

# **Glasgow**life

Flexible retirement guide

## 1. What is flexible retirement?

Flexible retirement allows members of the Local Government Pension Scheme (LGPS) to request to access their pension and lump sum if applicable while continuing to work on reduced hours in the same post or at a lower grade in another post.

Employees can choose to stop making contributions or opt to continue paying contributions on their reduced salary and build up new pension benefits which will become payable on full retirement.

It may be helpful to read this guide along with the [SPFO - A Guide to the Local Government Pension Scheme \(LGPS\) in Scotland](#) which explains flexible retirement in more detail and gives definitions of the pension terms used.

## 2. Eligibility

Employees must:

- be at least age 55;
- have 2 years LGPS scheme membership or have brought in a transfer from another pension scheme; and
- reduce the hours they work or move to a lower graded job ensuring an overall salary saving of at least 20%.

## 3. Duration

Flexible retirement must be for a minimum period of **12 months**, and be a permanent contractual adjustment until a final retirement date is agreed. Employees are not required to terminate their employment.

## 4. Principles

Applications are voluntary and at the request of the employee. Decisions on whether to approve requests will be based on:

- Clear benefit(s) to Glasgow Life in facilitating service reform or other organisational objectives.
- Impact on service delivery and operational needs.
- Any costs or savings to Glasgow Life.

Requests will be considered on a case by case basis and will be approved at the discretion of Glasgow Life. Where we can't approve a request we will meet with the employee and give a full explanation of the reasons.

Flexible retirement will only be approved in cases where there is no financial outlay required by Glasgow Life. This will cover both the waiving of any actuarial reductions and meeting the cost of benefits being paid prior to a member's normal pension age. Employees who were members of the LGPS on 30 November 2006 may have some or all of their benefits protected from the reduction if they meet the rule of 85. For information on the Rule of 85 read the [SPFO - A Guide to the Local Government Pension Scheme \(LGPS\) in Scotland](#). Even if you meet the rule of 85, flexible retirement is still at our discretion.

## 5. Flexible retirement options

### Reduction in hours

We would normally expect to achieve at least a 20% salary saving from the reduction in the employee's contractual weekly working hours. Benefits to Glasgow Life and impact on service delivery will be considered in reviewing requests.

### Reduction in grade

A reduction in grade may appeal to those wishing to voluntarily 'step down' in responsibility in the latter stages of their career. The service will consider whether it can re-allocate certain duties of the post. At least 20% salary savings will be required where the service can accommodate this option. Alternatively, an employee may apply for a suitable vacancy through our normal recruitment and selection process and ask for flexible retirement alongside the job application.

## 6. Applying for flexible retirement

Employees wishing to apply for flexible retirement should complete the '**Application for Flexible Retirement form**' (form FR1) and submit this to their line manager.

## 7. Timescales

The employee should submit their request **at least 4 months** before the proposed start date to allow it to be fully considered and processed in cases where it is approved.

## 8. Reviewing the application

The manager will review the application, considering operational requirements and pass this along with their assessment to the Head of Service for consideration. Where the application can't be supported by the Head of Service, the manager will meet with the employee to advise of this and confirm the reasons why. They will then confirm this in writing within 14 days of the meeting.

Where the request has business benefits to Glasgow Life and can be supported operationally by the Head of Service, your manager will request an estimate of the employee's retirement benefits by forwarding the Application for Flexible Retirement form (FR1) to Glasgow Life Employee Relations: [ERGL@glasgow.gov.uk](mailto:ERGL@glasgow.gov.uk). The calculation will include any costs linked to the flexible retirement and actuarial reduction to the employee's pension benefits.

On receipt, the manager will meet with the employee to discuss their application. The employee should then be given reasonable time to consider the estimate and may wish to seek financial advice.

Read the "Flexi Retirement Process" document for further guidance on the application process.

## **9. Sign off**

If both the service and employee agree to proceed, a flexible retirement date will be set and final approval will be sought from the Head of Service.

In cases where final sign off is not given, the service will again meet with the employee to explain the reasons why and confirm this in writing.

## **10. Final steps**

The employee's flexible retirement will be processed and they will receive written confirmation of this detailing the changes to their contract.

They will be contacted directly by the SPFO with regard to the payment of their Pension.

## **11. Appeals**

Where a request for flexible retirement has been refused employees have a right to appeal via the [Internal Disputes Resolution Procedure \(IDRP\)](#)

## **12. Further guidance**

Further guidance is available from your Employee Relations team.

## **Flexible Retirement – Frequently Asked Questions**

### **Introduction**

This factsheet provides answers to a number of frequently asked questions (FAQs) about the Glasgow Life's **flexible retirement scheme**.

### **What is flexible retirement?**

Flexible retirement allows members of the Local Government Pension Scheme (LGPS), to request access to their pension while continuing to work on reduced hours in the same post or at a lower grade in another post. You can apply for flexible retirement if you are at least age 55; have 2 years LGPS scheme membership or have brought in a transfer from another pension scheme; and you reduce the hours you work or move to a lower graded job ensuring an overall salary saving of at least 20%.

### **What are the benefits?**

There are many benefits, for example:

- It supports your work life balance, allowing you to ease into retirement.
- You don't have to retire or stop working before taking your pension benefits.
- You can continue to pay into the LGPS, building up further benefits.

### **Is there a way that I can increase my pension benefits before retiring or if I remain in the scheme?**

There are a number of ways you can increase your pension benefits by paying:

- Additional Regular Contributions (ARCS)
- Additional Pension Contributions (APCs) to buy extra LGPS pension.
- Additional Voluntary Contributions (AVCs) arranged through the LGPS in conjunction with Prudential.
- Free Standing Additional Voluntary Contributions (FSAVCs) to a scheme of your choice.
- Contributions into a stakeholder or personal pension plan.

You can get more information on these options from the **Strathclyde Pension Fund Office**.

### **Do you have to take all your pension benefits if you take flexible retirement?**

If you're granted flexible retirement all of your pension benefits built up before April 2009 must be taken. You can however choose not to take the pension benefits you have built up after this date or only take a percentage of these.

### **Will my pension benefits be reduced if I take flexible retirement?**

If you take flexible retirement before your normal pension age your benefits will normally be reduced for paying your pension for a longer period, this is called the "actuarial reduction".

As a guide, the percentage reductions from April 2015 (issued February 2015), for retirements up to 13 years early are shown in the table below. Where the number of years is not exact, the reduction percentages are adjusted accordingly.

<b>No. of years paid early</b>	<b>Pensions reduction Men</b>	<b>Pensions reduction Women</b>
0	0%	0%
1	6%	6%
2	11%	11%
3	16%	15%
4	21%	20%
5	25%	24%
6	29%	28%
7	33%	31%
8	36%	35%
9	39%	38%
10	42%	41%
11	46%	44%
12	49%	47%
13	52%	50%

Any additional benefits that you may have bought in such as ARC's, APCs or AVC's (as outlined above) will also be reduced.

### **Can I resign and access my pension if I'm 55?**

You can choose to fully retire early and draw your pension benefits from the age of 60 onwards without employers consent. As above your benefits will normally be reduced for being paid earlier. If you are aged between 55 and 60 you would need employer's consent to draw your benefits, this is known as an employer's discretion.

### **How do I get a quote of what my pension benefits would be if I flexibly retired?**

If we can support your application we will request a quote for you from the SPFO. This will include details of any reduction to your pension benefits and any costs. Please note that quotes for flexible retirement benefits can only be requested by your employer.

### **Where can I get financial advice?**

You may wish to take financial advice. The **Money Advice Service website** provides information on how to choose a financial advisor.

### **I have heard that there is a certificate that protects my higher pay for the calculation of future pension benefits. Can this be issued for flexible retirement if I remain in the scheme?**

You're thinking about the Certificate of Pension Protection, this is issued to a scheme member by an employing authority when the member, as a result of a decision of the employing authority, **has** to take a reduction in pay. The certificate protects the member's higher pay for the purpose of calculating subsequent pension and lump sum entitlements within certain conditions. As flexible retirement is voluntary we would not issue a Certificate of Pension Protection.

### **Further guidance**

Read our guide to flexible retirement for more information, including how to apply. Further guidance is available from your Employee Relations team.