

## Retirement / Employment Options after age 55 FAQs

### 1. Can I retire whenever I like?

You can resign giving notice of your intention to retire at any time. However, there are restrictions on when you can draw your pension. You must give your manager at least your contractual notice period (i.e. 3 months for academic and academic related staff or 1 month for support staff) although a longer notice period will help the University to plan for your departure and will increase the amount of pre-retirement leave you can apply for.

### 2. If I am a member of a University pension scheme when is the earliest I can draw my pension?

Under UK legislation the earliest you can draw any pension benefits is age 55. If you draw your pension before your pension scheme's normal retirement date (currently age 65, but increasing to age 66 in late 2020 to match the change in State Pension Age) your benefits will be reduced accordingly.

### 3. When is the earliest I can receive my State Pension?

If you have paid sufficient National Insurance contributions you will be eligible to receive the State Pension when you reach State Pension Age (SPA). SPA is currently age 65 and will increase to age 66 in late 2020, and age 67 between 2026 and 2028. Once you reach SPA you can choose whether to draw your State Pension (even if you are still working) or defer it and have it paid at a later date at an increased rate. If you go on working after SPA you can apply for an exemption card to stop paying National Insurance contributions. Further information about the State Pension scheme can be found at: <https://www.gov.uk/browse/working/state-pension>

### 4. Do I need my manager's agreement to retire?

You can retire whenever you wish, however, if you are interested in changing your role, flexible working or flexible retirement, you will need agreement from the University.

### 5. Can my manager ask me when I'm going to retire?

Managers should discuss your goals and career aspirations with you during performance reviews at all stages of your employment. Discussing your plans around retirement should be a normal part of this process however there is no obligation on you to do so.

### 6. Can I be made to retire?

Continued employment at any age is subject to your capability and health. The same procedures for dealing with performance and sickness absence apply to all staff at all ages.

### 7. How will the University help me to prepare for retirement?

The University provides support to help you plan for and make the transition to retirement. This includes time off to attend a pre-retirement workshop which covers financial planning and pension information, as well as looking at topics like welfare services, recreation and health. Pre-retirement workshops can be booked through Staff Learning and Development. It is advisable to attend sessions

well in advance of retiring as these are designed to help you think about when you want to retire, what you want to do in retirement and what preparations you need to make. You can also make an appointment with the Pensions Office to discuss your own pension.

In addition the University provides pre-retirement leave.

#### **8. What is pre-retirement leave?**

If you are age 55 or over when you retire you can apply for pre-retirement leave. The maximum amount available is 6 days based on 1 day for each 2 years of continuous service. However it is earned at the rate of 1 day for each complete month of notice given in writing, therefore to get the maximum 6 days you must have 12 years continuous service and give 6 months' written notice. It is awarded pro rata to part-time staff. It is designed to be taken as it is earned each month (i.e. it cannot be taken in a block, or used to bring forward your retirement date). It cannot be exchanged for payment, (i.e. you cannot be paid in lieu if it has not been taken before the leaving date). [Full details](#) are available on StaffNet.

#### **9. How do I get pre-retirement leave?**

When you give your line manager written notice of your retirement date, you should complete a pre-retirement application form. Your manager will send this with your resignation letter to HR Services who will confirm what you are entitled to. Once approved, all requests to take pre-retirement leave must be agreed in advance with your line manager.

#### **10. What retirement options are available to me?**

Appendix 1 outlines six options open to employees at the University. Each option is explored in more detail below.

#### **11. How do I decide?**

This will depend on a number of both work-related and personal factors. Your personal circumstances, your financial position and what work life balance you want to achieve will be a big influence. As will your health, your ability to cope with the demands of your job and your enthusiasm for work.

### **OPTION 1. Continue working in your current role and not retire**

#### **How does this affect my University pension?**

Whilst you are working you may continue to pay into the pension scheme and to build benefits for when you retire.

#### **How does this affect my State Pension?**

If you continue to work after SPA you will stop paying National Insurance contributions and can choose whether to draw your State Pension or defer it until you retire. (See question 3 above)

#### **What process do I have to follow?**

You do not need to do anything (just keep working!) until you decide to pursue one of the other retirement options.

## **OPTION 2. Change of role**

(I.e. you may wish to obtain a less demanding role)

### **How does this affect my University pension?**

Your pension contributions will automatically be adjusted to your new role. This may affect your expected pension when you do retire so it is always best to contact the Pensions Office for a personal estimate.

### **How does this affect my State Pension?**

Your State Pension is based on National Insurance contributions. If your new salary means that you will no longer pay NI (because your salary is below the level at which NI starts to be applied) this may affect your State Pension. (See question 3 above)

### **What process do I have to follow?**

You can apply for and be offered a different job through the normal recruitment and selection procedures. Alternatively, it may be possible for your manager to redeploy you within your area by redesigning your role or through restructuring within the department.

## **OPTION 3. Flexible working. ([Process flowchart available](#))**

(I.e. continue working in your current role but with reduced hours or a different work pattern.)

### **How does this affect my University pension?**

Your pension contributions will automatically be adjusted to your new working arrangements. This may affect your expected pension when you do retire so it is always best to contact the Pensions Office for a personal estimate.

### **How does this affect my State Pension?**

Your State Pension is based on National Insurance contributions. If your new salary means that you will no longer pay NI (because your salary is below the level at which NI starts to be applied) this may affect your State Pension. (See question 3 above)

### **What process do I have to follow?**

You must put in an application to your manager under the Flexible Working Policy to request a reduction in hours or to alter your working pattern.

## **OPTION 4. Flexible retirement. ([Process flowchart available](#))**

(I.e. Change your existing contract and draw some of your pension under the pension scheme flexible retirement rules.)

### **How does this affect my University pension?**

From age 55 your pension scheme rules may permit you to draw a proportion of your pension and a lump sum whilst still continuing to work and paying into your pension scheme to earn more benefits.

To do this, your hours/salary must reduce in accordance with the amounts set out in the flexible retirement provisions of your pension scheme. Therefore you will need agreement to reduce your hours or you will need to secure an alternative role on a lower salary or fewer hours. The benefits you draw will be reduced if you are under age 65. Your pension will be treated as taxable income. It may be possible to apply to draw your pension benefits in this way more than once, you should refer to your pension scheme rules for further details. This option is available only in certain circumstances to members of the NHS pension scheme.

#### **How does this affect my State Pension?**

Your State Pension is based on National Insurance contributions. If your new salary means that you will no longer pay NI (because your salary is below the level at which NI starts to be applied) this may affect your State Pension. (See question 3 above)

#### **What process do I have to follow?**

You must put in an application under the Flexible Working Policy to request a reduction in hours or apply for and be offered a different job on a lower salary or fewer hours through the normal recruitment and selection procedures. Alternatively, it may be possible for your manager to redeploy you within your area by redesigning your role or through restructuring within the department. You should contact the Pensions Office for an estimate of your pension benefits and you will need to submit a pension scheme application at least 2 months before you wish to start drawing your benefits.

### **OPTION 5. Retire and be re-engaged on a different contract ([Process flowchart available](#))**

(i.e. retire from your current post and return to work in a different role following a minimum break of one calendar month.)

#### **How does this affect my University pension?**

If you retire from the University and draw all of your pension, in accordance with the pension scheme rules you must do so with the intention to retire from work. You may not be able to receive your pension if your pension scheme deems that you have not actually retired. Therefore you should check with the Pensions Office prior to accepting any offer of further employment with the University. If re-engaged your pension will be treated as taxable income.

#### **How does this affect my State Pension?**

If you have reached SPA you will be able to draw your State Pension regardless of whether you are working or retired. If you are under SPA and return to work you will pay NI contributions which will count towards your State Pension entitlement. (see question 3 above)

#### **What process do I have to follow?**

You must put your resignation in writing to your manager stating your intention to retire and giving at least your contractual notice (i.e. 3 months for academic and academic related staff or 1 month for support staff). You should contact the Pensions Office for details of your benefits and to apply for your pension. You should give as much notice as possible to ensure that you can start receiving your pension when you leave. . Re-engagement should only be offered after you have retired and such

posts should always be time limited. (For example, to continue to provide supervision to existing PhD students) If after you have retired, you are offered a different role at the University through the normal recruitment and selection procedures, there must be a minimum break of one calendar month before you start your new contract of employment (i.e. not continuous service). If you leave the University under a severance scheme you are not allowed to return to work at the University for at least 3 years. The NHS pension scheme has restrictions on receiving pension and returning to work. (see scheme details)

**Does this apply to Honorary or Emeritus appointments?**

No, as these are unpaid appointments you will not need to have a break in service before beginning your honorary or emeritus appointment.

**OPTION 6. Retire. ([Process flowchart available](#))**

**How does this affect my University pension?**

You can retire and draw your pension from age 55. Your pension will be based on your service to date. If you are less than 65 your benefits will be reduced accordingly.

**How does this affect my State Pension?**

If you have reached SPA you will be able to draw your State Pension. If you are under SPA it will affect your State Pension if you have less than 35 years NI contributions. You can obtain a State Pension forecast by following the instructions on the Government website. (See question 3 above)

**What process do I have to follow?**

You must put your resignation in writing to your manager stating your intention to retire and giving at least your contractual notice (i.e. 3 months for academic and academic related staff or 1 month for support staff). You should contact the Pension Office for details of your benefits and to apply for your pension. You should give as much notice as possible to ensure that you can start receiving your pension when you leave.

For further information on the University pension schemes:

<http://www.staffnet.manchester.ac.uk/human-resources/current-staff/pensions/>

