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Consultation on abolition of default retirement age commences

The BIS issued a press release at 07.00 on 29 July 2010 confirming that in line with the Coalition policy document's commitment to strengthen equality measures, the national default retirement age of 65 will be abolished from October 2011 and consultation is commencing from today on the transitional provisions in the lead up.

The Default Retirement Age (DRA) of 65 was introduced in the Employment Equality (Age) Regulations 2006. It allows employers to set retirement ages of 65 or higher, but will be abolished by October 2011.

The consultation proposes that as a transitional measure, from 6 April 2011, employers will not be able to issue any notifications for compulsory retirement using the DRA procedure.

Between 6 April and 1 October, only people who were notified before 6 April, and whose retirement date is before 1 October can be compulsorily retired using the DRA. After 1 October, employers will not be able to use the DRA to compulsorily retire employees; if they wish to use retirement ages they will have to be able to demonstrate these are objectively justified.

The consultation also proposes to help employers by removing the administrative burden of statutory retirement procedures. With the DRA removed there is no reason to keep employees 'right to request' working beyond retirement or for employers to give them a minimum of six months notice of retirement.

The consultation asks whether the Government could provide additional support for individuals and employers in managing without the DRA or statutory retirement procedure. This includes the possibility of future guidance or a more formal code of practice on handling retirement discussions. Views are also being sought on whether removal of the DRA could have unintended consequences for insured benefits and employee share plans.

This measure is one of the steps Government is taking to help and encourage people to work for longer against the backdrop of demographic change. Others include reviewing when the state pension age should increase to 66.

Although the Government is proposing to remove the DRA, it will still be possible for individual employers to operate a compulsory retirement age, provided that they can objectively justify it.

The consultation is open from today until 21 October 2010. The consultation can be found at: www.bis.gov.uk/retirement-age