

Retirement Policy



Contents

| | | |
|-------------|---------------------------------------------------------------------|----|
| 1.0 | Policy Statement | 4 |
| 2.0 | Scope | 4 |
| 3.0 | Pension Guidance | 4 |
| 4.0 | Planning and Preparing for Retirement | 4 |
| 4.1. | Workplace Discussions | 4 |
| 4.2. | Change to Working Hours..... | 5 |
| 4.3. | Pre-Retirement Courses | 5 |
| 4.5 | Pension Forecasts | 5 |
| 5.0 | Submitting Notice of Retirement | 6 |
| 6.0 | Member Initiated Retirement | 6 |
| 6.1 | Retirement at Normal Pension Age..... | 6 |
| 6.2 | Retirement before Normal Pension Age..... | 7 |
| 7.0 | Authority Initiated Retirement | 7 |
| 7.1 | Retirement triggered by a Redundancy situation..... | 7 |
| 8.0 | Ill-Health Retirement | 8 |
| 9.0 | Authority Approved Retirement | 9 |
| 9.1 | Flexible Retirement..... | 9 |
| 9.1.11 | Roles and Responsibilities | 12 |
| 9.1.12 | Costs and Payments..... | 12 |
| 9.1.13 | Pay | 13 |
| 9.1.14 | Annual Leave..... | 13 |
| 9.1.15 | Continuous Service..... | 13 |
| 9.1.16 | Redundancy Payments..... | 14 |
| 9.2 | Early Payment of Pension..... | 14 |
| 9.3 | Efficiency of Service..... | 14 |
| 10.0 | Leaving Prior to Being Able to Access Pension Benefits | 15 |
| 11.0 | Working After Normal or State Pension Age | 16 |

12.0 Re-employment 16
13.0 Links to Other Policies..... 17

1.0 Policy Statement

- 1.1 The Council is committed to equal opportunities for all its employees and recognises the contribution of a diverse workforce, including the skills and experience of older employees.
- 1.2 Employment will automatically continue until an employee gives notice or their employment ends for another reason.
- 1.3 Employees of the Council are entitled to continue working beyond their State Pension Age for as long as they wish to and provided that they are fit to do so.
- 1.4 Employees may voluntarily retire at a time of their choosing and draw any occupational pension scheme that they are entitled to, in line with the relevant scheme's rules.

2.0 Scope

- 2.1 This policy applies to all permanent employees of the Council.
- 2.2 Retirement provisions for Directors and the Chief Executive may be subject to separate consent arrangements in accordance with the rules and requirements of the Constitution.

3.0 Pension Guidance

- 3.1 This policy refers to elements of the published guides of the occupational pension schemes in place. It is recommended that any employee considering retirement refers to the relevant guide and considers seeking independent financial advice. The Council's representatives are not qualified or permitted to advise employees to take any course of action when a choice arises. Information regarding the pension scheme is available on the intranet or at the Essex Pension Fund website <http://www.essexpensionfund.co.uk/> or the LGPS website <https://lgpsmember.org/>

4.0 Planning and Preparing for Retirement

4.1. Workplace Discussions

- 4.1.1 Open discussion between managers and employees about future plans, expectations and performance can help facilitate the transition from work to retirement for both the individual and the Council. These discussions should not be limited to older employees

as it is important employees of all ages are treated fairly and consistently ensuring that there is not more or less favourable treatment of an employee because of their age.

- 4.1.2 Employees can request to meet with their manager to discuss their retirement plans at any time.

4.2. Change to Working Hours

- 4.2.1 Any employee may request to make changes to their working arrangements as they approach retirement. Employees should refer to the Right to request flexible working guidance contained within the Entitlement to Time Off Policy for further details. Any requests made via this route would be considered subject to the needs of the Service.
- 4.2.2 If the request related to a reduction in working hours and this was approved, employees should be aware that this would result in a change in salary and this could affect their pension benefits upon retirement.

4.3. Pre-Retirement Courses

- 4.3.1 HR organise pre-retirement courses. Employees who are nearing a date where they could retire and access their occupational pension scheme are encouraged to attend the course. Employees are able to request to attend the course through their line manager or by booking through Employee Self Service.

4.5 Pension Forecasts

- 4.5.1 Employees can request an estimate of their pension benefits. Such a request should normally be made within 12 months of the intended retirement date. The Annual Pension Benefit Statement is also a source of information regarding benefits payable on retirement. Any requests for estimates need to state the intended retirement date and be sent to the Essex Pension Fund who are our Local Government pension scheme administrators: -

Tel: 01245 431912

pensionenquiries@essex.gov.uk

Estimates for Authority-Initiated retirements will be made by HR.

5.0 Submitting Notice of Retirement

- 5.1 Employees wishing to retire are required to provide written notice to their manager in accordance with their terms and conditions of employment and stating the intended last day of employment. Voluntary retirement is in effect a resignation and employee's contractual notice will apply.
- 5.2 Employees can provide a longer period of notice than detailed in their terms and conditions of employment. It would be beneficial to provide additional notice as the processing of a retirement, particularly pension arrangements, can take several weeks to finalise. Essex Pension Fund would advise providing at least two months' notice of any intended retirement.
- 5.3 Advance notice of retirement will also enable more considered succession planning and more efficient handovers where applicable, minimising any adverse impact on service delivery.
- 5.4 If an employee wishes to change their retirement date or retract completely a formal notice of intention to retire, the request will be given due consideration, but the Council is not obliged to agree to the request.
- 5.5 It is the Manager's responsibility to inform Human Resources and Payroll of an employee's resignation / retirement, as soon as practically possible. This should be processed in accordance with the leavers' procedure.

6.0 Member Initiated Retirement

6.1 Retirement at Normal Pension Age

- 6.1.1 Employees who have reached Normal Pension Age under the terms of the LGPS and have the required qualifying service¹ are able to voluntarily retire from the Council at a time of their choosing by providing written notice to their manager as per their terms and conditions of employment.
- 6.1.2 Members of the LGPS who retire at Normal Pension Age can receive immediate payment of their pension without any reduction to their pension benefits or any capital cost to the Council.²

¹ To be entitled to benefits you must have at least 2 years membership or have transferred other pension rights into the Scheme.

² This section only applies to members of the LGPS.

6.2 Retirement before Normal Pension Age

- 6.2.1 Normal Pension Age for LGPS is a person's state pension age, however, members can retire earlier without needing the consent of the Council if they are over 55³ years of age and have a minimum of 2 year's qualifying service in the scheme. In this situation, benefits will be reduced to reflect early payment.
- 6.2.2 Employees can find out what their State Pension Age is by using the Government's State Pension Calculator.
- 6.2.3 Some members of the LGPS pension scheme may be able to retire before age 65 years and receive unreduced payment of benefits if they are in a 'protected group'. Members should contact the Essex Pension Fund for advice on their particular circumstances.
<http://www.essexpensionfund.co.uk/>

7.0 Authority Initiated Retirement

7.1 Retirement triggered by a Redundancy situation

- 7.1.1 The Council will take measures to avoid a redundancy situation. Where there is no suitable alternative to redundancy, for employees that are members of an occupational pension scheme, this may trigger payment of pension benefits, but this will be dependent on their age on the date of redundancy. These situations will be managed in line with the Council's Organisational Change Policy.
- 7.1.2 If a scheme member in the LGPS is:
- 55³ years of age or over, and
 - is retired on grounds of redundancy or business efficiency, and
 - has 2 year's qualifying pension membership.

Your LGPS benefits accrued up to the date of leaving will be brought into payment.

If you are under your Normal Pension Age, your main LGPS benefits will not be reduced for early payment. However, if you have bought any additional pension, this will be reduced because of early payment. This applies to any additional pension paid for by:

- Additional Pension Contributions (APCs)
- Shared Cost Additional Pension Contributions (SCAPCs), or
- Additional Regular Contributions (ARCs).

³ The Government has announced the earliest age that you can take your pension will increase from age 55 to 57 from 6th April 2028.

8.0 Ill-Health Retirement

- 8.1 When an employee is on long term sickness absence the Council will adopt a case management approach as detailed in the Managing Health and Attendance Policy. Where it becomes clear that an individual is unlikely to return within a reasonable timescale and the employee is a member of the LGPS consideration can be given to an assessment of ill health retirement.
- 8.2 Scheme members are able to request that their pension is paid early if the member has, because of ill-health become permanently incapable of undertaking their role effectively and is unlikely to be capable of undertaking gainful employment before reaching Normal Pension Age or for at least three years, whichever is the sooner. This includes members that have left the employment of the Council and are requesting to access their deferred pension benefits due to ill health.
- 8.3 For each case an appointment will be held with the Occupational Health provider at the initial stage of the process.
- 8.4 Following assessment regarding ill health retirement, under the LGPS, cases are then referred to an Independent Registered Medical Practitioner (IRMP).
- 8.5 The Council will be notified of their assessment against the ill health criteria provisions and any potential assessment of the tier of pension to be paid if applicable. The IRMP will advise whether, in their opinion, the criteria for entitlement to an ill health benefit are satisfied in any individual case, which the Council will consider when making a decision regarding a members' future employment. Where a decision of the IRMP is involved, members will have access to an appeal mechanism, as detailed below.
- 8.6 For members of the LGPS the relevant appeal mechanism is to use the Essex Pension Fund Internal Dispute Resolution Procedure. This complaint procedure has two stages if required, firstly to a 'nominated person' appointed by the Council and secondly to a pension scheme administering authority nominated by the Council.
- 8.7 If unhappy with the second stage decision, members can take their case to the Pensions Ombudsman. At any stage during the complaint procedure members can contact The Pensions Advisory Service (TPAS) for information and advice.
- 8.8 Members of the LGPS need to have at least 2 years qualifying service in the LGPS to be eligible for ill health retirement benefits. In the LGPS there are 3 tiers of ill health retirement benefits. The tiers are based on the employee's capability to obtain gainful employment in the future.

Tier 1 - If a member is certified as permanently incapable of doing the duties of their current employment or any other gainful employment until state pension age, the fund will pay a tier 1 ill health pension. Benefits for this will be based on the number of years of membership in the Scheme, plus an enhancement of 100% of potential membership (pro-rata if you work part-time) through to state pension age.

Tier 2- If a member is certified as permanently incapable of doing the duties of their current employment and incapable of any gainful employment for at least three years, but it is likely they can resume gainful employment before state pension age, the fund will pay a tier 2 ill health pension. Benefits for this will be based on the number of years of membership in the Scheme, plus an enhancement of a quarter (25%) of their potential membership (pro-rata if you work part-time) to state pension age.

Tier 3 - If a member is certified as permanently incapable of doing the duties of their current employment but are judged to be capable of obtaining gainful employment within three years (i.e. working at least 30 hours per week for a minimum of 12 months), the fund will pay a benefit based on accrued membership at the date of leaving (no enhancement) for up to a period of 3 years.

8.9 For Tier 1 and Tier 2, under pension regulation, there will not be any reviews undertaken, however for any members in receipt of Tier 3 benefits, the Council will undertake a review of the employee's health after 18 months.

8.10 Tier 3 recipients could have their benefits stopped if they have found gainful employment and should notify the Council immediately if they have done so. If the member is not in gainful employment 18 months after their date of leaving, a medical opinion will be sought. If the IRMP considers the member is capable of obtaining gainful employment within three years from their date of leaving the Council has the power to stop the payments. Tier 3 benefits will, in any event, stop after they have been in payment for 3 years.

9.0 Authority Approved Retirement

9.1 Flexible Retirement

9.1.1. From age 55³, if you reduce your hours and/or move to a lower graded position, you may be able to start receiving the pension benefits you have built up even though you are still working - helping you to ease into retirement. This is known as flexible retirement.

9.1.2 The Council is supportive of work life balance and recognises there are advantages of flexible retirement to both the employee and the Service. The Council can benefit from

retaining the skills of experienced employees allowing better succession planning, whilst the employee can move into retirement more gradually.

- 9.1.3 The Council allows for eligible members of the LGPS scheme to apply for flexible retirement. Employees eligible to make such requests are those with at least 2 years' qualifying service in the LGPS scheme who are aged 55³ years and over and who reduce their hours in their current role or reduce their grade (see 9.1.6).
- 9.1.4 The employee is then eligible to request to take their pension benefits early, whilst continuing in employment. They also have the option to re-join the LGPS and make contributions for a new pension should they wish to do so. All requests have to be with the full consent of the Council.
- 9.1.5 Economic factors such as business needs and efficiency are factors that will be taken into account when making a decision about the request for the release of pension benefits. Additionally, other factors such as the health, welfare and safety of the individual and the particular training requirements of the job will be considered, including succession planning for example.
- 9.1.6 The Council policy is that this pension scheme provision may be used in cases where:
- the permanent⁴ reduction in hours is a minimum of 25% which is agreed by the Service; and/or
 - there is a reduction in grade following an appointment to another role⁵
 - a manager receives an application for flexible retirement which is received within 3 months of the change of hours/grade
 - any actuarial reduction to the employee's pension, as a result of this early retirement, must be taken by the employee and is not a cost to the Council
- 9.1.7 If a flexible retirement request has not been granted, under this policy an employee is not able to submit a further flexible retirement request within 12 months of the original decision date.
- 9.1.8 Once a flexible retirement has been granted, under this policy, an employee is not able to submit a further flexible retirement request relating to any further accrued pension rights unless exceptional circumstances apply.

⁴ The change in hours or grade should be permanent. However, an increase in hours that is agreed following an application may be considered at a future date if exceptional circumstances apply.

⁵ An employee who qualifies for pay protection will not be able to apply for flexible retirement until such time as the pay protection ends. The Council may consider a request for flexible retirement in lieu of pay protection and this should be a request by the employee.

9.1.9 The Council's key policy principles relating to flexible retirement are to:

- Promote a flexible workforce and be an effective means to reduce capacity
- Ensure all employees are treated fairly and equitably and in accordance with relevant legislation.
- Enable the Authority to retain a balanced age profile within the workforce.
- Enable the transfer of skills and knowledge.
- Offer the opportunity for succession planning and mentoring.
- Facilitate the retention of expertise and knowledge.

9.1.10 Procedure Overview

9.1.10.1 All requests and applications must be discussed with the line manager in the first instance.

9.1.10.2 Employees can request an estimate of benefits from HR which will then be obtained from the Essex Pension Fund.

9.1.10.3 Should the employee wish to proceed with their application for flexible retirement, they must complete an application which will be considered by the Service Manager and Director of Service. The Application Form is available on the intranet or a link can be requested from HR.

9.1.10.4 There can be no release of pension benefits without employer consent.

9.1.10.5 If the Service Manager and Director are in support of the application, then this will be sent, along with a business case to the Chief Executive for approval in consultation with the Director of Connected Chelmsford.

9.1.10.6 Should an application for flexible retirement be submitted by a Director, the decision is made by the Chief Executive in consultation with the Cabinet Member for Connected Chelmsford and the relevant portfolio holder and the Director of Connected Chelmsford. Where the application is made by the Director of Connected Chelmsford, the Service Manager for Human Resources will be consulted. This is as set out in the Council's Constitution.

9.1.10.7 Decisions on requests by the Chief Executive for flexible retirement shall be dealt with by the Director of Connected Chelmsford in accordance with paragraph 3.4.3.32 of the Officer Scheme of Delegation.

9.1.10.8 There is no right of appeal should the employee not be satisfied with the decision on the flexible retirement application.

9.1.11 Roles and Responsibilities

9.1.11.1 Service managers are expected to:

- Discuss the employee's proposed request with them.
- Consider the operational impact of the request.
- Advise the employee on the completion of the application form.
- Prepare a business case for initial consideration by the Director of Service setting out the savings to be achieved, should the request be granted and providing details of how work will be reallocated within the section/team.

9.1.11.2 Employees are expected to:

- Speak to their line manager before submitting a request for flexible retirement.
- Only submit a request if they are aged 55³ or over and have at least 2 years' qualifying service in the LGPS.
- Meet with relevant managers/HR to discuss their application.
- Submit an application at least 3 months prior to the intended start date (if possible) or else within 3 months of the change to their working hours or grade.

9.1.11.3 Human Resources will:

- Meet with an employee who expresses an interest in flexible retirement, where requested to explain the application process and policy.
- Provide guidance on the process, attending any relevant meetings as appropriate.
- Provide to the employee an estimate of benefits once a request is received.
- Provide the employee with a revised contract of employment as appropriate.

9.1.12 Costs and Payments

9.1.12.1 The employee's age and length of membership in the pension scheme will determine the benefit to the employee of taking their pension early under this flexible provision.

9.1.12.2 Flexible retirements are concessionary and employer consent is needed for the early release of pensions.

9.1.12.3 Any cost arising from the early release of benefits will be advised to the Director of Service and will be one of the factors taken into account when considering the request for early release of pension benefits.

9.1.12.4 The proposal must be self-financing. In other words, any cost related to the financial strain payable by the Council with any subsequent re-grading of other staff can be repaid within a three-year period.

9.1.12.5 Should an employee take Flexible Retirement and then decide to leave the Council's employment within a three-year period, they will be required to reimburse the Council for any financial strain that has been paid to allow them to take their pension early. The amount payable will be calculated on a pro-rata basis depending on the number of years and months the employee has completed since the date of their flexible retirement⁶:

| | |
|---------------------------------------------------------|--------------------------------------------------------------------|
| Less than 6 months completed | Employee needs to repay 100% of the financial strain |
| More than 6 months but less than one year completed | Employee needs to repay 2/3 ^{rds} of the financial strain |
| More than one year but less than two years completed | Employee needs to repay 1/3 rd of the financial strain |
| More than two years completed but less than three years | Employee needs to repay 1/6 th of the financial strain |

9.1.13 Pay

9.1.13.1 Employees taking flexible retirement resulting in reduced working 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 top of the new grade of the role.

9.1.14 Annual Leave

9.1.14.1 Where flexible retirement results in reduced hours, leave entitlement will be calculated on a pro rata basis. Where a new post has been taken up the new annual leave entitlement (relating to grade and years' continuous service) will apply.

9.1.15 Continuous Service

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

⁶ In exceptional circumstances the Council may agree to waive the requirement to repay the cost of any financial strain, in whole or in part.

9.1.16 Redundancy Payments

9.1.16.1 In the event of a subsequent redundancy situation, calculations in respect of redundancy pay will be based on the employee's salary in the new contract. If an employee is working on reduced hours following a flexible retirement request, redundancy calculations will be based on the reduced hours' salary and not on the salary prior to the flexible retirement.

9.2 Early Payment of Pension

9.2.1 Members of the LGPS can retire from the Council from age 55³ years and up to their state pension age to receive early payment of their pension benefits.

9.2.2 The pension benefits paid will be reduced due to early payment. In exceptional circumstances the Council may agree to waive, in whole or in part, any such reduction.

9.2.3 Each case will be considered on its merits and initial consideration of the exceptional circumstances and application will be by the Service Director and the Chief Executive will make the final decision on the application in accordance with 3.4.2.18 of the Constitution, considering the business case provided by the Service Manager in line with the Pension Discretions.⁷

9.3 Efficiency of Service

9.3.1 This is an Authority approved retirement option.

9.3.2 To be eligible, an employee must be aged 55³ years of age or above and have at least 2 years' qualifying pension membership.

9.3.3 One of the following criteria must be satisfied for agreement to be retired under this scheme:

- The employee's ability to perform the job has been affected by changes which mean that it is difficult for them to adjust to that change;
- The job requires new skills or competences, which the employee does not have and where retraining or investment in future development would not be appropriate;
- It would create internal job opportunities, or unblock promotion channels which succession planning could fill through an internal appointment;

⁷ Decisions on requests for discretionary compensation severance payments for redundancy and the approval of payments for early retirement by the Chief Executive will be made by the Director for Connected Chelmsford in accordance with 3.4.3.33 of the Constitution.

- Structural changes could lead to savings through alternative approaches to covering the duties of the role, or where a replacement removes or avoids a pay protection;
 - It avoids a redundancy situation by allowing an employee who would otherwise be at risk of redundancy or dismissal, where possible, to be redeployed;
 - It is considered to be in the interests of the Council as the employer as well as the employee.
- 9.3.4 Each case will be considered on its merits and initial consideration of the application will be the Service Director and the HR Services Manager with final approval by the Chief Executive in accordance with 3.4.2.18 of the Constitution.⁷
- 9.3.5 The pension benefit accrued up to the date of leaving is brought into payment. There will be no reduction for early payment in these circumstances.

10.0 Leaving Prior to Being Able to Access Pension Benefits

- 10.1 Members of the LGPS who leave the Council employment prior to being able to access their pension benefits through retirement as detailed in this policy will defer their pension.
- 10.2 If the LGPS membership ceased after 31st March 2014, a deferred LGPS pension is not put into payment until the relevant state pension age. Employees can request earlier payment from age 55³, but the benefits would be subject to a reduction for the early payment.
- 10.3 If the individual was a member of the Scheme before and after 1 April 2014, the benefits built up before 1 April 2014 will have a protected Normal Pension Age – usually age 65.
- 10.4 Pension benefits can be paid earlier if an employee becomes permanently incapable of discharging efficiently the duties of the employment they were engaged in because of ill-health or infirmity of mind or body; and, if so, whether as a result of that condition they are unlikely to be capable of undertaking gainful employment before reaching normal pension age, or for at least three years, whichever is the sooner. (See section 8)
- 10.5 Employees can seek advice regarding a transfer value to be paid to some other pension scheme.

11.0 Working After Normal or State Pension Age

- 11.1 Members working beyond state pension age can continue to pay into the LGPS pension scheme, accruing further benefits. Pension benefits can then be received upon retirement or on the eve of their 75th birthday whichever occurs first.
- 11.2 For members drawing their pension after state pension age, the benefits accrued will be increased to reflect the fact that these are being paid later. LGPS pension benefits must be paid by age 75. This does not mean that employment must be ceased before age 75, only that pension benefits must be put into payment.
- 11.3 If an employee continues working past State Pension Age their earnings will not reduce the State Pension that they receive.
- 11.4 When reaching State Pension Age, there are various options available regarding the state pension, for example drawing the state pension and either stopping work or continuing to work or deferring the state pension and continuing with work or not.
- 11.5 Once employees have reached State Pension Age, they are not required to pay National Insurance Contributions (NICs). The employee will need to provide the Council with an 'age exemption certificate'.
- 11.6 Deferment of State Pension means it may be possible to get extra State Pension or a lump-sum payment when it is claimed. Deferment of State Pension can be for as long as the individual requests.
- 11.7 Further information including calculation of reaching State Pension Age can be obtained by using the Government's State Pension Calculator.

12.0 Re-employment

- 12.1 For a retired individual seeking re-employment with the Council, the period of time required between retirement and re-employment will vary dependent on the individual circumstances and the role they are being re-employed to. The Essex Pension Fund has adopted a policy of not abating⁸ pension on re-employment. However, LGPS members are advised to contact the Essex Pension Fund to seek guidance on their individual circumstances.

⁸ Pension abatement is the extent, if any, to which a Scheme member's pension payment is reduced or suspended where the member re-enters a new employment under which they are again eligible for membership of the LGPS

13.0 Links to Other Policies

- Managing Health and Attendance Policy
- Entitlement to Time off Policy – Flexible working
- Flexible approach

| Version Number | Creation Date | Changes Made | Changes Made By: | Authorised And Checked? | Date of Changes |
|----------------|---------------|----------------------------------------------|------------------|-------------------------|-----------------|
| 3.0 | July 23 | Policy re-written | HR Team | | |
| 2.1 | Sep 21 | Rebranded and updated | HR Team | Y | Sep 21 |
| 2.0 | Oct 2017 | Policy re-written | HR Team | Y | Oct 17 |
| 1.5 | May 11 | Replaced two ticks with disability confident | HR Team | Y | Oct 16 |
| 1.4 | May 11 | Unknown | HR Team | Y | Sep 13 |
| 1.3 | May 11 | Re-branded to City | HR Team | Y | Sep 12 |

