

## FLEXIBLE RETIREMENT PROCEDURE

This procedure applies to those staff who are members of the Local Government Pension Scheme (LGPS) (Northern Ireland).

### 1. INTRODUCTION

Employees of the Education Authority (EA) are entitled to request flexible retirement, after they have reached the age of 55 years, under the regulations set out below:

- i) LGPS Regulations (Northern Ireland) 2014 from 1 April 2015 in respect of members of the Career Average Revalued Earnings (CARE) scheme.

The policy on flexible retirement is set out in the EA's Employer Discretions – Policy Statement. This procedure details the process by which the policy will be taken forward.

### 2. FLEXIBLE RETIREMENT

In accordance with 31 (6) of the LGPS Regulations an employee has the right to request flexible retirement after they have reached the age of 55 years subject to their employer's consent. The employee can:-

- (i) reduce their hours by at least 50%; or
- (ii) move to a lower graded post by at least one grade; and
- (iii) subject to their employer's consent, in addition to benefits built up before 1 April 2009, the employee can draw (a) all, or part or none of their 1 April 2009 to 31 March 2015 pension benefits and/or (b) all, or part or none of their post 31 March 2015 pension benefits whilst continuing in employment and, if they wish, build up further benefits in the pension scheme.

***There is no automatic right for employees to continue in employment working reduced hours or at a lower grade, whilst drawing pension benefits. However there is a duty on the employer to consider such requests seriously.***

In accordance with the LGPS Regulations an employee can retire from age 55 without the consent of the employer.

***It is important for employees to note that Pension benefits may be actuarially reduced if benefits are drawn before Normal Pension Age (NPA)<sup>1</sup>. In cases where benefits are actuarially reduced the EA will apply the actuarial reduction. The EA will only waive any such reduction to benefits on flexible***

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<sup>1</sup> Normal pension age (NPA) means the member's normal pension age under the 2015 Scheme which is linked to the member's State Pension Age (SPA) but with a minimum of age 65. State Pension Age is currently age 65 for men. State Pension Age for women is currently being increased to be equalised with that for men and will reach 65 by November 2018. The State Pension Age will then increase to 66 for both men and women from December 2018 to October 2020. Under current legislation the State Pension Age is due to rise to 67 between 2026 and 2028 and to 68 between 2044 and 2046. However, the government has announced plans to link rises in the State Pension Age above age 67 to increases in life expectancy.

***retirement, in part or in whole, where it considers it is in its financial or operational interests to do so.***

### **3. APPLICATIONS FOR FLEXIBLE RETIREMENT**

Employees will be advised to contact the Northern Ireland Local Government Officers Superannuation Committee (NILGOSC) directly in order to clarify the implications for them should they opt for flexible retirement.

- (i) When making a request for flexible retirement employees should complete Section 1 of the FR/1 application form (attached) and outline the details to support their application. The employee's line manager should complete Section 2 of the FR/1 application form and outline the service needs and a recommendation as to whether or not such a request should be supported.

The FR/1 form should then be forwarded to the relevant Assistant Director for consideration and approval or otherwise of the request in respect of the operational issues.

If a request is not approved at this stage, the line manager will arrange to meet with the employee to outline the operational reasons for turning down the request.

The employee will have the right of appeal to the relevant Director. The Director will consider the request and either approve or reject the appeal. If the appeal is rejected the Director will set out the reasons for turning down the appeal.

- (ii) If the request is recommended for approval by the relevant Director the FR/1 form will be forwarded to the Human Resources in the relevant EA office who will seek an estimate of pension benefits and costs to the EA of approving such a request.
- (iii) If there are no actuarial costs to the EA (and subject to approval as outlined at (i) above) the Human Resources in the relevant EA office will inform the relevant Assistant Director and proceed to issue an amended contract to the employee.
- (iv) If there are actuarial costs to the EA, the matter will be referred to the relevant Director and a decision will initially be made on the basis of all the parameters outlined in Section 4 i.e. financial and operational needs of the EA.
- (v) Where a Director believes a business case can be made, having considered the parameters set out in Section 4, a business case and supporting documentation will be prepared by the relevant Director and forwarded to the Corporate Leadership Team (CLT) for final approval as appropriate.
- (vi) If the CLT approve the flexible retirement request the Human Resources in the relevant EA office will inform the employee of the decision and issue an amended contract as appropriate.
- (vii) If a request is not approved at this stage, the line manager will arrange to meet with the employee to outline the reasons for turning down the request.

(viii) If a request for flexible retirement is received in respect of a non-teaching member of staff employed at a school and the school supports and is agreeable to that flexible retirement, from a financial perspective, EA will be amenable to the request where it:-

(a) generates a saving to the school's LMS budget **and** (b) is a permanent reduction in the non-teaching staff complement employed at the school;

**or**

(c) is of no cost to the school ie where the parameters associated with flexible retirement in Section 4 are met.

In these circumstances, and provided Human Resources is content in relation to the processes and assurances provided by the school, EA will support the proposal. ***However, the cost of any such proposal would require to be borne as a cost against the school's delegated budget. If the school is not agreeable, then the application cannot be approved.***

#### **4. DETERMINATION OF REQUESTS FOR FLEXIBLE RETIREMENT**

Requests from employees wishing to reduce their hours or move to a lower graded post while drawing pension benefits will have potential implications for service delivery, costs, efficiencies and Human Resources Planning.

Given such implications each request for flexible retirement will be considered on its merits and will only be agreed if it is in the financial or operational interests of the service. Cost implications for the EA will be of paramount consideration in agreeing such requests.

The under-noted parameters should also be considered.

##### **Parameters to be considered when requests for reduction in hours are received**

- (i) Cost to the EA in approving such a request.
- (ii) Service delivery.
- (iii) The likelihood of being able to recruit to the remaining hours of the post (if required).
- (iv) The reduction in hours must reflect a minimum of 2.5 days per week; 50% salary reduction (pro-rata for part-time posts).
- (v) For business planning purposes the EA needs to give careful consideration to requests for flexible retirement to ensure continuity of service. As flexible retirement is a process designed to facilitate easement into retirement and where approval is forthcoming, amended contracts will be based on a minimum of one year and will not normally extend beyond 5 years. EA will seek to ensure that at all times the provisions of the Age Discrimination Regulations are complied with.

Where an approved flexible retirement arrangement extends beyond 5 years a meeting will be held with the employee towards the end of the fifth year for business planning purposes to discuss and agree with the employee their future plans for retirement.

**Parameters to be considered when requests to move to a lower graded post are received**

- (i) Cost to the EA in approving such a request.
- (ii) Agreement should be subject to a suitable post being available.
- (iii) The likelihood of being able to recruit to the post being vacated.
- (iv) The suitability of the employee to be appointed to the post and the potential need for retraining.
- (v) Reduction in grade must be a minimum of one grade.
- (vi) For business planning purposes the EA needs to give careful consideration to requests for flexible retirement to ensure continuity of service. As flexible retirement is a process designed to facilitate easement into retirement and where approval is forthcoming, amended contracts will be based on a minimum of one year and will not normally extend beyond 5 years. EA will seek to ensure that at all times the provisions of the Age Discrimination Regulations are complied with.

Where an approved flexible retirement arrangement extends beyond 5 years a meeting will be held with the employee towards the end of the fifth year for business planning purposes to discuss and agree with the employee their future plans for retirement.

***In the event that a flexible retirement request resulting in a reduction in grade is agreed the EA will ensure that there is a corresponding reduction in the level of duties and responsibilities.***

If a request for flexible retirement is agreed it will constitute a permanent variation to the contract of employment and an employee will not be able to revert to their former hours or grade.

In the event that a request for flexible retirement is granted, one further request for flexible retirement will be considered on its own merits based on the parameters outlined above. A third request for flexible retirement will not be allowed.

Each case will be considered on the merits of the financial and/or operational business case put forward and will require the approval of the relevant Director. Due diligence must be undertaken at a regional level when considering any request. A business case along with the necessary supporting documentation must be presented to the CLT with a recommendation if there is a cost to the EA.

**SECTION 1 – Application Form**

***Personal Details:***

NAME \_\_\_\_\_

HOME ADDRESS \_\_\_\_\_

\_\_\_\_\_ POSTCODE \_\_\_\_\_

TELEPHONE NUMBER(S) \_\_\_\_\_

E-MAIL ADDRESS \_\_\_\_\_

***Employment Details:***

SECTION \_\_\_\_\_

DEPARTMENT \_\_\_\_\_

JOB TITLE \_\_\_\_\_

GRADE \_\_\_\_\_

CONTRACTUAL HOURS \_\_\_\_\_

**I wish to apply for flexible retirement on \_\_\_\_\_**

*[Please provide a provisional date subject to procedural timescales]*

**I wish to apply for a reduction in my contractual hours to \_\_\_\_\_**

*[NB – minimum reduction of 2.5 days per week; 50% salary reduction (pro-rata for part-time posts)]*

**I wish to apply for a reduction in grade (minimum reduction of one grade) to the post of**

Title \_\_\_\_\_

Grade \_\_\_\_\_

In addition to benefits built up before 1 April 2009, I wish to draw either:

(a) all, or part or none of 1 April 2009 to 31 March 2015 pension benefits; and/or

All  Part  None

(b) all, or part or none of post 31 March 2015 pension benefits whilst continuing in employment.

All  Part  None

Outline details to support your application

***I am aware of and accept the conditions attached to flexible retirement which is outlined in the EA Flexible Retirement Procedure.***

***I have contacted NILGOSC in regard to this matter and any potential impact on my benefits and am happy to proceed with my application.***

SIGNED \_\_\_\_\_ DATED \_\_\_\_\_

*To be forwarded to Line Manager for completion of Section 2*

**SECTION 2 – Supporting Business Case evidenced by Line Manager**

This should include how:

- [a] Service delivery will be affected.
- [b] The likelihood of recruiting to the remaining hours of the post [if required].
- [c] Whether or not a post at a suitable grade is available.
- [d] The suitability of the employee for appointment to an alternative post [if available] and the potential need for retaining.
- [e] Outline how the request is in the operational and financial interests of the EA.

*I have met with the employee named overleaf and support/do not support their application for flexible retirement on the grounds of:-*

***NB – each request for flexible retirement will be considered on its merits and will only be agreed if it is in the financial or operational interests of the service. Cost implications for the EA will be of paramount consideration in agreeing such requests.***

**SIGNED BY** \_\_\_\_\_  
[Line Manager]

**PRINT NAME** \_\_\_\_\_ **JOB TITLE** \_\_\_\_\_

**DATE** \_\_\_\_\_

**APPROVED** \_\_\_\_\_  
[Relevant Assistant Director]

**DATE** \_\_\_\_\_

*To be forwarded to Human Resources for completion of Section 3*

**SECTION 3 – To be completed by the relevant Human Resources Office**

Estimate sought of pension benefits and costs to the Education Authority

DATE TO NILGOSC \_\_\_\_\_

DATE RECEIVED \_\_\_\_\_

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**COSTS TO EDUCATION AUTHORITY/SCHOOL**

*Where there is a cost associated with the flexible retirement and the employee is costed to the EA centre budget then the cost of the flexible retirement will be borne as a cost against the relevant Directorate's budget. However, where the member of staff is employed by a school the cost of any such proposal would require to be borne as a cost against the school's delegated budget. If the school is not agreeable, then the application cannot be approved.*

**(A) No Costs Incurred - Proceed with Processing Flexible Retirement**

**Applicant Details**

- [1] inform applicant,
- [2] issue amended contract,
- [3] applicant will remain in scheme and new record will be set up to reflect new arrangements.

**NILGOSC Details**

- [1] completion of LGS15 (by Payroll) – noting new contractual hours and that it is flexible retirement,
- [2] completion of LGS16 and LGS13 (if applicable) and forward to NILGOSC.

**(B) Costs Incurred**

**AMOUNT £** \_\_\_\_\_

Human Resources in the relevant EA office to refer back to the relevant Director.

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*Business case and supporting documentation should be forwarded to the EA's CLT for final consideration and approval as appropriate.*

APPROVAL GRANTED BY EA CLT: YES/NO (*delete as appropriate*)

APPLICANT/SCHOOL INFORMED OF DECISION ON \_\_\_\_\_



