

HERTFORDSHIRE PENSION FUND DISCRETIONARY POLICY 2022**Key to Regulation Reference**

Prefix TP = Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2014

Prefix R = Local Government Pension Scheme Regulations 2013

Prefix A = Local Government Pension Scheme (Administration) Regulations 2008

Prefix T = Local Government Pension Scheme (Transitional Provisions) Regulations 2008

Prefix B = Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended)

Prefix ET = Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 (as amended) Prefix L = Local Government Pension Scheme Regulations 1997 (as amended)

Prefix E/F/G = Local Government Pension Scheme Regulations 1995 (as amended)

| Discretion | Regulation | Fund Documentation | Administering Authority Discretions Policy 2022 |
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| Whether to agree to an admission agreement with a Care Trust, NHS Scheme employing authority or care Quality Commission | R4(2)(b) | Funding Strategy Statement Cessation Policy | The Administering Authority will consider an admission agreement with one of these bodies, subject to the body being sponsored by a scheduled body with tax raising powers who will guarantee the liabilities of the body; this may be supplemented, where appropriate, by the provision of a form of security as outlined in our Funding Strategy Statement. |

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| <p>Whether to agree to an admission agreement with a body applying to be an admission body</p> | <p>R5(5) & RSch 2, Part 3, para 1</p> | <p>Admission Agreements Delays Policy</p> | <p>The Administering Authority will consider an admission agreement with a body, subject to the body showing long term financial security by either a guarantee from a scheduled employer or with the provision of a financial bond, in line with the Admission Agreement Delays Policy.</p> <p>The Administering Authority will consider an admission agreement of a body as a result of a transfer of services or assets from a scheme employer or relates to the body that exists as a result of being specifically set up by a local authority, subject to showing long term financial security by either a guarantee from a scheduled employer or with the provision of a financial bond.</p> |
| <p>Whether to agree that an admission agreement may take effect on a date before the date on which it is executed.</p> | <p>RSch2, Part 3, para 14</p> | | <p>The Administering Authority will consider any cases on an individual basis</p> |
| <p>Whether to terminate a transferee admission agreement in the event of:- insolvency, winding up or liquidation of the body.- breach by that body of its obligations under the admission agreement.- failure by that body to pay over sums due to the Fund within a reasonable period of being requested to do so.</p> | <p>RSch 2, Part 3, para 9(d)</p> | <p>Pensions Administration Strategy (PAS) Cessation Policy Admission Agreements</p> | <p>In the event of insolvency, winding up or liquidation the Fund would always terminate the agreement. Any breach by the Admission Body of any of its obligations under the Agreement that they have failed to remedy to the satisfaction of the Fund; A failure by the Admission Body to pay any sums due to the Fund within the period required by the Fund; The failure by the Admission Body to renew or adjust the level of the bond or indemnity, or to confirm an appropriate alternative guarantor, as required by the Fund; or On termination of a deferred debt agreement.</p> |

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| Whether to set up a separate admission agreement fund | R54(1) | Funding Strategy Statement Admission Agreement Delays Policy | The Administering Authority will not set up a separate admission agreement fund |
| Define what is meant by “employed in connection with” | RSch 2, Part 3, para 12(a) | Admission Agreements | The Administering Authority defines "employed in connection with" within Admission Agreements, as at least fifty percent (50%) of the employee’s available time must be expended upon work in connection with the provision of services on behalf of the transferee admission body. |
| Whether to suspend (by way of issuing a suspension notice), for up to 3 years, an employer’s obligation to pay an exit payment where the employer is again likely to have active members within the specified period of suspension. | R64(2A) | Cessation Policy | See Cessation Policy from the Pension Fund's web page |
| Whether to obtain revision of employer’s contribution rate if there are circumstances which make it likely a Scheme employer will become an exiting employer | R64(4) | Funding Strategy Statement | Any revision of employer contributions rates will be made on advice from the Pension Fund's Actuary and in accordance with the Administering Authority's Funding Strategy Statement. |
| Whether to extend the period beyond 6 months from the date an Employer ceases to be a Scheme Employer, by which to pay an exit credit. | R64(2ZAB) (b) | Funding Strategy Statement Exit Credit Policy Cessation Policy | See Exit Credit Policy |
| Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g. where the sum being paid is very small and could be paid as a single payment) | R16(1) | Relevant Employers' Discretions Policy | The Administering Authority allows the Employer to exercise discretion in these cases based on their administrative procedures and knowledge of the member's circumstances. |

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| <p>Whether to require a satisfactory medical before agreeing to an application to pay an APC / SCAPC</p> <p>Whether to turn down an application to pay an APC / SCAPC if not satisfied that the member is in reasonably good health</p> | R16(10) | | <p>Applications by members to purchase APC/SCAPC will be subject to the opinion of a registered medical practitioner nominated by Hertfordshire County Council and will only be agreed on an individual basis.</p> |
| <p>Decide to whom any AVC/SCAVC monies (including life assurance monies) are to be paid on death of the member</p> | R17(12) | | <p>To be considered in line with the payment of main scheme death benefits.</p> |
| <p>Pension account may be kept in such form as is considered appropriate</p> | R22(3)(c) | | <p>The pension account will be kept in an electronic format within the pensions administration software system.</p> |
| <p>Where there are multiple ongoing employments, in the absence of an election from the member within 12 months of ceasing a concurrent employment, decide to which record the benefits from the ceased concurrent employment should be aggregated</p> | TP10(9) | | <p>The Administering Authority will amalgamate with the active account yielding the highest benefit accrual at the relevant date.</p> |
| <p>Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement; where a member voluntarily draws before normal pension age; or where a member has applied for early release of deferred benefits and left before 1 April 2014</p> | <p>R30(8) TP3(1), TPSch 2, para 2(1), B30(5), B30A(5) R60, TPSch 2, para 1(2) & 1(1)(f)</p> | <p>Funding Strategy Statement Charging Policy</p> | <p>The Administering Authority will only agree to waive actuarial reductions in the following circumstances:</p> <p>(1) There would be no cost to the Administering Authority; (2) In cases of exceptional hardship or on exceptional compassionate grounds</p> <p>The Administering Authority will not agree to the application of Paragraph 1 (3) of Schedule 2 to the Transitional Regulations, and therefore will not agree to the payment of unreduced retirement benefits to a member with transitional protection who meets the 85 year rule until they are aged 60.</p> |

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| <p>Grant application for early payment of deferred benefits on or after age 50 on compassionate grounds. Although the common provisions of the 1997 Transitional provisions regulations do not specify regulation D11(2)(c), there intention was that it should apply to this regulation.</p> | <p>TP3(5A)(vi), TL4, L106(1) & D11(2)©</p> | | <p>The Administering Authority will only agree, on compassionate grounds, to waive any reduction that would otherwise be made to the pension payable to a member with transitional protection if there are exceptional circumstances.</p> <p>Benefits paid on or after age 50 and before age 55 will be subject to an unauthorised payments charge under the Finance Act 2004 and, where applicable, an unauthorised payments surcharge under that Act, and a Scheme sanction charge on any benefits built up after 5 April 2006.</p> |
| <p>Whether to require any strain on Fund costs to be paid “up front” by employing authority following payment of benefits under R30(6) (flexible retirement), R30(7) (redundancy / business efficiency), or the waiver (in whole or in part) under R30(8) of any actuarial reduction that would otherwise have been applied to benefits which a member voluntarily draws before normal pension age or to benefits drawn on flexible retirement</p> | <p>R68(2) TPSch 2 para 2(3) L80(5)</p> | <p>Funding Strategy Statement Charging Policy</p> | <p>Scheme employers are required to make additional payments to the Pension Fund in respect of early retirements or the early payment of benefits on the grounds of efficiency, redundancy, voluntary grounds with employer consent or compassionate grounds in the year they were incurred.</p> <p>Scheme employers are also required to make additional payments to the pension Fund in respect of ill health retirements, as determined by the administering authority.</p> |
| <p>Whether to extend the time limits within which a member must give notice of the wish to draw benefits before normal pension age or upon flexible retirement</p> | <p>R32(7)</p> | | <p>On the assumption that the scheme employer has already taken a decision to either let a member retire early or take flexible retirement from a given date, then the Fund will agree to an extension if necessary.</p> |

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| <p>Decide whether to trivially commute a member's pension under section 166 of the Finance Act 2004 (includes pension credit members where the effective date of the Pension Sharing Order is after 31 March 2014 and the debited member had some post 31 March 2014 membership of the 2014 Scheme).</p> <p>Decide whether to trivially commute a lump sum death benefit under section 168 of the Finance Act 2004.</p> | <p>R34(1)(a) R34(1)(b) B39, T14(3), L49(1)</p> | | <p>Small pensions may be commuted in accordance with relevant regulations, actuarial guidance and prescribed limits.</p> <p>Where no request is received, the Administering Authority may still choose to pay a trivial commutation instead of an ongoing pension.</p> |
| <p>Decide whether to commute benefits due to exceptional ill-health (including Pension Credit members where the effective date of the Pension Sharing Order was pre 1 April 2014 or where the effective date of the Pension Sharing Order is after 31 March 2014 but the debited member had no post 31 March 2014 membership of the 2014 Scheme).</p> | <p>50 and 157</p> | | <p>Small pensions may be commuted in accordance with relevant regulations, actuarial guidance and prescribed limits. Where no request is received, the Administering Authority may still choose to pay a trivial commutation instead of an ongoing pension.</p> |

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| Decide to whom death grant is paid | TP17(5) to (8) & R40(2), R43(2) & R46(2) B23(2) & B32(2) & B35(2) & TSch1 & L155(4) 38(1), SE8 | | <p>Discretion will be exercised in the following manner:</p> <ol style="list-style-type: none"> 1. If there is a valid nomination form, the death grant will usually be paid to the nominated beneficiaries in the proportions specified, but each case will be assessed on its merits. 2. In other cases, the death grant may be paid to the deceased member's personal representative(s) or any person appearing to have been the member's relative or dependant at any time. 3. Death grants paid to the deceased member's personal representative(s) that do not exceed £5,000 limit set out in the Administration of Estates (Small Payments) Act 1965, will normally be made without the need for Letters of Administration/Grant of Probate 4. The Administering Authority will require a formal declaration for death grants payable to a child under the age of 18. Any payment to a child will require a Trust Fund or bank account in their name, unless in exceptional circumstances. |
| Approve medical advisors used by employers (for ill health benefits) | R36(3), L97(10), A56(2) | | Unless exceptional circumstances are identified IRMP's will always be approved where the qualification criteria set out under the regulations is met. |

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| <p>Whether to pay the whole or part of the amount that is due to the personnel representatives (including anything due to the deceased member at the date of death) to:</p> <ul style="list-style-type: none"> • the personal representatives, or • anyone appearing to be beneficially entitled to the estate <p>without need for grant of probate / letters of administration where payment is less than amount specified in s6 of the Administration of Estates (Small Payments) Act 1965</p> | <p>R82(2), A52(2), L95</p> | | <p>Discretion will be exercised in the following manner:</p> <ol style="list-style-type: none"> 1. If there is a valid nomination form, the death grant will usually be paid to the nominated beneficiaries in the proportions specified, but each case will be assessed on its merits. 2. In other cases, the death grant may be paid to the deceased member's personal representative(s) or any person appearing to have been the member's relative or dependant at any time. 3. Death grants paid to the deceased member's personal representative(s) that do not exceed £5,000 limit set out in the Administration of Estates (Small Payments) Act 1965, will normally be made without the need for Letters of Administration/Grant of Probate |
| <p>Whether, where a person is incapable of managing their affairs, to pay the whole or part of that person's pension benefits to another person for their benefit.</p> | <p>R83, A52A, B27(5), L47(2), SG11(2)</p> | | <p>The Administering Authority will consider each case on an individual basis and, where appropriate, having established an appropriate beneficiary, will require a formal declaration that the pension will be used for the benefit of the member</p> |
| <p>Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership</p> | <p>R49(1)©, B42(1)©</p> | | <p>In these circumstances the Administering Authority will choose the provision of benefits that would provide the greater benefits when actuarially valued.</p> |
| <p>Governance policy must state whether the admin authority delegates their function of part of their function in relation to maintaining a pension fund to a committee, a sub-committee or an officer of the admin authority and, if they do so delegate, state</p> | <p>R55*</p> | <p>Governance Compliance Statement</p> | <p>The Administering Authority's Governance Compliance Statement has been formulated and is kept under review. The Statement is published annually as part of the Annual Report and Accounts and is accessible from the Pension Fund's web page</p> |

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| Decide on Funding Strategy for inclusion in funding strategy statement | R58* | Funding Strategy Statement | The Administering Authority's Funding Strategy has been formulated in conjunction with the Pension Fund's Actuary and is kept under review. Employers are consulted on changes to the Strategy which is approved by the Pensions Committee. The Funding Strategy Statement is published annually as part of the Annual Report and Accounts which is accessible from the Pension Fund's website |
| Whether to have a written pensions administration strategy and, if so, the matters it should include | R59(1) & (2) | Pensions Administration Strategy (PAS) | The Administering Authority's Pensions Administration Strategy (PAS) has been formulated and is kept under review. Employers are consulted on changes to the Strategy which is approved by the Pensions Committee. |
| Communication policy must set out the policy on provision of information and publicity to, and communicating with, members, representatives of members, prospective members and Scheme employers; the format, frequency and method of communications; and the promotion of the Scheme to prospective members and their employers. | R61 | Communication Policy Statement | The Administering Authority's Communication Strategy has been formulated and is kept under review. The Policy is published annually as part of the Annual Report and Accounts and is accessible from the Pension Fund's website. |

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| <p>Decide frequency of payments to be made over to Fund by employers and whether to make an admin charge.</p> | <p>R69(1), L81(1), L12(5)</p> | <p>Pensions Administration Strategy (PAS)</p> | <p>Contributions must be paid on a monthly basis at the rates set by the Pension Fund's actuary. Payments must be received no later than the 19th calendar day of the month following the month of deduction in accordance with Local Government Pension Scheme Regulations and the Pensions Administration Strategy, unless otherwise agreed by the Administering Authority.</p> |
| <p>Decide form and frequency of information to accompany payments to the Fund</p> | <p>R69(4), L81(5)</p> | <p>Pensions Administration Strategy (PAS)</p> | <p>Each payment to the Pension Fund must be accompanied with a schedule, in the format and submitted by the method prescribed by the Administering Authority and in accordance with the Pensions Administration Strategy.</p> |
| <p>Whether to issue employer with notice to recover additional costs incurred as a result of the employer's level of performance</p> | <p>R70, TP 22(2)</p> | <p>Pensions Administration Strategy (PAS)</p> | <p>Charges and penalties will apply to scheme employers for poor performance against the Employer performance targets set out in the Pensions Administration Strategy for management and administration of the LGPS.</p> |

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| <p>Whether to charge interest on payments by employers which are overdue</p> | <p>R71, L82(1)</p> | <p>Pensions Administration Strategy (PAS)</p> | <p>Interest on contributions paid more than 1 month after the due date will be charged in accordance with the Pensions Administration Strategy. Interest is charged in accordance with regulation 44 which states that interest should be charged at Bank of England Base Rate plus one percent. The Pensions Administration Strategy is accessible from the Pension fund's web page</p> |
| <p>Decide procedure to be followed by admin authority when exercising its stage two IDRPs and decide the manner in which those functions are to be exercised</p> | <p>TP23 & R76(4)</p> | <p>Internal Disputes Resolution Procedure</p> | <p>The Administering Authority has set out its procedures in the Internal Disputes Resolution Procedure which is accessible from the LPPA's website</p> |
| <p>Whether admin. authority should appeal against employer decision (or lack of a decision)</p> | <p>R79(2), TP23</p> | | <p>The Administering Authority will consider any cases on an individual basis and, where necessary, an appeal will be made when it is believed that action or inaction by an employer is incorrect under law and is material.</p> |
| <p>Specify information to be supplied by employers to enable admin. authority to discharge its functions</p> | <p>TP23, R80(1)(b) & TP22(1)</p> | <p>Pensions Administration Strategy (PAS)</p> | <p>The Administering Authority has set out employing body responsibilities in the Pensions Administration Strategy, LGPS Technical website, other policies and the LPPA. These will be supplemented by bulletins and targeted information and guidance on specific administrative processes.</p> <p>LGPS Regs website LPPA's website</p> |

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| Agree to bulk transfer payment | R98(1)(b) | | The Administering Authority will consider bulk transfer payments where appropriate based on advice obtained from the Pension Fund's Actuary, in agreement with :(i) the administering authority, (ii) the Scheme employer (if different), and (iii) the trustees or managers of the new scheme |
| Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS | R100(6) | | The Administering Authority will consider each case on its merits with regard to the facts of the particular case and in conjunction with the Employing Body of the member requesting the transfer. |
| Allow transfer of pension rights into the Fund | R100(7) | | The Fund will accept transfer values from other pension arrangements. |
| Where member to whom B10 applies (use of average of 3 years pay for final pay purposes) dies before making an election, whether to make that election on behalf of the deceased member | TP3(6), TP4(6)(c), TP8(4), TP10(2)(a), TP17(2)(b) & TSch 1 & L23(9) | | Where it appears to the Fund that if the member had made such an election, it would have been beneficial in the calculation of death benefits, then the Fund will make the election on behalf of the deceased member. |
| Decide to treat child (who has not reached the age of 23) as being in continuous full-time education or vocational training despite a break. | RSch 1 & TP17(9)(a) | | Consideration needs to be given to each case to identify whether the break is fundamental to the overall qualification, or whether it was a true break. The spirit of the regulation is to permit reinstatement of the pension where the break was part of the overall qualification plan. |

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| Decide evidence required to determine financial dependence of cohabiting partner on scheme member or financial interdependence of cohabiting partner and scheme member | RSch 1 & TP17(9)(b) | | <p>At the point that any benefits become payable, the Administering Authority will require documentary evidence to provide proof of cohabiting for a continuous period of at least 2 years immediately prior to the member's death.</p> <p>The required conditions are:</p> <ul style="list-style-type: none"> • both the member and their co-habiting partner were free to marry each other or to enter into a civil partnership with each other, and • the member and their co-habiting partner have been living together as if they were husband and wife, or civil partners, and • neither the member or their co-habiting partner have been living with someone else as if they were husband and wife or civil partners, and • either the co-habiting partner is financially dependent on the member or they are financially interdependent on each other. |
| Decide policy on abatement of pre 1 April 2014 element of pensions in payment following re-employment | TP3(13) & A70(1) & A71(4)(c) | Abatement Policy | See Abatement Policy |
| Extend time period for capitalisation of added years contract where the member leaves his employment by reason of redundancy. | TP15(1)(c) & TSch1 & L83(5) | | The Administering Authority will consider each case on its merits having regard to the facts of the particular case. In general, the option period shall be three months from the date that the member has been notified of the costs of the added years contract. |
| Decide whether to delegate any administering authority functions under the Regulations | R105(2) | | The Local Pensions Partnership Administration administer the Hertfordshire County Pension Fund on behalf of the administering authority, Hertfordshire County Council. Specific delegation to the Local Pensions Partnership Administration on discretionary policy areas are, where appropriate, set out elsewhere in this document. |

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| Decide whether to establish a joint local pension board (if approval has been granted by the Secretary of State). | R106(3) | | The Hertfordshire Pension Fund have established a Local Pension Board representing the Hertfordshire Pension Fund only |
| Decide appointment procedures, terms of appointment and membership of local pension board. | R107(1) | Local Pension Board Constitution | The constitution of the Hertfordshire Local Pension Board can be found on the Hertfordshire website |
| Outstanding employee contributions can be recovered as a simple debt or by deduction from benefits | A45(3), L89(3) | | The Administering Authority will consider each case on its merits having regard to the facts of the particular case. In general, the Administering Authority will liaise with the employee to determine an appropriate means to recover pension contributions. |
| Apportionment of children's pension amongst eligible children | 47(1), SG11(1) | | The Administering Authority has determined that pension benefits will be divided equally between eligible children and, in the event that a child is no longer eligible, then the pension for the remaining children will be recalculated. |
| Timing of pension increase payments by employers to fund (pre 1.4.08. leavers) | 91(6) | | Pensions increase is now a funded payment however some historical payments of pensions increase are still recharged. The normal position is for monthly payments to be made, however there are exceptional cases where the Fund allows for payments to be made either quarterly or annually. |
| Whether to pay spouse's pensions for life (rather than ceasing during any period of remarriage or co-habitation). | SF7 | | <p>The Fund will continue to pay spouses benefits that are in payment for life, rather than cease the benefits should the spouse subsequently remarry or co-habit.</p> <p>Any spouse's benefits that have been suspended under the regulations that existed prior to the introduction of this regulation, will be reinstated upon the cessation of the re-marriage or co-habitation</p> |

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| Agree to pay annual compensation on behalf of employer and recharge payments to employer | C31(2) | | The Administering Authority will consider on a case by case basis. |
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