

Retirement Options Policy  
For  
Teachers and Associated  
Professionals

# Retirement Options Policy

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# **Retirement Options for Teachers, Music Instructors and other Associated Professionals who are members of the Scottish Teachers Superannuation Scheme (STSS).**

## **1. INTRODUCTION**

This document sets out the policy statement, guiding principles and process to be followed by a teacher in Dundee City Council making an application for winding down, actuarially reduced pension (ARP) or phased retirement. It also outlines other means by which an employee can access their pension.

## **2. POLICY STATEMENT**

The Council and the Dundee Negotiating Committee for Teachers recognises that, it may be in the interests of the Council and its employees to allow relevant employees to either retire earlier than normal retirement age (as defined under the Scottish Teachers Superannuation Scheme) or initiate a phased retirement option.

## **3. DEFINITIONS**

**Actuarially Reduced Pension (ARP)** – this is an early retirement facility whereby employees, who are members of the Scottish Teacher's Superannuation Scheme (STSS), can retire with actuarially reduced benefits. The earliest age for an actuarial reduced pension is 55.

**Winding Down Scheme** – this is a phased retirement option which offers teachers who are members of the STSS, the opportunity to continue in employment on a part-time basis while protecting their overall final retirement pension entitlement. The entry age for this scheme is set at age 56 or over if normal retirement age (NRA) is 60, or age 61 or over if NRA is 65.

**Phased Retirement Scheme** – this offers employees who are members of the Scottish Teacher's Superannuation Scheme, the opportunity to continue in employment on a lower salary whilst drawing part of their retirement benefits. A member must be aged 55 or over and have at least 2 years membership of the pension scheme.

**Premature Retirement with (VER)** – this allows teachers to take accrued pension benefits without a reduction. The cost of premature retirement benefits is shared between the STSS and the Council and could be implemented in efficiency saving situations following a service review. Unless separate notification is made to staff, this provision is not available.

**Ill Health Retirement** – these benefits are payable subject to qualifying criteria if an employee become permanently unfit to teach or permanently unfit to work due to illness before reaching their Normal Pension Age. The level of payment is determined based on the teacher wither being unfit to work or unfit to teach.

**Age Retiral** – these benefits are payable to a teacher once they cease employment and have reached their normal retirement age (NPA) as defined by the scheme.

#### **4. GUIDING PRINCIPLES**

The Council will continue to meet its aims and values whilst recognising the need to provide services which are responsive, efficient, reliable and effective. The retirement process can be employer or employee initiated and is carried out in conjunction with information provided by SPPA.

#### **5. NORMAL RETIREMENT AGE**

The definition of normal retirement age (NRA) changed following the changes to the Scottish Teachers' Superannuation Scheme in April 2015.

The full definition of normal retirement under the scheme rules is age and service dependant. Click on the link below for the definition:

[http://www.sppa.gov.uk/index.php?option=com\\_content&view=article&id=885%3Aproposed-2015-scottish-teachers-pension-scheme-faqs&catid=414&Itemid=1574](http://www.sppa.gov.uk/index.php?option=com_content&view=article&id=885%3Aproposed-2015-scottish-teachers-pension-scheme-faqs&catid=414&Itemid=1574)

#### **6. ACTUARIALLY REDUCED PENSION**

6.1 This is an early retirement facility whereby teachers, who are members of the STSS, can retire with actuarially reduced benefits. The amount of actuarial reduction depends on the member's age in years and months at the point of retirement.

6.2 Members considering this option should be aware that the pension will be actuarially reduced and this is permanent. Reduction is a permanent one. Seeking independent financial advice is therefore essential before proceeding.

6.3 This is voluntary form of retirement. Employees must have at least 2 years STSS membership to become eligible and be aged 55 or over. Members with preserved benefits on or after 1 July 2002 are also eligible for ARP.

6.4 Employees granted early retirement will normally be treated as terminating by mutual agreement.

6.5 Added years and compensation payments cannot be awarded.

6.6 A member wishing to leave the Council's employment and apply for immediate payment of actuarially reduced benefits requires to submit a letter of resignation to the Executive Director of Children and Families Service and advise in this they wish to apply for an actuarial reduce pension. This will result in an SPPA RET 1 form being issued to the employee by the Corporate Business Support service.

6.7 The ARP is available to scheme members who cease to be in pensionable or excluded employment, provided the value of the reduced pension is not less than the guaranteed minimum pension to which the member would become entitled at state retirement age.

6.8 Both the annual pension and the lump sum payment will be subject to actuarial reduction using the factors related to the member's age.

## **7. WINDING DOWN SCHEME**

- 7.1 Winding down is a form of phased retirement which offers members approaching their retirement age the opportunity to continue in employment on a part-time basis whilst protecting their overall final retirement pension entitlement. Due to the reduction in working hours, this is subject to approval from the authority.
- 7.2 The entry age for the scheme has been set at age 56 or over if NRA is 60, or 61 if NRA is 65.
- 7.3 The member can remain in winding down employment for a maximum of 4 years prior to their NRA. They must have been in full-time employment for a period of 10 years immediately prior to commencing winding down employment.
- 7.4 The member must have accrued a minimum of 25 years' teaching service prior to commencing winding down. For qualifying purposes, the period may include a maximum period of 5 years during any break or breaks in teaching service which will count towards the requirement of having 25 years teaching service, but will not count towards the calculation of benefits.
- 7.5 The part-time winding down contract must be at least 0.5 full time equivalent, however it could be more. Each year served under a part-time contract will count as one full year for pension benefit calculation purposes.
- 7.6 The final pensionable salary, for benefit calculation purposes will be the salary received in the 365 days prior to entering winding down employment, index-linked (adjusted according to the value of the retail price index at the time of calculation by SPPA) to the actual point of retirement. This may not be the most beneficial as the index linked winding down salary may not provide a pension equal to or better than a pension based on similar part-time service and using the average of the best 3 out of the last 10 years' salary.
- 7.7 Employee and employer contributions will continue at the same percentage and will be based on actual salary received.
- 7.8 Once winding down pension arrangements have commenced, they cannot be revoked.
- 7.9 The application process employees require to follow for wind down is detailed in appendix 1.

## **8. PHASED RETIREMENT SCHEME**

- 8.1 This option gives employees the opportunity to continue in employment, reduce their working commitment by receiving a lower salary whilst releasing part of their pension benefits. It is available to those aged 55 or over who have been in pensionable employment on or after 1 April 2007 and have the agreement of the Council to apply.
- 8.2 The maximum amount employees can uplift from the STSS is 75% of total retirement benefits. There must be a reduction of at least 20% of pensionable salary and this must occur for a minimum of 12 months from date of implementation. This reduction can be achieved but either working less hours or moving to a post of lesser responsibility. If the employee works part-time and has multiple contracts this

reduction could be achieved by terminating one of the contracts or by reducing them all.

8.3 Employees can take two phased retirements before final retirement but in each case their salary must reduce by at least 20% and the member must retain at least 25% of benefits in the scheme.

8.4 If the employees' salary increases within 12 months following phased retirement and has gone above the required 20%, the application will be void and the pension will be suspended.

8.5 The application process employees require to follow for phased retiral is detailed in appendix 1.

## **9. PREMATURE RETIREMENT (Voluntary Early Retiral - VER)**

9.1 Premature retirement benefits may be awarded if an employee has 2 years qualifying service and be aged 55 to 59 (if a member prior to 1 April 2007) or aged 55 to 64 (if a member on or after 1 April 2007)

9.2 This provision is not open to applications. Employees will receive written notification if premature retirement (VER) is being considered by the Council.

9.3 Notification may be either be bulk or targeted.

## **10. ILL HEALTH RETIREMENT**

10.1 If employees are under Normal Pension Age (NPA) and have to retire through ill-health, they can apply for Ill-Health benefits. Applications should only be submitted after all other avenues such as redeployment have been exhausted. Employees must provide medical evidence that their illness permanently prevents them from teaching and carrying out any work impaired by more than 90% and is likely to do so permanently. When making an application for ill-health retiral the council will make a referral to the Occupational Health Provider and request appropriate medical questionnaires are completed and returned to the Human Resources Division. Completed Medical Questionnaires will be submitted along with an ill-health retiral application form to the SPPA who will advise the council and employee of the decision. On receipt of agreement, the council will arrange a formal meeting with the employee to terminate employment.

10.2 Partial Incapacity Benefits would be granted if employees are assessed as being permanently unable to teach but can undertake other employment. Members who qualify for PIB will receive a lower level of benefits consisting of service accrued to date of retirement with no enhancement.

10.3 Total Incapacity Benefits would be granted if, as well as being permanently unable to teach, employees are assessed as having their ability to carry out any work impaired by more than 90% and likely to be so permanently. The total amount of enhancement employees may receive if they are awarded TIB is half the service they could have completed before NPA.

## **11. ADMINISTRATION**

- 11.1 Members wishing to apply for winding down, or phased retirement should follow the guidance detailed in appendix 1.
- 11.2 Members wishing to take an actuarial reduced pension should do so by submitting a letter of resignation and advising they wish to uplift their actuarial reduced pension.
- 11.3 At least 4 months notice should be given by the employee of an intention to utilise any of the retirement options to guarantee payment of pension benefits immediately. Any notification in a lesser timescale may result in payment being made late by SPPA. In instances of late payment backdating will be made by SPPA and if appropriate the council.
- 11.4 To apply for phased retirement or ARP (early retirement) a form "TEACH: RET" form needs to be completed.
- 11.5 To apply for winding down a form "STSS: (WD)12" needs to be completed.
- 11.6 Both forms and guidance notes will be issued by the Corporate Business Support Service on receipt of applications / letter of resignation.
- 11.7 Upon receipt of completed forms, the Corporate Business Support Service will
  - 1) liaise with the SPPA regarding eligibility,
  - 2) verify that the application is supported by the Head of Service and authorisations are in place
  - 3) confirm acceptance with the employee and their Head Teacher and then
  - 4) process the retirement option and contractual change as required.
- 11.8 Any employee who is not approved by the council for phased retirement or wind down has the right of appeal. Appeals should be submitted to the Chief Education Officer. There is no right of appeal to the council when the decision to not grant wind down has been made by the SPPA based on scheme regulations.
- 11.9 Applications for ill-health retirement are determined by the occupational health provider for SPPA. Therefore any appeal against a decision of ill-health retirement require to be submitted via the regulations laid down by the SPPA.

## **12. ADVICE**

- 12.1 Prior to making any decisions on pension and retirement options, employees are encouraged to seek assistance from an independent financial adviser (IFA). Employees who are members of a Trade Union may be able to seek this advice via them.

### Procedure for Phased Retiral and Wind Down

Teachers and associated professionals who are members of the Scottish Teachers Superannuation Scheme can apply for either phased retiral or to wind down. The provisions and criteria for these schemes are as follows:

#### Phased Retiral

Phased retirement allows members of the STSS to reduce their working commitment while releasing a proportion of their pension benefits up to full retirement.

To qualify the following criteria must be met:

1. The teacher must be aged 55 or over.
2. The teacher must have been in pensionable employment on or after 1 April 2007.
3. Dundee City Council must be in agreement to the phased retiral before the application is made.

#### Wind Down

Winding down is a form of phased retirement which offers members approaching their retirement age the opportunity to continue in employment on a part-time basis. Winding down employment allows each year of service under the part-time contract to count as one full year for pension benefit calculation purposes.

To qualify the following criteria must be met:

1. The teacher must have elected to wind down no earlier than 4 years prior to their Normal Pension Age.
2. The teacher must have been in continuous full time service for a period of 10 years immediately prior to commencing winding down employment.
3. The teacher must have accrued a minimum of 25 years teaching service prior to commencing winding down (ie the teacher must have had a contract to teach for at least 25 years). The period may include, for qualifying purposes, a maximum period of 5 years during any break or breaks in teaching service which will count towards the requirement of having 25 years teaching service, but will not count towards the calculation of benefits.
4. Dundee City Council require to consent to the wind down.
5. The teacher must go part-time and their employment must be equal to or more than 0.5 full time equivalent.
6. The maximum period the teacher can remain in winding down employment for is 4 years.

## Procedure for making an application for Phased Retiral or to Wind Down

1. A teacher or associated professional who wishes to make an application for phased retiral or wind down requires to complete the application form attached at appendix 2.
2. The application form should be submitted to the Head Teacher who will then determine if the reduced hours could be accommodated within the exigencies of the service.
3. The completed form with the Head Teachers recommendation will then be submitted to the appropriate Education Manager, who will approve and forward to the Human Resources and Business Support Division – Staffing Team.
4. For **phased retiral applications**, the Human Resources and Business Support Division – Staffing Team will action as follows
  - a. An amendment to terms and conditions letter will be issued and the appropriate change will be made to the employees payroll record.
  - b. Issue SPPA form TEACH: RET for completion by the teacher.

Or

  - c. If the application is refused a letter advising the employee is issued.
5. The teacher will return the SPPA form TEACH: RET to the Human Resources and Business Support Division – Staffing Team, who will arrange for the Payroll Team complete the employers section and declaration and submit to SPPA.
6. For **wind down applications**, the Human Resources and Business Support Division – Staffing Team will action as follows
  - a. A letter acknowledging provisional agreement, subject to final approval by the SPPA , is issued
  - b. Issue form STSS: (WD) 12 for completion by the teacher.

Or

  - c. If the application is refused a letter advising the employee is issued.
7. The teacher will return the form STSS: (WD) 12 to Human Resources and Business Support Division – Staffing Team, who will arrange for the Payroll Team complete the employers section and declaration and submit to SPPA.
8. On receipt of the final decision regarding wind down application from SPPA, the Human Resources and Business Support Division – Staffing Team will action as follows
  - a. An amendment to terms and conditions letter will be issued and the appropriate change will be made to the employee’s payroll record.

Or

  - b. If the application is refused a letter advising the employee of this is issued.

## **Standard Letters**

Attached in appendix 3 are the undernoted letters which will be issued by the Human Resources and Business Support Division – Staffing Team in conjunction with this policy.

1. Letter 1 - Standard Letter re Phased Retiral – Acceptance
2. Letter 2 - Standard Letter re Phased Retiral – Refusal
3. Letter 3 - Standard Letter - Provisional Acceptance of Wind Down
4. Letter 4 – Standard Letter – Refusal of Wind Down by Dundee City Council
5. Letter 5 - Standard Letter – Acceptance of Wind Down following confirmation by SPPA
6. Letter 6 - Standard Letter – Refusal of Wind Down following confirmation by SPPA

**DNCT/26 – Application for Phased Retrial or Wind Down.**

**Section 1 – Personal Details**

Teachers Name	
Pay Number	
School	
Post Held	

**Section 2 – Application Details**

Type of Retirement applied for	Phased / Wind Down (Delete as appropriate)
Proposed Revised Contractual FTE	
Proposed Date of Revised Contractual FTE	

**Section 3 – Head Teachers Recommendation**

Agree to support request	
Not in agreement to support request	
Agree to support request with the following changes	
<b>Signed</b>	<b>Date</b>

#### Section 4 – Education Managers Approval

Agree to support request and Head Teachers recommendation	
Not in agreement to support request and / or Head Teachers recommendation	
Agree to support request and Head Teachers recommendation with the following changes	
<b>Signed</b>	<b>Date</b>

### **Business Support Use Only – Phased Applications**

Date Received from Manager	
If accepted amendment letter issued	
CTWA form issued to Payroll	
SPPA form TEACH: RET issued to employee	
SPPA form TEACH: RET returned from employee	
SPPA form TEACH: RET passed to Payroll	
SPPA form TEACH: RET sent to SPPA	
If refused letter of refusal issued to employee.	

### **Business Support Use Only – Wind Down Applications**

Date Received from Manager	
If agreed provisional agreement letter issued	
SPPA form STSS: (WD) 12 issued to employee	
SPPA form STSS: (WD) 12 returned from employee	
SPPA form STSS: (WD) 12 passed to Payroll	
SPPA form STSS: (WD) 12 sent to SPPA	
Date Decision received from SPPA	
If accepted amendment letter issued	
CTWA form issued to Payroll	
If refused letter of refusal issued to employee.	

*Letter 1 - Standard Letter re Phased Retiral – Acceptance*

**AMENDMENT TO TERMS AND CONDITIONS OF EMPLOYMENT  
POST NO**

On behalf of the Executive Director of Children and Families Services, I confirm that your application for phased retiral in line with the Scottish Teachers Superannuation Scheme Regulations has been accepted, therefore with effect from xx/xx/xxxx

- your weekly hours are xx.xx
- your salary is £xx,xxx.

This letter constitutes a formal amendment to your terms and conditions of employment. Your other terms and conditions remain unaltered.

If you wish to discuss this amendment, please do not hesitate to contact xxxxxxxx, Corporate Business Support Service on (01382) xxxxx.

Yours sincerely

Janet Robertson  
Head of Human Resources & Business Support

*Letter 2 - Standard Letter re Phased Retiral – Refusal*

## **REQUEST FOR PHASED RETIRAL**

I refer to your application for phased retiral and on behalf of the Executive Director of Children and Families Services I confirm that your request has not been approved due to **(select one of the following)**

- the burden of additional costs
- the detrimental effect on efficient and effective operation of the service
- the ability to re-organise work among existing staff
- the detrimental impact on performance and quality of work
- planned structural changes
- Other reason (as detailed by manager)

If you require any clarification, please contact your Head Teacher / Manager in the first instance.

Yours sincerely

Janet Robertson  
Head of Human Resources & Business Support

*Letter 3 - Standard Letter - Provisional Acceptance of Wind Down*

**REQUEST FOR WIND DOWN**

I refer to your application for wind down and on behalf of the Executive Director of Children and Families Services I confirm that your request has been provisionally approved pending confirmation from the Scottish Public Pensions Agency (SPPA) that you meet the scheme criteria.

You should complete the attached form STSS: (WD) 12 and return to the corporate business support service, this will then be forwarded to the SPPA to confirm your eligibility for wind down.

If you require any clarification, please do not hesitate to contact xxxxxxxx, Corporate Business Support Service on (01382) xxxxx.

Yours sincerely

Janet Robertson  
Head of Human Resources & Business Support

**REQUEST FOR WIND DOWN**

I refer to your application for wind down and on behalf of the Executive Director of Children and Families Services I confirm that your request has not been approved due to (select one of the following)

- the burden of additional costs
- the detrimental effect on efficient and effective operation of the service
- the ability to re-organise work among existing staff
- the detrimental impact on performance and quality of work
- planned structural changes
- Other reason (as detailed by manager)

If you require any clarification, please contact your Head Teacher / Manager in the first instance.

Yours sincerely

Janet Robertson  
Head of Human Resources & Business Support

*Letter 5 - Standard Letter – Acceptance of Wind Down following confirmation by SPPA*

**AMENDMENT TO TERMS AND CONDITIONS OF EMPLOYMENT  
POST NO**

On behalf of the Executive Director of Children and Families Services, I confirm that your application for wind down in line with the Scottish Teachers Superannuation Scheme Regulations has been agreed by the Scottish Public Pensions Agency, therefore with effect from xx/xx/xxxx.

- your weekly hours are xx.xx
- your salary is £xx,xxx.

To benefit from the provisions of the wind down scheme the maximum length of time you can remain in a wind down contract is 4 years. Therefore you will require to retire fully no later than xx/xx/xxxx (enter the day before the 4<sup>th</sup> anniversary of the start of wind down), otherwise the SPPA will not recognise the terms of the wind down scheme for this period of service.

This letter constitutes a formal amendment to your terms and conditions of employment. Your other terms and conditions remain unaltered.

If you wish to discuss this amendment, please do not hesitate to contact xxxxxxxx, Corporate Business Support Service on (01382) xxxxx.

Yours sincerely

Janet Robertson  
Head of Human Resources & Business Support

*Letter 6 - Standard Letter – Refusal of Wind Down following confirmation by SPPA*

**REQUEST FOR WIND DOWN**

On behalf of the Executive Director of Children and Families Services, I confirm that your application for wind down in line with the Scottish Teachers Superannuation Scheme Regulations has not been accepted by the Scottish Public Pensions Agency (SPPA).

I attach a copy of the letter received from the Scottish Public Pensions Agency which advises us your application has not met the criteria for wind down.

If you are not in agreement with the SPPA decision you should contact them in the first instance.

Yours sincerely

Janet Robertson  
Head of Human Resources & Business Support