

Flexible Retirement - Summary of LGPS/TPS Scheme Rules and Council Policy

HR Service Effective from May 2014

1. Introduction

Both the Local Government Pension Scheme and the Teachers Pension Scheme allow employees to draw their pension whilst continuing to work in a reduced capacity. However, because the facility for 'flexible' or 'phased' retirement' derives directly from these Pension regulations, there are distinct differences in how each Scheme operates.

2. Summary of the two schemes

Local Government Pension Scheme (LGPS)

- Available to over 55's where there is a reduction in hours or grade.
- At employee's request, early release of pension can be considered in addition to a 'flexible working' request.
- No minimum requirements on reduction of grade or hours.
- Potential strain on pension fund will be taken into account.
- Benefits are likely to be reduced if taken before normal retirement age.
- You must take all of your pre-1 April 2008 benefits but you may take all, some or none of the benefits accrued after 1 April 2008. This includes benefits accrued in the 2014 Career average scheme.
- Authorisation (non-schools) is for:
 - Flexible Working - Deputy Director
 - early release of pension - Director of Finance and Resources in consultation with Deputy Director HR and Corporate Support
- Authorisation (schools) is for:
 - Flexible Working - Governing Body
 - early release of pension - Director of Finance and Resources in consultation with Deputy Director HR and Corporate Support
- Members of Pensions Committee must agree to the early release of pension benefits for posts subject to Member level appointment.

The LGPS allows a scheme member who is over the age of 55 to draw some or all of their pension if they reduce their hours or grade. This is a discretionary provision and the Council has agreed to consider requests, as part of the Flexible Working Procedure, where there is clear operational or financial advantage to the Council.

At the employee's request the early release of pension benefits under 'flexible retirement' will be considered in addition to the request to work flexibly. The employee should tick the appropriate box at the top of the application form if they wish their request to include consideration of the early release of pension benefits and indicate if they wish to take all or part of their benefits. If they wish to only take part of their benefits they should indicate what proportion.

Employees should note that their benefits are likely to be reduced, under scheme regulations, if they are taken before normal retirement age. It is therefore essential that the employee request an estimate of benefits prior to making an application for flexible retirement. An estimate can be obtained through the

London Pensions Fund Authority (LPFA) on 020 7369 6247 or e-mail bexley@lpfa.org.uk. Employees with a PIN number can access their record on-line and do an illustrative calculation at www.yourpension.org.uk/bexley.

The Regulations do not stipulate a minimum number of hours, or amount of pensionable service that the employee's service needs to reduce by, to qualify for flexible retirement. It is unlikely, however, that a request for the early release of pension will be granted where the reduction in hours or grade is minimum or trivial. Additional pension benefits will accrue on the remaining hours worked.

Due to the way the pension scheme is managed there is a potential strain on the fund when a pension is taken early. This potential strain must be taken into consideration and may result in a request for early release of pension being denied - even if the request to work flexibly is agreed.

If the relevant designated officer (usually the Deputy Director), or the Governing Body in schools, supports the flexible retirement request, the early release of pension benefits will be considered by the Director of Finance and Resources in consultation with the Deputy Director HR and Corporate Support. (Members of Pensions Committee must agree flexible retirement for posts subject to Member level appointment).

Consideration by the Director of Finance and Resources will include the potential strain on the LGPS fund of the pension being taken early. If he authorises a request he will ensure that adequate provision is made to address any strain on the fund through the relevant staffing budget.

There are provisions within the Regulations for the employer to waive, in whole or in part, the actuarial reduction that will apply to an individual taking their pension early under Flexible Retirement. This is a discretionary provision and Council members have determined that this will not be considered in any circumstances.

Teacher's Pension Scheme (TPS)

- Available to over 55's where pensionable salary is reduced by at least 20% for a minimum of 12 months.
- Employee choice as to how much of their accrued benefits they take, up to a maximum of 75%.
- May take the option of 'phased retirement' twice before final retirement.
- Benefits are likely to be reduced if taken before normal retirement age.
- Authorisation (Schools) is through Governing Body or (Non-Schools) the relevant Designated Officer.

The TPS currently allows 'phased retirement', without a break in employment, where pensionable salary will reduce by at least 20% for a minimum of 12 months. The employee may choose how much of their accrued benefits they will take, up to a maximum of 75%. Additional pension benefits will continue to accrue on the remaining hours worked. Employees may take the option of 'phased retirement' twice before final retirement.

Employees should note that their benefits are likely to be reduced, under scheme regulations, if they are taken before normal retirement age. Teachers' Pensions are unable to supply benefit estimates based on projected service and salary details, but employees can calculate their own estimate using the retirement calculator available from www.teacherspensions.co.uk.

Authorisation for phased retirement rests with the Governing Body in schools, or the relevant Designated Officer for non-school posts. In practice employees should initially discuss their arrangement with the Head Teacher (schools) or manager (non- schools) and their local HR contact.

Once agreed, an application for phased retirement should be made via the TPS www.teacherspensions.co.uk. HR need to be kept informed of decisions, and the Head Teacher/manager will need to confirm the salary reduction on the employee's application form to the TPS.

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