



HALEWOOD TOWN COUNCIL FLEXIBLE RETIREMENT POLICY

1.0 Introduction

- 1.1 Halewood Town Council values the knowledge, experience and skills of all its employees. We are committed to having a flexible approach to retirement and recognise the benefits that it can have for our employees and the council as a whole.
- 1.2 The Flexible Retirement Policy applies to all employees who are members of the Local Government Pension Scheme (LGPS).
- 1.3 Flexible retirement was introduced into the Local Government Pension Scheme as part of the wider government policy to ease the transition from full time employment to full retirement.

2.0 Flexible Retirement

- 2.1 Flexible retirement occurs where an employee draws their pension and carries on working, either at a lower grade or on reduced hours. It is available to all LGPS members who are aged 55 from 1 April 2008 or for existing members who reach 50 between 1 April 2008 and 31 March 2010 when the earliest retirement age will become 55, and who with the Council's consent reduce their hours or grade.

Subject to necessary approvals, such employees will be able to draw some or all of their accrued local government pension whilst continuing to work. In addition they can remain in the Local Government Pension Scheme until the day before their 75th birthday, building up further benefits in the scheme.

- 2.2 Employees who wish to work beyond their contractual normal retirement age of 65 should refer to the council Procedure for Retirement and Working Beyond 65.
- 2.3 Any employee wishing to work reduced hours or at a lower grade, must first put their request in writing to the Town Manager. The

Town Manager will consider the following in making the business case for the request.:

- there is no detrimental effect on service delivery
- there is available alternative work at a lower grade
- the arrangement is fair and equitable to other team members (i.e the reduction in hours will require a minimum drop of 25%)
- the cost, if any to the Council

2.4 The Town Manager should make arrangements to contact the Merseyside Pension Fund to obtain estimated pension figures, as well as providing the applicant with an estimate of the revised salary payable. If, having received the figures, the employee wishes to proceed the Town Manager should obtain the agreement of elected members at the first available full Town Council meeting.

3.0 **Receiving Pension Benefits whilst working**

3.1 In all cases, employees must receive advice on how flexible retirement will affect their net pay and pension entitlement. This is important, as an employee's pension will normally be actuarially reduced if paid before age 65. In addition, any job held while in receipt of pension benefits may attract a higher rate of tax. While the Council will provide necessary pay and pension figures, the employee should be encouraged to seek independent financial advice prior to pursuing flexible retirement.

3.2 From 1 April 2008 the new look pension scheme permits a member to elect to receive part of their benefits on flexible retirement. However the Department of Communities and Local Government have stated that partial drawdown of pensionable benefits will only apply to those rights accruing from 1 April 2008 under the new scheme. Any benefits accrued under the old scheme will need to be drawn down in full. However we are still awaiting clarification on this element of the new look scheme

4. **Pension implications for working reduced hours or step down**

4.1 Where an employee varies their working arrangement their pension entitlements will continue to accrue. Pension rights accrued before the reduction in hours or grade will be unaffected by the change. The employee's pension following the change may however be affected where special payments are no longer paid in the new role. Advice must be obtained from the Merseyside Pension Fund via Pension Liaison Officer on how their pension benefits might be affected.

- 4.2 Working part-time or in a lower grade prior to the normal retirement age may also affect an employee's ill-health benefits or redundancy and compensation payments if they retire on health grounds or are made redundant or leave on efficiency grounds. Employees should contact the Town Council in order to get further advice on how these might be affected.

5.0 **Compassionate Cases**

- 5.1 In exceptional circumstances the Council may agree not to apply all or part of the actuarial reduction of pension on compassionate grounds. There are however strict criteria, which must be met for a request to do this to be approved. Examples of compassionate reasons that may be considered for waiving the actuarial reduction to the employee include:
- Employees who are forced to reduce their hours or grade to care for a dependant
- 5.2 If the employee wishes to access their pension from the age of 50 without actuarial reduction on compassionate grounds they should set out the details in writing to the Town Manager, or in the case of the Town Manager, to the Leader of the Town Council. Any projected additional costs to the pension fund, which would have to be met by the Town Council, will have to be considered, and if necessary approved, at a full Town Council meeting.

6.0 **Purchasing Additional Pensions**

- 6.1 Employees who are concerned about loss of pension benefits may consider the following options:

Purchasing Additional Pension - Employees can purchase additional pension of up to £5000 p.a. 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. The extra years of membership employees are able to purchase in the scheme by paying additional pension contributions are limited to £5000 per annum.

Paying Additional Voluntary Contributions (AVC's) to boost pension benefits If employees pay additional voluntary contributions via the LGPS they may elect to take up to 100% of the accumulated fund in their AVC account as a tax free lump sum provided it is drawn at the same time as their LGPS pension benefits and, when added to the LGPS lump sum, it does not exceed 25% of the overall value of their LGPS benefits (including their AVC fund).

7.0 **Flexible Retirement Policy Changes**

- 7.1 This policy will be reviewed on a regular basis in line with legislative changes and changes to the Local Government Pension Scheme.