

Honiton Community College  
Academy Trust



This policy was adopted by the Governing Body of  
Honiton Community College Academy Trust  
on 10<sup>th</sup> February 2021  
and will be reviewed every three years.

# FLEXIBLE / PHASED RETIREMENT POLICY

## **Introduction**

Changes and developments in recent years to the pension regulations mean that, subject to certain criteria, there is now the possibility of being able to continue to work in a reduced capacity whilst at the same time accessing some of your pension benefits.

This provision known as “Flexible retirement” within the Local Government Pension Scheme and “Phased retirement” within the Teachers’ Pension scheme offers many benefits to Honiton Community College Academy Trust and its employees including:

- Enable the employer to retain or attract a balanced age profile within the workforce
- Facilitate retention of expertise, knowledge and contacts and enable transfer of skills/knowledge
- Offer the opportunity of better succession planning and mentoring
- Assisting employees who are approaching planned retirement to:
  - ease down to retirement
  - make a gradual adjustment to life without paid employment
  - achieve a work/life balance
  - gradually break-free of the routines and habits of work
  - keep mentally/physically active
- Offer an alternative solution during a reorganisation
- Improve morale
- Provide an effective means to reduce capacity
- Help alleviate exhaustion and stress
- Help to avoid redundancies and the associated strain on pension fund costs and redundancy/compensation costs
- Offer flexibility and productivity associated with part-time working/downshifting
- Flexible retirement means there is no break in service for the employee.

## **Policy Statement**

Honiton Community College Academy Trust will take all reasonable steps to accommodate an employee’s request for flexible retirement. The Academy will not waive any reduction to pension, and under the Academy’s discretionary powers, will consider flexible retirement only where there is no cost to the employer. A number of criteria have been developed to assist managers in responding to requests for flexible retirement.

## **Scope**

The principals of this policy will apply to all academy employees. However, due to differences between the Local Government pension scheme (LGPS) and the Teachers’ Pension scheme (TPS) different criteria and benefits apply depending on which scheme you are a member of.

“Flexible retirement” (LGPS) will apply to non-teaching staff working within the academy.

“Phased retirement” (TP) will apply to Teachers.

Staff, who are not members of either the LGPS or TPS can still benefit from the opportunity to consider and manage their own “flexible” or “Phased” retirements. However, as there is no benefit to be released from one of the above pension schemes, their application should be made in accordance with a “Flexible Working Request”.

## Equality Statement

This policy applies equally to all academy employees, as above, regardless of their age, disability, sex, sexual orientation, race, religion or belief, gender reassignment, pregnancy and maternity, marriage and civil partnership. Care will be taken to ensure that no traditionally excluded groups are adversely impacted in implementing this policy.

## Criteria for Flexible Retirement

In reviewing the acceptance of a request for flexible retirement, the following criteria will be considered:

### Local Government Pension Scheme (LGPS)

- Flexible retirement is available, by request, to members of the Local Government Pension Scheme (LGPS) from age 55 years.
- The Flexible Retirement Policy should be read in conjunction with the LGPS Policy.
- The academy will consider requests where an employee is aged between 55 and 60 years and satisfies the 85 year rule (see below and the LGPS Policy)
- Benefits can only be paid if the academy consents to a reduction in hours or grade **and** agrees to the release of the accrued pension. The minimum recommended reduction is a 40% cut in hours, i.e. making it possible for a full-time employee to reduce their working week to three days, or a minimum reduction of one full grade. Reductions of 20%, i.e. to reduce to a four-day working week, will also be considered.
- The employee must commit to a permanent reduction in hours or grade. There is no automatic right of the employee to revert to the former working arrangements.
- The employee must commit to remaining in employment for a minimum period of 1 year or up to age 60 if earlier.

### The '85 Year Rule'

The '85 Year Rule' is an actuarial criteria contained within the Local Government Pension Scheme Regulations, in simple terms the 85 year rule decides whether a scheme members pension benefits are reduced or not. The '85 Year Rule' is calculated by adding the age of the scheme member, to the number of years in the pension scheme. As an example, to satisfy the '85 year rule' at age 60 you would require 25 years membership in the pension scheme (60 years old + 25 years' service in the pension scheme = 85).

If you are considering flexible retirement and are aged over 60, the '85 Year Rule' will only decide whether you receive your pension benefits in full with no reduction, or your pension benefits are paid on a reduced basis.

In the case of employees who are aged between 55 and age 60, and satisfy the '85 Year Rule' there is a direct financial cost to the academy, because your pension benefits are being released before your Normal Retirement Age. The academy will therefore need to consider your request for Flexible Retirement due to the associated costs. The Governing Body will need to consider the request for flexible retirement.

Where there are costs to the academy, you will be required to sign an agreement form to confirm that you will repay any associated pension strain costs should you leave the academy employment within 12 months of receiving your flexible pension benefits. Repayment will be required in all cases, with the exception of compulsory redundancy or exceptional circumstances, e.g. terminal illness of the employee. In such cases, repayment will not be required but will be at the discretion of the Governing Body.

If you are aged between 55 and 60, and do not satisfy the '85 Year Rule', your pension benefits will be subject to reduction, but there will be no direct financial cost to the employer. Therefore, under the flexible retirement policy, you would be eligible for consideration.

Please note that the '85 Year Rule', has been partially phased out for scheme members, who are due to retire between the 1<sup>st</sup> April 2016 and the 31<sup>st</sup> March 2020, and totally phased out for scheme members who are due to retire from the 1<sup>st</sup> April 2020 onwards. However, if you fall into one of these categories, it does not necessarily mean that all your pension benefits will be subject to reduction.

### **Teachers' Pension Scheme (TPS)**

Phased retirement is available to those aged 55 and over who, with the agreement of their employer, change the capacity in which they are working so that their pensionable salary is reduced by at least 25% compared to the average of the salary they have received during the preceding six months. The reduction in salary, which must last for at least 12 months, could be as a result of moving to part time work or taking up a post with less responsibility.

You can take up to 75% of the pension benefits that you have in the TPS at the date your phased retirement begins. If you take them before your normal pension age, your benefits will be actuarially reduced to take account of the fact that they have been put into payment early and they will be in payment for longer.

It is possible to take any proportion up to 75 % and you can have two phased retirements before you finally retire. There has to be a 25% reduction in your pensionable salary at each phased retirement and the benefits you take cannot exceed 75% of the benefits that are available to you at each phased retirement.

You can take up to two phased retirements before final retirement. When you take your second phased retirement the amount you may receive is a maximum of your 75% of your remaining service, which includes the service accrued following your first phased retirement.

If you are considering flexible retirement, you should contact the Pensions Team, who will be able to give advice on your pension entitlements.

### **Procedure for requesting flexible retirement**

#### **Local Government Pension Scheme**

Employees who wish to submit a request for flexible retirement should do so in writing, at least three months before they wish the request to take effect. The employee should specify the reduction in hours or grade they wish to be considered and confirm that they will continue working under the reduction indefinitely. The request should be submitted to the Principal or Director of Finance and Resources.

Once the request has been received, the employee will be invited to attend a meeting to discuss his / her request for flexible retirement. A decision will be made following the meeting, taking into account the employee's representations and the general needs of the academy. The outcome of the request will be communicated to him/her within 15 working days after the meeting. The academy is not required under legislation to give reasons for the decision, however it is best practice to do so and any decision should be based on objective business reasons to avoid any other forms of discrimination. In addition to meeting the criteria for flexible retirement, the only other grounds for refusal are "business reasons", as follows:

- The burden of additional costs
- Detrimental effect on ability to meet customer demand
- Inability to reorganise work amongst existing staff or recruit additional staff
- Detrimental impact on quality or performance
- Insufficiency of work during the periods the employee proposes to work
- Planned structural changes

If a request is refused, the employee must be provided with an explanation as to why the reason (from the list above) applies in their circumstances.

If a request is refused, another cannot be made until 12 months after the date the previous request was made.

### **Teachers' Pension Scheme**

Employees who wish to submit a request for Phased Retirement should do so in writing on the "Application for Retirement Benefits" available from the Teachers' Pension Website (<http://www.teacherspensions.co.uk>). The request should then be submitted to the Principal or Director of Finance and Resources.

Once the request has been received, the employee will be invited to attend a meeting to discuss his/her request for Phased retirement. A decision will be made following the meeting, considering the employee's representations and the general needs of the academy. The outcome of this meeting will be communicated to him/her within 15 working days after the meeting. The academy is not required under legislation to give reasons for the decision. However, it is best practice to do so and any decision should be based on objective business reasons to avoid any other forms of discrimination. In addition to meeting the criteria for Phased retirement, the only other grounds for refusal are "business reasons", as follows:

- The burden of additional costs
- Detrimental effect on ability to meet customer/academy demand
- Inability to reorganise work amongst existing staff or recruit additional staff
- Detrimental impact on quality or performance
- Insufficiency of work during the periods the employee proposes to work
- Planned structural changes

If a request is refused, the employee must be provided with an explanation as to why the reason (from the list above) applies in their circumstances.

If a request is refused, another cannot be made until 12 months after the date the previous request was made.

### **Appeal**

Employees will be given the opportunity to appeal against a decision not to grant their request for flexible/*phased* retirement. Appeals should be made in writing to the Chair of Governors within 15 working days following receipt of their outcome letter. If an appeal is received, the employee will be invited to attend an appeal meeting to discuss his/her request for flexible retirement within 28 days. The outcome of the appeal will be communicated to him/her in writing within 15 working days after the meeting. The academy's decision at this time will be final.

Employees may be accompanied by a fellow worker / trade union representative of their choice if they wish at the meeting to discuss their request for flexible/phased retirement and at any subsequent appeal meeting. Employees can request to postpone the meeting or appeal meeting if their chosen companion is unable to attend on the original date and time suggested. The meeting can be postponed until a date that is within seven days from the after the original meeting was scheduled to take place.

### **Further Advice**

The above guidance is designed to advise staff of the procedure to follow and possible options available to them. For any member of staff considering Flexible or Phased retirement, we would strongly recommend that they seek advice from the relevant pension's team, to confirm the options available to them personally.

Further guidance on the regulations can be found in the LGE Circular No 193 'Changes to the LGPS in England and Wales' – January 2007

**History of Policy Changes**

<b>Date</b>	<b>Page</b>	<b>Details of Change</b>	<b>Agreed by:</b>