



Flexible Retirement Policy and Procedure

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1. Introduction

Bristol City Council is committed to adopting a more flexible approach to retirement and recognises the benefits that it can have for both employees and the organisation as a whole.

These provisions apply to all employees except for those in locally managed schools, unless the school has chosen to adopt the Flexible Retirement Policy.

The provisions of this policy are based on employee choice. Therefore the certificate of material change pension rules will not apply.

2. Flexible retirement arrangements

2.1 Flexible retirement period

Employees can choose to retire any time during the flexible retirement period, which is between the ages of 60 and 70 years old. Employees choosing to work past 65 years will be required to have a yearly health check with Occupational Health and Welfare. The cost of this will be met by the City Council. Employment will end immediately following an unsatisfactory health check. Employees will need to notify their departmental human resources team and manager should they choose to work past 65, so that the annual health check can be arranged.

2.2 New applicants aged 65 and over

Individuals aged between 65 and 70 can apply for work with the City Council and be considered equally with other applicants. Applicants aged 70 and over may be able to apply for designated “hard to fill” posts.

2.3 Working flexible hours in the run up to retirement

Employees may reduce their hours in the run up to their retirement using the provisions of the Work-Life Balance Policy.

The Work-Life Balance Policy enables a range of flexible working arrangements, for which employees may wish to apply. These include working on a reduced hours or job-share basis. All options require management approval. Employees are advised to use the application form supplied in that policy. The Work-Life Balance Policy details the principles that inform any decisions made on flexible working. These include the following:

- that there is no detrimental effect on service delivery
- that any flexible working arrangement is fair and equitable to all employees in the team
- that any flexible working arrangement is made on a temporary basis

and is subject to review.

Where a request for flexible working has not been agreed to, the Work-life Balance Policy appeals procedure will apply.

2.4 Working with reduced responsibilities

Employees may opt to request a job with less responsibilities, which can be a welcome downshift in terms of workload pressure. Employees must consider the implications for their pension entitlement.

Employees should put their request in writing to their manager. Alternative work may be provided by:

- Their line manager identifying a job or project with a clearly stated business case. This should be agreed with the employee, be job evaluated and have clearly stated time frames and working hours. Once agreed the job or project will be considered employee specific and will not be advertised. Managers considering these requests may want to reallocate work within the team structure, which could provide development opportunities for other staff; or
- The employee can advertise their availability in the corporate Vacancy Bulletin to undertake jobs or projects either on a departmental or corporate basis; or
- Project work or secondments which are advertised to all employees can be used by those seeking flexible retirement arrangements, though they will not have priority status.

2.5 Working for the Council whilst in receipt of a local government pension

Employees are able to work for the council whilst being in receipt of a local government pension. Those who wish to do so are required to have a break in service of at least a month's service. They must notify their line manager in writing that they intend to resign. When the employee resigns, they will be issued their P45. After the break in service, they can then apply for a vacancy under "open competition" or apply to register with the City Council's Employment Agency. There will be no continuity of employment for those returning to the City Council's employment. Employees are recommended to seek advice on how this will impact on their pension entitlement (refer to section 3).

3. Pension implications

3.1 Pensions advice

This section is only intended to provide guidance. Employees are strongly

advised to contact the Avon Pension Fund or Teachers' Pensions for advice before making a decision about flexible retirement. Contact details are:

Avon Pension Fund - 01225 477000 or www.bathnes.gov.uk/pensions

Teachers' Pensions - 01325 745745 or www.teacherspensions.co.uk

Employees are entitled to receive an estimate of their pension benefits on request. They can also request a forecast of their State Retirement Pension in order to assess their overall retirement provision. This can be done by completing form BR19 which can be obtained from local Social Security Offices.

3.2 Receiving pension benefits whilst working

A break in service is required to enable employees to access their pension if they wish to continue to work. Employees can retire at any time between 60 and 70 years, take their pension and become re-employed through normal recruitment procedures or with the City Council's Employment Agency. The pension may be abated or suspended if the combined pay and pension exceeds the employee's full-time salary at "retirement".

Any post held whilst in receipt of pension benefits may attract a higher rate of tax.

Employees who have returned to work and are accessing their pension may choose to pay into a subsequent pension if they are aged under 65.

Teachers in receipt of a Teachers Pension being re-employed must notify Teachers Pensions, except for those who have retired on ill health. Teachers who have taken Age, Premature or Actuarially Reduced Benefits retirement can elect for full and part-time re-employment on or after 1 April 2000 to be pensionable.

If the employer has awarded the employee with a number of Compensatory Added Years on retirement (redundancy) the period of re-employment may affect this award.

3.3 Paying contributions to LGPS after 65

Employees who are new to local government and who join Bristol City Council aged 65 and over cannot currently join the pension scheme. However, an existing member of the pension scheme aged over 65 may be able to continue paying into their pension. This depends on when they joined the scheme. For example, only if the employee joined the local government pension scheme before 20 May 1999 (or has transferred in a deferred benefit from previous membership of the LGPS which commenced prior to that date), will they be able to continue to contribute to the scheme. As this rule may be

subject to change, new employees are advised to check with their pension fund advisers.

3.4 Receiving pension benefits

Inland Revenue rules mean that individuals who have not taken their pension by the age of 75, must do so when they reach that age.

3.5 Pension implications for working reduced hours

The pension schemes are generally referred to as final salary schemes, as pension benefits are based on pensionable earnings in the last years prior to retirement. There is a common misunderstanding that reducing hours prior to retirement might mean your benefits will be based on the pro rata salary. Moving to half time hours would not mean that pension benefits would be all based on half pay, but it would impact on the number of years service. For example if an employee worked half time over the final two years running up to normal retirement age, they would effectively reduce their years' service by one year. Working part-time prior to normal retirement age could affect employees' ill health benefits if they retire on ill health grounds.

3.6 Pension implications for reduced responsibilities:

The employee's pension may reduce due to a lower final salary.

If the full-time equivalent pay in the new post overtakes the full-time equivalent pay in the old post (as updated in line with inflation) the member may opt at any time up to retirement to aggregate the benefits so that they are all based on the pay in respect of the new job.

It may be possible to defer the pension for the higher graded job and commence a second pension for the lower paid employment. The employee will receive separate pension benefits for the new and old jobs.

If the move to a lower paid job occurs within three years of retirement, the employee should remind the City Council that it is the employer's responsibility to choose one of the two previous years' pensionable pay, if it is higher than the final year's pensionable pay. Therefore, the employee could benefit from the highest pensionable pay of the last 3 years employment.

3.7 Boosting pension benefits

Employees who are concerned about loss of pension benefits could consider, subject to Inland Revenue limits:

- purchasing added years by paying additional contributions from their next birthday through to the birthday immediately preceding their Normal Retirement Date. This can require a long term commitment for

employees with significant monthly payments.

- paying Additional Voluntary Contributions (AVCs) to boost pension benefits (or to raise the level of the lump sum payable on death in service). This can be a more flexible way to boost pension benefits.
- paying up to £3,600 a year (including tax relief) into a concurrent Stakeholder or Personal Pension Scheme, provided the employee's P60 taxable pay is less than £30,000 per year.

3.8 Pension Regulations

The pension implications of any flexible retirement arrangements cannot override the local government pension scheme or teachers pension scheme regulations.

4. Preparing for retirement

Employees can access courses and information on preparing them for retirement. The Corporate Development Team should be contacted for details.

5. Policy

These provisions should be applied in accordance with the City Council's policies with particular reference to the following:

- Work-life Balance Policy
- Code of Practice on Homeworking
- Recruitment and Selection Policy and Procedure
- Managing Change Policy and Procedure

6. Date of implementation and review

This policy is effective from February 2003. It was reviewed in October 2004 and will be again in April 2006.

Benefits of Policy

1. A more flexible approach to retirement enhances employee choice and addresses work-life balance issues. It also impacts on a number of key employment areas including retention, service delivery, career development as well as tackling issues such as age diversity and age discrimination.
2. Changes in working practices and demographics necessitate a more flexible approach to retirement. Changes such as increased life expectancy, more part-time, temporary and short-term contracts contribute towards a redefinition of what retirement means.
3. The options contained in this policy address the different needs of individual employees. They include working flexibly in the run up to normal retirement age (for pension purposes NRA is 65 years old) and working past NRA. They can provide employees with the opportunity to build a full pension entitlement if they choose to work up to the age of 70 or to work more flexibly prior to retirement.
4. Many employees currently go from working full-time hours to complete retirement representing a significant culture change. Working flexibly up to retirement can allow employees a more gradual transition from full-time work to full-time retirement.
5. There are a number of advantages to a more flexible approach to retirement including the following:
 - passing on skills and knowledge - flexible retirement can be coupled with job sharing
 - improved retention
 - providing development opportunities for younger employees, as older colleagues reduce their hours or responsibility level
 - helping to prevent blockages to promotion and reorganisation
 - preventing knowledge gaps
 - retaining expertise and know how
 - reducing capacity without some of the disadvantages associated with early retirement
 - retaining age balance and improving age diversity
 - flexibility and productivity associated with part-time working