

BRIDGEND COUNTY BOROUGH COUNCIL
CYNGOR BWRDEISTREF SIROL PEN-Y-BONT AR OGWR

FLEXIBLE RETIREMENT POLICY

SCOPE

This policy will apply to all members of the Local Government Pension Scheme, except those employed by Governing Bodies in educational establishments under delegated powers.

FLEXIBLE RETIREMENT POLICY

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 normal retirement age.
- 1.2 The provisions of this policy are based on employee choice.
- 1.3 Flexible Retirement occurs where an employee draws their pension at any time after age 55 and carries on working.
- 1.4 Applications will need to reflect a proposal to reduce contractual hours normally by a minimum of 40%.
- 1.5 Any costs associated with early release of pension will be reflected in the actuarial reduction of retirement benefits to the employee.
- 1.6 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 must send a written request to their manager, copied to Human Resources, at least three months but not more than 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 approval where it is considered that:
 - there is no detrimental effect on service delivery;
 - the arrangement is fair and equitable to other team members.

The VER Panel has the discretion to approve or not approve the request.

4. Compassionate Cases

- 4.1 If an employee wishes to take flexible retirement from the age of 55 on compassionate grounds they should set out the details in writing to their manager. Human Resources will consider all applications in consultation with the Service.
- 4.2 In exceptional circumstances the Council 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.

5. Pensions Implications

- 5.1 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.
- 5.2 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 and compensation payments if they are made redundant or leave on efficiency grounds.
- 5.3 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 Her Majesty’s Revenue & Customs (www.hmrc.gov.uk)
- 5.6 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.
- 5.7 Pension benefits will be determined by LGPS regulations.