Retirement Options Policy

Policy statement
The Office of the Police and Crime Commissioner (OPCC) is committed to supporting employees with their retirement plans and providing information on different types of retirement. The OPCC recognises that retirement is often a significant step and therefore seeks to support an employee through this decision making process.

Scope
All employees of the OPCC

Policy outcome
The aims of this policy are to:

- explain the retirement options available to an employee
- detail the process involved when deciding to retire
- explain pension rights connected to retirement requests
- ensure adherence to the Local Government Pension Scheme Regulations

Check which policy to use
Ill health retirement should be addressed using the Managing Sickness Absence Policy.
Key definitions

**Local Government Pension Scheme (LGPS)**
The LGPS is one of the UK’s largest public sector pension schemes. It is open to most employees in local government and some other organisations.

**Hampshire County Council Pensions Services Department**
Administer the LGPS on behalf of the regional Hampshire fund.

**LGPS Admin Team**
A team within HCC’s Corporate Services Department who are responsible for the administration aspects of the LGPS for OPCC employees.

**Vesting period**
To qualify for pension benefits under LGPS you must have been a member of the pension scheme for 2 years, this is known as the vesting period.

**Normal pension age**
The normal pension age in the LGPS is linked to the individual’s State Pension Age (SPA), with a minimum of age 65. If the individual’s SPA changes in the future this change will apply to their normal pension age within the LGPS.

**85 year rule**
If an employee was a member of the LGPS on or before 30 September 2006, and retires before normal retirement age, some or all of the pension benefits could be protected from early payment reduction under the 85 year rule.

To satisfy the 85 year rule the employee’s age at the date of retirement, added to whole years in LGPS membership, must add up to 85 years or more.

For employees who joined the LGPS on or after 1 October 2006, the 85 year rule does not apply.

**Reduction**
A percentage reduction to pension entitlement where retirement is earlier than State Pension Age (Appendix 1).

**Internal Dispute Resolution Procedure (IDRP)**
The IDRP is a two stage process through which an independent person reviews a decision made in relation to the LGPS scheme.
What the law says

There is no statutory default retirement age.

Local Government Pension Scheme

Retirement options

- standard retirement
- flexible retirement

Standard retirement

Standard retirement is where an employee retires in full from the OPCC; there is no approval governance required.

This is open to any employee who:

- is a member of the LGPS and is age 55 or over if taking immediate payment of (reduced) benefits*
- is a member of the LGPS, regardless of age, if taking deferred benefits.

* A table of reductions is show in Appendix 1.

Alternatively an employee can work past retirement age and have their benefits increased to reflect late payment (up to two days before age 75).

Employees need to inform their line manager in writing as soon as possible that they wish to retire and proceed in accordance with the Notice Period Policy.

Flexible retirement (consent required)

Flexible retirement is a specific form of early retirement whereby an employee receives payment of their pension benefits having either reduced their working hours or reduced their grade. This allows an employee to take a graduated approach to retirement.

This option requires employer consent and is open to any employee who is a member of the LGPS and is aged 55 or over.

The employee must be granted consent to either:

- reduce their total working hours by 40% or more*
- work at a lower pay grade that would equate to a reduction in pay of 40% or more*

* A reduction of less than 40% will only be considered where there is no pension strain charge.

Payments are based on pension built up to date, however, the employee should be aware that this payment may be subject to
an early payment reduction. The amount of reduction depends upon how early the benefits are taken. The exception to this is where the employee meets the 85 year rule and qualifies for benefits payable without reductions before the normal retirement age. If flexible retirement is taken after normal retirement age benefits are increased to reflect the late payment.

Flexible retirement means that the pension has become active and therefore contributions to this pension are no longer possible. Auto enrolment into a new pension based on their new pensionable pay will apply unless they opt out of this second pension scheme.

Employer consent (including Flexible retirement) The employee must complete the Application for Flexible Retirement form and submit this to their line manager. Upon receipt of the request, the line manager must meet with the employee to discuss their proposal. If the line manager is supportive of the proposed retirement they must contact HR to request a pension estimate. Approval will be required in accordance with the governance process.

Pension estimates Each year Pension Services provide employees who are members of the pension scheme with an annual statement of their retirement benefits. This statement uses salary and service information as at 31 March each year to provide an estimate of both the current value of benefits and a projection of the pension value at the normal retirement age. It is designed to give employees sufficient information regarding their benefits; however, in circumstances where the employee is seeking early retirement they may require further information.

Where an employee is considering standard retirement they can request one free estimate per year from Pension Services in addition to their benefit statement. If a further estimate is requested within a 12 month period, a charge is applicable.

An estimate of benefits should only be requested by the employer if there is a potential cost to the employer and the employer is considering paying this. Otherwise the employee should request their own estimate directly with the pension administrator.

Retirement outcome/s The manager will make an initial evaluation of the request to assess whether the retirement can be supported by the department.
Where the manager can support the retirement, they must meet with the employee to give this feedback and explain that the necessary authorisation is still required before it can be confirmed. Therefore it is still possible that the retirement will not be approved.

The final authorisation can result in the following possible outcomes:
- consent for retirement granted
- consent for retirement not granted
- consent for retirement granted with a deferred date.

Where granted, employees must complete the ‘Retirement Declarations and Options Form’ and return this directly to Pension Services to enable payment of the pension. It takes approximately six weeks for payment of the pension to commence. Failure to return the form to Pension Services may delay the payment of their pension.

Where the retirement cannot be supported by the manager, or is not granted by the department, the manager must meet with the employee to notify them of the outcome and explain the reasons why this decision has been reached. The decision must be confirmed to the employee in writing within 4 calendar days.

There is no right to appeal a retirement outcome under this policy however in some circumstances there may be a right to appeal under the Internal Dispute Resolution Procedure (IDRP).

**Financial advice**

The employee should consider their pension provision and seek independent financial advice before making any decision in relation to retirement. Neither Pension Services, HR or the line manager are able to provide financial advice.

**Related documents**

To help with the application of this policy it may be useful to read the following:
- Notice periods policy
- Resignation policy
- Pension services website: [http://www3.hants.gov.uk/pensions](http://www3.hants.gov.uk/pensions)
- Local Government Pension Scheme website: [www.lgps.org.uk](http://www.lgps.org.uk)
Support

Employees:
Queries should be directed to your line manager.

A confidential Employee Support service is available on freephone 0800 030 5182 (or 0161 836 9498 if calling from a mobile) at any time. Further information is available at http://www3.hants.gov.uk/employee-support

Your trade union or professional association may be able to provide you with additional support.

For more information or if you have a question about your membership for the LGPS, Pension Services can be contacted on 01962 845588 or by emailing pensions@hants.gov.uk

Managers:
Further information is available in the Managers’ How To Guide – Retirement Options.

Advice on remaining queries can be directed to HR Operations at hradvice@hants.gov.uk or on 01962 813915.

Policy Governance

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Employees of non Office of the Police & Crime Commissioner bodies are excluded from this policy and should refer to their own employer’s policies and procedures.
Appendix 1

Early retirement reductions - LGPS

The table shows the percentage reduction for men and women retiring early from age 55. ‘Years early’ refers to the number of years between when you take your pension and when you would have been entitled to unreduced benefits, i.e. your state pension age (which is your Normal Pension Age (NPA) in the LGPS). The date you will be entitled to unreduced benefits may be different for pre 2014 benefits and post 2014 benefits. This table is for guidance only.

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