



# Local Government Employers Discretions Policy

## Cornwall Pension Fund

Adopted by Camelford Town Council 18 May 2021

### Summary

This document sets out Cornwall Council's policy in exercising its discretions under the Local Government Pension Scheme (LGPS) 2014.

The default position is that it will not make additional pension contributions. However, exceptionally, where it is in the financial interests of the Council to do so and there is a tangible and specific organisational benefit, the policy allows for the payment of discretionary benefits in cases of early retirement and the award of additional pension. The policy also provides for early retirement on compassionate grounds in exceptional circumstances and flexible retirement where there is a benefit to the Council.

### Policy details

#### Shared Cost Additional Voluntary Contributions (AVC) (Regulation 17)

AVCs allow any active employee to increase their main scheme benefits by making regular monthly payments direct from their salary to an insurance policy the pension fund currently holds with Standard Life. These payments accumulate and are payable in the form of a pension and lump sum along with the main LGPS benefits when the employee retires.

**The Council's policy is not to contribute to an employee's AVC.**

#### Early payment of Retirement Benefits – Waiving Actuarial Reduction (Regulation 30 (8))

Employees can retire from age 55 and receive immediate payment of their pension benefits providing they have at least two years' membership of the LGPS. Whilst the default position is that the pension benefits payable will be subject to an actuarial reduction, the Council may elect to waive any actuarial reduction for early retirement where a financial saving can be achieved within two years and there is a benefit to the Council or in accordance with item D below (early retirement on compassionate grounds).

**The Council's policy is not to waive actuarial reduction.**

### Early Payment of Retirement Benefits between aged 55 and 60 – Transitional Provisions Regulations

Prior to the LGPS 2014 where an employee's age and length of service totalled 85 (known as the "85 Year Rule") they could retire with unreduced benefits with the consent of the employer. As the decision to retire early now rests entirely with the employee, the LGPS 2014 Regulations automatically provide for the 85 Year Rule to be 'switched off' resulting in a reduction to all of the employee's benefits. This of course means there is no additional cost to the employer.

**The Council will not 'switch on' the 85 Year Rule for early retirement**

### Early Retirement on Compassionate Grounds (Regulation 30 (5))

The Council may permit early retirement on compassionate grounds in exceptional circumstances. These circumstances might include extreme financial hardship or the need to give up work in order to provide constant care for an immediate family member.

**The Council will exercise its discretion depending on the circumstances described above, subject to consultation with the Responsible Financial Officer regarding the budget from which any additional costs are to be met.**

### Flexible Retirement (Regulation 30 (6))

**The Council permits flexible retirement only where there is a benefit to the Council (either financial or operational) and where an employee's reduced level of earnings together with his or her pension does not exceed his or her pre-retirement earnings.**

**The Council will not waive any actuarial reduction to an employee's pension benefits in these circumstances.**

### Increase of Pension by Employer (Regulation 31)

**The Council permits the award of a discretionary additional amount of pension, as a result of an employee appraisal, for those employees who have reached the top of their salary scale.**

**The Council will exercise its discretion depending on the circumstances described above, subject to consultation with the Responsible Financial Officer regarding the budget from which any additional costs are to be met.**

### Transfer of Service into the LGPS (Regulation 100)

**The Pensions Administration Manager is not authorised to extend the 12 month time limit for allowing active members to transfer benefits from previous pensionable employment into the Cornwall Pension Fund**