

# Voluntary Retirement guide

In this guide we will look at the retirement options available to you upon resigning from your employment and opting to draw your retirement benefits.

We will look at:

- **Early voluntary retirement** – retirement before Normal Pension Age (NPA)
- **Normal Retirement** – retirement at NPA
- **Late Retirement** – retirement after NPA

## When can I retire?

If you leave your employment, you are aged 55 or over and have at least 2 years of LGPS membership you have a right to apply for the release of your pension benefits without the need for your employer's consent.

## When is my Normal Pension Age (NPA)?

Your NPA is linked to your State Pension Age (SPA) but with a minimum age of 65. If you claim your pension from your NPA you will receive your benefits in full without any reduction.

## When is my State Pension Age?

To find your SPA please follow the link to the SPA calculator which can be found on the [www.gov.uk](https://www.gov.uk) website: <https://www.gov.uk/state-pension-age>

## Early Voluntary Retirement

Early retirement is classed as payment of your pension benefits before your NPA.

If you claim your pension from age 55 onwards, before you have reached your NPA an actuarial reduction to your benefits will be applied to reflect the early payment of your pension.

## Early Retirement Reductions

The reductions are applied in line with the following percentages supplied to us by the Government Actuary's Department (GAD). The reductions below are applicable from 8 January 2019.

The table on the next page displays the reduction percentages in whole years, but any reduction applied to your pension benefits will be calculated based on your exact date of leaving the pension scheme.

## Benefit reduction table for early retirement

Number of Years Early	Pension Reduction	Lump Sum Reduction
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	29.0%	15.3%
8	32.1%	17.3%
9	35.0%	19.2%
10	37.7%	21.1%
11	41.6%	N/A
12	44.0%	N/A
13	46.3%	N/A

If you are unclear about when your benefits are payable or the amount of reduction that may apply please contact the pensions team directly on **01628 796 668** or e-mail [info@berkshirepensions.org.uk](mailto:info@berkshirepensions.org.uk)

### What notice am I required to give?

In addition to the notice period specified by your employer, the pensions team require a separate period of notice from you in the following circumstances:

- If you are taking voluntary retirement **from age 55 but before age 60**: please provide **three months'** written notice. Your pension will then be released three months from the date of your request (you must also have ceased your employment before payment can be made).
- If you are taking voluntary retirement **from age 60 onwards**, **no separate written notice is required by the pensions team.**

**We can accept your written notice by e-mail or post.**

***If you are retiring on redundancy, business efficiency, flexible or ill-health retirement grounds the pensions team do not require a separate period of notice.***

## 85-year rule protection and your pension

The 85-year rule protects some or all your benefits from the normal early payment reduction applied if you draw your pension early. To have any 85-year rule protection you must have been an active member of the LGPS on **30 September 2006**. The 85-year rule is satisfied if your age at the date when you draw your pension plus your Scheme membership (each in whole years) adds up to 85 years or more.

**85-year rule and retirement before 60:** The 85-year rule **will not** automatically be applied if you decide to voluntarily retire and draw your pension benefits before 60. However, your employer can exercise their discretion to 'switch it on'.

If they do, any 85-year rule protection you have will be applied to your benefits.

If your employer does not exercise this discretion, then your benefits will be reduced accordingly in line with the LGPS regulations.

**85-year rule and retirement after 60:** If you are voluntarily retiring and drawing your pension benefits from age 60 onwards any 85-year rule protection you have will be applied to your benefits automatically.

Working out how you are affected by the rule of 85 can be quite complex, but here is some information to help you work out your general position when you draw your benefits. For a more detailed understanding of your own position you can contact the pension team directly on 01628 796 668.

## What happens to my AVC if I retire early?

If you have an AVC fund with the Prudential, you will be entitled to take your AVC options at the point you retire. You will also have the option of deferring your AVC to a later date. We would provide you with your AVC options when we write to you regarding your flexible retirement.

## Normal Retirement

Normal Retirement is classed as claiming your LGPS pension at your Normal Pension Age.

If you retire and draw your benefits from your NPA your benefits will be payable without any reduction. This is deemed to be the point from which your pension benefits would usually be brought into payment, the last day of employment being the day before your NPA.

Your NPA is linked to your State Pension Age (SPA) **but with a minimum age of 65**. If your SPA changes in the future this will also be reflected in your NPA from the Berkshire Pension Fund. To find out your State Pension Age you can use the online calculator on the Gov.uk website: <https://www.gov.uk/state-pension-age>

## Late retirement

If you stay in work after your NPA, you will continue to pay into the LGPS and build up further benefits. All LGPS benefits must be paid by your 75<sup>th</sup> birthday.

If you delay taking your pension, your benefits will be increased. The increase is based on how long after your NPA you claim your pension.

If you have been paying Additional Voluntary Contributions (AVCs) you will also need to arrange for these to be brought into payment before the age of 75.

## Other information

### **Will I have to pay tax on my pension?**

Your annual pension is classed as a taxable income. When we commence payment of your flexible retirement pension, we will notify HMRC accordingly. HMRC will notify us of the tax code they wish to operate for you. Any tax that you must pay will be deducted at source from your monthly pension payments. Any lump sum retirement grant payable is tax-free.

### **How do I obtain a retirement quotation?**

If you are thinking of drawing your pension and you would like an estimate of the benefits you will expect to receive on retirement please contact the Berkshire Pension Fund on **01628 796 668** or e-mail: [info@berkshirerpensions.org.uk](mailto:info@berkshirerpensions.org.uk)

When requesting an estimate please specify the date/age you would like the estimate calculated to.

We will aim to process your request within 7 working days. Please note that in some cases there may be a further delay as we are required to request your salary and service information from your employer in order to calculate the figures. Alternatively, why not calculate your pension benefits online... (see below for more information).

**Please note: Figures provided are estimated only. Full details will be confirmed to you on formal notification of your retirement.**

### **‘my pension ONLINE’**

‘my pension ONLINE’ enables you to securely update your personal details, perform pension estimates and update your nominated beneficiaries from the comfort of your own home or workplace.

It’s easy to sign up - just visit our website and click on the ‘my pension ONLINE’ logo.

### **More information**

More detailed information about the scheme is available from the pension team at the following address: **Royal County of Berkshire Pension Fund, Minster Court, 22-30 York Road, Maidenhead, Berkshire, SL6 1SF**

**Tel: 01628 796 668**

**E-mail: [info@berkshirerpensions.org.uk](mailto:info@berkshirerpensions.org.uk)**

**Web: [www.berkshirerpensions.org.uk](http://www.berkshirerpensions.org.uk)**

