



## **RETIREMENT POLICY**

**June 2012**

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## **PART 1**

### **1. POLICY STATEMENT**

SESTRAN is committed to recruiting and retaining high calibre employees to deliver its services. SESTRAN is also committed to supporting a culture of equal opportunity whereby discrimination is eliminated. SESTRAN's retirement policy will assist employees approaching retirement by explaining the various options available to them and the associated processes.

This policy encompasses the Equality Act 2010 legislation.

### **2. INTRODUCTION**

Direct and indirect age discrimination is unlawful therefore SESTRAN has removed its default retirement age. The policy is designed to facilitate and support employees who are considering retirement or plan to undertake a flexible retirement approach and to provide information for managers in terms of the available options. It should however be noted that the state pension age is set to increase and this should be taken into account by all employees when considering their retirement options.

It may not be possible for all employees to receive flexible retirement because of service needs or the requirements of their post. SESTRAN reserves the right to exclude any post/s considered to be of such a nature where inclusion in the policy would reduce the effectiveness of the service provided by SESTRAN or create an unmanageable risk.

### **3. RETIREMENT OPTIONS**

With the removal of the default retirement age (65yrs), there is no longer an automatic date when employees retire. There are, however, relevant dates that employees should be aware of before making any decisions relating to their retirement.

#### **State Pension Age**

For all employees, the State Pension age is currently 65 although this is set to increase from 65 to 68 between 2024 and 2046. The State Pension age for women was previously 60 but this was changed to 65 to reflect legislation relating to age discrimination. Employees are referred to [www.direct.gov.uk](http://www.direct.gov.uk) to determine when they will reach their State Pension age.

#### **Local Government Pension Scheme (LGPS) Members**

For members of the LGPS, the normal retirement age is 65 however there are options for members to retire from age 60 with a reduced

pension, to retire flexibly or to accumulate membership rights in the scheme until age 75.

The flexible retirement rules of LGPS mean that, in certain circumstances, it is possible for an employee to receive some or all of their retirement benefits and to continue working with SESTRAN. The conditions that need to be satisfied are:

- the employee must be aged 55 or over;
- the employee must have taken a reduction in hours or grade sufficient to meet the needs of the LGPS;
- employer consent is given to the revised working arrangements.

Where an employee applies for flexible retirement and is a member of LGPS, their manager will have to consider whether the change in working arrangements and any costs associated with the early payment of LGPS benefits can be accommodated. The Pensions Section, City of Edinburgh can provide SESTRAN with guidance on the extent of any penalty or strain payment. They should be contacted directly in this regard.

Any flexible retirement request will only be approved in cases where the employee is not financially "better off" as a result of retiring. An assessment will therefore be undertaken in order to be satisfied that any application to reduce hours is reasonable and not merely a token or cosmetic reduction to allow scheme benefits to be activated.

The Partnership Director, with support from SESTRAN's Human Resources Adviser and Accountant as required, will prepare an assessment of all relevant factors including costs, savings and changes to the employee's contract of employment, for consideration by the Performance and Audit Committee. Only where it can be demonstrated to be in the interests of SESTRAN will pension benefits be released.

Where a request from the Partnership Director is being considered, the Chair of the Partnership Board will prepare the assessment in consultation with SESTRAN's Human Resources Adviser and Accountant.

Employees who are approved for flexible retirement may also elect to stay in the scheme and build up a new set of pension rights in respect of their ongoing employment. Any additional benefits built up will be payable when the employee subsequently retires. In all retirement scenarios, where retirement occurs after age 65, a "late payment" bonus is made to the benefits. This is at the rate of 0.02% per day of delay in respect of the annual pension and 0.01% in respect of the lump sum.

#### **4. NOTIFICATION OF RETIREMENT**

- **Non LGPS Member**

When an employee makes the decision to retire and is not a member of the LGPS, they should write to the Partnership Director indicating their wish to resign by reason of retirement. The appropriate payroll processes will then be put in place and the confirmation of the resignation issued.

- **Member of LGPS – Normal Retirement**

Where an employee is a member of the LGPS and wishes to retire voluntarily at or after age 60, they should write to the Partnership Director, indicating their wish to resign by reason of retirement and noting that they are a member of the LGPS. The appropriate payroll processes will then be put in place and the Pensions Section notified. The Pensions Section will then liaise with the employee to facilitate the payment of benefits, although it should be noted that such benefits cannot be paid until both the date of leaving and final pensionable pay have been notified to the Pensions Section by Payroll Services.

The normal notice periods for any resignation are applicable. Payment of pension benefits is expected to be made within 4 weeks of receipt of the completed forms.

- **Member of LGPS – Flexible Retirement**

Members of LGPS considering flexible retirement should submit an application form using the form at Appendix 1 to the Partnership Director. This should be submitted as early as possible to enable sufficient time for the manager to assess the application and it is recommended that the application should be submitted 3-6 months prior to the date on which the employee wishes the amended working arrangements to come into effect. The Partnership Director will arrange for information to be obtained from the Pensions Section to determine any associated costs.

Within the flexible retirement application, employees should state whether they wish to continue in employment indefinitely or until a specified end date. If the employee applies to continue indefinitely they are still eligible to retire by means of resignation at any time.

**NB: The pension scheme flexible retirement provisions are separate from the Severance Policy. All Voluntary Severance requests should be dealt with under the terms of that policy.**

## **5. CONTINUE TO WORK**

As there is no default retirement age, employees can continue to work in their current post while they are able to perform the duties of their post to the required standards. Where an employee fails to meet these standards, reference should be made to SESTRAN's Capability Procedure.

No application is required to continue working.

Members of LGPS working on after age 65 can apply to have their benefits paid to them under the terms set out in Section 3. Further guidance on the release of retirement benefits can be obtained by contacting the Pensions Section.

## 6. RESPONSIBILITIES

### **Employee responsibility**

Employees have a responsibility to ensure that they have the relevant information to assist them in making a decision in respect of their retirement options.

Employees are responsible for ensuring that the correct notification/application form is completed and submitted timeously as late submissions could mean a delay in the release of pension benefits where applicable. The normal notice periods for any resignation are applicable to retirement but employees should be aware of the timescales required to release pension funds where applicable (approx 4 – 6 weeks).

### **Employer's responsibility**

On receipt of notification of resignation by reason of retirement, the appropriate notifications will be issued to the Payroll and Pensions sections and confirmation sent to the employee.

Where the employee is a member of the LGPS and applies for Flexible Retirement, within a reasonable timeframe, an appropriate manager should arrange to meet with the employee to discuss the request in more detail along with any options available.

### **Non Approval of Flexible Retirement Applications**

Flexible retirement applications can be rejected on the basis of a genuine occupational requirement or where there is a legitimate aim which may include a valid health and safety risk, such as:

- A genuine occupational requirement that the employee does not meet, such as not being able to carry out a task of the job. An example could be where an employee is unable to continue in a driving post if eye sight has declined beyond the minimum standard required;
- A legitimate reason such as the health, safety and welfare of the employee or economic factors such as business needs and efficiency e.g. where an employee wishes to continue in employment on a different working pattern, which cannot be accommodated due to business reasons;
- If the employee does not meet the LGPS criteria (The Pensions Section can advise on this).

The employee must be informed in writing of the outcome 28 days prior to the requested implementation date of their new working pattern. Employees have the right to appeal this decision through the appeal process contained within SESTRAN's Grievance Procedure, and reference should be made to this within the letter explaining the decision.

SESTRAN's Human Resources Adviser can provide draft letters as required.

**NB: Where consideration is being given to refusing an application this should be discussed with SESTRAN's Human Resources Adviser, to ensure that the test of objective justification is met, before any discussion with the employee.**

## **7. RETIRED EMPLOYEES**

Whilst flexible retirement will enable SESTRAN to retain the skills and knowledge of experienced employees, those having retired and received added benefits from working with SESTRAN will not normally be accepted back into employment including casual work. SESTRAN has a responsibility to create opportunities for individuals entering into employment for the first time and to establish new skills and knowledge for the future.

## **8. HEALTH AND SAFETY**

Should an employee apply for flexible retirement and remain in their own post on a part time basis, they will not be subject to any medical checks unless there is a genuine occupational requirement and/or there are concerns about their ability to carry out the duties of the post. The checks will be carried out in line with normal Occupational Health referral procedures that apply to all other employees. Where the Flexible Retirement means a transfer to a different post, then the pre employment checks as per SESTRAN's Recruitment and Selection policy will apply. Any queries concerning this matter should be directed to SESTRAN's Human Resources Adviser. Risk assessments should be carried out for the employee as per the normal process. In addition employees have a responsibility to raise any health concerns they may have to their manager to ensure advice/treatment is sought in a timely manner.

## **9. REVIEW**

This policy will be reviewed as required to take account of developments within SESTRAN and legislative requirements.

**APPENDIX 1**

**Flexible Retirement Application Form**

This form must be submitted to the Partnership Director at the earliest opportunity prior to the date you wish your chosen working arrangement to take place.

**1. PERSONAL DETAILS**

|                  |                 |
|------------------|-----------------|
| Name:            | DOB:            |
| Home Address:    |                 |
| Service:         | Job Title:      |
| Employee Number: | Manager's Name: |

**2. FLEXIBLE RETIREMENT OPTIONS**

I would like to draw my pension benefits in addition to continuing in employment and I would like to apply to work under the following arrangement: (Please tick one box only)

|                          |                                       |
|--------------------------|---------------------------------------|
| <input type="checkbox"/> | Flexible Retirement – no end date.    |
| <input type="checkbox"/> | Flexible retirement – fixed end date. |

- I consider myself to be of reasonable health and fitness to undertake the duties of the post and will undertake/attend any medical examination or health related meetings required for the post
- I will provide a minimum of 4 weeks notice prior to the implementation date of my flexible retirement arrangements in writing to the Partnership Director if I wish to revoke the arrangements that have been agreed.

**2a. CURRENT WORKING PATTERN**

Describe your current working pattern (days/hours/times worked)

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|  |
|  |
|  |
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**2b. REQUESTED PATTERN**

Describe the pattern of working you would like to adopt in relation to flexible retirement and detail appropriate timescales.

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**3. EMPLOYEE CONFIRMATION**

(To be completed by all applicants)

**3.1 I would like to undertake this working option with effect from:**

**Start Date:** \_\_\_\_\_

**3.2 In the case of a fixed term application, I would like this to end on:**

**End Date:** \_\_\_\_\_

**I confirm I will retire at the selected date given at 3.2 of this form if my application is granted.**

**Employee Signature:** \_\_\_\_\_

**Date:**

Please note the request for flexible working is a variation to the employee's contract at the employee's request and is not determined as a dismissal.

*Your application may be monitored for statistical purposes*

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**THIS SECTION IS FOR OFFICE USE ONLY**

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**4. ASSESSMENT/APPROVAL**

Please confirm whether the application is: (Please tick one box)

Approved  Rejected  Amended

If the application is amended please outline nature of change and reason. Please seek advice from SESTRAN's Human Resources Adviser in relation to your decision.

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|  |
|  |

Partnership Director: \_\_\_\_\_  
\_\_\_\_\_

Date:

Performance & Audit Committee approval:

Signed \_\_\_\_\_

Date: \_\_\_\_\_

**A letter must be sent to the employee confirming the outcome of their application (SESTRAN's Human Resources Adviser can provide templates).**