

Category: Retirement**Organisation: HBOS****Date: October 2007****EFA overview**

HBOS has always had, and continues to adopt, a flexible approach to retirement by differentiating between employees:

- employment status (the ability to continue in employment) and
- pension status (the point at which they become eligible to draw their pension)

As part of its approach to flexible working, HBOS believes that employees should have an input into when and how they retire from the company.

An open debate and discussion about flexible working and retirement planning is encouraged as part of the annual appraisal discussions between line managers and their staff. This ensures all parties have time to plan for any changes well in advance.

A range of information and self-assessment tools allow employees to make informed decisions about all aspects of their working lives and retirement options. Line Managers, HR Business Partners and Advice Line specialists are all available to support employees making choices about their future.

There has been enthusiastic acceptance of the new arrangements from the trades unions. In the words of Ged Nichols of Accord: *"We are very pleased to have created a more flexible framework for retirement in partnership with HBOS and Unite. It is early days yet but there are already some great examples of individuals using the new flexibility to make a real difference to their lives"*.

Initiative

Removal of Normal Retirement Age (NRA) and introduction of flexible retirement policy

Aims and purpose

- To increase employee choice and control of their working life
- To retain highly skilled and valuable members of staff
- To improve morale and job satisfaction
- To reduce opportunities for age discrimination to occur
- To reduce bureaucracy

Business drivers

- The introduction of a new Group Money Purchase pension scheme
- The implementation of Pension Regulations ('A' Day)
- A desire to encourage employees to start preparing for their future through pension planning
- A group-wide review of the company's approach to flexible working
- A new agreement of the group diversity strategy

- Recognising that the business will have to cater for a new age profile in the future

Approach taken

The removal of a contractual retirement age was one of the key responsibilities of the Age Regulations project group. The group was lead by Group Employee Relations and included representatives from Diversity, Pensions and Reward.

The contractual retirement age had already been removed in some senior contracts the year before and it was agreed that a similar approach should be taken for the rest of the business. The team already knew that the existing 'Working beyond Normal Retirement Age' policy had been well received and highly valued.

The policy was communicated as part of the age regulations implementation pack. It was rolled out with effect from October 2006 through intranet articles and divisional HR teams after agreement with the trades unions.

Barriers

There were concerns about performance managing older staff members and the fear that succession planning would be made difficult if people do not exit the business.

These concerns were addressed through education and communications programme which included performance management and talent management policies.

Impact

The removal of the NRA has already positively impacted on a number of employees who are now receiving the benefits of their pension whilst cutting back on their work commitments to spend more time with families and friends and pursue other interests. Whilst the pension scheme retirement age of 62 remains, in less than a year from the implementation of the changes, over 130 employees have benefited from Flexible Retirement of some kind and more than 40 continue to work beyond the age of 62.

HBOS have also been able to support employees who have remained in employment past what would have been their NRA to strengthen their pensions.

Employees and managers alike have been impressed with the simplicity of the new arrangements and morale in teams has increased as a result of being able to better meet the needs of older staff whilst retaining valuable experience and skills.

Monitoring

HBOS routinely monitors the make up of its workforce and flows in and out, focussing on new recruits, promotions, leavers and leavers within 6 months. This data is analysed by various diversity strands including age.

The company also conducts an annual employee opinion survey across the whole business, also analysed by diversity strands including age.

This data and trends are regularly reported to the Diversity Steering Group which is chaired by the Group CEO.

Exit Interviews are used in some parts of the business to monitor reasons for leaving and these pick up issues to do with retirement and flexibility.

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