

Local Government Pension Scheme



Administering Authority Discretion Policies

Wiltshire Pension Fund

12th May 2011

Local Government Pension Scheme



1. Background

- Wiltshire Pension Fund & its employers must adhere to the LGPS Regulations 2008 (with amendments)
- The LGPS Regulations generally dictate how the Scheme is administered & detail the benefits.
- Regulations allow for certain decisions to be made either by individual employers or the Fund (“Administering Authority”).
- Statutory requirement employers outline their policy on these discretions in an **Employer Discretions Policy**. Furthermore, Pension Funds should outline their policy decisions in a **Administering Authority Discretions Policy**.

(Employers Discretion Policies available on WPF website)

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2. New “Administering Authority” discretions policy

Key reasons for the proposed change

- Current Administering Authority’s discretion policy written in 2007, prior to introduction of 2008 LGPS Regulations – changed discretions available.
- **Impact:** Some current discretions lack clarity & others no longer required
- Some discretions need revising – difficult to implement & enforce (e.g. Pension abatement)

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2. Administering Authority Discretion Policy – current policy

Key discretions (there are numerous other technical ones)

80(5): payment of strain on fund costs: The Administering Authority will require a capital payment to the fund for additional liabilities arising from early payment of benefits on redundancy, etc.

109: abatement of pension on re-employment:

The Administering Authority has determined that pensioners who retired with an enhancement on ill-health/redundancy and are re-employed in local government shall have the pension abated so the sum of pension and new earnings doesn't exceed the amount they would have earned in pre-retirement employment. The amount of abatement is restricted to that part of the pension derived from the enhancement.

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2. Administering Authority Discretion Policy – current policy

Key discretions (there are numerous other technical ones)

119: bulk transfers

The Administering Authority will agree with employing authorities and new scheme trustees or managers that a bulk payment be made that represents a fair value to the Fund.

121 and 122A(2)(c): inward transfers

The Administering Authority has determined to accept transfer values into the LGPS, however, where appropriate, actuarial advice will be sought prior to the acceptance of a CETV. The administering authority will accept a transfer after the 12 month limit where the Employing Authority has agreed an extension of the period for an election.

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2. Administering Authority Discretion Policy – Proposed Policy

Key discretions (there are numerous other technical ones)

A41(2) Whether to require any strain on Fund costs to be paid “up front” by Employing authority following redundancy, flexible retirement, or the waiver (in whole or in part) of any actuarial reduction on flexible retirement (but not waiver of reduction in full on compassionate grounds).

WPF will require costs relating to redundancy, flexible retirement and the waiver of any actuarial reduction on flexible retirement to be paid “up front”. WPF will invoice for such payments and will require payment to be made within its normal invoice terms. If there is any cost to the fund for deferred benefits being released at the employers consent before the former member attains age 60 these may be (or will be) recharged to the former employer of the member concerned.

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2. Administering Authority Discretion Policy – Proposed policy

Key discretions (there are numerous other technical ones)

A70(1)* & A71(4)(c) & T12

WPF will not abate pensions following re-employment.

A81(1)(b): Agree to bulk transfer payment

WPF will agree to bulk transfer payments where, with actuarial advice and where necessary with employer consultation, the Fund believes the amount transferred represents a fair valuation of benefits.

A83(9): Allow transfer of pension rights into The Fund

WPF will allow members to transfer in pension rights in accordance with the LGPS regulations.