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**Policy Steward:** Chief People Officer

## Transition to Retirement Policy (MPF1142)

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### 1. Objective

1.1 The objective of this policy is to clearly set out matters relating to the transition of employees to retirement that are not otherwise set out in the University of Melbourne Enterprise Agreement 2024 ('the Agreement') and relevant legislation. These matters include :

- a) the circumstances in which employees may express an intention to retire and request assistance in their transition to retirement ('Transition to Retirement Assistance');
- b) the types of Transition to Retirement Assistance that are available to such employees and the circumstances in which they may be offered by the University; and
- c) the process that applies where an employee expresses an intention to retire and requests access to such assistance.

### 2. Scope

2.1 This policy applies to all fixed-term and continuing employees (together known as 'employees' in this policy) unless otherwise indicated in the Agreement or at common law.

### 3. Authority

3.1 This policy is made under the [University of Melbourne Act 2009 \(Vic\)](#) , the [Vice-Chancellor Regulation](#) and supports compliance with the:

- a) Fair Work Act 2009 (Cth) ;
- b) Income Tax Assessment Act 1936 (Cth);
- c) Taxation Administration Act 1953 (Cth)

### 4. Policy

#### 4.1. Employee initiated termination of employment by retirement

4.1.1 Noting that, other than for reasons of medical retirement under clause 1.34.3 of the Agreement, there is no mandatory retirement age for an employee, the University will not require an employee to end their employment by retirement.

4.1.2. While noting section 4.1.1, an employee who is age 60 or older (or at the discretion of the University) may express their intention to retire in writing and request Transition to Retirement Assistance, as described in section 4.2.

4.1.3. Where an employee expresses an intention to retire and requests Transition to Retirement Assistance, the University may in its discretion and where practicable accommodate their request.

## **4.2 Transition to Retirement Assistance**

### *Early Retirement Incentive*

4.2.1. The University may offer Early Retirement Incentive payments to employees, in accordance with Budget Division Workforce Plans.

4.2.2. An Early Retirement Incentive payment is subject to treatment in accordance with [Australian Taxation Office](#) rules.

### *Pre-Retirement Contracts*

4.2.3. The University may offer fixed-term Pre-Retirement Contracts to eligible continuing employees who are retiring from the University, in accordance with Budget Division Workforce Plans.

### *Phased retirement*

4.2.4. The University may offer a Phased Retirement Scheme to retiring continuing employees, where the employee reduces their time fraction and undertakes reduced duties during the remaining period of service, until their retirement date.

4.2.5. Under a Phased Retirement Scheme, both the University and the employee are required to maintain superannuation contributions at the full-time rate.

## **5. Procedural principles**

### **5.1. Retirement**

Where an employee wishes to retire from the University, including where they request Transition to Retirement Assistance, the following steps should be undertaken, with the assistance of the HR Business Partner as required:

- a) The employee will express their intention to retire in writing, including (if known) their final date of employment, to their supervisor and head of department/school or equivalent (in a faculty) or a person at Director level or above (in Chancellery);
- b) The employee and their supervisor should then discuss and finalise a retirement date and whether the employee wishes to request any Transition to Retirement Assistance;
- c) If the employee requests any Transition to Retirement Assistance, the process set out in sections 5.2-5.4 must be followed, including obtaining necessary approvals and (if required) preparing a contract variation;
- d) A final retirement date and, where Transition to Retirement Assistance is approved, all relevant details of the approved arrangements, must then be finalised, agreed by the employee and then entered via the University's online HR System (HR Assist, Themis or Workday);
- e) HR Services will then notify Payroll, who will implement the arrangements from this point.

## 5.2. Early Retirement Incentive

5.2.2 Subject to approval under section 5.2.3, an Early Retirement Incentive payment may be made to a continuing employee who expresses an intention to retire, where:

- a) it is consistent with a workforce plan that has been approved for the relevant budget division which outlines the need for the skills or composition of the workforce to be varied; and
- b) consideration has been given to:
  - i. the strategic direction of the budget division in line with the University's strategic direction;
  - ii. the financial situation of the budget division;
  - iii. the operational priorities of the budget division;
  - iv. succession planning, retraining and replacement of talent; and
  - v. reallocation of resources.

5.2.3 The Early Retirement Incentive payment requires the following approval:

- a) for academic employees, approval is required by the Manager > 2-Up Manager > Head of School or Department > Dean; or
- b) for professional employees, approval is required by the Manager > 2-Up Manager > Executive Director (if not the 2-Up Manager).

5.2.4 The Early Retirement Incentive payable to an employee will not exceed 60% of the employee's current base salary and will be additional to any outstanding leave entitlements payable to the employee on retirement.

5.2.5 An Early Retirement Payment incentive is an Employment Termination Payment (ETP) under the [Taxation Administration Act 1953 \(Cth\)](#) , noting that the ETP is a lump sum payment made at termination and subject to [Australian Taxation Office rules](#) .

5.2.6 An employee who accepts an Early Retirement Incentive payment is not entitled to a (fixed-term) Pre-Retirement Contract.

5.2.7 An employee who has accepted an Early Retirement Incentive payment which attracts concessional tax treatment must not be re-employed in the same position, with the exception of former academic employees who are subsequently appointed to honorary positions, which are unpaid positions separate to employment.

5.2.8 At the time of receiving the Early Retirement Incentive payment, there must be no agreement between the employee and the University, or the University and another person, to re-engage the employee in employment following the termination date.

## 5.3. Pre-Retirement Contract

5.3.1. A Pre-Retirement Contract may be offered to a continuing employee who expresses an intention to retire, where the matters set out in sub-sections (a) and (b) of section 5.2.2 have been satisfied, and approval has been given by the following people:

- a) for academic employees, approval is required by the Manager > 2-Up Manager > Head of School / Department > Dean; or
- b) for professional employees, approval is required by the Manager > 2-Up Manager > Executive Director (if not the 2-Up Manager).

5.3.2. Where a Pre-Retirement Contract is offered, the University will give the employee a new fixed-term contract of employment, in accordance with the Recruitment and Appointment Policy ( [MPF1152](#) ) .

5.3.3. Where an employee accepts a fixed-term Pre-Retirement Contract:

- a) their employment with the University will cease at the end of the contract period;
- b) a further fixed-term contract is not available to the employee on completion of the fixed-term pre-retirement contract; and

c) conversion to a continuing appointment will not be available.

5.3.4. The University will pay an employee who accepts a fixed-term Pre-Retirement Contract a non-superannuable loading of 20% of the employee's salary.

5.3.5. A Pre-Retirement Contract may be combined with the Phased Retirement Scheme.

5.3.6. An employee who accepts a fixed-term Pre-Retirement Contract is not entitled to redundancy payments, termination payments or a payment under an early retirement scheme.

#### **5.4. Phased Retirement Scheme**

5.4.1. Subject to approval under section 5.4.2, a continuing employee who intends to retire and has, immediately prior to the proposed part-time appointment, at least ten years' continuous service at the University, may request to reduce their time fraction under the Phased Retirement Scheme during the remaining period of service, by:

- a) submitting a written request to participate in the Phased Retirement Scheme;
- b) nominating a reduced time fraction that is at least 0.5 FTE;
- c) nominating a commencement date for the reduced time fraction that is at least six months from the date of the application; and
- d) nominating a retirement date.

5.4.2. A Phased Retirement Scheme requires the following approval:

- a) for academic employees, approval is required by the Manager > 2-Up Manager > Head of School / Department > Dean; and
- b) for professional employees, approval is required by the Manager > 2-Up Manager > Executive Director (if not the 2-Up Manager).

5.4.3. A retirement date to which the University has formally agreed under section 5.4.2 may be changed by mutual agreement between the employee and the person who has approved the arrangement.

5.4.4. As the Defined Benefit and Accumulation superannuation plans provide for members participating in the Phased Retirement Scheme to maintain membership of the superannuation scheme at the level of contribution and benefits applicable to the member's full-time classification at the time of entering the scheme, both the employee member and the University will continue to pay contributions to the relevant fund as though the member were employed full-time.

#### **5.5. General**

Employees transitioning to retirement from the University are encouraged to seek their own financial, taxation and superannuation advice at their own expense, noting that:

- a) members of UniSuper superannuation schemes are encouraged to contact UniSuper directly or make an appointment with an [on-campus UniSuper consultant](#) ; and
- b) members of other superannuation schemes should contact the representatives of these schemes directly.

## **6. Roles and Responsibilities**

6.1 Unless otherwise specified, roles and responsibilities are to be undertaken by the person with delegated authority under the [Vice-Chancellor Delegations Schedule](#) .

## **7. Definitions**

**Authorised officer** is an employee who has been delegated authority and responsibility by the University to perform a particular role or action, or make a decision.

**Employment Termination Payment (ETP)** is a lump sum payment made at termination which is subject to treatment in accordance with [Australian Taxation Office](#) rules.

**Transition to Retirement Assistance** means the assistance set out in section 4.2, which requires approval by the University under the process set out in section 5.

#### **POLICY APPROVER**

Deputy Vice-Chancellor - People and Community

#### **POLICY STEWARD**

Chief People Officer

#### **REVIEW**

This policy is to be reviewed by 9 July 2027.

### **VERSION HISTORY**

<b>Version</b>	<b>Approved By</b>	<b>Approval Date</b>	<b>Effective Date</b>	<b>Sections Modified</b>
1	Senior Vice Principal	21 August 2012	21 August 2012	New version arising from the Policy Simplification Project. Loaded into MPL as Version 1.
2	Executive Director (Human Resources)	28 November 2012	28 November 2012	Corrections to section 12.
3	Vice-Principal Administration & Finance	21 May 2015	4 January 2016	Fix broken links in section 6.2 and Related Documents section.

4	Deputy Vice-Chancellor - People and Community	8 July 2024	9 July 2024	A new version of the policy to clearly set out matters relating to the transition of employees to retirement that are not otherwise set out in the University of Melbourne Enterprise Agreement <u>2024</u> ('the Agreement') and relevant legislation
5	Policy Officer	10 July 2024	11 July 2024	Link to current Enterprise Agreement in 1.1 fixed