

Retirement Policy

Contents

Introduction	3
Retirement age	3
Retirement procedure	3
Workplace discussions	3
Succession planning	4
Planning for retirement.....	5
Workshops	5
Financial and other considerations.....	5
Flexible/Phased retirement	5
Early Retirement	6
Ill-health retirement	7
Post retirement.....	7
Useful contacts	8
Appendix A: The Local Government Pension Scheme (LGPS)	9
Elected early retirement.....	9
Rule of 85.....	9
Flexible retirement.....	9
Redundancy or efficiency retirements	10
Ill-health retirement.....	10
Appendix B: The Teachers Pension Scheme (TPS)	13
Retirement at employee's request.....	13
Phased retirement	13
Redundancy or efficiency retirements	14
Ill health retirement.....	14

1 **Introduction**

The purpose of this policy is to set out the university's approach to the retirement of employees.

2 **Retirement age**

- 2.1 The university does not operate a compulsory retirement age for its employees.
- 2.2 The university is committed to equal opportunities for all its employees. The university recognises the contributions of a diverse workforce, including the skills and experience of older employees. It believes that employees should, wherever possible, be permitted to continue working for as long as they wish to do so.
- 2.3 The university's policy enables employees to voluntarily retire at a time of their choosing.
- 2.4 It is recognised that employees are likely to base their retirement decisions on their eligibility for a pension under the relevant occupational pension scheme. The rules for each scheme are different and further information can be accessed via the intranet.
- 2.5 Employees who are considering their retirement options should always seek advice tailored to their circumstances.

3 **Retirement procedure**

- 3.1 If an employee has decided that they wish to retire, they should inform their manager in writing as far in advance as possible and, in any event, in accordance with their notice period as set out in their contract of employment.
- 3.2 Where an employee is a member of a workplace pension scheme (i.e. LGPS, TPS or USS), they should provide at least three months' notice of their retirement date so that payroll and pensions can provide the necessary information to the pension scheme to ensure the necessary arrangements are put in place for the employee to receive their pension estimate and make an informed decision concerning their pension options and benefits prior to their retirement date.
- 3.3 The university will write to the employee acknowledging the employee's notice to retire.
- 3.4 The employee's manager will meet with the employee to discuss arrangements for retirement, including the intended retirement date, succession and handover plans.
- 3.5 Employees should consider their pension options and are advised to take independent financial advice before making any decision in relation to retirement.

4 **Workplace discussions**

- 4.1 The university considers that it is good employment practice for all employees, regardless of age, to engage in open discussions with their manager regarding

their career aspirations and plans.

- 4.2 The most appropriate forum for such discussions will be as part of appraisal meetings and, during those discussions, the relevant manager will discuss the employee's achievements, performance, developmental or training needs and the university and employee's future plans and expectations in the short to medium and long-term. Such discussions are good practice regardless of an employee's age, although the nature of those discussions will differ according to the individual circumstances of employees at different stages of their lives and careers, their individual aspirations and other work/life priorities and commitments.
- 4.3 During these meetings, employees may discuss their future plans or proposals for retirement. Employees who are aged 60 or over may be asked what their intentions are in relation to retirement. This will be to ensure that the employee is aware of the university's policy on retirement and the range of options potentially open to them to assist their retirement plans.
- 4.4 A record of these discussions will be kept and a copy given to the employee as part of the appraisal process.
- 4.5 An employee may request a meeting with their manager at any time to discuss their plans for retirement regardless of whether or not they have made any firm decisions or whether they are simply interested in finding out more about the various options around retirement. The purpose of these meetings will be for the employee to understand the range of options that might be available to them in relation to retirement and for the university to be able to ensure effective succession planning wherever possible.
- 4.6 A discussion about possible retirement or options around retirement, whether raised informally or as part of an appraisal meeting, will not result in the university making any assumptions about the employee's commitment to the university, nor will it have any impact on the employee's opportunity to be considered for training or promotion. The university seeks to recognise and retain the best talent, irrespective of age. Workplace discussions are an opportunity for both the university and employees to plan jointly for the future.

5 Succession planning

- 5.1 The university recognises that employees may choose to move on from De Montfort University at any stage of their career and that succession planning needs to be considered across all age groups, not just for older employees.
- 5.2 However, it is also recognised that departing employees often have considerable knowledge in relation to their role and responsibilities and the university may require the employee's assistance and cooperation for succession planning.
- 5.3 Prior to retirement, employees should cooperate with the university, if requested to do so, by:
 - providing full written details of the status of work projects and future steps;
 - developing/updating a job description, including key competencies and skills required for the role;
 - ensuring a smooth handover of work; and

- assisting in training any successor.

6 Planning for retirement

Workshops

- 6.1 Retirement is a significant and life-changing step and employees who are approaching their chosen retirement age should ensure that they are as well prepared for the transition into retirement as possible.
- 6.2 To assist employees to plan, prepare and better manage a successful transition into retirement, the university runs a 'Planning for Retirement' workshop. It is recommended that employees who are considering retirement attend a workshop 12-18 months prior to their intended retirement date.
- 6.3 As a matter of university policy, all employees that have not already attended a pre-retirement workshop will be invited to attend a workshop when they are within 18 months of their normal pension age.
- 6.4 The workshop focuses on the main aspects of retirement, including but not limited to: pensions, state entitlements, money management and tax planning, savings and investment strategies, lifestyle choices, health and care, inheritance, psychological aspects and managing the transition. Further information can be accessed via the [intranet](#).

Financial and other considerations

- 6.5 When planning for retirement, employees should consider all of the income they will receive in retirement and not just income from their occupational pension (if they are a member), for example, their state pension and other state benefits, any investments and other income or earnings that they have or plan to have in retirement. Although the pre-retirement courses run by the university are not solely focussed on financial matters, they are intended to help employees understand what they are entitled to receive and will provide useful advice about managing their money in retirement.
- 6.6 Employees who are members of an occupational pension scheme may obtain further information from the university's payroll and pensions team in the first instance, or they may wish to seek information from the relevant scheme administrators concerning their pension entitlements. The information provided will be factual information rather than financial advice. See [Useful contacts](#).
- 6.7 Employees should note that the university's Employee Assistance Programme (EAP) offers a range of services and advice including legal and financial services, lifestyle, health, family, careers, relationships advice, and this service can be accessed by employees including those who are interested in seeking further advice on pensions, benefits or budgeting and planning. See [Useful contacts](#).

7 Flexible/Phased retirement

- 7.1 The option of flexible/phased retirement may be available where employees are considering retirement but would prefer a period of transition as a way of easing

into full retirement. These employees may make a request to the university for flexible/phased retirement.

- 7.2 Flexible/phased retirement allows a change of working pattern so that an employee can reduce their hours gradually (for example, move to part-time working) prior to retirement.
- 7.3 There is no automatic right to take flexible/phased retirement, but the university will fairly consider all requests by employees for changes to their working patterns. The university will consider requests of this nature in accordance with the principles contained within its **Flexible Working Policy**.
- 7.4 Subject to the rules of the applicable pension scheme, the employee may be able to access some or all of their pension benefits whilst remaining in employment on reduced hours or grade - helping them to ease into retirement. This is subject to the agreement of the university but where a request is approved, this option enables employees to continue to receive a salary from their job (on the reduced hours or grade) and at the same time access some or all of their accrued pension benefits whilst continuing to pay into the pension scheme, building up further benefits in the scheme.
- 7.5 Where an employee wishes to combine a form of flexible/phased retirement as set out above with access to some or all of their pension benefits, this will be subject to the rules of the relevant occupational pension scheme. For the LGPS this provision is referred to as '[Flexible Retirement](#)' and within the TPS it is referred to as '[Phased Retirement](#)'.
- 7.6 The approval process for the release of pension will be in accordance with the process described in the section on [Early Retirement](#) where employer consent is required.

See the appendices to this policy for more information.

8 **Early Retirement**

- 8.1 An employee may make a request to retire before their normal pension age subject to the rules of the relevant pension scheme. 'Early retirement' is defined by reference to the relevant pension scheme rules.
- 8.2 Under the LGPS there are different types of early retirement: voluntary early retirement from age 55 (which does not require the university's consent), retirement on the grounds of redundancy or business efficiency or [ill health retirement](#).
- 8.3 Within the TPS, early retirement may be granted on the basis of 'Actuarially Adjusted Benefits', 'premature retirement' (the latter applies in redundancy/efficiency situations – see the **Redundancy Payments Policy** for more information) or [ill health retirement](#).
- 8.4 Where the university's consent for an employee to retire early is required, this will normally only be agreed where allowing the employee to retire early is in the interests of the university.
- 8.5 An employee who wishes to take or be considered for early retirement may

discuss their options informally with their manager in the first instance. The appropriate HR advisor can be requested to obtain the necessary financial information from the relevant pensions administrators and, where employer consent is required and the manager is supportive of the employee's request, they will need to submit a business case to the Director of People and Organisational Development.

- 8.6 The business case should set out the reasons why the proposal is supported including a demonstration of the savings to cover the costs of the employee's exit and a copy of the pension cost estimates. For business efficiency retirements, the business case must show how any pension strain or capital costs can be repaid by the faculty/department over a three-year period (or less). The business case also needs to show that an identifiable and calculable saving can be made by the departure of the employee e.g. by deleting the post, and whether there would be operational benefits to be made that would facilitate a re-organisation.
- 8.7 Before a discretionary decision regarding efficiency-type retirements (i.e. 'premature retirement' under the TPS; 'business efficiency retirement' under LGPS) can be agreed, there needs to be a search for suitable alternative employment to ensure that there isn't alternative work that can be found rather than bear the cost of paying the pension early. Information in respect of the employee's prospects for redeployment should form part of the business case. Managers may seek the assistance of HR in constructing the business case.
- 8.8 The Director of People and Organisational Development (or a nominated representative) will consider the business case and, where supported, this will be submitted to the Vice-Chancellor who will determine whether early retirement will be granted.
- 8.9 If an employee takes early retirement or permission to retire early is granted (where employer consent is required), the employee will be entitled to receive the immediate payment of their pension benefits accrued up to the date of retirement, although in some circumstances their benefits may be actuarially reduced for early access.

9 **Ill-health retirement**

- 9.1 Employees may be granted retirement on the grounds of ill health at any age if they meet the criteria for ill health retirement. The criteria for consideration of an ill health retirement benefit and the level of benefit that could be awarded are subject to the terms of the relevant occupational pension scheme the employee is a member of. See the appendices to this policy for more information.

10 **Post retirement**

- 10.1 Employees who are due to retire may wish to consider the range of options available for maintaining contact with the university after their retirement. Subject to the employee's agreement their details would be held on a retired workers contact list for a period of one year after retirement (with the option to extend where appropriate) enabling the university to contact the retired workers for one or more of the following reasons (as agreed with each individual separately):
- For staff social events/activities or other continued active involvement with the university;

- For short-term or casual working arrangements to cover for staff absences, holidays or to provide cover during peak periods;
- Emeritus contracts (where applicable and in accordance with the **Professorial and Readership Appointment Guidelines**).

10.2 In addition, as a retired employee of De Montfort University the employee may opt to retain a free DMU library card.

Useful contacts

Local Government Pension Scheme Website

<http://www.lgps.org.uk>

Details of the LGPS 2014 can be found at www.lgps2014.org

Prudential LGPS AVCs Website

<http://www.pru.co.uk/content/schemes/localgovavc/>

The Teachers Pension Scheme Website

<http://www.teacherspensions.co.uk/>

Prudential TPS AVCs Website

<http://www.pru.co.uk/content/schemes/teachersavc/>

Leicester County Council Pension Fund

<http://www.leics.gov.uk/pensions>

Tel: 0116 305 7654

<http://www.ageuk.org.uk/>

Employee Assistance Programme (EAP)

Capita

Telephone Number UK FREEPHONE 0800 716 017

Calling from Overseas +44 1455 254151

Minicom 0845 600 5499

www.employeecare.com

Appendix A: The Local Government Pension Scheme (LGPS)

1 Elected early retirement

- 1.1 From 1 April 2014, employees may choose to retire and draw their pension at any time from age 55 and before age 75.
- 1.2 An employee can retire and take their pension in full when they reach their [Normal Pension Age](#). For pension accrued from 1 April 2014, an employee's Normal Pension Age is age 65 or their [State Pension Age](#)¹, whichever is higher. Any pension built up before 1 April 2014 is fully protected. This includes a Normal Pension Age of age 65 (except for a very small number of members with an earlier protected pension age of 60 [see 1.4 below]) for payment of those benefits.
- 1.3 If an employee chooses to take their pension before their Normal Pension Age it will normally be reduced, as it's being paid earlier. If the employee takes it later than their Normal Pension Age the pension will be increased because it's being paid later. The amount of any reduction or increase will be based on actuarial guidance.

Rule of 85

- 1.4 Employees who have 'rule of 85' protection may be able to retire early from age 60 without a reduction for early payment in relation to some or all of their pension benefits. To have 'rule of 85' protection the employee must have been a member of the LGPS on 30 September 2006. The 'rule of 85' is satisfied if at the date of retirement the employee's age plus years of membership in the LGPS adds up to 85 years or more. The rules in relation to this protection can be quite complex. For more information, refer to <http://lgps2014.org/content/rule-85>.

Refer also to the university's **Policy in relation to the exercise of discretions under the Local Government Pension Scheme**.

2 Flexible retirement

- 2.1 Employees who have reached age 55 and are considering reducing their working hours and/or working on a reduced grade may wish to consider the option of flexible retirement.
- 2.2 Flexible retirement enables members of the LGPS who are aged 55 or over to draw all or part of their pension benefits whilst continuing in employment on a reduced salary (i.e. reduced hours or on a reduced grade) with the consent of the university.
- 2.3 Employees who take up this option may continue to pay into the LGPS to build up further benefits in the Scheme up to the age of 75.
- 2.4 Where an employee makes a request to reduce their hours and draw their pension, this will be considered in accordance with the existing Flexible Working

¹ Further changes to State Pension Age are possible in the future. This means that the date currently quoted could change.

Options Policy. Decisions to release pension will normally only be granted on the basis of nil cost to the university and in accordance with the university's **Policy in relation to the exercise of discretions under the Local Government Pension Scheme** (as amended from time to time).

- 2.5 The approval process for the release of pension on the grounds of flexible retirement will be in accordance with the process described in the section on [Early Retirement](#) and is subject to a business case.
- 2.6 Flexible retirement requests will not normally be approved where this will incur a cost (e.g. pension strain cost) to the university.
- 2.7 Where an employee voluntarily reduces their hours with pension in accordance with the flexible retirement provisions of the LGPS, a trial period is not possible and therefore the change will form a permanent variation to their contract of employment.
- 2.8 An alternative option to reduction in hours with pension is reduction in grade with pension. There is no automatic right to be transferred into a lower-graded post and an employee wishing to take this option will normally be expected to apply for the post in the normal manner and demonstrate competency in accordance with a normal internal or external recruitment and selection process. Employer consent is required for the early release of pension in the same way as for reductions in hours with pension.

For further information on flexible retirement, please go to [Leicestershire County Council's Pension Fund website](#).

3 **Redundancy or efficiency retirements**

- 3.1 Where an employee is to be made redundant (voluntary or compulsory) and the employee is aged 55 or over they will be entitled to and must take the immediate unreduced payment of their LGPS benefits built up to their date of termination of employment. See the university's **Redundancy Payments Policy** for more information.
- 3.2 Where an employee is aged 55 or over and is retired on the grounds of business efficiency, they will be entitled to and must take the immediate unreduced payment of their LGPS benefits built up to their date of termination of employment.
- 3.3 Retirement on the grounds of business efficiency is one which facilitates savings for the university and is subject to approval by the university.
- 3.4 The approval process will be in accordance with the process described in the section on [Early Retirement](#) and is subject to a business case.

4 **Ill-health retirement**

- 4.1 Employees who are members of the LGPS and have 'qualifying service' for a period of at least two years can retire early at any age on the grounds of ill health where they are permanently incapable of doing their current job and they are not immediately capable of undertaking any gainful employment.

- 4.2 An employee will be 'permanently incapable' of doing their current job if it is more likely than not that the employee will remain incapable until at least their normal pension age. 'Gainful employment' is defined by the 2013 LGPS Regulations as paid employment for not less than 30 hours in each week for a period of not less than 12 months. In order to be 'gainful employment', it does not need to be 'comparable' employment to the post previously held i.e. comparable in terms of pay, location, training, skills, etc.
- 4.3 The likelihood of obtaining gainful employment before normal pension age determines which tier of benefit the employee would be awarded. There are three tiers of benefits:
- **Tier 1:** the employee is unlikely to be capable of undertaking gainful employment before normal pension age. (Employee's benefits increased by an additional amount of pension which the employee would have accrued from date of leaving service to normal pension age based on 'assumed pensionable pay').
 - **Tier 2:** the employee is unlikely to be capable of undertaking gainful employment within three years of leaving their current job but is likely to be able to undertake gainful employment before normal pension age. (Employee's benefits increased in the year in which the member's employment was terminated by an additional amount of pension being 25% of the prospective pension calculated in accordance with Tier 1).
 - **Tier 3:** the employee is likely to be capable of obtaining gainful employment within three years of leaving current job (or before normal pension age if earlier). (Employee receives retirement pension that would be payable if they had reached normal pension age).
- 4.4 Tier 3 is a reviewable benefit (reviewed after 18 months) but will cease when the former employee obtains gainful employment (or is assessed by an independent registered medical practitioner (IRMP)² as being capable of obtaining) or after three years whichever comes first.
- 4.5 Employees in receipt of Tier 3 benefits are obliged to inform the university when they obtain any paid employment and shall answer any reasonable enquiries, including in relation to hours, pay and duration of the contract. This is so the university can assess whether the paid employment meets the definition of 'gainful employment' in the 2013 LGPS Regulations. Any overpayment of benefits is recoverable.
- 4.6 Some employees will have protected benefits under the 2007 Benefit Regulations if they were a scheme member and aged 45 before 1 April 2008. This protection only applies where they are entitled to Tier 1 or Tier 2 benefits under the 2013 LGPS Regulations (and so there is no need to assess them against the old criteria). They are assessed against the 2013 criteria but they receive benefits based on the better of what they would receive under the 2013 LGPS Regulations and what they would have received had the earlier regulations continued to apply.

² The IRMP has to be "independent" and not have previously advised, given an opinion on or otherwise been involved in the particular case in accordance with Regulation 36 (2) of the Local Government Pension Scheme Regulations 2013.

The referral process

- 4.7 If an employee is to be considered for an ill health retirement (IHR) benefit under the LGPS, the employee will be referred to the Occupational Health Service for assessment by an IRMP.
- 4.8 If following the assessment by the IRMP, the employee is deemed to meet the criteria for consideration of an ill-health retirement benefit, a certificate will be issued and sent to the appropriate HR advisor and copied to the Payroll/Pensions Team.

Decision-making process

- 4.9 On receipt of the signed certificate, the HR advisor must liaise with the relevant manager and with the Payroll and Pensions Team to discuss the potential IHR before any decision is communicated to the employee. The decision to grant IHR is an employer decision, not a medical one. In most cases, however, the opinion of the IRMP will form the basis of the employer's decision to grant IHR and which tier of benefits the employee qualifies for.

Leavers Process

- 4.10 Where the employee is granted IHR, the manager must follow the proper processes set out in the relevant guidance in the Procedure for Incapability Through Ill Health, with advice from the relevant HR advisor. The employee should receive a letter which sets out the relevant details of the decision to grant IHR including the tier of benefit they have been granted and any conditions associated with this (for example where Tier 3 has been awarded). The letter should detail their entitlement to notice, holidays and any other final payment or other matters.

Deferred Payments Process

- 4.11 A former employee who becomes permanently incapable of discharging efficiently the duties of their former employment and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, can apply for early release of their pension and, if approved, payment will be from the date of application. An IRMP would need to certify that the former employee satisfies the criteria under Tier 1 or 2.
- 4.12 The process for deferred pensions will be transacted primarily by the Occupational Health Service and the Payroll and Pensions Team; however, costs of referrals will be the responsibility of the faculty/department where the employee was formerly employed.

Appeals Process

- 4.13 An employee may appeal the employer's decision by using the Internal Dispute Resolution Procedure. The 'Specified Person' for first instance decisions within the university is the Director of Finance.

Appendix B: The Teachers Pension Scheme (TPS)³

1 Retirement at employee's request

- 1.1 From April 2015, Normal Pension Age (NPA) for members in the career average only scheme is age 65 or their [State Pension Age](#)⁴, whichever is higher. For protected and transition members of the TPS, visit [Teachers Pensions](#) for more information.
- 1.2 Employees who have at least two years' membership in the TPS can retire and receive their TPS benefits once they reach their NPA or the date of retirement if this is later.
- 1.3 Employees who continue working after their NPA may continue to contribute up until the age of 75. Any service after age 75 is not treated as pensionable and benefits must be claimed from age 75.
- 1.4 From age 55 employees may elect to retire before their NPA and receive their TPS benefits with the consent of De Montfort University (which cannot be withheld for more than six months). The employee's benefits will be subject to actuarial reduction (referred to within the TPS as 'Actuarially Adjusted Benefits'). See the section on [Early Retirement](#).

Visit [Teachers Pensions](#) online for more information.

2 Phased retirement

- 2.1 Employees who are members of the TPS may apply to take phased retirement from age 55 provided that there is a reduction of at least 20% of their previous six months earnings for a minimum of one year. The reduction in salary could be as a result of working reduced hours or because of a move to a lower graded post. The application for phased retirement must be made within three months of the change in hours/grade. Protected members can take two phased retirements before finally retiring. Career average members can take up to three phased retirements before finally retiring but only two can be before age 60.
- 2.2 Where employees take phased retirement they can decide how much they wish to take of their accrued benefits up to a maximum of 75% of their total accrued benefits. Remaining service, which must be at least 25%, will be aggregated with the subsequent service they accrue and this will be used in any future benefit calculations.
- 2.3 Where an employee makes a request to reduce their hours, this will be considered in accordance with the university's **Flexible Working Policy**. There is no automatic right to be transferred into a lower-graded post and an employee wishing to take this option will normally be expected to apply for the post in the normal manner and demonstrate competency in accordance with a normal

³ The information on the TPS rules and criteria is extracted or based on information contained on the Teachers Pension Website as at the date of publication

⁴ Further changes to State Pension Age are possible in the future. This means that the date currently quoted could change.

internal or external recruitment and selection process.

3 **Redundancy or efficiency retirements**

- 3.1 Where an employee is aged 55 or over and is to be made redundant (voluntary or compulsory), or is being retired on efficiency grounds, they may apply for premature retirement. See the **Redundancy Payments Policy** for more information.
- 3.2 The approval process for the release of pension will be in accordance with the process described in the section on [Early Retirement](#) and is subject to a business case.

4 **Ill health retirement**

- 4.1 Ill health benefits may be payable if an employee who is a member of the TPS becomes permanently incapable of teaching due to injury or illness. There are two different levels of ill-health benefits that can be awarded. Accrued benefits are awarded if the member is assessed as being permanently unable to teach but can do other work. With accrued benefits, a member's service won't be enhanced. Enhanced benefits are awarded if the member is assessed as being unable to undertake any type of gainful employment. Their service will be enhanced. Where a member's condition is serious and their life expectancy is severely restricted i.e. is less than a year, their pension can be paid as a one-off lump sum of approximately five times the initial pension. The member needs to request this when making their application for ill-health retirement to ensure that their request is correctly considered.

See [Teachers Pensions](#) for more information.