



FLEXIBLE RETIREMENT POLICY

1. AIM

The purpose of this policy is to enable employees to phase into retirement where this can be accommodated within budget and meets the needs of the Authority.

The discretion for the Authority to allow an employee to access his/her pension but continue working on a reduced hours/grade basis is provided for in Regulation 18 of the Local Government Pension Scheme Regulations (Benefits, Membership and Contributions) 2007.

2. SCOPE

This Policy covers employees aged 55 or over and who are active members of the Local Government Pension Scheme (LGPS) and have 3 or more months of pensionable service.

Employees who are not members of the Local Government Pension Scheme and who wish to reduce their hours/grade in the approach to retirement may make an application under this policy, however the provisions relating to the pension scheme will not apply to them and they should refer to section 5 of this policy.

3. POLICY PROVISIONS

3.1 Flexible Retirement

The normal retirement age of the LGPS is 65, although employees may currently choose to retire and access their pension from age 60.

Flexible Retirement enables eligible employees to retire partially by reducing their hours and/or salaries and draw their accrued pension benefits subject to certain qualifying criteria.

The benefits of flexible retirement to the Authority and employees are as follows:-

- Enabling the Authority to support employees to phase into retirement, whilst ensuring the needs of the business are met.
- Enabling the Authority to retain key employees and facilitate knowledge transfer.
- The employee's accrued pension will not be subject to abatement. However, all employees should be aware that if flexible retirement is agreed before age 60 their pension will be actuarially reduced. The Authority will not bear the cost of the employee's actuarial reduction except in very exceptional circumstances.
- There is no requirement for employees to break their continuity of service, so continuity of service is preserved for the purposes of calculation entitlements to certain contractual benefits and employment rights.
- Employees can accrue a second pension in respect of their reduced hours/salary job.

3.2 Eligibility Criteria

To be eligible to make a request for Flexible Retirement under the LGPS regulations, an employee must:

- Actively be making contributions to the LGPS.
- Be aged 55 or over.
- Have three months or more pensionable service in the local government pension scheme.
- Be taking at least a 20% reduction in their hours and/or substantive salary.

Flexible Retirement will have a cost attached to it and therefore a business case must be made to the Chief Executive, setting out the justification for the Authority supporting the flexible retirement.

3.3 Conditions of Flexible Retirement

If Flexible Retirement is agreed, it is on the understanding that:

1. Where Flexible Retirement is agreed before age 60 his/her pension will be actuarially reduced. The Authority will not normally bear the cost of the employee's actuarial reduction.
2. The Authority will only agree that full pension benefits can be drawn; part withdrawal of pension will not be permitted.
3. There cannot be a trial period for Flexible Retirement, because of the direct impact on pension benefits, business planning and management and other staff.
4. The employee accepts a permanent variation of hours/salary and all terms and conditions of employment will be adjusted accordingly.
5. Increases to hours or salary following Flexible Retirement will be permitted in certain circumstances, where it meets the needs of the business, and subject to the approval of the Chief Executive.
6. If, after being granted Flexible Retirement, an employee ceases employment and later re-joins the Authority, any other LGPS employer or an employer with Admitted Body Status in the Merseyside Pension Fund, this will be treated as re-employment and the pension granted at Flexible Retirement will be subject to the abatement provisions.

4. Process for making a request for Flexible Retirement

4.1 Exploration of feasibility of Flexible Retirement

Employees considering making an application for flexible retirement should in the first instance discuss this with their line manager.

The manager will liaise with the Assistant Corporate Services Manager to obtain a quotation from the Pension Fund about the employees projected benefits and cost to the Authority, and information about what the employee's annual salary will be once the reduction in hours/salary has been applied.

The projected benefits and revised salary information should be shared with the employee. It is recommended that employees seek independent financial advice before reaching a final decision to request Flexible Retirement. Enough time should be allowed to obtain all the relevant information.

The Manager should give consideration to the employee's request. Part of the discussion should include exploring whether the employee's request could be accommodated through the use of the Work Life Balance Policies should the request for flexible retirement be rejected. The costs of Flexible Retirement will be met by the

revenue budget so the Executive Management Team should ensure that the costs can be met and justified.

4.2 Business Case

If the Line Manager agrees to support the individual's application for Flexible Retirement, having taken into account the fact that the needs of the service are paramount, they will prepare a business case, supported by the Assistant Corporate Services Manager, making the recommendation to the relevant Director.

Where, there is no pension fund cost attached to the request for Flexible Retirement, the Chief Executive may approve the application.

Where there is a pension fund cost attached to the request for Flexible Retirement the Chief Executive will, in consultation with the Treasurer of the Authority, make a recommendation to Authority Members for consideration. There is no right of appeal against the decision of the Authority Members.

The business case should include details of the impact on service delivery, the benefit to the Authority as well as the individual and the associated costs.

If an employee's line manager does not feel that there is a sufficient business case to support the employee's application for Flexible Retirement, the employee's line manager should refer the application to the relevant Director. If the relevant Director confirms that there is no sufficient business case to the employee's application for Flexible Retirement, the employee may appeal against this decision.

The appeal should be made to the Chief Executive, in writing, setting out the business case for approval. The Chief Executive shall review the decision.

5. Non LGPS Members

5.1 Eligibility Criteria

Employees who are not members of the LGPS may also seek to reduce their hours/grade in preparation for retirement. However, there is no entitlement to receive a pension from the Local Government Pension Scheme, as they are not scheme members.

To be eligible to make a request for Flexible Retirement an employee must:

- Be aged 55 or over (please note that if the employee is a carer of an adult or parent of a child under six, they have a statutory right to request to work on a flexible basis and the type of request they can make and procedure to be followed is described in the Work Life Balance Policy).

- Have three months service or more with the Authority.
- Be taking at least a 20% reduction in hours and/substantive salary.

5.2 Conditions of Flexible Retirement

1. There cannot be a trail period for Flexible Retirement because of the direct impact on business planning, management and other staff.
2. The employee accepts a permanent variation to hours/salary and all terms and conditions of employment will be adjusted accordingly. The employee will not accrue an LGPS pension in respect of the varied hours/salary job, unless they opt to join the LGPS.
3. Increases to hours or salary following Flexible Retirement will be permitted in certain circumstances, where it meets the needs of the business, and subject to the approval of the Chief Executive.

5.3 Procedure for making a request

The procedure for making a request is the same as for LGPS members (with the exception of requesting a pension estimate) and the steps outlined in paragraphs 4.1 and 4.2 should be followed.

In line with Equality Legislation, the procedure for making a request for Flexible Retirement is available to all employees of the Authority.

6 Appeals Process

Employees who wish to appeal against a decision to refuse a flexible retirement request should do so in writing to the Chief Executive within 14 days of being notified of the Director's decision. The Chief Executives Decision is final. An appeal cannot be based on the actuarial cost incurred by the employee.

7. Monitoring

The Chief Executive in conjunction with the Assistant Corporate Services Manager will monitor all flexible retirement requests and agreements to ensure there is consistency in the implementation of the policy. It will also be necessary to review the policy in line with any future employment and pension regulation changes.