

FLEXIBLE RETIREMENT POLICY

SCOPE STATEMENT

This Policy applies to all members of the Local Government Pension Scheme (or those non-LGPS members who are eligible for membership) excluding:

- Those employed by Governing Bodies in educational establishments under delegated powers.

Date of Issue: April 2023

DOCUMENT CONTROL	
Document Title	Flexible Retirement Policy
Previous Publication Date	1 April 2016
DOCUMENT APPROVAL	
This document received approval from:	Date
Group Manager HR & OD	30 November 2022
Trade Unions	15 February 2023
Corporate Management Board	14 February 2023
Cabinet/Council	
REVISION HISTORY	
Revision History	

Document Title	Flexible Retirement Policy	Department	HR&OD
Publication date	April 2023	Review Date	

Contents

1. Introduction	4
2. Procedure for Application.....	4
3. Pensions Implications.....	4

Document Title	Flexible Retirement Policy	Department	HR&OD
Publication date	April 2023	Review Date	

1. Introduction

- 1.1 The Council is committed to providing more choice and flexibility to employees who wish to transition into retirement or stay in work beyond retirement age.
- 1.2 The provisions of this policy are based on employee choice and needs of the service.
- 1.3 Flexible retirement occurs where an employee draws their pension at any time after the age of 55 years and carries on working.
- 1.4 Applications from full-time employees will need to reflect a proposal to reduce contractual hours normally by a minimum of 40%. This will apply to an existing or alternative position at the same or a lower grade.
- 1.5 Applications from part-time employees need to reflect a proposal to reduce contractual hours. Each case will be considered on its own merits.
- 1.6 Costs associated with early release of pension will be reflected in the actuarial reduction of retirement benefits to the employee.
- 1.7 In exceptional circumstances subject to a satisfactory business case the service may decide to waive part or all of the actuarial reduction that would have been applied to the early payment of retirement benefits. The cost of this will be met by the service.

2. Procedure for Application

- 2.1 The employee should send a written request to their manager, copied to Human Resources, at least six months before their proposed retirement date.
- 2.2 The manager will consider the business case for the request following consultation with Human Resources. The manager may give provisional support where it is considered that there is no detrimental effect on service delivery or team members.
- 2.3 An estimate will be obtained from pension fund to understand any costs that cannot be met by the employee due to historical protections.
- 2.4 The Voluntary Early Retirement (VER) Panel has the discretion to approve or not approve the request.

3. Pension Implications

- 3.1 Where an employee varies their working arrangement, they may elect to continue to pay pension contributions based on their new contractual arrangements. Pension rights accrued before the reduction in hours will be unaffected by the change.
- 3.2 Employees who remain in the scheme should be aware that a reduction in hours prior to normal retirement age may also affect their ill-health benefits, or redundancy

Document Title	Flexible Retirement Policy	Department	HR&OD
Publication date	April 2023	Review Date	

and compensation payments if they are made redundant or leave on efficiency grounds.

- 3.3 Employees should be mindful of the decisions they have to take before the date when their pension becomes payable (this is known as a “benefit crystallisation event”) and the tax implications of those decisions. Any tax liability incurred by such decisions is for the employee to resolve with His Majesty’s Revenue & Customs (www.hmrc.gov.uk).
- 3.4 In all cases where employees receive pension benefits whilst working, they must seek advice as to how flexible retirement will affect their net pay and pension entitlement. This is important, as an employee’s pension will normally be actuarially reduced if paid before normal retirement age. In addition, any job held while in receipt of pension benefits may attract a higher rate of tax. The employee may seek pay and pension figures from Human Resources and is encouraged to seek independent financial advice prior to pursuing flexible retirement.
- 3.5 Pension benefits will be determined by LGPS regulations.

Document Title	Flexible Retirement Policy	Department	HR&OD
Publication date	April 2023	Review Date	