

Early Retirement Policy

1. Introduction

The University will consider consenting to early payment of an USS pension where it is in the interest of the efficient exercise of the institution's functions. The criterion used by the Early Retirement Group (Vice Chancellor, University Secretary, Group People Director and PVC-SEA) is set out in section 3 below.

2. Aim

The aim of this policy is to make it easier for individuals to retire early, where it is in the interest of the University for it to happen.

3. Responsibility of managers

Managers should be aware that offering early retirement terms is not a staff benefit or right, but compensation for employees leaving employment earlier than planned. When making a case to the early retirement panel, they should consider the following criterion;

- Demonstration of an auditable financial saving to the University directly related to the salary costs of the individual. The Head of Unit must show how the savings will be achieved and the timescale. The panel usually look for savings over a maximum of two years.

Or,

- Where the University, on the evidence of the Head of Unit, is persuaded that the case is made on the grounds of succession planning, restructuring or re-profiling of the unit or department, and all other possible avenues of reasonable redeployment, retraining, secondment or role change have been explored. Early retirement would not be available in these instances where the individual has unreasonably refused the alternatives suggested.

Or,

- The individual has a physical or mental incapacity which is not serious enough to obtain premature retirement on ill health grounds, but is of such a nature that the health of the individual, or the health, wellbeing or efficiency of the other members of the Unit are clearly going to be disadvantaged by the member of staff remaining in post.

To obtain such a retirement, it will be necessary for the University to be assured that there is supporting medical evidence that the condition is likely to be permanent and that all possible alternatives including part-time work, reasonable redeployment and transfer to lighter duties, have been exhausted within the University.

Heads of Units should complete the Early Retirement Application Form and discuss their potential early retirement cases with the People Hub before submission. USS will invoice the University the cost of granting early retirements before age 60 and in some cases this cost can now be extended to retirement before age 65. This is called an Early Retirement Funding Charge (ERFC).

4. Responsibility of employees

Employees should be aware of the following;

- In order to qualify, members should be at least age 55* and either have been in USS for at least 5 years or have 5 years pensionable service.
- Where a funding charge does not apply, then these cases do not go to the Early Retirement Group for approval.
- If an employee resigns their post voluntarily (not redundant) and applies separately to USS for early payment of their pension, then depending upon their age and contractual terms, their pension could be reduced to allow for early payment.
- Members should be aware of the annual limit in 'tax savings' i.e. the annual allowance is capped at £40,000 (Tax Year 2018/19).

Additional information is available from: <https://www.uss.co.uk/members/members-home/retiring>.

*Some eligible employees who are made redundant might still be able to receive a pension from age 50 from 2010. Please contact the Finance-Pensions Team if relevant.

5. Guidance

- Decisions to approve retirement will be confined to proposed retirement dates up to one year in advance and not beyond.
- Use of accrued study leave will not be permitted in the 12 months to retirement date. This means that academic staff will only be permitted to apply for one or two months study leave as applicable in the 12 months prior to early retirement.
- Post-retirement consultancy contracts will only be approved exceptionally, by the University Secretary. The case will need to be made for re-engaging the individual and this is intended to be used for short-term arrangements only e.g. where on-going work needs to be completed and other arrangements cannot be made.

6. Advice and Enquiries

Enquiries about the early retirement scheme should be sent to: Finance-Pensions@open.ac.uk.

7. Equality, Diversity and Inclusion

Policies are inclusive of all Open University staff, regardless of: race, sex, disability, age, religion or belief, sexual orientation, gender, gender identity, gender expression or gender reassignment.

8. Useful References

Early Retirement Procedure
Early Retirement Application Form