Flexible Retirement (LGPS)

Policy Statement

Introduction

Flexible retirement is a way of helping employee ease into retirement while also providing benefits to the Council, not only financial but also by supporting the retention of expertise, improving motivation and providing opportunities to develop other employees or to reorganise how work is done.

When an employee flexibly retires, they reduce their hours or move into a less senior position while receiving some or all of the pension benefits (although benefits will likely be reduced because they are being paid early).

Guiding Principles

- Flexible retirement must result in a reduction by least 20% of what an employee currently earns.
- Having been granted flexible retirement an employee may not subsequently apply for promotion or other change in role that would result in an increase of 80% of what they earned before the flexible retirement (taking account of pay award increases).
- Flexible retirement is at the discretion of the Service concerned.
- Flexible retirement decisions should be justifiable as beneficial to service delivery considering costs.
- Each application will be decided on its merits and Services should seek advice from Human Resources and Financial Services.
- Payback of any costs involved will normally be within 1 year but may be between 1 and 2 years if agreed by Head of Finance.
- The employee will remain a contributing member of the Local Government Pension Scheme following flexible retirement (but may opt out).
- The 85 year rule protection automatically applies on flexible retirement (under LGPS regulations).
- Actuarial reductions will apply to membership not protected by the 85 year rule. The Council has the discretion to waive these reductions but in practice they are always applied.

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