INTRODUCTION

1.1 The purpose of this policy is to provide advice and guidelines for staff and managers in relation to retirement, in line with the council’s Equality and Diversity in Employment Policy.

1.2 This policy applies to all employees of the council regardless of their length of service, and should be read in conjunction with the council’s Discretionary Policy Statement.

1.3 In line with legislative changes which came into effect from 03 April 2011, the council does not have a normal retirement age for its employees. There are however, a number of options available to staff from the age of 55+ years, in terms of the pension benefits they may be eligible to receive. These options are detailed below.

Note: The Council's financial justification criteria require a payback within 5 years of the costs associated with the early retirement from the future savings generated.

EARLY RETIREMENT (AGE 55 ONWARDS) Please see note*

2.1 An employee can opt to retire voluntarily from the age of 55, assuming they have at least 2 years membership of the Local Government Pension Scheme. The employee will not require employer consent, this option means you can retire from 55 and receive benefits immediately, although if you voluntarily retire early, your pension is likely to be significantly reduced for being paid early.

*For more clarification on the early retirement age please visit www.gov.uk here.

2.2 Employees wishing to retire early from the council’s employment are required to give their contractual notice period to do so. These are detailed in the individuals' Contract of Employment.
2.3 If the employee later returns to a qualifying employment their pension may be reduced if their annual rates of pension and new salary total more than their annual rate of pay immediately prior to retirement.

3 FLEXIBLE RETIREMENT

3.1 In accordance with the terms and conditions of the Local Government Pension Scheme an employee who is aged 55 or over has the right to request Flexible Retirement. This option is aimed at assisting employees in easing themselves into retirement and allows employees to continue working whilst receiving their pension benefits (subject to the criteria detailed below).

3.2 Applications for flexible retirement are conditional on the employers' consent. For employee’s under the age of 60, the council will be liable to meet additional charges and the employee’s pension will be paid at a reduced rate unless the 85 year rule is satisfied (the age of the applicant when added to their period of membership totals 85 years or more). For employees over the age of 60 there will be no additional charge to the council, however, the employee’s pension scheme benefits may be subject to a penalty, unless they satisfy the 85 year rule.

3.3 Eligibility Criteria:

3.3.1 To qualify for flexible retirement, an employee may request to reduce their hours of work or apply for a lower graded position in order to continue working whilst also receiving their pension benefits. There is no requirement for a break in service between the old and new working arrangement.

3.3.2 If the employee wishes to continue contributing to the pension scheme, both employee and employer contributions will be based on their new annual salary. However, the employee can opt out of the scheme.
3.4 **How to Apply for Flexible Retirement:**

3.4.1 **Stage 1: Application**

To apply for flexible retirement the employee must first obtain written permission from their Head of Service (or Executive Director if application is from Head of Service) by completing a [Flexible Retirement Application Form](#). The employee must confirm whether they intend to retire on a flexible basis on the following grounds:

(i) Reduction in hours of work, either in their current or alternative role;

OR

(ii) Apply for an alternative position within the council, which is of a lower grade than their current substantive role.

If the employee is applying for option 1), they are asked to confirm the details of their desired working pattern.

3.4.2 **What happens next?**

(i) Where the flexible retirement application involves a cost to the authority, the Head of Service (or Executive Director) must consult with the Head of Human Resources and Organisational Development, prior to processing the application. They must also consider the impact the application has on the business and service delivery.

(ii) If the flexible retirement application is approved, the Application Form must be returned to the Human Resources department.

(iii) Where the employee is reducing their hours of work in their current role, a [Contract Variation Form](#) must also be completed by the Head of Service (or Executive Director), detailing the employee’s revised working pattern and effective date.

(iv) Where the employee is applying for an alternative position within the council, they must notify a Human Resources Business Partner on receipt of an offer for an alternative role. The commencement
date of their flexible retirement will be taken from the date on which the employee commences their new role.

(v) On receipt of the above notification, the employee will be asked to complete a ‘Retirement Declaration and Options Form’ and return this to Human Resources as soon as possible. A Human Resources Business Partner will then ensure that Pension Services are notified of the employee’s flexible retirement.

3.5 **Appeals Procedure**

3.5.1 If the request for flexible retirement is declined the employee may appeal.

3.5.2 Appeals should be sent to the Head of Human Resources and Organisational Development within 5 working days of receipt of the rejected application. A hearing will normally be arranged within 15 working days from receipt of the appeal.

3.5.3 Appeals will usually be heard by an Executive Director and a member of Human Resources. The employee’s Head of Service (or Executive Director) who declined the request originally will also be invited to attend the hearing to present the business case.

3.5.4 The employee may be accompanied by a fellow worker or a trade union representative to make representation at any formal appeal meeting. This hearing will provide a further opportunity to discuss the application in more detail.

3.5.5 The hearing panel will then adjourn to consider the evidence from both parties and to make a decision. If the original application cannot be accommodated, the council may propose a compromise solution, including alternative working patterns other than those proposed by the employee.

3.5.6 The decision will be notified to the employee within 5 working days of the panel making its decision.

This appeal is the final opportunity for the employee to put their case before the council.

4 **RETIREMENT IN THE INTEREST OF THE EFFICIENCY OF THE SERVICE**

4.1 In some circumstances it may be beneficial to both the employer and employee if the employee is able to retire in the interest of efficiency of the
service. This is different from early retirement on the grounds of redundancy and the employees post is likely to remain in the establishment.

4.2 Agreement to retirement on grounds of efficiency of the service will usually result as part of a discussion between the employer and employee. However, if any staff member feels that this retirement will benefit both the Service and themselves, with relevant cost savings justified, they should discuss their proposals in the first instance with their Head of Service. The discussions will involve Human Resources, the Section 151 Officer and SLT prior to agreement being given when full costs justifications will be assessed.

4.3 All retirements on the grounds of efficiency of the service must have the employers consent and will be considered based on the needs of the business. Staff must be above the minimum retirement age, currently 55, to be able to be considered for this type of early retirement. All costs associated with the retirement must be fully recoverable by the Authority within a maximum 5 year period and will be assessed by the Section 151 Officer to ensure the savings can be achieved.

4.4 Retirements in the efficiency of the service will accrue costs for the employer. Full details of the retirement will be agreed between the employer and employee and are likely to vary depending on individual circumstances. Any augmented service awarded to the employee will be granted at the council’s discretion and will be capped at the rates detailed below as a maximum, depending on the length of pensionable service of the employee. Augmented service will also be capped at 40 years pensionable service.

<table>
<thead>
<tr>
<th>Pensionable Service</th>
<th>Maximum Enhancement</th>
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<tbody>
<tr>
<td>Years</td>
<td>Years</td>
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<tr>
<td>5 – 9</td>
<td>1 1/3</td>
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<tr>
<td>10 – 14</td>
<td>2 2/3</td>
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<td>15 – 19</td>
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<td>20 – 24</td>
<td>5 1/3</td>
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<td>25 +</td>
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5 RETIREMENT UNDER THE 85 YEAR RULE (PROTECTED MEMBER)

5.1 (Please note that for all employees who joined the LGPS after 01 October 2006, the 85 year rule does not apply at all).

5.2 Employees who meet the following criteria have the right to retire early under the 85 year rule if:

(i) They are age 55 or over; and
(ii) Their age and length of service equals 85 years or more; and
(iii) Their 60th birthday falls before 31 March 2020.
(iv) They have at least 10 years continuous service with BDBC at the date of leaving.

5.3 If employees retiring under this condition are 60+ years old there will be no additional charge made to the employer.

5.4 For employees under age 60 the council may consent to the immediate payment of retirement benefits, however, consent will only be given providing the relevant Executive Director, Section 151 Officer and Head of Human Resources and Organisational Development agree that it is in the council's interest and with due consideration of the council’s early retirement financial justification criteria and affordability. Augmented years will not be awarded.

5.5 Employee’s wishing to retire from the council’s employment under the 85 year rule are required to give one years’ notice of their intention to do so. This may be reduced at the council’s discretion.

5.6 Any request to retire under this condition must be made in writing to the Head of Human Resources and Organisational Development.

6 ILL HEALTH RETIREMENT

6.1 An employee may be eligible to receive their pension benefits immediately if they have at least 2 years total membership in the scheme and an independent doctor (qualified in occupational health) declares them unable to do their job, or any other comparable job, efficiently due to ill health. This medical assessment is made in accordance with the LGPS tiered system of criteria as set out below:
<table>
<thead>
<tr>
<th>Tier</th>
<th>Criteria</th>
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<tbody>
<tr>
<td>1</td>
<td>No reasonable prospect of obtaining gainful employment before age 65</td>
</tr>
<tr>
<td>2</td>
<td>Cannot obtain gainful employment within the next three years but likely to be capable of gainful employment at sometime thereafter and before age 65</td>
</tr>
<tr>
<td>3</td>
<td>Capable of obtaining gainful employment within the next three years</td>
</tr>
</tbody>
</table>

6.2 To reflect the fact that the employee has to retire early they may receive additional membership and this will be calculated based on the length of your total membership of the pension scheme.

7 AGE LIMITS – PENSION CONTRIBUTIONS

7.1 Employees may now join the Local Government Pension Scheme up to the age of 75. Employees aged between 65 and 75 years old who were previously excluded from the scheme or had to stop contributing at age 65, can therefore now rejoin the scheme.

7.2 Membership and contributions may continue until the employee opts out of the scheme or retires, but these must end at age 75.

8 FURTHER GUIDANCE

8.1 It is important to note that this document is not designed to provide pensions advice. If you have a specific query in relation to your own personal circumstances, you must contact Pensions Services at Hampshire County Council for further advice on 01962 847579 and visit, or a qualified independent Pensions Advisor.

8.2 If you require any further information or guidance on this policy, please do not hesitate to contact your Human Resources Business Partner. Should you wish to apply for Flexible Retirement, application forms are available on Sinbad or from the Human Resources department.

8.3 Additionally, if you wish to obtain an up to date pension quotation, please contact your Human Resources Business Partner.
8.4 **Warning:** This policy is based on the terms and conditions of the Local Government Pension Scheme as at 01 April 2014. This policy will be updated upon any future changes to the LGPS.

9 **RETIREMENT SCENARIOS**

9.1 The following scenarios are designed to illustrate the pension benefits/entitlements available to staff retiring on the following grounds:

(i) **Scenario 1 (Early Retirement):**

Employee A is aged 62 and has 20 years service. They have expressed an interest to retire on their 63rd birthday. Employee A is required to give their contractual notice period to do so. The employee will bear a reduction in their lump sum and annual pension to account for the early withdrawal from the pension scheme because they do not meet the 85 year rule.

(ii) **Scenario 2 (85 Year Rule):**

Employee B is aged 55 and meets the conditions of the 85 year rule (i.e. they are 60 before 31 March 2020 and their age and length of service is equal to or more than 85). They apply for early retirement under the 85 year rule by requesting this in writing to the Human Resources Manager. If consent is given Employee B must give one years’ notice of their intention to retire under the 85 year rule and the additional charges will be met by the council. The employee will receive their lump sum and pension benefits accrued according to their length of pensionable service within the LGPS.

(iii) **Scenario 3 (Flexible Retirement):**

Employee C is aged 57 and has gained authorisation to retire under the Flexible Retirement Scheme. Upon retirement, Employee C may receive a reduced lump sum and annual pension due to the early withdrawal from the pension scheme. This reduction will apply if the employee does not meet the 85 year rule and there will be an additional charge to the council.
(iv) **Scenario 4 (Early Retirement Age 60 +):**

Employee D is aged 61 and meets the 85 year rule. Employee D wishes to retire under flexible retirement scheme and has received authorisation to do so. Employee D will receive their lump sum and annual pension in full according to the benefits accrued according to their length of pensionable service within the LGPS. There will be no additional charge to the employer.

**Note:** The above examples are designed to give general guidance only. Employees should always seek further guidance from the Human Resources team or Pension Services, HCC for advice on their individual circumstances.

10 **PRE-RETIREMENT COURSES**

10.1 The council encourages staff who may be considering early retirement to attend a pre-retirement course. You may attend the course with your spouse/partner which will be funded by the council. Attending does not commit you to retiring early, but will give you more information on which to base your decision and help give us more time to assist you should you decide to retire.

10.2 If you would like to attend a pre-retirement course, or would like further details of the course content, please contact your Human Resources Business Partner.