

When Can I Take My Pension?

Introduction

The Local Government Pension Scheme (LGPS) is changing from 1 April 2014. This is one of a series of leaflets developed to explain the main changes to the LGPS. Further information, as well as topic-based videos, can be found on the LGPS 2014 website: www.lgps2014.org

In this leaflet, we will look at when you can take your pension. In particular:

- Your **normal pension age**
- The increased flexibility when deciding when to draw your pension
- Protections
- Other types of retirement
- Life cover
- Family/partner benefits
- Leaving before drawing your pension
- Cost of living adjustment

Let's look at these in more detail.

Normal pension age

For the pension you build up from 1 April 2014, your **normal pension age** is not fixed at age 65 but, instead, is the same as your **state pension age** (but with a minimum of age 65).

You can check your **normal pension age** by looking up your current **state pension age**.

For a table showing **state pension ages**, including all proposed changes to **state pension age**, please visit:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/181343/spa-timetable.pdf

You can also use the Government's **state pension age calculator** to find out your **state pension age**. Please visit:

www.gov.uk/calculate-state-pension

(Please note: this calculator doesn't include proposed changes to **state pension age**.)

It's important to know that changes to **state pension age** are possible in the future. That means the date quoted now could change. If your **state pension age** increases in the future, then your **normal pension age** for the pension you build up from April 2014 in the LGPS will also be increased.

Increased flexibility

Your **normal pension age** is simply the age when you can retire and take the pension you have built up in full. However, you will have increased flexibility from April 2014 over when you can retire and take your pension. You will be able to choose to retire and draw your pension at any time between age 55 and 75.

If you choose to take your pension before your **normal pension age**, it will normally be reduced, as it's being paid earlier. If you take it later than your **normal pension age**, it's increased because it's being paid later.

The amount of any reduction or increase will be based on how many years earlier or later than your **normal pension age** you draw your benefits. The amount of any reduction or increase have not yet been finalised but, once known, the details will be made available on www.lgps2014.org

Protections

Any pension you have built up before 1 April 2014 is fully protected. This includes a protected **normal pension age** for payment of those benefits. The protected **normal pension age** is age 65 (except for a very small number of members with an earlier protected age of 60).

The protection means that if you retire and draw your benefits at your protected **normal pension age**, the pension you have built up in the scheme before 1 April 2014 will be paid in full.

If you choose to take your pension before your protected **normal pension age**, the pension you have built up in the scheme before 1 April 2014 will normally be reduced, as it's being paid earlier. If you take it later than your protected **normal pension age**, it will be increased because it's being paid later.

The amount of any reduction or increase will be based on how many years earlier or later than your protected **normal pension age** you draw the pension you have built up in the scheme to 31 March 2014.

You cannot take your benefits built up to April 2014 separately from the benefits you build up from April 2014. All your pension would have to be drawn at the same time, if retiring voluntarily.

For those members who have rule-of-85 protection, this will continue to apply. It protects some or all of a member's benefits from the normal early payment reduction and will automatically be applied (except where a member voluntarily draws their pension on or after age 55 and before age 60 – as this is a new option in the scheme from April 2014). To have rule-of-85 protections, you must have been a member of the LGPS on 30 September 2006.

A separate leaflet providing more information on protections will be published later in 2013.

Other types of retirement

The good news is that there is no change to the way other types of retirement work from April 2014.

Ill health

From April 2014, your pension can still be paid early if your employer decides you are permanently unable to perform the duties of your job due to ill health and you are not immediately capable of undertaking other work. The pension would be paid at an increased rate if you are unlikely to be capable of working again within three years of leaving.

Redundancy and business efficiency

From April 2014, if you are made redundant or lose your job for business efficiency reasons when aged 55 or over, your pension will still be payable immediately (with no reduction for early payment).

Flexible retirement

From April 2014, the scheme still allows flexible retirement. This is where, with your employer's consent, you can reduce your hours and/or your pay grade when aged 55 or over and draw some or all of your pension while remaining in work.

Life assurance cover

If you die in service while an active member of the scheme, the scheme will still provide a lump-sum payment of three times your annual pensionable pay. The only difference from April 2014 is that pay from non-contractual overtime is included in your annual pensionable pay figure.

Family/partner benefits

The scheme continues to provide cover for your family in the event of your death, with pensions for your dependants including widows, widowers, civil partners, eligible cohabiting partners and eligible children. From April 2014, a survivor's pension will automatically be payable to a cohabiting partner without the need for the scheme member to have completed a form nominating them to receive a survivor's pension.

Leaving before drawing your pension

If you voluntarily leave with less than two year's membership of the scheme, you will receive a refund of your pension contributions unless you choose to transfer your pension out to another pension scheme.

However, if you were in the scheme before 1 April 2014, leave after then and you have been in the scheme for three or more months but less than two years, you will have the choice of taking a refund of contributions, having a deferred pension or transferring your pension out to another pension scheme.

If you've been in the scheme for two years or more, and you leave before you can take immediate payment of your pension, then the amount of pension you've built up is deferred. The amount of your deferred pension is increased every year in line with the cost of living - as currently measured by the consumer prices index (CPI) - to ensure it keeps its value. You will also have the choice of transferring your deferred pension out to another pension scheme – otherwise it will be paid at your **normal pension age** unless you choose to take it before then, when it would normally be reduced as you would be drawing it early, or you choose to take it later, when it would be increased because you would be drawing it later.

Remember, any future changes to **state pension age** will mean that your **normal pension age** for the part of the deferred benefits built up from 1 April 2014 will also change. However, if you were in the scheme before 1 April 2014, the protected normal pension age for the part of the deferred benefits built up before 1 April 2014 will not change.

Cost of living adjustment

When you receive your pension, it will be increased each year in line with the cost of living – as currently measured by the CPI – to ensure it keeps its value.

Further leaflets available:

There are three further leaflets available in this series:

- Member contributions and the flexibility to pay more or less
- How is my pension worked out?
- Mythbusting

Later in 2013, a leaflet giving more information on the protections for those who were members of the scheme before April 2014 will be published.

For more information on the new scheme and to view videos explaining the new scheme, please visit www.lgps2014.org



Disclaimer

This is a brief leaflet explaining the changes to the LGPS from 1 April 2014 for employees in the LGPS in England or Wales. It reflects the known changes at the time of publication in November 2013. In the event of any dispute over your pension benefits, the appropriate legislation will prevail. This leaflet does not provide any contractual or statutory rights, and does not override any legislation.