

# Retirement within LGPS

***This leaflet explains the different ways you can retire from the Local Government Pension Scheme (LGPS) and receive immediate payment of your pension benefits.***

**Generally, to qualify for your retirement benefits, you must have been a member for at least 2 year's or have otherwise met the schemes 'vesting period'.**

You may voluntarily draw your pension at any time between ages 55 and 75. You may draw your benefits at any age on ill health grounds (please see the Ill Health and Life Cover leaflet).

This leaflet does not cover how and when a member may draw their deferred benefits (see the Deferred Leaflet) and members who left before 1 April 2014. It also does not cover councillor members or pension credit members.

The Normal Pension Age (NPA) within the LGPS is equal to your State Pension age (age 65 if later). If the government moves your state pension age, your NPA for LGPS benefits will also move.

## **Normal Retirement (Age 65 - NPA)**

**Retirement at Normal Pension Age:** *receive unreduced pension or defer*

If you leave your employment at your NPA, we would start paying you your pension unless you choose to defer. You cannot defer payment beyond your 75<sup>th</sup> birthday. Where we start paying the benefits after your NPA, we would apply an actuarial increase to reflect their late payment (see Late Retirement section). If you defer you will receive deferred benefits (see Deferred Leaflet).

If you start receiving payment from your NPA, we will not apply any actuarial reductions. In fact, if you built up some of the benefits before 1 April 2014 and your NPA is later than your 65<sup>th</sup> birthday, we will apply an actuarial increase to those pre April 14 benefits (see Late Retirement section).

## **Redundancy/Business Efficiency Retirement (Age 55 – NPA)**

**Redundancy/Efficiency Retirement, Over 55, 2 years membership:** *Unreduced Pension*

You are entitled to (and must take) immediate payment of your benefits where –

- (1) Your employment terminates because of redundancy or business efficiency; and
- (2) At that point, you are age 55 or over.

We will not apply any reduction to the rate of the pension benefits, even where drawn before NPA. However, if you have paid additional pension contributions (APCs) or additional regular contributions (ARCs) for extra pension, a reduction may apply to that extra pension. The reduction will apply where

you retire before your NPA (for APCs) or 65<sup>th</sup> birthday (for ARCs). See the current reduction factor table on the next page.

If your employment terminates on such grounds before age 55, you will not be entitled to immediate payment of your benefits. We will normally award you deferred benefits which you can voluntarily draw between ages 55 and 75. We will normally apply a reduction where you draw them before NPA. You can find the reduction factor table on the next page. Also see the Deferred leaflet.

## **Voluntary Retirement (Age 55 – NPA)**

### **Voluntary Retirement (No protections): *Reduced pension or deferred record***

You have the option, once you have attained 55, to voluntarily retire from your employment and receive immediate payment of your benefits.

In most cases, where you draw your benefits before NPA, we will apply a reduction. We do this because we are paying benefits earlier and over a longer period of time than expected. Some members may have 'Rule of 85' protections which may offset some of the reductions (see Protections leaflet). The current reduction factors are shown below.

If you voluntarily leave on or after your 55<sup>th</sup> birthday, you do not have to receive immediate payment of your benefits. You may defer payment to any date up to your 75<sup>th</sup> birthday. In which case, you will receive deferred benefits (see Deferred leaflet for more information)

<b>Years Early</b>	<b>Male / Female Pension reduction</b>	<b>Retirement grant reduction</b>
0	0%	0%
1	5.1%	2.3%
2	9.9%	4.6%
3	14.3%	6.9%
4	18.4%	9.1%
5	22.2%	11.2%
6	25.7%	13.3%
7	29%	15.3%
8	32.1%	17.3%
9	35%	19.2%
10	37.7%	21.1%
11	41.6%	n/a
12	44%	n/a
13	46.3%	n/a

## Late Retirement (NPA – Age 75)

**Late Retirement:** *Enhanced pension or deferred record to age 75*

Where you start drawing your LGPS benefits late, we will increase the amounts payable. We do this because we will pay the benefits later and over a shorter period than expected.

Whether benefits are being drawn late depends on whether the benefits are 'final salary benefits' or 'CARE benefits'. Your benefits will be made up of one or both of these. Final salary benefits relate to membership before 1 April 2014. CARE benefits relate to membership from that date. We will add an increase to final salary benefits where you put them into payment after your 65<sup>th</sup> birthday. We will add an increase to CARE benefits where you put them into payment after your State Pension Age (or your 65<sup>th</sup> birthday if this later). You may not choose to draw your final salary benefits separately from your CARE benefits.

Generally, we add a percentage increase to the benefits for each day that you draw them late. We calculate the increase using guidance provided by the Government Actuary's Department. The guidance (including the factors) may change in the future. You can access the current version at <http://www.lgpsregs.org/schemeregs/actguidance.php> (then click 'Late Retirement').

## Flexible Retirement (Age 55 - 75)

**Flexible Retirement:** *Payment of some or all of your pension, carry on working and paying into the scheme if you wish*

Flexible retirement allows you to receive payment of some or all of your pension and carry on working and earning in your continuing employment.

To qualify for Flexible Retirement you must:

- Be 55 or over,
- Obtain your employer's consent, and (3) Have a reduction in your grade or working hours.

If your employer agrees to flexible retirement, then you would have to draw:

- all of the benefits that relate to any pre 1 April 2008 membership, plus
- any additional benefits bought under an added years contract which commenced before 1 October 2006 or as a result of an Additional Voluntary Contributions (AVC) contract that commenced before 13 November 2001

You can choose to draw (subject to the agreement of your employer):

- all, none or some of the benefits that relate to your membership from 1 April 2008 to 31 March 2014
- all, none or some of the benefits that relate to your pension built up from 1 April 2014
- all or none of any additional pension being purchased either through Additional Pension Contributions (APCs), Shared Cost APCs or Additional Regular Contributions (ARCs)
- all or none of any additional benefits bought under an added years contract which commenced after 1 October 2006
- all or none any additional pension awarded by your employer
- all or none of any benefits as a result of an AVC contract that commenced on or after 13 November 2001

Flexible retirement is a great way to ease into retirement gradually, allowing your employer to retain your skills and experience for longer as well as improving your work life balance giving you more free time. Unless you opt out, you will remain a member of the scheme building up further pension benefits for when you fully retire.

If you take flexible retirement before your NPA, we will normally reduce your benefits as we are paying them early. Your employer has discretion to waive all or some of that reduction. Doing so, will result in a cost to your employer. Some members may have 'Rule of 85' protections which may offset or reduced some of the potential reductions (see the Protections leaflet). The current reduction factor table is shown in the above section. If the benefits are drawn late, we will apply an increase (see the Late Retirement section above).

If Flexible retirement is something that you are interested in, please contact your employer. Each employer is required to have a policy on flexible retirement.

### **More Information**

Please see the 'Employee Full Guide 2014', 'Employee Brief Guide 2014' which can be found on our website.

This sheet is for general use and cannot cover every personal circumstance as its contents are based on our understanding of the legislation and events at the time. In the event of any dispute over your pension benefits, the appropriate legislation will prevail as this sheet does not confer any contractual or statutory rights and is provided for information purposes only.