

Early retirement policy

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1.0 Introduction

The Council does not operate a compulsory retirement age for its employees.

The Council is committed to equal opportunities for all its employees and recognises the contributions of a diverse workforce, including the skills and experience of older employees. It believes that employees should, wherever possible, be permitted to continue working for as long as they wish to do so.

The Council operates a flexible retirement policy and employees may voluntarily retire at a time of their choosing.

2.0 Scope of this policy

This policy applies to all employees of South Lakeland District Council but there are specific rights that apply only to those individuals who are members of the Local Government Pension Scheme (LGPS).

3.0 Principles

The Council does not award discretionary compensation by way of enhancements or added years to pension benefit, except in the case of compulsory redundancy or business efficiency as detailed in section 5.0.

4.0 Retirement notification process

When an employee wishes to retire, they should inform their line manager in writing as far in advance as possible and, as a minimum in accordance with their notice period as set out in the contract of employment.

The manager will write to the employee acknowledging the employee's notice to retire and will notify the HR Group so that the appropriate pension forms can be completed and sent to 'Your Pension Service' if applicable.

The manager will arrange a meeting with the employee to discuss arrangements for retirement, including the intended retirement date, succession and handover plans and pension details, if applicable.

5.0 Other types of retirement (for employees in the LGPS)

The LGPS contains provisions for the retirement of staff.

5.1. Voluntary early retirement

Under the Local Government Pension Scheme individuals may opt to retire and draw their pension at any time after the age of 55. If an individual chooses to retire prior to their 'Normal Pension Age' (the same as the State Pension Age) the amount of any reduction in benefits will be based on how many years earlier than the Normal Pension Age that the benefits are drawn.

5.1.1. Early retirement and the Rule of 85

The 'Rule of 85' protections are applicable to individuals who were members of the Local Government Pension Scheme on 30 September 2006.

The 'Rule of 85' protection does not automatically apply if an employee chooses to voluntarily draw their pension on or after age 55 and before age 60. A summary of the protections is contained in appendix A but employees should be aware of section 3.0 above when reading these.

5.2. Flexible retirement

This is a scheme where, with the Council's consent, employees can reduce their hours and/or pay grade when aged 55 or over and draw some or all of their pension (provided they meet the 2 years vesting period in the LGPS) whilst remaining in work.

Further information is contained in the Flexible Retirement Policy found on the intranet or from the HR Group.

5.3. Ill-health and early retirement

Provided employees have met the 2 years vesting period in the LGPS their pension can be paid early should the Council decide they are permanently unable to perform the duties of their job due to ill health and are not immediately capable of undertaking other work.

Ill-health benefits can be paid at any age and are not reduced due to early payment. The pension would be paid at an increased rate if the employee is unlikely to be capable of working again within 3 years of leaving.

Further information on ill-health retirement is available from the HR Group or the pensions.helpdesk@lancashire.gov.uk.

5.4. Redundancy (compulsory) and early retirement

If an employee is made redundant when aged 55 or over, their pension (provided they have met the 2 years vesting period in the LGPS) will be payable immediately with no reduction for early payment of their main pension.

5.5. Redundancy (voluntary) and early retirement

If an employee opts to take voluntary redundancy when aged 55 or over, their pension (provided they have met the 2 years vesting period in the LGPS) will be payable immediately but with a reduction in the pension payable.

5.6. Early retirement on the grounds of efficiency of the service

Early retirement on the grounds of efficiency of the service may be considered in circumstances where:

- The employee's ability to perform the job has been affected by changes which means that it is difficult for them to adjust;
- The job requires new skills or competences which the employee does not have and where retraining or investment in future development would not be appropriate;
- Early retirement would create internal job opportunities or unblock promotion channels which succession planning could fill through an internal appointment;
- Appointing a replacement at a lower pay level leads to savings being achieved;
- It avoids a redundancy situation by allowing an employee to be redeployed or transferred into the vacancy

If an employee takes early retirement on the grounds of efficiency of the service if they are aged 55 or above they will get immediate access to their pension without reduction. No redundancy payment is payable where the early retirement is on these grounds.

6.0 Calculation of retirement benefits (for employees in the LGPS)

Any queries may be addressed to “Your Pension Service” at the following email address: Pensions.helpdesk@lancashire.gov.uk.

The HR Group will not calculate any pension benefits or advise on any pension benefits, they will only pass on information obtained via ‘Your Pension Service’.

7.0 Consideration of costs to the council

The HR Group will request information on the costs to the Council (if applicable) and this information must be considered by Managers when putting together a business case for early retirement. The business case should set out the following:

- The costs of the proposed early retirement, including any redundancy costs.
- In the case of redundancy, details of alternative courses of action.
- The benefits of agreeing the request.
- The immediate and on-going savings to be achieved.
- The timescale in which the costs will be recovered, which should be within a maximum of 3 years.

8.0 Support for employees retiring

The Council holds pre-retirement training, at no cost to the employee, as part of the annual corporate training programme. Details of this training are available from the HR Group or on the intranet.

In addition should employees be leaving the Council due to redundancy or voluntary redundancy support for retraining may be available.

9.0 Related policies

The following policies may be of interest to employees who are considering retirement or who are faced with redundancy or ill health retirement:

- Flexible Retirement Policy
- Voluntary Redundancy Policy
- Sickness Absence Management Policy



10.0 Review of the policy

This policy will be reviewed by November 2016 or earlier in the light of operating experience and/or further changes in legislation or financial restraints facing the Council.

Appendices to this document

Appendix A: Local Government Pension Scheme – Rule of 85 – A Summary of Protections

