

LONDON BOROUGH OF HACKNEY PENSION FUND

ARE YOU CONSIDERING RETIRING?



**A guide for members of the Local Government
Pension Scheme (LGPS)**

When can I retire?

You can enjoy a guaranteed package of benefits when you retire, including a pension that is revalued every year in line with the cost of living for the rest of your life, and the option to exchange some of your annual pension for a tax-free cash lump sum.

The scheme's **normal retirement age** (NRA) is now linked to your **State Pension Age** (SPA) for both men and women. But people retire and draw their benefits for all kinds of reasons and at all kinds of ages. You can retire and draw your benefits from any time from age 55 (**early retirement**), right up to the eve of your 75th birthday (**late retirement**). But it is important to note that if you choose to retire before your normal retirement age, your benefits may be reduced due to their early release.

In cases of retiring due to **ill health**, there is no age limit at all, but you must meet the criteria for early release of benefits on the grounds of ill health to qualify. There is no reduction to your benefits if you are retired due to ill health.

If you are retiring through **redundancy** or in the interests of **business efficiency**, and you are aged 55 or over, then your pension benefits are payable right away. If you retire in this way, there are no early retirement reductions.

There is one important condition – to be entitled to retirement benefits you must have at least 2 years' qualifying membership of the scheme.

Early retirement

You can choose to retire from aged 55 without permission from your employer. If you choose to retire before your NRA, your benefits will be reduced to take account of being paid for longer. How much your benefits are reduced depends on how early you retire. You can request an estimate from the administrators, Equiniti, in order to make an informed decision about retiring early.

Flexible Retirement

Rather than continuing in your job until your NRA or beyond, you may wish to consider the possibility of flexible retirement. From age 55, if you reduce your hours or move to a less senior position, and provided your employer agrees, you can draw some or all of the pension benefits you have built up – helping you ease into retirement.

You can still draw your wages/salary from your job on the reduced hours or grade and continue paying into the scheme, building up further benefits.

If you take flexible retirement before your NRA, your benefits will be reduced to take account of being paid for longer. How much your benefits are reduced depends on

how early you draw your benefits. Your employer may, however, determine not to apply all or part of any reduction. You must have your employer's consent to take your pension benefits under flexible retirement.

If you are interested in Flexible Retirement and require more information, please refer to your employer's policy or contact your employer direct.

Retiring on the grounds of ill health

If you have 2 or more years' qualifying membership and have to leave work due to illness, you may qualify for immediate payment of your benefits. This can be from any age. Your employer will refer you to an independent occupational medical practitioner who will assess your medical condition and make an assessment about the impact of your condition on your own job and your capability for other paid employment.

There are graded levels of benefit based on how likely you are to be capable of gainful employment after you leave your current job. The different levels of benefit are:

- No prospect of other gainful employment at any age before your normal retirement age. You will get a pension and normally a lump sum (if applicable) based on the membership you have built up so far, plus all the membership you would have built up if you had remained a member until your normal retirement age.
- If you are unlikely to be capable of gainful employment within 3 years, but you may be capable of doing so before your normal retirement age, you will get a pension and normally a lump sum (if applicable) based on the membership you have built up so far, plus 25% of the membership you would have built up if you had remained a member until your normal retirement age.
- If you are likely to have a good prospect of other gainful employment straight away or any time in the next 3 years, you will get your pension and normally a lump sum (if applicable) based on the membership you have built up in the scheme to date. But your pension will only be paid for a maximum of 3 years, and may stop earlier following a review after 18 months, or by taking up gainful employment. If the pension is stopped, it will become payable again from your normal retirement age.

Note - 'Gainful employment' means paid employment for not less than 30 hours in each week for a period of not less than 12 months. If you are part-time, any extra membership awarded due to ill-health retirement will be reduced to reflect your part-time hours at leaving, disregarding any reduction in your hours due to your illness.

Are you about to retire?

Choosing when to retire is one of the biggest decisions you will make during your working life. If you have decided to retire, it is your employer's responsibility to tell us when you are leaving and to send us the completed paperwork.

Once set up, we will pay your pension directly into your bank account on the 25th of each month, or on the previous working day if the 25th falls on a weekend.

If you are entitled to a lump sum, or have chosen to convert some of your annual pension into a lump sum, you will receive it after you have retired.

Please see our other Retirement factsheets for more information.

How we work out your pension

The Local Government Pension Scheme is a Career Average Revalued Earnings scheme (CARE scheme). Your pension and lump sum is worked out according to how much you have earned over your career. You also have the option to give up some of your annual pension for a one-off lump sum payment – details of your entitlements will be provided at the time you decide to retire. You can also request an estimate from the administrators, Equiniti, in order to make your decision.

What happens if I start work again once I've taken my pension?

You may decide to take up further employment once you have retired. If it is not in local government, your LGPS pension is not affected. If you work for local government again, you may only earn the difference between your LGPS pension and the amount you were earning when you retired, before it affects the amount you receive.

Late retirement (after your NRA)

If you wish to continue working you can **retire late after your normal retirement age**. You can stay in the scheme, in fact you can remain an active member up to the day before your 75th birthday. If you choose to carry on working after your NRA and you continue to pay into the scheme, you will be building up further benefits. You can receive your pension when you choose to retire or when you reach the eve of your 75th birthday, whichever comes first. If you draw your pension after your NRA, your pension will be paid at an increased rate.

Don't forget to let us know if you:

- **change address** - you can let us know in writing or by email and we'll get a form out to you to complete and return to register your new address.
- **change your bank or building society account** - let us know by writing to us, and we'll get a form out to you to complete and return. Please tell us if your address or bank details change by the 5th of the month for the following month.
- **accept another job** - with an employer who takes part in the Local Government Pension Scheme. You must tell us this in writing as this may affect your pension benefits.

FURTHER INFORMATION

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