

## When can I retire?

The Normal Pension Age (NPA) under the Local Government Pension Scheme (LGPS) 2014 is linked to your State Pension Age (SPA)<sup>1</sup>, with a minimum age of 65. However, you may voluntarily retire from age 55, but your benefits may be actuarially reduced to take account of early payment before your NPA.

## What is the 85 Year Rule?

The 85 year rule is a test to assess whether a member's benefits would be reduced, if they retire before their NPA. If a member's age plus their Scheme membership (both measured in whole years), added up to 85 or more, their benefits were **NOT** reduced. If the rule was NOT satisfied, a full reduction was applied to a member's benefits.

## When was the 85 Year Rule removed?

On 1 October 2006, the 85 year rule was removed from the Regulations. If you were an active member as at 30 September 2006, some or all of your membership will still be protected by the 85 Year Rule. If you were covered by the 85 Year Rule, it will continue to apply from 1 April 2014. However, if you joined the LGPS on or after 1 October 2006, the 85 Year Rule will NOT apply to your circumstances.

## Am I protected under the 85 Year Rule?

If you were an active member as at 30 September 2006 and choose to retire before your NPA, having met the 85 Year Rule, you will have some form of protection.

If you were **born on or before 31 March 1956**, all benefits built up to 31 March 2016 will be protected in full. Benefits from 1 April 2016 will be reduced for the period from your date of leaving to your SPA.

If you were **born on or between 1 April 1956 and 31 March 1960**, all benefits built up to 31 March 2008 will be protected in full, **BUT** benefits built up between 1 April 2008 and 31 March 2020 will be reduced on a 'tapered' basis for the period from your date of leaving to age 65 (the normal retirement age under the 2008 Scheme). Any benefits built up after 1 April 2020 will be reduced in **FULL** for the period from your date of leaving to your SPA.

If you were **born on or after 1 April 1960**, all benefits built up to 31 March 2008 will be protected in full, **BUT** benefits built up from 1 April 2008 until your date of leaving will be reduced in **FULL**. For membership from 1 April 2008 to 31 March 2014, the reduction will be for the period from your date of leaving to your 65th birthday. Your membership from 1 April 2014 will be reduced for the period from your date of leaving to your SPA.

<sup>1</sup> As the SPA may change in the future, so will your NPA under the LGPS 2014.

## How much of a 'reduction' will apply?

Your benefits will be reduced in accordance with guidance issued by the Government Actuary's Department (GAD). The period from your date of leaving to the appropriate retirement age will be measured in years and days, therefore the percentage reduction will be amended for part years. (Factors as at 08/01/2019).

Years Early	Annual Pension Reduction	Automatic 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%	NA
12	44.0%	NA
13	46.3%	NA

## Will the 85 Year Rule apply if I retire from age 55?

With the introduction of the LGPS 2014 from 1 April 2014, you are able to voluntarily retire from age 55 (without your Employer's consent). If you do choose to voluntarily retire between age 55 and 60, any 85 Year Rule protections will **NOT** automatically apply and your benefits will therefore be reduced in **FULL**. However, if you choose to retire on or after age 60, any 85 Year Rule protections **WILL** apply. The ability to apply the 85 Year Rule to voluntary retirement between age 55 and 60 is at the discretion of your Employer. Your Employer will have a policy on this matter.

## What if I am made redundant or have to retire on the grounds of efficiency?

If you are made redundant by your Employer or if you have to retire on the grounds of efficiency and you are aged 55 or over, your benefits will come into payment immediately **WITHOUT** reduction.

## Further Information

This factsheet gives general guidance only. For further information, please contact:

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ALL WALES PENSION FUNDS

# factsheet



# 85 Year Rule