Greater Manchester Pension Fund

GMPF – Employer discretions

What we will cover

- What is a discretions policy?
- Why is it needed?
- What is included in a discretions policy?
- Things to consider
- A look at all the mandatory discretions
- Non mandatory discretions

What is a discretions policy?

- Mandatory document
- How you will look at decisions
- What you will consider
- Clear and consistent guide
- Helps members understand what they can ask for
- Helps employer to deal with these requests.

Why do you need a discretions policy?

- LGPS regulations require it.
- Formulate, publish, review!
- LGPS – statutory scheme
- 1997 – flexibility!
- Safer basis to defend appeals
- Clear to all parties what is expected of them

What is included in a discretions policy?

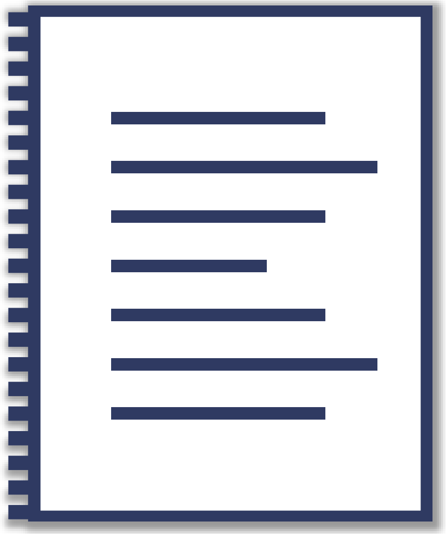
37 Mandatory discretions

All included in the template:

Sections 1-4 LGPS discretions
Sections 5-7 employer discretions

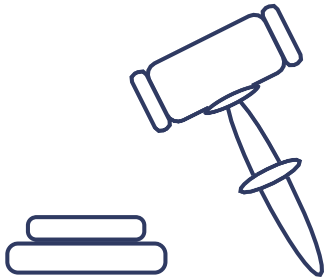
Full list available on lgpsregs.org

**** Non Mandatory discretions**



What to consider?

Costs



Anti-discrimination laws

Compassion

Fettering your discretions

Costs

- Additional pension
- Waiving reductions
- Applying 85 year rule
- Flexible retirement – some cases
- Ill Health – benefits on hold

All carry a cost to the employer

Anti-discrimination laws

Be mindful of policies which exclude based on age, gender and other characteristics

- Only applying a policy if a member reaches a certain age
- Only applying a policy to full time workers if a lot of female workers work part time.

Be mindful of policies that discriminate based on age, gender etc

Compassion

- **Subjective** – need to be **clear** and **consistent** on your understanding
- **Recommended -** publish your definition of compassionate grounds
- **Examples**
  - having to give up work or reduce hours to care for a family member
  - having to give up work or reduce hours due to own ill health
  - severe financial hardship – means tested

No definition of compassion in the regulations

Fettering your discretions

- Not too rigid
- Some unanticipated scenarios require flexibility
- **Example**
  - “We will not” – then a compassionate case arises.
- Have regard to the extent the decision could result in a loss of confidence in the service. (doing things for the wrong reason, can’t justify that decision)
- Setting a precedent

“to keep someone within limits or stop them from making progress”

Any questions so far?

Discretion	Considerations	Regulations	Reg No.
Contributing to a Shared Cost APC (SCAPC)	• Cost (varies depending on age) • Recruitment • Retention • Reward at Retirement • Tax implications	LGPS Regulations 2013	R16(2)(e) & R16(4)(d)

Discretion	Considerations	Regulations	Reg No.
Flexible retirement	• How many hours to reduce • Cost • Business planning around hours reduction • Discrimination – ruling out based on age. • Policies after flexible retirement	LGPS Regulations 2013 LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014	R30(6) TP11(2)

Discretion	Considerations	Regulations	Reg No.
Waiving actuarial reductions	• Cost • Compassionate grounds	LGPS Regulations 2013 LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 LGPS (Benefits Membership and Contributions Regulations 2007 LGPS Regulations 1997	R30(8) TP3(1) & TPSch 2, para 2(1) B30(5) & B30A(5) 31(5)

Discretion	Considerations	Regulations	Reg No.
Switching on the 85 year rule	• Cost • Compassionate grounds	LGPS Regulations 2013 LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014	R60 TPSch 2, para 1(2) & 1(1)(c)

Discretion	Considerations	Regulations	Reg No.
Payment of deferred benefits from age 50	• Do not agree to this • Unauthorised payment before age 55	LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 LGPS Transitional Provisions) Regulations 1997 LGPS Regulations 1997	TP3(5A)(vi) TL4 31(2)

Discretion	Considerations	Regulations	Reg No.
Grant additional pension on redundancy/efficiency	• Cost • Compassionate grounds	LGPS Regulations 2013	R31

Non-Mandatory discretions

- Not mandatory – but recommended
- Template only contains mandatory
- GMPF not responsible if you choose not to have a policy
- Examples
  - Contribution banding
  - Buying lost pension after 30 days.
  - Aggregation after more than 12 months – left pre 2014
  - Overpaid Tier 3
  - Forfeiture

Greater Manchester Pension Fund
www.gmpf.org.uk

Thank You

Final questions