

LONDON BOROUGH OF SOUTHWARK PENSION FUND

Employer discretions →

Basic guidance.





We will be covering:

- ? Why you are required to have discretions
-  Mandatory discretion 1 - post 1 April 2014 service
-  Mandatory discretion 2 - post 1 April 2014 service
-  Mandatory discretion 3 - post 1 April 2014 service
-  Mandatory discretion 4 - post 1 April 2014 service
-  Mandatory discretion 5 - post 1 April 2014 service
-  Mandatory discretion 6 - post 1 April 2008 - pre-31 March 2014 service
-  Mandatory discretion 7 - post 1 April 1998 - pre-31 March 2008 service
-  Fettering of a discretion



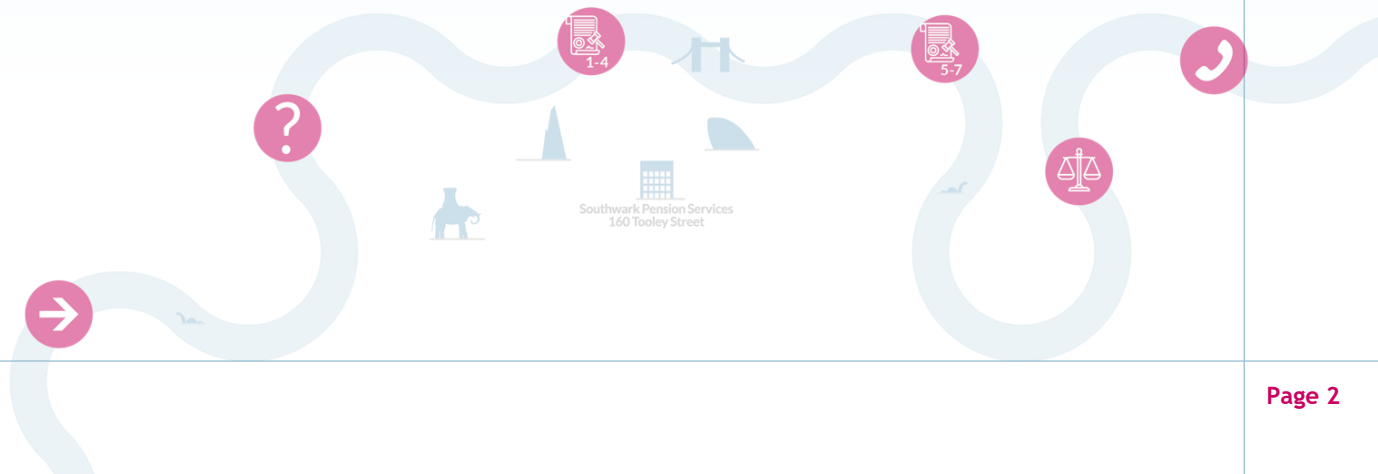
WHY YOU ARE REQUIRED TO HAVE DISCRETIONS

The various Local Government Pension Scheme (LGPS) regulations over the years have always compelled employers to have discretionary policies around how they will make decisions on certain things.

- Those are known as compulsory discretions.

The various LGPS regulations also allow employers to have other discretionary policies if they want to.

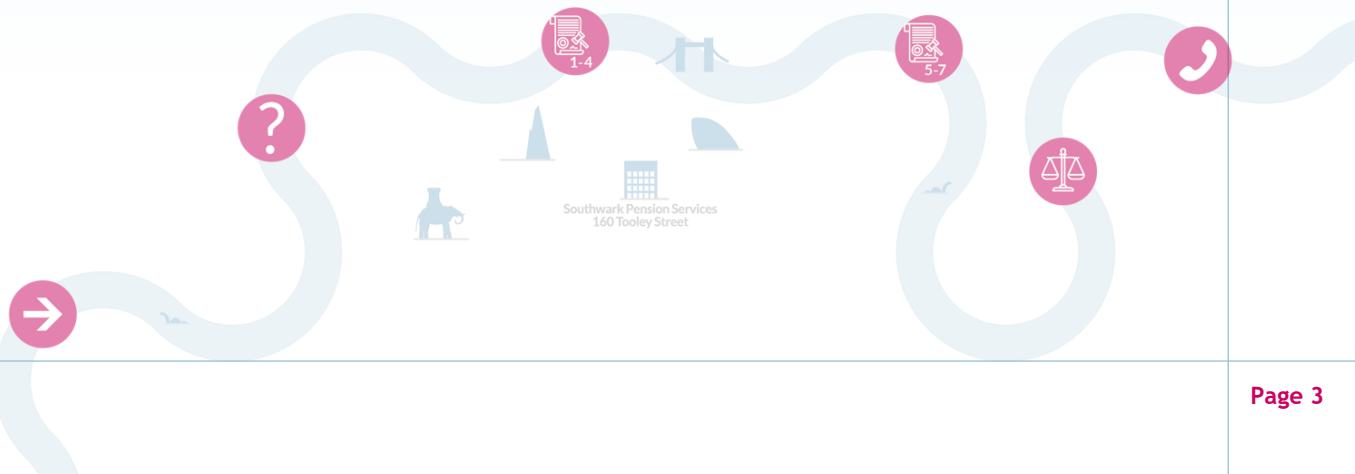
- Those are known as voluntary discretions.





MANDATORY DISCRETION 1

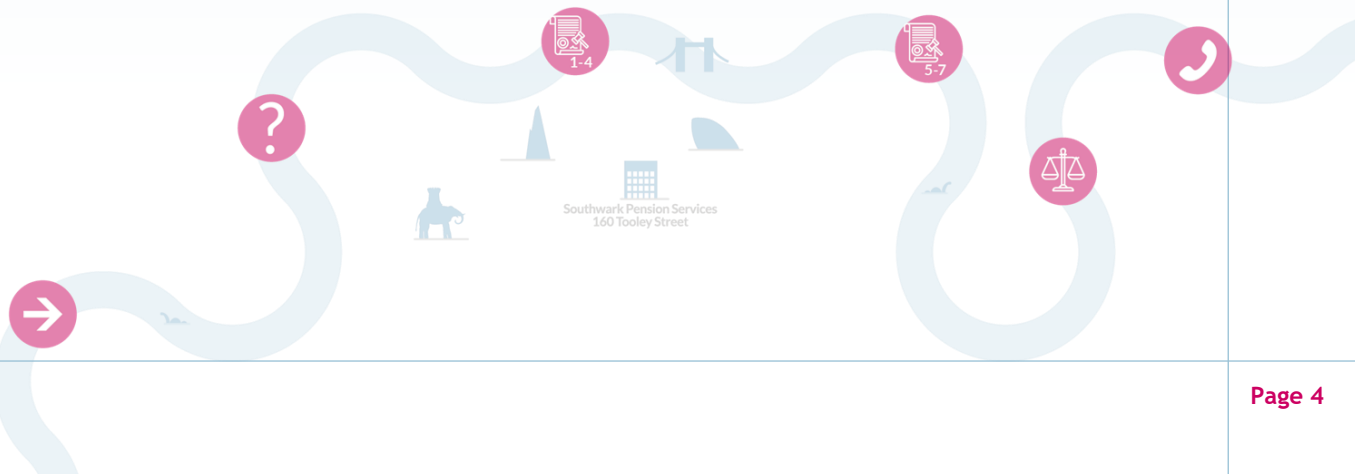
- **Members with post 1 April 2014 service**
- Whether to grant extra annual pension...
- Whether, at full cost to the Scheme employer, to grant extra annual pension of up to £6,822 (figure as at 1 April 2018 and is inflation proofed) to an active member (or within six months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency).
- Regulation 31 of the LGPS Regulations 2013.





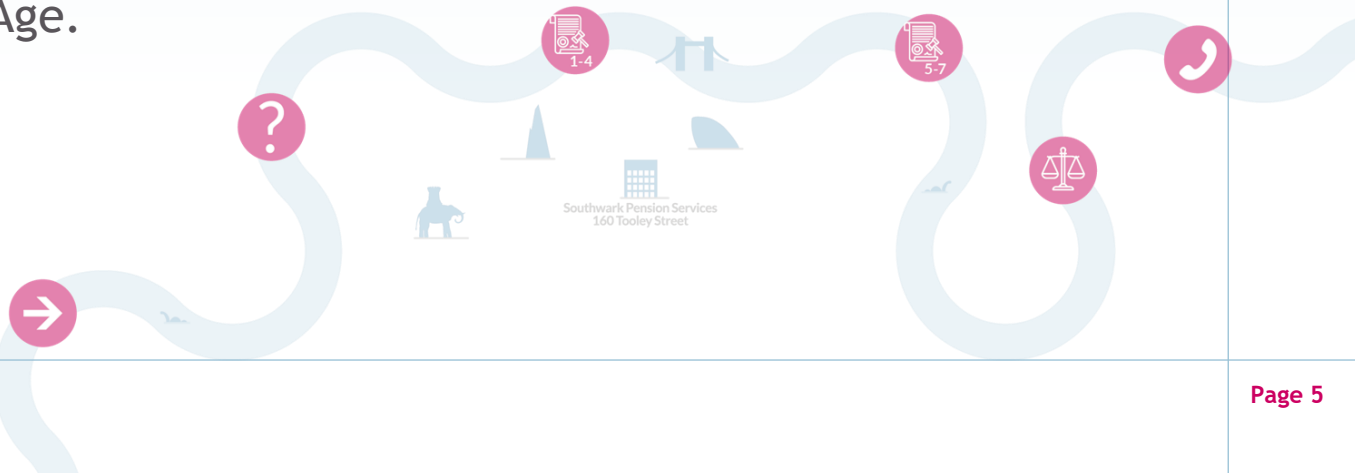
MANDATORY DISIRECTION 2

- **Members with post 1 April 2014 service**
- Whether to share the cost of purchasing additional pension (SCAPC)...
- Whether, where an active member wishes to purchase extra annual pension of up to £6,822 (figure as at 1 April 2018 and is inflation proofed) by making additional pension contributions (APCs), to voluntarily contribute towards the cost of purchasing that extra pension via a shared cost additional pension contribution (SCAPC).
- Note - this discretion does not apply to the purchase of SCAPC for unpaid leave periods.





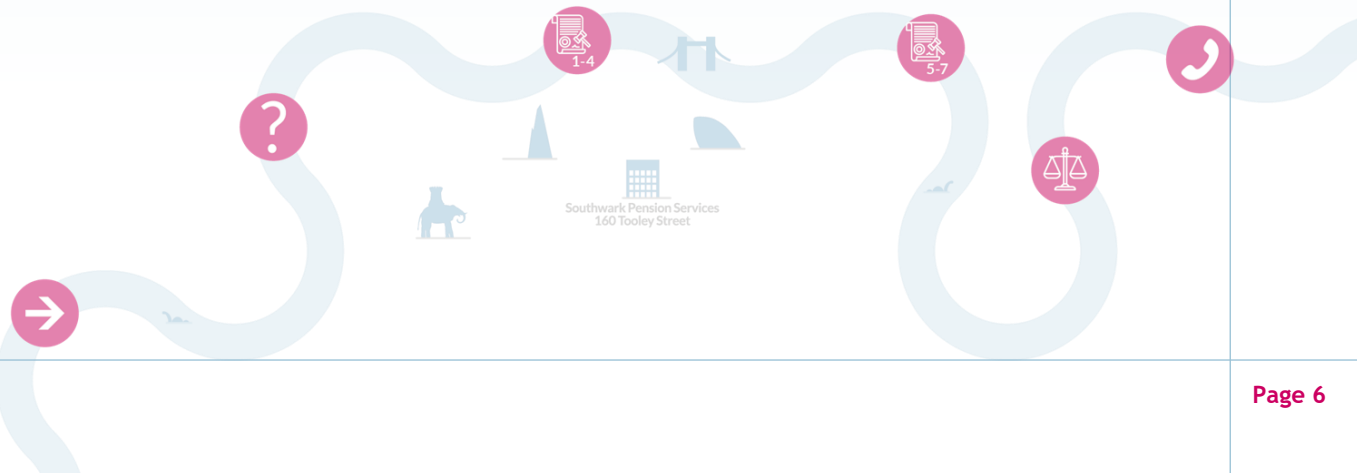
- **Members with post 1 April 2014 service**
- Whether to permit flexible retirement for staff aged 55 or over...
- With the agreement of the Scheme employer, reduce their working hours or grade and, if so, as part of the agreement to permit flexible retirement, whether, in addition to the benefits the member has accrued prior to 1 April 2008 (which the member must draw), to permit the member to choose to draw all, part or none of the pension benefits they accrued after 31 March 2008 and before 1 April 2014, and/or all, part or none of the pension benefits they accrued after 31 March 2014.
- Whether to waive, in whole or in part, any actuarial reduction which would otherwise be applied to the benefits taken on flexible retirement before Normal Pension Age.





MANDATORY DISIRECTION 4

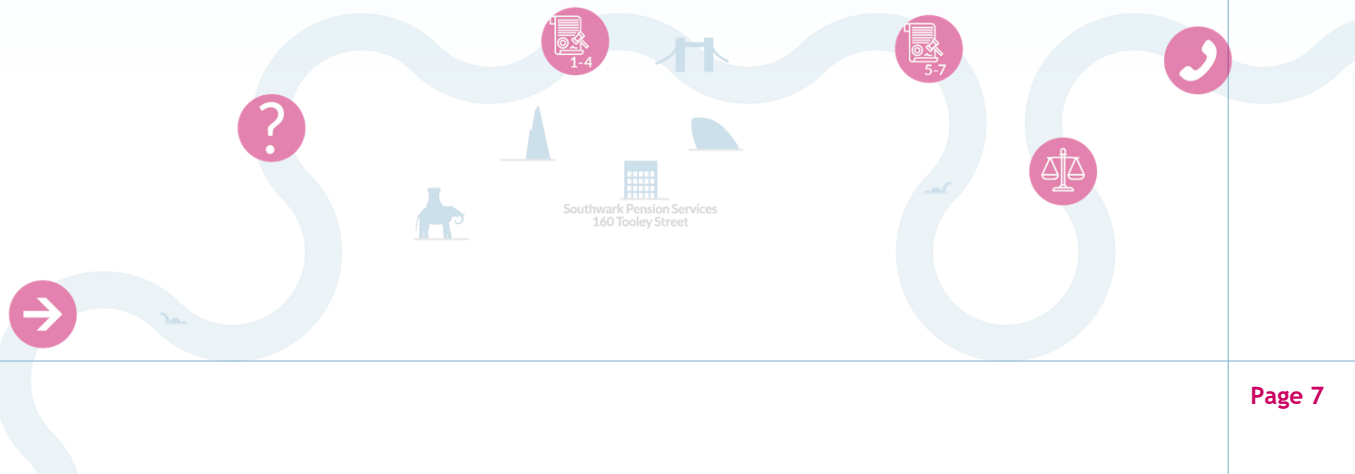
- **Members with post 1 April 2014 service**
- Whether to ‘switch on’ the 85-year rule upon the voluntary early payment of deferred benefits...
- Whether, as the 85-year rule does not automatically fully apply to members who would otherwise be subject to it and who choose to voluntarily draw their benefits on or after age 55 and before age 60, to switch the 85-year rule back on in full for such members.





MANDATORY DISIRECTION 5

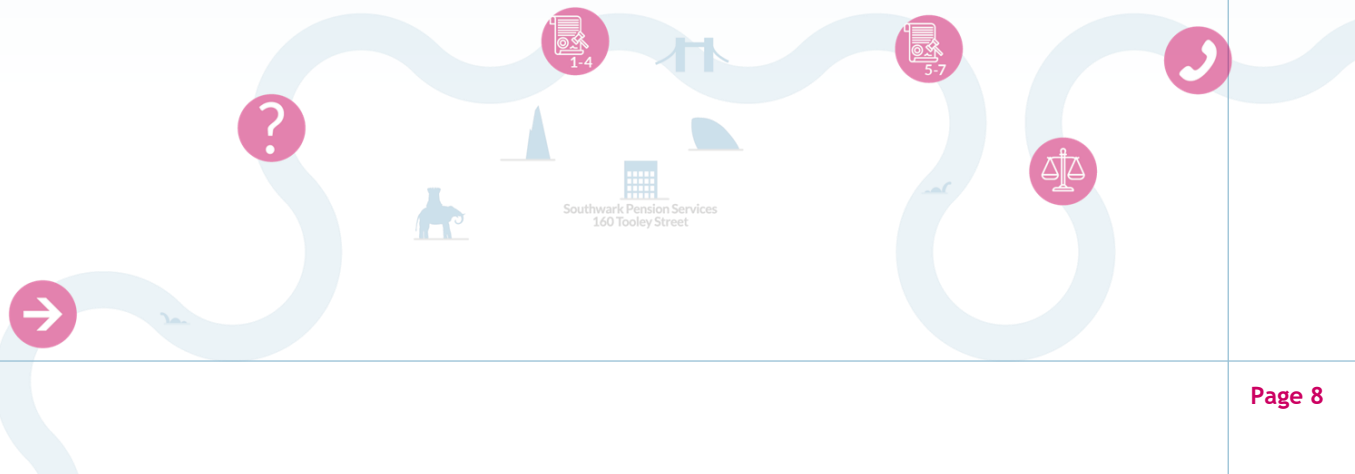
- **Members with post 1 April 2014 service**
- Whether to waive upon the voluntary early payment of benefits, any actuarial reduction on compassionate grounds or otherwise...
- For active members voluntarily retiring on or after age 55 and before Normal Pension Age, who elect to immediately draw benefits, and for deferred members and suspended Tier 3 ill-health pensioners who elect to draw benefits on or after age 55 and before Normal Pension Age.





MANDATORY DISIRECTION 6

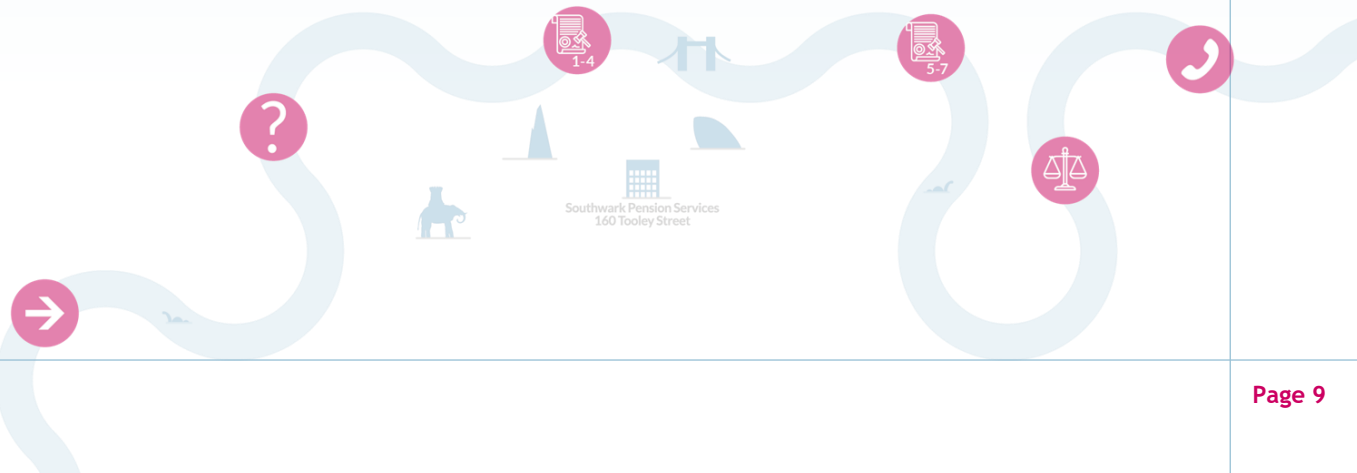
- ➔ **Members with post 1 April 2008 - pre-31 March 2014 service**
- ➔ Whether to ‘switch on’ the 85-year rule upon the voluntary early payment of deferred benefits...
- ➔ Whether, as the 85-year rule does not automatically fully apply to members who would otherwise be subject to it and who choose to voluntarily draw their deferred benefits on or after age 55 and before age 60, to switch the 85-year rule back on in full for such members.





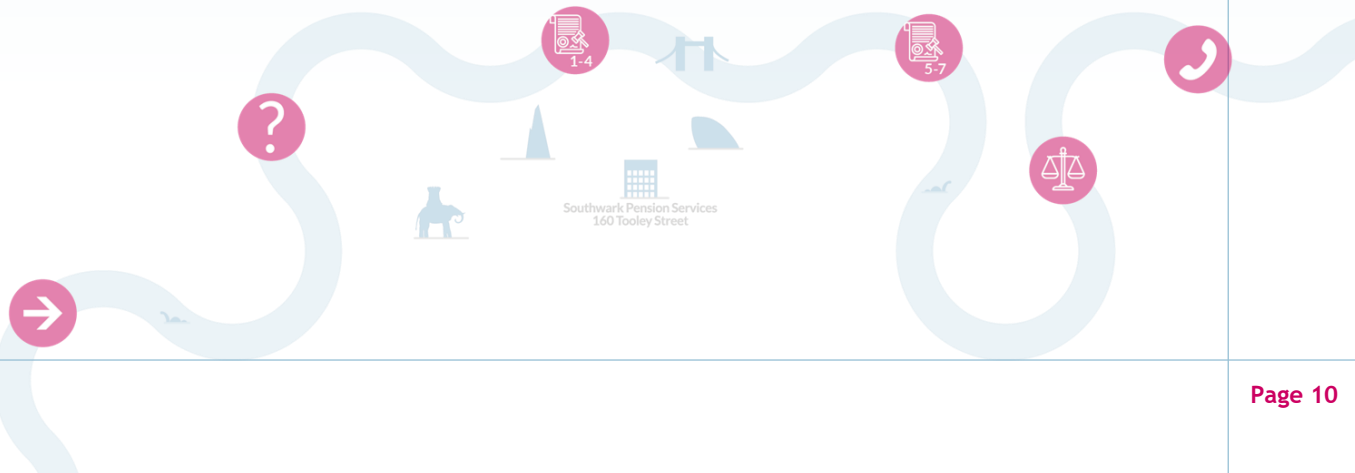
MANDATORY DISIRECTION 7

- **Members with post 1 April 1998 - pre-31 March 2008 service**
- Whether to ‘switch on’ the 85-year rule upon the voluntary early payment of deferred benefits...
- Whether, as the 85-year rule does not automatically fully apply to members who would otherwise be subject to it and who choose to voluntarily draw their deferred benefits on or after age 55 and before age 60, to switch the 85-year rule back on in full for such members.





- ➔ Where legislation gives a public authority discretion to make decisions, the public authority must allow itself to consider each decision on its own merits; the public authority must not ‘fetter’ its discretion by applying a rigid or one-size-fits-all policy to all applications without considering the specific facts of each case.
- ➔ A decision that is made by a public authority that has fettered its discretion in this way may be challenged on the grounds that the decision is unlawful. It may also be challenged on the grounds that the procedure by which it was made was unfair, or on the grounds that it is unreasonable.





THANKS FOR WATCHING



For a helping hand, please contact us via:



@ lbspensions@southwark.gov.uk

📞 0207 525 4924



Don't forget to visit your new website at:
www.southwarkpensions.co.uk



For the national Local Government Pension Scheme website, it's:
www.lgpsmember.org

