Health and Social Care

Flexible Retirement for HSC Pension Scheme Members Frequently Asked Questions

Version number	Purpose/ change	Author	Date
0.1	Initial draft – to HSC Pay Group	[redacted]	23/07/2024
0.2	Incorpating comments from HSC Pension Service and HSC HR		12/08/2024
0.3	Updating to reflect changes to Flexible Retirement Guidance		31/10/2024
0.4	Q&A 22 re: term time/ unpaid leave added and typos corrected		22/11/2024
0.5	Q&A 38 added re: partial retirement calculator		26/11/2024

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These FAQs should be read in conjunction with the Flexible Retirement Guidance for HSC Pension Scheme Members and information on HSC Pension Service website (https://hscpensions.hscni.net/)

1. What is flexible retirement?

Flexible retirement allows organisations and employees to be flexible about:

- The age at which employees retire
- The length of time employees take to fully retire
- The nature and pattern of work in the lead up to final retirement.

2. Why is flexible retirement important?

Retirement flexibilities are a valuable part of the reward offer to attract and retain experienced employees as it allows employees to access their pension benefits while remaining in the Health and Social Care (HSC) workforce. This flexibility is important for staff who want to adjust their working pattern and manage their finances in the approach to retirement.

Employees can retire gradually and work flexibly for longer, passing their skills and knowledge to colleagues, aiding succession planning and ensuring high quality care for patients.

Working flexibly improves work life balance, while accessing pension benefits supports financial wellbeing. These can bolster employee health and wellbeing, reduce sickness absence and the risk of burn out, while strengthening retention and staffing levels over time.

3. How does flexible retirement benefit HSC organisations?

It is recognised that employee's lives are often demanding and complex. Supporting employees to work flexibility in the lead up to retirement has many benefits for the organisation.

- **Attract and retain** experienced employees who want to adjust their working pattern and manage their finances leading up to retirement.
- **Succession planning** through employees retiring more gradually by working for longer while passing on their skills and knowledge.

- Continuity of **high quality care** for patients and service users.
- Reduction in recruitment and training time/ costs by retaining valuable staff.
- Promotes the HSC as a **great place to work** by prioritising work life balance.
- Reduces employee absence and risk of burn out by improving employee health and wellbeing.
- **Attract** staff due to the flexibilities and competitive HSC pension scheme.

4. Is there an automatic right to flexibly retire?

As with all flexible working requests, retirement flexibilities are subject to discussion and agreement between the employee and their employer. The application process for partial retirement, wind down and step down is set out in the regional Flexible Retirement Guidance for HSC Pension Members.

5. What flexible retirement options are available?

The range of flexible retirement options available through the HSC Pension Scheme are set out in the below table.

Flexibility	What is it?	Which HSC Pension members is it available to?
Step down	Employees can step down to a different role, for example to reduce their level of responsibility while remaining in HSC employment.	1995 Section 2008 Section 2015 Scheme
Wind down	Employees can wind down to retirement by remaining in their current post but reducing the number of hours or days they work.	1995 Section 2008 Section 2015 Scheme
Partial retirement (draw down)	Employees who are active members of the HSC Pension Scheme and have reached their minimum pension age can take part or all of their pension benefits and continue in their existing post on existing terms and conditions. To access this, employees must reduce their pensionable pay by at least 10% for 12 months following their partial retirement date.	1995 Section 2008 Section 2015 Scheme

HSC employers may have a retire and return scheme which provides an opportunity for employees to retire from their employer and return to work, either in their current role/ an alternative vacant post and/ or reduced hours, after a designated break.

Applications to return to work following retirement will not be automatically approved and should take account of current and future workforce requirements, succession planning and equality requirements.

Employees interested in applying for retire and return opportunities should contact their HR Department for information on whether this flexibility is available within their organisation.

6. When can I retire as a member of the HSC Pension Scheme?

Each member of the HSC Pension Scheme has a normal pension age, at which they can retire and claim pension benefits without reduction. This age is defined by the Scheme or Section they are a member of as set out below:

Scheme/ Section	Normal pension age
1995 Section	Age 60 (Age 55 for Special Class and Mental Health Officer members)
2008 Section	Age 65
2015 Scheme	State Pension Age or age 65, whichever is later

The HSC Pension Scheme enables members to be flexible about the age at which they retire to suit their plans, allowing them to retire earlier or later with a corresponding reduction or increase to their pension benefits, where applicable. Members can choose to:

- Take early retirement before their normal pension age, if they have reached the minimum pension age (see Question 8) set by the scheme or section they are part of. This will result in a reduction to pension benefits as they will be paid for longer.
- Retire later than their normal pension age and their pension benefits may increase by the application of late retirement factors. Late retirement enhancement is available to employees who are members of the 2008 Section and 2015 Scheme.

7. Where can I find more information on what Section/ Scheme I am a member of?

Further information is available on the HSC Pension website https://hscpensions.hscni.net/. You can also contact HSC Pension service on 028 7131 9111.

8. Can I retire before my normal pension age?

You may choose to retire from work before your normal pension age, but on or after your minimum pension age. Your minimum pension age varies depending on which Section/ Scheme you are in and when you started pensionable employment.

Scheme/ Section	Minimum pension age
1995 Section	If you were an active member of this Section before 05 April 2006 and have not had a break of five years or more you may take your pension from age 50. If you were an active member of this Section before 05 April 2006 and have returned to this section after 05 April 2006 following a break of five years or more you may take your pension from age 55. If you were not an active member before 05 April 2006 you may take your pension from age 55.
2008 Section	Age 55
2015 Scheme	Age 55

If you retire before your normal pension age your benefits will be reduced because they will be paid earlier and for longer than if you had retired at your normal pension age.

9. How much notice do I have to give to flexibly retire?

As the ability to retire flexibly is subject to an application process it is essential employees discuss their retirement plans with their line manager as soon as possible as it is anticipated the application process will take a number of months to work through.

Moreover, when applying for a type of flexible retirement that includes accessing pension benefits (partial retirement), employees must submit their completed retirement forms to their Human Resources Department at least 6 months prior to their retirement/ partial retirement date. Failure to meet this deadline may result in a delay in payment of your lump sum and/ or pension benefit on retirement/ partial retirement.

Therefore, employees wishing to partially retire are encouraged to submit their Flexible Retirement Application to their line manager **at least <u>9 months</u> prior to their proposed retirement/ partial retirement date**. This will ensure there is adequate time for the various stages of the application process to be completed and allow successful applicants sufficient time to submit the necessary pension paperwork for processing. Please see Appendix 1 for examples of the application timeline.

10. What is partial retirement?

Partial retirement allows employees to take part, or all of, their pension benefits and continue in HSC employment. The employee may continue to build up further benefits in the 2015 Scheme if they wish.

11. What age can you partial retire?

If you have reached your minimum pension age you can claim your pension under partial retirement. See Question 6 for details on the minimum pension age.
Is there an automatic right to partially retire?

As with all flexible retirement requests, partial retirement is subject to discussion and agreement between the employee and their employer. The application process for partial retirement is set out in the regional Flexible Retirement Guidance for HSC Pension Scheme Members.

12. Do you have to reduce your pensionable pay to take partial retirement?

Yes, you will have to reduce your pensionable pay by at least 10% for 12 months after you take partial retirement. The employee must also have a contractual change in their terms and conditions of employment to reflect their reduction in pensionable pay.

13. Do you need a break in employment?

No break in employment is required. You can claim your pension and continue to work in HSC employment and carry on paying into the 2015 scheme.

14. How much pension can you take?

You can choose to take between 20% and 100% of your pension benefits. If you have a minimum pension age of 50 you must take 100% of your 1995 Section benefits if you are claiming your benefits before the age of 55.

15. Do you have to be paying into the HSC Pension Scheme?

Yes you must be an active member of the scheme contributing towards your pension. Once you have taken partial retirement, if you choose to opt out of the Scheme this will become effective from the end of your next pay period. You must be an active member for a minimum of at least one day after taking partial retirement. If you opt out of the Scheme, please remember you will no longer be entitled benefits available to active members i.e. in-service ill health retirement, death in service.

16. Who is responsible for ensuring a 10% reduction in pensionable pay is achieved at the date of partial retirement?

It is the employee's responsibility to ensure that they meet the eligibility criteria for partial retirement, including at least a 10% reduction in pensionable pay from the date of their partial retirement.

In the 12 months following partial retirement, you must consider any elements of your pay which could lead to a breach of the permitted pensionable pay earnings, including but not limited to:

- Changes in working patterns which attract pensionable payments (i.e. unsocial hours);
- Claiming any additional hours worked as pensionable rather than non-pensionable;
- Taking up a promotional post;
- Receipt of pensionable allowances; and
- The cancellation or cessation of a salary sacrifice arrangement.

17. Who is responsible for ensuring the reduction of pensionable pay is maintained at the required level and timeframe?

It is the employee's responsibility to ensure their pay remains at least 10% lower than their previous pay for the 12 months from their partial retirement date.

HSC Pension Service will also monitor a members pensionable pay and any breach of the pay limit will result in cessation of your partial retirement pension.

What is the amount of pensionable pay used to calculate the 10% reduction on?

Pensionable pay is based on the pay received in the 12 months prior to the date you are claiming partial retirement from. This includes unsocial hours payments; if you increase the number of unsocial hours you work, your pensionable pay will increase.

18. What elements of pay are pensionable?

The HSC Pension Scheme regulations define pensionable earnings as broadly all salary, wages, fees and other regular payments. Non-pensionable payments include bonuses, non-regular payments, payments made to cover expenses or overtime and pay awards or increases which are expressed by the Department of Health to be non-consolidated.

19. How do you achieve a 10% reduction in pensionable pay?

There are a number of ways to reduce your pensionable pay. You can:

- Reduction in hours;
- Change in level of responsibility e.g. changing to a lower paid role;
- Change in working pattern e.g. move from nights to days;
- Reduction in on-call commitment or change of on-call commitment to non-pensionable;
- For Medical and Dental staff, management responsibility allowances can be non-pensionable if they are temporary and subject to review or if they are linked to a non-pensionable additional programmed activity.
- Retention of current contractual arrangements (hours, grade) but the employee chooses to **opt out** of the HSC Pension Scheme for some elements of their pay. This will necessitate the creation of an additional Personnel ID/ Staff Number on the HR/ Payroll system to process the pensionable and non-pensionable pay elements separately.

20. Does salary sacrifice count towards the 10% reduction in pensionable pay?

No. Salary sacrifice arrangements are not an eligible means of achieving the 10% reduction in pensionable pay for partial retirement.

21. Can employees choose to give up Clinical Excellence Award payments to achieve the 10% reduction in pensionable pay?

A pensionable and consolidated pre-2018 award cannot be changed to become non-pensionable and non-consolidated. Employees can choose to relinquish their award to achieve the 10% reduction. Relinquished national and local awards will not be automatically reinstated. Awards cannot be paused or temporarily withdrawn for a year to fulfil the 12 month requirement for the 10% reduction following partial retirement.

22. Can employees take unpaid leave or term-time to achieve the 10% reduction pensionable pay?

No, unpaid leave and/ or term-time cannot be used to achieve the required 10% reduction in pensionable pay.

23. Can an employee retain their current hours/ pay band/ pay scale and partially retire?

In cases where the employer and employee agree that the individual should continue to work in the same role, with no reduction in working hours, commitments or responsibilities, the employees in conjunction with their employer, may review the structure of the employee's remuneration to identify if some elements of pensionable pay could become non-pensionable. This will necessitate the creation of an additional Personnel ID/ Staff Number on the payroll system and for the employee to **opt out** of the HSC Pension Scheme for one of their Personnel IDs/ Staff Numbers.

24. Do pay awards or increments affect the increase in pensionable pay in the 12 months after partial retirement?

No, annual pay awards and pay increases as you move through the pay band or pay scales do not alter the 10% reduction in pay. Overtime payments do not count towards breaches in the reduction to pensionable pay as these are non-pensionable. Pay increases resulting from a contractual change will count, such as a promotion, an increase to their hours or working commitments.

25. What happens if the 10% reduction in pensionable pay is not maintained?

The reduction must stay in place for at least 12 months following the date partial retirement is taken. The employee will no longer be eligible if the reduction is breached and their pension payments will be stopped until their pensionable pay reduces again.

26. Do your terms and conditions of employment change as a result of partial retirement?

To reduce your pensionable pay by at least 10% will result in a variation to your contract of employment. The rest of your terms and conditions remain the same.

27. How does the 10% reduction in pensionable pay apply to employees with more than one employment?

Where an employee has more than one employment which is actively contributing to the HSC Pension Scheme, they must reduce their combined pay across all pensionable employments by at least 10 per cent. For example:

- Employment 1, Organisation A = £25,000
- Employment 2, Organisation B = £15,000
- Total pensionable pay = £40,000

A reduction is required so that the overall pensionable pay is no more than £36,000. This can be achieved by varying one employment or both. An employee may chose to leave one of their employments to achieve the 10 per cent reduction.

It is the employee's responsibility to ensure there is the 10 per cent reduction in pensionable pay for at least 12 months across all employments which contribute to the HSC Pension Scheme.

Where an employee has more than one employment which is actively contributing to the HSC Pension Scheme, they must reduce their combined pay across all pensionable employments by at least 10 per cent.

28. How is the 10% reduction in pensionable pay calculated for employees who work sporadically as a locum or bank worker?

The 10% reduction in pensionable pay should be calculated in the same way for all employees. The reduction will be calculated based on the employee's previous level of pensionable pay for the 12 months before they take partial retirement. Where an employee has more than one employment, they must reduce their combined pay across all pensionable employments by at least 10%.

29. Does partial retirement affect reckonable service?

Reckonable service for the purposes of redundancy is set out in the relevant terms and conditions of service for Medical, Dental, Agenda for Change and Senior Executive employees. Where an employee has previously been given pension benefits, any employment that has been taken into account for the purposes of those pension benefits does not count as reckonable service.

30. Can you partially retire more than once?

Yes, you can partially retire on two occasions before retiring completely.

31. Can you continue to build up further pension benefits once you have partially retired?

Yes you may choose to build up further pension in the 2015 Scheme.

32. Can members of the 1995 Section who have reached the maximum service limit of 45 years partially retire?

Yes, you can partially retire if you have reached the maximum service limits of the 1995 Section providing you are an active member of the 2015 Scheme.

33. What happens on final retirement?

Whilst you may have discussed your likely final retirement date as part of any partial retirement application, you are not required to commit to a final date of retirement. When you decide to full retire, you must follow your organisation's process for retirement, including completing another 'Application for Scheme Retirement Benefits' form from HSC Pension Service. Remember this application needs to be with your HR Department at least 6 months prior to your planned retirement.
Your final pension will be based on any contributions you have made since your partial retirement, including any additional contributions you made if applicable. It will also reflect any pensionable benefits you did not take on partial retirement.

34. How long do you need to be an active member of the HSC Pension Scheme before you can access partial retirement?

An employee must be an active member of the scheme for at least one month before taking partial retirement. This is because they need some pensionable pay in order to calculate the required 10% reduction. If a person has been an active member for less than 12 months before taking partial retirement, their pensionable pay will be pro-rataed, or grossed up, to work out what their 10% reduction will need to be for the 12 months following their partial retirement date.
Are Clinical Excellence Awards affected by partial retirement?

When a member takes partial retirement, their local and national clinical excellence awards will continue. In partial retirement there is no break in service and the contract of employment continues.

35. What if something happens to me after partial retirement?

After partial retirement you will be treated as a pensioner and partly as an active member of the HSC Pension Scheme. This means you will receive pension payments and information about your pension from HSC Pension Service. You will also receive an annual benefits statement from HSC Pension Service covering the pension you are still building up.

If you die in service or take ill health retirement after partial retirement, the benefits payable may be less than what would have been payable if you had not taken partial retirement. Any lump sum payments due to death in service will take account of any lump sum paid when you drew down your benefits on partial retirement. Please refer to the Partial Retirement section of the HSC Pension Service website for more information.

36. I have purchased additional pension, do I have to take this into consideration when making an application?

Yes, if you have purchased additional pension, you will need to consider when this is taken when making an application for partial retirement.

37. Can I fully retire within 12 months of my partial retirement date?

Yes, you can decide to fully retire any time after you have partially retired. You should take into consideration the timescale it takes for retirement applications to be processed when agreeing your final retirement date with your line manager.

38. Is there any tools available which will give a projection of my pension benefits?

Yes, the HSC Pension Scheme has developed a partial retirement calculator which gives a basic illustration of projected pension benefits at partial retirement, including projected salary income and remaining pension available after partial retirement. This includes any future pension that you may build up whilst working there following your partial retirement. This calculator can be accessed on the HSC Pension Service website (https://hscpartialretirementcalculator.co.uk/).

39. What is step down?

Employees may step down to a different role, for example, to reduce the level of responsibility while remaining in HSC employment.

40. What are the benefits?

Stepping down helps the employee change the intensity of work on their approach to retirement and supports the employer to retain the individual’s skills and experience.

41. Is there an automatic right to partially retire?

As with all flexible retirement requests, stepping down is subject to discussion and agreement between the employee and their employer. The application process for partial retirement is set out in the regional Flexible Retirement Guidance for HSC Pension Scheme Members.

42. What is the difference between stepping down and partial retirement?

Partial retirement allows active pension scheme members to take some or all of their pension and continue working. When stepping down, an employee continues in work in a different role but does not access their pension benefits.

43. How will stepping down affect an employee's pension?

Some members opting to step down may be eligible to have their higher level of pensionable pay protected, which might mean that their final salary benefits are not affected.

Further information is available for the HSC Pension Service.

44. What is this?

Employees can wind down to retirement by remaining in their current post but reducing the number of hours or days they work.

45. What are the benefits?

Similar to stepping down, winding down enables the employee to change their working pattern by reducing their hours. This may support the employee to remain in work for a longer period of time before retirement.

This can support succession planning by retaining valuable skills and experience which can be passed on to other employees.

46. Is there an impact on an employee's pension?

Reducing working commitments will reduce pensionable pay; as a result future pension accrual in the 2015 Scheme will be less in comparison to working full time. However, any final salary benefits earned in the 1995 or 2008 Sections will continue to be based on whole-time equivalent pensionable pay and protected from changes in working patterns.

47. Is there an automatic right to wind down?

As with all flexible retirement requests, winding down is subject to discussion and agreement between the employee and their employer. The application process for partial retirement is set out in the regional Flexible Retirement Guidance for HSC Pension Scheme Members.

48. What is the difference between partial retirement and winding down?

Partial retirement allows active pension scheme members to take some or all of their pension and continue working. When winding down, an employee continues in work, reduces their hours/ commitment but does not access their pension benefits.

49. Where can I find out more information about retire and return?

HSC employers may have a retire and return scheme which provides an opportunity for employees to retire from their employer and return to work, either in their current role/ an alternative vacant post and/ or reduced hours, after a designated break.

Applications to return to work following retirement will not be automatically approved and should take account of current and future workforce requirements, succession planning and equality requirements.

Employees interested in applying for retire and return opportunities should contact their HR Department for information on whether this flexibility is available within their organisation.

Example: Susan is aged 64 and works 30 hours per week. They have 10 years' service in the 1995 Section. Susan wants to partially retire from 07 November 2025 by reducing their hours to 27 per week.

01/03/2024

Flexible Retirement Application received by line manager

Susan's line manager receives their Flexible Retirement Application. The line manager has **20 working days** to arrange a meeting to discuss

25/03/2024

Meeting to discuss Flexible Retirement Application

Susan and his line manager meet to discuss the application. Susan should receive the outcome no later than **10 working days** from the meeting.

30/03/2024

Outcome of Flexible Retirement Application

Susan's line manager has approved the application. Susan now must complete the appropriate HSC Pension Pension Application form to partial retire and claim their benefits.

18/04/2024

Pension Application Form for claiming pension benefits

Susan submits their Pension Application form to HR **at least 6 months** prior to their partial retirement date.

04/06/2025

HR processing Pension Application and contractual change document

HR process Susan's Pension Application on receipt of the contractual change documentation from Susan's line manager to reduce their hours. HR submit the paperwork to HSC Pension Service and Payroll Service Centre **at least 4 months** before the partial retirement date.

07/11/2025

Partial retirement

Susan partially retires and receives their pension benefits, including lump sum, in the month after partial retirement. Susan must maintain a 10% reduction in pensionable pay for the **next 12 months**.

Example: Mark is aged 55 and works 37.5 hours per week. He has 20 years' service in the 1995 Section. He plans to reduce his hours to 27 per week. He wants to partially retire from 01 September 2025

19/11/2024

Flexible Retirement Application received by line manager

Mark's line manager receives his Flexible Retirement Application. The line manager has **20 working days** to arrange a meeting to discuss

17/12/2024

Meeting to discuss Flexible Retirement Application

Mark and his line manager meet to discuss his application. Mark should receive the outcome no later than **10 working days** from the meeting.

19/12/2024

Line manager escalates outcome to Senior Manager

Mark's line manager does not believe they can facilitate the request. They invoke Stage 2 and escalate to the Senior Manager.

30/12/2024

Outcome of escalation

Senior Manager notifies Mark's line manager of the escalation outcome.

03/01/2025

Outcome of Flexible Retirement Application

Mark receives the outcome of his Flexible Retirement Application from his line manager. As his application was rejected he has **10 working days** to appeal the decision.

17/01/2025

Flexible Retirement Appeal Form submitted

Mark submits the Appeal Form to the senior manager noted on his outcome. The senior manager has **10 working days** from receipt to arrange a meeting.

31/01/2025

Appeal meeting

Mark attends an appeal meeting with the senior manager. Mark should receive the outcome no later than **10 working days** from the meeting

14/02/2025

Outcome of Flexible Retirement Appeal Application

Mark receives the outcome of his Flexible Working Application Appeal which has been upheld. He now must complete the appropriate HSC Pension Pension Application form to partial retire and claim his benefits.

28/02/2025

Pension Application Form for claiming pension benefits

Mark submits his Pension Application form to his HR Department **at least 6 months** prior to his partial retirement date.

30/04/2025

HR processing Pension Application and contractual change documentation

HR process Mark's Pension Application on receipt of the contractual change documentation from his line manager to reduce his pensionable pay. They submit the paperwork to HSC Pension Service and Payroll Service Centre **at least 4 months** before the partial retirement date

01/09/2025

Partial retirement

Mark partially retires. He receives his pension benefits, including lump sum, in the month after partial retirement. He must maintain a 10% reduction in pensionable pay for the **next 12 months**.