

Annex 4

Flexible Retirement Policy

1 Introduction - The retirement routes for members of the Local Government Pension Scheme

- 1:1 There are various retirement routes available to employees who have contributed to the Local Government Pension Scheme (the LGPS). The Normal Retirement Age when employees can retire and receive full pension benefits from the LGPS is their state pension age.
- 1:2 Voluntary retirement is permitted from the LGPS at any point between age 55 and 75. However, unless they are protected by the “Rule of 85 years” those who retire before their Normal Retirement Age will receive a reduced pension to fund the “cost” to the LGPS of their early retirement. Likewise, their pension will increase if they retire later.
- 1:3 The LGPS rules require pension benefits to be drawn by the age of 75.
- 1:4 Flexible retirement, subject to the agreement of the Employer, enables employees to draw their pension benefits and to continue working for the Council, receiving a salary, in accordance with Regulation 30(6) of the Local Government Pension Scheme Regulations 2013. Flexible retirement can enable an employee to phase into retirement by:
- reducing their working hours and/or
 - moving to a job on a lower salary.

Employees who have been a member of the Local Government Pension Scheme for at least 3 months (or have transferred in previous pension benefits), and have attained at least age 55, have the right to make a formal request for flexible retirement. The procedure for making and considering such requests is set out in Section 2 below.

- 1:5 Requests for a reduction in working hours from employees who are not members of the LGPS will be considered in accordance with the Flexible Working, Home Working and Time Off Policy.

2 Principles

- 2:1 The Council will consider all requests for flexible retirement, and will reach a decision by taking into account a range of factors including; the financial implications, impact on and sustainability of the Service, skills and retention, and employment law.

- 2:2 Each decision will be made free from discrimination on the grounds of any protected characteristic – age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.
- 2:3 Decisions relating to flexible retirement and the release of pension benefits will be in line with the current pension regulations. These regulations may be updated from time to time and the Council will default to the regulations if the policy is not explicit on any current or future regulation.

3 Flexible Retirement Procedure

- 3:1 Individual circumstances are very different and actual pension benefits will be based on entitlements built up over a period of time, and, in some cases, will include pension “pots” that have been transferred into the LGPS. Therefore, employees considering applying for flexible retirement should contact Personnel Services who will obtain a *full estimate* of their pension benefits. This will include details of any reductions to these benefits if drawn before Normal Pension Age, and will specify any pension fund cost that there would be to the Council if it agreed to the request for flexible retirement.
- 3:2 Only one request per individual per annum may be made for an estimate of pension benefits. It is also recommended that once the estimate has been obtained those considering applying for flexible retirement should seek independent financial advice concerning the potential long term impact of “early retirement” upon their overall income levels.
- 3:3 Requests for flexible retirement will normally be agreed to only where the reduction in hours and/or grade achieves an immediate overall reduction in salary of at least 40%, and where there are clear financial or operational advantages which account for all issues that arise from the request, including the organisation and costs associated with organisational planning to ensure the stability and continuity of the Service.
- 3:4 If an individual decides to make a request for flexible retirement it should be in writing to the Service’s relevant Chief Officer and should address the following points:
- What is your proposed flexible retirement working pattern – i.e. do you propose to transfer to an identified lower graded position within the Council, or to reduce the number of hours that you work? How will this new working pattern, reduction in hours etc., benefit both yourself and the service? What other measures may be necessary to sustain the Service and ‘make good’ any loss in skill and/or experience?
 - When would you like this new arrangement to begin? (Such arrangements can only start from the 1st of any month)

- Bearing in mind that there is no longer an age for compulsory retirement, how do you intend to “phase” your retirement – i.e. how long do you envisage working the requested pattern and when do you intend to fully retire?

You should attach the *full* estimate obtained by Personnel Services (referred to in Section 3:1 above) to the request to enable the Chief Officer to assess whether there will be a pension fund cost to the Council.

- 3:5 The relevant Chief Officer, in consultation with the Personnel Manager, will consider requests on business grounds in accordance with the needs of the service and based on the case put forward. This consideration will include an assessment of whether the flexible retirement would have a detrimental effect on the Council, its service recipients or other employees. It will also identify and consider any arrangements that might need to be made to ensure the future viability and efficiency of the Service and whether other resources will be required to achieve this. Such arrangements should be fully costed and presented to Management Team along with any other staffing proposals felt necessary.
- 3:6 In circumstances where there is a cost to the Council, incurred by waiving the pension reduction for those who retire before Normal Pension Age (because the Council may need to make an upfront lump sum payment to the pension fund to “pay for” the retirement), the decision as to whether or not to agree to the flexible retirement will need to be authorised by the Chairman of the General Purposes Committee and the Cabinet Member for Finance, Innovation and Property.
- 3:7 In circumstances where the employee elects to defer payment of all or part of their pension entitlement, there is likely to be an increase in the cost to the Council from the cost specified in the original estimate. As an increase in cost may adversely impact the coherency of the original business case, the Council reserves the right to reconsider flexible retirement applications where there is a difference between the original estimate and the final settlement cost to the Council.
- 3:8 In circumstances as in 3:7, or where the flexible retirement involves a service restructure, or when there is a delay in obtaining estimates or costs from KCC Pensions Section, for whatever reason, the Council reserves the right to amend the effective date of retirement.
- 3:9 Once a decision has finally been reached, the Chief Officer will advise the employee in writing on the outcome of their request for flexible retirement.
- 3:10 There is no trial period for flexible retirement because once it has been agreed; the decision cannot be reversed due to the direct impact upon the pension benefits.

- 3:11 Employees may raise any complaint they may have about the operation of this policy through the Council's Grievance Procedure.
- 3:12 Use of Tonbridge & Malling's Flexible Retirement Policy will be subject to equalities monitoring. Any data gathered for this purpose will not identify individual employees and will be anonymous.

4 Implications of Flexible Retirement to the employee

- 4:1 The annual pension and lump sum retirement grant are paid with effect from the date of flexible retirement. Additional Voluntary Contributions (AVCs) may be drawn if the employee so chooses.
- 4:2 Employees taking flexible retirement may contribute to the LGPS in the new or part time job in the form of an additional pension that will be drawn when they finally retire. This "new" pension will be a separate pension accrual.
- 4:3 If the employee reduces hours in the same job, or if there is no break in service and they start a new job, they will retain the recognition of continuous service for purposes of annual leave and sick pay, and for employment rights such as protection against unfair dismissal. The annual leave allowance will be based on the entitlement of the post in which the flexible retiree is working, and will be reduced pro rata for the number of hours worked.
- 4:4 Employees granted flexible retirement on the basis of reduced hours, and who have an entitlement to a leased car under the Council's scheme, will have their "Limit of Three Year Cost" in the scheme reduced pro rata to their reduction in hours. This reduction will take place on the same date as the reduction in hours takes effect.

Similarly a pro rata reduction in allowance will apply to flexibly retiring employees who have opted into the Leased Car Cash Alternative Scheme, and who are eligible for a telephone allowance. (Agreed by MT 15/1/2008).
- 4:5 In cases where the individual starts a new job, the entitlement to various allowances will be that pertaining to the new job. The changes in entitlement will take place on the same date that the reduction in hours or new job takes effect.
- 4:6 The amended terms and conditions will be specified in a variation to contract document to be signed by the employee and retained on their personnel file.

Personnel Services

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