



Flexible & Early Retirement Policy

(Teaching Staff)

Go straight to the section:

1.0	Policy Statement	2
2.0	Pre-Retirement : Workplace Discussions	2
3.0	Flexible Retirement Overview	3
4.0	Flexible Retirement Options	Error! Bookmark not defined.
5.0	Phased Retirement Scheme.....	Error! Bookmark not defined.
6.0	Winding Down Scheme.....	4
7.0	Flexible Retirement Process	6
7.1	Application.....	6
7.2	Making a decision	6
7.3	Responding to an application.....	5
7.4	Further applications.....	6
8.0	Early Retirement Overview	8
9.0	Eligibility for Early Retirement	8
10.0	Early Retirement Process	9
11.0	Useful Documents.....	10

1.0 Policy Statement

- 1.1 Retirement is a time of great significance in a persons' life and Moray Council are committed to giving employees who have decided to retire, support to encourage a smooth transition from work to retirement. This includes a flexible approach to retirement.
- 1.2 The purpose of this policy and procedure is to outline the principles and practices that will govern the Council's approach to employee retirement. Moreover, it is intended to promote fairness and to give managers and staff the flexibility to plan retirements.
- 1.3 The policy offers flexibility and choice for employees of Moray Council in terms of working arrangements and job remit, in the latter periods of their working lives. In addition, it provides managers with the opportunity to retain key skills and knowledge whilst planning for the replacement of the employee.
- 1.4 The policy covers the options and processes for both flexible retirement and early retirement.

2.0 Pre-Retirement: Workplace Discussions

- 2.1 The Council encourages managers and employees to meet for regular workplace discussions. During these discussions, employees may discuss future plans or proposals for retirement. A discussion about possible retirement will not result in the Council making any assumptions about the employee's commitment to their role. The Council seeks to retain the best talent, regardless of their age, and workplace discussions provide an informal opportunity for both the Council and the employee to jointly plan for the future.

3.0 Flexible Retirement Overview

- 3.1 Flexible retirement can be described as where employees reduce their working commitment while releasing a proportion of their pension benefits up to full retirement.

- 3.2 The Flexible Retirement Options available are:

- [Phased Retirement Scheme](#)
- [Winding Down Scheme](#)

- 3.3 Benefits of adopting flexible retirement practices, include:-

- ✓ Greater flexibility and choice for employees;
- ✓ Retention of experienced staff with valuable skills;
- ✓ Effective succession planning;
- ✓ A strategic and effective response to demographic change.

- 3.4 Early retirement can be an alternative option to flexible retirement and is described as taking your pension before your Normal Pension Age. Your pension will be reduced for early payment. Further details can be found at: [Early Retirement](#)
- 3.5 Employees are encouraged to take independent financial advice as required.

4.0 Flexible Retirement Options

4.1 Moray Council relies upon the knowledge and skills of its employees. A flexible approach to retirement will allow employees who would otherwise retire completely, to explore other potential avenues, enabling the Council to retain their skills and plan to pass them to other employees.

4.2 There are several options available to teachers who wish to retire before Normal Pension Age (NPA). Your NPA depends on which scheme (or schemes) an employee is in and when they joined the pension scheme. To receive the full level of benefits, however, the 'normal pension age' must be reached for your particular scheme (or schemes) prior to retirement. The normal pension age could be:

- 60 where an employee joined the Scottish Teachers' Superannuation Scheme before 1 April 2007 and did not have a break whilst out of the scheme for more than 5 years before 31 March 2008
- 65 where an employee joined the Scottish Teachers' Superannuation Scheme on or after 1 April 2007 or had a 5 year break in service at some point during their career
- State Pension Age where an employee is a member of the Scottish Teachers' Pension Scheme 2015 – unless they are less than 13 years and 6 months from their normal pension age in the STSS when this scheme was introduced in 2015. Where that is the case, employees have received 'protection' which allows them to take full benefits either at their previous NPA of 60 or 65 (full protection) or at a time between 65 and their State Pension age (tapered protection). See Pension Website for more details
- Please note for reference; with effect from 1 April 2022 teachers in the SPPA pension scheme will become members of the 2015 pension scheme and the pre-reform schemes will be closed to any further pension build-up. This means that members affected by the 2015 remedy and who choose to retire after 1 April 2022, will be entitled to both legacy and reformed scheme benefits. Further information is available on the Pension Website.

4.3 Below is a list of the options and eligibility will be set out in this policy.

- **Phased Retirement Scheme** - This option allows employees to continue in employment and reduce their working hours whilst at the same time releasing part of their pension.
- **Winding Down Scheme** - A phased retirement option offering teachers who are members of the Scottish Teachers Superannuation Scheme (STSS), to reduce their hours to part time while protecting their overall final retirement pension entitlement.

5.0 Phased Retirement Scheme

5.1 Eligibility

The option to apply for Phased Retirement applies to all employees who:

- are aged 55 years or over
- have been in pensionable employment on or after 1 April 2007 and have agreement from Moray Council to apply
- agree to reduce their pensionable salary by at least 20% for a minimum of 12 months from date of implementation
- agree to access some of their pension

The only exception to retiring before this age is ill health retirement which is dealt with under the [Health and Work Policy](#).

Where an employee is not a member of Scottish Teachers Superannuation Scheme (STSS) and is consequently unable to draw pension benefits, or where they do not wish to access some or their pension, this policy will not apply. Employees in this position should refer to the [SNCT Handbook](#) for further details regarding working patterns.

Further criteria and guidelines are detailed within the [Scottish Public Pension Agency \(SPPA\)](#) publications, which we fully adhere to.

5.2 **Conditions of Phased Retirement**

The maximum amount which can be drawn under this arrangement is 75% of the total retirement benefits. At all times at least 25 % of benefits must remain in the scheme. The remaining benefits left in the scheme continue to grow as the employee continues to work and contribute on a reduced salary.

There must be a reduction of at least 20% of your pensionable salary and this must occur for a minimum of 12 months. This can be due to a reduction in the number of hours worked. If the employee works part time and has multiple contracts, the reduction could be achieved by terminating one of the contracts or by reducing them all.

Where a salary has increased within 12 months following Phased Retirement and has gone above the required 20%, the application will be void and the pension will be suspended. HMRC may apply for an unauthorised payment charge which is equal to 40% of the lump sum received.

The salary that will be used when calculating benefits that are finally taken will be based on the full time salary.

Where an employee is a STSS Scheme member, two phased retirements can be taken before retiring. A STPS scheme member can take three phases before retiring, only two of which can be before the age of 60. With each application for phased retirement there must be a 20% reduction of an employee's pensionable salary.

Where an employee has benefits in both the STSS and STPS Schemes they can choose to take different proportions of their final salary and career average benefits.

6.0 **Winding Down Scheme**

6.1 **Description:**

The Winding Down Scheme is a phased retirement option which offers those members approaching retirement age the opportunity to continue in employment on a part time basis. There is no access to pension benefits in this scheme.

6.2 **Eligibility:**

An employee must have a minimum of 25 years' teaching service (you must have had a contract to teach for at least 25 years) of which the last 10 years must have been continuous full time service. A break of up to 5 years will count as qualifying service but will not count in the calculation for benefits. Only teaching service counts.

Where an employee transferred in service from the Local Government Superannuation Scheme, this does not count towards the 25 years required.

It is not possible to elect to enter winding down employment earlier than 4 years' prior to an employees' Normal Pension Age.

New part time employment arrangements must be equal to or more that a 0.5 full time equivalent

Winding down contracts are to end after the Normal Pension Age subject to a maximum length of 4 years. Applications must be received and approved by both Moray Council and the SPPA prior to commencing.

A Winding Down election can only be made with the consent of the employer.

6.3 **Pension Implications:**

Each year served by the employee under the part-time contract will count as one full year for pension benefits calculation purposes.

The contributions paid by the employer and employee will be based on actual salary.

The final pensionable salary, for benefit calculation purposes, will be the salary that was received in the 365 days prior to entering winding down employment, index-linked to the actual point of retirement. This may not be the most beneficial as the index linked winding down salary may not provide a pension equal to or better than a pension based on similar part-time service and using the average of the best 3 out of the last 10 years' salary.

Once a winding down pension is in payment, it cannot be revoked; employees should therefore consider taking independent financial advice before they commence winding down employment.

6.4 **Further Details**

A teacher can lose the service credit for winding down if they:

- Return to full time employment
- Exceed the 4 years maximum period
- Work less than a 0.5 contract

Where a teacher ceases to be in winding down employment and returns to teaching, the service credit during the period of winding down employment will be removed and the service will revert to the part-time hours worked.

7.0 Flexible Retirement Process

Attempts will be made to accommodate requests where they are financially and operationally feasible with all cases requiring the approval of a Service Manager. Where there are multiple applications in the same service area, they should be ranked by order of submission and dealt with on a first come first served basis.

7.1 Application

The employee should put forward their proposal providing a business case for the request to move to flexible retirement. This should include an indication of how they believe the service will continue meeting service delivery obligations if agreed, alongside their intended retirement date. The application should be submitted to their line manager at least 12 weeks prior to the requested start date, to allow the process to be completed.

7.2 Making a decision

The Council will determine each case on its own merit, taking into account the operational requirements and delivery of service as well as any costs to the Council.

Where flexible retirement is agreed, the Council as its standard policy position, does not exercise its discretion to waive any reduction in benefits for a member who is granted flexible retirement. However, where there is a clear economic or service efficiency advantage to be gained from the flexible retirement, the Council may elect to waive the reduction in benefits, with each case being considered on its own merits.

In considering a request for flexible retirement the following factors should be considered:

- will there be any detrimental effect on service delivery
- benefits which may arise from the implementation of the request
- any cost implications i.e. will this result in savings or increased costs
- ensure that any flexible working arrangement is fair and equitable to all employees in the team
- the need to recruit to the reduced hours to cover the duties and functions carried out by the employee concerned
- the ability to reorganise or undertake the work which is required to be carried out by other staff or through other means
- the existence of any vacancy in the service area or across the Council
- the need or desire to reorganise the way in which the Council's services are delivered

Please refer to the [Flexible Retirement Toolkit](#) which outlines what key actions managers should take to allow a robust decision to be reached.

A decision should be reached within 28 days of receiving the request.

7.3 **Responding to an application**

Accepting an application

In consultation with Human Resources and the Service Manager, where a decision is made to accept an application for flexible retirement, subsequent actions should be carried out as detailed in the [Flexible Retirement Toolkit](#). This includes meeting with the employee, formally outlining the decision in writing and notifying appropriate parties.

In addition to salary payment, employees who are flexibly retired will also receive all or part of their pension paid. Salary payments will continue to be paid through Moray Council's Payroll, and Pension payments will be paid through the SPPA.

Once flexible retirement is in place it cannot be revoked. Employees may apply to change their flexible retirement request but not within 12 months of their original change.

Rejecting an application

An application for flexible retirement may be turned down for a number of reasons. Whilst this list is not exhaustive, the following reasons would be considered appropriate grounds to turn down a request:

- burden of additional costs
- detrimental impact on service delivery
- inability to re-organise work among staff
- inability to recruit staff

As mentioned above, the [Flexible Retirement Toolkit](#) outlines the actions which should be taken once a decision has been made to reject an application.

There is no right of appeal against decisions regarding flexible retirement.

7.4 **Further applications**

There may be circumstances where an employee who has already flexibly retired may have a change in circumstances and wish to make a further flexible retirement application. If so, they must follow the process above and submit a further application. Unless there are exceptional circumstances, a further application cannot be made until they have been working under their agreed flexible retirement arrangement for at least 12 months.

Employees may apply for Flexible Retirement twice before applying for their final retirement benefits. If they choose to apply to access their retirement benefits for a second time, they may receive up to 75% of their total benefits, however at least 25% of their benefits must remain in the scheme.

As mentioned previously, benefits will be actuarially reduced if they are applying before their normal Pension Age. With each application for Flexible Retirement, there must be a 20% reduction of their pensionable salary.

8.0 Early Retirement Overview

8.1 Early retirement can be described as where employees choose to take their pension before Normal Pension Age (NPA) and their pension will normally be reduced for early payment.

8.2 An employee can choose to take early retirement between age 55* and Normal Pension Age, where in pensionable employment on or after 1 July 2002. If a pension is taken prior to the Normal Pension Age, benefits will be permanently actuarially reduced, however, in the unlikely event that the reduced pension is less than the Guaranteed Minimum Pension, it will not be possible to use this option. It may be an option to choose to 'give up' some of a pension to provide a larger tax free lump sum. SPPA will provide the employee with details on the impact.

* Please note at the point of publication of this policy a consultation process is underway which may affect the age an employee can take early retirement. This policy will be updated to reflect any changes following the outcome of this consultation process.

8.3 Employees are free to choose when they wish to stop working.

8.4 Early retirement can be applied for by completing an application form <https://pensions.gov.scot/sites/default/files/2019-08/TEACH%20RET%202019%20v1.0.pdf> and gaining the consent of Moray Council.

8.5 Moray Council can withhold consent for up to six months from the date the request is submitted as a result of operational requirements for the delivery of service.

8.6 The Government's State Pension Age calculator can be used to find out the correct State Pension Age at: www.gov.uk/state-pension-age. It is important to know that changes to State Pension Age are possible in the future, that means an employees' Normal Pension Age could change.

8.7 Flexible retirement can be an alternative option to early retirement and is described as where employees reduce their working commitment while releasing a proportion of their pension benefits up to full retirement. Further details can be found at: [Flexible Retirement](#)

9.0 Eligibility for Early Retirement

9.1 The option to apply for Early Retirement applies to all employees who:

- have at least 2 years' service with the SPPA pension schemes
- are aged 55 years or over
- agree to access some or all of their pension

9.2 The only exception to retiring before this age is ill health retirement which is dealt with under the [Health and Work Policy](#).

9.3 Where an employee is not a member of the SPPA and is consequently unable to draw pension benefits, or where they do not wish to access some or all of their pension, this

policy will not apply. Employees in this position should refer to the [Flexible Working Policy](#).

- 9.4 Employees who apply for early retirement are required to give an indication at the outset of their intended retirement date.
- 9.5 Further criteria and guidelines are detailed within the SPPA, Scottish Public Pensions Agency, <https://pensions.gov.scot/> which we fully adhere to.

10.0 Early Retirement Process

- 10.1 Employees who wish to consider early retirement should put their request in writing, wherever possible at least six months in advance of the proposed date of retirement, to their Line Manager who will consider the request and discuss it with the Head of Service. This will then be discussed with the Head of HR, ICT & OD.

Employees are recommended to discuss the position, informally, with their Line Manager or Head of Service before submitting a formal application.

- 10.2 The Council will determine each case on its own merit, taking into account the operational requirements and delivery of service as well as any costs to the Council.
- 10.3 Managers should avoid raising staff expectations when discussing the possibility of Early Retirement and all estimates of possible Early Retirement benefits will only be provided on the clear understanding that it does not constitute a formal offer, nor give any indication as to the outcome of the application.
- 10.4 An estimate of the benefits which would be received and the cost to Council will be sought from the Pensions Section. The Head of Service will then put the case to the Corporate Committee for consideration and if approval is given, a date will be agreed with the employee as to when they would retire from the Council's service.
- 10.5 The decision of the Corporate Committee will be final, and will be confirmed by the Head of HR, ICT & OD in writing to the employee, with estimated details of the pension and lump sum approved by the Council. If the employee wishes to proceed with retirement from the agreed date, written confirmation should be sent to the Head of HR, ICT & OD as soon as possible to this effect. The agreed date will in all cases be fixed or adjusted to enable the employee to work the period of notice required from them under their contract of employment.

Please refer to the [Early Retirement Toolkit](#) which outlines what key actions managers should take to allow a decision to be reached.

- 10.6 Moray Council can withhold consent for up to six months from the date on which the request is submitted as a result of operational requirements for the delivery of service.

- 10.7 Employees granted early retirement will not be re-employed by Moray Council except in exceptional circumstances.

11.0 Useful Documents

As pension provisions can be complex, employees should ensure they understand what retirement means for them financially, and it is recommended that they seek independent financial advice before making their final decision.

A range of additional information and training is available:

- Corporate Event: Planning for the Future
http://interchange.moray.gov.uk/int_standard/Page_116989.html
- Scottish Public Pensions Agency (SPPA)
<https://pensions.gov.scot/>
Email: SPPAcontactus@gov.scot for general enquiries Tel: (01896) 893000
<https://pensions.gov.scot/contact-us>
- SPPA Members Information
<https://pensions.gov.scot/teachers>
- SPPA Application Form
<https://pensions.gov.scot/sites/default/files/2019-08/TEACH%20RET%202019%20v1.0.pdf>
Email Teachersawards@gov.scot for enquiries on your application.
- SPPA Phased Retirement / Winding Down Information -
<https://pensions.gov.scot/teachers/retirement/planning-retirement/types-retirement/winding-down>
- State Pension Age calculator - <https://www.gov.uk/state-pension-age>
- Pre-Retirement courses are organised by the Council and are open to anyone within a few years of retirement. Please contact organisational.development@moray.gov.uk for further information and to book a place.
- An employees professional organisation and/or Trade Union will also be able to provide resources and advice

To maintain the security of any information about an individual, the General Data Protection Regulation (GDPR) is complied with. Privacy notices relating to all Human Resource (HR) activities can be located on the HR page of Interchange.