

# **BIRMINGHAM CITY UNIVERSITY ACADEMIES TRUST**

## **POLICY ON LOCAL GOVERNMENT SUPERANNUATION SCHEME DISCRETIONARY POWERS AND PREMATURE RETIREMENT**



### **1. Introduction**

- 1.1 Under Regulation 106 of the Local Government Pension Scheme (LGPS) Regulations 1997 (as amended), each employer must formulate, keep under review and publish their policies on certain discretions contained within the LGPS Regulations. The purpose of this paper is to define the Trust's current policy in relation to the discretionary powers granted to employers.
- 1.2 This statement is applicable to all employees of Birmingham City University Academies Trust who are eligible to be members of the Local Government Pension Scheme.

### **2. Background**

#### **2.1 Member's request for early payment of benefits**

- 2.1.1 From age 55, members (including those who become deferred members from 1 April 1998) have the right to apply for early payment of their retirement benefits subject to the consent of their employer. However, members aged 60 and over do not need their employer's consent. There are special provisions for members with service prior to the 31 March 2008 with the earliest age for release of 50 becoming 55 by 2010.
- 2.1.2 The Trust's policy on this matter is that each specific request for the early payment of benefits will be judged equally and fairly on its own merits, on the grounds that a decision to support a request would need to be funded by a lump-sum contribution into the Pensions Fund by Birmingham City University Academies Trust. This discretion will only be exercised by Birmingham City University Academies Trust in cases where it can be demonstrated that the Trust can fund the cost of the release within a three-year period. In addition, as a general rule, the cost involved should not exceed a sum equivalent to that of six month's gross pay of the member.
- 2.1.3 This discretion will be exercised by those officers nominated to approve existing severance packages.

#### **2.2 No reduction to the payment of Deferred Retirement Benefits**

- 2.2.1 Employers have the discretion to resolve to waive on compassionate grounds the reduction to the retirement benefits for members aged 50 or over who became

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entitled to deferred benefits from 1 April 1998.

- 2.2.2 The Trust's policy on this matter is that each specific case will be judged equally and fairly on its own merits and would need to be funded by a lump-sum contribution into the Pensions Fund by Birmingham City University Academies Trust. This discretion will be exercised by those officers nominated to approve existing severance packages.

#### **2.3 Phased Retirement**

- 2.3.1 A member who is aged 55 or over and with their employer's consent reduces their hours and or grade or a combination of such reductions, can then, but only with the agreement of the employer, make an election to the administering authority for payment of all or part of their accrued benefits without having retired from that employment.
- 2.3.2 If payment of benefits occurs before age 65, the benefits are actuarially reduced in accordance with guidance issued by the Government Actuary.
- 2.3.3 The employer may choose to waive the reduction in whole or in part. If the employer chooses to do so, then the cost of waiving the reduction in whole or in part has to be paid to the Fund.
- 2.3.4 The Trust's policy on this matter is that each request for flexible retirement will be judged equally and fairly on its own merits, having fully considered service delivery and financial costs.
- 2.3.5 On the grounds that a decision to support a request results in support in principle for the waiving of any reduction in whole or in part of the benefits, it would need to be funded by a lump-sum contribution into the Pensions Fund by Birmingham City University Academies Trust. This discretion will only be exercised by Birmingham City University Academies Trust in cases where it can be demonstrated that the Trust can fund the cost of the request within a three-year period. In addition, as a general rule the cost involved should not exceed a sum equivalent to that of six month's gross pay of the member.
- 2.3.6 If pension fund members wish to apply for consideration of any of the discretionary powers in Section 2 from paragraphs 2.1 to 2.3.6 of this policy, those officers nominated to approve existing severance packages will exercise this discretion.

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2.3.7 Applications will be made in the first instance to the Director of Human Resources. These applications must be written and contain the following detail:

- (a) The reason for the request, the element of discretion which is being sought, the date upon which the colleague wishes to have an element of discretion applied and if applicable the date they wish to leave the service of the Trust.
- (b) The Director of Human Resources will establish whether the relevant Principal or budget holder supports the application.

2.3.8 Applicants will receive a written response indicating the reason for accepting or rejecting the application. The Trust will take into account the views of the appropriate Principal or budget holder.

2.3.9 Appeals will be heard by the specified person referred to below in Section 12.

#### **2.4 Augmentation – Increase in total membership of an active member**

2.4.1 Employers have the discretion to award an active member an additional period of membership of the Scheme with them. The additional membership granted cannot exceed the shorter of:

- (a) 6 years 243 days
- (b) the period by which the member's total membership falls short of the total membership the member will have if he/she continues as an active member until age 65.

2.4.2 It should be noted that (b) can only be assessed where the employer knows the exact date an employee's contract will be terminated (either by the employer or the employee). Therefore, in practice, employers will only be able to augment service at the point when they know the exact date the employee's contract will be terminated and will then only have the period between the date they obtain this information and the date of termination within which to resolve to augment membership.

2.4.3 The Trust's policy on this matter is that this discretion will only be exercised in exceptional circumstances and where it can be demonstrated that the Trust can fund the cost of release within a three-year period, on the grounds that a decision to

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support a request would need to be funded by a lump-sum contribution into the Pensions Fund by Birmingham City University Academies Trust. This discretion will only be exercised by Birmingham City University Academies Trust in cases where it can be demonstrated that the Trust can fund the cost of the release within a three-year period. In addition, as a general rule, the cost involved should not exceed a sum equivalent to that of six months gross pay of the member.

- 2.4.4 The availability of augmented premature retirement pension will be announced by the Trust Board. The details of any augmentation available will be contained in any announcement.
- 2.4.5 Applications in response to any announcement will be made in the first instance to the Director of Human Resources. These applications must be written and contain the following detail:
  - (a) The reason for the request, the element of discretion which is being sought, the date upon which the colleague wishes to have an element of discretion applied and if applicable the date they wish to leave the service of the Trust.
  - (b) The Director of Human Resources will establish whether the relevant Dean/Director or budget holder supports the application.
- 2.4.6 Applicants will receive a written response indicating the reason for accepting or rejecting the application.
- 2.4.7 Appeals will be heard by the specified person referred to below in Section 12.

### **3. Shared Cost Additional Voluntary Contribution Scheme**

- 3.1 The Trust has no plans to introduce a Shared Cost Additional Voluntary Contribution Scheme.

### **4. Additional Widowers Cover**

- 4.1 The Trust has resolved that with effect from 1 April 1998, female members with a contract to purchase additional widower's cover will have that part of the contract which relates to the period 1 April 1972 to 5 April 1988 treated as completed in full. However, any contract which relates to membership before 31 March 1972 will remain in force and contributions

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are payable.

#### **5. Election not Previously Made for Additional Widower's Cover**

- 5.1 The Trust has resolved that for the purposes of calculating widower's pensions, all married female members of the scheme from 1 April 1998 with membership between 1 April 1972 and 5 April 1988, will be deemed to have made an election and will therefore receive free widowers' cover for that period.
- 5.2 In addition, the Trust has resolved that for the purposes of calculating widowers' pensions, all unmarried female members of the scheme from 1 April 1998, who subsequently marry, will be treated in the same way as those who are married on 1 April 1988.

#### **6. Rejoining the Scheme, following Opting Out**

- 6.1 The Trust will allow a member to re-join the scheme if the member opts-out more than once. This applies for the duration of the employment.

#### **7. Optional Contributions during Absences**

- 7.1 The Trust has the discretion to extend the period beyond 30 days for a person to apply in writing to make contributions. The Trust will extend the period of 30 days in circumstances beyond the members control or in exceptional circumstances.

#### **8. Re-employed and rejoining deferred members**

- 8.1 Where a deferred member becomes an active member again before becoming entitled to the payment of retirement benefits, they may elect to have former membership aggregated with the current membership. An election must be made in writing before the expiry of the period of 12 months from the date that they became an active member.
- 8.2 The Trust will extend the period of 12 months, only where the member commences work on a lower full-time equivalent salary in real terms, than the pay that the deferred benefits have been calculated on, to allow a member to aggregate their former membership.

#### **9. Inward transfers of pension rights**

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9.1 A person who becomes an active member may request the pension fund to accept a transfer value for some or all of their former rights. An election must be made in writing before the expiry of the period of 12 months from when they became an active member.

9.2 The Trust will extend the period of 12 months, in circumstances beyond the members control or exceptional circumstances.

#### **10. Deferred retirement benefits and elections for early payment**

10.1 The Trust has the discretion to resolve to waive the reduction to retirement benefits on compassionate grounds for members aged 55 or over who become entitled to deferred benefits from 1 April 1998 and have the right to apply for early payment of their retirement benefits subject to the consent of their employer.

10.2 Each specific case will be judged equally and fairly on its own merits and will need to be funded by a lump sum contribution to the Pension Fund by the Trust. Those officers nominated to approve existing severance packages will exercise this discretion.

#### **11. Application of Changes to the Pay Band on which a members contribution is based**

11.1 Where a member receives a change in the full-time salary rate which in effect moves them from one contribution band to another, the revised contribution band will be applied from the date of change. The Trust will not defer the change in contribution level until the following April after the change in pay.

#### **12. The Internal Dispute Resolution Procedure**

12.1 Responsibility for determinations under the first stage of the procedure now rests with a specified person appointed by the Trust to consider such matters. The Trust has appointed the following post-holder as the specified person:

- |                         |   |
|-------------------------|---|
| 12.1.1 Post:            | Chair of BCUAT Board of Directors                 |
| 12.1.2 Address Details: | Birmingham City Trust Academies Trust<br>c/o..... |
| 12.1.3 Current          | Mrs. Maxine Penlington                            |

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Holder:

**1st July 2013**

