the Rule of 85</b> An employer can choose whether to allow certain employees* who were LGPS members of the 1998 Scheme and who satisfy the rule of 85 (where their age added to their years of pensionable service are equal to or more than 85) to take unreduced benefits from the 2014 Scheme where the employee is between 55 and 60.</p>	<p>Mercia Primary Academy Trust will not exercise its discretion to waive any actuarial reduction in pension benefits.</p>
<p><b>Paragraph 2(2) of Schedule 2: Waiver of actuarial reduction on compassionate grounds</b> An employer can choose to waive any actuarial reduction for an employee who is eligible for Rule of 85 that applies where an employee requests to receive their benefits early.</p>	<p>Mercia Primary Academy Trust will consider waiving the actuarial reduction in pension benefits in the following circumstances:</p> <ul style="list-style-type: none"> <li>• On compassionate grounds</li> <li>• Where there is a business benefit to Mercia Primary Academy Trust.</li> </ul>
<p><b>Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 – in respect of staff who left between 31 March 2014 and 1 April 2008</b></p>	
<p><b>Regulation 12: Power to increase membership</b> Employers have a discretion whether to increase the membership of a redundant member (up to 10 years pensionable service) in the 6 months after termination (this discretion is only exercisable up to 30 September 2014)</p>	<p>Mercia Primary Academy Trust will not exercise its discretion to award additional years of service.</p>
<p><b>Regulation 30(2): Early Payment of Benefits on retirement for those aged 55 and over</b> Whether to allow early payment of benefits at/after age 55 and before 60 for former members of staff</p>	<p>Mercia Primary Academy Trust will not consent to early release of pension benefits of former employees.</p>
<p><b>Regulation 30(5): Waiver of actuarial reduction on compassionate grounds</b> Employers have a discretion whether to waive the actuarial reduction which would otherwise apply where a former member of staff who is 55-60</p>	<p>Mercia Primary Academy Trust will not consider disapplying any actuarial reduction on compassionate grounds.</p>

receives early payment of their pension on retirement	
<p><b>Regulation 30A(3): Early Payment of Benefits for former member aged 55 and over who has had Tier 3 ill-health retirement benefits suspended</b></p> <p>Whether to allow early payment of benefits at/after age 55 and before 60 for a former member of staff who has had Tier 3 ill health retirement benefits suspended.</p>	Mercia Primary Academy Trust will not consent to early release of pension benefits of former members.
<p><b>Regulation 30A(5): Waiver of actuarial reduction on compassionate grounds</b></p> <p>Employers have a discretion whether to waive the actuarial reduction which would otherwise apply where a member who is 55-60 receives early payment of their pension on retirement under Regulation 30A following suspension of a Tier 3 ill health retirement pension.</p>	Mercia Primary Academy Trust will not consider disapplying any actuarial reduction on compassionate grounds.
<p><b>Local Government Pension Scheme Regulations 1997 - in respect of staff who left between 1 March 1998 and 31 March 2008</b></p>	
<p><b>Regulation 31(2): Early Payment of Benefits for former member aged 50-60</b></p> <p>Whether to allow early payment of benefits at/after age 50 and before 60 for former members of staff</p>	Mercia Primary Academy Trust will not consent to early release of pension benefits of former employees.
<p><b>Regulation 31(5): Waiver of actuarial reduction on compassionate grounds</b></p> <p>Employers have a discretion whether to waive the actuarial reduction which would otherwise apply where a former member of staff who is 50-60 receives early payment of their pension on retirement</p>	Mercia Primary Academy Trust will not consider disapplying any actuarial reduction on compassionate grounds.
<p><b>Regulation 31(7A): Payment of benefits on normal retirement age where the employee is continuing in employment</b></p> <p>Employers have discretion under the 1998 scheme about whether to pay pension benefits accrued under the 1998 scheme to an employee who is still in employment at 65.</p>	Mercia Primary Academy Trust will not consent to payment of benefits.

\*The following people are eligible for Rule of 85 protection:

- members who will be aged 60 or more on 31st March 2016 and who was a member of the 1998 Scheme before 1st October 2006, have protection for service up to 1<sup>st</sup> April 2016 or the date on the day after the day on which the member leaves local government employment (whichever is earlier);

- members who will reach or has reached the age of 60 on or after 1st April 2016 and before 1st April 2020, but who was a member of the 1998 Scheme before 1st October 2006, have protection for service up to 1st April 2008.

Agreed by MPAT Board of directors on 9<sup>th</sup> July 2014.

Reviewed 15<sup>th</sup> July 2015. No changes made.

Reviewed 13<sup>th</sup> July 2016 – No changes made.

Signed .....  
Director, Mercia Primary Academy Trust