

Administering Authority Discretions

Greater Manchester
Pension Fund

2010



GREATER MANCHESTER PENSION FUND ADMINISTERING AUTHORITY DISCRETIONS

“Discretions” is taken to include where the administering authority is required to do something but an element of choice exists as to how it is done. Unless stated otherwise, the discretions arise from the three principal sets of Regulations (as amended) that prescribe the Local Government Pension Scheme (the LGPS). These are the:

- LGPS (Benefits, Membership & Contributions) Regulations 2007;
- LGPS (Administration) Regulations 2008;
- LGPS (Transitional Provisions) Regulations 2008.

This document is not intended to cover investments, apart from Scheme additional voluntary contributions.

1. Admission of admission bodies

We are obliged to admit transferee admission bodies (e.g. a body referred to in a best value arrangement). We usually admit community admission bodies, provided we are satisfied about their long term financial security. This means that we usually require a public sector guarantee or that the body is pooled with a local authority for the assessment of pension liabilities.

2. Intervals for payment of employee contributions

We require that all contributions (apart from Prudential additional voluntary contributions) should be credited to the Fund without delay by the first working day of the month following that in which they were deducted.

3. Distribution of death grant

Normally we will pay a death grant to or amongst nominated beneficiaries. Where no nomination has been made, we will normally pay a death grant to the deceased’s personal representatives (in that capacity). Where both of these options are seen to be inappropriate or impossible, perhaps because nominees have died or other persons are claiming some or all of the death grant, we may pay the grant as we see fit to or between surviving nominees or personal representatives or any person appearing to us to have been a relative or dependant of the deceased at any time. Where a death grant does not exceed £5,000 we will usually pay it without the production of grant of probate of a will or Letters of Administration.

4. Child’s pension - Ignoring breaks in education or training

We will accept short breaks, and also gap years, as being interruptions in education and will restart a suspended children’s pension at the end of such a break or gap. Once we see education has come to an end we are unlikely to restart a children’s pension.

5. Child’s pension – determining recipients

Where there is more than one eligible child we will normally divide a children’s pension equally between them. Where a child is under 17 we will normally pay his/her pension to the person who has the care of the child, to be applied for the benefit of that child.

6. Child’s pension – arising after the date of death of the member

We will normally treat a dependent child who commences full time education after the date of the member’s death as an eligible child after (s)he reaches the age of 18 and until (s)he reaches the age of 23.

We will normally treat a dependent child who commences vocational training after the date of the member’s death as an eligible child after (s)he reaches the age of 18 and until (s)he reaches the age of 23 where annual earnings are below £12,000.

7. Commutation of small pensions

Because of the demands of HMRC related legislation, we normally do not commute pensions that are within the prescribed limits.

8. Pensions Administration Strategy

A strategy has been adopted and is also within the Policies and Documents section of the website.

9. Agreement with employing authority to include cost of augmentation in employer contributions

When an employer augments a member's service we will usually want the cost of this paying upfront. For some employers – mainly local and Greater Manchester authorities we will also allow the extra cost to be funded via extra employer contributions over a period.

10. Agreeing extension to period for payment for augmentation as lump sum.

When we require an employer to pay the cost of augmentation upfront, we will rarely grant an extension to the one month period for payment.

11. Medical examination required for purchase of additional pension

We require that members wishing to purchase additional pension are examined by their GPs.

12. Additional Voluntary Contributions – Minimum Contributions

We require the Prudential to accept AVCs that in amount are at least equal to the minimum amount specified in regulation 2(8) of the Pension Schemes (Voluntary Contributions Requirements and Voluntary and Compulsory Membership) Regulations 1987, and also lesser amounts that are in respect of extra life cover.

13. Investment of AVCs

We use The Prudential Assurance Co Ltd.

14. Purchase of AVC annuities from insurance company

As far as is practicable we give effect to the member's wishes. In the absence of any preference being expressed we will normally buy an annuity from The Prudential Assurance Co Ltd.

15. Establishment of an "admission agreement fund"

We have chosen not to set up an admission agreement fund.

16. Production of Funding Strategy Statement

A copy of this document is contained on our website in the Policies and Documents section.

17. Revision of employer's contribution rate

We will obtain extra rates and adjustments certificates regarding employer contributions when appropriate, which will normally be when extra moneys are required to fund pension liabilities.

18. Employer contributions – Dates for payment

All contributions (apart from Prudential additional voluntary contributions) should be credited to the Fund without delay by the first working day of the month following that in which they were deducted.

19. Information provided by employers about contributions – frequency and format

We have specified formats that employers are to use for their yearend returns. We require these each year by 30 April in valuation year, and by 15 May in the other two years.

20. Employer payments – Interest on overdue payments

We require interest to be paid when payments are overdue.

21. Extension of time period for capitalisation of added years contract

We will normally apply the prescribed three month time limit.

22. Charging member for provision of estimate of membership credit for AVC or Shared Cost AVC transfer

Members may request a quote for free that is valid for three months. In the exceptional case that we are asked to do another, we reserve the right to make a charge.

23. Recovery of unpaid employee contributions as debt/from benefits

We will normally deduct any unpaid employee contributions from benefits.

24. Timing of pensions increase payments by employers to the Fund

A former employing authority can have pensions increase liabilities that have not been provided for by employer contributions. When this is certified by the Fund's actuary we may require further cash payments to be made, at intervals we determine. Depending on the sums required, the interval specified may be monthly, quarterly or annually.

25. Payment/recovery of Contribution Equivalent Premiums, relating to the State Second Pension

We recover the costs of contribution equivalent premiums (excluding certified amounts) from the Pension Fund, when paying these to the Department of Work and Pensions.

26. Making payments in respect of deceased persons without probate etc

We will normally make payments due in respect of deceased persons without the production of probate or letters of administration of estates, where the amounts due are below the amount specified in any order under section 6 of the Administration of Estates (Small Payments) Act 1965.

27. Independent registered medical practitioners – approval by administering authority

We have approved a number of doctors for the giving of certificates regarding permanent incapacity. Employers may refer more for approval. Some smaller employers may only consult from a prescribed and limited list of those that have been approved.

28. Selection of person to be specified in pension decision letters to hear Stage 1 Internal Dispute Resolution Procedure appeals regarding administering authority decisions.

Peter Morris, Director of Pensions, is the person that has been specified.

29. Determination of procedure for Stage 2 appeals

Two local referees have been appointed to hear Stage 2 appeals, being David Postlethwaite and Colin Fielding.

30. Appeal to the Secretary of State against employer decision

We will appeal to the Secretary of State when we believe an employer has made a decision or committed an act (or failed to do something that it should do), that is both wrong in law and material, where we have been unable to persuade the employer to alter its actions (or inactions).

31. Formulate policy on functions.

This document details how we generally exercise the discretionary functions of the administering authority. An item not covered elsewhere is the provision of a scheme for shared cost additional voluntary contributions. One of these is created when an employing authority so resolves, but thus far no such resolution has been made. If one is created we will make the necessary arrangements for contributions to be invested.

32. Abatement of pensions on reemployment

We have decided not to abate retirement pensions should a pensioner become reemployed. Some pensioners have been awarded extra pensions by their former employing authorities to compensate them for retiring early. When this happens the extra pensions, called annual compensation, are often paid along with the Fund's retirement pension. These extra pensions may be abated upon reemployment or upon subsequent retirement, in accordance with the Local Government (Early Termination of Employment) (Discretionary Compensation)(England and Wales) Regulations 2000 (as amended).

33. Retention of contribution equivalent premium (CEP) where member transfers out

When a member has a transfer payment to another pension Scheme and the Fund remains responsible for liabilities relating to membership that was contracted out of the State Earnings Related Pension Scheme, we will retain an amount equal to the CEP. Otherwise it will be used to discharge that liability to the Department of Work and Pensions.

34. Occupational Pension Schemes (Transfer Values) Regs 1996

We will provide statements of transfer values in accordance with the above Regulations. When a request for a statement is made within a year of an earlier request, we will provide the statement at a charge of £150 plus VAT.

35. Transfer values – acceptance of inward transfers

When a transfer of pension rights from the private sector is permissible, we will only accept such a transfer when the request for us to look into it was made within the first twelve months of employment. Requests received after the first twelve months will be refused, unless they have been delayed through no fault of the member. We also refuse to accept transfers (other than from within the Local Government Pension Scheme and the Public Sector Transfer Club), that would result in a membership credit in excess of 40 years. When assessing this 40year limit we take into account all non LGPS and non Club transfers.

In respect of new active memberships that commence after 31 March 2005 an additional restriction applies to requests regarding transfers from outside of the LGPS and Public Sector Transfer Club, being that such requests will generally be refused, but:

- (i) transfers in respect of a group of outsourced employees who are returning to local authority control may be accepted;
- (ii) as may other transfers in exceptional circumstances.

36. Extension of 6 month time limit for repayment of refund [Regulation 17 of Transitional Provisions Regulations 1997]

We do not normally extend this time limit.

37. Spouses' pensions arising under 1995 regulations payable for life [Schedule 3 paragraph 21 Transitional Provisions Regulations]

We have decided that a spouse's pension that comes into payment is payable for life. This does not apply to spouses' pensions that ceased prior to 1 April 1998.

38. Charging of administration costs to the Fund [Regulation 5(6) of the LGPS (Management and Investment of Funds) Regulations 1998 (b)]

We have decided to pay out of the Fund the costs of its normal administration. These costs include those relating to investments. Some costs are recharged to employers, e.g. fees for special actuarial work.

Greater Manchester Pension Fund
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Employers' helpline:  **0161 301 7032**

Email:  **mail@gmpf.org.uk**

Website:  **www.gmpf.org.uk**