

Partial Retirement from the Research Councils' Pension Scheme (RCPS)

A process guide for employers

What is partial retirement?

Employees who are interested in making a phased transition from work to retirement may be able to take partial retirement, whereby the pension is drawn, and the employee continues to work but must reduce their earnings by at least 20% (this is usually achieved by reducing their hours). This is subject to management agreement and the relevant pension scheme rules. Decisions on whether requests can be accommodated will be based on business needs.

When employers are considering whether they can accommodate an individual's request to take partial retirement the line manager should in the first instance, consider whether or how the role can be reshaped or downgraded to continue to meet the business requirements of the department if the revised working pattern is approved. This is a member led scheme – but the member must have approval from their employer to reduce earnings by either down grading or reducing hours by a minimum of 20%. However, if a member reduces their hours, they can then apply for Partial Retirement within 3 months.

Things to note:

Members cannot take benefits before age 50 (55 if joined on or after 6 April 2006). If under 60, or 65 if the member is in Nuvos, members' pension benefits would be actuarially reduced. Pension benefits taken are subject to abatement* as with Re-employment, but members can take just a proportion of benefits to avoid this. Abatement is the reduction or suspension of the pension. The general rule is that members cannot earn more in pension and salary from an organisation covered by the scheme, than the salary they were earning before they took their pension.

The * [what-is-abatement.pdf](#) document provides more information on this.

Whilst job reshaping is expected to last until full retirement, member's circumstances can sometimes change. There would not be a concern regarding the 'normal' annual salary pay increases or working extra hours that are paid as overtime. However, the following scenarios are examples that would instigate a partial retirement review which may lead to an abatement of pension / change of abatement level: a subsequent promotion (whether temporary or permanent), a subsequent contractual change of hours, a partial retiree working extra hours for a set period (which may constitute an increase in hours albeit temporarily) or the introduction of a temporary or permanent pensionable allowance.

JSS should be notified immediately by the employer, when and if, these events happen to ensure that salary plus pension does not exceed the member's pensionable pay prior to Partial Retirement. Once Partial Retirement benefits have been taken and a new working pattern agreed members cannot apply for Partial Retirement again if they reduce their hours further.

What the employer needs to do

If you have an employee that expresses an interest in partial retirement, firstly please direct them to the [partial-retirement-guide.pdf \(nerc.ac.uk\)](https://www.nerc.ac.uk/partial-retirement-guide.pdf) before making any decisions so that they are aware of the implications:

The application process and paperwork required: The key forms that should be completed during the partial retirement process are:

- JSS partial retirement quote form – this form allows the employer or employee to request a quote from JSS and can be downloaded from the [Partial retirement](#) page on the JSS website, which also has more information
- JSS partial retirement application form – this is sent to the employee under cover of JSS's 'formal' partial retirement quotation letter. The 'partial retirement application' form must be completed by both the employee and employer
- JSS1 Leaver Form and a Change of Hours form – to be completed by the employer (if the 'job reshaping' is related to a reduction in hours)

Once management approval for partial retirement is given, the employee completes a 'partial retirement quote' form and submits to JSS. JSS will then send the employee a formal 'quotation'. The quote will include paperwork that needs to be completed and returned to JSS:

- 'Partial retirement application' form
- Pension options form
- Declaration form

'Partial retirement application' form - if the employee has the necessary approval and wishes to go ahead with partial retirement, they should then complete Section A of the 'partial retirement application' form and pass it to their retained HR. HR will complete Section B of the application form, which must be **signed by an authorized signatory from HR (not the employee's line manager)**.

The form is then submitted to JSS. For employers' that use UKSBS, a service request should also be raised at this point and the completed 'partial retirement application' form should be added along with a note that the form has been submitted to JSS.

Once the 'partial retirement application' form has been fully completed (and submitted to UKSBS, if appropriate), the employer (or UKSBS) should then arrange for a JSS1 leaver form to be sent to JSS and (if reducing hours) a JSS 'change in hours' form. Whilst the employee isn't 'leaving' as such, the details contained in the JSS1 leaver form will provide confirmation of the details JSS require to complete the partial retirement calculations / set up payments etc. The reason for 'leaving' on the JSS1 form should be stated as 'partial retirement' and the last day of service should be the last day on full time pay - i.e., before their pay reduces by at least 20%.

'Pension Option' and 'Declaration' forms – the employee should complete and return these directly to JSS. If JSS are aware that partial retirement is proceeding, JSS will remind the employee about these forms if necessary.

Final Actions: JSS will set up the partial retirement pension, and pay any lump sum, as per the employee's decision on the 'Pension options' form. JSS will write to the employee with a partial retirement award letter to confirm the details.