

# Guidelines

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**Title:** MANAGER GUIDANCE ON RETIREMENT & FLEXIBLE WORKING (Version 2)

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## **Introduction**

The University does not have a retirement age and managers therefore, need to ensure that they are fully aware and confident in using the range of options open to them to help with workforce planning. This guidance is designed to help raise managers' understanding and awareness of the issues arising from the removal of the retirement age.

**The University strongly advises employees to seek independent financial advice before making any decisions regarding flexible retirement or reducing their hours.**

## **What policies are available to help with workforce planning\*?**

(\*including those for employees nearing retirement)

There are a range of relevant policies which may be considered when talking to employees about their options. Ones that may be particularly relevant to employees considering retirement may include

- flexible retirement policy
- [flexible working policy](#)
- [resignation policy](#)

Information/policies can also be found on the HR website for:

- [performance management](#)
- [sickness absence](#)

It is important that assumptions are not made on the basis of age with regards to performance or sickness levels. This would be against employment legislation and there is research which indicates that older employees have higher levels of performance than their younger colleagues. If at any stage, you require advice and support in dealing with an issue please contact your HR Manager.

## **What other resources are available to help me?**

Colleagues in the HR Department and the Pensions Office will be happy to provide advice and support as required. The Pensions Office can provide a range of general information but due, to confidentiality and legislation, are unable to give projections for an employee to a third party i.e. a manager or to provide advice.

Training courses are offered by the Training and Development Unit. Further information on these can be accessed on the HR website or by speaking to your HR Manager in the first instance.

## **How do employees retire?**

To retire employees need to resign by providing written confirmation of their intention to leave and the date they wish to do so. Notification should allow for the full notice period to be served i.e. twelve weeks which must not fall during a semester for an academic and one month for level 1 – 3 employees. If an employee

wishes to take their retirement benefits they are also advised to inform the Pensions Office three months in advance, to ensure that there is sufficient time to allow for arrangements to be made on pension payments.

If you have accepted an employee's resignation you are not required to continue to employ them if they change their mind. It is, therefore, important that employees are advised to consider all the options before resigning.

### **What do I need to consider when an employee wants to work flexibly prior to retirement?**

The University is committed to flexible working for all of its employees and has recently introduced a Flexible Retirement Policy to complement its Flexible Working Policy.

The Flexible Retirement Policy is aimed at employees who are considering reducing their hours in exchange for receiving a portion of their pension. Any change is permanent and in normal circumstances would be seen as a precursor to retirement.

The Flexible Retirement Policy provides details on recent changes to the USS and PASNAS pension schemes. Further details are provided in this document below.

Employees who want to explore other flexible working options as a precursor to retirement, without accessing their pension, should consult the Flexible Working Policy.

As with all flexible working requests, the University is not obliged to approve any request if it can be demonstrated that it is against business needs although managers are encouraged to find a mutually acceptable solution if possible.

### **I need to start workforce planning - how do I initiate conversations with employees around their plans?**

If an employee is planning to resign/retire or to reduce or change their hours they should discuss this with you as soon as possible. Conversely, as part of an employee's annual Personal Performance Development Review you should discuss their future plans.

### **What can I discuss around retirement planning and are there any things to avoid?**

Under the Equality Act 2010 discrimination on the basis of age will automatically be unfair. However, in the same way as you would discuss future plans with any employee you should have an honest discussion on future plans without assumptions being made based on age i.e. that performance will reduce or that ill-health may be a factor. If performance or ill health are concerns these should be dealt with separately under the relevant policies. Your HR Manager would be able to support and advise.

As part of the structured Appraisal process there should be discussion on future plans. Such conversations will not be binding on either party until the formal process has been completed i.e. written confirmation of resignation has been received.

Training courses on both [how to conduct PPDRs and Appraisals](#) and having difficult conversations can be found on the HR website.

### **What do I need to consider when discussing future plans with employees?**

To help with your discussions with employees you may find it beneficial to familiarise yourself with the University's Flexible Retirement and Flexible Working Policies. These policies provide all University employees with the option to request a reduction in hours or change in working pattern. Under the Flexible Retirement Policy any change is permanent whilst the Flexible Working Policy allows for a permanent or temporary change in hours.

Under both policies the University can reject a request subject to there being justifiable business reasons for the rejection.

## **PENSIONS INFORMATION/BACKGROUND**

### **Pension scheme members**

Members of some pension schemes can take their benefits from the age of 55 (or earlier in the case of ill-health retirement) but this will be subject to specific pension regulations and will result in a reduction to the employee's pension benefits (please see question below).

The Pensions Office will be able to provide an employee with an outline of their benefits and a projection of future benefits. An employee can find further information on the Pensions website where links to USS and PASNAS modellers can be found. Pensions are unable to provide pension forecasts to a third party i.e. a manager due to confidentiality.

### **Can an employee increase their pension benefits?**

Pensionable benefits can be increased for the USS and PASNAS schemes through the use of Additional Voluntary Contributions (AVC's). Further information on AVC's can be found on the Pensions website.

### **Pensions schemes with members in the university**

The University operates two main pension schemes, the Universities Superannuation Scheme (USS) and PASNAS. In addition, it administers a range of other schemes i.e. National Health Service Superannuation Scheme:

- The Universities Superannuation Scheme (USS) - open to all employees at level 4 and above
- PASNAS - open to staff at levels 1 – 3
- Teachers Pension Scheme - Some University employees are members as a result of transferring into the University
- National Health Science Pension Scheme - Members of this scheme in the Faculty of Medicine and Health Sciences. Not open to new members except those employed in the Faculty of Medicine in specific roles.
- Local Government Pension Scheme - Some University employees are members as a result of transferring into the University
- NEST - A new scheme that has recently been introduced in response to legislation that all employees must be enrolled into a pension scheme. This scheme is applicable to casual workers to the University only
- Medical Research Council Pension – Some University employees are members as a result of transferring into the University

### **Flexible Retirement - USS and PASNAS Members**

Under recent pension changes to the USS and PASNAS schemes, those aged 55 and above can take their pension whilst continuing to work, subject to a reduction in hours (and income) of a minimum of 20%. Employees can then claim your pension benefits up to 80% of their current value. The total does not have to reach 100%. A reduction in hours together with a further increase in the pension benefit claimed (a flex) can take place on a maximum of two occasions but each must be for at least 12 months, prior to retirement. Any further flex can only reduce the employee's hours of work.

A reduction needs to be considered under the Flexible Retirement Policy and you have the right to refuse or approve any request on the basis of the business requirements. A request cannot be decided on the basis of the employee's age or performance.

A request made under the Flexible Retirement Policy, will be seen as a step to exiting the organisation. Both parties should work towards establishing a common understanding of full exit from the organisation at a future date.

Both USS and PASNAS have a number of rules around reduced working and any employee considering this should be advised to contact the Pensions Office in the first instance. PASNAS members will also need to gain approval from the PASNAS Trustees before they can take flexible retirement. The Pensions team will help facilitate this process and can advise further.

### **The Effects of Flexible Working on Pension Benefits**

The pension that is accrued during a period of part time working is based on full time equivalent salary and the accrued rate is reduced to take account of the percentage of full time that is worked. For instance if you work 0.5 of full time for a period of one year the accrued service would be based on 6 months service.

The amount payable is based on;

- The final year's pensionable service
- The pensionable salary
- Or accrued benefits if part of the USS career revalued benefit section

Employees are strongly advised to consult the Pensions Office (for PASNAS members) or their pension provider if they are considering reducing their hours.

### **Re-engaging employees – can I do this?**

The University no longer has any restriction on the age at which employees are recruited or at what age employees leave the organisation. With pension changes as set out above, which allow for a reduction in hours whilst taking benefits it is not expected that employees once they have fully retired from the organisation will be re-engaged. Your HR Manager will be able to advise.

### **Pre-retirement courses**

The University runs a pre- retirement course which provides advice and information to help employees planning for retirement. Details can be found on the [HR website](#).

### **Performance management**

The University expects that all its employees will perform at a high standard for the total duration of their employment. Employees should be provided with training and support to allow them to reach their full potential at all stages of their career. In instances where there may be concerns relating to a reduction in performance this should be addressed with the employee at the earliest possible stage to identify any underlying causes.

Advice and guidance should be sought on how to handle such issues in as sympathetic and supportive manner as possible to allow for the best outcome for all parties concerned. Guidance on performance management may be found on the HR website and can be provided by your HR Manager.

Failure to address performance management concerns on the basis of age may be discrimination. In instances where a reduction in performance may be related to health matters the University's Occupational Health Service may be able to provide support. Further information on the suitability of this service can be obtained from your HR Manager in the first instance.

In some instances it may be that a reduction in hours related to a health concern may help both the Unit/Service and the employee.

### **Emeritus professor/visitor status**

If it is applicable a Dean may make a request to the Vice-Chancellor that a retiring Professor is awarded the status of Emeritus Professor. Such a request should be put in writing setting out the reasons for the request i.e. length and esteem of the relevant Professor. Such requests will be considered by Council subject to agreement by the Vice-Chancellor in the first instance.

For other employees if a unit or service wishes to provide continued email and library access they should write to the HR Department to inform them of the relevant details. Access is normally for a period of one year but this can be extended.