



**Dudley**

Clinical Commissioning Group

# RETIREMENT POLICY

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## REVIEWERS

This document has been reviewed by:

NAME	DATE	TITLE/RESPONSIBILITY	VERSION
Steph Cartwright	Mar 17	HR Lead	V2
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Joe Cahill	Mar 17	Staff Side Lead	V2

## APPROVALS

This document has been approved by:

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Remuneration Committee	Aug 2013	V1
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N.B: the version of this policy posted on the intranet must be a PDF copy of the approved version.

## DOCUMENT STATUS

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## RELATED DOCUMENTS

These documents will provide additional information.

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## **1.0 POLICY OVERVIEW**

### **1.1 Purpose**

This policy is designed to assist employees who are considering or have taken the decision to retire and outlines the options available to the employee and the support that can be expected from management.

### **1.2 Who this Policy applies to**

The policy applies to all staff that are employees of the organisation in either a permanent, or fixed term post.

### **1.3 Key Principles**

The organisation does not operate a compulsory retirement age in line with current legislation, however recognises that the normal retirement age in the United Kingdom is 65 years of age. In line with current legislation staff can work beyond this period if they wish to.

When considering retirement, NHS pensions can require up to 4 months' notice of any request for payment of pension benefits.

The NHS pension scheme allows staff to retire and access a full pension earlier than 65 years of age for some pension schemes and therefore staff are advised to seek advice on this from a pensions officer. Further details are included within the below policy.

When considering retirement options, employees should bear in mind the potential impact on their pension. Information on retirement options are available from the HR team. For more detailed information about benefits information can be found on the NHS Pensions website [www.nbsa.nhs.uk/pensions](http://www.nbsa.nhs.uk/pensions).

Employees considering retirement, particularly flexible retirement, should discuss their plans initially with their manager. Flexible retirement requests will be considered in line with the procedure set out in the Flexible Working Policy.

### **1.4 Legal Considerations**

- The Employment Rights Act 1996
- Agenda for Change handbook
- Employment Equality (Age) Regulations 2006
- Equality Act 2010

## **2.0 THE POLICY**

Employees wishing to fully retire from work must resign from their employment, giving the appropriate contractual notice. For those wishing to access pension benefits payments, NHS pensions will require 4 months' notice. Staff will be expected to take all accrued annual leave prior to their leaving date.

The provisions in Section 16 of NHS Terms and Conditions will apply to employees retiring early on grounds of redundancy.

The minimum retirement age for members of the NHS Pension Scheme – 1995 section is 50 years of age, except for staff who joined on or returned to the scheme after 6 April 2006 for whom the minimum retirement age is 55 years of age. The minimum retirement age for members of the 2008 section is 55 years of age.

The options for flexible retirement are open to all CCG employees and office holders, irrespective of the pension scheme that they are part of. The right for flexible retirement is a right to request, not a right to have. There may be business reasons where requests are not supported and the manager will need to confirm these reasons in writing.

It is important for the employee to consider all of the personal impacts on flexible retirement including any potential impact on annual leave, future pension and annual salary. For more information and personal questions about the impact, a member of the HR team or the Director for Transformation and HR can provide advice.

### **2.1 Making a Request for Retirement**

Employees who have decided that they wish to retire or are considering retirement, particularly flexible retirement, should discuss their plans initially with their line manager. The manager can then consider this request with the individual and consider the options available. Any agreements should be put in writing and copies shared with both management and the individual.

### **2.2 Requesting Flexible Retirement**

For any request for flexible retirement, the employee should put their request in writing to their line manager clearly outlining their proposed work pattern, start date and retirement date.

Any requests made will be considered in line with the procedure in the Flexible Working policy and will be judged on the basis of business needs. Any agreed flexible retirement will be followed up in writing by the manager.

### **2.3 Flexible Retirement**

Flexible retirement provides flexibility regarding the age at which an employee retires, the length of time it takes to retire and the nature and intensity of work in the lead up to final retirement. It assists the organisation by retaining the skills of key employees who are approaching, or are at, retirement age and provides a greater choice for employees.

Flexible retirement can be considered up to 12 months prior to any proposed retirement date.

The policy will now explore the 4 options for flexible retirement

- Pre-retirement wind down (existing post)

- Pre-retirement step down (less demanding role)
- Retire and return to work
- Draw down (partial retirement)

#### **2.4 Pre-retirement wind down (existing post)**

An employee approaching their retirement may wish to gradually reduce the number of hours they work leading up to their actual date of retirement. This is a benefit to the organisation if succession planning is in progress, as this may allow job sharing for a period of time while the post holder gets ready for retirement.

If a reduction of hours is agreed, the employee will be paid pro-rata to hours worked and will need to consider the impact this may have on pensionable pay if the reduced hours are over a significant period. Advice should be sought from NHS Pensions.

#### **2.5 Pre-retirement step down (less demanding role)**

An employee approaching retirement may request to continue working but in a less demanding role. If a change of role is agreed, the employee will be paid the appropriate rate for that post. Consideration could be given to a role within the same team or elsewhere in the organisation, if this is appropriate and there are roles available. It would not be considered reasonable to create a role especially for the purposes of pre-retirement step down.

If there is a reduction in working hours too, the employee will be paid pro-rata to hours worked.

Members of the NHS Pension Scheme who are over the minimum retirement age, and whose pay reduces by at least 10%, may apply for the higher rate of pay to be protected for pension purposes. The application must be made within 15 months of the date the rate of pay is reduced.

When an employee leaves, their pension to the date they stepped down will be based on the higher rate of pay, and their pension earned after the step down date will be based on the reduced rate of pay. Cost of living increases will be applied to the protected higher rate of pay and both pensions will be added together for payment.

#### **2.6 Retire and Return to Work**

Under the provisions of the NHS Pension Scheme, employees have the option to retire from service and take all their pension benefits before returning to NHS employment.

As with the other flexible working options, employees must state their intention to their line manager in writing including considering when, and in what capacity, the individual would like to return to work afterwards.

If the request is agreed, there must be at least a 2 week break between employments; to include a minimum 24-hour break in pensionable employment to satisfy the requirements of the NHS Pension Scheme.

Members of the 1995 Section must work less than 16 hours per week within one calendar month of retirement, and/or be under the normal retirement age, to avoid their pension being suspended. This restriction does not apply to members of the 2008 section.

Employees considering this option, who have NHS Pension Scheme membership prior to 5 April 1997, must request the Guaranteed Minimum Pension (GMP) check from the Pensions Officer in the first instance. Retirement cannot go ahead unless the GMP has been passed.

Employees who are in receipt of any pay protection, will lose that protection on their return to work following the break in service.

Once an employee retires and receives their pension benefits in relation their NHS service, this service will no longer be counted as 'reckonable' for redundancy purposes (as detailed in section 16.6 of NHS Terms and Conditions). Where an employee takes their pension benefits and returns to work for the organisation, reckonable service will begin from the date of return to employment after the break in service

If an employee chooses this option, they are not able to re-join the NHS Pension Scheme on their return to work.

## **2.7 Drawn Down (partial retirement)**

This option is only available to those employees who are members of the NHS Pension Scheme, 2008 section.

Members of the NHS Pension Scheme 2008 section may elect to partially retire and take some of their benefits. To do this the employee must have reached at least the minimum retirement age of 55 and have reduced their pensionable pay by at least 10%. Between 20% and 80% of pension entitlement may be taken and pension membership will continue to build up. Pensionable pay must remain reduced for at least a year otherwise eligibility to a pension will cease. Benefits can be drawn down twice before final retirement.

## **2.8 Voluntary Early Retirement**

An employee may opt to take Voluntary Early Retirement at any time from the minimum pension age applicable to the scheme they are, or have been, a member of provided they have at least 2 years membership. The minimum retirement age is different depending on the section of the Pension Scheme. In summary:

- The minimum retirement age is 50 for members of the NHS Pension Scheme – 1995 section
- The minimum retirement age is 55 for members of the NHS Pension Scheme – 2008 section.
- For employees who joined the NHS Pension Scheme – 1995 section for the first time on or after 6th April 2006, or previously left the scheme before 31st March 2000 with deferred benefits and re-joined on or after 6th April 2006, the minimum age is 55.

Any estimates of pensions can be requested from NHS Pensions, however employees considering voluntary early retirement who have NHS Pension Scheme membership prior to 5th April 1997 must request the Guaranteed Minimum Pension (GMP) check from the Pension Officer in the first instance. Voluntary Early Retirement cannot go ahead unless the GMP check has been passed for these members.

## **2.9 Ill Health Retirement**

When an employee becomes incapable of carrying out their duties on a permanent basis, and no reasonable adjustments can be made or suitable employment secured, the

employee may wish to apply to NHS Pensions for retirement on the grounds of ill-health. This option is only available to employees who have two years continuous pensionable NHS service. Any ill health retirement should be considered in conjunction with the Sickness Policy.

The organisation does not make the decision as to whether ill health retirement is appropriate, this is a request made by the individual to NHS Pensions for consideration. NHS Pensions will make the decision as to whether the individual can access pension benefits via ill health retirement.

However, the organisation and HR can support this application where appropriate. If an application for ill-health retirement is made, this constitutes a mutual recognition that the employee is unable to fulfil their contractual obligations due to their ill-health condition, therefore a termination date will be agreed between the employee and their line manager. This may be irrespective of the NHS Pensions decision.

Where ill-health retirement is identified as an option, HR will facilitate an estimate of pension benefits to be provided to the employee. The final application must be made on the appropriate form, which is available from the NHS Pensions Agency.

As part of the application process, medical advisors, appointed by NHS Pensions, will assess the available medical evidence and will confirm whether the employee is permanently incapable of carrying out either their present NHS duties or any regular work. A Tier 1 or enhanced Tier 2 pension may be paid dependent on this decision.

## **2.10 Appeals, Complaints and Joint Agreements**

Appeals against the decision to support or deny a request for flexible retirement, should be made in writing to the Director of the department. Should the Director have already been involved in the decision making process they will arrange for the decision to be reviewed by the Chief Executive Accountable Officer. The decision of the appeal will be a final one and there will be no further opportunity for recourse.

Any appeal should be considered by a Director, supported by HR. It is expected that any appeal should be heard without unreasonable delay and the outcome of the panel is provided in writing to the individual as soon as possible.

In the event of a complaint about misapplication of the retirement policy (in the way that the processes have been handled) will be dealt with in accordance with the organisation's Grievance Policy.

## **2.11 Equality Statement**

In applying this policy, the organisation will have a due regard for the need to eliminate unlawful discrimination, promote equality of opportunity and provide for good relations between people of diverse groups. In particular on the grounds of the following characteristics protected by the Equality Act (2010); age, disability, gender, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sexual orientation, in addition to offending background, trade union membership or any other personal characteristic.