

DCC FLEXIBLE RETIREMENT POLICY

Date of issue: 31/08/2022

1. Categories of flexible retirement

- 1.1 An employer can consent to a reduction in an employee's hours or grade and consent to the release of pension benefits where the employee is aged 55 and over.
- 1.2 For the purpose of this policy, requests for flexible retirement can be categorised as follows:
- Category one - Employee is age 60 or over - There is no cost to the employer as the employee is at or past age 60. If they do not meet the Rule of 85 (*1) their pension benefits will be reduced to reflect early payment.
 - Category two - Employee is age 55 or over but less than 60 and does not meet the Rule of 85 until on or after their 60th birthday. In this case the regulations allow for the cost of the early payment of pension benefits to be borne by the employee so as to avoid a pension fund shortfall. The benefits are actuarially reduced to reflect the fact that they are paid early.
 - Category three - Employee is age 55 or over but less than 60 and does meet the Rule of 85 either at the date of flexible retirement or at a later date that is before their 60th birthday. In this case the Trust would have to meet the Pension Fund shortfall arising from the early payment of pension benefits from the date when the Rule of 85 is met.
- 1.3 For those cases that fall within categories one and two above, our general policy is to consent to the payment of benefits from the Local Government Pension Scheme subject to a reduction of 40% (i.e. move from 5 days per week to 3 days = reduction of 2 days which is 40%) of the employee's contractual hours at the eve of their flexible retirement and/or a reduction of at least 1 grade in post.
- 1.4 A reduction of less than 40% of the employee's contractual hours may be considered:
- i) In exceptional circumstances, and provided that this would also bring an ongoing financial benefit to the employer or
 - ii) Where service delivery requires whole shifts to be worked
- 1.5 The Trust's appointed decision maker is the holder of the post of Chief Financial Officer. Before reaching a decision they will take account of HR, legal and financial advice under established processes.
- 1.6 Where the benefits payable are reduced to reflect early payment the Trust can agree to waive in whole or in part the reduction and pay the cost to the pension fund. It is our policy, as a general rule, not to agree to this. However, the Trust will consider applications; where it is considered that it would be in our interests to meet this cost and the cost is affordable.
- 1.7 For category three cases, as there would be a cost to the Trust, our general policy is not to agree to the early release of pension benefits. However, where it is considered to be in the Trust's interests, taking into account the business case and foreseeable costs; the Chief Financial Officer will consider applications for flexible retirement.
- 1.8 In every case the needs of the service must be paramount and any costs to be borne must be reasonable and affordable.

2. Increases in hours or grade after taking flexible retirement

- 2.1 Where an employee has been allowed to reduce their hours or grade for the purposes of flexible retirement they will not be allowed to increase them again on a permanent basis. Where it is in our interests, a temporary increase in hours or grade for a period not exceeding six months can be permitted. Any temporary increase in hours or grade must be authorised by the Chief Financial Officer.
- 2.2 An employee who has reduced their hours and taken flexible retirement must only be allowed to work additional hours or overtime at the same level that applied prior to the reduction in contractual hours. The aim is to prevent employees compensating for a reduction in contractual hours by working additional hours and overtime. The Chief Financial Officer may only approve requests for temporary increases in additional hours and overtime in advance.

3. Appeals

- 3.1 Categories one and two cases. An employee who is dissatisfied with the decision in response to a request for flexible retirement can appeal in writing within 14 days of receiving the decision to the Chief Executive.



- 3.2 In category three cases. Where the decision maker has refused an employee's request to reduce the hours they work for the purposes of flexible retirement, the person can appeal in writing within 14 days of receiving the decision to the Chief Executive.
- 3.3 Category three cases. Where the decision maker(s) has approved a reduction in hours but the application for the payment of pension benefits on flexible retirement is refused by the decision maker(s), a dissatisfied employee can appeal under the pensions application for adjudication of disagreements procedure; writing in the first instance to "specified person" appointed by their employer.
- 3.4 Details of the application for adjudication of disagreements procedure can be found on Derbyshire Pension Funds Website at <https://derbyshirepensionfund.org.uk/about-the-fund/feedback-complaints-and-appeals/feedback-complaints-and-appeals.aspx>.
- 3.5 Appeals should be made in writing stating the reasons for the appeal to the relevant person appointed by the employer, details of who this is can be found by contacting the employer or Derbyshire Pension Fund.
- (*1 The Rule of 85 is where the sum of the scheme member's age plus period of membership in the Pension Scheme (both in whole years) is 85 or greater [see https://derbyshirepensionfund.org.uk/my-pension/active-members/understanding-your-pension/rule-of-85.aspx](https://derbyshirepensionfund.org.uk/my-pension/active-members/understanding-your-pension/rule-of-85.aspx) for more details).

4. General Data Protection Regulation

- 4.1 All data within this policy will be processed in line with the requirements and protections set out in the General Data Protection Regulation.

