

Staff Q&A – New Retirement Policy & Procedure

What's changed?

The FC will no longer retire people because they have reached age 65. Employees are now responsible for deciding when the time is right to retire.

Why is this happening?

Following the Employment Equality (Age) Regulations introduced in 2006, the Civil Service aims to lead by example in eliminating age discrimination in the workplace. Having consulted the Council of Civil Service Unions, the Head of the Civil Service, Sir Gus O'Donnell, announced in October 2008 that all departments and agencies within the Civil Service would remove their mandatory retirement age by March 2010.

Is there going to be more pressure to work longer?

The intention of this policy change is to provide employees with more flexibility in their choice of when to retire whilst also helping the FC to eliminate age discrimination in the workplace and enhance our equality and diversity position. By removing the mandatory retirement age the FC doesn't expect anyone to work beyond the retirement age which employees have typically retired at in the past, the sole purpose is to give you enhanced flexibility.

There is absolutely no pressure to work beyond an age when you can draw your pension benefits.

What impact does the policy change have on my pension benefits?

Generally, the more years you can work for the FC, the more potential you have for increased pension benefits.

Members of Classic, Classic Plus, and Premium are in a 'final salary' arrangement where employees have the ability to accrue service that is reckonable for pension purposes up to a maximum of 45 years. The amount of your pension will depend on your pensionable earnings and length of reckonable service.

Members of Nuvos, Partnership and other stakeholder pension schemes achieve a pension based on how much money has been contributed into their pension pot. By having the opportunity to work more years there is scope to contribute more to your pension pot.

Whilst there is the potential to work for the FC after age 75, due to current taxation rules, contributions can no longer be made to your pension and you must bring your pension into payment at this stage.

Why is the maximum number of reckonable years' service for the final salary pension schemes still 45 when the mandatory retirement age of 65 is being removed?

The Civil Service, like all employers in the UK, is bound by the Superannuation Act 1965, which limits the amount of reckonable service an employee can accrue for pension purposes in final salary schemes to 45 years. However, if you are a member of a Civil Service final salary pension scheme (i.e. Classic, Classic Plus or Premium), service beyond the 45 years limit is not lost and you will be entitled to an additional service payment as a lump sum. The removal of the mandatory retirement age will provide more scope for employees to reach the reckonable service limit within these schemes.

How do I go about arranging my retirement if there is no mandatory retirement age?

HR have produced a new retirement procedure which makes it clear how someone can arrange their retirement from the FC. The process is designed to be as straightforward as possible for all concerned where you will first discuss your retirement plans with your line manager and then follow this up with written confirmation. HR will then prepare the administration arrangements for you to leave the FC and

receive your pension benefits. Note that you are asked to give your manager at least six months notice of your intention to retire to help us plan workforce requirements and ensure we don't have a skills gap that will cause us a problem in continuing to deliver work and services.

A key message within this policy change is that if you are thinking about retirement you shouldn't be afraid to approach this subject with your manager, particularly now that you are in control of your retirement date. Having a discussion with your manager about your future plans is simply that, a discussion, and does not commit you to leaving the FC until you've made firm plans and notified your manager in writing.

Where is the new Retirement Policy & Procedure?

These can be accessed on the HR area of e-Connect within the Staff Handbook.

What support is available to me in making the transition into retirement?

The retirement procedure details the range of support that is available to you when making the transition into retirement, including the pre-retirement development event, 'Thinking about and Preparing for Retirement' guidance, and the guidance offered by the People Support team.

When is the earliest I can retire?

The earliest age at which you will be eligible to take your benefits will depend on which pension scheme arrangements you are in. Guidance is available on the Civil Service Pensions Website, which will help you understand when you are eligible to take your benefits, however, the earliest age at which you will be eligible to retire and withdraw benefits can be summarised as follows:

- Members of Classic, Classic Plus, and Premium pension schemes can retire and withdraw full pension benefits at age 60 (scheme pension age). The scheme pension age at which full pension benefits can be withdrawn if you are a member of the Nuvos pension scheme is 65. The term 'full pension benefits' simply means that the pension benefits which you've accumulated won't be reduced because you've decided to retire and start taking your benefits before your pension scheme age.
- Members of a Partnership scheme and other stakeholder pensions arrangements can withdraw pension benefits from age 50 (rising to 55 from April 2010, with exceptions).
- Most members of Civil Service Pension Schemes can choose to retire early and take their benefits before their scheme pension age on an actuarially reduced basis. The main restrictions are that:
 - you have to be at least 50 if you are in Classic, Classic Plus, and Premium, and at least 55 if you're in Nuvos.
 - you cannot have an actuarially reduced pension if it would be less than the amount needed to pay your guaranteed minimum pension at State pension age.

So, if you choose to take your pension benefits early in this way, payments are reduced permanently by around 5% for each year before pension age to reflect that your pension will be paid for longer. For example, if you choose to retire at age 55, your pension will be about three-quarters of the amount you would have received if you had waited until age 60 in the Classic scheme.

Are there still circumstances where I can be forced to retire?

As a good and responsible employer, the FC has no intention of forcing anyone to retire, but may have to compulsorily retire an individual if they are no longer able to carry out their role effectively. For example if someone is no longer fit to work due to ill health we may need to consider retiring the employee on medical grounds. A compulsory retirement will always be the last resort after we've exhausted all other options, including reasonable adjustments and/or redeployment options.

Can I take my pension benefits but continue to work for the FC?

Partial retirement can be considered as an option if you want to continue working whilst receiving some of their pension benefits. Further information on this is available within the retirement procedure.

If you decide to retire and take your full pension benefits but later wish to return to work at the FC (or elsewhere in the Civil Service) you should be aware that your pension may be temporarily reduced or suspended.