



# **Flexible Retirement Policy**

Human Resources  
Version 1

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## **1. Introduction**

- 1.1 NLL recognises the importance of developing a flexible workforce to continue to deliver a high standard of service to its customers. NLL values the retention of the skills of staff and is committed to supporting employees into retirement while maintaining service provision.
- 1.2 Flexible retirement is an integral part of NLL's approach to retaining employees with the skills, abilities and experience needed to deliver the organisation's objectives and support organisational transformation and business change.
- 1.3 Flexible retirement allows employees to apply to reduce their work commitments for a specific period leading up to the date on which they chose to retire from NLL's employment. This reduction allows the employee to remain in employment and benefit from their pension provision subject to certain restrictions.

## **2. Aims**

- 2.1 The aims of this policy are to:
  - ✓ provide flexible options for employees seeking to improve their work life balance as they approach retirement
  - ✓ support flexibility and assist with workforce planning
  - ✓ complement NLL's existing working policies and its role as a progressive employer

## **3. Principles**

- 3.1 The option to apply for Flexible Retirement applies to all employees who have at least 2 years' service with the Local Government Pension Scheme (LGPS) and are aged 60 or over.
- 3.2 Employees who apply for flexible retirement are required to resign from employment of NLL, indicating a leaving date up to 3 years. The period of notice of resignation given will be equal to the period of flexible retirement. The reason for termination at the end of the period of flexible working will be the resignation of the employee.
- 3.3 During the period of flexible retirement the employee can continue to pay pension contributions and accrue further pension service and benefits provided their hours reduce by 40% or there is a reduction in the grade of the post. The earliest an employee could access their benefits would be age 60.

- 3.4 The employee will be responsible for the cost of any actuarial reduction, to their pension benefits which will be drawn (i.e. amount employee's pension is reduced if taken before an employee's normal pension age).
- 3.5 Employees may apply to reduce the hours of their existing post and/or may apply for a vacant post at a lower grade. Where an employee applies for a vacant post they will do so following the standard recruitment process and in competition with other candidates.
- 3.6 Employees may apply to change their conditions of service again but not within 12 months of their original change and their new earnings must not exceed 40% of their original earnings.
- 3.7 NLL will consider each request on its merits, carefully considering the benefits and impact on applicant and colleagues, including cost implications, for the organisation.

#### **4. Procedure**

- 4.1 Applications for flexible retirement will be considered in line with the above principles by a senior manager within 28 days of receiving the request. In considering a request for flexible retirement the following factors should be considered:
- will there be any detrimental effect on service delivery
  - benefits which may arise from the implementation of the request
  - any cost implications i.e. will this result in savings or increased costs?
  - ensure that any flexible working arrangement is fair and equitable to **all** employees
  - the need to recruit to the reduced hours to cover the duties and functions carried out by the employee concerned
  - the ability to reorganise or undertake the work which is required to be carried out by other staff or through other means
  - the existence of any vacancy on the establishment
  - the need or desire to reorganise the way in which NLL's services are delivered
- 4.2 An estimate of pension benefits with any actuarial costs will be provided within 14 calendar days of the Pension Fund receiving the application form. Where net savings can be achieved, the employee will be given the estimate.
- 4.3 In the case of a request to reduce grade, the pension fund will issue the estimate of benefits where a vacancy at the lower grade exists.

- 4.4 The employee is required to confirm in writing whether they wish to proceed or not with their request, included in this letter should be the date of resignation. The employee should seek advice from an independent financial adviser on the financial implications to reduce hours or pay grade. It will be the employee's responsibility for arranging such independent advice.
- 4.5 If confirmation is not received from the employee within 21 working days following receipt of an estimate of pension benefits and any actuarial cost, NLL will have no obligation to progress the request.
- 4.6 If NLL cannot support the request, the employee will be notified of the reason in writing within 14 days.
- 4.7 Employees have the right of appeal against a decision to refuse a flexible retirement request and if exercising this right should do so in writing to the Managing Director within 10 working days of being notified of the decision. The letter should outline the reason for the appeal. An appeal cannot be based on the actuarial cost incurred by the employee.

## **5. Guidance**

- 5.1 Guidance, information and tools will be developed and maintained by Human Resources (HR).

## **6. Legislation**

- 6.1 The development and application of this policy is guided by:
- Equalities Act 2010
  - The Local Government Pension Scheme (Scotland) Regulation 2014

## **7. Monitoring**

- 7.1 The application of this policy will be monitored by HR. Costs relating to Flexible Retirement requests will be reported to the Corporate Management Team (CMT).

## **Flexible Retirement Scheme - Frequently Asked Questions and Answers**

### **1. Who is eligible to request Flexible Retirement?**

NLL employee's who have at least 2 years Local Government Pension Scheme Membership and are over 60.

### **2. I already work part time, can I apply for Flexible Retirement?**

Yes, the policy applies equally to full time staff and part time staff.

### **3. How do I apply for Flexible Retirement?**

You should read the policy and seek any further advice from your line Manager.

### **4. If I commence Flexible Retirement can I revert back to my previous hours of work or grade?**

No. A reduction in hours or grade will be a permanent contractual change. Any further request to change hours can only take place after 12 months have elapsed but not to the pre Flexible Retirement position.

### **5. If I request a reduction in my grade, how does this work?**

In your Flexible Retirement application you will be asked to indicate the type of post(s) you wish to consider. Where you identify a current vacancy, you are required to make an application, following the standard recruitment procedures. You should state in your job application form that you are applying the post under the Flexible Retirement scheme and if you are also looking to reduce your hours of work. Your application will be considered on the basis of merit.

### **6. What is the timescale for informing me of my Flexible Retirement request?**

Your Manager will arrange to meet with you within 28 days unless an alternative timescale is agreed. Your manager may then require to obtain from the Pension Fund any additional costs arising from your request which would take normally up to 4 2 weeks. If your manager then approves your request you will be provided with an estimate of pension benefits based on an effective date 12 weeks from the date of approval. You should note that these benefits may be subject to an actuarial reduction if retiring prior to your normal retirement age. You have 21 days to confirm your acceptance and proceed with your application for Flexible Retirement.

### **7. If I reduce my hours from full time to 3 days per week, would I get access to full pension benefits or will my benefits reduce on a pro rata basis because I will still be working 3 days per week?**

Full benefits will be paid based on service accrued up to the effective date of flexible retirement. A separate pension benefit will accrue based on the post flexible retirement contract.

**8. If I reduce my hours of work or grade what will my pension contribution be based on?**

Your contribution will be based on the full time equivalent salary of the post held after the date of the Flexible Retirement, with a reassessment done at the end of each financial year.

**9. Will I only access the annual pension benefits under Flexible Retirement or do I also get access to the one-off lump sum payment?**

You will have access to your annual pension and any lump sum payment due either automatically or by commutation (exchange for pension) and will be responsible for the cost of any actuarial reduction.

**10. I have been issued with a Certificate of Protection as a result of an enforced reduction in salary. Will this be valid in Flexible Retirement situations?**

Yes, a Certificate of Protection can be used to calculate the benefits based on the membership accrued before the point of flexible retirement. It can only be used once and will therefore not apply to any future entitlement.