

WILTSHIRE PENSION FUND COMMITTEE
28 February 2007

ADMINISTERING AUTHORITY DISCRETIONS

Purpose of the Report

1. Against the backdrop of the new-look scheme to be introduced in April 2008, which is the subject of Agenda Item 9, the purpose of this report is to inform Members of all the Administering Authority discretions available to the Wiltshire Pension Fund and outline how these discretions are exercised currently. The Committee is requested to confirm or amend the application of these discretions, as it sees fit.

Background

2. Under the Local Government Pension Scheme (LGPS) Regulations, there are a number of discretions available to both administering authorities and employer bodies in terms of the way they implement the Regulations.
3. The Regulations require that each administering authority and employer body must formulate, publish and keep under review various policies in relation to these discretions. In formulating its policies, the Administering Authority must consult with the Scheme employers in its fund.
4. This report focuses entirely on the discretions of the Wiltshire County Council as Administering Authority for the Wiltshire Pension Fund. It does not look at the discretions of the County Council as an Employer Body – that is a matter for the County Council's Staffing Committee.
5. In addition to the discretions required to be included in a policy statement (there are only two, in fact, for the administering authority), there are also a number of other discretions which are not required in the policy statement. However, I feel it is prudent to go further than the Regulations require and put all administering authority discretions into a Policy Statement for Wiltshire Pension Fund.

Main Considerations for Members – Discretions Policy Statement

5. The proposed Policy Statement is shown in Appendix A. In reality, this is a restating of policies that have been in operation for a number of years and Members are asked to confirm that they are happy with them.

Financial Implications and Risk Assessment

6. Some of the discretions involve little or no cost to the Fund, or more correctly, to the underlying employers within the Fund. In some instances, however, the cost may be considerable and the policies in place are aimed at ensuring appropriate safeguards are in place to minimise these costs.

Environmental Impact of the Proposal

7. None known.

Proposal

8. The Committee is asked to:

- a) note the discretions available to the Wiltshire Pension Fund as laid down in the LGPS Regulations; and
- b) confirm the Discretions Policy Statement (Appendix A).

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Unpublished documents relied upon in the production of this report: NONE

63/2007/WPF/DB

WILTSHIRE PENSION FUND
ADMINISTERING AUTHORITY DISCRETIONS

REGULATION	POLICY ON INDIVIDUAL DISCRETIONS
5(1) and 5A(1): admission agreements	The Administering Authority will make admission agreements, to allow non-local government employers to participate in the Fund within the terms of the “Policy for the Admission of New Employer Bodies” agreed by the Wiltshire Pension Fund Committee on 20 February 2006.
12(5): intervals at which employees’ contributions will be deducted	The Administering Authority has determined that contributions will be deducted from member’s pay on the date of payment in respect of each pay period.
22(7): election for a year other than the final year to calculate benefits for a deceased member	The Administering Authority will exercise discretion when electing to use a different final pay period, in the manner that is most advantageous to the member and dependants.
23(9): certificate of protection where deceased member has suffered reduction in pay	The Administering Authority will exercise discretion by requesting a Certificate of Protection from the employing authority in respect of a deceased member so that it is most advantageous for the dependants.
38 and 155: payment of death grants	The Administering Authority has determined that death benefits will normally be paid to the person(s) nominated by the deceased. Where there is no nomination, payment will be made to the legal spouse or civil partner without the need for letters of administration / Grant of Probate. Otherwise, payment will be made to the estate. If necessary, cases will be brought to the Pension Fund Committee for a decision.
44(3): breaks in full-time education	The Administering Authority has determined when paying a child’s pension that breaks of up to 1 year will be ignored. The Wiltshire Pension Fund Committee will consider other cases on their merits.
47: apportioning and payment of children’s pensions	The Administering Authority has determined that it will equally apportion children’s’ pensions amongst all the eligible children. The child’s pension is normally paid to the widow/widower. The Administering Authority will determine to whom the child’s pension is payable in all other cases.
49 and 156: commutation of trivial pensions	The Administering Authority will pay a lump sum in lieu of a pension which falls within the limit in the Finance Act 2004.

50 and 157: commutation for serious ill-health	The Administering Authority will commute pension rights where a person retires with less than 12 months' life expectancy in consultation with the employer.
55(4): medical examination to purchase added membership	The Administering Authority has determined that any election to purchase added years must be subject to the employee passing a medical examination carried out by a medical practitioner approved by the Pension Fund. The cost of the medical examination is to be borne by the employee.
60(5): minimum level of AVCs	The administering authority has determined that the minimum AVC contribution will be agreed in consultation with the AVC provider. <i>(Required in Policy Statement)</i>
75: establishment of a separate admission bodies fund	The Administering Authority has not established a separate fund.
121(9)	
78(2A) & (2B): revised rates and adjustment certificates in respect of outgoing admission bodies	The Administering Authority will request revised certificate from the Fund's Actuary.
78(3)(a): payment of increased employer's contributions when membership is augmented	Not used. The Administering Authority will instead require a capital payment under regulation 80(1).
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.
81(1): payments by employing authorities to administering authorities	<p>The Administering Authority has determined that large employers will pay employees & employers contributions to the fund on or before the 19th of the month following deduction.</p> <p>The Administering Authority has determined that smaller employers will pay employees & employers contributions to the fund at mutually agreed intervals.</p> <p>The Administering Authority has determined that all other sums due to the Fund shall be paid within 30 days of invoice or notification date.</p>
81(5): statements accompanying payments	The Administering Authority has determined that the intervals of the annual/monthly contribution returns must match the payment dates and that standard forms are used.

82: interest on late payments by employers	The Administering Authority reserves the right to charge interest at 1% above the base rate for all employer contributions and on any combined benefit quarterly payments remaining unpaid one month after the due date.
83(5): extension of period to capitalise added years purchase	The Administering Authority has determined that a member retiring on the grounds of redundancy/efficiency with an added years contract may have up to 3 months from the date the necessary information is given to the employee to opt to capitalise a whole cost contract.
86: recovery from member of cost of calculations of AVC transfers into Fund	The Administering Authority will not deduct a cost to calculate the service credit, that would be purchased by the "in house" AVC or Shared Cost AVC accumulated fund, from the AVC fund if the member fails to proceed with the conversion. This policy may be reviewed in light of experience gained.
89: deduction and recovery of members' contributions	The Administering Authority will recover any outstanding contributions not deducted from pay by deduction from benefits.
91(6): pensions increase	The Administering Authority has determined that those employers, who have no current contributors, but simply pensioners, may pay the pension increase due to the fund half yearly upon billing.
95: small payments on death	Where the payment due does not exceed the amount specified in the Administration of Estates (Small Payments) Act 1965 (currently £5,000) the administering authority will make payment to the personal representatives without requiring grant of probate.
97(10): approval of employers' medical practitioner	The Administering Authority must give approval to an employing authority as to their choice of medical practitioner.
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. <i>(Required in Policy Statement)</i>
118(3): contracting out requirements affecting transfers	The Administering Authority has determined that in all transfer-out cases, the GMP will be discharged either to the receiving scheme or to the Inland Revenue. The Fund will not retain the GMP to pay a small pension at SPA.
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.
Schedule 1 (Interpretation) “reserve forces service leave”	The Administering Authority will accept an election not to count such service after the 12-month limit.
1995 Regulations F7: suspension of spouse’s pension during a period of remarriage or cohabitation	The Administering Authority will not suspend pension where the marriage or cohabitation commenced after 31 March 1998 and will reinstate a pension that was suspended prior to 1 April 1998 on cessation of the remarriage or cohabitation.

Abbreviations

LGPS	Local Government Pension Scheme
AVC	Additional Voluntary Contributions
GMP	Guaranteed Minimum Pension
SPA	State Pension Age
CETV	Cash Equivalent Transfer Value