

4. Leavers, Deaths & Retirements

It is the employer's responsibility to tell us about every member who is leaving the pension scheme. There are various ways they can leave the Scheme but in most cases you can use the leavers form or retirement form to tell us about this (**either electronically or by post**) and provide all the information that we require.

Included in this section are more detailed explanations of the following:

1. Voluntary resignation
2. Opting out of the Scheme
3. Transfers
4. Normal retirement
5. Flexible retirement
6. Voluntary retirement at or after age 50/55
7. Redundancy or efficiency retirement
8. **Ill health – please see special sub section of chapter 4 for full information about this.**
9. Death in service (temporary or permanent employees)
10. Death in service (casual employees)
11. What you need to do for each category
12. How to requesting estimates for normal retirements
13. What we do next

4.1 Types of leavers and retirements in more depth

Voluntary Resignation

4.1.1 Leaving employment with LESS than 3 months' membership and no transferred in service

The Scheme member has 3 choices:-

- a) A refund of contributions – they will usually receive a half to two thirds of their pension contributions back. This is because the HM Revenue & Customs takes 20% or 40% for high earners. We also have to restore full NI contributions to the National Insurance Contributions Office of HM Revenue & Customs.
- b) They can transfer their pension rights to another scheme
- c) Frozen refund – in case they rejoin the Scheme at a later date.

4.1.2. Leaving employment with 3 months or more Scheme membership (or with transferred in service)

If a Scheme member leaves with 3 months or more membership, or they have transferred in service, they have the following choices:-

- a) Deferred benefits – A pension and lump sum (depending on date of joining) will be held for the Scheme member until they reach retirement age. These increase with inflation each year. Deferred members will receive a statement each year telling them about the value of their deferred benefits.

b) Transfer to another scheme – the Scheme member can ask their new employer to transfer their LGPS to buy extra service in their new scheme or transfer to another pension arrangement (i.e. personal pension plan or stakeholder)

c) Link benefits – If they join another LGPS employer.

4.1.3 Opting out of the Scheme

An employee can choose to leave the pension scheme as opposed to leaving employment. They need to complete an [opt out form](#) in order to do this. If they opt out after 3 months their pension will stay as a deferred pension with us. They can transfer it out subject to agreement from a different pension provider.

4.1.4 Transfers

Please indicate if the Scheme member is transferring to another authority or is transferring under TUPE. Details of the new employer, if known, should be given.

If transferring as the result of TUPE please discuss this with our Employer Relationship Manager Andy Cunningham
E: andrew.cunningham@wiltshire.gov.uk
T: 01225 713612

4.1.5 Flexible retirement

As of April 2008, LGPS employers have the discretion to offer flexible retirement to their staff. How your employer completed sections 3 and 4 of our standard [discretions policy template](#) will determine under what circumstances (if any) your employer offers flexible retirements.

Under the regulations, flexible retirement can be offered subject to the employee either reducing their pay grade or reducing their hours. Employers can add more specific restrictions to this in their policy.

For pension purposes, we will make them a pensioner on their current record and we will set up a new record to cover their service on their new terms and conditions. They are able to opt out at any point from accruing more service on their new record.

If the employee does not meet the rule of 85, they will have their benefits reduced unless the employer waives the actuarial reduction. **Waiving the actuarial reduction will have cost implications for the employer.**

Note: If they retire on one post and re-start on a **different** post with the same employer, this does not technically come under the title of flexible retirement. If they are 60 or over (or younger with employer consent, see 4.1.7), they are free to retire this way regardless of what your discretions policy says about flexible retirement, as this is effectively just a normal retirement (4.1.6)

4.1.6 Normal retirement

The Scheme's normal pension age is 65. If a member continues working beyond age 65 they can stay in the Scheme but they must draw their benefits

by age 75. Benefits drawn after 65 will be increased. Members who meet the rule of 85 requirements are eligible to receive their full pension before the age of 65, although this is being phased out. [Further information about the rule of 85.](#)

Members can choose to retire and draw their benefits from age 60, although their value may be reduced for early payment.

4.1.7 Voluntary retirement at or after age 50/55 with employer's consent

As part of your [Employers' Discretions Policy](#) you MUST provide a policy on early retirement and, providing you agree to it, a Scheme member can retire at any time after their 50th birthday (if they were a member before 1st April 2008 and this occurs before the 1st April 2010). From 1st April 2010 voluntary retirement will only be possible following the member's 55th birthday. If they are aged over 60 they can retire without employer consent.

All cases of voluntary retirement before the age of 60 will have cost implications for the employer.

4.1.8 Redundancy or efficiency

If an employer decides that a Scheme member is retiring on grounds of redundancy or efficiency we will immediately pay their pension and lump sum providing they are 50 or over and joined the pension scheme before 1st April 2008 **or** if they are aged 55 or over and joined the pension Scheme after 1st April 2008.

From 1st April 2010 any member (regardless of their length of service) will only receive full benefits if they are aged 55 or over. **This will have cost implications for the employer unless they meet the rule of 85.**

4.1.9 Death in service – Permanent or temporary Scheme members

If a Scheme member dies please inform us **immediately** by phone giving details of the next of kin, and then complete and return a [leaver form](#).

If a Scheme member was employed on a part time basis we will also need their part time pay figure in order to pay any death grant.

4.1.10 Death in service – Casual Scheme members

If a casual Scheme member dies on a day of employment, they will be treated as a death in service (as above), otherwise they will be treated as a leaver with deferred benefits. In both cases please complete and fill in a [leaver form](#).

4.2 What you need to do?

4.2.1 Someone who wants to Opt Out?

Ask the employee to fill out an [Opt Out](#) form. For new starters these are included in their Starters' pack and they are also on our website.

If a Scheme member has opted out within 3 months, you can refund their contributions through the payroll – information for this is the same as 4.1.1 part a.

4.2.2 Voluntary resignations

Complete a [leaver form](#) and send it to us.

We will send out a decision form and other information to the member.

4.2.3 Normal retirement, Flexible Retirement, Voluntary Retirement (at or after 50/55), Redundancies (over 50/55) or Efficiency retirements

In ALL cases of retirement, please send the completed [retirement form](#) to us as soon as possible. We need to receive all retirement forms **at least 3 weeks before the date of the member's retirement** in order for us to pay their pension out on time.

For flexible retirement we **also** need a [starter form](#) (unless they opt-out of the new post).

We will send out all other forms to the member once we have received the retirement form.

4.2.4 Deaths

Inform us immediately and let us know the next of kin. Complete a [leaver form](#) and send it to us.

4.3 Giving additional benefits

Depending upon what has been agreed under your Employers' discretions policy you can also give members extra service. There are two ways that you can do this:

- Augmentation
- Under separate Discretionary Payments Regulations (if redundant or retired in the interests of efficiency)

In either case YOU will have to pay any extra cost. Under augmentation you will have to pay the additional capital cost to the Pension Fund. Under Discretionary Payment Regulations you can pay an enhanced severance payment up to 104 weeks pay.

4.4 Estimates for retirements

A Scheme member may ask you for an estimate of their pension and lump sum and we can provide this information for you. Please use the [estimate form](#) for this and send it to us.

4.5 What do we do next?

In all cases of retirement, we send the retiring Scheme member a pensions pack and any lump sum cheque to their home address or via BACs. Their pension will be paid on the 25th of the month, or earlier if this is not banking day.

4.6 Problems and queries

The main problem we are aware of regarding the Leaver and Retirement forms is that information completed, particularly with regards to hours, can disagree with the information we hold on our system. Furthermore, often we receive information late or not at all, which can cause significant problems. This highlights the fact that the 'Change' form needs to be used to tell us about **all** relevant changes so that the employees' record and ours agree. When the information disagrees, we need to raise a query with the employer which can cause significant delays, such as transferring out the person's pension or bringing it into payment.

Another area of difficulty is correctly calculating the Pensionable Remuneration figure ('FTE final year's pensionable pay'), as required on the Leaver & Retirement forms. **We request that all Employers use the '365 Method'**. **A spreadsheet to calculate this for you can be found on our [here](#).**