

# COLWICH PARISH COUNCIL



## PD109 PENSION DISCRETIONS

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## PENSION DISCRETIONS

# Pension Discretions Statement – PD109

### Revision history

**This document was originally written by:**

Name	Position	Date
Michael Lennon	Chief Officer	September 2024

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### Revision History

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# 1 PURPOSE

- 1.1 Under Regulation 60 of Local Government Pension Scheme [LGPS] 2013 (as amended), each scheme employer must publish and keep under review a Statement of Policy to explain how it will apply certain discretions allowed under the Pensions Regulations.
- 1.2 This statement, which became effective from the date on page 2, is applicable to all officials of Colwich Parish Council (the Council) who are eligible to be members of the LGPS.
- 1.3 There is a requirement to publish the following five policies:
  - 1.3.1 Regulation 31 Additional Pension.
  - 1.3.2 Regulation 16(2)(e) and 16(4)(d) Funding of Additional Contributions.
  - 1.3.3 Regulation 30(6) Flexible Retirement.
  - 1.3.4 Schedule 2 Paragraph 1(1)(c) Transition Provisions.
  - 1.3.5 Regulation 30(8) Waiving of Actuarial Reduction.
- 1.4 There are a number of other discretions which The Council may exercise:
  - 1.4.1 Regulation 17 Shared Cost of Additional Voluntary Contribution Facility.
  - 1.4.2 Regulation 100 (6) Election to Transfer within 12 months.
  - 1.4.3 Regulation 22(7) & (8) Election to Aggregate within 12 months of Commencement.
  - 1.4.4 Regulation 9 Allocation of Contribution Bands.
  - 1.4.5 Regulation 21 Assumed Pensionable Age.

# 2 REGULATION 31: POWER TO AWARD ADDITIONAL PENSION

## 2.1 Explanation

- 2.1.1 An employer may decide to award a member additional pension up to a limit of £8,344 per year (2024/25) payable from the same date as their pension is payable.
- 2.1.2 You must resolve to award additional pension while the member is active. If the member has been made redundant or retired on efficiency grounds you must make this resolution within 6 months of them leaving.
- 2.1.3 The amount of additional pension that can be awarded will increase each April.
- 2.1.4 This regulation allows employers, at a member's request, to pay additional pension instead of compensation e.g. for redundancy.

## 2.2 Policy

- 2.2.1 Where an official of The Council is dismissed on the grounds of redundancy and qualifies for a statutory redundancy payment they will be awarded a lump sum compensation under the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulation 2006.

- 2.2.2** At the member's request, the employer will, as an alternative to this compensation payment, allow the member to receive additional annual pension which will be assessed having regard to the capital value of the lump sum compensation otherwise payable, and in accordance with factors supplied by the Fund Actuary.
- 2.2.3** At this time, The Council will not normally use this power in any other circumstances.

### **3 REGULATION 16(2)(e) 16(4)(d) FUNDING ADDITIONAL PENSION CONTRIBUTIONS**

#### **3.1 Explanation**

- 3.1.1** Where a member has elected to pay Additional Pension Contributions (APC) an employer can elect to fund part of the entire official's share of the contributions.
- 3.1.2** This does not relate to cases where a member has a period of authorised unpaid leave of absence and elects, within 30 days of returning to work, to pay a shared cost of APC to cover the amount of pension "lost" during that period of absence. In these cases, the employer must contribute 2/3rds of the cost [Regulation 15(5) of the LGPS 2013].

#### **3.2 Policy**

- 3.2.1** The Council has not adopted this discretion.

### **4 REGULATION 30(6) FLEXIBLE RETIREMENT.**

#### **4.1 Explanation**

- 4.1.1** A member who is aged 55 or over and with the Council's consent reduces their hours and/or grade, can then, but only with the agreement of the employer, make an election to the administering authority to receive all or part payment of their accrued benefits without having retired from that employment.

#### **4.2 Policy**

- 4.2.1** The Council has agreed to release pension where there is no cost and not to waive any reduction.
- 4.2.2** The Council may, however, allow the release of pension where there is a cost or waive reduction in a potential redundancy situation, where a reduction may occur through redeployment, or in other exceptional circumstances supported by a business case.

### **5 SCHEDULE 2 PARAGRAPH 1(1)(C) TRANSITION PROVISIONS.**

#### **5.1 Explanation**

- 5.1.1** A member who meets the 85-year rule and elects to draw their pension benefits from age 55 will no longer require their employer's consent if they retire after 31<sup>st</sup> March 2014. However, certain members will lose some 85-year rule protections if they wish to draw their pension between age 55 and 59.

## **5.2** Policy

**5.2.1** The Council will not apply either discretion, unless there is a business case to support this as an alternative to a redundancy situation.

## **6 REGULATION 30(8) WAIVING OF ACTUARIAL REDUCTION.**

### **6.1** Explanation

**6.1.1** An employer has the discretion, under a number of retirement scenarios, to waive actuarial reductions on compassionate grounds.

**6.1.2** "Compassionate grounds" is not defined in the regulations.

### **6.2** Policy

**6.2.1** The Council will not apply this discretion, unless there are exceptional circumstances.

**6.2.2** The Chief Officer/RFO advising the Finance Committee will consider any cases and will make a recommendation to the Full Council to decide whether the actuarial reductions should be waived. In all cases the financial position of The Council must be considered.

## **7 REGULATION 17 SHARED COST OF ADDITIONAL VOLUNTARY CONTRIBUTION FACILITY.**

### **7.1** Explanation

**7.1.1** This discretion allows the Employer to maintain and contribute to an official's Additional Voluntary Contribution Scheme.

### **7.2** Policy

**7.2.1** The Council has not adopted this discretion.

**7.2.2** This will not have any effect on the existing AVC facility available where the official only is able to make such contributions.

## **8 REGULATION 100 (6) ELECTION TO TRANSFER WITHIN 12 MONTHS.**

### **8.1** Explanation

**8.1.1** This discretion allows the Employer to extend the 12 months limit a member has in which to elect to transfer other pension rights into the LGPS.

**8.1.2** This has to be with the agreement of the Administering Authority.

### **8.2** Policy

**8.2.1** The Council will not normally allow an extension of the 12-month limit, but will consult the Administering Authority in making a decision.

**8.2.2** Extenuating circumstances may apply and this could include:

- I. Where evidence exists that an election was made within 12 months, but this was not received by the Administering Authority.
- II. Where evidence exists that the member was not aware of the 12 months limit due to maladministration.

## **9 REGULATION 22(7)&(8) ELECTION TO AGGREGATE WITHIN 12 MONTHS OF COMMENCEMENT.**

### **9.1 Explanation**

**9.1.1** This discretion allows the Employer to extend the 12-month time limit a member has within which they must elect not to have a deferred benefits aggregated with their new LGPS employment.

### **9.2 Policy**

**9.2.1** The Council will not normally extend this 12-month time limit.

**9.2.2** Extenuating circumstances may apply and this could include:

- I. Where evidence exists that an election was made within 12 months, but this was not received by the Administering Authority.
- II. Where evidence exists that the member was not aware of the 12 months limit due to maladministration.

## **10 REGULATION 9 ALLOCATION OF CONTRIBUTION BANDS.**

### **10.1 Explanation**

**10.1.1** This discretion allows the Employer to determine which contribution band is allocated on joining the scheme and at each April.

**10.1.2** It also determines the circumstances when an official's band may be reviewed.

### **10.2 Policy**

**10.2.1** Base pay on actual pay in April plus previous years overtime.

**10.2.2** Run an exercise half yearly as a check and re-band up or down where necessary.

**10.2.3** Re-band on all contractual changes, but no ad-hoc hours changes and re-band upon a pay award.

**10.2.4** Re-band on a monthly basis as per any change in a pay that may occur.

## **11 REGULATION 21 ASSUMED PENSIONABLE AGE**

### **11.1 Explanation**

**11.1.1** This discretion allows the Employer to determine whether to include in the calculation of assumed pensionable pay the amount of any "regular lump sum payment".

**11.1.2** This is in cases where an official's pay needs to be calculated where their pay has been reduced due to certain absences in order that they are not unduly advantaged or disadvantaged.

### **11.2 Policy**

**11.2.1** To determine individual cases where necessary to establish a fair, equitable and justifiable way what the members likely pay would have been but for the absence, and in cases where this pay is to be used for future enhancements whether that level of pay would have been received every year to normal retirement age.

<b>SIGNED</b>	
COUNCILLOR WENDY PLANT, PARISH COUNCIL CHAIRMAN	

DRAFT