

Flexible Retirement Policy

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Summary The Bucks CC Local Government Pension Scheme requires all members, including the Board, to provide it with a copy of their Flexible Retirement Policy. It is proposed to use the county council's model policy

Purpose of Report: To advise the Board that it needs to adopt a Flexible Retirement Policy as soon as possible.

Background

1. Recent legislative changes have required local authorities and other public bodies to amend their policies to provide more flexibility over retirement options. The Bucks CC Local Government Pension Scheme has required all members, including the Board, to provide it with a copy of their Flexible Retirement Policy. The Board has not yet amended its policy (based on that used by Wycombe DC when the Board was established) nor is it in a position to do so. Bucks CC has recognised this is a problem for smaller bodies and has invited them to consider adopting its Flexible Retirement Policy as an interim measure.
2. The committee is advised to adopt this policy (appendix 1) until such time it is able to adopt its own flexible retirement policy. The policy has been written specifically for Bucks CC and some of the wording has been altered but not the policies themselves.
3. The committee will recall that the Board's retirement policy was that used by Wycombe DC when the Board was established in 2004. The model policy prepared by Bucks CC is consistent with that policy and legislative changes introduced since that time.
4. In practice only one employee of the Board will be affected directly in the next few years.

Recommendations

1. **The Board adopts the Flexible Retirement Policy based on the model version produced by Bucks CC.**
2. **The policy be reviewed when the Board has been able to engage specialist HR support and a report presented to the Executive Committee within the next year.**



Flexible Retirement/ Postponement of retirement Policy

**Based on the
MODEL POLICY AND TOOLKIT
prepared by**



August 2006

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**Adopted by the Chilterns Conservation Board
on 19th September 2007**

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Policy Statement

The Chilterns Conservation Board is committed to providing more choice and flexibility to our employees who wish to ease into retirement or stay in work beyond retirement, making their transition from working life to retirement an enjoyable one.

We recognise we need to provide our employees with options and flexibility and value their contributions. Offering our employees retirement choices has a part to play in this.

By giving alternatives and support in the run up to retirement, our employees will feel more valued and therefore more motivated and committed. We will benefit by retaining valuable knowledge and skills, which can be transferred to others. Turnover and recruitment and retention problems should also be reduced and age diversity will become representative of the communities we **work with**.

Scope

The flexible retirement options detailed in this policy applies to employees employed under **Chilterns Conservation Board** –Pay and Employment conditions.

Supporting Employees Approaching Retirement

Approaching retirement can be a life-changing event. Managers should ensure employees are aware of the advice and guidance available to them in good time so that they can prepare in the lead up to retirement. The correct time for advice will depend on the employee's circumstances and when they plan to retire.

- **Pension Information and Advice** can be obtained by accessing the intranet www.buckscc.gov.uk/pension or by telephone on 01296 383755. Only information, not estimates, can be given unless a line manager makes the request on behalf of the employee

Flexible Retirement – What is it?

From April 2006, employees who have attained the age of 50 have the following options:

- Extending (postponing) their retirement date
- Partially retiring, thereby easing into retirement gradually

A Local Government Pension scheme (LGPS) Member may claim their pension benefits early, subject to the **Conservation Board's** agreement, and continue working but with a reduction in their hours and/or grade.

Flexible Retirement Options

Those who wish to retire when they reach the normal organisational retirement age of 65 years are entitled to do so. However, employees can request to work beyond this age. This can be with or without flexible options.

Flexible options are open to those employees who want to partially retire or to postpone their retirement.

These options include:

- A flexitime scheme
 - Job sharing
 - Voluntary reduced hours/part-time
 - Compressed hours (same hours in less days)
 - Redesigning/downgrading current post
-

Applying for Flexible Retirement or Postponement of Retirement (Refer to Toolkit for model letters and Appendix 5 for process flowchart)

1. Any employee approaching retirement age (65 years) must be informed in writing **by their line manager** no more than one year before but no less than six months before their retirement date, of what their intended retirement date is and that they have the right to request not to be retired. **Failure to inform the employee of the date and their right may mean that the dismissal is unfair.**
2. Employees interested in extending their service beyond 65 years (postponing their retirement) or flexible retirement should complete the Request Form and discuss their request with their line manager. They should inform their line manager of if they wish for their employment to continue indefinitely, for a stated period or until a stated date.
3. The request from the employee must be made three to six months before the intended retirement date, where the employer has served the required notice six to twelve months before (otherwise any time within six months prior to the intended retirement date, where the employee has not been served the required notice).
4. The line manager should meet with the employee to discuss their request within 28 days after the request has been received. The employee has a right to be accompanied at the meeting by a colleague or Trades Union representative.
5. Careful consideration should be given to the employee's request. Operational business needs and individual circumstances must be taken into account. Managers should not assume that an employee who wishes to extend their service beyond 65 years is any more likely to experience health or

performance difficulties. The same principles/policies that apply to all employees (i.e. risk assessments, occupational health referrals, performance management etc) should be applied if managers have concerns in these areas.

6. If the line manager is happy to proceed, and the request includes drawing a pension, they should apply on behalf of the employee to the Pensions Team for an estimate of benefits.
7. **If on receipt of the estimate the employee is happy to proceed, to release the pension the Request Form must be countersigned by the Chief Officer.** Once HoS agreement has been obtained, the line manager should inform the employee and confirm the decision in writing. The BCC Pensions Section should be notified in writing at least 4 weeks before the date of the flexible retirement. This should be done by printing off the estimate memorandum sent to them by Pensions and signing it. Please note that no action can be taken by Pensions without a signature from both the line manager and the employee.
8. If the request cannot be accepted, the line manager should explain in writing the reasons for the decision and if available/feasible offer alternative options.

Appeal

If the request cannot be accepted, the employee will have a right of appeal. The employee must submit an appeal within fourteen days of the original decision being received. An appeal meeting should be convened within fourteen days of receipt of the appeal and should be chaired by a Board member not involved in considered the original request. The employee has the right to be accompanied at this meeting by a colleague or Trades Union representative. The outcome of the appeal should be relayed as soon as possible and in writing within fourteen days of the meeting. Any decision is final.

Pension Implications

Employees who are members of the LGPS may be concerned about the effect of flexible working retirement options on their pension.

If an employee takes flexible retirement and they have attained the age of 60, there will be no cost to the Board. If the employee is under 60 and does not satisfy the 85 year rule, there will be no cost to the Board.

There will be a cost to the Board if the employee is under the age of 60 and satisfies the 85 year rule, or will satisfy the 85 year rule before age 60. Details of the cost will be provided by Pensions when they send the estimate through.

It is possible to waive or reduce the reduction to benefits; this should be discussed with Human Resources.

The member will remain in the pension scheme and accrue a second pension based on the reduced hours and/or grade. These benefits will become payable at age 65, or at least one day before the member's 75th birthday should the members choose to remain working beyond age 65. The members will be covered for all pension benefits on the second record such as ill health retirement and death in service. They can even buy added years or pay Additional Voluntary contributions.

Flexible Retirement linked to a reduction in hours and grade

Pension benefits will be based on all service accrued up to the date of the reduction in hours and/or grade, these benefits will be payable with reductions as per table at Appendix 1.

Example calculations are provided in Appendix 2.

Other Implications

In addition to pensions implications, employees considering flexible retirement may also be concerned in respect of how other terms and conditions and entitlements may be affected.

Pay

Employees taking flexible retirement options resulting in their working reduced hours will be paid on a pro rata basis, according to the number of hours worked. Those moving to a lower graded post will receive payment at the new grade.

Benefits

Entitlements to most employee benefits will not be affected by taking flexible retirement options which do not affect an employee's existing salary range. Employees should contact their line manager for further information on how benefits would be affected if taking flexible retirement options which affect an employee's existing salary range.

Annual Leave

Where flexible working options are adopted resulting in reduced hours, leave entitlement will be calculated on a prorata basis. Where the new post has been taken up the new annual leave entitlement (relating to grade and years continuous service) will apply.

Continuous Service

Continuous service will be preserved despite taking flexible retirement if the employee remains in employment without a break in service.

Changing Terms and Conditions of Employment

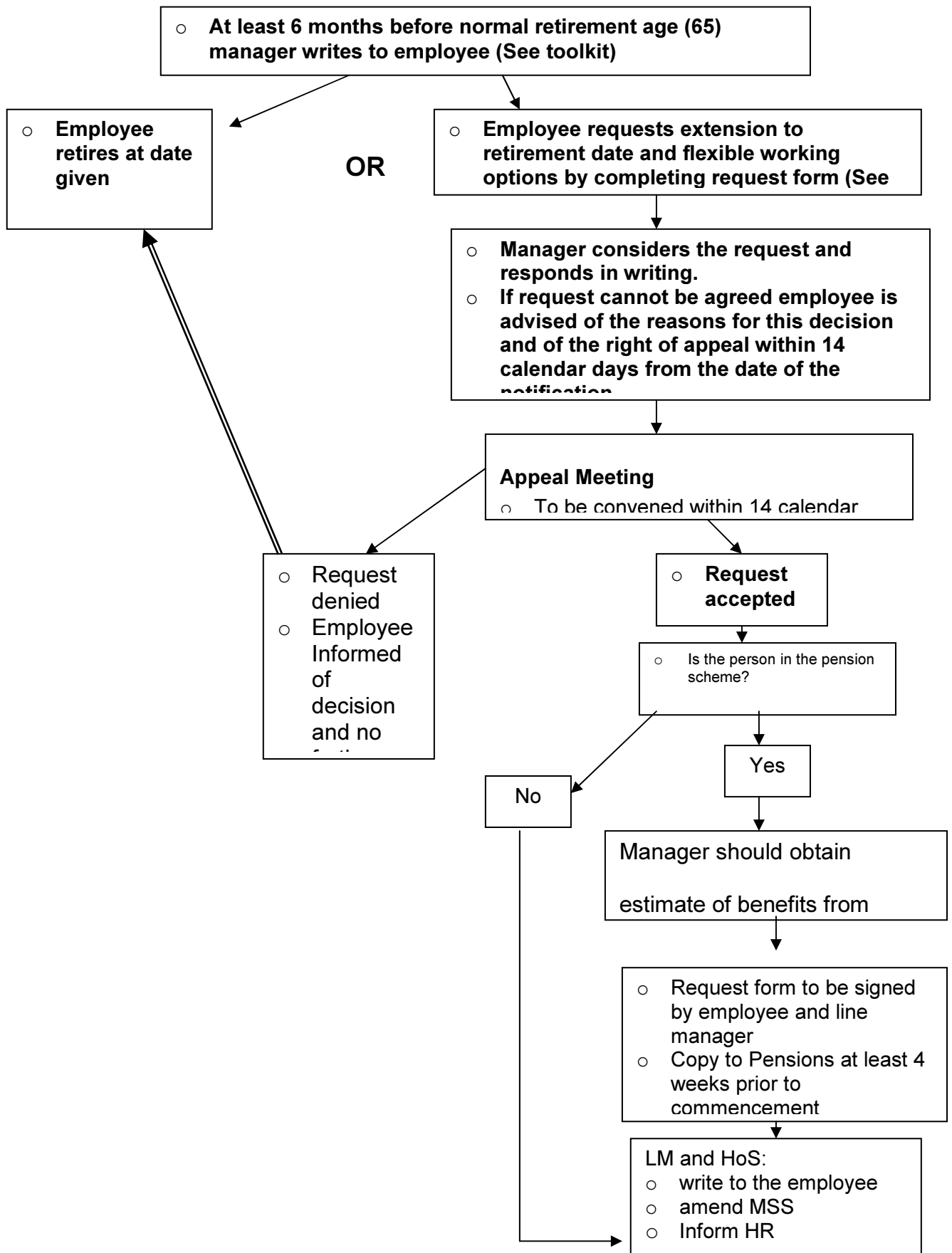
Where an employee takes flexible retirement the line manager should write to the employee informing them of any change to their terms and conditions of employment.

Employment Rights

As a result of Age Discrimination Employment Legislation (The Employment Equality (Age) Regulations 2006) from October 2006, an employee over the age of 65 will have the same employment rights as any other employee.

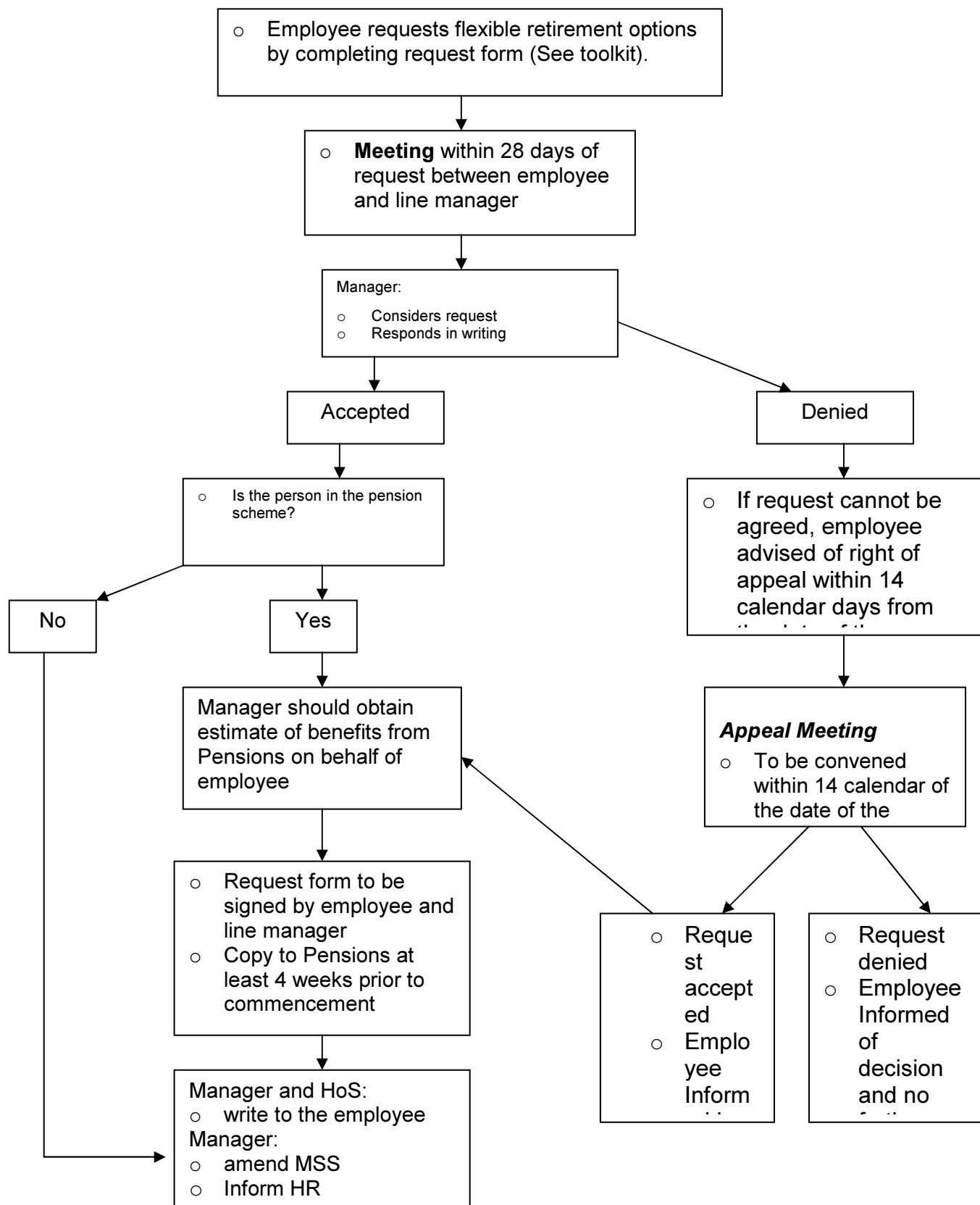
Toolkit for Managers

Request to extend Retirement and Flexible Retirement Age 65+



Toolkit for Managers

Request for Flexible Retirement Age 50+



Toolkit for Managers

Model Letter informing employee of their retirement date

Private and Confidential

Date

Dear [employees name]

According to my records I have noticed that you reach the age of 65 on [insert date], which is the normal retirement age for employees of the Board. You do, however, have the right to request not to be retired on that date and to consider flexible working options.

Should you decide to request an extension to your retirement date and/or flexible working options, please complete the attached Request Form and return to me as soon as possible and no later than 3 months before the date stated in the first paragraph of this letter. Failure to do so will result in losing your statutory right to have your request considered and you would be retired on the retirement date above.

If you choose to request an extension to your retirement date and/or flexible working options, I will arrange to meet with you within 28 days of receipt of your request. You are entitled to be accompanied by a colleague or Trades Union representative at the meeting. At the meeting I will give your proposal careful consideration. If I am unable to agree to your request, I will confirm my decision in writing within 14 days of the meeting with my reasons and offer alternative options if possible.

Out of necessity this letter is formal in nature but I would like to thank you for all your hard work and efforts with the Chilterns Conservation Board over the last [insert years] and wish you well in your retirement, if that is the option you choose to pursue.

If you require any further information please do not hesitate to contact me.

Further information is available on **ADD LINK**

Yours Sincerely

Chief Officer

Model Letter informing employee of meeting to discuss a request for postponement of/flexible retirement

Private and Confidential

Date

Dear [employees name]

I am writing to inform you that, having received your request for postponement of/flexible retirement, I would like to meet with you to discuss your request.

The meeting will take place on [insert date] at [insert time and location]

You may be accompanied by a colleague or Trades Union representative.

If employee is member of LGPS – After the meeting, if it is decided that your request can be accommodated, I will apply to the Pensions team for a pensions estimate on your behalf. If on receipt of the estimate you are happy to proceed I will write to you confirming the agreed changes.

If employee is not member of LGPS – After the meeting, if it is decided that your request can be accommodated, I will write to you confirming the agreed changes.

If it is not possible to agree to your request, you will receive written notification confirming this with my reasons and alternative options if possible. I will also notify you of your right to appeal against my decision.

Yours Sincerely

Chief Officer

Model Letter informing employee of confirmation of postponement of/flexible retirement

Private and Confidential

Date

Dear [employees name]

I am pleased to inform you that your request for postponement of/flexible retirement has been agreed.

Your intended retirement date shall now be [insert date]

and/or

The following flexible retirement options have been agreed [insert details]

If you have any questions please feel free to contact me for advice.

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Yours Sincerely

Chief Officer

Model Letter confirming to employee that their request cannot be accepted

Private and Confidential

Date

Dear [employees name]

Following our meeting on [insert date] to discuss your request for [postponement of/flexible] retirement, it is with regret that I am writing to inform you that after careful consideration, it has not been possible to agree to your request.

The reasons for my decision are as follows: [insert details]

(Where appropriate - I can however offer the following alternatives [insert details])

or

Therefore the Chilterns Conservation Board still intends to retire you on [insert retirement date])

You have a right of appeal against this decision and should you wish to exercise this right you should write to [insert name] within 4 days of the date of this letter. An appeal hearing will then be arranged and you will be notified of the date and time and location. You have the right to be accompanied at this meeting by a colleague or Trades Union representative.

Yours Sincerely

Chief Officer

Model Letter to employee notifying outcome of the appeal

Private and Confidential

Date

Dear [employees name]

I am writing to inform you of the outcome of our meeting held on [insert date] to consider your appeal for [postponement of/flexible retirement]

It was decided that:

- Your request not to be retired/for flexible retirement [insert requested options] has been agreed as follows [insert details]

Or

- Your request for postponement of/flexible retirement [insert requested options] has not been agreed for the following reasons [insert details]

(Where appropriate - There is no further right of appeal and therefore this decision is final.

Yours Sincerely

Manager

Appendix 1

Reduction Factors in the LGPS

October 2006

The updated LGPS early retirement reduction factors are as follows:

Years Early	Percentage Reduction		
	Retirement Pension		Lump Sum
	Men	Women	Both Sexes
0	0%	0%	0%
1	6%	5%	2%
2	11%	10%	5%
3	16%	15%	7%
4	20%	19%	9%
5	24%	23%	12%
6	28%	27%	14%
7	32%	30%	16%
8	35%	33%	18%
9	38%	36%	20%
10	41%	39%	22%
11	44%	42%	24%
12	47%	45%	26%
13	50%	47%	27%
14	52%	49%	29%
15	54%	51%	31%

Appendix 2

Example 1

A man with 21 years full time service, aged 55 is granted flexible retirement linked to a reduction in hours of 50%. On a salary of £20,000 the benefits are as follows: -

He could satisfy the 85-year rule at age 59. At his present age of 55 he is therefore retiring 4 years early.

As age 59 is 1 year short of his earliest retirement age of 60, the employing department will have to pay a cost/pension strain. In this case the cost/pension strain will be £4000.

Annual pension

21 years x £20,000 x 1/80	= £5,250
less actuarial reduction 20%	= £1,050
Total pension payable	= £4,200

Lump sum

21 years x £20,000 x 3/80	= £15,750
less actuarial reduction 9%	= £ 1,417.50
Total lump sum payable	= £14,332.50

Survivor's pensions are not affected by the actuarial reduction and remain at 50% of the annual pension.

The member would also be in receipt of a salary based on 50% of full-time, equating to £10,000, his annual income would therefore be £14,200

Example 2

A woman with 10 years full time service, aged 55 is granted flexible retirement linked to a reduction in hours of 1 day per week. On a salary of £25,000 the benefits are as follows: -

She cannot satisfy the 85-year rule, her retirement age is age 65, she is therefore retiring 10 years early.

Annual pension

10 years x £25,000 x 1/80	= £3,125.00
less actuarial reduction 39%	= £1,218.75
Total pension payable	= £1,906.25

Lump sum

10 years x £25,000 x 3/80	= £9,375
less actuarial reduction 22%	= £2,062.50
Total lump sum payable	= £7,312.50

Survivor's pensions are not affected by the actuarial reduction and remain at 50% of the annual pension.

The member would also be in receipt of a salary based on 4 days a week, i.e. 80% of full-time, equating to £20,000, her annual income will therefore be £21,906.25

Example 3

A man with 30 years full time service, aged 60 is granted flexible retirement linked to a reduction in hours of 50%. On a salary of £20,000 the benefits are as follows: -

He is age 60 and satisfies the 85-year rule, age 60 is his retirement age, he is therefore not retiring early.

Annual pension

30 years x £20,000 x 1/80	= £7,500
less actuarial reduction 0%	= £nil
Total pension payable	= £7,500

Lump sum

30 years x £20,000 x 3/80	= £22,500
less actuarial reduction 0%	= £nil
Total lump sum payable	= £22,500

The member would also be in receipt of a salary based on 50% of full-time, equating to £10,000, his annual income would therefore be £17,500

Example 4

A woman with 10 years full time service, aged 62 is granted flexible retirement linked to a reduction in hours of 1 day per week. On a salary of £25,000 the benefits are as follows: -

She cannot satisfy the 85-year rule, her retirement age is age 65, she is therefore retiring 3 years early.

Annual pension

10 years x £25,000 x 1/80	= £3,125.00
less actuarial reduction 15%	= £ 468.75
Total pension payable	= £2,656.25

Lump sum

10 years x £25,000 x 3/80	= £9,375.00
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less actuarial reduction 7% = £ 656.25
Total lump sum payable = £8,718.75

Survivor's pensions are not affected by the actuarial reduction and remain at 50% of the annual pension.

The member would also be in receipt of a salary based on 4 days a week, i.e. 80% of full-time, equating to £20,000, her annual income will therefore be £22,656.25

Voluntary take-up of a lower graded post

Pension benefits will be based on all service and pensionable pay accrued up to the date of the regrade, these benefits will be payable with reductions as per the table at appendix 1.

The member will start a second pension record based on the lower pay.

Using the previous example 4, if the member remained as whole time but applied for flexible retirement and took up a lower graded post of say

£15,000 per year, benefits could be paid as follows: -

Annual pension

10 years x £25,000 x 1/80 = £3,125.00
less actuarial reduction 15% = £ 468.75
Total pension payable = £2,656.25

Lump sum

10 years x £25,000 x 3/80 = £9,375.00
less actuarial reduction 7% = £ 656.25
Total lump sum payable = £8,718.75

Survivor's pensions are not affected by the actuarial reduction and remain at 50% of the annual pension.

The member would also be in receipt of a salary of £15,000, her annual income will therefore be £17656.25

Appendix 3

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Estimate of Retirement Benefits

Requests should be made by Line Managers direct to the Pensions Section

Line managers should fill in boxes 1 to 3 and email this form to pensions@buckscc.gov.uk. Please allow 10 working days for the figures to be provided.

1. Name _____

2. Date of Birth _____

3. Proposed Last Day of Service

Type of retirement

Flexible Retirement

	Pension	Lump Sum
Funded Benefits	£	£
Less reduction	- £	- £
Total Benefits payable	£	£

Prepared by Pensions Pensions Section Ext: 3755

Date _____

To be completed if flexible retirement is granted

By the scheme member

I wish to apply for flexible retirement and for the above benefits to be paid to me.

Signed.....Date.....

By the members line manager

I agree to the flexible retirement of the above employee on

Signed.....Date.....

Request for flexible retirement

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This form can be used to make a formal request for a flexible retirement.

▪ **Personal Details**

Name_____

Date of birth_____

Job title_____

Service Area_____

Details of request – flexible retirement

I would you like to apply for a flexible working option.

Please describe the working arrangement you would like in the future (days/hours/role/location/times of work etc):

If agreed, when would you like the requested work arrangement to commence?

Do you have any suggestions as to how the Service Area may accommodate your request?

Please note that an application does not guarantee that your request will be granted