

THE MORAY COUNCIL

FLEXIBLE RETIREMENT POLICY AND PROCEDURE

1.0 POLICY STATEMENT

- 1.1 Retirement is a time of great significance in a persons' life, and the Moray Council is committed to giving employees who have decided to retire, support in order to ensure as smooth a transition as possible 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 the 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.

It sets out provisions for:

- The Management of Retirement;
- Flexible Retirement options;
- Wind-Down.

2.0 FLEXIBLE RETIREMENT

- 2.1 Flexible retirement can be described as flexibility over the:-
 - Length of time an employee takes to retire;
 - Nature and intensity of work undertaken in the lead up to retirement.
- 2.2 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.

3.0 PRE-RETIREMENT INTERVIEWS

3.1 WORKPLACE DISCUSSIONS

At the workplace discussion it may be appropriate to raise the issues below. This should be considered on a case by case basis and advice may be sought from Personnel Services.

- Pre-retirement training courses/information;
- Alternative employment options (flexible retirement);
- Long Service Awards (where employee has sufficient service);
- Obtaining pension estimates;
- Succession planning (training a replacement);
- Review of the post;
- Exit interview;
- Formal notification procedures in the event of retirement.

4.0 FLEXIBLE RETIREMENT OPTIONS

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

4.2 There are a number of flexible working options which could be considered to allow employees to prepare for retirement. In each case, an assessment will be made based on the needs of the service. (In the consideration of requests the procedural arrangements from the Right to Request Flexible Working Policy will be applied).

Options Include:

- **Part Time Working:** An employee could make a request to move to part time working up to 3 years leading up to retirement. In these circumstances it may also be possible to give consideration to a **Job Sharing** arrangement.

Pension Implications:

Pension benefits for part time staff are calculated on the whole time equivalent, so moving from full time to part time work will not affect the final salary on which the pension is based.

Employee's who defer retirement and continue to work part time, carry on building up pension entitlement on a pro rata basis. For example, someone working 4 years at 50% of full time will be credited with 2 years of contribution to the scheme at the full time salary level.

- **Downshifting:** It may be possible for the employee to step down into a post which is graded at a lower level, carrying less responsibility. This would be advantageous in terms of facilitating the transfer of knowledge to other staff.

Pension Implications:

If for any reason (other than sickness) an employee's pay goes down in the year before retiring, the better of the previous two years pay may be used as their final pay figure.

If an employees salary goes down as a result of downshifting during the 2 years prior to the age of retirement again the better of the previous 2 years pay may be used as their final pay figure for pension calculation purposes.

For example if at retirement on 31st March 2003 the employees salary was £10,000 on the same date in 2002, £9,000 and on the same date in 2001, £15,000 then the figures from 2001 could be used as their final pay figure for pension calculation purposes.

If an employee opts to downshift 3 years prior to retirement date then again the calculation would be made on the better of the previous two years pay.

NB: Any final pay calculation must always end on the anniversary of their date of leaving, for example if an employee retired on 31st March 2003 the calculation would date back 2 years from 31st March 2002.

- **Retire and Resume Working:** If an employee retires he/she may be able to return to work in a different role in either a full or part time capacity with the Moray Council.

Pension Implications:

For example, if an employee takes up employment with the Moray Council at the age of 62 years after retiring and claiming the Local Government Pension at the age of 60 years, they must inform the Pension Section immediately, even if they opt not to join the scheme.

Upon retirement from the new employment, if the employee re-joined the Local Government Pension Scheme, the Pensions Section would have to examine the total periods of membership, to ensure benefits have not exceeded the maximum an employee could have counted to the age of 65. This would result in the period of additional membership (compensatory added years) being reduced where necessary.

- **Wind Down:** The Winding Down Scheme is a phased retirement option which offers those members approaching retirement age with the opportunity to continue in employment although reducing their working time by one day each week for the six months before they retire.

With the exception of teaching staff, all employees with ten years continuous service with the Moray Council (and its predecessor authorities) are included in the scheme, except where specifically excluded (any exclusions to be determined by the Head of Human Resources, in conjunction with the Head of Department concerned).

Any employee satisfying the above mentioned criteria, who in ordinary course retires from Local Government Service is eligible to participate in the scheme by reference to the retirement date chosen by him or her.

Employees will be paid only for those hours worked. Moreover, the reduction in the working week will not affect the pension rights of employees participating in the scheme.

Employees working shifts will have special arrangements determined by the Head of Human Resources and the appropriate Head of Department.

Part-time/job share staff will have time off calculated on a pro rata basis of the number of hours worked.