

RETIREMENT POLICY

Policy reference – LWHR19

SUMMARY	To provide information and a framework to support employees who wish to retire or take flexible retirement and to assist managers to manage and support those employees who wish to retire or take flexible retirement.
AUTHOR	Sue Lappin, HR Advisor
VERSION	FINAL
EFFECTIVE DATE	15 March 2017
APPLIES TO	Employees
APPROVAL BODY	Assurance Committee
RELATED DOCUMENTS	Flexible Working Policy
REVIEW DATE	1 January 2021

VERSION CONTROL SHEET

Version	Date	Author	Status	Comment
1.1	16.01.14	Paul Appleyard	draft	
1.2	12.05.14	Liz Orton	Draft	Updated following Social Partnership Forum
1.3	28.09.16	Sue Lappin	Draft	Updated to include Auto enrolment pension detail
1.3	10.03.17	Sue Lappin	Draft	Recommended for approval by SPF
1.3	15.03.17	Liz Beecroft	Draft	Approved by Assurance Committee subject to completion of consultation and engagement section of EIA form
1.4	22.03.17	Liz Beecroft	Final	EIA form updated in line with request from Assurance Committee

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Retirement Guidance A (Separate Document)

1. PURPOSE

- 1.1 This policy is designed to assist employees who are considering or have taken the decision to retire from service and outlines the options available and support that can be expected from management.

2. SCOPE

- 2.1 The policy applies to all employees of the organisation and is mainly specific to those employees who are members of the NHS Pension Scheme.

3. EQUALITY STATEMENT

- 3.1 In applying this policy, the organisation will have due regard for the need to eliminate unlawful discrimination, promote equality of opportunity, and provide for good relations between people of diverse groups, in particular on the grounds of the following characteristics protected by the Equality Act (2010); age, disability, gender, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, and sexual orientation, in addition to offending background, trade union membership, or any other personal characteristic. An Equality Impact Assessment is used for all policies and procedures.

4. ACCOUNTABILITY

- 4.1 The Chief Officer is accountable for this policy.

5. IMPLEMENTATION AND MONITORING

- 5.1 The Assurance Committee is responsible for formal approval and monitoring compliance with this policy. Following ratification the policy will be disseminated to staff via the intranet.
- 5.2 The policy and procedure will be reviewed periodically by the Senior Management Team in conjunction with Human Resource and Trade Union representatives where applicable. Where review is necessary due to legislative change, this will happen immediately.

6. RESPONSIBILITIES

- 6.1 Good working relations are vital for the organisation to operate successfully and provide services. There is a joint responsibility for management, trade unions and employees to accept the responsibility of working together on issues in good faith and with the shared intention of facilitating good working relations.

6.2 Employees

- 6.2.1 It is the responsibility of employees to ensure that they:
- are aware of the policy and request retirement options in accordance with it.

6.3 Line Managers

- 6.3.1 It is the responsibility of line managers to ensure that they:
- have discussions in line with the guidance in the policy with staff concerning retirement.

6.4 Human Resources Team

- 6.4.1 The Human Resource representative will provide advice and support on all aspects of this policy to ensure application and support. Please also refer to Appendix A which details guidance on retiring.

7. PRINCIPLES

- 7.1 The Organisation does not operate a compulsory retirement age.
- 7.2 When considering retirement options employees should seek advice from an independent advisor to ensure they fully understand their pension entitlement and the potential impact some options in this policy may have on their pension.
- 7.3 The provisions of Section 16 of NHS Terms and Conditions will apply to employees retiring early on grounds of redundancy.
- 7.4 The minimum retirement age for members of the NHS Pension Scheme – 1995 section is 50, except for staff who joined on or returned to the scheme after 6 April 2006 for whom the minimum retirement age is 55. The minimum retirement age for members of the 2008 section is 55.
- 7.5 The normal pension age for members of the NHS Pension Scheme – 1995 section is 60 and age 65 for members of the 2008 section.
- 7.6 Under the 2015 scheme, the normal retirement age is equivalent to the member's state pension age.
- 7.8 Employees should bear in mind that NHS Pensions requires 4 months notice of any request for payment of pension benefits.
- 8.8 Flexible retirement requests will be considered in line with the procedure set out in the Flexible Working Policy.
- 9.8 Information on retirement options and benefits is available from an HR representative, Pension Officer or the NHS Pensions website www.nhsbsa.nhs.uk/pensions.

8. PROCEDURE

- 8.1 In the first instance any employee wishing to apply for any of the flexible retirement options detailed above should discuss this with their line manager. Following initial discussions the Pensions Officer should be contacted to verify current details of a member's contributions and to obtain information of the financial implications for a flexible option for the member.

8.2 If the employee decides to apply for flexible retirement they should submit a formal request in writing to their line manager (under the flexible working policy where appropriate). The organisation would then examine the facts and try and reach a solution that would:

a) meet the needs of the individual.

b) ensure service requirements are maintained.

9. FLEXIBLE RETIREMENT OPTIONS

9.1 Flexible retirement provides flexibility regarding the age at which an employee retires, the length of time it takes to retire and the nature and intensity of work in the lead up to final retirement. It assists the Organisation by retaining the skills of key employees who are approaching, or are at, retirement age and provides a greater choice for employees.

9.2 Giving Notice on Retirement

9.2.1 Employees wishing to fully retire from work must resign from their employment, giving the appropriate contractual notice. They will be expected to take all accrued annual leave prior to their leaving date. Employees should also consider NHS Pensions requires 4 months notice of any request for payment of pension benefits.

9.3 Pre-retirement Wind Down (existing post)

9.3.1 An employee approaching their retirement may wish to gradually reduce the number of hours they work leading up to their actual date of retirement.

9.3.2 The employee should put their request in writing to their line manager, clearly outlining their proposed work pattern, start date and retirement date.

9.3.3 Requests will be considered in line with the procedure in the Flexible Working policy, and judged on the basis of business needs.

9.3.4 If a reduction in hours is agreed, the employee will be paid pro rata to hours worked. It is recommended that an employee considering this request will need to seek advice and understand the impact on their pension.

9.4 Pre-retirement Step Down (less demanding role)

9.4.1 An employee approaching retirement may request to continue working in a less demanding role.

9.4.2 The employee should put their request in writing to their line manager, clearly outlining their proposed role, hours of work, start date of the arrangements and retirement date.

9.4.3 Requests will be considered in line with the procedure in the Flexible Working policy, and judged on the basis of business needs.

- 9.4.4 If a change in role is agreed, the employee will be paid the appropriate rate for that post. If there is a reduction in working hours also, the employee will be paid pro rata to hours worked.
- 9.4.5 Members of the NHS Pension Scheme who are over the minimum retirement age, and whose pay reduces by at least 10%, may apply for the higher rate of pay to be protected for pension purposes. The application must be made within 15 months of the date the rate of pay is reduced.
- 9.4.6 When the employee leaves, their pension up to the date they stepped down will be based on the higher rate of pay, and their pension earned after the step down date will be based on the reduced rate of pay. Cost of living increases will be applied to the protected higher rate of pay and both pensions will be added together for payment.

9.5 Retire and Return

- 9.5.1 Under the provisions of the NHS Pension Scheme, employees have the option to retire from service and take all their pension benefits before returning to NHS employment.
- 9.5.2 Employees considering this option, who have NHS Pension Scheme membership prior to 5th April 1997, must request the Guaranteed Minimum Pension (GMP) check from the Pensions Officer in the first instance. Retirement cannot go ahead unless the GMP check has been passed.
- 9.5.3 Employees considering this option, and who wish to return to employment with the organisation, must make their request in writing, to their line manager, as far in advance as possible. The request must include the proposed retirement date and when, and in what capacity, the individual would like to return to work afterwards.
- 9.5.4 Requests to return to work will be considered in line with the procedure in the Flexible Working policy, and judged on the basis of business needs.
- 9.5.5 If the request is agreed, there must be at least a 2-week break between employments, to include a minimum 24-hour break in pensionable employment to satisfy the requirements of the NHS Pension scheme.
- 9.5.6 Members of the 1995 section must work less than 16 hours per week within one calendar month of retirement, and/or be under the normal pension age, to avoid their pension being suspended. This restriction does not apply to members of the 2008 section.
- 9.5.7 When hours are increased following this calendar month there is no abatement or cap on the earnings and pension combined unless you are a member of one of the special classes where abatement takes place until aged 60 or until they stop working if this is earlier.
- 9.5.8 Employees who are in receipt of any earnings related protection will lose that protection on their return to work following the break in service.
- 9.5.9 Once an employee retires and receives their pension benefits in relation to their NHS service, this service will no longer be counted as 'reckonable' for redundancy purposes (para 16.6 of NHS Terms and Conditions). Where an employee takes their

pension benefits and returns to work at the organisation, reckonable service will begin from the date of return to employment after the break in service.

9.5.10 In this situation, the employee's contract with the organisation is terminated on the agreed date of retirement. Re-employment is on a new contract.

9.5.11 Employees who retire and take their pension benefits before returning to work will not be able to re-join the NHS Pension Scheme.

9.6 Draw Down (partial retirement)

9.6.1 Members of the NHS Pension Scheme – 2008 section may elect to partially retire and take some of their benefits. To do this the employee must have reached at least the minimum retirement age of 55 and have reduced their pensionable pay by at least 10%.

9.6.2 Between 20% and 80% of pension entitlement may be taken and pension membership will continue to build up. Pensionable pay must remain reduced for at least a year otherwise eligibility to a pension will cease. Benefits can be drawn down twice before final retirement.

9.7 Voluntary Early Retirement (VER)

9.7.1 An employee may opt to take VER at any time from the minimum pension age applicable to the scheme they are, or have been, a member of provided they have at least 2 years membership. The minimum retirement age is 50 for members of the NHS Pension Scheme - 1995 section, and 55 for members of the NHS Pension Scheme - 2008 section. For employees who joined the NHS Pension Scheme – 1995 section for the first time on or after 6th April 2006, or previously left the Scheme before 31st March 2000 with deferred benefits and rejoined on or after 6th April 2006, the minimum retirement age is 55.

9.7.2 An estimate of pension benefits can be requested from a Pension Officer who operates in payroll however, final figures will be calculated by NHS Pensions. Employees considering VER, who have NHS Pension Scheme membership prior to 5th April 1997, must request the Guaranteed Minimum Pension (GMP) check from the Pensions Officer in the first instance. VER cannot go ahead unless the GMP check has been passed.

9.7.3 To leave employment due to voluntary early retirement the employee must resign from their employment, giving the appropriate contractual notice. They will be expected to take all accrued annual leave prior to their leaving date.

9.8 Late retirement

9.8.1 Employees who remain in employment beyond the normal retirement age, and remain in the NHS Pension Scheme, may continue to earn benefits to age 75 or until they reach 45 years membership. There are no provisions to increase benefits for members of the 1995 section if they are paid late. Members of the 2008 section will have any pension earned before age 65 increased to take account of the fact that it is being paid later than the normal retirement age.

9.9 Ill Health Retirement

- 9.9.1 When an employee becomes incapable of carrying out their duties on a permanent basis, and no reasonable adjustments can be made or suitable alternative employment secured. The employee may wish to apply to NHS Pensions for retirement on the grounds of ill-health. This option is only available to employees who have two years continuous pensionable NHS service.
- 9.9.2 If an application for ill-health retirement is made, this constitutes a mutual decision that the employee is unable to fulfil their contractual obligations due to their ill-health condition and therefore a termination date will be agreed between the individual and their line manager.
- 9.9.3 Where ill-health retirement is identified as an option, the employee will be provided with an estimate of pension benefits via the Pensions Officer. The application must be made on the appropriate form which is available from the NHS Pensions Agency.
- 9.9.4 Medical advisers, appointed by NHS Pensions, will assess the available medical evidence and will confirm whether the employee is permanently incapable of carrying out either their present NHS duties or any regular work. A Tier 1 or enhanced Tier 2 pension may be paid dependent upon this decision. Further information may be obtained from a HR representative in the first instance.

Equality Impact Assessment

Title of policy	Retirement Policy	
Names and roles of people completing the assessment	Farmida Ishaq, HR Manager	
Date assessment started/completed	20.10.2016	11.11.2016

1. Outline

Give a brief summary of the policy	To provide information and a framework to support employees who wish to retire or take flexible retirement and to assist managers to manage and support those employees who wish to retire or take flexible retirement.
What outcomes do you want to achieve	To retain the skills of older employees while allowing them to gradually move towards retirement.

2. Evidence, data or research

Give details of evidence, data or research used to inform the analysis of impact	The impact assessment is informed and supported by a holistic performance framework for equality and diversity across the suite of HR policies. After an initial screening the review has advised an impact assessment is not required for the policy as it is based on NHS pensions guidance.
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3. Consultation, engagement

Give details of all consultation and engagement activities used to inform the analysis of impact	As an impact assessment was not required, no consultation or engagement activities were carried out in relation to this.
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4. Analysis of impact

This is the core of the assessment, using the information above detail the actual or likely impact on protected groups, with consideration of the general duty to;

eliminate unlawful discrimination; advance equality of opportunity; foster good relations

	<p>Are there any likely impacts?</p> <p>Are any groups going to be affected differently?</p> <p>Please describe.</p>	<p>Are these negative or positive?</p>	<p>What action will be taken to address any negative impacts or enhance positive ones?</p>
Age	Yes, the policy is more likely to have an impact on older employees approaching minimum retirement age.	Positive	The policy provides positive options within the procedures of the NHS Pension Scheme. The policy provides relevant information.
Carers	Yes, carers are potentially more likely to apply for flexible working options in order to reduce hours and support caring arrangements.	Positive	The policy provides positive options within the procedures of the NHS Pension Scheme to support staff who need flexible retirement options, potentially to utilise the time for personal circumstances.
Disability	Yes, disabled staff with certain impairments are potentially more likely to apply for ill health retirement if their health deteriorates.	Positive	The policy allows for a ill health retirement application if suitable alternative employment cannot be agreed.
Sex	No		
Race	No		
Religion or belief	No		
Sexual orientation	No		
Gender reassignment	No		
Pregnancy and maternity	No		
Marriage and civil partnership	No		

Other relevant group	No		
4. Monitoring, Review and Publication			
If any negative/positive impacts were identified are they valid, legal and/or justifiable? Please detail.		No anticipated detrimental impact on any equality group, although this will mostly effect older employees approaching retirement. The policy is applicable to all employees and adheres to the NHS Litigation Authority Standards, statutory requirements and best practice. Makes all reasonable provision to ensure equity of access to all employees. There are no statements, conditions or requirements that disadvantage any particular group of people with a protected characteristic.	

4. Monitoring, Review and Publication			
How will you review/monitor the impact and effectiveness of your actions	Will monitor the impact and effect of the above policy by feedback within HR at team meetings and Policy Development meetings and monitor flexible retirement applications.		
Lead Officer	Farmida Ishaq	Review date:	January 2020

5. Sign off			
Lead Officer	Farmida Ishaq		
Director	Jo Harding	Date approved:	