



Flexible Retirement (Policy & Procedure)

OFFICIAL

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Version History

Date	Version	Updates
25/02/2009	V1	Approved at BMG
02/08/2011	V2	Policy Update
31/01/2019	V2.3	Amended to reflect structural changes
25/09/2019	V2.4	Amended to reflect structural changes and process
06/12/2021	V2.5	Amended to reflect structural changes

Policy

Statement

The Local Government Pension Scheme 2014 requires employers to formulate, publish and keep under review a policy on flexible retirement.

Flexible retirement is a facility to enable qualifying employees to ease into retirement by gaining immediate access their Local Government Pension Scheme benefits whilst remaining in employment with the Force.

Aims

Flexible retirement is an option available for members of the LGPS who satisfy the qualifying criteria to apply to the Force for the early release of accrued pension benefits whilst continuing to work either at a lower grade or on reduced hours. The principal aims of this facility are to provide an option for avoiding compulsory redundancy during times of organisational change and to facilitate the retention of specialist knowledge and experience which may otherwise be lost to the organisation.

Objectives

- To provide a fair and consistent approach when dealing with applications for flexible retirement.
- To provide for an alternative solution to minimise the potential requirement for compulsory redundancies
- To seek to retain specialist knowledge and skills within the organisation.

Application and Scope

All police officers and police staff, including the extended police family and those working voluntarily or under contract to Merseyside Police must be aware of, and are required to comply with, all relevant policy and associated procedures.

The policy will apply to all police staff who are members of the Local Government Pension Scheme.

Outcome Evaluation

Outcomes will reflect specific objectives and the level of success will be measured and reported on to Chief Officers at regular intervals.

Procedure

1. Flexible Retirement

- 1.1. Flexible retirement occurs where a member of staff draws their pension and carries on working either at a lower grade or on reduced hours. **It is available to LGPS members who have met the 2 years vesting period in the scheme, are aged 55 or over and who, with the Force's consent, reduce their hours or grade.** Subject to necessary approvals, staff will be able to draw their accrued local government pension whilst continuing to work. In addition they can remain in the Local Government Pension Scheme until the day before their 75th birthday or their further retirement, whichever is sooner, building up further benefits in the Scheme.
- 1.2. Any member of staff seeking to apply for flexible retirement i.e. to work reduced hours in their own role or to work in a different role at a lower grade must put their request in writing to their line manager on Flexible Retirement [Form FR1](#).
- 1.3. To qualify for Flexible Retirement applicants must request a significant reduction in their weekly working hours (no less than 40% of their total hours).

Applications for Flexible Retirement with a proposed reduction of less than 40% of hours will not usually be considered unless there are exceptional welfare reasons for doing so. Any welfare or compassionate grounds should be stated within the application.

- 1.4. The line manager will ensure that the employee receives information on how flexible retirement will affect their net pay and pension entitlement (see 2.0 below) and the employee is advised to seek independent financial advice. The line manager will obtain the necessary information from a People Services Policy Advisor, including the potential cost to the Force.
- 1.5. The line manager will consider the business case for the request and complete a report on the Flexible Retirement [Form FR2](#), including the following :-
 - the arrangements required, if any, to ensure that there is no detrimental effect on service delivery,
 - the availability of alternative work at a lower grade if this is requested,
 - that the arrangement is fair and equitable to other team members, and
 - the cost, if any, to the Force.
- 1.6. If, having received the information, the member of staff wishes to proceed with an application the line manager should obtain the view of their Department Head/Strand Lead who may seek additional advice from a People Services People Partner. Department Head/Strand Lead recommendations contained on Flexible Retirement [Form FR3](#) will be required prior to consideration by a Force panel which will usually consist of two Chief Officers and the ACC People Services

or their designate. The application accompanied by all the relevant information considered by the line manager and the view of the Strand Lead will be submitted to the PS People Partner for consideration by the panel.

- 1.7. Consideration will be given to any cost implication to the Force and applications for flexible retirement may be rejected by the panel on these grounds.

2. Receiving pension benefits whilst working

- 2.1. In all cases, staff must receive information on how flexible retirement will affect their net pay and pension entitlement. This is important, as a member of staff's pension will normally be actuarially reduced if paid before State Pension Age (SPA). In addition, any job held while in receipt of pension benefits may attract a higher rate of tax.
- 2.2. Each individual must access all of their pension benefits accrued to date, inclusive of any actuarial reduced benefits. The Force will not evoke discretion to allow a member the choice to draw partial benefits.
- 2.3. Whilst the payroll service provider will provide necessary pay figures for the staff member, the employee should be encouraged to seek independent financial advice prior to pursuing flexible retirement.

3. Pension and salary implications for those employees where flexible retirement is approved and the employee is working reduced hours or in a lower graded post.

- 3.1. Where an employee varies their working arrangement, their pension entitlements will continue to accrue in the form of a new pension. Pension rights accrued before the reduction in hours or grade will be unaffected by the change. The employee's pension following the change may however be affected where special payments are no longer paid in the new role e.g. shift allowance, weekend work. Advice must be obtained from the Payroll & Pensions Liaison Officer on how their pension benefits might be affected.
- 3.2. Working part-time or in a lower grade prior to the normal retirement age may also affect a member of staff's ill-health benefits, or redundancy and compensation payments should they retire on health grounds or be made redundant or leave on efficiency grounds at some time in the future. Staff should contact a PS Policy Advisor in order to get further information on how these might be affected.
- 3.3. Once a request for FR is approved an employee cannot apply for a further increase to their hours in that post or apply for promotion which would result in an increase to their salary. However an employee may apply for promotion in another post working less hours than their FR arrangement provided it does not result in an increase in their overall salary from their original FR arrangements.

4. Enhancing pension benefits.

- 4.1. Staff who are concerned about loss of pension benefits may consider paying Additional Pension Contributions (APCs) to boost their pension benefits. Staff may pay additional voluntary contributions via the LGPS in order to increase their retirement income.

For more information on the various options available please visit:

[LGPS 2014 APC Modellers \(lgpsmember.org\)](http://lgpsmember.org)

5. Actuarial reduction to pension benefits

- 5.1. Should an individual elect for flexible retirement prior to SPA, the accrued pension benefits will usually be subject to an actuarial reduction.
- 5.2. In exceptional circumstances the employer may agree not to apply all or part of the actuarial reduction of pension on compassionate or business grounds. Examples of reasons that may be considered for waiving the actuarial reduction to the employee include:-
- Staff who are suffering the emotional and financial effects of bereavement,
 - Staff who may be required to reduce their hours or their grade to care for a dependant,
 - Where flexible retirement is used as an alternative to redundancy.

6. Relationship to redeployment provisions

- 6.1. The provisions of the Redeployment Policy and Procedure will not apply where flexible retirement is approved. Where it is an alternative to redundancy, the usual salary protections will not apply in respect of redeployment.

7. Relationship to Redundancy

- 7.1. In cases where flexible retirement is requested as an alternative to compulsory redundancy, a trial period will be permitted in accordance with the Force's Redundancy Policy.

8. Relationship to Pre-Retirement leave

- 8.1. In circumstances where individuals have made a successful application for Flexible Retirement they are not eligible to also apply for Pre-Retirement Leave.

9. Appeals Process

- 9.1. An employee may appeal against a decision made under the policy using the Internal Dispute Resolution Procedure.

10. Cost

- 10.1. The employee's Department will normally be expected to meet any early retirement strain costs, which is likely to be a significant factor for consideration in the Panel's decision.
- 10.2. Each application will be considered on its own merits and full account will be taken of any costs attributable to the Force.

