

# Partial Retirement

**For members of the RCPS**

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# Agenda



- What is Partial Retirement
  - Typical Process
  - Conditions
  - Pension options
  - What else
  - Abatement
  - Death and Ill Health
  - Retirement planning
  - Further information
  - Questions
- Questions will be answered live and via the Q&A
  - Plenty of time for questions at the end as well



<https://jsspensions.nerc.ac.uk/>

# What is Partial Retirement?

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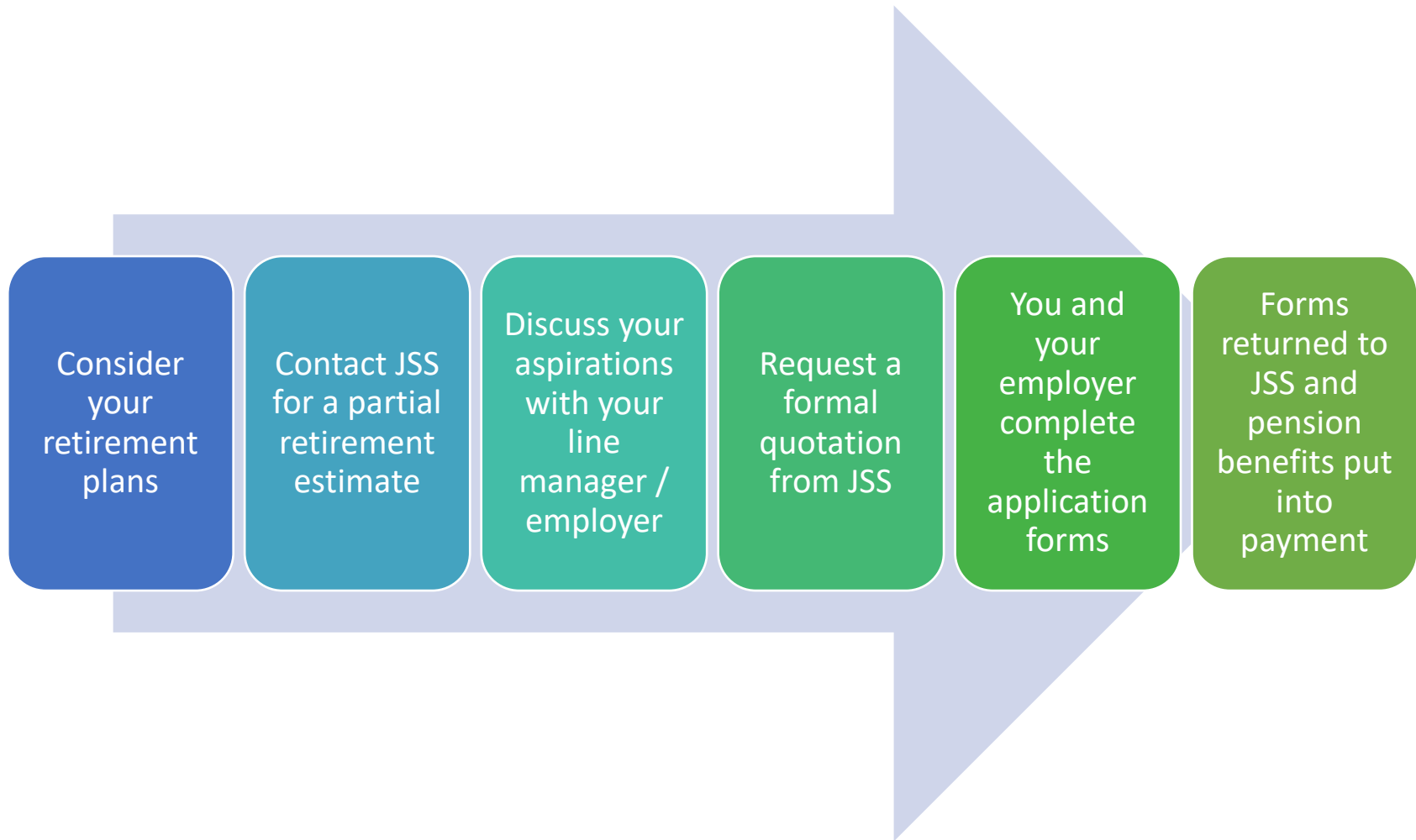
- **Default Retirement Age (65) was abolished in 2011; the law was changed so that employers could not force workers to retire.**
- **Partial Retirement was introduced in 2008 as an opportunity for workers to ease into retirement, instead of a sudden cliff-edge situation**
- **Typically reduce your hours to access some or all your pension**
- **Allows employers to retain key skills and knowledge while planning for future capability, resource, etc.**
- **Gives you, and your family, the opportunity to adjust to a new work-life balance ahead of full retirement**

MoneyHelper retirement tools:

<https://www.moneyhelper.org.uk/en/pensions-and-retirement>

# Typical process

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# Conditions to be aware of

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1. Your employer has to approve the change in working pattern / arrangement
2. You need to reduce your earnings by 20%; either by working less hours (reduce from 5 day to 4 day week) or taking a lower grade role
3. The reduction to hours/job re-shaping must be intended to be permanent, until final retirement
4. You only have one opportunity to partially retire
5. You cannot earn more in partial retirement earnings plus pension than pre-retirement earnings (see 'abatement')
6. We can backdate partial retirement within the first 3 months of a reduction in earnings
7. Certain changes instigate an abatement reassessment – for example, a change in grade, introduction of pensionable allowance and change in hours

# Your pension



## Accessing your pension

- You can partially/fully retire from age 55 (50 if you joined the scheme before Apr 2006)
- But, drawing your pension before your normal scheme pension age; it will be reduced for early payment, around 5% per year taken early
- You can draw some or all your pension, it is your choice (to an extent)
- If you have accrued a high pension this may limit the amount of pension you can draw in partial retirement; the pension may be limited (abatement)
- In Classic Plus, Premium and Nuvos you can choose a tax-free pension lump sum; commutation rate of £1 pension to £12 lump sum
- Classic has an automatic lump sum – three times the pension
- While partially retired you will continue to accrue pension, for example if you work for a further 3 years you will accrue pension over that period which is paid upon full retirement. Unless you have already reached the maximum entitlement!

	Classic, Classic Plus, Premium	Nuvos
Normal scheme pension age	60	65

# Abatement



Abatement is essentially a scheme rule that the pension and the partial retirement salary cannot be more than the salary (also known as 'salary of reference') before partial retirement took place.

## Example:

Gwyn earns £25k a year. They partially retire, and the 'pension for abatement purposes' is £4k a year. They re-shape their job so they earn £20k a year. Their total 'earnings' are £24k a year. No abatement.

Linda earns £25k a year. They partially retire, and the 'pension for abatement purposes' is £7k a year. Their re-shaped job is £20k p.a. Their pension is reduced (abated) by £2k p.a.

## Potential abatement triggers:

- Increasing hours or a new allowance or new – higher paid – role
- Backdated pay award implemented after partial retirement

We have more information in our 'What is Abatement' guide:



**JSS Pensions Administration**

Polaris House, North Star Avenue, Swindon, Wiltshire, SN2 1UY

## WHAT IS ABATEMENT?

**A guide for members of Classic, Classic Plus, Premium and Nuvos**

The purpose of this guide is to give employees who work for an organisation that is covered by the Research Councils' Pension Scheme (RCPS) arrangements a basic understanding of what abatement is, and how it is applied.

It does not cover every aspect on how abatement is worked out. The full details are contained only in the rules, which are the legal basis of the scheme. You should note that nothing in this booklet can override the rules. In the event of any difference, the rules will apply.

We have tried to use as little jargon as possible. Where we have had to use technical terms, they ~~appear in bold and are explained at the back of the booklet~~

# Other considerations

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- Single 'Classic' member – WPS refunds are paid at full retirement, not when you partially retire. Payment of this is contingent on your employer providing the necessary contribution information. If the refund is large in relation to additional benefits being accessed on full retirement, the refund may not all be tax free.
- You can still purchase Added Pension while partially retired.
- Reducing your hours further – this won't allow you to take more pension because partial retirement can only happen once. You will simply earn less.
- Partial retirement may result in an overall lower pension at final retirement because of reduction in hours or being downgraded.
- Backdated pay awards, which relate to a date before partial retirement, could affect your partial retirement pension as it will need to be re-assessed for abatement purposes.



# Death, Ill Health and Allocation



- If you die after partially retiring or take Ill Health Retirement the benefits payable may be less than if you had not partially retired
- Pensions are not enhanced in these scenarios
- Lump sum payments on death in service may be reduced to reflect any lump sums paid when you took partial retirement

For example, a Premium member who dies within 3 years of their partial retirement - the death benefit lump sum would be the best of:

a) lump sum guarantee – which is the balance of 5 years of partial retirement pension – not yet paid, or

b) death in service lump sum – which is 3 times the actual salary less lump sum paid already

Any surviving dependent pension would not be enhanced at all.

- Allocation of pension (to another person) can only be done when you take full retirement, not at partial retirement

# Further JSS Guidance



<https://jsspensions.nerc.ac.uk/members/benefits/partial.asp>




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

### A process guide for members



Partial retirement  
A guide for scheme members

#### **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 their pension is drawn, and they continue to work but 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. If this is something that you are interested in, then you should first discuss the possibility with your line manager.

#### **Things you need to think about**

**First, you must consult the [partial-retirement-guide.pdf](#) so that you fully understand the implications for your pension if you decide to take partial retirement.**

In partial retirement, the general principle is that you may not earn more, by way of your re-shaped salary and pension, than you were earning before you took partial retirement. Where your re-shaped salary and pension exceed your previous salary, we deduct the excess from your pension. This is abatement\*. Further information about abatement can be found in the [what-is-abatement.pdf](#) guide.

# Retirement planning



The Government has a Midlife MOT digital tool (signposting tool)

Uses resources from NHS, Money Helper, Mind, Citizens Advice and DWP to help people plan for the future.

The **money** section focuses on debt, budgeting, insurance and pensions, covering pension basics, finding lost pensions, retirement income planning and more

<https://jobhelp.campaign.gov.uk/midlifemot/home-page/>



## Your work

Fine tune your working life. Find out how flexible working options can fit around you and learn new skills to suit your changing needs.



## Your health

Look after your body and mind. Learn about all aspects of your physical and mental fitness to plan for the future.



## Your money

Understand your money, pension and any debt. Prioritise your financial security for later life.

# Further information

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- JSS website for scheme guides, calculators, forms and further information: <https://jsspensions.nerc.ac.uk/>
- You can also call, email, zoom or come and see us face to face. We're based in Polaris House in Swindon.
- Contact details are here: <https://jsspensions.nerc.ac.uk/contact.asp>.
- **Read your Annual Benefit Statement**



Check your **State Pension** forecast:  
<https://www.gov.uk/check-state-pension>

# Thank you and any questions?

- We will upload a recording of this to our website, with these slides
- Email us with any other questions you may have

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