



**ABERDEEN**  
CITY COUNCIL

# **MANAGING RETIREMENT**

## **POLICY & OTHER RETIREMENT RELATED SCHEMES**

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## **SECTION 1: INTRODUCTION**

### **Policy statement**

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The Council does not operate a compulsory employee retirement age. It is committed to and recognises the contributions of a diverse workforce, including the skills, knowledge and experience older employees bring to an organisation. The Council is also of the view that employees should be permitted to continue working for as long as they wish to do so, provided they meet the performance standards required of their job.

## **SECTION 2: SCOPE AND PRINCIPLES**

### **Scope**

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This policy covers all employees of the Council but does not apply to any casual or agency worker where a contract of employment does not exist.

### **Core principles**

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This policy complies with legislation concerning removal of the Default Retirement Age and the equality and diversity obligations in terms of age contained in the Equality Act 2010.

The policy reflects the ACAS guidance on 'Working without the Default Retirement Age'.

Any discussions with an employee about retirement will not result in assumptions being made about an employee's commitment to the Council.

Any concerns about an employee's work performance will be addressed through the Managing Performance policy/procedure or the Framework on Teacher Competence (whichever applies), regardless of age.

Employees will be expected to co-operate with handover arrangements and in the transfer of knowledge and skills prior to their retirement.

Within the process special allowance will be made for those employees whose first language is not English or who have difficulty expressing themselves.

## **SECTION 3: RETIREMENT IN GENERAL**

For most people the decision to retire is influenced by their access to pension benefits as most Council employees are in a pension scheme.

At times the Council, as the employer, may deem it necessary to reduce the size of the workforce and the employee may wish to retire early. In this situation the Council's Voluntary Severance/Early Retirement Scheme (or equivalent scheme for teachers) details the arrangements and process that applies, with an estimate of benefits issued where there is support for a case.

In addition, there is a facility for employees who are pension scheme members to apply for flexible retirement (phased retirement for teachers) where they can access their pension benefits but remain in employment. This provision allows the Council to retain experienced staff with valuable skills, provided the employee meets the eligibility criteria in the respective scheme. The Scottish Teachers' Pension Scheme also has a 'winding down' provision which allows a teacher to continue in employment on a part-time basis whilst protecting their overall final retirement pension entitlement.

Flexible working options in general are available to all employees of any age, including older employees who may be nearing retirement. Flexible working options are discretionary and not a right and as such require prior management approval.

## **SECTION 4: THE RETIREMENT PROCESS AND OTHER ISSUES**

### **Deciding to Retire**

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Where an employee decides that they wish to retire, they should inform their line manager as far in advance as possible to allow the necessary preparation for retirement. In all cases the employee needs to put their decision in writing, with the minimum notice required being that set out in their contract of employment. Following the employee stating their intention to retire, a meeting should be organised to discuss and plan the arrangements for retirement.

### **Discussing Future Plans**

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It is important that the employee's future plans and work aspirations are discussed on a regular basis. The Council's Performance, Review and Development Scheme (PR&D) or Professional Review and Development process for teachers is the setting where such discussions will take place. The ACAS guidance promotes "open discussions between employers and employees about future plans ... can help facilitate the transition from work to retirement."

Within the PR&D process (Professional Review and Development for Teachers), no account of the age of the employee must be taken but the meeting is the opportunity to look forward and may involve a discussion about where the employee sees themselves in the organisation in the future. Such a discussion may lead to a conversation about retirement. Should the employee raise the issue of retirement then a discussion should take place, however, it should not result in any assumptions being made about the employee's commitment to the Council.

In short, the Council seeks to retain the best talent, including older employees, with such discussions being an opportunity for both the line manager and the employee to plan jointly for the future.

## **Performance Management**

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Any issues and concerns about an employee's work performance, regardless of age, will be addressed through the Council's Managing Performance policy/procedure or Framework on Teacher Competence (whichever applies). No assumptions will be made about an employee's performance in relation to their age.

## **Pension Arrangements and Benefits**

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There are two pension schemes operating in the Council, the Local Government Pension Scheme (LGPS), available to all employees except Teachers and the Scottish Teachers' Pension Scheme (STPS) available to teachers (and associated professionals as set out in the SNCT handbook), with separate rules and regulations applying to each.

Scheme members who have decided to retire on a specified date may request an estimate of benefits. General information on the schemes and benefits is also available at the contact addresses and numbers detailed in the guidance notes associated with this policy.

### **Retirement provisions of recognised pension schemes**

Within the LGPS and the STPS there are a variety of differing provisions which detail ways employees can retire and/or access their pension benefits. **The provisions of the schemes differ so it is important to check with the particular scheme as some of the following options may not apply to both schemes.** Some examples of the provisions of the schemes are:

- Flexible Retirement (see provisions below)
- Teachers' Phased Retirement (see provisions below)
- Teachers' Winding Down (see provisions below)
- Teachers' Premature Retirement (see separate provisions)
- Ill-Health Retirement (see separate procedures )
- Actuarially Reduced Pension Benefits (applies to both LGPS and STPS)
- Rule of 85 (Protected benefit for LGPS only)

## **Employees not in a pension scheme recognised by the Council**

Where an employee is not in one of the pension schemes recognised by the Council (i.e. LGPS or STPS) and decides that they wish to retire, any such request should be progressed in the same way as an employee in one of the pension schemes, as detailed in this policy, with a discussion on future plans also taking place as part of their annual PR&D (or professional review and development for teachers).

## **SECTION 5: RETIREMENT SCHEMES – ELIGIBILITY CRITERIA**

### **Flexible Retirement Scheme**

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The provision to flexibly retire is contained within the Local Government Pension Scheme regulations. A flexible retirement request is where an employee seeks the Council's consent to either reduce their hours of work and/or grade of post, at the same time accessing their pension benefits either in full or in part. As a result the employee would not have to retire completely from employment. The employee can also continue to pay contributions into the pension scheme and accrue further pension service once the change in hours and/or grade has occurred.

The Council recognises that benefits of flexible retirement can include:-

- an improvement to an employee's work life balance
- the retention of experienced employees with valuable skills
- the extension to employees' working lives

Attempts will be made to accommodate flexible retirement requests where they are financially and operationally feasible, with cases requiring the approval of a Service Manager.

### **Eligibility**

The following are conditions that **MUST** be met before a flexible retirement arrangement can be approved and amended working arrangements are put in place:-

- The employee must be a member of the Local Government Pension Scheme
- The employee must have at least 2 years' service in the pension scheme
- The employee must be aged 55 or over.

- The employee's basic salary must reduce by at least 25%. This can be achieved either through a reduction in hours or a reduction in grade
- The employee must apply for flexible retirement in accordance with the agreed procedure
- Normally, only one application may be made by an employee in any 12 month rolling calendar period

Once a flexible retirement arrangement has been agreed and implemented, any subsequent contractual changes arising from a flexible retirement application must result in a continued reduction of at least 25% of the employee's salary. All further changes may only be made by mutual consent.

In addition, where a flexible retirement is agreed, the benefits payable will be subject to any applicable actuarial reduction. The Council will not waive any such reduction in whole or in part.

The Council has sole discretion whether or not to approve applications for flexible retirement.

Where an employee, who is 55 or over, seeking Flexible Retirement meets the Rule of 85 and the case is approved, the Council automatically meets the Strain on the Fund cost.

The procedure for applying for flexible retirement is detailed in the guidance notes which accompany this policy.

## **Teachers' Phased Retirement Scheme**

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Members of the teachers' scheme are allowed to reduce their working commitment (i.e. hours) whilst releasing a proportion of their pension benefits in the lead up to full retirement.

### **Eligibility**

The conditions of Phased Retirement are set by the pension scheme itself and in summary are:

The applying teacher must:

- Be aged 55 or over (but cannot be older than 75 when they apply)
- Have been in pensionable employment on or after 1 April 2007

In addition:

- The maximum amount of total retirement benefits a member is permitted to take is 75%

- There must be a reduction of at least 20% of the member's pensionable salary
- The reduction in pensionable pay must apply for at least 12 months.

A member may apply for Phased Retirement on three occasions before applying for their final retirement benefits, twice before age 60 and once when 60 or over, or three times when 60 or over. The benefits the member chooses to take will be Actuarially Reduced if they are applying before their Normal Pension Age (NPA). With each application for Phased Retirement there must be a 20% reduction of the member's pensionable salary prior to their application and at least 25% of their total benefits must remain in the scheme.

The Council has sole discretion whether or not to approve applications for phased retirement. The procedure for applying for phased retirement is detailed in the guidance notes which accompany this policy.

## **Teachers' Winding Down Scheme**

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Winding Down is a phased retirement option for teachers. It applies to members who are either 'protected' or have 'tapered protection' and have entered the STPS 2015 following winding down. It offers those members approaching retirement age the opportunity to continue in employment on a part-time basis whilst protecting their overall final retirement pension entitlement.

### **Eligibility**

The Regulations for eligibility to Wind Down were amended from 1 April 2007 to allow members who have a Normal Pension Age (NPA) of 65 to be included. Therefore, to participate in Winding Down employment a teacher must:-

- Have attained the age of 56 if NPA is 60 OR 61 if NPA is 65
- Have been in full-time service for a period of 10 years immediately prior to commencing Winding Down employment
- Have accrued a minimum of 25 years' teaching service prior to commencing Winding Down (i.e. the member must have had a contract to teach for at least 25 years). The period may include, for qualifying purposes, a maximum of 5 years during any break or breaks in teaching service which will count towards the requirement of having 25 years' teaching service, (although will not count towards the calculation of benefits)
- Reduce their working hours equal to or more than 0.5 full-time equivalent



- Remain in Winding Down employment up to a maximum of 4 years prior to NPA. Where a teacher ceases to be in the Winding Down Scheme employment (leaving during or at the end of the 4 years permissible) and returns to teaching service, the service credit during the period of Winding Down employment will be removed.

The Council has sole discretion whether or not to approve applications for Winding Down. The procedure for applying for Winding Down is detailed in the guidance notes, which accompany this policy.

## **Long Service Award Scheme**

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The purpose of the Long Service Award Scheme is to recognise the loyalty of those employees who have dedicated their main employment to Aberdeen City Council (including its predecessor authorities), subject to the following eligibility requirements:

- employees must have 25 years' or more continuous service
- only one Long Service Award will be made per employee

The Long Service Award will be made when the employee decides to leave employment with the Council. The award will not apply where the employee is dismissed by the Council for reasons of discipline.

The Long Service Award will be a monetary value for the employee to purchase a gift as a memento of service with the Council. Below are the monetary values of the levels of award.

No of years of continuous service	Monetary Award (inclusive of VAT)
Under 25	nil
25 up to 40	£300
Over 40	£600

The process for making a Long Service Award is detailed in the guidance notes which accompany this policy.

## **SECTION 6: REVIEW OF THE POLICY**

HR and Customer Service will review this policy every 3 years. It will, nevertheless, be subject to continual review and amendment in light of experience of its operation, employment best practice and statutory requirements. Changes will only be made following normal consultation arrangements.