

## Policy: Retirement and the Local Government Pension Scheme

Created: April 30<sup>th</sup> 2008

### STAKEHOLDER PENSION

1. The company will adopt the Local Government Pension Scheme as its **occupational pension scheme** and will encourage all its **eligible** employees to join the scheme. All employees except casual staff and those on contracts of less than 3 months will be entitled to join the scheme **and will be brought into the LGPS automatically, unless they elect to opt out.**
2. If an employee is issued with a contract of employment for less than 3 months and then goes on to receive a further contract extending their employment beyond 3 months, **they will be brought into the LGPS automatically on the date their contract is extended unless they elect to opt out. They will be given the option to backdate their date of entry to the LGPS to the beginning of their initial contract of employment, on payment of backdated employee's contributions.**

### RETIREMENT AT 65 YEARS

3. Employees will normally retire on their 65<sup>th</sup> birthday and if employees wish to continue to work beyond that date, this will be at the discretion of the company. In making this decision, the company will take into consideration:
  - any possible loss of efficiency
  - the benefits of facilitating the development of other staff through the process of natural staff turnover
  - the benefits of retaining skills and knowledge within the company
4. An employee will be notified in writing no more than 1 year and no less than six months prior to their 65<sup>th</sup> birthday that they have the right to request to work beyond this date. It will be assumed that the employee will retire on their 65<sup>th</sup> birthday unless they notify the company no less than 3 months prior to that date that they wish to continue working and in that notification, state how long they wish to continue in the company's employment.
5. Upon receipt of the request the managing director shall consider the request and meet with the employee to discuss the request, the full implications of it and any implications on the employee's pension rights.
6. If the managing director decides to accept the request, the employee's contract may be extended but if the request is rejected, the employee will be told of the grounds upon which the application has been rejected and the employee will be notified of his right of appeal to the Finance and Remuneration Committee.
7. If the employee wishes to appeal against the decision they must write to the managing director within 10 working days of the notification of decision, identifying grounds of appeal. The Finance and Remuneration Committee will consider the appeal at which the employee will be entitled to present his/her case and to be accompanied by a person of their choosing.

**Policy: Retirement and the Local Government Pension Scheme**  
**Created: April 30<sup>th</sup> 2008**

8. The decision of the Finance and Remuneration Committee shall be final

**RETIREMENT BEFORE THE AGE OF 65**

9. Employees may retire before the age of 65 under certain circumstances (subject to age criteria set out in the LGPS):
  - Voluntary early retirement is when an employee seeks of his/her own accord to retire and draw their pension
  - Flexible retirement is when an employee seeks a phased retirement process by continuing to work part time for the company
  - Retirement on the grounds of efficiency is when by mutual agreement, due to changing working practices or major restructuring of the company which would present insurmountable difficulties for the employee to adapt to
  - Retirement on the grounds of redundancy is when an employee is made redundant or takes voluntary redundancy

**VOLUNTARY EARLY RETIREMENT**

10. An employee who is a member of the LGPS may elect without needing the approval of the company, to retire from the age of 60 and will be entitled to draw their pension from this age.
11. Subject to the approval of the company, an employee may retire from the age of 55 (or 50 if the employee joined the LGPS prior to April 1<sup>st</sup> 2008 and elects to receive their benefits before April 1<sup>st</sup> 2010).
12. Normally, voluntary early retirement will not be granted to an employee with less than 5 years service.

**FLEXIBLE RETIREMENT**

13. When an employee has attained the age of 55 (or from age 50 if the employee joined the LGPS before 1 April 2008 and he/she takes flexible retirement before 1 April 2010) the company may permit flexible retirement if requested by the employee.
14. If a request for flexible retirement is agreed it will constitute a variation to the contract of employment when implemented and an employee will not be able to revert to the former hours or grade of work.
15. Normally, flexible retirement will not be granted to an employee with less than 5 years service.

**Policy: Retirement and the Local Government Pension Scheme**  
**Created: April 30<sup>th</sup> 2008**

**PROCEDURE FOR DEALING WITH APPLICATIONS FOR EARLY OR FLEXIBLE RETIREMENT**

16. When an employee seeks early retirement or flexible retirement the procedure is as follows:
- Employee obtains pension forecast
  - Employee notifies the managing director in writing setting out his/her request no less than 3 months prior to the date of implementation that is being sought
  - Company requests pension quotes
  - The application is considered in detail and a report is prepared setting out the full implications of the application including any costs and benefits that might accrue to the company
  - The employee meets with the managing director to review his assessment and his decision on whether to grant the request or not
  - If the employee wishes to appeal against the decision they must write to the managing director within 10 working days of the notification of decision, identifying grounds of appeal.
  - The Finance and Remuneration Committee will consider the appeal at which the employee will be entitled to present his/her case and to be accompanied by a person of their choosing.
  - The decision of the Finance and Remuneration Committee shall be final
17. In assessing the application for early or flexible retirement, the company will consider the following factors:
- The employees overall performance
  - The reasons for the request and whether there are any extenuating circumstances such as compassionate grounds
  - Any incapability / disciplinary / sickness issues
  - Outstanding work commitments
  - Resilience within the company
  - The costs of granting the request or any savings that may accrue
  - Any benefits that may arise
  - Length of service

**EARLY RETIREMENT ON THE GROUNDS OF EFFICIENCY**

18. On occasion, the company wish to implement new working practices (such as implementing new technologies or changing an employee's responsibilities) which may cause an employee insurmountable difficulties in adapting to these changes. In such circumstances, the company may authorise the immediate payment of the employee's pension benefits provided the employee has reached the age of 55 (or 50 if the employee joined the LGPS before 1 April 2008 and he/she is retiring before 1 April 2010)

**Policy: Retirement and the Local Government Pension Scheme**  
**Created: April 30<sup>th</sup> 2008**

**EARLY RETIREMENT ON THE GROUND OF REDUNDANCY**

19. If under the Change Management Policy an employee is made redundant or takes voluntary redundancy, the company may authorise the immediate payment of the employee's pension benefits provided the employee has reached the age of 55 (or 50 if the employee joined the LGPS before 1 April 2008 and he/she is retiring before 1 April 2010)

**EMPLOYER'S DISCRETIONS**

20. The LGPS provides certain discretions to employers to increase the total membership of an active member and to award additional pension.
21. The company may under certain circumstances award additional years or an increased pension to employees who have:
- Been employed for no less than 5 years at the date of their retirement
- AND
- Are retiring on the grounds of efficiency
- OR
- Are retiring on the grounds of redundancy
- OR
- Are retiring and there are exceptional compassionate reasons for doing so
22. The Finance and Remuneration Committee may award up to 7 years to an employee's membership or award an additional pension of up to £5,000
23. In making any decision to award added years or an additional pension, the committee will consider:
- The employees overall performance
  - Whether there are any extenuating circumstances such as compassionate grounds
  - The costs and any benefits that may arise
  - Length of service

**PAYMENT OF EMPLOYEE'S PENSION CONTRIBUTIONS DURING A PERIOD OF ABSENCE**

24. An employee who is a member of the LGPS may elect to pay optional contributions to cover a period of absence from duty providing the option is made within 30 days of the receipt of a letter from the company informing them of this right.

**INWARD TRANSFERS OF PENSION RIGHTS**

25. The company's policy is that if a member wishes to transfer pension rights into the LGPS, he/she must do so within 12 months of joining the LGPS.