Early Retirement Policy

ER04

Agreed at Fife Local Negotiating Committee for Teachers on 16th May 2024

Shelagh McLean (Management Side)

Jane McKeown (Teachers side)

LNCT Joint Secretaries

Early and Phased Retirement (Teachers)

Policy Statement

Purpose

Fife Council recognises that, in some circumstances, it may be in the interests of the Council for employees to retire earlier than the normal retirement age or initiate a phased retirement option, where they wish to do so.

Early and phased retirement assists the Council to continue to meet its aims and values, for example, in the need to provide services which are responsive, efficient, reliable and effective or to open up new employment opportunities within the Council.

Early retirement can:

- Ensure the most efficient use of human resources within Fife Council.
- Assist in the regulation of numbers employed by Fife Council.
- Assist the retention of employees and the maintenance of a balanced workforce.
- Assist in the provision of improved services to the community of Fife.
- Support employees health and wellbeing.

The Phased Retirement Scheme

The phased retirement scheme offers individuals, who are members of the Teachers' Superannuation Scheme, the opportunity to continue in employment on a lower salary whilst drawing part of their retirement benefits.

- The member must be aged 55 or over (under 75 for those in the CARE scheme) and have at least two years membership of the pension scheme
- The member's contributable salary must be reduced by at least 20% for a minimum of 12 months. The reduction may be due to a reduction in the hours they work and/or in the member's responsibilities
- Members can take up to 75% of their total benefits accrued. These benefits will be reduced if they are taken before Normal Pension Age (NPA)
- Members must retain at least 25% of their benefits in the scheme
- The remaining service of at least 25% will be aggregated with any subsequent service accrued and will be used in any future benefit calculations
- Members can take 2 phased retirements before final retirement but in each case their salary must be reduced by at least 20% and they must retain at

least 25% of their benefits in the scheme. 2015 scheme members can have three phases before retiring but only two can be before age 60.

The phased retirement scheme is available to all scheme members who meet the eligibility criteria provided that Education determined that there is a lower paid post available which will meet with the member's phased retirement choices. Approval of an application is at the discretion of the Executive Director, Education or a Head of Education and will be informed by the needs of the service.

Early Retirement with Actuarially Reduced Pension

The actuarially reduced pension (ARP) is an early retirement facility whereby teachers, who are members of the Scottish Teachers' Superannuation Scheme, can retire with actuarially reduced benefits. Members considering ARP as an option should be aware that, although the pension will attract index linking, the effect of the actuarial reduction is permanent, and it would be prudent to seek independent financial advice before making any decision.

This is a voluntary form of retirement and the decision to take actuarially reduced benefits is a matter, principally, for the individual concerned.

- The entry age for the scheme has been set at age between 55 and your normal retirement age.
- Employees granted early retirement will normally be treated as terminating by mutual agreement.
- Added years and compensation payments cannot be awarded.
- The member who wishes to leave and apply for immediate payment of actuarially reduced benefits will require the consent of the Executive Director, Education.
- Education reserves the right to delay consent where it is in the interests of the efficiency of the Service to do so. Consent will not be unduly delayed and in any event will be granted no later than 6 months from the date of application. Consent is not required where the teacher is already in receipt of a pension benefits from the Teachers Pension Scheme (Consent must not be confused with the discretion which the Executive Director, Education has to award unreduced retirement benefits in circumstances such as redundancy or business efficiency).
- The ARP is available to scheme members who cease to be in pensionable or excluded employment, provided the value of the reduced pension is not less than the guaranteed minimum pension (*see* *) to which the member would become entitled at state retirement age.
- Both the pension and the lump sum will be subject to actuarial reduction using factors related to the member's age.

* *The Guaranteed Minimum Pension (GMP): The Scottish Teachers' Superannuation Scheme (STSS), in common with all public service pension schemes, is 'contracted-out' of the Second State Pension (formally the State Earnings-Related Pension Scheme (SERPS)). As a condition of*

contracting-out the STSS is required to provide a pension at least equivalent to your GMP. The GMP is the minimum amount of pension that a contracted-out scheme must guarantee to pay (for the years 1978/79 to 1996/97) to ensure that it is at least equal to the amount the member would have received had he or she been participating in the State Earnings-Related Pension Scheme.

Re-employment

If a teacher takes up employment (as a teacher), the pension payable may be reduced or suspended. Employees wishing to take up other teaching employment after retirement should discuss the effects on their pension with the SPPA.

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