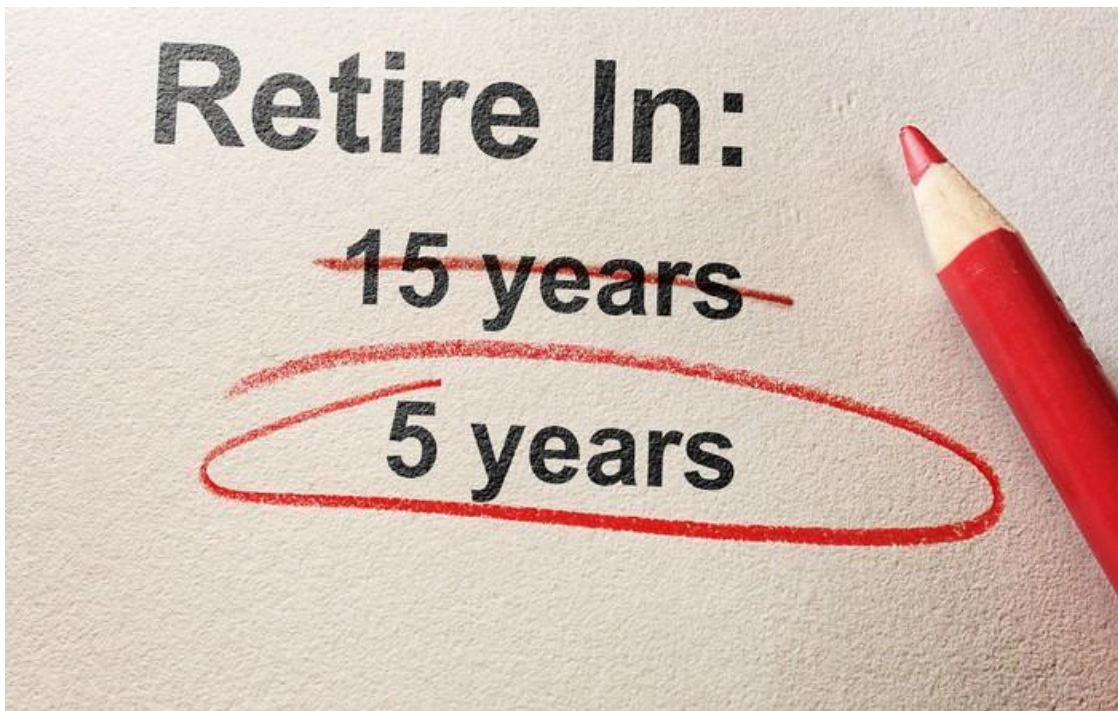


LONDON BOROUGH OF HACKNEY PENSION FUND

EARLY RETIREMENT – REDUCTIONS TO YOUR LGPS PENSION



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

Early Retirement – Reductions to pension

Should you choose to retire before your Normal Pension Age (NRA), your lump sum (if applicable) and your annual pension may be reduced for early payment. Your benefits are initially calculated and are then reduced. How much your benefits are reduced by depends on how early you draw them.

The reduction is based on the length of time (in years and days) that you retire early i.e. the period between the date your benefits are paid and your Normal Pension Age. The earlier you retire the greater the reduction, as your pension benefits are required to be paid for longer than expected, had you decided to retire at your normal retirement age.

As a guide, the current percentage reductions for retirements up to 13 years early are shown in the table below. Where the number of years is not exact, the reduction percentages are adjusted accordingly:-

| Number of years paid early | Pension Reduction | Lump sum Reduction (on lump sum built up before 31 March 2008) |
|----------------------------|-------------------|--|
| 0 | 0.0% | 0.0% |
| 1 | 4.9% | 1.7% |
| 2 | 9.3% | 3.3% |
| 3 | 13.5% | 4.9% |
| 4 | 17.4% | 6.5% |
| 5 | 20.9% | 8.1% |
| 6 | 24.3% | 9.6% |
| 7 | 27.4% | 11.1% |
| 8 | 30.3% | 12.6% |
| 9 | 33.0% | 14.1% |
| 10 | 35.6% | 15.5% |
| 11 | 39.5% | n/a |
| 12 | 41.8% | n/a |
| 13 | 43.9% | n/a |

Your employer can agree not to make any reduction, but this is at their discretion and you can ask them what their policy on this is.

You can reduce or avoid any reductions by delaying your retirement to a later date. Your benefits will normally become payable at your Normal Pension Age but you can defer payment beyond that age (unless you left the scheme before 1 April 1998), although benefits must be paid by age 75.

Please note that if you were in the LGPS before 1 April 2014 your benefits built up before that date will have a different Normal Pension Age, which for most is age 65. But note that you cannot take your benefits built up to 31 March 2014 separately

from the benefits you build up from 1 April 2014. All your pension must be drawn at the same time (except in the case of Flexible Retirement).

FURTHER INFORMATION

London Borough of Hackney Pension Fund team:

Pensions Administration
London Borough of Hackney Pension Fund
Financial Services
4th Floor, Hackney Service Centre
1 Hillman Street
London E8 1DY

pensions@hackney

Telephone: 020 8356 2521

E-mail: pensions@hackney.gov.uk

Pension Administrator – Equiniti

London Borough of Hackney Pension Fund
Equiniti
Russell Way
Crawley
West Sussex
RH10 1UH



Telephone: 03713 842369

E-mail: hackney.pensions@equiniti.com

Website: www.hackneypension.co.uk

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