

**Suffolk Pension Fund
Administering Authority
Discretion Policy
March 2015**



Administering Authority Discretion Policy

The local government pension scheme regulations issued in 2013 and 2014 outlines situations where an administering authority may make decisions, extend timescales etc at their discretion. Some provisions in previous regulations also remain in force.

At the 29/09/14 meeting, the Committee approved proposals relating to the operation of the administering authority's discretionary decisions in respect of the pension scheme, further clarification on this policy was provided at the 23/03/15 committee meeting.

The administering authority discretion relates to cases where there is a change of employment, often with a few years gap between employments. The operation of this discretion continues the existing operation and follows the position set by the regulations. As the pension scheme is there to provide a pension at retirement, the regulations set at this time were in place to set a ceiling on payments to individuals receiving both a pension and a salary from public funds,

Abatement does not apply for pensions accrued on and from 1st April 2014 and the number of new cases is therefore expected to reduce over the years as the proportion of retiree's benefits in the 2014 scheme increases.

Options for Abatement:

1. To continue abating those pensions currently reduced, but not to abate in any new cases arising, except where mandatory to do so. The decision will need to set a point in time when no further abatements will apply. This may be seen as unfair on those currently being abated and will mean the public sector is paying an individual twice – through salary and pension.
2. To cease abating pensions for all those currently reduced and not to abate for any further cases, except where this is mandatory. This would currently mean an additional £16.5k spend for the pension fund and will mean the public sector is paying an individual twice – through salary and pension.
3. To continue with the current practice of abating which has the potential to reduce spend from the pension fund and will mean that the public sector will only be paying the full retirement pension when an individual retires.

To ensure consistency in the way these discretions are operated, a summary of the discretions and the proposed decisions and method of operation is outlined in the table and supplementary information below:

TITLE and REGULATION	DISCRETION	OPERATION
Scheme employers 2013 – Schedule 2, Part 3, paragraph 1	Whether to agree to an admission agreement with a body applying to be an admission body.	Policy set and agreed in February 2014.
Scheme employers 2013 – Schedule 2, Part 3 paragraph 9 (d)	Whether and when to terminate an admission agreement.	Policy set and agreed in February 2014.
Scheme employers 2013 – Schedule 2, Part 3, paragraph 12 (a)	Define what is meant by ‘employed in connection with the provision of services’ in relation to admission agreements.	This is defined in each admission agreement as “meaning employed for at least 50% of normal working time on the Services”.
Additional pension contributions 2013 – Regulation 16 (1)	Whether to turn down a request to spread additional pension contributions over a period of time, where it would be impractical to allow such a request.	Where the amount to be paid is 5% or less of net pay, the payment must be made by a single payment.
Additional pension contributions 2013 – Regulation 16 (10)	In order to pay additional regular contributions, the administering authority may require the member to satisfy them that they are in reasonably good health by producing a report by a registered medical practitioner, undertaken at the members own expense. The authority can turn down an application if they are not satisfied that the member is in reasonably good health.	A statement is required from a registered medical practitioner, to say that the member is in reasonably good health.
Additional voluntary contributions 2013 – Regulation 17 (12)	Decide to whom any AVC monies (including life assurance monies) are to be paid on the death of a member.	Where the member has nominated an individual(s) to receive their death grant the AVC monies will be paid to that individual(s). Where there is no nomination the AVC monies will be paid to the personal representatives on production of the grant of probate or letters of administration.
Employing authority no longer in existence 2013 – General 2007 - General	There are several regulations that require decisions by the administering authority in cases where the employer has become defunct	The decisions will be made on a case-by-case basis, considering the benefits to the member and the fund
Employer’s further payments 2013 – Regulation 68 (2) 1997 – Regulation 80 (5)	Whether to require that any strain on fund costs should be paid ‘up front’ by the employing authority in the cases of flexible retirement, redundancy, business efficiency and waving of reductions by employers	The strain on fund costs must be paid for up front by employers in the pension fund

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Commencement of pensions 2013 – Regulation 32 (7)	Whether to extend the time limits within which a member must give notice of their wish to draw benefits before normal retirement pension age (3 months) or upon flexible retirement (4 months)	The time limit will be extended to 3 or 4 months (as the case may be) from the date the member knew of the time limits
Commutation of small pensions 2013 – Regulation 34 (1) 2007 – Regulation 39 1997 – Regulation 49 and 156	Decide whether to commute small pensions	Small annual pensions within the limits defined in legislation will be commuted and paid as a one-off lump sum
Role of the IRMP (Independent Registered Medical Practitioner) 2013 – Regulation 36 (3) 2008 – Regulation 56 (2) 1997 – Regulation 97 (10)	Approve medical advisors used by scheme employers	Approval will be given to the employer's choice, providing the registered medical practitioner meets the criteria under the legislation and is notified to the administering authority in advance of a decision being required
No double entitlement 2013 - Regulation 49 (1) (c) 2007 – Regulation 42 (1) (c)	Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under two or more regulations in respect of the same period of scheme membership	The provision will be applied which, prima facia, appears to be the most beneficial to the member or the member's dependents
Special circumstances where revised actuarial valuations and certificates must be obtained 2013 – Regulation 64 (4)	Where there are circumstances which make it likely that a scheme employer will become an existing employer, the administering authority may obtain from the actuary a certificate specifying the percentage or amount by which the primary and secondary contributions should be adjusted	A revised certificate will be obtained if this is the recommended route advised by the pension fund actuary
Payment by Scheme employers to Administering authority 2013 - Regulation 69 (1) 2013 - Regulation 69 (4)	Decide the frequency of payments to be made over to the Fund by employers and whether to make an administration charge Decide the form and frequency of information to accompany payments to the Fund	Payment will be made to the fund by the 5 th working day of the month after the month in which the contributions were deducted from the employees pay. The administering authority will not make an administration charge Information will be requested in the format most suited to enable accurate reconciliations to be carried out
Additional costs arising from Scheme employers level of performance 2013 - Regulation 70	Whether to issue the employer with a notice to recover additional costs incurred due to the employer's level of performance	Such costs will be recovered
Interest on late payments by Scheme employers 2013 - Regulation 71 (1)	Whether to charge interest on payments by employers which are overdue	Interest will be charged at the prescribed rates in such circumstances

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Appeals by administering authorities 2013 - Regulation 79 (2) 2008 - Regulation 63 (2) 1997 – Regulation 105 (1)	Where an employing authority has either made, or failed to make, a decision under these regulations the administering authority may appeal to the Secretary of State to decide	The administering authority will appeal to the Secretary of State in such circumstances
Exchange of information 2013 - Regulation 80 (1) (b)	Specify information to be supplied by employers to enable the administering authority to discharge its functions	The administering authority specifies the requirements in the published employer guides issued to each employer
Payments due in respect of deceased persons 2013 - Regulation 82 (2) 2008 – Regulation 52 (2) 1997 – Regulation 95	Where a person dies and the total amount due to the personal representatives does not exceed the amount specified under the Administration of Estates (Small Payments) Act 1965 (currently £5,000) the administering authority may make payment without the production of Grant of Probate or Letters of Administration	Payment will be made without Grant of Probate or Letters of Administration in such cases. Payment will be made on completion of an indemnity form by the beneficiary
Payments for persons incapable of managing their affairs 2013 - Regulation 83 2008 – Regulation 52 A	Where a person (other than an eligible child) is incapable of managing their affairs, decide whether to pay the whole or part of that person's pension benefits to another person for their benefit	Wherever possible Power of Attorney will be required, and payment will be made to the person(s) named in the Power of Attorney
Definition of an eligible child 2013 – Schedule 1 2014 – Regulation 17 (9)	Decide whether to treat a child as being in continuous education or vocational training despite a break	Where prior notice of a break of no more than one year is given and a firm offer of education or training is held, the education or training will be treated as continuous
Definition of cohabiting partner 2013 – Schedule 1 2007 – Regulation 25	Decide evidence required to determine financial dependence of cohabiting partner of scheme member or financial interdependence of cohabiting partner and scheme member	Evidence in the form of financial and bank statements will be required
Additional contributions 2014 – Transitional regulation 15 (1) (d) 2008 – Regulation 28 (2)	Whether to charge member for provision of the estimate for additional pensions that would be provided by the scheme in return for the transfer of in house AVC funds where the contract was entered into before 1 st April 2014	The member will be charged a £75 administration fee per estimate, but only if the member is notified accordingly when the information is first provided and subsequently requests a second estimate
Children's pensions 2007 – Regulation 27 (5) 1997 – Regulation 47 (2) 1995 – Regulation G11 (2)	The appropriate administering authority may pay the whole or part of a child's pension to a person other than an eligible child, to be applied for the benefit of such one or more eligible children as the authority may direct	Any child's pension will be paid into an account in the name of the child. Where there is a dispute regarding responsibility for this account, a Trust Fund will be required
Children's pensions 1997 – Regulation 47 (1) 1995 – Regulation G11 (1)	If a child's pension is payable for more than one eligible child, the appropriate administering authority	The children's pensions will be divided equally among the children. When one of the children is no

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	may apportion it amongst the children as they think fit	longer eligible to receive payment that portion will be divided equally among the remaining children
Exceptional ill health 1997 – Regulation 50 and 157	Whether to commute benefits for a one-off lump sum in cases of exceptional ill health	Liability will be discharged in all cases by payment of a lump sum following the advice of the employer’s Occupational Health Physician
Spouse pensions 1995 – Regulation F7	Whether to pay spouses pensions for life rather than ceasing during any period of remarriage or co-habitation	Spouses’ pensions will not cease on remarriage or cohabitation
Membership before 1st April 2014 2014 – Transitional regulation 3 (13) 2008 – Regulation 70 (1) and 71 (4) (c) 1997 – Regulation 109 and 110 (4) (b)	Decide policy on abatement of pre-1st April 2014 element of pensions in payment following reemployment	If a pensioner is reemployed in a local government employment and the total of their pension and their new salary exceeds their salary at the date of their first retirement, the pension will be reduced by the excess

Supplementary information:

1. Discretions from 1st April 2014 in relation to all active members and leavers on and from that date (excluding councillor members):

2013 – The Local Government Pension Scheme Regulations 2013

2014 – The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014

2. Discretions in relation to scheme members (excluding councillor members) who ceased active membership on or after 1st April 2008 and before 1st April 2014:

2008 – The Local Government Pension Scheme (Administration) Regulations 2008

2007– The Local Government Pension Scheme (Benefits, Membership, and contributions): Regulations 2007

3. Discretions in relation to scheme members who ceased active membership on or after 1st April 1998 and before 1st April 2008; active councillor members and councillor members who ceased active membership on or after 1st April 1998:

1997 – The Local Government Pension Scheme Regulations 1997

4. Discretions in relation to scheme members who ceased active membership before 1st April 1998:

1995 – The Local Government Pension Scheme Regulations 1995

N.B Membership before 1st April 2014 does not apply where a member has retired under the flexible retirement provisions of the local government pension scheme regulations. Flexible retirement allows an individual who reduces their working hours or grade of employment, with their employer’s consent, to elect to receive the immediate payment of all or part of their retirement pension. These flexible retirement provisions are at the employers’ discretion and are set by each employer in the pension fund. In these cases, no reduction of pension would apply.