Document Title	**MLT Local Government Pension Scheme – Employer Discretionary Policy Statements**
Author/Owner (Name and Title)	Natalie Liversidge – Chief Financial Officer
Version Number	V1.1
Date Approved	10th October 2022
Approved By	Finance, Audit and Risk Committee

Policy Category (Please Indicate)	**1**	**Trust/Academies to use without amendment**
	2	Academy specific appendices
	3	Academy personalisation required (in highlighted fields)

Summary of Changes from Previous Version

Version	Date	Author	Note/Summary of Revisions
V1.1	October 2022	NLI	One change to the review date shown on page 3

EMPLOYER NAME - MALTBY LEARNING TRUST

By virtue of regulation 60 of the LGPS Regulations 2013 and paragraph 2(2) of Schedule 2 to the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014, Scheme employers are required to prepare and publish a written policy in relation to five specific discretions. These are:

Benefit Regulation 16:	The funding of additional pension for a member either through regular contributions or by lump sum
Benefit Regulation 30 (6):	Flexible Retirement
Benefit Regulation 30 (8):	The waiving of the actuarial reduction in those cases where a member voluntarily retires early
Benefit Regulation 31:	The awarding of additional pension to a member
Transitional Regulations: Schedule 2 of the Transitional Regulations	Whether to "switch on" the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60

STATUTORY REQUIREMENTS

Each employer must send a copy of its statement to the administering authority (SYPA) within 3 (three) months of joining the LGPS, and must also publish its statement.

Whenever a policy is revised, the employer must send a copy of its revised statement to the administering authority (SYPA) within one month (beginning with the date of revision).

In preparing, or reviewing and making revisions to, its statement, each employer must have regard to the extent to which its functions, in accordance with its policy, could lead to a serious loss of confidence in the public service.

Date of statement/review September 2022

In accordance with statutory requirements, I confirm the following to be the written statement of policy in relation to the exercise of LGPS discretionary functions as decreed by the appropriate authority.

Signed: ____
Duly authorised officer

Dated: ________________

When complete, please send a copy to South Yorkshire Pensions Authority, 18 Regent Street, Barnsley. S70 2HG. Alternatively, send an electronically signed copy to admin@sypa.org.uk.

BENEFIT REGULATION 16 THE FUNDING OF ADDITIONAL PENSION EITHER THROUGH REGULAR CONTRIBUTIONS OR BY LUMP SUM

Where an active Scheme member wishes to purchase extra annual pension of up to £6,500 by making Additional Pension Contributions (APCs), the employer may choose to (voluntarily) contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).

The cost of funding additional pension can be obtained by using the Additional Pension Contribution (APC) Modeller http://www.lgps2014.org/apc/ Payment will normally be via capital injection to the Fund either through regular payments or a one off lump sum.

The funding of additional pension either through regular contributions or by lump sum.

Regulation 16 of the LGPS (Benefits Membership & Contributions) Regulations 2013

Policy

Because of the costs involved and the likelihood of this provision either being of little or no benefit to the trust, or not being vital to the support and application of the trust's business plan and strategy, then the trust would not normally expect to exercise its discretion to fund additional pensions for members either through regular contributions or lump sum contributions. However, each and every application will be considered in the light of the circumstances of the individual case concerned and a decision reached on the merits of that case.

BENEFIT REGULATION 30 FLEXIBLE RETIREMENT

This regulation allows the employer to consent to the early release of all, or part, of a member's LGPS benefits provided they have also consented to the reduction of hours worked or grade in which the member is employed. The member must be aged 55 or over.

Dependent upon the accrued membership, benefits may be subject to actuarial reduction. The employer may agree to waive, in whole or part, any such reduction.

It is possible (or in the case of waived actuarial reductions definite) that flexible retirements may lead to fund strain costs, which must be borne by the employer via capital injection to the Fund.

Flexible Retirement

Regulation 30 of the LGPS (Benefits Membership & Contributions) Regulations 2013

Policy

The trust seeks to support the principle of allowing members to prepare for retirement in as many ways as possible. In this it also seeks to support Government Policy where that policy supports the trust in its efforts to run its business and services in the most efficient and cost effective manner. As such, subject to the following criteria the authority would normally expect to exercise its discretion in allowing members to retire flexibly:

- Any reduction in working hours or salary must be permanent
- Any reduction in working hours or salary must be at least 40% of those hours or that salary being worked or earned immediately prior to the member's flexible retirement
- The reduction in hours or reduction in responsibility allowing the member to be paid a reduced salary must not impact upon the organisation's ability to carry out its business efficiently and effectively
- The individual flexible retirement concerned must support the organisation's overall business plan and strategy

The organisation reserves the right, having considered each individual case to refuse an application where any of the above criteria are not met.

BENEFIT REGULATION 30 WAIVING OF ACTUARIAL REDUCTION

This regulation allows the employer to consent to the early release of all, or part, of a member's LGPS benefits provided they have also consented to the reduction of hours worked or grade in which the member is employed. The member must be aged 55 or over.

Dependant upon the accrued membership, benefits may be subject to actuarial reduction. The employer may agree to waive, in whole or part, any such reduction.

It is possible (or in the case of waived actuarial reductions definite) that flexible retirements may lead to fund strain costs, which must be borne by the employer via capital injection to the Fund.

Waiving of actuarial reduction

Regulation 30 of the LGPS (Benefits Membership & Contributions) Regulations 2013

Policy

Because of the additional costs involved to the trust of waiving the actuarial reduction to member benefits in cases of voluntary retirement it is not envisaged that the trust would normally exercise its discretion in favour of waiving those reductions. However, each case will be considered on its merits and with reference to the circumstances involved of the individual concerned.

A potential exception to this policy would be where the individual can make a case for the waiving of such a reduction to be granted on compassionate grounds. An example of "compassionate grounds" may be where the member has been forced to cease work to take up a caring role for an immediate family member, although it is recognised that other grounds could and may exist.

Every application will be considered on the circumstances of the individual concerned. Financial hardship alone would not constitute 'Compassionate Grounds'

BENEFIT REGULATION 31 POWER OF EMPLOYING AUTHORITY TO AWARD ADDITIONAL PENSION

This regulation allows an employer to resolve to award a member an amount of additional pension, up to a maximum of £6,500 p.a. to an active scheme member or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency.

The cost can be provided by SYPA.

Payment will normally be via capital injection to the Fund.

Power of employing authority to award additional pension

Regulation 31 of the LGPS (Benefits Membership & Contributions) Regulations 2013

Policy

Because of the costs involved and the likelihood of this provision either being of little or no benefit to the trust, or not being vital to the support and application of the trust's business plan and strategy, then the trust would not normally expect to exercise its discretion to award additional pension to members. However, each and every application will be considered in the light of the circumstances of the individual case concerned and a decision reached on the merits of that case.

SCHEDULE 2 OF THE TRANSITIONAL REGULATIONS SWITCHING ON THE 85 YEAR RULE FOR MEMBERS VOLUNTARILY DRAWING BENEFITS ON OR AFTER AGE 55 AND BEFORE AGE 60.

Whilst the 85 year rule does not automatically apply in full if the employee decides to voluntarily draw benefits on or after age 55 and before age 60, this regulation allows the employer to, switch the rule back on.

If the employer switches on the 85 year rule they will pick up any strain on Fund cost

Any fund strain cost associated with this discretion will be offset against the actuarial allowance provided by the Fund's actuary. If the allowance is exceeded employer contribution rates are likely to increase.

Switching on the 85 year rule for members voluntarily drawing benefits on or after age 55 and before age 60.

Schedule 2 of the Transitional Regulations

Policy

Because of the potential retrospective impact on the 2013 Fund Valuation and the future additional costs that the exercise of this discretion would bring to the trust and the fact that the trust does not deem the exercise of this discretion to be necessary in the pursuit of its overall business plan and strategy then it is not anticipated that there will be any instances where the organisation will switch on the rule of 85 for members wishing to retire voluntarily between the ages of 55 and 60. However, every application will be considered on its individual merits and the circumstances involved.