

Progressive
employer

Flexible Retirement Policy

February 2007



INVESTOR IN PEOPLE



SALISBURY
District Council

1. Introduction

1.1. Salisbury District Council values the knowledge, experience and skills of all its employees and is committed to having a flexible approach to retirement.

1.2. We recognise that there may be significant benefits for both employees and the council as a whole by enabling employees to take advantage of the flexible retirement provisions. Flexible retirement is recognized as having the following benefits:

- It enables a person to ease his or her way into retirement
- It enables the council to retain the skills and expertise of an individual which may otherwise be lost.
- It provides greater flexibility and choice for employees.
- It takes account of demographic changes in the population as a whole and in the working population in particular.
- It provides equality of opportunity and fairness for employees.
- It enables employees to strike an effective work/life balance.
- It may provide benefits to the provision of the council services through the retention of skilled and experienced employees.
- It complements the council's existing work life balance policies and its role as a progressive employer.

1.3. The Flexible Retirement Policy applies to all employees who are members of the Local Government Pension Scheme (LGPS).

1.4. Salisbury District Council will normally only agree to flexible retirement if there is no cost to the council. Where there is a cost to the council the criteria applied in the 'Early Retirement Requests' policy will be used by Management Team to make a decision, whether to support the request.

2. Flexible Retirement

2.1. Flexible retirement occurs where an employee draws their pension and carries on working, either at a lower grade or on reduced hours. It is available to LGPS members who are aged 50 or over, and who with the Council's consent reduce their hours or grade. Subject to necessary approvals, such employees will be able to draw their local government pension whilst continuing to work. In addition they can remain in the Local Government Pension Scheme until the day before their 75th birthday, building up further benefits in the scheme.

2.2. Employees who wish to work beyond their contractual normal retirement age of 65 should refer to the council's 'Right to Request To Continue Working Beyond Normal Retirement Age of 65' policy.

2.3. Any employee wishing to work reduced hours or at a lower grade, must first put their request in writing to their manager. The letter should

- State that it is a request for flexible retirement;
- State whether a previous application has been made and if so when
- Set out the change applied for, the hours wished to be worked or the lower grade which is sought and the date it is wished to become effective
- Explain the effect that is envisaged the change may have on the council including how it might be accommodated
- Identify that the employee satisfies the requirements relating to age and pension
- Identify any benefits which may arise from the implementation of the request.

2.4. In considering the request the manager should have regard to the following:

- The effect of the request upon the provision of the council's services,
- The benefits which may arise from the implementation of the request,
- Any changes which may occur or are expected to occur in the delivery of the council's services which are relevant to the request,
- The cost, if any, to the council of implementing the request, POD can supply these figures.
- Any additional costs which may arise to the council if the request were to be approved,
- The need and ability to recruit any other person to enable the council's services to be maintained,
- The need and ability to obtain any other person to cover the duties and functions carried out by the employee concerned,
- Any impact which the request may have upon service delivery or the council's performance,
- The effect of any reduction in a person's grade upon the duties which are required to be carried out and how they would otherwise be undertaken,
- The ability to reorganise or undertake the work which is required to be carried out by other staff or through other means,
- The need, if appropriate, to have a person of a particular grade to carry out the duties undertaken by the employee concerned,
- If appropriate, the existence of any vacancy upon the council's establishment,
- Any need or desire to reorganise the way in which the council's services are carried out,
- Any other material factor.

2.5. The manager should meet with the employee to discuss the proposal and if s/he provisionally supports the request s/he should ask POD to obtain estimated future salary and pension figures. If, having received the figures, the employee wishes to proceed the manager should inform the employee in writing and confirm it to POD who will make the necessary contractual arrangements.

2.6. If the manager is unable to support the request then the employee is entitled to appeal against the decision. An appeal must be made in writing to the manager within 10 working days of the date of the letter informing the employee of the decision. The appeal will be heard by the Service Unit Head or Policy Director if the SUH made the original decision. In normal circumstances the appeal will be heard within 15 working days of the appeal being made. If delayed the employee will be informed of the reasons for the delay.

2.7. At the appeal meeting the employee will have the opportunity to put forward his/her case and the manager will explain his/her reasons for refusing it. The employee is entitled to be accompanied at this meeting by a TU rep or workplace colleague.

2.8. The SUH or Policy Director will make his/her decision and inform the employee. The decision will be confirmed in writing and sent to the employee as soon as possible after the meeting. The SUH/Policy Director's decision is final and there is no further right of appeal.

3. Receiving Pension Benefits whilst working

3.1. In all cases, employees must receive 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 age 65. In addition, any job held while in receipt of pension benefits may attract a higher rate of tax. While the council will provide necessary pay and pension figures, the employee should be encouraged to seek independent financial advice prior to pursuing flexible retirement.

3.2. If the employee satisfies the 85 year rule, ie their age and pensionable service adds up to 85 or more, then the pension will not be actuarially reduced. In such cases there may be a considerable cost to the council for early payment of pension.

4. Pension implications for working reduced hours or step down

4.1. Where an employee varies their working arrangement their pension entitlements will continue to accrue. Pension rights accrued before the reduction in hours or grade will be unaffected by the change. The employee's pension following the change may however be affected where special payments are no longer paid in the new role. Employees are encouraged to find out from Wiltshire County Council's Pensions Department how their pension benefits might be affected.

4.2. Working part-time prior or in a lower grade prior to the normal retirement age may also affect an employee's ill-health benefits or redundancy and compensation payments if they retire on health grounds or are made redundant or leave on efficiency grounds. Employees should contact POD in order to get further advice on how these might be affected.

5. Enhancing Pensions Benefits

5.1. Employees who are concerned about loss of pension benefits may consider the following options:

- **Purchasing Added Years** - Employees can purchase added years by paying additional contributions from their next birthday through to the birthday immediately preceding their normal retirement date. This can require a long-term commitment for employees with significant monthly payments. The extra years of membership employees are able to purchase in the scheme by paying additional pension contributions are limited to 6 2/3rd years.
- **Paying Additional Voluntary Contributions (AVCs) to boost pension benefits** - If employees pay additional voluntary contributions via the LGPS they may elect to take up to 100% of the accumulated fund in their AVC account as a tax free lump sum provided it is drawn at the same time as their LGPS pension benefits and, when added to the LGPS lump sum, it does not exceed 25% of the overall value of their LGPS benefits (including their AVC fund).
- **Paying more into the LGPS Scheme** - the 15% limit on a scheme member's contributions has been removed so that employees can pay more into the scheme or into the scheme's additional voluntary contribution arrangement to get bigger benefits from the scheme.

6. Flexible Retirement Policy Changes

6.1. This policy will be reviewed on a regular basis in line with legislative changes and changes to the Local Government Pension Scheme.