

Local Government Pension Scheme (LGPS) Discretions Policy

1 Introduction

- 1.1** This policy is applicable to all employees of the Heart of Mercia Multi Academy Trust who are eligible members of the LGPS.
- 1.2** The Chief Finance Officer of the Trust is responsible for this policy.

2 Aims & Objectives

- 2.1** Under the Local Government Pension Scheme Regulations 2013 and LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 each employer must formulate, publish, and keep under review a statement of policy on certain discretions contained within them.

3 Policy

- 3.1 Regulation 16(2)(e) and 16(4)(d): Discretion of employing authority to decide to pay towards the cost of Additional Pension Contributions (APCs):**

Where an active scheme member has decided to make APCs to purchase extra pension benefits (up to £7,194 per annum), the employer can resolve to voluntarily contribute towards the cost of this. Note: This does not include instances where the employee is paying for lost pension via an APC where the election was made in the first 30 days – here the employer must pay two-thirds of the cost of such purchase.

Heart of Mercia Multi Academy Trust will not grant the benefit contained within this regulation other than in cases where the financial implications can be justified or in other exceptional circumstances.

- 3.2 Regulation 30(6): Flexible Retirement**

Employers may allow a member from age 55 onwards to draw all or part of the pension they have already built up whilst still continuing in employment. This is provided the employer agrees to the member either reducing their hours or moving to a position on a lower grade.

In such cases, pension benefits will be reduced in accordance with the actuarial tables unless the employer waives the reduction either fully or in part or a member has protected rights.

Heart of Mercia Multi Academy Trust will not grant the benefit contained within this regulation, other than in cases where the financial implications can be justified or in other exceptional circumstances.

Heart of Mercia Multi Academy Trust will not grant the benefit to waive any actuarial reduction.

3.3 Regulation 30(8): Power of employer to waive actuarial reductions

Employers can agree to waive any actuarial reductions due in the case of employees retiring any time after age 55. This does not have to be due to 'compassionate' reasons. If this discretion is used, the employer will pick up the cost of waiving reductions as an immediate strain cost payment.

Heart of Mercia Multi Academy Trust will not grant the benefit contained within this regulation other than in cases where the financial implications can be justified or in other exceptional circumstances.

3.4 Regulation 31: Power of employing authority to grant additional pension of up to £7,194 annual pension.

An employer may resolve to grant extra pension of up to £7,194 (figure as a 1 April 2020) to an active scheme member whose employment was terminated on the grounds of business or business efficiency.

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3.5 Regulations 1(1)(c) schedule 2 Transitional Regulations: Power of the employer to 'switch' back on the 85-year rule for employees retiring between age 55 and 60

Employees are able to voluntarily retire between ages 55 and 60, post 31 March 2014 and onwards. Formally this is only with the employer's permission and if granted, the employer would have paid any actuarial strain cost due if the employee met the 85-year rule.

The 85-year rule does not automatically apply to members retiring between 55 and 60 as the facility to retire voluntarily between 55 and 60 is a new facility.

The employer has the discretion to 'switch' back on the 85-year rule for employees leaving between 55 and 60, thus allowing employees to not have reductions (or have less reductions). In these cases, the employer would have the associated strain costs that would have to be paid by the employer instead.

Policy document

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4 Equality Impact

The Trust's responsibilities towards promoting equality, diversity and inclusion have been considered when writing this policy.

Date of review	Date agreed	LGBs	MAT Board	Next Review date	Comments
June 2025	July 2025	Autumn 2025	July 2025	June 2027	