



Okehampton Town Council

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Flexible Retirement Policy

1. Introduction

This policy should be read in conjunction with the Council's Employer Pensions Discretions Policy.

Changes to the Local Government Pension Scheme (Amendment) Regulations 2006, have enabled the Council to introduce a Flexible Retirement Policy.

This policy applies to all employees of Okehampton Town Council who are current members of the Local Government Pension Scheme age 55 and over.

~~With employer consent, the employee will be able to reduce working hours and/or grade and/or release and wish to access their pension benefits, without leaving employment.~~

Any employee who wishes to access their pension benefits will be able to reduce working hours and/or grade with employer consent.

Pension benefits may be reduced when these benefits are released before the age of ~~65~~ normal retirement by an actuarial reduction¹. Any cost of the actuarial reduction will need to be borne by the employee. There may also be an employer 'strain' cost² payable to the Pension Fund. However, Flexible Retirements ~~can~~ will only be considered where there is no cost to the Authority.

Each pension estimate is specific to an individual as the estimate is based on factors such as an individual's age, length of pensionable service and possible date of flexible retirement. It is therefore important to obtain the pension benefits estimate before any final decision is taken.

Making choices about pensions are complex and therefore employees are advised to seek independent financial advice regarding their personal financial situation.

Formal Flexible Retirement requests will be ~~discussed at the~~ considered by the Policy and Resources Committee ~~before the final endorsement by Council~~ and recommendation made to full Council who will make the final decision.

Flexible Retirement may not necessarily be available to all and individual negotiation may be required. Whilst the Council is committed to providing a balance between employees' professional and personal lives the desire to provide Flexible Retirement must be balanced with the Council's duty to maintain service delivery.

1 An actuarial reduction is applied to a member's accrued pension benefits in order to offset any additional cost arising from their payment, in advance of their normal Local Government retirement date.

2 The cost to the Pension Fund when the employee releases benefits before the normal retirement age

An employee wishing to release pension benefits before ~~the age of 65~~ **state retirement age** will need to have been a Local Government Pension scheme member for at least 2 years or to have transferred from another pension scheme to be able to release their benefits.

This policy is intended to meet the requirements of the Employment Equality (Age) Regulations 2006. This policy will not discriminate against any employee regardless of race or ethnicity, disability, gender and marital status, gender identity or sexual orientation.

In line with the Local Government Pension Scheme (Amendment) (No2) Regulations 2006, this policy will be effective from ~~September 2009~~. **TBC**

2 Purpose

This policy is links to the current Local Government Pension Scheme and reflects the simplified tax rules governing pension schemes from 6 April 2006.

It may provide opportunity for employees aged 55 and over to make changes to their working lives, whilst enabling the Authority to retain valuable skills and experience.

3 Principles

It is the employee's responsibility to apply for flexible retirement, should they so wish. It is recognised that making choices about pensions is a complicated and difficult decision for employees to make.

Requests for flexible retirement will be considered on:

- i) A reduction of hours and/or grade, in the current post, with or without the release of benefits.
- ii) Or an appointment to new continuing employment with Okehampton Town Council on reduced hours and/or grade, with or without the release of pension benefits.
- iii) This would be subject to an appropriate vacancy arising and the operation of the Council's normal recruitment and selection procedures.

Flexible Retirement will be subject to:

- i) A reduction in salary similar to the level of pension to be received, such that an employee's new pay plus pension, is not significantly more than the pay prior to flexible retirement.
- ii) A minimum period of continuing employment of 12 months in the reduced grade and/or hours following Flexible Retirement.
- iii) No return to the higher hours and/or grade within 12 months.

Applications for Flexible Retirement can only be made once in every 12 calendar months.

All other conditions of service, for example, annual leave will be recalculated on a pro rata basis to take account of any reduction.

Employees have the right to be accompanied by a trade union representative or a workplace colleague (not acting in a legal capacity) at any stage in the procedure. The companion can address the meeting or confer with the employee during it.

Further pension benefits can be accrued for the employment period after Flexible Retirement has been approved. Employees will automatically be enrolled into the LGPS scheme in their 'new role' but can choose to opt-out, for form for which is available on Peninsula Pension's website.

Where the employee wishes to reduce hours and receive benefits but not to continue to contribute to the Local Government Pension Scheme after Flexible Retirement approval, by completing an opt out form, available on Peninsula Pensions website, the employee must make this option at the formal written request for Flexible Retirement. A refund of contributions will not be available after 2 years of new membership. If the employee opts out within 3 months, contributions can be refunded through payroll.

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PROCEDURE

1 Request Procedure

Employees should complete a Flexible Retirement Request Form (Appendix 1) and return it to the Town Clerk who will arrange to discuss this with them.

The Town Clerk should acknowledge receipt of the request by returning, to the employee, the Confirmation of Receipt slip at the bottom of the Flexible Retirement Request Form.

An application is taken to have been made on the date the form is received. Where an application is made by email ~~or fax~~, it is taken to be received on the day it was transmitted.

Any meetings should be arranged by the Town Clerk at a time and place convenient to both the employee and the line manager. This should take place within 28 calendar days.

If the employee has more than one employment for which figures are required, a separate Section 2 of the Request Form must be completed and attached.

2 Considering the Request

Individual Flexible Retirement requests will be discussed at the Policy and Resources Committee meeting.

Where employees have requested to release pension benefits a pension estimate and, if applicable, an employer strain cost evaluation will be undertaken at this stage of the process and taken into consideration by the Policy & Resources Committee. Any recommendation will be passed to Full Council for ratification.

The Town Clerk can then give the pension benefit estimate and any calculation of strain cost to the employee (Appendix 2). The employee should be given 14 working days to consider the estimate. They may wish to speak to an independent financial adviser at this stage.

If the employee wishes to progress with the Flexible Retirement, they should confirm this to the Town Clerk by the end of the 14 working days. Once this confirmation from the employee has been received a revised employment contract on Flexible retirement can be issued.

3 Confirmation

The confirmation letter (Appendix 3) should confirm the:

- a) start date of the new Flexible Retirement employment contract
- b) revised working hours and/or grade plus working pattern
- c) changes to any other terms and conditions of employment. For example, this will include any condition which should be pro rata for reduced hours working.

A Flexible Retirement Leavers Form should be completed.

4 Refusal of a Request

If a request is refused the Town Clerk should advise the employee in writing as soon as possible.

Where this is a result of business needs, an example letter is at Appendix 4

Where this is due to an employer strain cost being in addition to the employee's pension estimate, an example letter can be found at Appendix 5. To confirm, the Authority is unable to consider flexible retirement where there is shown to be a cost to the Authority.

5 Appeal Process

Employees have the right to appeal against a decision not to approve a Flexible Retirement. However, the Authority is unable to bear any cost for a Flexible Retirement. Therefore, where an employer strain cost is applicable the appeal process cannot be applied.

An appeal can only be based on the grounds that the decision was unfair or unreasonable.

The employee should register an appeal using the Flexible Retirement Appeal Form (Appendix 6) within 14 calendar days of receiving the written refusal for Flexible Retirement. This should be sent to the Town Clerk.

The Chairman of the Policy & Resources Committee must contact the Committee to inform them of the appeal and seek advice regarding the employee's request and the Town Clerk's grounds for refusal.

The Chairman must hold the appeal meeting within a maximum period of 14 days of the receipt of the appeal. The Chairman must notify the employee of the decision using the Flexible Retirement Appeal Reply Form within a maximum of 14 working days after the date of the meeting.

If the request is accepted the Chairman will write to the employee informing them of the detail of the agreement and the date on which the Flexible Retirement is due to take effect.

If the request is refused the Chairman will write to the employee setting out the grounds for the refusal and explaining why they apply.

Once the appeal process is complete, the Chairman should send copies of the Flexible Retirement Working Appeal Form and the Flexible Retirement Working Appeal Form Reply to the Town Clerk who deals with HR management.

This is the end of the appeal procedure, no further appeal mechanism will operate within the Council.

MANAGEMENT GUIDANCE

1 Introduction

Local authorities are required to make a policy statement and, by giving consent to Flexible Retirement requests, show a full understanding of any cost implications of these decisions.

This guidance is to assist line managers in progressing requests.

2 Financial Implications

The Flexible Retirement policy states that the Authority is unable to bear any cost of any employee taking Flexible Retirement.

Employees must therefore be made aware that where a Flexible Retirement request has been approved, any actuarial reduction³ will be borne by them.

In some cases an employer 'strain'⁴ cost may apply. The Authority can only consider Flexible Retirements where there is no cost to the Authority.

It has been clarified that an employee is not able to pay the cost of the employer strain cost.

It is important to stress that employees should contact Peninsula Pensions for clarification of the estimate or an independent financial adviser where necessary.

Managers should not advise employees on financial matters or express an opinion on the advantages or disadvantages of the estimate.

3 Factors to Consider

Employees should be advised that all Flexible Retirement requests will be given thorough consideration, but that it may not be possible to give approval in all cases. It will be Okehampton Town Council as the employer who has the final decision on the request.

The Town Council will need to consider several factors when considering an individual's request. These include

- a) the effect on the workload and how this would be managed
- b) whether service delivery could be affected by the proposed change
- c) whether recruitment will be needed to cover the remaining hours

This decision should be communicated to the employee as per the flexible retirement procedure and an example letter can be found at Appendix 5.

Any cost associated with recruiting for the remaining hours left vacant by the approval of a request will need to be contained within existing budgets. Conversely, where the remaining hours are not replaced, this could be offered up as an efficiency saving.

3 An actuarial reduction is applied to a member's accrued pension benefits in order to offset any additional cost arising from their payment, in advance of their normal Local Government retirement date.

4 The cost to the Pension fund when the employee releases benefits before the normal retirement age.

EMPLOYEE GUIDANCE

1 Introduction

It is important to read the Flexible Retirement Policy carefully to ensure that you are eligible to apply.

You should ensure that your Flexible Retirement Request Form (Appendix 2) is valid by checking that all the eligibility criteria are met and that you have provided all the necessary information.

The level of detail required on the application will depend on the desired changes, but in all cases it is in your interest to be as clear and explicit as possible.

2 The Impact of your Request

You must provide an explanation of what effect you think the proposed change would have on Okehampton Town Council and your team and how you think this may be dealt with.

This does not mean that you are expected to know every factor that might influence the decision, simply that you should show you have considered the factors that might influence the decision.

3 Time Constraints

You should ensure that your application is made well in advance of when you wish the Flexible Retirement and/or release of pension benefits, plus any subsequent changes to your employment contract to take effect.

4 Terms and Conditions of Employment

You should be aware that if you request to reduce your hours and/or reduce your grade, your pay and other terms and conditions will be reduced as well.

TERMS/ABBREVIATIONS

Actuarial Reduction	An actuarial reduction is applied to a member's accrued pension benefits, in order to offset any additional cost arising from their payment, in advance of their normal Local Government retirement date.
Employer Strain Cost	The cost to the Pension Fund when the employee releases benefits before the normal retirement age.

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**Okehampton Town Council
Flexible Retirement Request Form**

1 PERSONAL DETAILS

Name:

Date of birth:

Home Address:

National Insurance No:

Pay Reference:

2(a) DETAILS OF POST(S) Where a request is being made for more than one post (ie where you have more than one employment) please give details of each post on a separate form and attach all Request Forms together.

Post Number:

Location of Post:

Proposed reduction in number of hours

From:

To:

Proposed reduction of grade and spinal column point (please also add your salary amount):

From:

To:

2(b) DETAILS OF THE CHANGE

For a request to reduce hours:

Detail your current working pattern (day/hours/time worked):

Describe the working pattern you would like to work (days/hours/times worked):

2(c) HOW WOULD THIS CHANGE IMPACT ON YOUR DUTIES?

Please detail how you think this reduction in your working hours, grade or working pattern could impact on the Authority and your colleagues:

2(d) HOW COULD THIS IMPACT BE OVERCOME?

Please detail how the effect on the Authority and your colleagues could be overcome:

3 DATE OF FLEXIBLE RETIREMENT TO COMMENCE:

If approved, please state the date you would like the Flexible Retirement to start:

.....

Do you wish to release Local Government Pension Scheme benefits? Y/N*

Your proposed date of Flexible Retirement will be used for pension estimate calculations

Do you wish to continue to contribute to the Local Government Pension Scheme after your Flexible Retirement approval? Y/N*

(A refund of contributions will be possible at a later date)

*** Please delete as appropriate**

I have not made a Flexible Retirement Request during the last 12 calendar months.

Signed: Date:

Please Print Name:

NOW PASS THIS REQUEST TO THE TOWN CLERK

Cut this slip off and return it to your employee in order to confirm your receipt of this request

Town Clerk's Confirmation of Receipt (to be completed and returned to the employee):

Dear

I confirm that I have received your Flexible Retirement Request on:

Signature: Date:

Please Print:

I will be arranging a meeting to discuss your application within 28 calendar days following this date. In the meantime you might want to consider whether you would like a fellow colleague to accompany you at the meeting.

**Okehampton Town Council
Notification of Flexible Retirement LGPS Estimate**

Dear

RE: Notification of Flexible Retirement LGPS Estimate

Post:

Thank you for your request for Flexible Retirement. The Council have considered this and in principle approve the request.

Please find enclosed your Local Government Pension Scheme estimate which gives details of your pension benefits upon Flexible Retirement.

You are now advised to consider the enclosed benefit estimate. You may wish to gain further advice from an independent financial adviser.

If you wish to progress with the Flexible Retirement, please notify the Town Clerk of your decision within the next 14 working days.

Yours sincerely

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Okehampton Town Council
Confirmation of Flexible Retirement

Dear

RE: Confirmation of Flexible Retirement

Post:

Thank you for confirming that you wish to proceed with your Flexible Retirement request after receiving your Local Government Pension Scheme estimate.

I confirm that the start date of your Flexible Retirement employment contract will be

.....

Your revised working hours/days/pattern will be

.....

*Remember to add any change to conditions of employment *(ie which need to be pro rata)*

Peninsula Pensions will contact you to confirm your pension benefits and the pension options available to you.

Thank you for your continued support.

Yours sincerely

Okehampton Town Council
Flexible Retirement Request Refusal Letter (Business Needs)

Dear

RE: Refusal of Request for Flexible Retirement
Post:

Thank you for your request for Flexible Retirement in the above post and attending the meeting on ADD DATE.

The Council have considered your request and unfortunately are not able to approve your request at this time for the following business reasons:

Note: You should also explain why any other working patterns discussed at the meeting are not appropriate

If you are not happy with this decision you may appeal against it. If you wish to appeal you must write to the Town Clerk, setting out your grounds for appeal, within 14 calendar days of receiving this written refusal for Flexible Retirement.

Yours sincerely

Okehampton Town Council
Flexible Retirement Request Refusal Letter (Due to an Employer Strain or Other Cost)

Dear

RE: Refusal of Request for Flexible Retirement
Post:

Thank you for your request for Flexible Retirement in the above post and attending the meeting on ADD DATE. Please find enclosed your Local Government Pension Scheme estimate which gives details of your pension benefits.

The Flexible Retirement Policy states that Flexible Retirements can only be considered where there is no cost to the Authority.

You will see that as well as your pension estimate there is a separate form which notifies you that there would be an employer strain cost. Unfortunately I therefore have to advise you that we are not able to approve your request at this time.

**Okehampton Town Council
Flexible Retirement Appeal Form**

Dear

I wish to appeal against your decision to refuse my request for Flexible Retirement. I am appealing on the following grounds:

Please continue on a blank sheet if necessary

Signed:

Date:

Please print:

Payroll reference:

NOW RETURN THIS FORM TO THE TOWN CLERK