



Guidance on options for Flexible retirement

Lead executive	Director of Nursing Therapies Patient Partnership
Author and contact number	Human Resources Service Partner – 07584 144 382

Type of document	Guidance
Target audience	All CWP staff
Document purpose	This guidance promotes flexible retirement under the NHS Pension Scheme by outlining the options available

Document consultation		
AMH – Wirral	No	
AMH – West	No	
AMH – East	No	
D&A services	No	
CAMHS	No	
LD services	No	
CCWC services	No	
Corporate services	No	
Staff side	Yes	
Other –	Yes	Pensions Officer
Groups / Committees	No	
Involvement taskforce	No	

Approving meeting	Workforce and OD Sub Committee	12-Aug-13
Original issue date	Sep-06	
Implementation date	Aug-13	

CWP documents to be read in conjunction with	HR6 HR2.1 HR3.2 HR3.7 HR3.15	Mandatory Employee Learning (MEL) policy Recruitment and selection policy Equality, fairness and dignity in employment policy Dignity at work policy and procedure Retirement awards policy
--	--	---

Training requirements	No - Training requirements for this policy are in accordance with the CWP Training Needs Analysis (TNA)
-----------------------	---

Financial resource implications	No
---------------------------------	----

Equality Impact Assessment (EIA)

Initial assessment	Yes/No	Comments
Does this document affect one group less or more favourably than another on the basis of:		
• Race	No	
• Ethnic origins (including gypsies and travellers)	No	
• Nationality	No	
• Gender	No	
• Culture	No	

<ul style="list-style-type: none"> Religion or belief Sexual orientation including lesbian, gay and bisexual people Age Disability - learning disabilities, physical disability, sensory impairment and mental health problems 	No No Yes No	Some aspects of pension NHS pension scheme are age related
Is there any evidence that some groups are affected differently?	No	
If you have identified potential discrimination, are there any exceptions valid, legal and/or justifiable?		
Yes		
Is the impact of the document likely to be negative? <ul style="list-style-type: none"> If so can the impact be avoided? What alternatives are there to achieving the document without the impact? Can we reduce the impact by taking different action? 	No N/A N/A N/A	
Where an adverse or negative impact on equality group(s) has been identified during the initial screening process a full EIA assessment should be conducted.		

If you have identified a potential discriminatory impact of this procedural document, please refer it to the human resource department together with any suggestions as to the action required to avoid / reduce this impact.

For advice in respect of answering the above questions, please contact the human resource department.

Was a full impact assessment required?	No	
What is the level of impact?	Low	

Document change history

Changes made with rationale and impact on practice
1. Added section 5 - Staff not entitled to be members of the NHS pension scheme

External references

References
1.

Monitoring compliance with the processes outlined within this document

Please state how this document will be monitored. If the document is linked to the NHSLA accreditation process, please complete the monitoring section below.	The number of employees taking flexible retirement will be recorded by Human resource and reported as required to WODSC.
---	--

Content

1.	Introduction	4
2.	Scope.....	4
3.	Pension retirement ages	4
3.1	State pension retirement age	4
3.2	NHS Pension retirement age.....	4
3.2.1	1995 Section	4
3.2.2	2008 Section	4
4.	Flexible retirement options	5
4.1	Wind down (open to members of the 1995 and 2008 sections)	5
4.2	Step down - voluntary protection of pay (open to members of the 1995 section).....	5
4.3	Draw down (open to members of the 2008 section)	5
4.4	Retire and come back (open to members of the 1995 and 2008 section)	6
4.5	Late retirement (open to members of the 1995 section and 2008 section)	6
4.6	Working when needed	7
5.	Staff not entitled to be members of the NHS pension scheme.....	7
6.	Exceptions	7
7.	Application process	7
8.	Right of appeal.....	7
9.	Planning for retirement.....	7
10.	Where to go for advice	7
11.	Duties and responsibilities.....	8
11.1	CWP	8
11.2	All CWP Employees	8
11.3	Line managers	8
	Appendix 1 - Special class status	9
	Appendix 2 - Business case for retire and come back.....	10
	Appendix 3 - Application form for flexible retirement	11
	Appendix 4 - Where to go for advice.....	13

1. Introduction

This guidance promotes flexible retirement under the NHS pension scheme by outlining the options available to line managers and employees.

The NHS pension scheme (and the removal of the Default Retirement Age, which was abolished by the government in April 2011) provides the Trust and employees with a range of options that provide greater flexibility with regard to flexible retirement choices.

Choosing the right time to retire can be a difficult decision and the options outlined in this guidance help facilitate the transition from work to retirement that should benefit the Trust and allow employees to prepare for a new way of life and take the flexible retirement option that best suits their needs.

There can be a variety of approaches and the options described here are not exhaustive. What is important is that the Trust seeks ways of accommodating the aspirations of its employees where this fits in with the needs of the business.

2. Scope

This guidance applies to all employees of Cheshire and Wirral Partnership NHS Foundation Trust (CWP) who are members of the NHS pension scheme.

3. Pension retirement ages

3.1 State pension retirement age

Entitlement to a state retirement pension was previously set at age 65 years for men and at age 60 years for women. From 6 April 2020, the state pension age for both men and women was set at age 65. The Government is introducing this change gradually for women aged 60 to 65 over a 10 year period from 2010 to 2020.

3.2 NHS Pension retirement age

The rules of the NHS pension scheme are determined by the Secretary of State for Health and managed by the NHS Pensions Agency and not the Trust.

The Trust does not have a default retirement age.

The NHS pension scheme has various rules and these are too complex to replicate fully in this guidance. However, in brief they are:

3.2.1 1995 Section

Employees who became members of the NHS pension scheme before 1 April 1995 are in the 1995 section and have a normal retirement age of 60, when they can claim their full pension; or at age 55 if they have special class status, see [appendix 1](#) for further information on special class status.

The minimum retirement age for members of the 1995 section is age 50 (if the employee joined the NHS pension scheme on or before 6th April 2006), or age 55 (if the employee joined the NHS pension scheme after 6th April 2006). This is known as the minimum pension age, at which time employees can request to retire and apply for their pension. The pension is actuarially reduced according to how early the employee retires before their normal retirement age (the reduced benefits offset the extra cost of taking the pension early and is known as an actuarially reduced pension).

3.2.2 2008 Section

Employees who joined the NHS pension scheme on or after 1 April 2008 are in the 2008 section and have a normal retirement age of 65.

The minimum retirement age for all members of the 2008 section is age 55. This is known as the minimum pension age, at which time employees can request to retire and apply for their pension. The pension is actuarially reduced according to how early the employee retires before their normal retirement age (the reduced benefits offset the extra cost of taking the pension early and is known as an actuarially reduced pension).

4. Flexible retirement options

4.1 Wind down (open to members of the 1995 and 2008 sections)

Employees who are members of the 1995 section can agree with their line manager to reduce their hours of employment within the same post. This agreement could be on a permanent or trial basis. A trial should last no longer than 6 months.

This is an alternative to simply retiring, as the employee is able to wind down by working fewer days in their current post.

There is a general misconception that moving to part-time work in the years leading up to retirement may reduce the eventual NHS pension. This is not always the case as pensions for part-time staff are actually calculated on the full time equivalent salary. Therefore, moving from full-time to part-time work, rather than retiring, may not reduce the level of pension although it will reduce the level of pensionable service.

There may be a reduction in the amount of pension the employee eventually receives if special allowances (e.g. a night shift allowance) are not paid in the new part-time role.

Wind down should only be considered by the line manager on the request of an employee but consideration must be given to the needs of the service before it is approved.

4.2 Step down - voluntary protection of pay (open to members of the 1995 section)

Employees who are members of the 1995 section who are over the minimum retirement age can request to step down to an alternative post carrying less responsibility and at a lower salary banding (same hours or less) and apply for the higher rate of pay to be protected for pension purposes.

As long as the employee meets the person specification of the alternative post, they will be given priority status for the post and will either slot-in, if they are the only applicant, or have a competitive interview if there are other eligible employees also applying for flexible retirement. Exceptions to this will be when there are other employees at risk of redundancy, seeking ill health redeployment, or on protected pay who may be eligible for the post, in which case these employees will be given priority status above those employees requesting flexible retirement.

The employee's reduction in pay must be at least 10% and the employee should apply for their higher rate of pay to be protected for pension purposes, after 12 months of the reduction in pay but within the next 3 months of this taking effect.

Step down should only be considered by the line manager on the request of an employee but consideration must be given to the needs of the service before it is approved.

Employees can only step down once.

Pensionable pay must remain reduced for at least a year.

4.3 Draw down (open to members of the 2008 section)

Employees who are members of the 2008 section who are aged 55 or over can agree with their line manager to take some of their pension if they reduce their pay by more than 10%. An employee can take a minimum of 20% (or any minimum amount set by HR Revenue and Customs) and a maximum of 80% of their own pension entitlement and continue to build up future membership. The benefits would be reduced if they are paid to the employee before their 65th birthday.

This can be done without taking a break in employment, by reducing their hours of employment; or by switching to a lower paid alternative job.

As long as the employee meets the person specification of the alternative job, they will be given priority status for the post and will either slot-in, if they are the only applicant, or have a competitive interview if there are other eligible employees also applying for flexible retirement. Exceptions to this will be when there are other employees at risk of redundancy, seeking ill health redeployment, or on protected pay who may be eligible for the post, in which case these employees will be given priority status above those employees requesting flexible retirement.

Employees' can draw down their pension twice before retiring completely.

Draw down should only be considered by the line manager on the request of an employee but consideration must be given to the needs of the service before it is approved.

Any agreement will be on a permanent basis.

4.4 Retire and come back (open to members of the 1995 and 2008 section)

An employee can retire, receive their NHS pension and request to come back to work.

This could be:

- To their previous job (in which case the line manager would need to complete a business case to support this, see [appendix 2](#));
- To another suitable job, which does not necessarily need to be at the same band of their existing job (the employee would need to do this through the Trust's normal recruitment and selection process).

Once retired and returned to work, employees are no longer members of the scheme and will therefore not build up any further pension entitlement. If they are over the normal retirement age (age 60 for the 1995 section and age 65 for the 2008 section), the amount they will earn should have no effect on their pension. If employees are under the normal retirement age, their pension may be affected but only if their new earnings take their total income beyond their pre-retirement pay.

In order for employees to retire and return to employment with the Trust a break in the contract of employment of at least four calendar weeks is required before commencing their new employment. On returning to employment within the NHS, the employee will need to have at least 104 weeks continuous service before they are eligible for contractual or statutory redundancy pay.

This break in employment will not affect the employee's annual leave entitlement as this will be based on aggregate NHS service. If the break in service is less than 12 months service this previous service will count towards sick pay entitlement.

Whatever their age when they retire, employees cannot work for more than 16 hours a week in the first calendar month after their retirement.

4.5 Late retirement (open to members of the 1995 section and 2008 section)

Employees who remain in employment after their normal retirement age and who also remain in the NHS pension scheme can continue to earn benefits up to age 75 (65 if they have special class status); or until they reach 45 years scheme membership.

The employee's pension benefits will be based on their pensionable pay and membership when they eventually retire. At age 75 they become entitled to their benefits without having to have a break in their employment.

Under the 2008 section when an employee takes their benefits after age 65, any of their pension earned before age 65 will be increased to take account of the fact that it is being paid later than their normal pension age.

4.6 Working when needed

Retirees are eligible to apply to join the Trust's bank and work for varying periods of time. This could include school holidays, occasional days or temporary job fill.

These periods of work will usually have no impact on pension entitlement. The only controlling factor would be eligibility to practice for doctors, nurses and other professions.

This option isn't specific to NHS pension scheme members and is open to all retirees.

5. Staff not entitled to be members of the NHS pension scheme

Employees who have taken flexible retirement and have accessed their NHS pension are no longer eligible to be members of the NHS pension scheme and will therefore, be entered into the alternative scheme; the National Employment Savings Trust (NEST) should they meet the automatic enrolment earnings criteria. Further advice is available from the Pensions office.

6. Exceptions

- This guidance does not apply to employees who are not members of the NHS pension scheme;
- This guidance does not apply to people who work for the Trust who are not directly employed by the Trust;
- This guidance does not override the National Health Service's superannuation regulations and any benefits that may be payable, including ill-health retirement benefits.

7. Application process

- Employees start the process by completing Section A of the application form in [appendix 3](#);
- The line manager will meet the employee within 14 working days of receipt of the application;
- The line manager will then complete section B of the form confirming whether the application has been accepted or not, with reasons. This will be confirmed no later than 14 working days after the meeting with the employee has taken place.

8. Right of appeal

If the application has not been granted the employee has a right of appeal and should put the reasons for this in writing within 14 working days of receipt of the decision to the Director of Workforce and Development.

The Director of Workforce and Development or a nominated deputy who has not been involved in the process will hear the appeal within 21 working days of receipt of the appeal.

At the hearing the employee may be accompanied by a Trade union representative or work colleague.

The outcome of the appeal will be issued within 14 working days of the date of the appeal hearing.

The decision made at the appeal hearing is final and no further appeal is allowed.

9. Planning for retirement

Planning for Your Retirement Courses provide an opportunity for employees approaching retirement to access useful information and advice. Details on these courses are available on the CWP website.

10. Where to go for advice

[Appendix 4](#) provides a list of useful contact number etc. that the line manager and employee can use to seek advice on flexible retirement.

11. Duties and responsibilities

11.1 CWP

The Trust is responsible for establishing a flexible retirement framework that complies with pension and employment legislation and regulations, that is fairly and consistently applied.

11.2 All CWP Employees

Being aware of the flexible retirement options available to them.

Obtaining appropriate advice before applying for flexible retirement, to understand the full implications this may have on their salary, pension and terms and conditions of employment.

11.3 Line managers

Ensuring employees are aware of this guidance and for applying it fairly and consistently.

Appendix 1 - Special class status

These are employees in certain staff groups who were members of the NHS Pension Scheme before 6 March 1995 and who have not had a break in scheme membership of 5 years or more. They can retire with full pension benefits from age 55, although the same conditions with regard to receiving a reduced pension apply to retirement before age 55.

Re-entrants to special class type employment retain the status in the scheme if they do not have a break in pensionable scheme membership of 5 years or more.

It does not apply to new scheme members who joined one of these groups on or after 6 March 1995. Staff Groups in special class status are:

- Nurses;
- Midwives;
- Physiotherapists;
- Occupational Health Nurses.

Further information is given in the booklet 'A Guide to the NHS Pension Scheme'. Confirmation of whether an employee has Special Class Status can be obtained from the Trust's Pension Officer.

Appendix 2 - Business case for retire and come back

The business case should be completed by the applicant's line manager and cover the following points:

1. Will the request, if granted, positively or adversely affect the development of other staff and succession planning?
2. Are the skills and experience of the individual employee important to retain?
3. Are there documented concerns about the individual's performance, absence or conduct?
4. Is the proposal economically viable?
5. Will agreement support or compromise present and future cost improvement plans?

The business case will then be considered by the General Manager, or more senior manager if required, who will either approve, or dismiss the application, giving reasons for the decision within 14 working days of the date of the submission of the business case. The employee has the right to appeal against this decision in line with paragraphs 54-58 above.

Appendix 3 - Application form for flexible retirement

SECTION A - TO BE COMPLETED BY APPLICANT

Personal details	
Name	
Job Title	
Assignment Number	

Pension request: (please tick)

Wind Down Step Down Draw Down Retire and Come Back

Outline of request

Detail the reason for your request and the effective date you would like this to take effect

State how you feel that the change will effect the service area and how you believe your line manager can accommodate your request:

--

I confirm it is my responsibility to have obtained appropriate advice so that I understand the full implications this may have on my pension, pay and/or terms and conditions of employment

Signed		Date	
--------	--	------	--

SECTION B - TO BE COMPLETED BY LINE MANAGER

Personal details

Name	
Job Title	

Outline of decision

Support request Yes No

Reason (Attach a copy of the business case for retire and return to previous post if relevant)

Signed		Date	
--------	--	------	--

APPEAL (TO BE COMPLETED BY APPLICANT)

Reason for appeal

Signed		Date	
--------	--	------	--

APPEAL HEARING (TO BE COMPLETED BY MANAGER HEARING APPEAL)

Decision of appeal

Signed		Date	
--------	--	------	--

Appendix 4 - Where to go for advice

Internal contacts
Workforce development Cheshire & Wirral Partnership NHS Foundation Trust Chester Gates Business Park, Unit A Telford Court, Dunkirk Lea, Chester, CH1 6LT. Tel: 01244 852335
Trade Union Office Union Office, Bowmere Hospital, Liverpool Road, Chester, CH2 1BQ Tel: 01244 397352
Pensions Office Countess of Chester Hospital NHS Foundation Trust, Countess of Chester Health Park, Liverpool Road, Chester, CH2 1UL Tel: 01244 366125
Learning and development Lloyd Drive, Cheshire Oaks Business Park, Ellesmere Port, CH65 9HQ Tel: 01244 397255
External contacts
NHS Pensions Agency Tel: 0845 421 4000 www.nhsbsa.nhs.uk/pensions
Employers forum on age www.efa.org.uk
State Pension A Guide to the change in the state pension age for women can be obtained from the Department for Work and Pensions Tel: 08457313233 or visit their website at www.pensionguide.gov.uk .
Independent financial advisers A list of Independent Financial Advisors can be found in the Yellow Pages, Telephone Directory under Financial Advisors or call the Financial Services Authority (FSA) Consumer Helpline on Tel: 0845 606 1234.
State pension forecast and guide Employees wishing to obtain a personal State Pension Forecast should contact the Pensions Service requesting (Form BR19) Application for a Retirement Pension forecast at: <ul style="list-style-type: none">- Retirement Pension Forecasting Team, The Pension Service, Whitley Road, Newcastle upon Tyne, NE98 1BA - Tel: 0845 3000168- Employees can also obtain A Guide to State Retirement Pensions Booklet (Ref NP46) Tel: 0845 3000168 www.thepensionsservice.gov.uk
Pensions Tracing Agency (for Non-NHS Pensions) Employees who have lost touch with a previous non-NHS pension should contact the Pensions Tracing Service (PTS), part of the Department for Work and Pensions. The PTS provides a free tracing service and holds details on more than 200,000 occupational pension schemes and some personal pension schemes. Although the PTS will not have any personal details on the employee's membership of any non-NHS pension provider, it will provide sufficient information to enable the employee to make contact with a pension provider where they think they may have benefits. Employees wishing to use this service should contact the PTS and ask for Form PT1 05/06. Their contact details are:
Pensions Tracing Service Tyneview Park, Newcastle-upon-Tyne, NE98 1BA Tel: 0845 600 2537