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STOP PRESS - Government plans to scrap default retirement age

There are reports today that the Government plans to abolish (from October 2011) the right of an employer to compel an employee to retire at 65.

At present, employers can compel employees to retire at their normal retirement age (provided it is 65 or over) without fear of tribunal claims of age discrimination or unfair dismissal. All the employer has to do is to follow the proper retirement procedures. While it had been widely expected that the age at which this would be permitted would increase (perhaps to 67), few expected what is now being reported - that the Government will entirely abolish this right.

If the Government's plans are implemented, there will be no general rules permitting retirement dismissals. The normal age discrimination and unfair dismissal rules will apply. Retirement would not be considered a special reason for dismissal except in very limited areas such as the emergency services.

Implications for employers

While many employees will welcome this, employers are likely to be concerned about the prospect of an ageing workforce (some with health problems that might amount to disabilities) that will have to be performance managed and for whom "reasonable adjustments" may well have to be made. Employers will also have to grapple with the difficult question of how to provide insurance-based benefits for older workers.

These proposals are expected to be put out for consultation today, and employers who are concerned about these proposals will be able to make their views known to the Government. We will provide further updates when the full proposals are published.

Finally, we do not anticipate that any of these proposals will prevent an employee voluntarily retiring at 65 or some other age, and this is likely to remain the preferred option for many employees.

Consistent with our policy when giving comment and advice on a non-specific basis, we cannot assume legal responsibility for the accuracy of any particular statement. In the case of specific problems we recommend that professional advice be sought.

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