



Report to: Northwards Housing Board 13 th March 2007	Item No: 13e
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Title:	Retirement Policy		
Date:	17 th January 2007		
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Confidential:	No		
For: (Please tick action required)	NOTING	DISCUSSION	APPROVAL √

PURPOSE OF REPORT

The purpose of this report is to ensure that Northwards complies with the new Age Legislation which came into effect on 1st October 2006 and acknowledge that employees at Northwards can extend their continuous employment beyond the normal retirement age.

RECOMMENDATION

The Board are asked to approve this policy on the recommendation of the HR and Equality Sub Committee.

IMPLICATIONS

Equality & Diversity:	Ensure that older employees are treated fairly within Northwards and that opportunities for all employees are fair and consistent.
Financial:	There would be no additional cost as the organisation maintains staff costings, but will reduce recruitment costs across the business. Northwards will retain key skills and employees.
Staffing:	Aids staff retention, enhances opportunities across the organisation and ensures that Northwards is a caring employer.
Decency Target:	None Directly
Governance:	A Retirement Policy is essential for good governance
Risk Assessment:	Not currently assessed as a primary risk

Equality & Diversity Implications (Please tick where relevant):

BME	<input checked="" type="checkbox"/>	Lesbian/Gay/Bisexual/Transgender	<input checked="" type="checkbox"/>
Elderly	<input checked="" type="checkbox"/>	Single Parents	<input checked="" type="checkbox"/>
Young	<input checked="" type="checkbox"/>	Domestic Violence	<input checked="" type="checkbox"/>
Disability	<input checked="" type="checkbox"/>	Alcohol / Drug Mis-users	<input checked="" type="checkbox"/>

Consultation/Consideration:

	Yes, No or N/A:	Name:	Date:
Sub-Committee:	Yes	HR & Equality	30 th January 2007
Area Panel:	No		
Task Groups:	No		
Ward Councillors:	N/A		

RETIREMENT POLICY

1. Introduction

Throughout the UK we are living longer and leading healthier lives. Many older people enjoy the social and financial benefits of working and don't wish to retire at 60 or 65. As part of the age discrimination laws, new retirement procedures are being introduced. This procedure will enable a constructive dialogue between Northwards Housing and employees who want to continue working after normal retirement age. It will also allow Northwards and employees to benefit from a longer notice of retirement, meaning that both parties will be able to plan for the future more effectively.

Retirement involves a significant change in lifestyle. All employees at Northwards should take the opportunity to plan for their retirement and it is recommended that employees should start planning for retirement at least five* years before they intend to retire. At Northwards, employees normally retire at the age of 65. *(Source ACAS 2006).

With effect from 1st October 2006, the Employment Equality (Age) Regulations 2006, gives employees the right to be reminded that they have the opportunity to work beyond their retirement age.

The earliest retirement age is increasing from 50 to 55, except for those retiring on ill-health, and those who are not affected by the change.

Although the LGPS already has a retirement age of 65, current rules allow some employees to retire before then with unreduced benefits. By removing the 85-year test, if you choose to retire before age 65 your benefits will be reduced to take account of early payment. For more information contact 0161 301 7000 or alternatively visit their website address on: www.gmpf.org.uk.

SUMMARY	
Age 65 or later	Employees can retire and draw their benefits without a reduction in their pension benefits
Age 60 – 64	Employees can retire and draw their benefits. Pension benefits will be reduced on a sliding scale.
Age 55 – 59	Employees can retire and draw their benefits if Northwards agree. Employees' benefits will be reduced on a sliding scale.

Important: - THERE ARE NEVER ANY REDUCTIONS IF NORTHWARDS RETIRES AN EMPLOYEE THROUGH ILL HEALTH OR REDUNDANCY.

2. Retirement Options

The following retirement options are available to Northwards employees:-

- **from 60:** this is your right, and you don't need your employer's permission
- **from 55:** this is only possible if you have your employer's permission.

If you an employee draws their benefits before the age of 65, employees may well find they are reduced to take account of the fact you are drawing them early. Whether reductions apply to you depends on how much membership you have and when you joined the Scheme.

Members who join on or after 1 October 2006

Members who join on or after **1 October 2006** will find their benefits reduced if they choose to draw them before 65. The reductions depend how long it is until they reach 65 - the younger they retire, the bigger the reduction.

If you joined before **1 October 2006** and you build up enough membership, you will have a smaller reduction, or even no reduction.

3.1. Retire Later

You can stay in the Scheme beyond 65 - in fact as late as age **75** if Northwards will allow you to do so. As you have already passed the age of 65 years, there are no early retirement reductions no matter how little membership you have. As well as building up more membership by working longer, your benefits will be enhanced by a percentage too.* ** (*0.02% on the pension and 0.01% on the lump sum ** percentage rates may change).

3.2. Flexible Retirement

The following flexible options are also available to Northwards employees.

3.2.1. Wind Down

Employees may be able to reduce their contracted hours. Employees considering this option must be aware that a reduction in hours will reduce the contracted pay, holidays and Pension contributions.

3.2.2. Step Down

Employees may change to a lower grade post following consultation with Northwards Housing. Employees considering this option must be made aware that a lower grade status will reduce their Pay and Pension contributions.

4. Procedure

Northwards Housing will notify employees six months prior to their retirement date (usually at the age of 65 years). The employee must make their request in writing at least three months before their proposed retirement date if they wish to continue working.

4.1. Dealing with the Request

Upon receipt of an employee's request / expressing a wish to continue working, Northwards will acknowledge by letter which will include a face-to-face meeting within reasonable timeframe, usually 14 days.

Where the request to continue to work beyond 65 is received, Northwards, and in particular an employee's line manager, will consider this request against the interests of his/her department / team and taking into account issues such as:-

- The strategic direction and operational needs of the department / team
- The current department / team strategy.
- The skills mix required by the department / team for the foreseeable future.
- Succession and workforce planning.

4.2. Preparing for the Meeting

Managers, in dealing with an employee's request, are recommended to consider granting an extension where:-

- Savings accrue to the organisation in recruitment and training costs
- Retaining the valuable experience and knowledge of the employee is desirable

Managers are encouraged to avoid stereotyping and making assumptions about an employee's capabilities based on age.

Managers will confer with the Human Resource Officer who will attend the meeting in order to ensure fairness and consistency. The employee has the right to be accompanied by a work colleague or trade union representative. Employees have the same right in relation to any subsequent meetings.

Following the meeting, Northwards will then inform the employee of the decision as soon as is reasonable.

4.3. Northwards Decision

If the decision is to retire an employee, he or she has the right to appeal against the decision on one occasion only. If this happens, an appeal meeting should be held as soon as is reasonable. Notification of this appeal hearing will be made in writing within 28 days.

4.4. Employee's Appeal

An appeal can be made if:

- Northwards refuses the request in its entirety; or,
- If Northwards accepts it, but decides to continue employment for a shorter period than the employee requested

This procedure must be repeated each time an individual nears the agreed extended point for retirement, unless the agreed extended period is less than six months.

4.5. Flow Chart – The Process of Extended Working

Appendix 1 illustrates the process for employees/Northwards to follow with regards to a request to extending beyond an employees retirement age.

5. Pension Arrangements

Employees are advised to contact Greater Manchester Superannuation Scheme as Northwards Housing cannot give advice regarding estimations and comparisons of pension benefits.

You can reach your local Pension Department on 0161 277 1690; 2nd Floor Daisymill, 345 Stockport Road, Manchester, M13 0LF or alternatively mail@gmpf.org.uk

The Process for Extended Working

