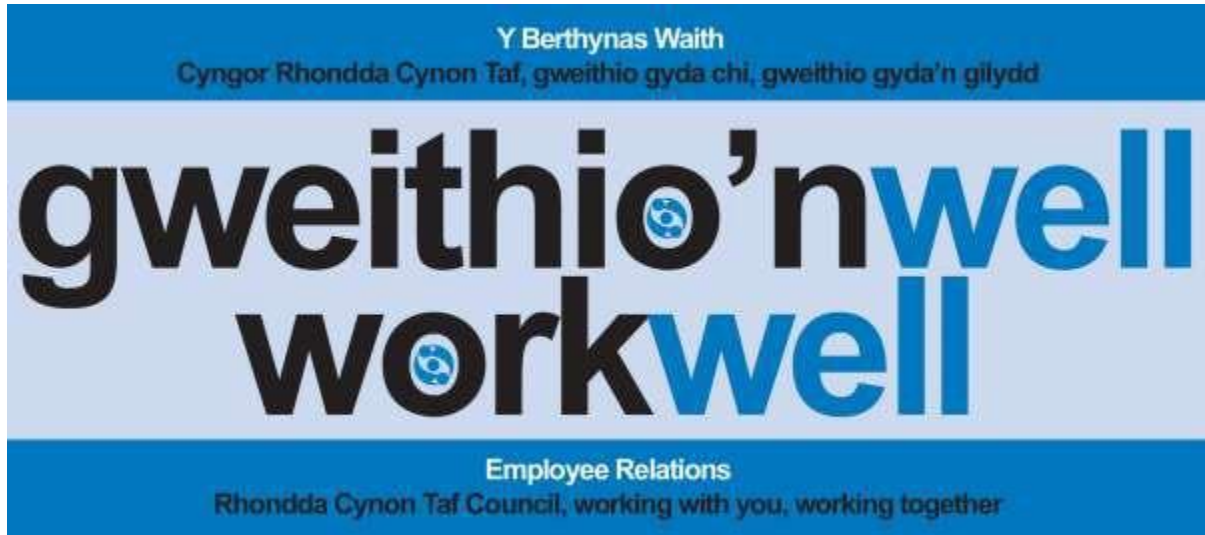


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Flexible Retirement **Scheme**

This document is available in Welsh please see Cynllun Ymddeoliad Hyblyg



| DOCUMENT CONTROL | |
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1. POLICY STATEMENT

The Council is committed to providing more choice and flexibility to employees who wish to gain better work life balance as individuals move towards retirement. Employees for example may wish to either reduce their hours or take a position at a lower grade. However, in order to enable them to do this they may wish to access their pension benefits to supplement their income from these changes.

2. FLEXIBLE RETIREMENT

Whilst the normal retirement age of 65 no longer exists, employees still have the ability to access their pension benefits at age 65 years. Therefore, employees will still be advised of the ability to retire at age 65 and access their benefits but the onus will be on the employee to notify the Council to that effect. If no notification is received then the Council will assume that the employee wishes to work past age 65.

Flexible Retirement occurs where an employee draws their pension at any time on or after age 55 but wishes to carry on in employment in a reduced capacity.

3. APPLICATION PROCEDURE

Applications can only be made by employees who have reached their earliest retirement age and who are members of the Local Government Pension Scheme (LGPS) and have at least three months total membership or have brought a transfer value into the LGPS.

The applicant would be required to accept a permanent reduction in either their hours (or grade) to be considered. It would be expected that the applicant would be requesting (a role of at least one grade lower than they are currently or) at least a 40% reduction in hours. The applicant would also be responsible for picking up the reduction in pension benefits (see paragraph 4 below) in connection to any cost of early release.

A request for Flexible Retirement is a permanent change to the applicant's contract of employment for their current post. The change is for a fixed period of time, at the end of which they will retire from that post and leave the Council, with no further statutory or discretionary payments (except any new pension benefits due, if the applicant takes up a new pension record following the early retirement). Therefore, as part of the confirmed application, the applicant must confirm a 'leaving date' on the application form, which has to be within 2 years of the commencement of your Flexible Retirement.

In exceptional circumstances, an extension period of up to a maximum of 2 further years may be considered by the Director of Human Resources based on the business need (note: an extension request will only be considered within 3 months of your initial 'leaving date' end).

Application Process

The employee must send the Flexible Retirement Application Form (see Appendix 1) to their employing Service Director, at least three months but not more than six months before their proposed flexible retirement date. The request will be consulted upon with the Director of Human Resources and the Councils' Section 151 Officer (or their nominated representatives), referred to as the RCT Discretions Panel and will consider some or all of the following areas:

- there is no detrimental effect on service delivery as a consequence of a reduction in the post;
- the arrangement will not affect the workload of team members;
- it is a financially viable option in terms of any impact on the Council's budget.
- there is available alternative work at the lower grade;

If the view is that the request is potentially beneficial to the Council, then a formal request for pension figures will be made to the Pension Section who will highlight any potential cost to the service area.

If formal approval is given then the Service Director will notify Human Resources who will make arrangements for the application to be put forward to the Change Control Panel/ RCT Discretions Panel.

Following their decision, Human Resources will:

1. Notify the employee whether or not their application has been approved.
2. Write and confirm the details of the reduction in hours to the employee;
3. Notify payroll and pensions of the date of the contractual change and whether the employee wishes to continue to make pension contributions (please refer to point 6 below).

The payment of pension benefits to the employee will take effect from the date of the reduction in hours or grade. Employee's language choice needs to be respected during this process. This includes written correspondence and where it is deemed necessary to conduct a meeting it will be done in the language choice of the employee (Welsh or English).

4. REDUCTIONS TO PENSION BENEFITS

Scheme members who take flexible retirement will have their benefits reduced for early payment which will include a reduction for any employer costs associated with the said release.

5. EMPLOYER DISCRETION

The regulations attached to the LGPS allow the Council the discretion to determine whether reductions should apply to all or part of any benefits. In this regard, the Council Discretion's Panel will make this determination in accordance with it's the RCT Discretions Policy. In respect of Flexible Retirement applications, the approach is not to waive any actuarial reductions as a result of accessing the pension benefit early.

6. PENSIONS IMPLICATIONS

Even though the employee has accessed their pension benefits as part of the Flexible Retirement, they can if they so wish to elect to continue to pay pension contributions but this in essence would be a new pension record based on the reduction in hours or grade moving forward.

Employees should be aware that a reduction in hours or grade prior to 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.

Employees should be mindful of the decisions they have to take before the date when their pension becomes payable and the tax implications of those decisions. Any tax liability incurred by such decisions is for the employee to resolve with Her Majesty's Revenue & Customs (www.hmrc.gov.uk)

In all cases where employees receive pension benefits whilst working, they must seek advice as to 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. The employee may seek pay figures and is encouraged to seek advice from the Pensions Section and an independent financial advisor prior to pursuing flexible retirement.

RHONDDA CYNON TAF COUNCIL

TO:

7. FLEXIBLE RETIREMENT APPLICATION - OVER 55 AND MEMBER OF LOCAL GOVERNMENT PENSION SCHEME

APPLICATION FORM

I wish to make an application for Flexible Retirement under the provisions of the above Scheme. The particulars you require to consider my application are given below.

As part of my application, I acknowledge that I have to accept either a permanent reduction in either my hours (at least 40% reduction) or grade to be considered.

I also acknowledge that my pension may be reduced based on both early release and any employer costs that may apply. I also acknowledge that if agreed, the flexible retirement will be for a maximum of 2 years. At the end of this period, I will retire and further agree that no further statutory or discretionary payments (except any new pension benefits due, if the applicant takes up a new pension record following the early retirement) will be made to me at the said retirement date.

I wish my flexible retirement to take effect from * and confirm that if agreed my retirement date will be * (this date being 2 years from the agreed flexible retirement start date).

In terms of the application, I confirm that I wish to:

- Reduce my current contractual hours of to
- Reduce my current grade

(*) - please tick one of the boxes above

I also confirm that I do/I do not wish* to pay pension contributions on my reduction in hours or grade.

(*) please select as appropriate

FULL NAME:

ADDRESS:

STAFF NO:

DATE OF BIRTH:

DATE CONTINUOUS SERVICE: COMMENCED:

WORKPLACE:

EMPLOYEE SIGNATURE:

DATE:

Flexible Retirement - RCT Discretions Panel

Name of Applicant:

Job Title/Service Area:

Pay Number:

N.I. Number:

We have reviewed the application and based on the fact that it is a financially viable option in terms of any impact on the Council's budget, the Panel would advise the Director that the application can be progressed should the said application meet the requirements of the service area.

The Director will now need to formally make a decision whether to agree or not agree the application by completing the Chief Officer Authorisation Form.

Authorisation from Discretions Panel

Name:

Signed:

Date:

Name:

Signed:

Date:

Flexible Retirement - Chief Officer Authorisation

Name of Applicant:

Job Title/Service Area:

Pay Number:

N.I. Number:

- I do not agree to support this application
- I agree to support this application for (please indicate below):
- Reduction of hours, from to
- Reduction of grade, from to

In supporting this application I acknowledge that:

- the remaining element of the post cannot be filled
- the applicant cannot be offered additional hours in the future
- the savings accrued from the flexible retirement will be extracted from the relevant salary budget
- the applicant will retire from my service area wef the date detailed in section 1 above

Authorisation from Group Director/Director

Signed:

Date: