

**EMPLOYER DISCRETION POLICY  
THE LOCAL GOVERNMENT PENSION SCHEME**

**Background**

Academies are required to produce an employer discretions policy under LGPS Regulations.

**Scope**

This policy will apply to all Academy employees who are members of the Local Government Pension Scheme. It does not apply to staff employed under Teacher terms and conditions of employment.

This policy provides clear guidance on the Academy will exercise these discretions. In doing so, the Academy has sought to provide fair and affordable benefits for its staff.

**Reg 16(2)e & Reg 16(4)d: Funding of Additional Pension**

The Academy will not normally exercise this discretion and will not normally augment pensions for staff leaving under redundancy, early retirement in the interests of efficiency or voluntary early retirement. The augmentation will only be granted in very exceptional circumstances and will be at the discretion of The Board of Trustees. Any costs associated with the granting of the discretion will be met from the relevant Academy budget.

**Reg 31: Whether to grant additional pension to a member (up to £6,500pa)**

The Academy will not normally exercise this discretion in addition or as an alternative to augmentation for staff leaving under redundancy, early retirement in the interests of efficiency or voluntary early retirement.

**Reg 30(6): Whether all or some pension benefits can be paid if a member aged 55 or over reduces their hours/grade and continues to work (“flexible retirement”)**

Where an employee seeks consent to take flexible retirement, the Academy will assess the request on its merits, taking into account any capital costs of flexible retirement, and the individual circumstances.

Where such a request is approved, the employee will be eligible to receive immediate payment of the pension and lump sum (if applicable), though these will be reduced. The amount of reduction to the pension and lump sum is determined by an actuarial calculation based on a formula determined by the Government Actuary’s Department.

Flexible retirement must be approved by the Principal and the final agreement will rest with The Board of Trustees. Any costs associated with granting flexible retirement will be met from the relevant Academy budget.

**Reg 30(8): Waiving actuarial reduction**

The Academy will not normally exercise this discretion. Where such a request is approved, the employee will be eligible to receive immediate payment of the pension and lump sum (if applicable).

Any costs associated with the granting of this discretion will be met from the relevant Academy budget.

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**Whether to allow the rule of 85 to be “switched on” for members who would normally meet the rule but who will not if they draw the benefits age 55-59**

The Academy will only agree to “switch on” the rule of 85 in exceptional circumstances at the discretion of the Principal and The Board of Trustees after considering the costs that will apply.

**Reg 30: Early payment of pension benefits before normal retirement age at the request of a former employee (a deferred pensioner)**

The Academy’s policy is to allow early payment of pension benefits to former employees where there is no cost to the Academy. In exceptional circumstances the Academy may waive the reduction to the pension that would normally apply if the employee’s circumstances satisfied the criteria contained in the early retirement scheme to grant payment on compassionate grounds. This must be approved by the Principal and the final agreement will rest with The Board of Trustees.

**Reg 30A(3): Early Payment of Pension**

Where an employee seeks consent to take early retirement, the Academy will assess the request on its merits, taking into account any capital costs of early retirement, and the individual circumstances.

Where such a request is approved, the employee will be eligible to receive immediate payment of the pension and lump sum (if applicable), though these will be reduced. The amount of reduction to the pension and lump sum is determined by an actuarial calculation based on a formula determined by the Government Actuary’s Department.

Any costs associated with granting early retirement will be met from the relevant departmental budget.

**Waiving actuarial reduction on early retirement (age 55+) – for both active, deferred members & suspended tier 3 ill health pensions**

In exceptional circumstances, the reduction to the pension and lump sum may be waived this will usually be on compassionate grounds. The Academy will apply the definition “inclined to pity or mercy” to determine whether reduction in pension benefits is to be waived. The decision to waive the actuarial reduction will only be applied in exceptional circumstances, at the discretion of the Principal and The Board of Trustees. Any costs associated with the granting of this discretion will be met from the relevant Academy budget.

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