



# Employer Pensions Notice

## EPN 254

### Partial retirement

### Understanding the employer role

**Audience** This Notice will be of particular interest to:

**Managers who have responsibility for dealing with partial retirement requests from staff**

**Action** Adjust working practices, if necessary.

**Timing** Ongoing

### Background

Partial retirement enables members who are approaching or are over their scheme pension age to take some, or all, of the pension they have built up whilst continuing to work. To do this they must reshape their job and reduce their pensionable earnings by at least 20%. EPNs 204 and 221 told you about your responsibilities in the partial retirement application process.

At the Pensions Conference held in April this year, we asked for feedback on how partial retirement was working for employers. A significant number of the comments we received were from delegates who were unsure of the decisions they could make when a member who has taken partial retirement subsequently requests a change in their job or applies for another job which would result in their earning more money than originally agreed under the partial retirement terms. This EPN sets out to clarify the position.

### How is partial retirement supposed to work?

The spirit of the policy was much talked about at the conference. The idea of partial retirement is to help the member move gradually into retirement; it can also help employers restructure their business and give them the opportunity to develop inexperienced staff. A



member does not have an automatic right to reshape their job so that they can take partial retirement. It is the employer's decision whether to agree to allow the member to reshape their job, by part time working or downgrading. Your business must be able to bear the consequences of allowing someone to reshape their job so that they can partially retire.

### **Partial retirement in practice**

Whilst the decision to approve job reshaping is expected to last until retirement, people's circumstances can change. We would not be concerned about a subsequent promotion or increase in working hours unless this had been contrived between the employer and employee at the time of partial retirement.

Although there is an impact on pensionable earnings, the member's pension will be abated where appropriate, which minimises the risk of the schemes facing extra cost.

To clarify, it is your responsibility to:

- decide whether or not it is in the interests of the business to allow job reshaping so that members can take partial retirement;
- approve the relevant job changes;
- remind members who request partial retirement that they must read the booklet, called 'Partial retirement'. (Note that Condition 1 in the booklet states 'You and your employer should expect the job reshaping to apply through to your final retirement.')
- complete the appropriate forms and follow the process as laid down in EPNs 204 and 221.
- complete a further CSP13 form if you agree to further reshape a job. This tells Capita Hartshead that there is to be an increase or decrease in salary; they will apply abatement (or a higher or lower rate of abatement if it already applies).

Appendix A lists a number of questions that delegates raised at the conference. We have answered them as appropriate to our position as policy managers of Civil Service pensions. If you have questions on general employment issues you should speak to your HR business partners or legal advisers.

**Contacts** Enquiries about content, distribution or to receive in a different format

**employerhelpdesk@cabinet-office.x.gsi.gov.uk**

**01256 846414**

**Employer Helpdesk, Civil Service Pensions, Grosvenor House, Basing View,  
Basingstoke, RG21 4HG**

You can find electronic copies of the EPG, all current EPNs and forms on our website [www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions) in the Guidance for employers section.

If this notice is to be circulated to members, then please remove contact details as the helpdesk is for employers only. Members should be directed to your pensions administrator if they have any queries.

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## Partial retirement Q&As

Question	CSP reply
What is the impact of partial retirement on future pensions?	Members can carry on building up further pension (assuming they have not reached their pension limit). Pension will be based on their final pensionable earnings at full retirement.
What is the impact of the removal of the mandatory retirement age?	The removal of the mandatory retirement age does not impact on the partial retirement rules. Members can carry on building up further pension – as above
How can Cabinet Office expect line managers to make decisions on granting partial retirement?	<p>Your decision is whether your business can support the change in working pattern or grade requested. You will already have policies and procedures in place to handle this.</p> <p>The member will be focused on making the 20% reduction in their pensionable earnings so that they can access their pension, but you have to decide whether your business can accommodate the necessary change in working pattern.</p>
<p>Can CSP: Provide regional events/forums to share best practice?</p> <p>Organise road shows on partial retirement?</p> <p>Visit sites to talk to staff?</p>	<p>We provide opportunities for best practice discussions at our regular employer meetings. We will tell you when we will be holding the next employer meeting.</p> <p>We provide a booklet and calculator for members and members can call their pensions administrator's helpline. We do not have the resource to organise talks to staff. You may, however, wish to approach your pensions administrator who might provide this service for you.</p>
As a small NDPB, we do not have resources to develop additional guidance.	You should already have policy and procedures in place for dealing with requests for part time working. We provide guidance for members including a calculator, and your APAC helpline is available to answer members' queries.
Can CSP cascade examples of different scenarios to employers?	If you are unsure how to handle a particular situation that is not covered by the guidance, you should contact the employer helpdesk for advice.
Can CSP improve publicity to ensure the	In April 2008 we issued revised pre retirement letters for employers to use to tell people approaching pension age about

right people are aware of the options?	their options. These include partial retirement. These targeted communications are more appropriate than general communications to all members, and retain control by employers to reflect their policy on part time working.
Can CSP provide clearer guidance on the maximum lump sum being based on the reduced pension option rather than the actual full pension earned before partial retirement?	<p>This is clearly stated in the partial retirement booklet.</p> <p>For information: on partial retirement members may take a lump sum based only on the amount of pension they take at that time.</p> <p>If they decide not to take a lump sum on partial retirement, they cannot carry over any unused lump sum entitlement and use it when they retire.</p> <p>When they finally retire, the maximum lump sum they may take will be based only on the pension payable at that time.</p>
Can CSP provide guidance for staff who have other pensions?	CSP can only provide guidance on schemes within the Civil Service pension arrangements.