



**NORTHERN IRELAND LOCAL GOVERNMENT PENSION SCHEME**

**POLICY STATEMENT ON EMPLOYERS DISCRETIONS**

**APRIL 2015**

**Annex 1 JOINT COMMITTEE'S POLICY STATEMENT ON EMPLOYER DISCRETIONS –  
Active Membership Ceased after 31 March 2015**

<p><b>Table A: Discretions to be exercised on and after 1 April 2015 under the LGPS Regulations (Northern Ireland) 2014 in relation to active scheme members and members who cease active membership after 31 March 2015.</b></p>	<p><b>Joint Committee policy</b></p>
<p>1. Whether, at full cost to the Joint Committee, to grant extra annual pension of up to £6,500 (figure at 1 April 2015) to an active scheme member or within 6 months of leaving to a member who is dismissed by reason of redundancy or business efficiency or whose employment is terminated by mutual consent on the grounds of business efficiency.</p>	<p>The Joint Committee will not make use of the discretion to grant extra annual pension of up to £6,500 (figure at 1 April 2015) to an active scheme member or within 6 months of leaving to a member who is dismissed by reason of redundancy or business efficiency or whose employment is terminated by mutual consent on the grounds of business efficiency except in exceptional circumstances where the Joint Committee considers it is in its financial or operational interests to do so.</p> <p>Each case will be considered on the merits of the financial and / or operational business case put forward.</p>
<p>2. Whether, where an active scheme member wishes to purchase extra annual pension of up to £6,500 (figure at 1 April 2015) by making Additional Pension Contributions (APCs), the Joint Committee will voluntarily contribute towards the cost of purchasing that extra pension via a Shared Cost Additional Pension Contribution (SCAPC).</p>	<p>The Joint Committee will only voluntarily contribute towards the cost of purchasing extra pension via a Shared Cost Additional Pension Contribution (SCAPC) in two situations.</p> <p>Firstly, where:</p> <ul style="list-style-type: none"> <li>- an active scheme member returns from a period of authorised leave of absence, and</li> <li>- the member does not, within 30 days of returning from the leave of absence, make an election to buy-back the amount of pension 'lost' during that period of leave of absence, and</li> </ul>

	<ul style="list-style-type: none"> <li>- the member subsequently makes an election to do so and it can be demonstrated that the reason for the member missing the original 30 day deadline was because the member had not been made aware of that deadline, and</li> <li>- the election is made no more than 6 months after the member returns from the period of leave of absence or such longer period as the Joint Committee may deem reasonable in any individual case.</li> </ul> <p>A decision on whether the member meets the above criteria (and on whether the 6 month period referred to should be extended in any individual case) will be taken by the Chair of the Joint Committee and, where it is agreed that the conditions are met, the Joint Committee will contribute 2/3rds of the cost of buying back the 'lost' pension via a SCAPC.</p> <p>Secondly, in exceptional circumstances where the Joint Committee considers it is in its financial or operational interests to do so.</p> <p>Each case to contribute to a SCAPC (and a decision on the amount to be contributed) will be considered on the merits of the financial and / or operational business case put forward.</p>
<p>3. Whether to permit flexible retirement for staff aged 55 or over who, with the agreement of the Joint Committee, reduce their working hours or grade and, if so, as part of the agreement:</p>	<p><u>Flexible retirement</u> The Joint Committee will not agree to flexible retirement except in circumstances where the Joint Committee considers it is in its financial or operational interests to do so.</p>

<ul style="list-style-type: none"> <li>- whether, in addition to the benefits the member has accrued prior to 1 April 2009 (which the member must draw if flexible retirement is agreed), to permit the member to choose to draw <ul style="list-style-type: none"> <li>• all, part or none of the pension benefits they accrued after 31 March 2009 and before 1 April 2015, and / or</li> <li>• all, part or none of the pension benefits they accrued after 31 March 2015, and</li> </ul> </li> <li>- 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 .</li> </ul>	<p>Each case :</p> <ul style="list-style-type: none"> <li>- will be considered on the merits of the financial and / or operational business case put forward,</li> <li>- will set out whether, in additional to any pre 1 April 2009 benefits, the member will be permitted, as part of the flexible retirement agreement, to take <ul style="list-style-type: none"> <li>a) all, some or none of their 1 April 2009 to 31 March 2015 benefits, and /or</li> <li>b) all, some or none of their post 31 March 2015 benefits, and</li> </ul> </li> <li>- will require the approval of the Chair of the Joint Committee.</li> </ul> <p>The Terms of the flexible retirement policy are that :</p> <ul style="list-style-type: none"> <li>(i) Staff must submit their request in writing</li> <li>(ii) There must be a reduction of at least one grade or a minimum of 1 day per week</li> <li>(iii) Applicants must intend to remain in the new post for a minimum of 1 year</li> </ul> <p><b><u>Waiver of any actuarial reduction on flexible retirement</u></b></p> <p>Where flexible retirement is agreed, the benefits payable will be subject to any actuarial reduction applicable under the Local Government Pension Scheme Regulations (Northern Ireland) 2014 and the Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014.</p> <p>The Joint Committee will only waive any such reduction, in whole or in part, where it considers it is in its financial or operational interests to do so.</p>
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	<p>Each case will be considered on the merits of the financial and / or operational business case put forward and will require the approval of the Chair of the Joint Committee.</p>
<p>4. Whether, as the 85 year rule does not (other than on flexible retirement – see 3 above) automatically 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.</p>	<p>The Joint Committee will not agree to switch the 85 year rule on in full where members choose to voluntarily draw their benefits on or after age 55 and before age 60 except in circumstances where the Joint Committee considers it is in its financial or operational interests to do so.</p> <p>Each case</p> <ul style="list-style-type: none"> <li>- will be considered on the merits of the financial and / or operational business case put forward, and</li> <li>- will require the approval of the Chair of the Joint Committee.</li> </ul>
<p>5. For active members voluntarily retiring on or after age 55 and before Normal Pension Age who elect under regulation 31(5) of the LGPS Regulations (Northern Ireland) 2014 to immediately draw benefits, and for deferred members who elect under regulation 31(5) of the LGPS Regulations (Northern Ireland) 2014 to draw benefits (other than on ill health grounds) on or after age 55 and before Normal Pension Age, and who:</p> <ul style="list-style-type: none"> <li>- were <u>not</u> members of the LGPS before 1 October 2006 [Group 4 members], whether to: <ul style="list-style-type: none"> <li>o waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits, if any, accrued before 1 April <u>2015</u>, and / or</li> <li>o waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2015</u></li> </ul> </li> </ul>	<p>The Joint Committee will not agree</p> <ul style="list-style-type: none"> <li>- to waive on compassionate grounds any reduction on pre 1 April 2015 benefits for Group 3 or 4 members, on pre 1 April 2016 benefits for Group 1 members, or on pre 1 April 2020 benefits for Group 2 members, and / or</li> <li>- to waive in whole or in part on any grounds any reduction on post 31 March 2015 benefits for Group 3 or 4 members, on post 31 March 2016 benefits for Group 1 members, or on post 31 March 2020 benefits for Group 2 members</li> </ul> <p>where members choose to voluntarily draw their benefits on or after age 55 and before Normal Pension Age except in</p>

<ul style="list-style-type: none"> <li>- <u>were</u> members of the LGPS before 1 October 2006 and <u>will</u> be 60 or more on 31 March 2016 [Group 1 members], whether to: <ul style="list-style-type: none"> <li>o waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April <u>2016</u>, and / or</li> <li>o waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2016</u></li> </ul> </li> <li>- <u>were</u> members of the LGPS before 1 October 2006 and will <u>not</u> be 60 or more on 31 March 2016 and will <u>not</u> attain age 60 between 1 April 2016 and 31 March 2020 [Group 3 members], whether to: <ul style="list-style-type: none"> <li>o waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April <u>2015</u>, and / or</li> <li>o waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2015</u></li> </ul> </li> <li>- <u>were</u> members of the LGPS before 1 October 2006 and will <u>not</u> be 60 or more on 31 March 2016 but <u>will</u> attain age 60 between 1 April 2016 and 31 March 2020 [Group 2 members], whether to: <ul style="list-style-type: none"> <li>o waive on compassionate grounds, any actuarial reduction that would otherwise be applied to benefits accrued before 1 April <u>2020</u>, and / or</li> <li>o waive, in whole or in part (on any grounds), any actuarial reduction that would otherwise be applied to benefits accrued after 31 March <u>2020</u></li> </ul> </li> </ul>	<p>circumstances where the Joint Committee considers it is in its financial or operational interests to do so or there are compelling compassionate reasons for doing so.</p> <p>Each case</p> <ul style="list-style-type: none"> <li>- will be considered on the merits of the financial and / or operational business case put forward, or</li> <li>- will be considered on the merits of the compassionate case put forward, and</li> <li>- will require the approval of the Chair of the Joint Committee including, where the reduction is only to be waived in part, approval for the amount of reduction to be waived</li> </ul>
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<p>6. Whether, how much, and in what circumstances to contribute to a shared-cost Additional Voluntary Contribution (SCAVC) arrangement entered into on or after 1 April 2015 and whether, how much, and in what circumstances to continue to contribute to any shared cost Additional Voluntary Contribution (SCAVC) arrangement entered into before 1 April 2015.</p>	<p>The Joint Committee will not enter into a shared cost AVC arrangement other than in exceptional circumstances in which case the decision to contribute, and the amount of the contribution, will be subject to the approval of the Chair of the Joint Committee</p>
<p>7. Whether to extend the 12 month time limit within which a scheme member who has a deferred LGPS benefit in Northern Ireland following the cessation of employment (or cessation of a concurrent employment) may elect not to have the deferred benefits aggregated with their new LGPS employment (or ongoing concurrent LGPS employment) if the member has not made an election to retain separate benefits within 12 months of commencing membership of the LGPS in the new employment (or within 12 months of ceasing the concurrent membership).</p>	<p>The Joint Committee will only extend the 12 month time limit within which a scheme member, who has a deferred LGPS benefit in Northern Ireland following the cessation of employment (or cessation of a concurrent employment) may elect not to have the deferred benefits aggregated with their new LGPS employment (or ongoing concurrent LGPS employment),:</p> <ul style="list-style-type: none"> <li>a) where the Joint Committee agrees that the available evidence indicates the member had not been informed of the 12 month time limit due to maladministration;</li> <li>b) where the Joint Committee agrees that the available evidence indicates the member had made an election within 12 months of joining the LGPS but the election was not received by the Northern Ireland Local Government Officers' Superannuation Committee (e.g. the election form was lost in the post); or</li> <li>c) where the member has pre 1 April 2015 membership and the Joint Committee</li> </ul>

	<p>agrees the available evidence indicates that, due to maladministration, the member had not been informed of the implications of having benefits aggregated and would, in consequence, suffer a detriment to their pension benefits (for example, where member's whole-time equivalent pensionable pay on commencing with the Joint Committee is, in real terms after allowing for inflation, significantly less than the whole-time equivalent pensionable pay upon which the deferred benefits were calculated).</p>
<p>8. How the pension contribution band/rate to which an employee is to be allocated on joining the Scheme, and at each subsequent April, will be determined and the circumstances in which, following a material change to the terms and conditions of a member's employment which affects the member's pensionable pay in the course of a Scheme year (1 April to 31 March), the pension contribution band/rate to which an employee has been allocated will be reviewed.</p>	<p>The Joint Committee will allocate the pension contribution band/rate by :</p> <p>Initially allocating a member to a contribution rate on 1 April 2015 and then, if necessary,</p> <p>reallocating a member to a new contribution rate during a Scheme year (1 April to 31 March) following a material change to the terms and conditions of a member's employment which affects the member's pensionable pay (e.g. on promotion, demotion, re-grading, variation to a member's contractual hours, a change of job, or a move from a casual to a post with contractual hours)</p>
<p>9. Whether or not, when calculating assumed pensionable pay when a member is:</p> <ul style="list-style-type: none"> <li>- on reduced contractual pay or no pay on due to sickness or injury, or</li> <li>- absent during ordinary maternity, paternity or adoption leave or during paid</li> </ul>	<p>In assessing Assumed Pensionable Pay (APP) the Joint Committee will not, other than in exceptional circumstances, include in the calculation any 'regular lump sum payments' in which case the</p>



<p>additional maternity, paternity or adoption leave, or</p> <ul style="list-style-type: none"><li>- absent on reserve forces service leave, or</li><li>- retires with a Tier 1 or Tier 2 ill health pension, or</li><li>- dies in service</li></ul> <p>to include in the calculation the amount of any 'regular lump sum payment' received by the member in the 12 months preceding the date the absence began or the ill health retirement or death occurred.</p>	<p>decision to include the 'regular lump sum payment' will be subject to the approval of the Chair of the Joint Committee.</p>
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**Annex 2 JOINT COMMITTEE'S POLICY STATEMENT ON EMPLOYER DISCRETIONS – Active Membership Ceased between 1 April 2009 and 31 March 2015**

<p><b>Table B: Discretions to be exercised on and after 1 April 2015 under the LGPS Regulations in relation to scheme members who ceased active membership between 1 April 2009 and 31 March 2015</b></p>	<p><b>The Joint Committee policy</b></p>
<p>1. Whether to grant applications for the early payment of deferred pension benefits on or after age 55 and before age 60 (on grounds other than ill health).</p>	<p>Where a former scheme member who left the scheme between 1 April 2009 and 31 March 2015 requests early release of deferred benefits on or after age 55 and before age 60 (on grounds other than ill health), approval will only be given on compassionate grounds.</p> <p>Each case will be considered on its merits and will be subject to the approval of the Joint Committee.</p> <p>Subject to 2 below, the benefits payable in such circumstances will be subject to any actuarial reduction applicable under the relevant LGPS Regulations.</p>
<p>2. Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.</p>	<p>The Joint Committee will consider an application to waive, on compassionate grounds, any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.</p> <p>Each case will be considered on its merits and will be subject to the approval of the Chair of the Joint Committee.</p>
<p>3. Whether, within 6 months of the date of termination, to grant up to a maximum of 10 years extra membership in the pension scheme to a scheme member whose employment was terminated</p>	<p>The Joint Committee will not grant extra pension scheme membership to a scheme member whose employment was terminated before 1 April 2015 on the grounds of redundancy or business</p>

<p>before 1 April 2015 on the grounds of redundancy or business efficiency.</p>	<p>efficiency.</p>
<p><b>Table C: Discretions to be exercised on and after 1 April 2015 under the LGPS Regulations in relation to scheme members who ceased active membership between 1 February 2003 and 31 March 2009</b></p>	<p><b>The Joint Committee policy</b></p>
<p>1. Whether to grant applications for the early payment of pension benefits on or after age 50<sup>1</sup> and before age 60 (on grounds other than ill health).</p>	<p>Where a former scheme member who left the scheme between 1 February 2003 and 31 March 2009 requests early release of deferred benefits on or after age 50 and before age 60 (on grounds other than ill health), approval will only be given on compassionate grounds.</p> <p>Each case will be considered on its merits and will be subject to the approval of the Chair of the Joint Committee.</p> <p>Subject to 2 below, the benefits payable in such circumstances will be subject to any actuarial reduction applicable under the relevant LGPS Regulations.</p>
<p>2. Whether, on compassionate grounds, to waive any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65.</p>	<p>The Joint Committee will consider an application to waive, on compassionate grounds, any actuarial reduction that would normally be applied to deferred benefits which are paid before age 65. Each case will be considered on its merits and will be subject to the approval of the Chair of the Joint Committee.</p>

<sup>1</sup> It should be noted that benefits paid on or after age 50 and before age 55 will be subject to an unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, and a Scheme sanction charge on any benefits built up after 5 April 2006.

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<b>Table D: Discretions to be exercised under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2007</b>	<b>The Joint Committee policy</b>
<p>1. Whether to base a redundancy payment on an employee's actual weeks' pay where this exceeds the statutory week's pay limit of, currently, £470 per week (as at 6 April 2014).</p>	<p>The Joint Committee will base redundancy payments and any compensation payments on an employee's actual weeks' pay.</p>
<p>2. Whether to make a termination payment (inclusive of any redundancy payment) of up to a maximum of 104 weeks' pay to employees whose employment is terminated on the grounds of redundancy or efficiency of the service.</p>	<p>Staff whose employment is terminated on the grounds of redundancy or business efficiency will receive a termination payment (to incorporate any redundancy pay) calculated using the statutory redundancy payment formula but based on actual pay, enhanced by a multiplier of 3.46.</p>