

<p>LOCAL GOVERNMENT PENSION SCHEME</p> <p>LOCAL GOVERNMENT (EARLY TERMINATION OF EMPLOYMENT) (DISCRETIONARY COMPENSATION)</p> <p>LOCAL GOVERNMENT (DISCRETIONARY PAYMENTS) (INJURY ALLOWANCES)</p>
<p>SUMMARY OF DISCRETIONS POLICIES</p>

Background

The London Borough of Lewisham annually reviews its discretions policy.

This document summarises the London Borough of Lewisham's policies for the 2014 Pension Scheme as well as associated policies with regard to Discretionary Compensation and Discretionary Payments.

Summary of Policies

<i>Policy relating to:-</i>	<i>Description of the circumstances in which the London Borough of Lewisham will exercise their discretion.</i>
Award of Additional Pension to a Pension Scheme Member	The Council's policy is not to award additional pension.
Flexible Retirement	The Council will consider applications for flexible retirement from employees aged 55 or over. The decision on any application will be based on the merits of the case and in the light of service delivery needs. However, applications will normally only be considered where the member proposes to reduce their hours / pay by not less than 40%. Flexible retirement applications will be reviewed and a decision will be determined by the early retirement/voluntary retirement panel (ER/VR).
Early, voluntary retirement – employees aged 55 to 59	Where a member of "the 2014 scheme" elects to take early, voluntary retirement before age 60 their benefits are reduced to reflect their early payment even if the member meets the former '85 year rule'. The Council has the discretion to effectively reinstate the '85 year rule' in order to waive the reduction for a member who qualifies under the '85 year rule' (or who would qualify before age 60) but the Council would not normally agree to do so unless there are sound business reasons to justify such a course of action.
Voluntary retirement at / after age 60 but before Normal Pension Age (NPA)	The Council's general policy is not to waive any actuarial reduction that would be applied to a member's benefits to reflect the early payment of those benefits. Consideration would be given, however, where there are sound, compassionate reasons to waive the reduction.

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<p>'Shared cost' Additional Pension Contributions</p>	<p>The Council makes substantial contributions to the pension fund in order to provide the main scheme benefits. Consequently, where a member decides to purchase additional pension on top of the standard scheme pension, the Council's general policy is not to subsidise the cost of buying additional pension benefits by entering into a shared cost agreement.</p>
<p>Pensioners re-employed in local government</p>	<p>Where a member, who is receiving a pension from the Lewisham pension fund, takes up employment with an employer whose employees can contribute to the local government pension scheme, the Council may reduce ('abate') their pension whilst they hold the new employment.</p> <p>The Council would only consider abatement where the member was paid their Lewisham pension early (e.g. on redundancy or health grounds) and where the pay of the new employment, when added to their Lewisham pension, totalled more than their final rate of pay before retirement (after adjustments for inflation).</p> <p>In those circumstances, the Council would reduce their Lewisham pension by £1 for every £3 by which their income exceeded their former rate of pay.</p>
<p>Redundancy Compensation</p>	<p>In addition to a statutory redundancy payment based on the provisions of the Employment Rights Act 1996 ('the 1996 Act'), which sets out the number of weeks payable but caps the weekly earnings used in the calculation, the Council will pay compensation as follows:-</p> <ol style="list-style-type: none"> 1) Where the weekly rate of pay of the redundant employee is greater than the maximum to be taken into account under section 227 of the 1996 Act, the Council will pay compensation, under regulation 5 of the 2006 regulations, equivalent to the difference between the statutory payment and the statutory payment that would have been paid had it been based on the employee's actual weekly pay. 2) Subject to paragraph 3 below, the Council will also pay compensation, under regulation 6 of the 2006 regulations, based on the number of weeks pay the employee is entitled to under the statutory scheme multiplied by the employee's actual weekly rate of pay. 3) Where an employee becomes entitled, as a result of being made redundant, to the immediate payment of unreduced pension benefits, and where payment of the unreduced pension results in a cost to Lewisham Council, the compensation described in paragraph 2 above will be reduced. The reduction to be applied to the compensation is the capital cost of releasing the pension benefits early. Where the cost to the Council is greater than the compensation described in paragraph 2 above then no compensation is payable under paragraph 2.

<p>Re-employment where an employee has been awarded 'added years'</p>	<p>Employees who were made redundant before April 2007 and awarded an immediate pension may have had their pension benefits enhanced by an award of 'added years'. Or from 2007, an employee leaves on redundancy or voluntary severance and there is a cost to the Council for reimbursement to the pension fund for early payment of pension benefits.</p> <p>Where an individual who is in receipt of added years, or the Council incurred a cost to the pension fund takes up new employment with a local government employer the Council would reduce the added years/early pension by £1 for every £1 by which the individual's income (i.e. new pay, plus LGPS pension, plus 'added years' pension) exceeds the individual's final rate of pay prior to their being made redundant. In carrying out this calculation, the former rate of pay is adjusted by inflation between the date of leaving and commencement of the new employment.</p>
<p>Discretionary Payments (Injury Allowances)</p>	<p>Lewisham Council has its own policy regarding payments to be made to staff who suffer an accident or injury during the course of their employment and therefore Lewisham Council does not make payments under the above regulations.</p>