lgps | Local Government Pension Scheme

Cronfa Bensiynau CLWYD Pension Fund

Local Government Pension Scheme

Flexible Retirement

April 2023

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Introduction

Retirement from the Local Government Pension Scheme (LGPS) can be a big step and it can be difficult to know if you are ready to retire. Flexible retirement gives you the option to move gradually into retirement by reducing your hours or moving to a lower grade of employment.

What is Flexible Retirement?

With the agreement of your Employer, you can take the pension benefits you have built up so far, and continue to work for the same Employer, but working reduced hours or in a lower grade.

What is the criteria for Flexible Retirement?

You can only apply for Flexible Retirement if you:

- Are aged 55 or over
- Have 2 years or more membership in the scheme (which may include a transfer in of previous pension benefits from another scheme)
- Have Employer's consent to reduce your working hours or grade and retire under flexible retirement rules

What is meant by Employer Consent?

Scheme regulations state that all Employers should have a policy confirming if they will consider applications for Flexible Retirement. The Employer must consider each request and the impact on service delivery and any potential costs involved, before making a decision.

To find out more about your Employer's policy, please contact your Employer.

What benefits will be payable if you take Flexible Retirement?

- You will receive your annual pension; plus
- You have the option to exchange part of your pension for a tax-free lump sum (this process is known as Commutation)
- If you became a member of the LGPS on or before 31 March 2008, you would be entitled to an automatic tax-free lump sum as part of the benefits you built up to this date

To find out more about your options upon retirement, please refer to the Commutation factsheet – (Taking a Tax Free Lump Sum when you Retire).

Will your pension be reduced if you retire before Normal Pension Age (NPA)?

Your NPA under the Scheme is linked to your State Pension Age, with a minimum age of 65. However, the earliest you can retire is age 55. If you agree to have your benefits paid before your NPA, there will be a reduction to take account of the early payment.

However, if you joined the Scheme on or before 30 September 2006 and are granted Flexible Retirement between the ages of 55 and 60, you will be entitled to the protection of the 85 Year Rule. This means that the benefits that you have built up before 01 April 2008 will not be reduced for early payment.

If you joined the Scheme on or after 1 October 2006, the 85 Year Rule will not apply, and your benefits will be reduced for early payment. However, the closer you are to your NPA when you retire, the lower the reduction will be to your benefits. For retirements other than Flexible Retirement, your Employer has the discretion to decide whether they apply the 85 Year Rule from age 55 to 60. You will need to contact them to find out their policy on this matter. If you would like to find out more about the 85 Year Rule and the reductions that may apply, please refer to the 85 Year Rule factsheet.

Will you still be able to contribute to the Scheme?

Once you have taken payment of your retirement benefits, you will be able to re-join the LGPS and start building up further pension benefits.

However, if the 85 Year Rule applied to your current period of membership, it will not apply to any new pension benefits you build up in the future.

Reminder: If the State Pension Age changes in the future, remember your NPA in the LGPS will also change.

Where can you find more Information?

This factsheet gives general guidance only, if you need further information, please contact the Pension Fund:

Tel: 01352 702980 / 01352 702950

Email: pensions@flintshire.gov.uk

Disclaimer

The Pension Fund is unable to provide any financial advice. After reading this factsheet, you may want to seek independent financial advice to make an informed decision.

These bodies may be able to help you:

Unbiased:

https://unbiased.co.uk

MoneyHelper:

https://www.moneyhelper.org.uk/en/getting-help-and-advice/financial-advisers/choosing-a-financial-adviser?source=mas

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Please note that Flintshire County Council is the administrative authority of the Clwyd Pension Fund and we use your personal data in accordance with Data Protection legislation to provide you with a pension administration service. For more information about how we use your data, who we share it with and what rights you have in relation to your data, please visit the Privacy Notice on our website.