

## PROSPECTS SERVICES LIMITED – EMPLOYER DISCRETIONS

### LOCAL GOVERNMENT PENSION SCHEME (Benefit, Membership and Contributions) REGULATIONS 2007 as amended [B Regs.]

### LOCAL GOVERNMENT PENSION SCHEME (Administration) REGULATIONS 2008 [A Regs.]

### Statement of Policy Concerning Exercise of Discretionary Functions [Regulation 66 [A Regs.]

New Regulations about the operation of the Local Government Pension Scheme came into effect on 1 April 2008. Regulation 66 sets out that all employing authorities must prepare a written statement of its policy in relation to the exercise of its function under regulations, 12,13,18 and 30. Although covered within the previous regulations but not in the current, it would seem appropriate to continue including within any statement, the policy decision for regulation 15 [Shared AVC's].

Consideration should also be given to include, within your statement, other decisions on regulations where you have adopted a certain approach such as the process of assessing employee contribution bands. Individual employers are still expected to establish, and then issue a Statement of Policy. Any policies must be reviewed on a regular basis.

## I N D E X

	<b>B Regs.</b>
1. Choice of early payment of pension	<b><u>Regulation 30</u></b>
2. Power of employing authority to increase total membership of active members	<b><u>Regulation 12</u></b>
3. Power to award additional pension	<b><u>Regulation 13</u></b>
4. Establishment of shared costs AVC Schemes	<b><u>Regulation 15</u></b>
5. Flexible Retirement	<b><u>Regulation 18</u></b>

## **AVON PENSION FUND is administered by Bath & North East Somerset Council**

### **1. Choice of early payment of pension (Regulation 30)**

*An election by a member or deferred member aged 55 or over but under 60 to receive early payment of benefits is not effective without the consent of the employer or former employer.*

*The benefits are subject to actuarial reduction **unless the member or deferred member has protected rights and their age and total membership satisfy the rule of 85.** An employer may determine on compassionate grounds that unreduced benefits should be paid.*

#### **Details of Policy**

Applications for early release of benefits from members or deferred members between the ages of 55 and 59 inclusive will only be accepted in cases where it can be demonstrated as

(i) being in the best interests of Prospects Services Limited; or

(ii) where there are compassionate grounds for the early release of pension benefits.

Prospects Services Limited has resolved not to make use of the discretionary power to waive in whole or in part, on compassionate grounds, the actuarial reduction applied to benefits paid early. Accordingly, in all such cases where the early release of pension benefits is approved, actuarial reduction will be applied to the pension benefits in line with GAD guidance.

### **2. Power of employing authority to increase total membership of active members (Regulation 12)**

*An employer, subject to paying the cost to the Fund, may resolve to increase the total membership of a member. Total additional membership must not exceed 10 years [including all other employments]*

#### **Details of Policy**

Prospects Services Limited has resolved not to make use of the discretionary power to increase the total membership of active members.

### **3. Power of employing authority to award additional pension (Regulation 13)**

*An employer may resolve to award a member additional pension of not more than £5,000 a year, payable from the same date as his/her pension.*

Employer-purchased additional pension must be paid for by lump sum, the cost is to be determined by guidance from the Government Actuary's Department.

#### **Details of Policy**

Prospects Services Limited has resolved not to make use of the discretionary power to award additional pension.

### **4. Establishment of Shared Cost AVC Schemes (Regulation 15)**

*An employer may resolve to establish such an arrangement (SCAVC). The resolution must specify who is and who is not eligible to participate in the SCAVC. It must also specify whether the SCAVC may be used to provide death benefits. The employer must also specify amount of the contributions which he will contribute to the SCAVC.*

#### **Details of Policy**

Prospects Services Limited has resolved not to make use of the discretionary power to set up and maintain a SCAVC.

### **5. Flexible Retirement policy under Regulation 18**

*An employee aged 55 or over can apply to take a reduction in hours or grade under regulation 18 [flexible retirement] with the immediate payment of all or part of his/her accumulated benefits whilst still in employment. The employing authority must have a policy on what grounds they will allow flexible retirement and automatic release of the pension benefits.*

#### **Details of Policy**

Applications for early release of benefits from employees between the ages of 55 and 59 inclusive will only be accepted in cases where it can be demonstrated as being in the best interests of Prospects Services Limited.

Prospects Services Limited has resolved not to make use of the discretionary power to waive in whole or in part actuarial reduction applied to benefits paid on flexible retirement. Accordingly, in all such cases where the early release of pension benefits is approved, actuarial reduction will be applied to the pension benefits in line with GAD guidance.