



Teachers' Pension Scheme (TPS) Members Retirement/Redundancy Payments Policy

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Retirement/Redundancy Payments Policy Statement

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Retirement/Redundancy Payments Policy Statement

1. The Aim of the Policy

- 1.1. The Council regards its employees as essential to the successful delivery of excellent services to the public. An integral part of the workforce planning required to ensure the delivery of those services is the Council's approach to, and policy regarding, retirement. The objective of this policy is to allow the Council to consider the retirement or redundancy of employees who are members of the Teachers' Pension Scheme (TPS) as part of its workforce planning process in an effective, fair and consistent manner.
- 1.2. In applying the policy the Council reserves the right to determine how the various options presented within the policy will be applied to each of its pensionable employees.

2. Definition

- 2.1. Retirement is defined as all circumstances where a pensionable member of the TPS terminates/amends their employment with the Council and accesses their pension benefits through the options described in this policy.
- 2.2. A redundancy payment is defined as a payment in compensation of an employee being dismissed due to:
 - the employer closing the business or Service, or
 - the employer closing the employee's workplace, or
 - there is a diminishing need for employees to do work of a particular kind.

3. Application of the Policy

- 3.1. The retirement and redundancy payment provisions within this policy apply to all employees, who are aged 55 or over and are members of the TPS. This includes employees who are employed by the Council and those appointed by school governing bodies.
- 3.2. Retirement under any option within this policy shall not be used as a substitute for premature retirement on the grounds of permanent ill health.
- 3.3. It should be noted that this policy cannot override the various regulations which may be applicable in any individual circumstance.

4. Commitments

In situations where an employee meets the criteria for any of the options outlined within this policy, the Council will ensure that:

- employees are treated in a fair and consistent manner;

- communication between employees, their managers, head teachers, governing bodies and trade unions is maintained;
- TPS regulations are adhered to;
- in cases of redundancy the Council's redundancy payment scheme is adhered to.

Employees must ensure that they:

- adhere to the procedures laid down within this policy and the relevant redundancy policy and procedure;
- provide accurate and timely information as required;
- continue to perform their role in an effective manner, with satisfactory levels of conduct and performance.

5. Retirement Options

Voluntary Retirement

- 5.1. Under the TPS Regulations 2014, it is possible for an employee to retire on or after their 55th birthday but before their normal pension age (NPA) and draw their actuarially adjusted pension benefits immediately. The Council has to give consent to this release of pension. If the Council withholds consent this can only be withheld for a maximum period of 6 months. The pension paid will be reduced on an actuarial basis depending on the individual circumstances of the employee retiring.
- 5.2. Applications to receive a pension under voluntary early retirement must be made online to TPS via their website.

Premature (early) retirement on the grounds of business efficiency

- 5.3. Where there is a need by the Council to terminate the employment of an employee on the grounds of business efficiency and the employee is aged 55 or over, their employment may be terminated by mutual consent with immediate release of their retirement pension benefits.
- 5.4. Regulations require that where premature retirement is granted, pension benefits will be paid in full and the Council or school will meet the mandatory compensation costs.
- 5.5. Where employment is terminated by mutual consent on the grounds of business efficiency, the Council or school reserves the right to award additional pension within the scope of the Teachers (Compensation for Redundancy and Premature Retirement) Regulations 2015 to the employee. Each case will be considered on its own facts and when considering each case, the personal, financial and service delivery implications will be assessed.
- 5.6. Any decision to award additional pension must take into account the Annual Allowance. If the difference in value of the annual pension plus lump sum at the start of the financial year $\times 16 \times \text{CPI}$ and the annual pension plus lump sum at the end of the year $\times 16$ is greater than the Annual Allowance, there will be significant tax implications for the employee.

Phased Retirement

- 5.7. Phased retirement is seen as the pathway to full retirement for an employee, while allowing for effective succession planning for the Council or school. As such, phased retirement applications will be considered in that context.
- 5.8. Employees aged 55 or over can apply to draw up to 75% of their actuarially adjusted retirement pension benefits whilst remaining in employment and have the option of building up further pension benefits.
- 5.9. The phased retirement must result in a reduction of at least 20% of the employee's average annual rate of their pensionable earnings for the previous 6 months. This can be achieved by an employee either reducing their hours in their substantive post and/or moving to a lower graded post for a minimum period of 12 months.

Ill health retirement

- 5.10. If an employee has 2 years or more qualifying service and their employment is terminated on grounds of ill-health, before their NPA a pension will be payable where TPS have certified that the employee meets one of the 2 tiers of ill health retirement.
- 5.11. Tier 1
Ill-Health pension based on an employee's accrued benefit in the scheme is payable if the employee is assessed by TPS as meeting the 'incapacity condition' i.e. 'incapacitated' and is likely to be 'incapacitated permanently'. This is where an employee is permanently unable to teach, but may be able to undertake other work up to their NPA
- 5.12. Tier 2
An enhancement known as 'total incapacity benefit' or 'total incapacity pension' where the employee meets the 'total incapacity condition' and they are assessed as not only being permanently unable to teach but are also unable to undertake any 'gainful employment'* up to their NPA. *Gainful employment is defined as an employee's ability to carry out any work is impaired by more than 90% and is likely to be impaired by more than 90% permanently
- 5.13. Accrued benefits and the total incapacity enhancement are paid as two separate pensions. If an employee's health recovers in the future enough to undertake gainful employment, the total incapacity pension (Tier 2) will cease, but the accrued benefits (Tier 1) will only cease if an employee becomes fit to teach. Any re-employment which an employee undertakes after ill health retirement must be notified to TPS.
- 5.14. Applications for ill health retirement benefits must be made whilst in employment or within 2 years of leaving pensionable service in order to be considered for Tier 1 or Tier 2. An employee must, in conjunction with the Council/school, complete the application for ill health retirement benefits form and the application for ill health retirement benefits – medical information and notes form which are available on the TPS website.

- 5.15. Employees, who have more than 1 but less than 2 years pensionable service and have a life expectancy of less than 12 months, may apply for a one off payment called a short service incapacity grant. This application must be made within 6 months of leaving pensionable employment and directly to TPS.
- 5.16. Former employees who have been out of pensionable service for more than 2 years can apply directly to TPS for out-of-service ill health retirement benefits.

Normal Pensionable Age

- 5.17. The Council does not have a default retirement age (DRA). The previous DRA of 65 was abolished by statute in 2011. Employees can remain in their post indefinitely provided they remain capable of carrying out their role to the standard expected by the Council/school.
- 5.18. For employees in the final salary arrangement before 1 January 2007, their normal pensionable age is 60 subject to their individual circumstances. For those employees who entered pensionable service after 1 January 2007, their normal pensionable age is 65. For any employee in the career average arrangements, their normal pensionable age is their state pension age or 65 whichever is the later date.
- 5.19. Pension benefits must be applied for before the employee's 75th birthday and paid from the 75th birthday.

6. Redundancy Payments

- 6.1. For any proposals that include redundancy the Council/school will confirm that a post is redundant and that this post is deleted from the establishment of the service/school. Where an employee is notified of their redundancy and alternative employment of a similar and appropriate type is not available, the employee will receive a redundancy payment.
- 6.2. Employees will qualify for a redundancy payment if they have at least 2 years' continuous service at the date of redundancy. The same benefits and entitlements will be offered regardless of whether the redundancy is 'voluntary' or 'compulsory'.
- 6.3. Redundancy payments are based on the statutory redundancy pay table and are subject to an employee's age and length of service. For each complete year of service, up to a maximum of 20, employees are entitled to:
 - for each year of service under 22 years old – ½ a week's pay
 - for each year of service at age 22 but under 41 - 1 week's pay
 - for each year of service at age 41 or over – 1.5 weeks' pay.
- 6.4. The Council exercises its discretion to apply a multiplier of 1.25 times the number of weeks' pay given in the statutory redundancy pay table, giving a maximum of 37.5 weeks' pay. In addition the Council exercises its discretion to use actual pay in the calculation of weekly pay. This provides for a discretionary compensation payment which is inclusive of any statutory redundancy payment. The Council's Redundancy Pay Table is attached at appendix 1.

- 6.5. Employees aged over 65 will qualify for a redundancy payment if the reason for their dismissal is redundancy.
- 6.6. All employees who are entitled to receive a redundancy payment will be given written notification of the way in which their redundancy payment has been calculated. All redundancy payments made by the Council will be paid no sooner than 5 working days, and no later than 10 working days after the employee's date of redundancy.

Calculation of a week's pay

- 6.7. A week's pay is that which the employee is entitled to under the terms of their contract. This may include implied terms that have been established via regular payments and by custom and practice. As such it does not just include terms (payment entitlements) written into the employee's contract of employment. It will for example, include those payments received where the employee has worked the same pattern over a period of at least 12 weeks prior to the termination date.
- 6.8. The calculation date is the date on which the employment is terminated.
- 6.9. As described, if the employee's pay varies (such as the regular receipt of additional hours), the amount of a week's contractual pay is averaged over the 12 weeks prior to the calculation date.

Statutory Maternity / Adoption Pay

- 6.10. Once an employee has qualified for statutory maternity/adoption pay she will be eligible to be paid for the full 39 week period even if she is made redundant during her maternity leave. For example, if the qualifying week begins on 1st January, and the woman is dismissed after this date she will still be entitled to statutory maternity pay even if she was not planning to start her maternity/adoption leave until closer to her expected date of childbirth.
- 6.11. If an employee is on maternity/adoption leave when they are made redundant they will not be required to refund the any of the maternity/adoption payments already made.

Multiple Contracts

- 6.12. Where an employee has multiple contracts with the Council/school at the point of redundancy, the start date in the contract that they are being made redundant from is used to calculate their redundancy payment. Where an employee has had multiple contracts but only has one contract at the time of redundancy, then their start date in their very first contract is used for calculating their redundancy payment, taking into account any relevant previous continuous service.

Pension

- 6.13. Employees aged 55 or over who volunteer or are selected for redundancy, and are a member of the TPS, will not be automatically entitled to early release of their

pension benefits as from their date of redundancy. Employees can apply to TPS for the release of their actuarially adjusted pension benefits.

7. Repayment of Public Sector Exit Payments

- 7.1. The government intends to introduce legislation (The Repayment of Public Sector Exit Payments Regulations 2016), whereby any former employee who earned at least £80,000 per annum and who returns to work anywhere in the public sector within a year of leaving, including under a contract for services, is required to repay a proportion of their exit payment. The repayment liability reduces proportionately over the subsequent 365 days.

8. Exit Payment Cap

- 8.1. The government intends to introduce legislation capping exit payments, including redundancy payments and the cost to the employer of any strain on the pension fund. The proposed limit is £95,000. Further detail is awaited and this policy will be updated in accordance with the legislation when enacted.

Age	Service (Years)																			
	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	
17	1.25																			
18	1.25	1.875	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
19	1.25	1.875	2.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
20	1.25	1.875	2.5	3.125	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
21	1.25	1.875	2.5	3.125	3.75	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
22	1.25	1.875	2.5	3.125	3.75	4.375	0	0	0	0	0	0	0	0	0	0	0	0	0	
23	1.875	2.5	3.125	3.75	4.375	5	5.625	0	0	0	0	0	0	0	0	0	0	0	0	
24	2.5	3.125	3.75	4.375	5	5.625	6.25	6.875	0	0	0	0	0	0	0	0	0	0	0	
25	2.5	3.75	4.375	5	5.625	6.25	6.875	7.5	8.125	0	0	0	0	0	0	0	0	0	0	
26	2.5	3.75	5	5.625	6.25	6.875	7.5	8.125	8.75	9.375	0	0	0	0	0	0	0	0	0	
27	2.5	3.75	5	6.25	6.875	7.5	8.125	8.75	9.375	10	10.625	0	0	0	0	0	0	0	0	
28	2.5	3.75	5	6.25	7.5	8.125	8.75	9.375	10	10.625	11.25	11.875	0	0	0	0	0	0	0	
29	2.5	3.75	5	6.25	7.5	8.75	9.375	10	10.63	11.25	11.875	12.5	13.125	0	0	0	0	0	0	
30	2.5	3.75	5	6.25	7.5	8.75	10	10.63	11.25	11.875	12.5	13.125	13.75	14.375	0	0	0	0	0	
31	2.5	3.75	5	6.25	7.5	8.75	10	11.25	11.88	12.5	13.125	13.75	14.375	15	15.625	0	0	0	0	
32	2.5	3.75	5	6.25	7.5	8.75	10	11.25	12.5	13.125	13.75	14.375	15	15.625	16.25	16.875	0	0	0	
33	2.5	3.75	5	6.25	7.5	8.75	10	11.25	12.5	13.75	14.375	15	15.625	16.25	16.875	17.5	18.125	0	0	
34	2.5	3.75	5	6.25	7.5	8.75	10	11.25	12.5	13.75	15	15.625	16.25	16.875	17.5	18.125	18.75	19.375	0	
35	2.5	3.75	5	6.25	7.5	8.75	10	11.25	12.5	13.75	15	16.25	16.875	17.5	18.125	18.75	19.375	20	20.625	
36	2.5	3.75	5	6.25	7.5	8.75	10	11.25	12.5	13.75	15	16.25	17.5	18.125	18.75	19.375	20	20.625	21.25	
37	2.5	3.75	5	6.25	7.5	8.75	10	11.25	12.5	13.75	15	16.25	17.5	18.75	19.375	20	20.625	21.25	21.875	
38	2.5	3.75	5	6.25	7.5	8.75	10	11.25	12.5	13.75	15	16.25	17.5	18.75	20	20.625	21.25	21.875	22.5	
39	2.5	3.75	5	6.25	7.5	8.75	10	11.25	12.5	13.75	15	16.25	17.5	18.75	20	21.25	21.875	22.5	23.125	
40	2.5	3.75	5	6.25	7.5	8.75	10	11.25	12.5	13.75	15	16.25	17.5	18.75	20	21.25	22.5	23.125	23.75	
41	2.5	3.75	5	6.25	7.5	8.75	10	11.25	12.5	13.75	15	16.25	17.5	18.75	20	21.25	22.5	23.75	24.375	
42	3.125	4.375	5.625	6.875	8.125	9.375	10.63	11.88	13.13	14.375	15.625	16.875	18.125	19.375	20.625	21.875	23.125	24.375	25.625	
43	3.75	5	6.25	7.5	8.75	10	11.25	12.5	13.75	15	16.25	17.5	18.75	20	21.25	22.5	23.75	25	26.25	
44	3.75	5.625	6.875	8.125	9.375	10.63	11.88	13.13	14.38	15.625	16.875	18.125	19.375	20.625	21.875	23.125	24.375	25.625	26.875	
45	3.75	5.625	7.5	8.75	10	11.25	12.5	13.75	15	16.25	17.5	18.75	20	21.25	22.5	23.75	25	26.25	27.5	
46	3.75	5.625	7.5	9.375	10.63	11.88	13.13	14.38	15.63	16.875	18.125	19.375	20.625	21.875	23.125	24.375	25.625	26.875	28.125	
47	3.75	5.625	7.5	9.375	11.25	12.5	13.75	15	16.25	17.5	18.75	20	21.25	22.5	23.75	25	26.25	27.5	28.75	
48	3.75	5.625	7.5	9.375	11.25	13.13	14.38	15.63	16.88	18.125	19.375	20.625	21.875	23.125	24.375	25.625	26.875	28.125	29.375	
49	3.75	5.625	7.5	9.375	11.25	13.13	15	16.25	17.5	18.75	20	21.25	22.5	23.75	25	26.25	27.5	28.75	30	
50	3.75	5.625	7.5	9.375	11.25	13.13	15	16.88	18.13	19.375	20.625	21.875	23.125	24.375	25.625	26.875	28.125	29.375	30.625	
51	3.75	5.625	7.5	9.375	11.25	13.13	15	16.88	18.75	20	21.25	22.5	23.75	25	26.25	27.5	28.75	30	31.25	
52	3.75	5.625	7.5	9.375	11.25	13.13	15	16.88	18.75	20.625	21.875	23.125	24.375	25.625	26.875	28.125	29.375	30.625	31.875	
53	3.75	5.625	7.5	9.375	11.25	13.13	15	16.88	18.75	20.625	22.5	23.75	25	26.25	27.5	28.75	30	31.25	32.5	
54	3.75	5.625	7.5	9.375	11.25	13.13	15	16.88	18.75	20.625	22.5	24.375	25.625	26.875	28.125	29.375	30.625	31.875	33.125	
55	3.75	5.625	7.5	9.375	11.25	13.13	15	16.88	18.75	20.625	22.5	24.375	26.25	27.5	28.75	30	31.25	32.5	33.75	
56	3.75	5.625	7.5	9.375	11.25	13.13	15	16.88	18.75	20.625	22.5	24.375	26.25	28.125	29.375	30.625	31.875	33.125	34.375	
57	3.75	5.625	7.5	9.375	11.25	13.13	15	16.88	18.75	20.625	22.5	24.375	26.25	28.125	30	31.25	32.5	33.75	35	
58	3.75	5.625	7.5	9.375	11.25	13.13	15	16.88	18.75	20.625	22.5	24.375	26.25	28.125	30	31.875	33.125	34.375	35.625	
59	3.75	5.625	7.5	9.375	11.25	13.13	15	16.88	18.75	20.625	22.5	24.375	26.25	28.125	30	31.875	33.75	35	36.25	
60	3.75	5.625	7.5	9.375	11.25	13.13	15	16.88	18.75	20.625	22.5	24.375	26.25	28.125	30	31.875	33.75	35.625	36.875	
61+	3.75	5.625	7.5	9.375	11.25	13.13	15	16.88	18.75	20.625	22.5	24.375	26.25	28.125	30	31.875	33.75	35.625	37.5	

