

**HUMAN RESOURCES**

**EARLY RETIREMENT POLICY**

# EARLY RETIREMENT POLICY

## 1.0 PURPOSE

From the age of 55 employees can decide if they would like to draw their pension. The purpose of this Policy is to indicate the circumstances in which the Council would be prepared to consider the early retirement of an employee and the way in which particular cases will be considered.

This policy applies specifically to employees who are members of the LGPS.

The Council’s scheme and arrangements for termination due to redundancy or efficiency are covered in The Policy to Manage Staff Changes.

##  GENERAL

2.1 Employees considering retiring or applying for flexible retirement are advised, before making a final decision, to obtain an estimate of what their final pension benefits will be. It also may be useful to seek independent financial advice.

* For those in the LGPS a quote can be obtained from Surrey County Council, the administering body.
* Details on how to obtain a State Pension Forecast and the State Retirement Age Timetable are available on the Direct Gov website.

2.2 These statements of policy and delegations are made in respect of the exercise of discretionary functions under the Local Government Pension Scheme Regulations 2013. These came into effect from 1 April 2014. However, there has been no material change in the way in which the discretionary functions were exercised under the previous legislation (LGPS Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended).

2.3 Where a cost may be incurred by the Council following the application of a Pension discretion, the request for the discretion to be exercised will be considered in line with the Council’s constitution.

2.4 Where an employee retires before the normal (state) retirement age then unless the employee is also redundant or the retirement is in the interests of the efficiency of the service, the general position is that pension benefits will be reduced to take account of their early payment and the pension being payable for longer. Such reductions will be dependent on the individual’s age and time in the LGPS. The Council does have discretion to waive this actuarial reduction in exceptional circumstances that are referred to in this policy.

2.5 Any employee who is going to retire will have considerable knowledge about their job role and responsibilities and it is more than likely that their assistance will be required in helping to plan for the future. Therefore their co-operation in providing up-to-date information on the status of work projects, future steps and in ensuring a smooth handover of work or assisting in training a successor is expected.

## 3.0 ILL HEALTH RETIREMENT

3.1 It is in the interest of both employees and the Council to ensure that ill-health is minimised, and to that end the Occupational Health Service is available to advise employees with medical problems.

3.2 When the Council is concerned that an employee is unable to efficiently perform the duties of the post due to permanent ill health the matter will be referred to the Council’s Occupational Health Adviser. The OH Adviser will consider whether the employee will be fit to return to work or whether premature retirement should apply.

3.3 To reach a decision, the employee will authorise the Occupational Health Adviser to discuss the prognosis with the relevant General Practitioner, and any appropriate Consultant. (The Council may seek specialist outside independent advice or examination if it considers that to be appropriate in a particular case.) The Occupational Health Adviser may also wish to medically examine the employee.

3.4 In such cases the Council’s Occupational Health Adviser will be asked to certify whether:

 there is no reasonable prospect of the member obtaining any gainful employment before reaching his/her pension retirement age

 the member is judged to be incapable of obtaining gainful employment within three years of leaving local government employment, but is thought likely to be able to do so before reaching his/her pension retirement age

 The member is likely to recover sufficiently from his incapacity to enable him to be capable of obtaining gainful employment within three years of leaving local government employment.

**4.0 FLEXIBLE RETIREMENT**

4.1

The Council supports a process by which pension scheme members can now receive pension benefits while continuing in employment. A member of the LGPS who has attained the age of 55 and who, with the employer’s consent, reduces the hours worked or their grade, may request in writing to receive their pension benefits while remaining employed.

In response to written requests for Flexible Retirement from eligible employees i.e. over 55 years Mole Valley will:

* Consider individual requests for flexible retirement
* Approve requests only where it is in the Council’s interests to do so and taking account of the employer costs of early payment of flexible retirement pension benefits. All costs falling on the Council must be affordable.
* A request should typically involve a substantial reduction in salary, through reduced hours and/or reduced level of responsibility (grade). The Council has discretion to approve other arrangements if satisfied that they are reasonable and in its interests.
* Actuarial reduction of flexible retirement pension benefits will normally apply.
* The employee’s contract of employment will be amended to reflect the reduced hours and/or reduced grade, and continuity of service will be maintained for terms and conditions purposes. Employees can continue paying into the LGPS, building up further pension benefits in the scheme. However, this will be treated as a new pension.
* Flexible retirement is generally considered to be the first step in an employee’s plans before they fully retire.
* Typically, an employee would not be able to take flexible retirement more than once.

**5.0 EMPLOYEE REQUEST FOR EARLY RETIREMENT**

5.1 From age 55 onwards employees may request early retirement and receive immediate payment of pension benefits without seeking their employer’s permission. However, the pension benefits payable would still be subject to a reduction to allow for early payment.

5.2 Employees considering retiring may attend a Pre-retirement course which includes details about how to deal with personal finances and health matters, etc.  These are available from time to time so employees should look out for details on My HR.  Early booking is essential as these courses are popular.  Managerial approval will also be required in order to ensure the absence does not impact service requirements; however the more advance notice an employee can give, the more likely it is that work around arrangements can be made to support the required absence

5.3 In exceptional circumstances SMT, or Chief Executive, may waive all or part of the actuarial reduction due to early payment after having considered the following.

1. Each case will vary in content, making it impossible to give comprehensive guidance on this issue, but an example would be the need to retire early to take care for a terminally ill relative. The employee’s length of actual service relative to the remaining potential service will be a factor to be considered alongside whatever compelling humanitarian reasons exist to justify the immediate and early payment of benefits.
2. There needs to be a demonstrable case that agreement to an early retirement request would be directly, or indirectly, in the council’s interests. The opinion of the Occupational Health Advisor should be used to establish or confirm domestic circumstances where any doubt exists.

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| **Version** | **Version Status**  | **Date** | **Version Comment**  | **Version Author** |
| V1.0 | Final | October 2014 |  |  |
| V2.0 | Review | Due 2017 | Policies to be reviewed at least every 3 years or in the event interim changes are needed (e.g. changes in legislation, work practices). | CS |