

# Retirement Policy

## HR Policy

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V1.0



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## Version control

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## 1. Policy statement

- 1.1 This policy is designed to assist employees who are members of the NHS Pension and who are considering or have taken the decision to retire from service and outlines the options available and support that can be expected from management.
- 1.2 In accordance with the NHSCFA's Equality and Diversity Policy, in applying this policy the organisation and line managers will have due regard to eliminate unlawful discrimination, either directly or indirectly. The policy will promote equality of opportunity, and provide for good relations between people of diverse groups, in particular on the grounds of the following characteristics protected by the Equality Act (2010); age, disability, gender, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation. The policy and procedure will be reviewed periodically by the HR Advisory Provider and trade unions giving due consideration to legislative changes.

## 2. Principles

- 2.1 The NHSCFA does not operate a compulsory retirement age.
- 2.2 When considering retirement options employees should bear in mind the potential impact on their pension.
- 2.3 The provisions of Section 16 (a) of NHS Terms and Conditions will apply to employees retiring early on grounds of redundancy.
- 2.4 The minimum retirement age for members of the NHS Pension Scheme – 1995 section is 50, except for staff who joined on or returned to the scheme after 6 April 2006 for whom the minimum retirement age is 55. The minimum retirement age for members of the 2008 section and the 2015 scheme is 55.
- 2.5 The normal retirement age for members of the NHS Pension Scheme – 1995 section is 60 (55 for special class members) and age 65 for members of the 2008 section. Normal retirement age in the 2015 scheme is the same as the individuals state pension age unless this is under 65 in which case their normal retirement age is 65.
- 2.6 Employees considering retirement, particularly flexible retirement, should discuss their plans initially with their line manager.
- 2.7 Information on retirement options and benefits is available from the pensions help line on 0300 330 1346, or the NHS Pensions website [www.nhsbsa.nhs.uk/pensions](http://www.nhsbsa.nhs.uk/pensions).
- 2.8 Employees should bear in mind that NHS Pensions requires 4 months' notice of any request for payment of pension benefits.

- 2.9 Flexible retirement requests will be considered in line with the procedure in the Flexible Working policy.

### **3. Procedure**

- 3.1 Flexible retirement provides flexibility regarding the age at which an employee retires, the length of time it takes to retire and the nature and intensity of work in the lead up to final retirement. It assists the organisation by retaining the skills of key employees who are approaching, or are at, retirement age and provides a greater choice for employees.

### **4. Pre-retirement wind down (existing post)**

- 4.1 An employee approaching their retirement may wish to gradually reduce the number of hours they work leading up to their actual date of retirement.
- 4.2 The employee should put their request in writing to their line manager, clearly outlining their proposed work pattern, start date and retirement date.
- 4.3 Requests will be considered in line with the procedure in the Flexible Working policy, and judged on the basis of business needs.
- 4.4 If a reduction in hours is agreed, the employee will be paid pro rata to hours worked.

### **5. Pre-retirement step down (less demanding role)**

- 5.1 An employee approaching retirement may request to continue working in a less demanding role.
- 5.2 The employee should put their request in writing to their line manager, clearly outlining their proposed role, hours of work, start date of the arrangements and retirement date.
- 5.3 Requests will be considered in line with the procedure in the Flexible Working policy, and judged on the basis of business needs.
- 5.4 If a change in role is agreed, the employee will be paid the appropriate rate for that post. If there is a reduction in working hours, the employee will be paid pro rata to hours worked. Members of the 1995 section may apply for the higher rate of pay to be protected for pension purposes
- 5.5 Retire and come back to work (excluding retirement on the grounds of redundancy – see re-engagement policy)

## 6. Retirement and return to work (excluding retirement on the grounds of redundancy)

- 6.1 Under the provisions of the NHS Pension Scheme, employees have the option to retire from service and take all their pension benefits before returning to NHS employment.
- 6.2 Employees considering this option, and who wish to return to NHSCFA employment, must make their request in writing, to their line manager, as far in advance as possible. The request must include the proposed retirement date and when, and in what capacity, the individual would like to return to work afterwards.
- 6.3 Requests to return to work will be considered in line with the procedure in the Flexible Working policy, and judged on the basis of business needs.
- 6.4 If the request is agreed, there must be at least a 2-week break between employments, to include a minimum 24-hour break in pensionable employment to satisfy the requirements of the NHS Pension scheme.
- 6.5 A member of the 1995 section who retires on normal age or voluntary early retirement grounds and who returns to NHS employment will have their pension suspended if their (re)employment exceeds 16 hours per week in the first calendar month following retirement. This restriction does not apply to members of the 2008 section or the 2015 scheme.
- 6.6 Employees who are in receipt of any earnings related protection will lose that protection on their return to work following the break in service.
- 6.7 Once an employee retires and receives their pension benefits in relation to their NHS service, this service will no longer be counted as 'reckonable' for redundancy purposes (para 16.6 of NHS Terms and Conditions). Where an employee takes their pension benefits and returns to work at the NHSCFA, reckonable service will begin from the date of return to employment after the break in service.
- 6.8 Employees who retire and take their pension benefits before returning to work and are members of the 1995 section will not be able to re-join the NHS Pension Scheme unless they retired on ill health grounds and returned before age 50. This restriction does not apply to the 2008 section and 2015 scheme members who can return to pensionable employment up to age 75.

## 7. Draw down (partial retirement)

- 7.1 Members of the NHS Pension Scheme – 2008 section and 2015 scheme may elect to partially retire and take some of their benefits. To do this the employee must have

reached at least the minimum retirement age and have reduced their pensionable pay by at least 10%.

- 7.2 Between 20% and 80% of pension entitlement may be taken and pension membership will continue to build up. Pensionable pay must remain reduced for at least a year otherwise eligibility to a pension will cease. Benefits can be drawn down twice before final retirement.

## 8. Voluntary early retirement (VER)

- 8.1 An employee may opt to take VER at any time from the minimum pension age applicable to the scheme they are, or have been, a member of provided they have at least 2 years membership. The minimum retirement age is 50 for members of the NHS Pension Scheme - 1995 section, and 55 for members of the NHS Pension Scheme - 2008 section or the 2015 scheme. For employees who joined the NHS Pension Scheme – 1995 section for the first time on or after 6th April 2006, or previously left the Scheme before 31st March 2000 with deferred benefits and re-joined on or after 6th April 2006, the minimum retirement age is 55.
- 8.2 An estimate of pension benefits can be requested from the pension's helpline however, final figures will be calculated by NHS Pensions. Employees considering VER, who have NHS Pension Scheme membership prior to 5th April 1997, must request the Guaranteed Minimum Pension (GMP) check from the Pensions Officer in the first instance. VER cannot go ahead unless the GMP check has been passed.
- 8.3 To leave employment due to voluntary early retirement the employee must resign from their employment, giving the appropriate contractual notice. They will be expected to take all accrued annual leave prior to their leaving date.

## 9. Reduction buy out

- 9.1 The 2015 Scheme has a normal pensionable age (NPA) linked to your statutory pensionable age (SPA) which can rise if your SPA rises. An option exists in this Scheme only, for you to pay additional contributions to buy out the reduction that would apply if you retired before your NPA. This is known as an 'ERRBO agreement'. Your employer can, if they agree, pay all or part of the required additional contributions on your behalf.
- 9.2 The agreement can be for early retirement 1, 2 or 3 years before your NPA but no earlier than age 65. An exception to this is where your NPA is not a whole number, for example if your NPA is 65 years and a number of months then an ERRBO agreement can be taken out to include the number of months.
- 9.3 The rate of additional contributions payable is based on your age at the effective date of the agreement (i.e. your age on 1 April of the first Scheme year to be

covered by the agreement) and the number of years' reduction being bought out. There is an overall limit on the total value of additional benefits that can be bought in this Scheme by the payment of additional contributions. If you have bought or are buying Additional Pension (AP) this may limit the scope of the ERRBO agreement available.

- 9.4 The additional contributions are payable during each Scheme year (1 April of one year to 31 March of the following year) that the early retirement reduction is being bought out.

## 10. Late retirement

- 10.1 Employees who remain in employment beyond the normal retirement age, and remain in the NHS Pension Scheme, may continue to earn benefits to age 75 or until they reach 45 years membership. There are no provisions to increase benefits for members of the 1995 section if they are paid late. Members of the 2008 section and the 2015 scheme will have any pension earned before their normal pensionable age increased to take account of the fact that it is being paid later than the normal retirement age.

## 11. Normal age retirement

- 11.1 Employees wishing to fully retire from work must resign from their employment, giving the appropriate contractual notice. They will be expected to take all accrued annual leave prior to their leaving date.

## 12. Ill Health Retirement

- 12.1 When an employee becomes incapable of carrying out their duties on a permanent basis due to ill health they may wish to apply to NHS Pensions for the in service ill-health pension. However any decision to entitlement is made solely by NHS Pensions on the advice of its independent medical advisors. An employee may wish to discuss the possibility of reasonable adjustments or suitable alternative employment (see Redeployment policy) before applying for the NHS in service ill health pension.
- 12.2 Where ill-health retirement is identified as an option, the employee will be provided with an estimate of pension benefits via the Pensions helpline. The application must be made on the appropriate form which is available from the Pensions helpline.



12.3 Medical advisers, appointed by NHS Pensions, will assess the available medical evidence and will confirm whether the employee is permanently incapable of carrying out either their present NHS duties or any regular work. A Tier 1 or enhanced Tier 2 pension may be paid dependent upon this decision.

	Definition	Entitlement
Tier 1	Unable to do current job due to permanent ill health.	Pension already earned paid without reduction.
Tier 2	Unable to carry out regular employment of like duration to NHS employment due to permanent ill health	Tier 1 plus the 'tier 2 addition' which is pro rata enhancement based in ½ of prospective pension to normal pension age.

12.4 If an application for ill-health retirement is accepted, this constitutes a mutual decision and therefore the termination date will be agreed between the individual and their line manager.

12.5 If ill-health retirement is not agreed and there is a subsequent deterioration in the employee's condition, or further medical information becomes available, the employee may re-apply for retirement on the grounds of ill health. Absence will be managed in line with the Absence Management Policy.