

# RETIREMENT & FLEXIBLE RETIREMENT PROCEDURE

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| <b>AUTHOR:</b>   | HR Business Partner   |
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| <b>POLICY SUMMARY</b>  |   |
| The Retirement Procedure sets out the framework for the Trust's approach to the management of staff retiring from the Trust; their entitlements and arrangements, ensuring that all staff are treated fairly and equally. It recognises the need to take a flexible approach to retirement in order to maximise effective workforce planning, allowing the Trust to deliver its <i>Core Values</i> . |   |
| <b>The Trust monitors the implementation of and compliance with this policy in the following ways:</b>   |   |
| Retirement reports are generated on an as and when needed basis based on Trust requirements such as a specific work plan or internal / external audit. In addition monthly reports are produced to generate retirement certificates from CEO.  |   |

| Services   | Applicable | Comments |
|------------|------------|----------|
| Trust Wide | ✓          |          |

**The Director responsible for monitoring and reviewing this policy is  
the Executive Director of People and Culture**

**ESSEX PARTNERSHIP UNIVERSITY NHS FOUNDATION TRUST**

**PROCEDURE ON RETIREMENT**

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**ESSEX PARTNERSHIP UNIVERSITY NHS FOUNDATION TRUST**

**PROCEDURE ON RETIREMENT**

**1.0 INTRODUCTION**

- 1.1 This procedure serves to support the Retirement & Flexible Retirement Policy by ensuring consistent treatment and application of the process.
- 1.2 This procedure provides guidelines for employees approaching retirement age and the various options and support available.
- 1.3 The purpose of this procedure is to:-
- Enable staff to understand the retirement procedure and options.
  - Signpost managers to provide assistance and support to staff.

**2.0 DEFINITIONS**

- 2.1 **RETIREMENT** – This is when a staff member chooses to cease work on a permanent basis. Traditionally other than as a result of illness or redundancy this has been closely linked with age.
- 2.2 **PENSIONABLE AGE** – This is the age at which a staff member can/may retire and receive pension benefits under the pension scheme to which they may contribute.
- 2.3 **NHS PENSION SCHEME** – There are two NHS Pension Schemes:-
- The 1995/2008 Scheme
  - The 2015 Scheme
  - Detailed information about the NHS pension Scheme is available at [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions)
- 2.4 **LOCAL GOVERNMENT PENSION SCHEME (LPGS)** – Detailed information about the LPGS is available at [www.lgpsmember.org](http://www.lgpsmember.org)
- 2.5 **STATE GOVERNMENT PENSION SCHEME** – Detailed information about the state pension scheme is available at <https://www.gov.uk/browse/working/state-pension>
- 2.6 Staff must familiarise themselves with the benefits of the pension scheme/section that they are a member of. The benefits of these schemes are only available to those that choose to join the scheme and/or make the appropriate contributions. Staff can join the NHS Pension Scheme at any stage during their employment in the NHS.

### **3.0 RETIREMENT PENSION INFORMATION**

The information below gives guidance on when pensions can be drawn under the different pension schemes in operation. Staff may choose to use this information to guide them in making decisions on when to retire. In addition, the NHS Pensions Agency have an overview of the NHS Pension Schemes that can be viewed on:- [www.nhsbsa.nhs.uk/member-hub/membership-nhs-pension-scheme](http://www.nhsbsa.nhs.uk/member-hub/membership-nhs-pension-scheme).

#### **3.1 NHS Pension Scheme – 1995 Section**

3.1.1 All members aged 60 and over can retire on full pension based on pay, length of service or time in scheme whether employed full or part time. If you choose to work beyond 60 your pension will be paid when you choose to retire.

3.1.2 In addition nurses, midwives, health visitors, physiotherapists and mental health officers in post before 6<sup>th</sup> March 1995 have the right to retire at age of 55 without a reduction to their pension, subject to certain criteria being met. (special class status). Special class status can be confirmed/ applied for by contacting the HR Department.

3.1.3 Staff that joined the pension scheme prior to 6<sup>th</sup> April 2006 can choose to take voluntary early retirement from the age of 50 and receive reduced pension benefits. Staff that joined the pension scheme after 6<sup>th</sup> April 2006 the minimum early retirement age is 55.

#### **3.2 NHS Pension Scheme – 2008 Section**

3.2.1 All members aged 65 and over can retire on full pension based on pay, length of service or time in scheme, and whether employed full or part time. If you choose to work beyond 65 your pension will be paid when you choose to retire.

3.2.2 Staff can choose to take voluntary early retirement from the age of 55 and receive reduced benefits.

#### **3.3 NHS Pension Scheme – 2015 Section**

3.3.1 The normal pension age is equal to an individuals' State Pension age or age 65 if that is later.

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

3.3.1 Please see [www.lgpsmember.org](http://www.lgpsmember.org) for further details on retirement benefits. The scheme's normal retirement age is 65, however early and late retirement options are available

### 3.5 State Government Pension Scheme

3.5.1 State Retirement Pensionable age for men is 65. The government has introduced changes to increase pensionable age for women from 60 to 65. From April 2017 it is 63 years and 9 months; from April 2018 it will be 64 and 6 months. A guide to the change in the state pension age for women can be obtained from the Department of Work and Pensions – telephone 0845 7313233 or visit their website at; <https://www.gov.uk/state-pension-age>

3.5.2 From 2019, the State Pension age will start to increase for both men and women to reach 66 by 2020. The Government is planning further increases, which will raise the State Pension age from 66 to 67 between 2026 and 2028. The rise in the pension age to 68 will now happen between 2037 and 2039 according to new measures announced in July 2017.

### 3.6 Non Pension Scheme Members

3.6.1 Staff can choose when to retire. Staff who choose to retire must give contractual notice in writing to their manager.

## 4.0 FLEXIBLE RETIREMENT OPTIONS

4.1 Staff retirement need not be a sudden move from working to not working. Choosing flexible retirement could be a useful way of preparing to cope with the difference. Flexible options are open to all staff, not just NHS Pension Scheme members, but consideration must be sought from staff members on the impact that these options may have on their pension benefits before making a final decision.

4.2 All flexible retirement arrangements need to have management authorisation. Flexible retirement requests will be considered in relation to individual circumstances and the impact/requirements of the department/work area. All Flexible retirement requests must follow the Flexible Working Procedure (HRPG39A)

4.3 The NHS Pensions Agency will be able to give advice on the effects on pension contributions and payments. Staff must seek guidance on the impact of the flexible working options on pension contributions and payments prior to making a flexible retirement request.

4.4 For details on how each of these flexible options affect members of the LGPS please refer to LGPS advisor and/or guidance available at [www.lgpsmember.org](http://www.lgpsmember.org)

4.5 There are five flexible working options listed below. Members of staff wishing to look into flexible working options in relation to their pension scheme should seek advice from the NHS Pensions Agency website regarding implications for them. Implications will vary depending on

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which of the NHS Pensions Schemes the member of staff is in. A guide can be found at: <http://www.nhsemployers.org/news/2014/10/flexible-retirement-options-quick-guides-for-employers-and-employees>

- 4.5.1 **STEP DOWN** – This option enables staff to apply to step down to a less demanding role at a lower grade and pay, with the opportunity of working less hours and or days. Depending on the age at which the member of staff steps down, there may be the option to protect a higher level of pay for the calculation of future pension benefits so that the impact of a change in work only affects future pension earned after stepping down. This option may support staff to remain in work in the run up to Normal Pension Age (NPA) as working at a lower level may feel more achievable and may be more financially advantageous rather than retiring from the Trust completely.
- 4.5.2 **WIND DOWN** – This option allows staff to defer their retirement and work reduced hours whilst remaining on the same grade. Pensions for part-time staff are calculated on the whole time equivalent salary and not the actual salary. Therefore, the only impact this may have is on the length of membership as it will take longer to build up future membership if working less than full time hours. This option may support staff to remain in work for a longer period of time before retirement and could be used in conjunction with a flexible working request.
- 4.5.3 **RETIRE AND RETURN TO NHS WORK** – Once a member of staff has reached the minimum pension age of the pension scheme, they can choose to retire, claim their pension benefits and request to return to NHS employment. There are stipulations regarding the length of time in which a member of staff is required to break their service before returning, dependent on the NHS Pension Scheme that they belong to. Information regarding these can be found at:-

<https://www.nhsbsa.nhs.uk/sites/default/files/2017-03/Re-employment%20factsheet%20%2803.2017%29%20V5.pdf>

Used appropriately, “retire and return” can benefit both employers and employees. Should a member of staff wish to explore this option, the Trust will be required to justify acceptance of the request on the grounds of service need and value for money. There is no guarantee that applications from staff to “retire and return” will be granted.

- 4.5.4 **RETIRE AND RETURN ON THE BANK** - Staff who are interested in returning to work following retirement but may not wish to commit themselves to regular hours may wish to consider undertaking ad-hoc work via the bank. Ad-hoc work should not have an impact on pension entitlement however advice should be sought. Any professionally qualified staff

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working on a bank contract must ensure that they maintain their professional registration in order to be able to practice.

- 4.5.5 **DRAW DOWN** – This option is available for staff in the 2008 NHS section. Staff who have reached the retirement age of 55 and reduce their annual salary by at least 10% (reducing hours or reducing grade) may choose to partially retire and take some of their retirement benefits.

### 5.0 OTHER RETIREMENT OPTIONS

- 5.1 **ILL HEALTH RETIREMENT** – Staff who become ill or are incapacitated to such an extent that they are unable to continue to work may be eligible to retire on the grounds of ill health, providing they have at least 2 years NHS Pension scheme membership. Any retirement under this category must be discussed fully with the HR department, Occupational Health services and Pensions Officer at [REDACTED]. The decision on an ill health retirement application rests solely with the NHS Pensions Agency. For more information please refer to the Employee Wellbeing, Sickness & Ill-Health Policy and Management of Sickness and Ill-Health Procedure. Frequently asked questions regarding ill-health retirement can be found at:-

<https://www.nhsbsa.nhs.uk/sites/default/files/2017-05/ill%20health%20retirement%20tiers%20and%20FAQs%20%2805.2017%29%20V8.pdf5>

There are two tiers of ill health benefits:-

- Tier One – Is awarded when NHS Pensions Agency accepts that the scheme member is unable to undertake their role due to permanent ill health. The accrued membership is paid without any actuarial reduction for early payment.
- Tier Two – Is awarded when NHS Pensions Agency accepts that the scheme member is permanently incapable of both undertaking their current role and permanently incapable of regular employment for the duration of the NHS role. The retirement benefits accrued to date are enhanced by two thirds of their prospective membership up to and reaching their normal retirement age.

- 5.1.2 If a staff member is terminally ill, they can apply to exchange their ill health benefits for a one off, usually tax free, lump sum payment.

- 5.1.3 Please refer to the Local Government Pension Scheme guidance on ill health retirement scheme benefits

### 5.2 RETIREMENT ON THE GROUNDS OF ORGANISATIONAL CHANGE

– In an organisational change situation, if a staff member chooses to retire prematurely or in the interests of efficiency of service, their retirement benefits may be paid immediately. In order to qualify they must have at least 2 years NHS pension scheme membership and have reached the minimum pensionable age. The process for this retirement is subject to approval and in line with Staff Affected by Organisational Change Policy and Procedure.

5.2.1 If staff are retiring in the interests of efficiency of the service their benefits will be paid without reduction.

5.2.2 If staff are made redundant and are aged over the minimum pensionable age they may choose to take a redundancy payment and have their pension paid at normal pensionable age, or alternatively they may take their pension benefits immediately without reduction (this may have an impact on the redundancy payment due).

5.2.3 Employees whose remuneration is effected as a result of organisational change have the option to preserve pension benefits at the higher remuneration rate. The NHS pensions department must be informed of any decision to preserve benefits within 3 months of the remuneration change taking place.

5.2.4 Please refer to the LGPS guidance on retirement benefits on the grounds of organisational change.

## 6.0 RETIREMENT PROCEDURE

6.1 Any staff member that is considering retiring should discuss this with their line manager and pension officer at the earliest opportunity. The staff member should obtain a pension quote from the pensions department (NHS Pension Scheme and LGPS).

6.2 The Trust provides a course entitled "Pre-Retirement Seminar". For further information please contact the Workforce Development and Training Department.

6.3 Once a staff member has decided to retire they should put their notification to retire in writing to their line manager. The staff member should give contractual notice. Where the staff member is taking their NHS pension at least 6 months' notice should be given in order for retirement benefits to be calculated and paid at the retirement date.

6.4 Once the notification has been received, the line manager must acknowledge the retirement request and a termination form must be completed. The HR Department must be notified to ensure necessary pension forms are requested. The line manager is responsible for carrying out an exit interview and arranging any retirement

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celebrations. The acknowledgement letter should confirm the retirement date, outstanding leave entitlement and any recognition of service.

- 6.5 Once the line manager has been notified, any member of staff who is part of the Essex Pension Fund should also complete the EPF1a Advanced Notification Form (Appendix 3) and send to the Workforce Team at epunft.esrstaffformsessex@nhs.net
- 6.6 Once the HR department has been notified the staff member will be sent a Pension application form and booklet (NHS pension AW8 Form and Booklet R). On receipt of the form the staff member should complete the relevant sections and have their documentation verified. Upon completion this will be sent to the Pensions team at Payroll department for processing.
- 6.7 If the staff member wishes to apply for flexible retirement, they must follow the procedure detailed in the Flexible Working Procedure. Where the staff member wishes to take their NHS pension as part of their request (retire and come back to work, draw down or retire and come back to work on bank) at least 7 months' notice should be given in order for the request to be considered and if granted retirement benefits to be calculated and paid at the retirement date.
- 6.8 Where the flexible retirement request has been granted and the staff member is drawing their pension a staff termination form must be completed and the necessary retirement forms processed. The staff member must take a break in employment for at least 24 hours. On returning a staff appointment form must be completed.
- 6.9 Where a flexible retirement request has been granted and the staff member is not a member of the NHS pension or LGPS or they are not drawing their pension a change form must be completed to notify payroll of the change in job role/hours.
- 6.10 The Chief Executive's office will be notified of all retirements by the HR/Workforce team.
- 6.11 Retirees will receive a letter of thanks from the Chief Executive and are entitled to receive £50 towards a retirement celebration event. This may include gifts, food, decorations, flowers etc. In order to arrange this, the Line Manager/Service Manager is required to apply for the money through the Trust's Finance Department, which will involve providing proof of the individual's retirement.
- 6.12 The Trust is required to seek NHS Improvement approval for all Chief Executive and Executive Director level appointments who choose to take their pension when they reach retirement age and then return to work. The approval process should be completed prior to the retirement resignation and re-engagement. As a general rule NHS Improvement guidance is that the total post return salary plus pension should not exceed the pre-retirement salary total.

**7.0 NHS RETIREMENT FELLOWSHIP**

- 7.1 The NHS Retirement fellowship is a registered charity, created for the benefit of all employees of the NHS. Members of the fellowship enjoy a range of social, leisure, educational and welfare activities through a range of branches across the UK. For more information please see <http://www.nhsrf.org.uk/index.html>
- 7.2 If staff wish to join the fellowship they can contact the Central Office (see Appendix 2) and find out details of their nearest branch.

**END**

SAMPLE ONLY