

Protections

This leaflet provides information about 'the 85 Year Rule' and the underpin. 'The 85 Year Rule' gives a degree of protection against the reductions that apply on voluntary early retirement or flexible retirement. The underpin gives protection against the April 2014 changes for members who were nearing retirement on 1 April 2012.

85 Year Rule

The Local Government Pension Scheme (LGPS) sets a Normal Retirement Age (NRA). For benefits built up before 1 April 2014, it is, for most members, 65. For benefits built up from 1 April 2014, it is linked to State Pension age (or age 65 if later).

This does not mean that you must draw your benefits at NRA – you can draw them later or earlier. However, if you take voluntary retirement or flexible retirement earlier, we will apply a reduction. We do this because we will be paying your benefits earlier and over a longer period than we expected. The reduction will depend on how much earlier than your NRA you are drawing your benefits.

Historically, the scheme's rules contained a provision commonly known as 'the 85 Year Rule'. The rule served to eliminate any early retirement reductions that we would apply where you satisfied the 'the 85 Year Rule' upon retirement; or, served to reduce the reduction that we would apply where you satisfied the rule after retirement but before the NRA. You satisfy the rule where the sum of your age (complete years) and membership (complete years) equals or exceeds 85.

On 1 October 2006, government removed 'the 85 Year Rule' from the Scheme's rules. If you joined prior to that date, you have a level of protection against its removal. The level of protection you have depends on when you attain age 60 (see table below).

So, if you joined before 1 October 2006, we will calculate the early retirement reduction in respect of the following elements of your benefits by reference to the period between retirement and the following dates:

	Benefits built up prior to 1 April 2008	Benefits built up from 1 April 2008 to 31 March 2014	Benefits built up from 1 April 2014 to 31 March 2016	Benefits built up from 1 April 2016 to 31 March 2020	Benefits built up from 1 April 2020
Members born before 1 April 1956	the date of satisfying the 85 Year Rule (cannot be later than 65)	the date of satisfying the 85 Year Rule (cannot be later than 65)	the date of satisfying the 85 Year Rule (cannot be later than 65)	State Pension age (or 65 if later)	State Pension age (or 65 if later)
Members born between 1 April 1956 and 31 March 1960 who satisfy the 85 Year Rule by 31 March 2020	the date of satisfying the 85 Year Rule (cannot be later than 65)	age 65 (in most cases) – however the reduction is less than the full reduction	age 65 (in most cases) – however the reduction is less than the full reduction	age 65 (in most cases) – however the reduction is less than the full reduction	State Pension age (or 65 if later)
Members born on or after 1 April 1960	the date of satisfying the 85 Year Rule (cannot be later than 65)	age 65 (in most cases)	State Pension age (65 if later)	State Pension age (or 65 if later)	State Pension age (or 65 if later)

85 Year Rule (continued)

There is one important exception to the rule shown in the table. This applies where you are taking voluntary retirement before age 60 and will satisfy 'the 85 Year Rule' before that age. In such a case, we will treat you, when calculating the early retirement reduction, as if you would instead first satisfy 'the 85 Year Rule' on your 60th birthday. This does not apply where you are taking flexible retirement. Your employer has discretion to request that we use the actual date you satisfied the rule.

Example 1

Mr Smith was born on 1 April 1955, joined the scheme before 1 October 2006, retires aged 63 on 1 April 2018 and, at that date, meets 'the 85 Year Rule'. His State Pension age is 66.

Benefits	Reduction applied to that part of the benefits?
Benefits built up prior to 1 April 2008	No
Benefits built up from 1 April 2008 to 31 March 2014	No
Benefits built up from 1 April 2014 to 31 March 2016	No
Benefits built up from 1 April 2016 to 31 March 2018	Yes. This is calculated by reference to the period from 1 April 2018 to Mr Smith's 66th birthday.

Example 2

Mrs Taylor was born on 1 December 1955, joined the scheme before 1 October 2006, voluntarily retires aged 59 on 1 December 2014 and, at that date, meets 'the 85 Year Rule'. Her State Pension age is 66.

Benefits	Reduction applied to that part of the benefits?
Benefits built up prior to 1 April 2008	Yes. This is calculated by reference to the period from 1 December 2014 to Mrs Taylor's 60th birthday.
Benefits built up from 1 April 2008 to 31 March 2014	Yes. This is calculated by reference to the period from 1 December 2014 to Mrs Taylor's 60th birthday.
Benefits built up from 1 April 2014 to 31 March 2016	Yes. This is calculated by reference to the period from 1 December 2014 to Mrs Taylor's 60th birthday.
Benefits built up from 1 April 2016 to 31 March 2018	Yes. This is calculated by reference to the period from 1 December 2014 to Mrs Taylor's 66th birthday.

The Underpin

If you were a member of the scheme before 1 April 2014 there are additional protections in place if you are nearing retirement. This is to ensure that you will get a pension at least equal to that which you would have received in the scheme had it not changed on 1 April 2014. This protection is known as the underpin.

The underpin applies to you if:

- you were an active member of the LGPS on 31 March 2012, and
- you were, on 1 April 2012, aged 55 or more, and
- you haven't had a continuous break in active membership of a public service pension scheme of more than 5 years (after 31 March 2012), and
- you leave with an immediate entitlement to benefits.

The underpin will also apply if –

- On or after 1 April 2014, you transferred benefits into the LGPS from a different public sector scheme, and
- Between leaving that scheme and joining the LGPS, you did not have a continuous break in active membership of any public sector scheme exceeding 5 years, and
- you were an active member of the other public sector scheme on 31 March 2012, and
- you were, on 1 April 2012, aged 55 or more, and
- you haven't had a continuous break in active membership of a public service pension scheme of more than 5 years (after 31 March 2012), and
- you leave with an immediate entitlement to benefits.

The Underpin does not apply if –

- you opt out of the scheme prior to 65, or
- you voluntarily retire from age 55 but less than 60, or
- you leave the scheme with deferred benefits before age 60.

If you draw benefits upon flexible retirement from 1 April 2014 and remain in the scheme, we will not apply the underpin to your new set of benefits.

If you are covered by the underpin, we will automatically perform the relevant calculation. We will do this at the date you leave the Scheme, or at 65 if earlier. We will check whether the pension you have built up is at least equal to that which you would have built up had the Scheme not changed on 1 April 2014. If it isn't, we will add the difference to your pension when you draw your benefits. If you have been in the 50/50 section at any time, we will consider the pension you would have built up had you always been in the main section of the scheme.

Please note that there are special categories of member who had, prior to 1 April 2014, a normal retirement age of less than 65. If you are such a member, the above will not apply in the same way. More information can be requested from us.

More information

Please see the Full Guide for further information, particularly the section called 'If you joined the LGPS before 1 April 2014'. You can download the guide from our website.

E-mail us via the Contact LPPA form on our website: www.lppapensions.co.uk/contact/contact-lppa/

Or visit our website: lppapensions.co.uk

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