

# CS045 - Retirement Policy

<b>MONITORING FORM</b>	
Department	HR
Department Director	HR
This policy is applicable to	Company
Author	HR Director
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Date of minor modification	N/A
Period of Review	3yrs
Date of next review	11/05/19
Internal /external consultees (if required)	

## **RETIREMENT POLICY**

### **1. Aim**

The purpose of this policy is to set out Weslo's approach to the retirement of employees.

Weslo is committed to equal opportunities for all its employees and recognises the contributions of a diverse workforce, including the skills and experience of older employees. It believes that employees should, wherever possible, be permitted to continue working for as long as they wish to do so.

Employees may voluntarily retire at a time of their choosing.

### **2. Scope**

The policy applies to all Weslo employees [except where specified]. For those employees who are members of the Lothian Pension Scheme, additional options are available under the 'Flexible Retirement' section [Refer to paragraph 10 and 11].

### **3. Principles**

Weslo's Retirement Policy aims to:

- Be clear and understood by all employees
- Be fair and equitable and non-discriminatory
- Reflect the needs of our company
- Reflect statutory requirements and best practice
- Be flexible and adaptable to changing needs

### **4. Objectives**

- To inform employees of their statutory and contractual rights
- To raise awareness of Weslo's approach to the managing and supporting the retirement of its staff

### **5. Workplace discussions**

- 5.1 Line managers will discuss the employee's performance, developmental or training needs and the Company's and employee's future plans and expectations in the short-, medium- and long-term. During those meetings, employees may discuss their future plans or proposals for retirement. This will be recorded on the appraisal form.
- 5.2 A discussion about possible retirement will not result in assumptions being made about the employee's commitment to the company. Weslo seeks to retain the best talent, including older employees. Workplace discussions are an informal opportunity for both the manager and the employee to plan jointly for the future.

## **6. Retirement procedure**

- 6.1 If an employee has decided that he/she wishes to retire, he/she should inform their line manager in writing as far in advance as possible and, in any event, in accordance with his/her notice period as set out in his/her contract of employment. This will assist Weslo with its succession planning. The line manager should contact the relevant Director and the Head of Human Resources.

Director's requests must be referred to the Board and Head of Human Resources.

- 6.2 The Head of Human Resources will write to the employee acknowledging the employee's notice to retire and will arrange a meeting with the employee to discuss arrangements for retirement, including the intended retirement date, pension details and phased retirement, if applicable.
- 6.3 Weslo will offer pre-retirement training at no cost to the employee and relevant training will be sourced by the company.
- 6.4 Employees should consider their pension provision and take independent financial advice before making any decision in relation to retirement.

## **7. Phased retirement [Not withdrawing pension funds]**

- 7.1 Employees are under no obligation to participate in phased retirement. However in certain circumstances, this may be beneficial for both the company and employee.

Phased retirement allows a change of working pattern so that an employee can reduce his/her hours gradually (for example, move to part-time working) prior to retirement. It may, for example, involve changes to the employee's responsibilities to help the company with its succession planning, and help the employee to adjust to, and prepare for, retirement.

Requests will be considered according to the needs of the business and dependent on the employees circumstances but may, for example, allow for reducing the working week from 5 days to 4 from 6 months in advance of retiral and a further reduction to a 3 day week 3 months from retiral.

- 7.2 A reduction in hours will result in a reduction in salary, car allowances and potentially annual leave entitlement [depending on the working pattern]
- 7.3 A reduction in working hours may result in a reduction in pension contributions to the Company's Pension scheme. Employees should check their pension arrangements before making any decision on this.
- 7.4 Weslo will fairly consider all requests by those employees for changes to their working patterns.
- 7.5 Weslo will not make any changes to an employee's working pattern without agreement between Weslo and the employee.

## **8. Health Care Cash Plan & Life Scan**

In accordance with current legislation, the company reserves the right to withdraw cover under these schemes for any employee who has reached the age of 65 or over [or the state pensionable age, whichever is higher] or as required under the specific benefit rules.

## **9. Pension and insurance benefits**

Employees who are aged [65] or over who are members of the Lothian Pension Scheme will remain entitled to the benefits of the scheme, in accordance with its rules. Pension entitlements can be obtained direct from the pension provider.

## **10. Flexible Retirement Scheme - Eligibility Criteria**

Lothian Pension Fund members are able to draw their pension benefits while continuing in Weslo's employment subject to the following conditions being met [Executive Directors are not eligible to apply for flexible retirement under the Policy]:

- employees must apply for early payment in writing, be at least age 55 and have 2 years scheme membership or have brought in a transfer from another pension scheme;
- employees must, with the company's consent, reduce either the hours they work or their grade; and
- the company agrees to the early payment of pension benefits

## **11. Applying Discretionary Provisions of the Local Government Pension Scheme**

### **11.1 Flexible Retirement**

Weslo does not have a general policy of agreeing to requests for flexible retirement (i.e. early payment of retirement benefits to a member who has attained age 55 and who, with the company's consent, reduces his/her hours or grade). However, such requests will be considered where it can be demonstrated to be to the company's advantage or in its operational interests. Should the company agree to early payment of benefits under this regulation, it will not have a general policy of waiving any reduction, which would normally be applied to the benefits.

### **11.2 Requesting early retirement**

Requests for early retirement must be made in writing as per 6.1 above and 11.5 below. Requests for early retirement will be informed by the:

- demonstrable benefits to the company, in both cost and service implications, based on a full assessment of these implications in each case;
- quality and relevance of the business case, taking all relevant service and cost implications into account. For example, any 'strain' costs incurred by the company from agreeing to early release of pension benefits, impact on the quality of service delivery, impact on other

- staff, implications of any planned structural changes etc;
- Interests of the employee balanced with the interests of the company.
- Approval will be entirely at the company's discretion and, if granted, the days worked will also be at the company's discretion.

### **11.3 Reduction in Hours**

In considering requests for flexible retirement based on reduced hours, the general rule will be that there should be no cost to the company in relation to 11.2 above and no adverse impact on service delivery. As a guide in these circumstances, the company would normally expect at least a 20% reduction in the employee's contractual weekly working hours. A reduction in hours will result in a reduction in salary, car allowances and potentially annual leave entitlement [depending on the working pattern].

### **11.4 Reduction in Grade**

Flexible retirement based on a reduction in grade is unlikely to be a common request. It may appeal to those who wish to voluntarily 'step down' in responsibility in the latter stages of their career.

The ability to accommodate such requests will depend on whether it is feasible or desirable for the company to re-allocate the relinquished duties. In this regard, a restructuring involving a redefinition of roles may provide the opportunity for flexible retirement, based on a reduction in grade, as an alternative to early retirement/ voluntary severance.

A minimum reduction of at least one full salary grade will normally be necessary before flexible retirement on this basis would be considered.

### **11.5 Other Considerations**

- Flexible retirement must be for a minimum period of 6 months, and be a permanent contractual adjustment until a final retirement date is agreed.
- To allow sufficient time for costs to be obtained from Lothian Pension Fund and operational issues to be discussed and considered, requests for flexible retirement should be submitted no earlier than 6 months and no later than 4 months before the proposed implementation date.
- Employees are not required to terminate their employment.
- Employees are opting to draw their full pension benefits accrued to the date of implementation (subject to any actuarial reduction). It is not possible to opt to draw only part of their pension benefits.
- Subject to any protection afforded to existing pension scheme members under Rule of 85, employees who take flexible retirement before age 65, will incur an actuarial reduction in their pension benefits. This reduction is made to compensate for the fact that they are drawing their pension early (the company may agree to waive this reduction where there are sound business reasons for doing so).

- Employees may opt to continue paying contributions on their reduced salary and build up new pension benefits which will become payable on full retirement. Alternatively they may choose to stop making contributions.
- Requests are approved at the sole discretion of the company. There is no right of appeal in the event the company is unable to accommodate a request.

### **11.7 Cost and Financial Implications**

Where a request can be supported in principle, payroll will ask Lothian Pension Fund to provide details of costs to the company and any actuarial reduction to the employee's pension benefits. The information provided by the Pension Fund will inform the business case, the details of which should be set out by the line manager in the Proposal For Flexible Retirement (Appendix 2).

### **11.8 Sign Off Arrangements**

If both the company and employee are happy to proceed, an effective date of implementation will be jointly agreed and the proposal passed to the Chief Executive.

In common with the process for dealing with applications for early retirement and voluntary severance, the relevant Director will indicate support for the flexible retirement application by signing off the Proposal Form (Appendix 2). The signed proposal will be passed to the Chief Executive for final sign off.

### **11.9 Letter of Authorisation and Retirement Form**

To release an employee's pension benefits, a letter of authorisation must be signed-off by the Chief Executive and forwarded to Lothian Pension Fund with a copy to payroll for processing purposes. A sample letter is attached at Appendix 3. A Lothian Pension Fund Retirement Form will be completed by payroll on Lothian Pension Funds online portal.

## **12. Implementation of Contractual Variation**

Once signed off by the Chief Executive, or Board, the Head of Human Resources will arrange for the contractual change to be actioned.

## **13. Refused Requests**

Where a request cannot be accommodated, the employee should be advised in writing of the reasons.

## **14. Equality & Diversity**

The operation of this policy will always be in accordance with Weslo's Equality and Diversity Policy.

## **16. Policy Monitoring and Reporting**

The Head of Human Resources will ensure that all applications made under this policy are approved following the guidance contained herein.

## **17. Appeals and Complaints**

Employees have the right to appeal against any decisions made on matters covered by this Policy according to the Grievance Policy.

## **18. Policy Review**

It is the responsibility of the Head of Human Resources, in consultation with Weslo, to review at least every three years this policy document and to seek feedback on its effectiveness whilst reflecting statutory requirements and best practice.

**APPLICATION FOR FLEXIBLE RETIREMENT**

**EMPLOYEE INFORMATION NOTE**

Flexible Retirement allows you to draw your pension benefits while continuing in your employment with Weslo. Applicants must be at least 55 years of age, with 2 or more years of pension scheme membership and reduce either the hours they work or their grade. Please note that drawing your pension early may result in a reduction of pension benefits.

Applications for flexible retirement require the consent of the company. If you request a reduction in hours, it will help the company reach a decision if you provide information on your preferred working pattern. When completing the Business Case section, think about the effect this change will have both on the work that you do and on your colleagues. If your request is granted, this will be a permanent change to your terms and conditions.

**PERSONAL DETAILS** (please PRINT)

Name	_____	Date of Birth:	_____
Employee No:	_____	NI No:	_____
Designation:	_____		
Manager's	_____		
Name: Section:	_____		

**ELIGIBILITY AND CONDITIONS OF APPLICATION**

I wish to apply for flexible retirement in accordance with Regulation 18 of the Local Government Pension Scheme (Scotland) Amendment (No 2) Regulations 2006. The conditions relating to my application are confirmed below:

**(Please ./ to confirm or provide details where appropriate)**

- I am 55 years of age or over
- I have 2 or more years of pension scheme membership
- I understand that I require to reduce my hours of work by a minimum of 20% or reduce my Grade
- I understand that flexible retirement involves early payment of my pension benefits which may be subject to actuarial reduction
- I confirm that I would like to apply for flexible retirement for a period of no less than 6 months prior to my final retirement date
- I understand that flexible retirement will constitute a permanent contractual adjustment until my final retirement date

**Please complete either Option 1 or Option 2**

**OPTION 1**

<ul style="list-style-type: none"> <li>• I wish to apply for flexible retirement on the basis of reducing my hours of work by a minimum of 20%.</li> <li>• My current weekly hours of work are:</li> <li>• I request to reduce my weekly hours of work to:</li> <li>• If you have a preferred working pattern please enter the details below :</li> </ul>	
	<b>hrs</b>
	<b>mins</b>

DAYS	HOURS	TIMES WORKED
Monday		
Tuesday		
Wednesday		
Thursday		
Friday		
Saturday		
Sunday		

**OPTION 2**

- I wish to apply for flexible retirement on the basis of reducing my salary grade and maintaining my current working hours.

**COMMENCEMENT**

- I request my flexible retirement to take effect from – Date:

**BUSINESS CASE**

For flexible retirement to be granted it should be mutually beneficial to both the employee and the company.

Please detail below how you think your request for flexible retirement will impact on the company, if granted, and how that impact could be dealt with. Consider cost, service provision, staff resources etc


**CONFIRMATION OF APPLICATION REQUEST**

Employee's Signature: Date

**FLEXIBLE RETIREMENT PROPOSAL**

Line Manager to process in accordance with the following guidance notes:

- Provide details of the business case in support of the application showing costs and savings and attach Pension Fund statement of strain costs as appropriate.
- Director to sign off.
- Supported proposal to be referred to the Chief Executive or Board for final sign off.

**EMPLOYEE'S PERSONAL DETAILS**

Full Name:

Job Title:

Service Area:

Proposed Commencement Date:

Age at Commencement Date:

Basis of Flexible Retirement (X as

Reduction in hours  
x

Reduction in Salary Grade

**DETAILS OF BUSINESS CASE**

**Director**

**I confirm my support for the above proposal**

Name (please PRINT):

Signature:

Date:

**Chief Executive or Board Approval**

**I confirm my support and authorise the above proposal**

Name (please PRINT):

Signature:

Date:

**EXAMPLE LETTER OF  
AUTHORISATION**

Pension Manager  
Lothian Pension Fund  
City of Edinburgh Council  
Level 3:3  
Waverley Court  
4 East Market Street  
EDINBURGH  
EH8 8BG

Dear Sir

**CONFIRMATION OF APPROVAL OF FLEXIBLE RETIREMENT**

The employee named below has been granted retirement in accordance with the Weslo's Policy on Flexible Retirement.

**Employee's Name:**

**NI Number:**

Select option as appropriate \*

- \*1. Flexible retirement has been agreed by the Director on behalf of the company on the basis of a reduced working week of ..... hours per week with effect from .....
- \*2. Flexible retirement has been agreed by the Director on behalf of the company on the basis of a reduction in salary grade to ..... per annum on grade ..... point ..... with effect from.....
- \*3. The company is **agreeing/not agreeing** to waive any actuarial reduction applied to pension benefits.
- \*4. The employee wishes to cease payment of pension contributions with effect from the date of retirement.
- \*5. The employee wishes to continue payment of pension contributions from the date of retirement. The full-time equivalent salary is £..... and the members contribution rate is..... %.

Yours faithfully

Chief Executive