

LONDON BOROUGH OF HACKNEY PENSION FUND

EASE YOUR WAY INTO RETIREMENT WITH FLEXIBLE RETIREMENT



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

What is Flexible Retirement?

You may wish to consider a gradual move into retirement by flexibly retiring. From age 55, if you:-

- reduce your hours or move to a less senior position,
- have been an active member in the scheme for 2 years or more, and
- your employer agrees

you can draw some or all of the pension benefits you have built up, helping you ease into retirement.

Your employer will have a policy on flexible retirement, and you should ask them for details of their policy and processes.

If your employer agrees to flexible retirement, you can still draw your wages / salary from your job on the reduced hours or grade and continue paying into the LGPS, building up further benefits in the scheme.

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 then **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

Will my pension and/or lump sum be reduced if I take flexible retirement?

If you take flexible retirement before your normal retirement age (NRA), your pension benefits and your lump sum will normally be reduced for early payment. How much your benefits are reduced by depends on how early you draw them:-

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

Also, please see our factsheet on **Early Retirement - Reductions to your Pension** for further details that is available on our website: <https://hackneypension.co.uk/documents-library/member-factsheets>

If you were a member of the LGPS at any time between 1 April 1998 and 30 September 2006, some or all of the benefits that are paid early could be protected from the reduction if you are a rule of 85 protected member. Your employer may, however, determine not to apply all or part of any reduction. You will need to ask them what their policy on this is.

If you receive payment of your benefits on flexible retirement, then your benefits will not be subject to a reduction or suspension for re-employment, whilst you are in still in the job with the employer that allowed you to take the flexible retirement.

If you take flexible retirement after your NRA, your pension will be increased by 0.010% for each day payment of your pension is delayed beyond your NRA to reflect the late payment.

FURTHER INFORMATION

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