

The
Sir John Brunner
Foundation

Document Control Sheet

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Background

The Local Government Pension Scheme (LGPS) Regulations 2013 came into effect in April 2014. Most of the rules are common for all employers and members but there are a number of areas where a scheme employer is given discretion to determine how it will apply the regulations.

This statement sets out the Foundation's policy in those areas where the regulations allow the employer some discretion in their application. It applies to all academies within the Foundation.

Employer discretions fall into two distinct categories – those where the regulations require an employer to have a written policy statement which is published to staff and the pensions administering authority and those where there is no requirement to determine policy but it is recommended good practice to have agreed a policy statement in advance of an issue arising.

Employer discretions requiring a formal policy

Regulations 16 (2) (e) and 16 (4) (d) – Funding of additional pension

Regulation 16 sets out the circumstances in which a scheme member can make an Additional Pension Contribution and the process that they need to follow. Additional Pension Contributions allow active members to increase their pension entitlement via regular payments or a lump sum. Regulations 16 (2) (e) and 16 (4) (d) allow scheme employers to fund part or all of a member's Additional Pension Contribution.

Policy statement

The Foundation retains the right to exercise this discretion but will only fund Additional Pension Contributions in exceptional circumstances where it can be clearly demonstrated to be in the business interest of the Foundation to do so. Any decision to fund Additional Pension Contributions either in whole or in part must be approved by the Board of Trustees on the recommendation of the Chief Executive Officer.

Regulation 30 (6) – Flexible retirement

Regulation 30 (6) provides that a member who is aged 55 or over and with their employer's consent reduces their hours of work or the grade in which they are employed may then, but only with the agreement of their employer, elect to receive all or part of their accrued pension benefits without having retired from that employment. Where pension benefits are paid before normal retirement age they are subject to actuarial reduction unless the employer chooses to waive some or all of the reduction (see Regulation 30 (8) below).

Policy statement

The Foundation will judge each request for flexible retirement on its merits and will only agree to such a request where it can be demonstrated to be in the Foundation's business interest to do so at the time. For the avoidance of doubt, the Foundation is not obliged to

accede to a request for flexible retirement and nor does the Foundation's decision in a particular case create a binding precedent for future similar requests.

Any decision to accede to a request for flexible retirement must be approved by the Chief Executive Officer unless it relates to a member of the Executive Leadership Team in which case it must be approved by the Board of Trustees.

Regulation 30 (8) – waiving of actuarial reduction

Regulation 30 (8) permits an employer to waive some or all of the actuarial reduction applied where under Regulation 30 (6) a member elects with the employer's consent to receive all or part of their pension benefits prior to reaching their normal retirement age and without having retired from their employment.

Policy statement

The Foundation will only agree to waive some or all of the actuarial reduction normally applied in exceptional circumstances where it can be clearly demonstrated to be in the business interest of the Foundation to do so.

Any decision to waive the actuarial reduction must be approved by the Board of Trustees on the recommendation of the Chief Executive Officer.

Regulation 1 (1) (c) SCHEDULE 2 – transitional protections, 'switching on' the 85 year rule

A pension member who meets the 85-year rule and elects to draw their pension benefits from age 55 will no longer require their employer's consent if they retire after 31st March 2014. However certain members will lose some 85-year rule protections if they wish to draw their pension between age 55 and 59.

The Foundation 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.

Policy statement

The Sir John Brunner Foundation retains the right to exercise the discretion, to 'switch on' protection to the 85-year rule for an employee who voluntarily retires from age 55 but before age 60.

A request to 'switch on' the 85-year rule protections may be approved by the Chief Executive Officer where it is in the business interest of the Foundation to do so and there are no adverse financial implications for the Foundation.

The exercise of the discretion must be approved by the Chief Executive Officer. It will only be exercised where it can be demonstrated that it is clearly in the business interest of the Foundation to do so.

Regulation 31 – Award of additional pension

Regulation 31 allows a scheme employer to award additional pension to an active member or to a member who has been dismissed on the grounds of redundancy or business efficiency, within 6 months of their dismissal.

Policy Statement

The Foundation will only agree to the award of additional pension where it can be clearly shown to be in the business interest of the Foundation to do so. Any award must be approved by the Board of Trustees on the recommendation of the Chief Executive Officer.

Employer discretions not requiring a formal policy but where it is good practice to do so

Regulation 9 - Contributions payable by active members

Employers are required to determine the contribution rate to be paid by employees at the start of their membership based on the employee's annual pensionable pay and in accordance with the table included in Regulation 9. The contribution bands will be amended annually in accordance Regulation 9.

Employers may alter the contribution rate if a member's pensionable pay changes during the course of a financial year (e.g. because of an incremental pay rise) or adopt an annual review date of 1 April, except where there has been a material or contractual change (e.g. a promotion).

Policy statement

The Foundation will review employee contribution bands whenever there is a permanent change to salary (e.g. an incremental or inflationary increase, a promotion or step down).

Regulation 22(8)– Re-employed and re-joining deferred members

When a deferred member becomes an active member again the benefits in the deferred member's pension account must be aggregated with those in the active member's pension account unless the member makes an election to retain the deferred account within 12 months. The employer has the discretion to extend this 12 month period.

Policy statement

The Foundation retains the right to extend the time limit for notification under the above regulation beyond 12 months, but will normally do so only where there is evidence that the member had not been provided with all the relevant information to make a decision within the specified time limit or where the employment is initially on a temporary basis.

This exercise of this discretion must be approved by the Chief Executive Officer.

Regulation 17 - Shared cost Additional Voluntary Contributions (AVCs)

Regulation 17 sets out the arrangements for members wishing to make Additional Voluntary Contributions and allows employers to share the cost should they wish to do so.

Policy statement

The Foundation will not share the cost of Additional Voluntary Contributions.

Regulation 100 (6) – Inward Transfers of Pension Rights

When a person becomes an active member of the pension scheme he / she may request that the scheme accepts a transfer value for some or all of any pension rights accrued in schemes run by his / her previous non – LGPS employers. This request must be made in writing within 12 months of joining the LGPS.

The employer has the discretion to accept requests for inward transfers beyond the 12 month period stated in the Regulations.

Policy Statement

The Foundation retains the right to accept requests for the inward transfer of previously accrued pension rights from active members beyond the 12 month period, but will normally do so only where there is evidence that the member had not been provided with all the relevant information to make a decision within the specified time limit or where the employment was initially on a temporary basis.

The exercise of this discretion must be approved by the Chief Executive Officer on receipt of a written request from the member.