

RETIREMENT PROCEDURE

Introduction and Aim

Public Health Wales recognises that a change from work to retirement is one of the most significant events encountered during a person's life. It is, therefore, appropriate that employees are supported and advised to enable them to experience a smooth transition from work to retirement.

The rules covering retirement and accessing the NHS Pension Scheme are fairly complex and these guidelines ensure that Public Health Wales employees are informed of their entitlements, and provide a straightforward summary of the actions they and their managers need to take.

Linked Policies, Procedures and Written Control Documents

Other related documents are:

- Retire and Return Scheme
- All Wales Sickness Absence Policy

Scope

This procedure will apply to all employees of Public Health Wales; however there are some aspects of the guidance that will only be applicable to members of the NHS Pension Scheme.

Equality and Health Impact Assessment

An Equality, Welsh Language and Health Impact Assessment has been completed and can be viewed on the policy webpages.

Approved by

People and Organisational Development Committee

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Disclaimer

If the review date of this document has passed please ensure that the version you are using is the most up to date either by contacting the document author or the [Corporate Governance](#).

Summary of reviews/amendments

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1 Introduction/Background

Since the removal of the default retirement age, older workers can voluntarily retire at a time they choose and draw any occupational pension to which they are entitled.

Retirement is referred to in a number of existing policies. These guidelines are designed to provide a framework and process for retirement in conjunction with these policies.

2 Roles and Responsibilities

2.1 Managers

Managers are responsible for ensuring effective application of the retirement process which will include:

- Asking all employees, irrespective of age, about their aims and aspirations for the short, medium and long term as part of the My Contribution process. This will help managers to plan their workforce, help retain knowledge and experience, organise appropriate training and development and succession plan.
- Participating fully in pre-retirement planning with the employee, ensuring that all relevant processes are adhered to in the required timescales.
- Ensure the individual employee is supported through the retirement process

2.2 Employees

The responsibilities for employees will include:

- Fully engaging with their line manager in discussing pre-retirement options as part of regular 1-1 meetings or raising their intention to retire during the My Contribution process.
- Notifying their line manager of their intended retirement date with at least the required 6 months' notice to enable service continuity and succession planning. This will also allow for sufficient timescales processing pension payments.
- Where required, consider options for flexible retirement through their line manager.

- Managing their pension.

2.3 Staff Representatives

Staff representatives will:

- Advise and guide employees regarding retirement options
- Support employees through the retirement process

2.4 People & OD

People & OD staff are responsible for:

- Providing advice and support to managers and employees in the practical application of the guidance.
- Monitoring its application to ensure it is applied in a fair and consistent way across Public Health Wales.
- Informing staff of the availability of [Planning for a Positive Retirement](#) workshops, run periodically by Public Health Wales, OD Team.

3 Procedure

3.1 A Guide to the NHS Pension Scheme

With effect from 1 April 2015 there are two separate pension schemes covering NHS workers.

The 2015 NHS Pension Scheme for England and Wales will cover all transitioning and new NHS employees from that date.

There are some members who are entitled to remain in the 1995/2008 Scheme through Protection arrangements. These will include

- Members of the 1995 and 2008 Sections who, as at 1 April 2012, were either already over their Normal Pension Age (NPA) or 10 years or less from their NPA and in active membership on both 1 April 2012 and 31 March 2015 are entitled to Full Protection.
- Members of both the 1995 and 2008 Sections who, as at 1 April 2012, were more than 10 years, but less than 13 years and 5 months from their NPA and in active membership on both 1 April 2012 and 31 March 2015 are eligible for limited protection. This is known as Tapered Protection.

Copies of the guides for the two NHS pension schemes can be accessed via the links above or on the NHS Pension website www.nhsbsa.nhs.uk/Pensions

Individual members of staff are able to determine which scheme they are in by using the [Member Identifier](#) on the NHS Pension website.

The NHS Business Services Authority has produced a 'Jargon Buster' document which may be of assistance in understanding the terminology used in the guides.

3.2 Retirement Age

Public Health Wales is committed to employing employees of all ages, recognising the contributions of a diverse workforce, including the skills and experience of older employees. In support of this commitment, Public Health Wales operates a flexible approach to retirement without any set retirement age, believing that employees should, wherever possible, be permitted to continue working for as long as they wish to do so.

Although employees may voluntarily retire at a time of their choosing, the normal retirement age for staff will be dictated by which pension scheme they are in. This will equally determine the earliest age that they can retire with a reduced pension for early payment.

The NHS Business Services Authority has produced an [overview](#) document for the 1995/2008 and 2015 schemes which will assist staff and managers on this issue.

3.3 Retirement Schemes

3.3.1 NHS Pension Scheme Members

Employees who have contributed to the NHS Pension Scheme will qualify for retirement benefits from the pension scheme depending on which scheme they are a member of.

From April 2015, the Normal Pension Age (NPA) age that members can receive their pension under the 2015 NHS Pension Scheme arrangements (without reduction for early payment) will be set equal to the individual's State Pension Age. The State Pension Age [calculator](#) enables individual's to determine when they will reach state pension age.

3.3.2 Non NHS Pension Scheme Members

Employees who are not members of the NHS Pension Scheme but who wish to retire should:

- Seek advice from the Government website on State Pensions, [Gov State Pensions](#).
- Give as much notice as possible of their intention to retire, in writing, to their manager to assist succession planning

3.3.3 NEST Scheme Members

NEST is the alternative pension scheme introduced as part of the auto enrolment arrangements for staff who are not eligible to join the NHS Pension Scheme.

NEST members are able to find out more information via the NEST website www.nestpensions.org.uk.

3.4 Flexible Approach to Retirement

The NHS Pension Scheme facilitates a range of options that allow changes to the way in which people work, without a major or negative impact on their future pension or the need to leave work and the pension scheme completely. These are often referred to as 'Flexible Retirement Options' and provide flexibility regarding the age at which employees retire, the length of time an employee takes to retire or the nature and intensity of work in the lead up to retirement.

The Flexible Retirement options that may be available to staff will depend on which part of the NHS Pension Scheme they are in.

The current Flexible Retirement options are available are as follows:

3.4.1 Step Down

Employees can 'step down' to a different role to reduce their level of responsibility whilst remaining in NHS employment.

Depending on the employee's age at the time they step down, they may be able to protect a higher level of pay for the calculation of their future pension benefits so that the impact of a change in work only affects their future pension earned after stepping down.

This option may support employees to remain in work in the run up to NPA as working at a lower level may feel more achievable and may be more financially advantageous rather than retiring from the Public Health Wales completely.

This option is available to members of the 1995 section.

3.4.2 Wind Down

Employees can 'wind down' to retirement by remaining in their current post, but reducing the number of hours or days they work.

For members of the 1995 and 2008 Scheme, pensions for part-time staff are calculated on the whole time equivalent salary and not the actual salary. Therefore, the only impact this may have is on the length of the employee's membership, as it will take longer to build up future membership if they are working less than full time hours.

Members of the 2015 Scheme can also reduce the number of hours or days they work. However, benefits built up in the 2015 Pension Scheme are based on actual pensionable earnings earned in each year rather than length of overall membership. Therefore, the pension earned for the duration of the reduced working hours/days will be based on the reduced pensionable pay.

This option may support employees to remain in work for a longer period of time before retirement and could be used in conjunction with a flexible working request.

3.4.3 Retire and Return to NHS employment

Once employees have reached the minimum pension age of the pension scheme they can choose to retire, claim their pension benefits and then return to NHS employment.

Employees should note that if they retire before NPA their benefits will be reduced on account of them being paid early. They should also be aware of the timings of their return to NHS employment as they are expected to have a break in service before they do so. If they do not wish to break their service they may be better off considering 'draw down' (see below).

If employees retire from the 1995 section they may return to NHS employment but cannot continue to contribute to the NHS Pension Scheme, unless they retire on ill health grounds and are under the age of 50. They may however, be able to join an alternative pension scheme under auto enrolment.

If employees retire from the 2008 section or the 2015 scheme, they may return to NHS employment and will be able to continue contributing to the NHS Pension Scheme.

This option is available to members of the 1995 section, 2008 section and 2015 scheme. Further information about the processes to be followed and a request form are available on the [Public Health Wales Intranet](#).

3.4.4 Draw Down

Draw down allows employees to access some of their pension benefits without having to retire from employment. They can take between 20% and 80% of their pension benefits, stay working and continue to build up future membership in the scheme. They can draw down on up to two occasions before retiring completely.

It should be noted that any benefits drawn down before the employee's NPA will be reduced to take account of their early payment.

If employees are aged over your NPA and their pay is reduced by at least 10 per cent, they can also partially retire and take some pension benefits. The pensionable pay must be reduced for at least a year or they will cease to be eligible for the pension they have drawn down.

This option can be attractive if the employee needs to supplement their income in the run up to full retirement and is available to members of the 2008 section and 2015 scheme.

3.4.5 Late Retirement Enhancement

If employees continue working past NPA and have not drawn down from their pension at all, their pension benefits will be increased by the application of late retirement factors.

Employees can benefit from working longer to achieve an increase in pension benefits when they come to draw their pension.

This option is available to members of the 2008 section and 2015 scheme

3.4.6 Early Retirement Reduced Buy Out [\(ERBO\)](#)

This new provision to the 2015 pension scheme arrangements allows staff and/or their employer – to make additional contributions to the scheme that will allow them to retire earlier than their NPA without any early retirement reduction (although not more than three years earlier than their NPA and not allowing for a retirement age of less than 65 years old). It is known as 'buying out' the early retirement reduction that would otherwise apply.

The NHS Working Longer Group have produced a guide for employees on the flexible retirement options and this can be accessed via the following link

3.4.7 Premature Retirement on Ill Health Grounds

In the unfortunate event an employee is unable to continue in their current job or carryout regular work activity due to ill health, they may be eligible to apply for ill-health retirement pension benefits.

4 Retirement Procedure

When considering retirement options employees are advised to consult with their personal Total Rewards Statement, accessible through the ESR self service facility.

Pension quotes can be requested from the Pensions Department at pensions.enquires@wales.nhs.uk.

When considering the option of retirement, employees are encouraged to attend pre-retirement courses. Details of scheduled courses can be obtained from the OD team or the Public Health Wales Intranet, [Planning for a Positive Retirement](#).

Staff who decide to retire must give at least 3 months notice in writing of the date of retirement in order for their pension to be processed in time.

The employee's [Staff Termination Form](#) must be completed by the line manager 3 months prior to the date of termination and submitted to Payroll Services. A form must be completed even where the Department has Manager Self Service on the ESR system.

Managers should ensure that wherever practicable, staff who are due to retire have taken all paid annual leave owing prior to their retirement date.

5 Implementation Plan

All staff need to be made aware of the existence of these guidelines. It can be obtained on the Public Health Wales Policies Intranet page, and will be publicised via the staff intranet.

Line managers should bring the guidance to the attention of their staff for information only.

Training will not be offered on these guidelines however it is recommended guidance be sought from the People and OD team when following the guidance.

6 Equality and Welsh Language

These guidelines will be made available in Welsh should a member of staff request. Correspondence can be made available in Welsh should a staff member request.

7 Audit

The named lead will monitor these guidelines to ensure it is compliant with current legislation, to ensure it is effectively implemented, and ensure that it is reviewed in accordance with the timetable for review.

8 Distribution

All staff will be made aware of these guidelines upon commencement with Public Health Wales and when approved. Copies can also be viewed on Public Health Wales Intranet or obtained via the People and OD department.

9 Review

These guidelines will be reviewed in 2 years' time or sooner if required.