



FLINTSHIRE COUNTY COUNCIL

Early Retirement Policy

Policy owner for review	Head of HR and OD
Date implemented	1 June 2014
Date last reviewed	April 2014
Date of last amendment	April 2014
Date of next review	April 2015



Early Retirement Draft v3

+Note - the current job titles of Head of HR and OD and Head of Finance in the policy will be updated following the implementation of the Senior Management structure.

April 2014

1. Introduction

This Policy outlines Flintshire County Council's approach to Early Retirement for employees who are members of the Local Government Pension Scheme and are aged 55 and over and sets out the use of the discretions available to the Council under the terms of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006 and the 2014 Local Government Pension Scheme Regulations for active employees. 1995, 1997, and 2007 Local Government Pension Scheme Regulations for ex-employees with a deferred benefit in the pension scheme. (referred to hereafter as the Regulations).

2. Aims of the Policy

The aims of this policy are to:

- State the options available to employees who are aged 55 and over,
- State how Flintshire County Council will apply their discretionary powers in relation to specific provisions in the scheme,
- Ensure fair and equal treatment of all employees,
- Comply with the Employment Equality (Age) Regulation 2006

3. Scope

This policy applies to all employees of the Council who are members of the Local Government Pension Scheme (LGPS). Members of the LGPS are entitled to receive a pension at their Normal Pension Age, which from 1 April 2014 is directly linked to an employee's State Pension Age. Arrangements relating to Ill Health Retirement and Flexible Retirement are set out in the Council's Attendance Management Policy and the Flexible Retirement Policy.

4. Definitions

Normal Pension Age (NPA) is linked to 'current' state pension Age (SPA). As the State Pension Age is changed by Government, Normal Pension Age will also change.

Optional Retirement – Age 55 – employees may choose to retire from age 55 onwards and access their pension benefits but would normally suffer an actuarial reduction (the reduction being the cost of early payment of pension and lump sum before normal retirement age).

The '85' year rule is when an employee's membership of the LGPS and their age equals 85 years or more.

Early Retirement Draft v3

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April 2014

5. Policy

Decisions to release employees on Early Retirement must be management led and should not be perceived by employees as either an entitlement or a reward for long service. This course of action should not be used by management as an alternative to taking appropriate action to deal with performance issues.

In formulating and reviewing this policy on Early retirement and discretionary provisions, the Council is required by the Regulations to:

- Be satisfied that the policy is workable, affordable and reasonable, having regard to the foreseeable costs.
- Consider the potential for the application of its discretionary powers (unless properly limited) to lead to a loss of confidence in the public service.

From 1st April 2014, Normal Pension Age is linked to State Pension Age and will not normally be before age 65. From 1st April 2014, an employee can choose to retire from their 55th birthday without the consent of the employer but with an actuarial reduction.

The Council has a responsibility to ensure that early retirement costs and their effects on the Pension Scheme are fully justified and sustainable.

CRITERIA FOR EARLY RETIREMENT AND EMPLOYEE PENSION BENEFITS

On the Grounds of Redundancy

Redundancy is initiated by the management and is undertaken in line with the Redundancy Procedure. All redundancy pay will be met by the Council and not from the Pension Fund. The pension strain costs will be met by the Council. For the calculation of redundancy payments, please refer to the Council's Discretionary Compensation Policy and Organisational Change and Redundancy Policy.

In the Interests of Efficiency

This will be initiated by management where an individual is unable to adjust to change, adapt to a new organisation structure and/or new ways of delivering the service and where retraining or redeployment would not assist the individual in adapting to those new methods or ways of working. In all cases of retirement on efficiency grounds all alternatives to early retirement will have been explored. The pension strain costs will be met by the Council.

Employer's Consent

A - to apply the '85 year rule' for active employees voluntarily drawing their benefits on or after age 55 and before age 60 :

Active employees who wish to retire from their 55th Birthday onwards can request that the Council to apply the 85 year rule, if they are eligible. To be eligible, the employee's LGPS Service pre 1st April 2014 and their age must equal 85 years or more, and they must have joined the pension scheme before 1st October 2006.

If it is agreed to apply the '85 year rule', the employer may waive the actuarial reduction in full or in part.

If it is not agreed to apply the '85 year rule' following consideration under the above criteria, but the employee is eligible to meet the '85 year rule' then the pension benefits will be reduced by the date the benefits are brought into payment and the age when they would meet Rule of 85 (their critical retirement age).

If the employee is not eligible for the '85 year rule' at the date of drawing benefits, the benefits will be reduced to either the date when the employee would meet the 85 year rule or normal pension age, whichever is the sooner.

B – to waive an actuarial reduction on pension benefits:

Employees who do not meet the '85 year rule' can request that the Council waive the actuarial reduction in full or in part.

For both categories A and B above, the request made will be considered against the following criteria:

1. The cost to the Council;
2. The future requirements of the service including required levels of performance and productivity, new skills;
3. The need to adapt to new and modernised ways of working;
4. The needs of the employee including any compassionate grounds (where employees are responsible for caring for a dependent due to illness, frailty or disability)

C - early release of benefits for former employees with a deferred benefit:

Former employees may request the early release of their deferred pension benefits from their 50th or 55th birthday and onwards, depending on which LGPS Regulations they are governed by. Further information can be provided by Human Resources on request.

A request to waive an actuarial reduction, either in full or in part, will be considered in exceptional circumstances (except if the member is covered by 1995 regulations

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whereby the waiving of any reductions is mandatory - benefits can only be released on compassionate grounds).

In all options set out in A, B and C, consideration will be made on a 'case by case' basis.

Application of Discretions under the 2014 LGPS Regulations

Other than the discretions set out above in A, B and C, the Council has decided not to apply the following discretions under the 2014 regulations for reasons of affordability:

- Voluntary funding of additional pension via a Shared Cost Additional Pension Contribution (SCAPC) contract, either by regular ongoing contribution or one-off lump sum;
- Award of pension (at whole cost to the employer).

Cost Of Early Retirement

In cases of Early Retirement on grounds of redundancy or in the interests of efficiency, where a post has been deleted which offsets the costs incurred, no similar post will be created.

Re-Employment following Early Retirement on Ill Health Grounds

Ill-Health retirement is granted to an employee who is declared by a medical physician to be permanently unfit to perform duties of their post on grounds of ill-health. As a result, an employee who has received premature retirement on ill-health grounds should not be re-employed unless declared fit by a medical physician.

Re-Employment or Re-engagement following Early Retirement

Where the Council approves an Early Retirement on Grounds of Redundancy, in the Interests of Efficiency or with Employer's Consent (i.e. where the employer has met the costs of the pension strain / waived the actuarial reduction) the Council will not normally re-employ or re-engage except in highly exceptional circumstances. On rare occasions where this is unavoidable, approval will be sought in advance from the Head of HR and OD and the Chief Executive.

Consideration and Approval of Applications

All applications and requests will be considered initially by the Head of Service / Senior Management and subsequently by the Head of Human Resources and Organisational Development, Head of Finance and where appropriate, the Chief Executive who will have authority to approve or refuse such requests in the interests of the Council.

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Monitoring and Evaluation

This policy will be subject to an annual review to ensure that the policy and the discretions are being applied fairly and equitably, the policy is supporting the aims of the Council and the provisions are affordable in relation to the Clwyd Pension Fund.

Training and Development

Operational guidance will be available to managers to ensure that there is a good level of awareness and working knowledge of the LGPS regulations, the Council's Early Retirement policy and the application of the discretions. Advice and assistance is readily available to managers from the Employment Services and Business Partner teams in HR and OD.