

Royal County of Berkshire Pension Fund

Flexible Retirement Guide

Your employer can use a discretion to allow you to receive all or part of your retirement built up to date whilst remaining in the pension scheme and continuing in employment at a reduced grade or with reduced hours of work, thereby avoiding the need to work full-time until you reach your Normal Pension Age (NPA) – this is known as **‘flexible retirement’**.

When can I apply for flexible retirement?

Flexible retirement is open to members who are:

- **age 55 or over** at the point you flexible retire and
- have been a member of the LGPS for **at least 2 calendar years overall**

Please note the Minimum Retirement Age is expected to increase from age 55 to age 57 from April 2028.

In order to trigger the release of your annual pension in this way the LGPS regulations also state you must either:

- reduce your hours of employment **or**
- reduce your grade

Who do I apply to for flexible retirement?

Flexible retirement is an employer discretion under the LGPS regulations.

Your employer must include in their policy statement, details as to how they intend to use this discretion available to them under the LGPS regulations.

In the first instance we recommend you speak with your employer directly who will investigate your enquiry further.

How many hours do I need to reduce to qualify?

The LGPS regulations do not state a specific number of hours or the grade you must reduce your hours by. However, this will be at the discretion of your employer so please speak to them directly.

Will my pension be reduced if I take flexible retirement?

If you flexibly retire your annual pension will normally be reduced if you are under your NPA. However, your employer may determine to waive all, or part of any reduction applied. Please speak with your employer directly regarding their discretionary policy on this.

Can I still contribute to the LGPS once I have flexibly retired?

Yes, once you have flexibly retired you remain in the pension scheme in respect of your ongoing employment. As a result, you will build up a second pension account within the LGPS. When you retire completely in the future your second annual pension will be added to your flexible retirement annual pension amount.

Will I have the option of taking a lump sum at the point I flexibly retire?

Yes, if you take flexible retirement you can choose to exchange some annual pension for a tax-free lump sum.

For every £1 of annual pension you give up you will receive £12 of tax-free lump sum. If you joined the LGPS before 1 April 2008 then you will automatically receive a tax-free lump sum retirement grant when you retire. You will also have the option to exchange part of your annual pension to increase your tax-free lump sum retirement grant.

The lump sum retirement grant is a tax-free one-off payment.

What happens to my Additional Voluntary Contributions (AVCs) if I take flexible retirement?

If you have an AVC fund with the Prudential, you will be entitled to take your AVC at the point you flexibly retire. We would provide you with your AVC options when we write to you regarding your flexible retirement.

Will I have to pay tax on my flexible retirement annual pension?

Your annual pension is classed as a taxable income. When we commence payment of your flexible retirement annual pension, we will inform 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.

Do I have to give notice to claim my flexible retirement pension?

No, your employer's payroll department will notify us of your flexible retirement details. Once the formal instruction has been received from the payroll department we will contact you directly to confirm your flexible retirement options.

How do I obtain a flexible retirement quotation?

If you would like an estimate of your annual pension entitlement and automatic tax-free lump sum retirement grant, assuming you were to be granted flexible retirement, please contact your employer directly. We are unable to provide flexible retirement figures directly to scheme members, but your employer can request such an estimate on your behalf.

Will I receive a monthly pension payslip once I have flexibly retired?

All monthly payslips and annual P60 information relating to your annual pension will be available to view securely via your online 'Engage' account. To register please visit our website www.berkshirerpensions.org.uk for details on how to sign up.

‘Engage’ – online pension portal

‘Engage’ 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 www.berkshirepensions.org.uk

More information:

More detailed information about the scheme is available from the pension team at the following address: **Royal County of Berkshire Pension Fund, Zone C, Town Hall, St Ives Road, Maidenhead, Berkshire, SL6 1RF**

Help Desk Telephone Number: 01628 796 668

E-mail: info@berkshirepensions.org.uk

Website: www.berkshirepensions.org.uk