

Appendix 1 – Mandatory discretion under LGPS Regulations

As per LGPS Regulations Policy statement on all eligible employees. This statement is applicable to all employees of Leicestershire County Council who are eligible to be members of the LGPS.

There is a requirement to publish the following mandatory discretion under LGPS Regulations.

Requirement	Explanation	Employer's Policy
Additional pension	<p>An employer may resolve to award a member additional pension of not more than £8,344 as at 1 April 2024 (The limit increases annually in line with the cost of living) a year within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency.</p> <p>Discretions are:</p> <ul style="list-style-type: none"> Whether, how much, and in what circumstances to contribute to a shared cost APC scheme. 	<p>The Council previously agreed there are no normal circumstances in which the Council would contribute to a Shared Cost APC scheme</p> <p>No change to LCC discretions</p>

Requirement	Explanation	Employer's Policy
Additional pension	<p>LGPS Regulations 2013 – Regulation 17: Whether, how much, and in what circumstances to contribute to a Shared Cost Additional Voluntary Contribution (SCAVC) arrangement</p> <p>Shared Cost Additional Voluntary Contribution (SCAVC) Facility This discretion allows the Employer to maintain and contribute to an employee's Additional Voluntary Contribution Scheme.</p>	<p>The Council will pay Shared Cost AVC contributions where an employee has elected to pay AVC's by salary sacrifice. The amount of these employer SCAVC contributions will not exceed the amount of salary sacrificed by the employee.</p> <p>This is at the discretion of the Council or Council's chosen SCAVC provider (if and when appointed) and is subject to the employee meeting the conditions for acceptance into the salary sacrifice SCAVC scheme, which may be withdrawn or amended at any time.</p> <p>This will not have any effect on the AVC facility available where the employee only is able to make such contributions.</p> <p>Change to LCC discretions</p>

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Additional pension	<p>An employer may resolve to award a member additional pension of not more than £8,344 as at 1 April 2024 (The limit increases annually in line with the cost of living) a year within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency.</p> <p>Discretions are:</p> <ul style="list-style-type: none"> • Whether, at full cost to the Scheme employer, to grant extra annual pension, up to the LGPS additional pension limit (reviewed annually) to an active member, or within 6 months of leaving to a member whose employment was terminated on the grounds of redundancy or business efficiency. 	<p>The Council will not normally grant any additional pension.</p> <p>Exceptions may be considered where</p> <ul style="list-style-type: none"> • there is a cost or waive reduction in a potential redundancy situation • where a reduction may occur through redeployment; or • in other exceptional circumstances supported by a business case. <p>No change to LCC discretions</p>
Flexible Retirement	<p>An active member who has attained the age of 55 or over who reduces working hours or grade of an employment may, with the Scheme employer's consent, elect to receive immediate payment of all or part of the retirement pension to which that member would be entitled in respect of that employment if that member were not an employee in local government service on the date of the reduction in hours or grade, adjusted by the amount shown as appropriate in actuarial guidance issued by the Secretary of State.</p> <p>As an employer you need to determine the conditions under which you would approve a flexible retirement taking place.</p> <p>Discretions are:</p>	<p>The Council has previously agreed to release pension where there is no cost and not to waive any reduction.</p> <p>Members must reduce their hours by a minimum of 40% and/or reduce their grade</p> <p>No change to LCC discretions</p>

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| | <ul style="list-style-type: none">• Whether all or some benefits can be paid if an employee over 55 reduces their hours or grade (flexible retirement). | |
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Requirement	Explanation	Employer's Policy
Switching on "Rule of 85" (R85)	<p>R85 is a complex protection for scheme members who were in the LGPS before 1st October 2006. A member will satisfy R85 when their age plus length of LGPS membership (in whole years) adds up to 85.</p> <p>For most scheme members R85 only protects pension benefits accrued from their membership before 1st April 2008. Ordinarily where a member has met R85 and is retiring and drawing their pension after 60, it applies automatically.</p> <p>However, where a member has met R85 and is retiring and drawing their pension between age 55 and 60, the employer has the power to "switch on" R85 at a cost.</p> <p>Discretions are:</p> <ul style="list-style-type: none"> • Whether to "switch on" the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60 (active members and leavers since 1st April 2014). • Whether to "switch on" the 85 year rule for a deferred member voluntarily drawing benefits on or after age 55 and before age 60 (leavers between 1st April 2008 and 31st March 2014). • Whether to "switch on" the 85 year rule for a deferred member voluntarily drawing benefits on or after age 55 and before age 60 (leavers between 1st April 1998 and 31st March 2008 plus councillors). 	<p>The Council has previously not adopted this discretion.</p> <p>No change to LCC discretions</p>

Requirement	Explanation	Employer's Policy
Waiving of Early Retirement Reductions (Actuarial reduction)	<p>An employer has the discretion, under a number of retirement scenarios, to waive actuarial reductions on compassionate grounds. The cost of which would fall upon the employer.</p> <ul style="list-style-type: none"> • Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age (active members and leavers since 1st April 2014). • Whether to waive, in whole or part, actuarial reduction on benefits paid on flexible retirement (active members and leavers since 1st April 2014). • Whether to waive any actuarial reduction on pre and/or post April 2014 benefits paid early on compassionate grounds (active members and leavers since 1st April 2014). • Whether to waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early (leavers between 01/04/2008 – 31/03/2014). • Waive, on compassionate grounds, the actuarial reduction applied to deferred benefits paid early (leavers between 01/04/1998 – 31/03/2008 and councillors). 	<p>The Council previously agreed there are no normal circumstances in which to waive early retirement reductions</p> <p>Exceptional circumstances require the Employment Committee and the Director involved will consider any cases and will decide whether the actuarial reductions should be waived. In all cases the financial position of the County Council must be considered.</p> <p>No change to LCC discretions</p>