

## Appendix 2

No.	Area	Regulation	Discretion	Policy Summary	Explanation
1	<b>Whether to vary an employee's contribution band</b>	Regulations 9 and 10 Pensions Regulations	Members must pay pension contributions at the appropriate rate set on 1 <sup>st</sup> April or the first day of active membership, if later. The employer may vary the contribution rate if there is a change in employment or a material change that affects the member's pensionable pay.		Contribution bands are set on 1 <sup>st</sup> April, but the employer may change them if a member changes jobs or has a material pay increase / decrease.
2	<b>Whether to increase assumed pensionable pay in certain specific circumstances</b>	Regulation 21(5), 21(5A) and 21(5B) Pension Regulations	If a member is absent because of illness, child related leave or reserve forces leave their pension benefits may be based on assumed pensionable pay (APP). If, in the employer's opinion, the member's APP is materially lower than their pay in the twelve months preceding the absence they can either include (1) a "regular" lump sum received during that period or (2) substitute a higher pensionable pay having regard for their earnings in that period.		If a member's APP is lower than their regular pensionable pay the employer can either substitute a higher rate of pay, based on the pay they received in the year before the absence began, or include regular lump sums received during that period.

No.	Area	Regulation	Discretion	Policy Summary	Explanation
3	<b>Funding of Additional Pension Contributions</b>	Regulations 16(2)(e) and 16(4)(d) Pensions Regulations,	<p>Whether to fund, in whole or in part, a shared cost additional pension contributions (SCAPC) on behalf of an active member by regular contributions (Regulation 16(2)(e)) or by lump sum (Regulation 16(4)(d)).</p> <p><b>Note:</b> The amount of additional pension that may be credited to an active member's pension accounts may not exceed the overall additional pension limit of £7579 (1<sup>st</sup> April 2023 and uplifted annually).</p>		The employing authority can choose to pay additional pension contributions on behalf of active employees.
4	<b>Shared Cost Additional Voluntary Contributions (SCAVCs)</b>	Regulation 17(1) and Schedule 1 (definition of SCAVC) Pension Regulations.	Whether to contribute towards a Shared Cost Additional Contribution arrangement. Pre-2014 SCAVCs also fall under Regulation 17 by virtue of Regulation 15(2A) Transitional Regulations.		An employer can choose to contribute towards a SCAVC.

No.	Area	Regulation	Discretion	Policy Summary	Explanation
5	<b>Whether to grant early payment of pension on compassionate grounds (pre-1<sup>st</sup> April 1998 leavers)</b>	Regulation D11(2)(c) of 1995 Regulations	Whether to agree to early payment of pension benefits on or after age 50 on compassionate grounds. The employer should note that pension benefits paid before age 55 may attract an unauthorised payments surcharge and they may have to pay a strain cost because the pension benefits cannot be reduced.		The employer may agree to payment from age 50, but they may incur an unauthorised payments surcharge and/or a capital cost.
6	<b>Whether to grant early payment of pension (leavers from 1<sup>st</sup> April 1998 to 31<sup>st</sup> March 2008)</b>	Regulation 31(1)/(2) of 1997 Regulations	Whether to agree to early payment of pension benefits on or after age 50 and before age 55 on compassionate grounds. The employer should note that pension benefits paid before age 55 may attract an unauthorised payments surcharge.		The employer may agree to payment from age 50 to 55, but they may incur an unauthorised payments surcharge.

No.	Area	Regulation	Discretion	Policy Summary	Explanation
7	<b>Flexible Retirement</b>	<p>Regulation 30(6), Pensions Regulations</p> <p>Regulations 11(2) and (3) of Transitional Regulations</p>	<p>Whether to agree to an employee aged 55 or over reducing their hours of work or their grade so that they may receive all or some of their retirement pension while still employed.</p> <p>Whether, in addition to any pre-1<sup>st</sup> April 2008 pension benefits which the member must draw, to permit the member to draw; (a) all, part or none of benefits accrued between 1<sup>st</sup> April 2008 and 31<sup>st</sup> March 2014 and (b) all, part or none of the pension benefits built up after 31<sup>st</sup> March 2014</p>		<p>The employing authority can agree to an employee aged 55 or over drawing all or some of their pension and continuing to work on reduced hours or pay.</p> <p>The employer should note that granting consent would trigger the 85-year rule and may require a capital payment.</p>
8	<b>Switching-on the 85-year rule</b>	Schedule 2 of Transitional Regulations	Whether to switch on the 85-year rule under Regulation 1(2) and 1(3) of Schedule 2 of the Transitional Regulations.		The employer can agree to switch on the 85-year rule, which may mitigate reductions that would, otherwise, apply but the employer may have to make a capital payment.

No.	Area	Regulation	Discretion	Policy Summary	Explanation
9	<b>Waiving of Actuarial Reduction to Pensions</b>	<p>Regulation 30(8), Pensions Regulations</p> <p>Schedule 2 of Transitional Regulations</p>	<p>(Post 2014) Whether to agree to waive, in whole or in part, any actuarial reduction that would otherwise apply to the pension paid to a former employee aged 55 or over under 30(5) or 30(6) [flexible retirement] using regulation 30(8) of the Pension Regulations.</p> <p>(Pre-2014) Whether to waive actuarial reductions entirely under 30(5) or 30A(5) [deferred pensioner members] of the Benefits Regulations and Regulation 2(1), of Schedule 2 of the Transitional Regulations.</p>		<p>The employing authority can agree to waive reductions to the pension of a member aged 55 or over who has left employment or been granted flexible retirement.</p> <p>The employer may be required to make a capital payment if they do so.</p>

10	<b>Award of Additional Pension</b>	Regulation 31, Pensions Regulations	<p>To award additional pension at full cost to the employer:</p> <p>(1) an active member; or</p> <p>(2) a former active member who was dismissed by reason of redundancy, business efficiency or mutual consent on grounds of business efficiency.</p> <p><b>Note:</b> Any additional pension awarded (including any additional pension purchased by the employer or the member under Regulation 16 of the Pensions Regulations) may not exceed the overall additional pension limit of £7,579 (1<sup>st</sup> April 2023 and uplifted annually).</p> <p>Additionally, in the case of a member falling within (2) above, the resolution to award additional pension must be made within 6 months from the date on which the employment ended.</p>		<p>This means the employing authority has the power to award additional pension to an active member.</p> <p>The employer can also award additional pension to members who leave on the grounds of redundancy, business efficiency or mutual consent on grounds of business efficiency – up to six months after termination; however, care would need to be exercised in relation to the <u>Guidance on Special Severance Payments</u>.</p> <p>The employer would be required to make a capital payment (in addition to the cost of purchase) if the</p>
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					member retired early on any grounds apart from permanent ill-health.
11	<b>Aggregation of Benefits: Concurrent Employments</b>	Regulation 22 (7)(b), Pensions Regulations	Whether to allow an active member with concurrent employments, who ceases an employment with an entitlement to a deferred pension, more than 12 months to elect <b>not</b> to have their deferred pension aggregated with their active member's pension account.		The employing authority can allow a member who leaves one of two (or more) employments - held at the same time - longer than 12 months to elect <b>not</b> to combine the deferred pension with the ongoing active pension.

No.	Area	Regulation	Discretion	Policy Summary	Explanation
12	<b>Aggregation of Benefits: Deferred Member becoming Active Member</b>	Regulation 22 (8)(b), Pensions Regulations	Whether to allow a deferred member who becomes an active member longer than 12 months in which to elect not to have their deferred benefits aggregated with the benefits in their active member's pension account.		<p>The benefits are usually aggregated (joined-up) unless the member elects to keep them separate.</p> <p>The employing authority can agree to a former member having longer than 12 months to choose not to combine their pensions.</p>



No.	Area	Regulation	Discretion	Policy Summary	Explanation
13	<b>Aggregation of Benefits: Deferred Member becoming Active Member (pre-2014 membership)</b>	Regulation 10(6)(b) Transitional Regulations	Whether to allow a deferred member who becomes an active member longer than 12 months in which to elect for their pre-2014 deferred benefits to be aggregated with their active member's pension account (but, technically, they would lose the final salary link if they have not made an election under 5(5) Transitional Regulations within twelve months of becoming an active member of 2013 scheme).		<p>The pre-2014 preserved benefits will be kept separate <b>unless</b> the member makes a positive election to aggregate them.</p> <p>The employing authority can agree to a former member having longer than 12 months to choose to combine their pensions.</p>
14	<b>Whether to recover any monetary obligation</b>	A 74(2)	Whether to recover from Fund any monetary obligation or, if less, the value of the member's benefits (other than transferred in pension rights or AVCs/SCAVCs) where the obligation was incurred because of a criminal, negligent or fraudulent act or omission in connection with the employment and as a result of which the person has left employment		Where a person is leaves employment because of a criminal or fraudulent act the employer can try to recover the loss from their pension benefits.

No.	Area	Regulation	Discretion	Policy Summary	Explanation
15	<b>Inward Transfer of Pension Rights</b>	Regulation 100, Pensions Regulations	<p>Whether to allow an employee who has been an active member in their current employment for more than 12 months to ask for the transfer of certain accrued pension rights to be considered.</p> <p>Note: Regulation 100(6) of the Pensions Regulations requires that a request must be made within 12 months beginning with the date on which the member first became an active member in an employment or such longer period as the employer and the Administering Authority may allow. The discretion is, therefore, only exercisable if both the Employing Authority and the Administering Authority agree.</p>		Members who have been in the pension scheme for more than twelve months can ask for a transfer-in to be considered - but it will only be investigated if <b>both</b> the employing authority and the administering authority agree.

No.	Area	Regulation	Discretion	Policy Summary	Explanation
16	<b>Spouse's CAY pensions</b>	21(7) The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended)	Whether to cancel the suspension rule where the spouse of a person who ceased employment before 1 April 1998 remarries, enters a new civil partnership or cohabits after 1 April 1998.		Spouse's pensions based on pre-1998 CAY may be suspended during periods of remarriage or cohabitation.
17	<b>Compensatory added years (CAY)</b>	Regulation 19 The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended)	How to reduce a pensioner's annual compensatory added years' pension and lump sum if, following the cessation of a period of re-employment in local government, they can count more membership than they could have accrued had they worked to 65.		CAY pensions may be reduced when re-employment ends if the member's total pension exceeds the amount they could have received had they worked to 65.

No.	Area	Regulation	Discretion	Policy Summary	Explanation
18	<b>Redundancy Payments</b>	Regulation 5, Compensation Regulations 2006	Whether to base redundancy pay on actual pay if it exceeds the statutory maximum under the Employment Rights Act 1996 (£643 per week from 6 <sup>th</sup> April 2023).		The employer can base the calculation of a week's pay for redundancy on actual pay if it exceeds the statutory limit.

19	<b>Compensation for loss of Employment</b>	Regulation 6, Compensation Regulations 2006	<p>Whether to pay compensation to a person whose employment ceases</p> <ul style="list-style-type: none"> <li>- by reason of redundancy;</li> <li>- in the interests of the efficient exercise of the employing authority's functions; or</li> </ul> <p>in the case of a joint appointment, because the other holder of the appointment leaves</p> <p>Note: Compensation may not be paid under this Regulation if:</p> <ul style="list-style-type: none"> <li>- a person has been awarded additional pension by the employer under Regulation 31 of the Pension Regulations; or (by virtue of the Interpretation Act 1978)</li> <li>- a person's period of membership of the Pension Scheme has been increased under Regulation 12 of the Benefits Regulations 2007; or</li> <li>- a person has been awarded an additional pension under Regulation 13 of the Benefits Regulations 2007.</li> </ul>	<p><i>Note: the employer should be aware of age discrimination issues when formulating a policy.</i></p> <p><i>It should not use redundancy ready reckoner for any other type of leaver. This is because it is only exempt from age discrimination legislation for redundancy and only then in its original form (not multiples thereof).</i></p> <p><i>If it is used for any other purpose, the ready reckoner may be directly discriminatory (the weekly multiplier increases with age) and indirectly discriminatory (only</i></p>	The employing authority can make an award of up to 104 week's pay (less any redundancy payment payable).
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			<ul style="list-style-type: none"> <li>- The amount of compensation paid under this Regulation may not exceed 104 weeks' pay <u>less</u> any redundancy payment payable.</li> <li>- In all cases the decision to pay compensation under this Regulation must be made no later than 6 months after the date the person's employment terminates.</li> </ul>	<p><i>older members can accrue the maximum 20 years).</i></p>	

20	Injury Allowances	14(1) of the Compensation Regulations 2011	<p>Scheme employers (LGPS employers), <b>apart from admission bodies</b>, must formulate, publish and keep under review a policy on:</p> <ol style="list-style-type: none"> <li>1. whether to make an injury award to those who sustain an injury or contract a disease because of anything they were required to do in performing the duties of their job and in consequence of which they: <ul style="list-style-type: none"> <li>○ suffer a reduction in remuneration, or</li> <li>○ cease to be employed because of an incapacity which is likely to be permanent and which was caused by the injury or disease, or</li> <li>○ die leaving a surviving spouse, civil partner or dependant, and</li> </ul> </li> </ol> <p>if the Scheme employer has a policy to make such payments, how it will determine the amount of injury</p>		An employing authority may award an injury allowance to employees who contract an injury or illness related to their employment.
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			allowance to be paid and whether and when to terminate it.		