

Royal County of Berkshire Pension Fund

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 calendar years overall of LGPS membership you have a right to apply for the release of your retirement benefits without the need for your employer's consent.

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

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 annual pension from your NPA you will receive your retirement 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 website: <https://www.gov.uk/state-pension-age>

Early Voluntary Retirement

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

If you claim your retirement benefits from age 55 onwards, before you have reached your NPA a percentage reduction to your retirement benefits will be applied to reflect early payment.

Early Retirement Reductions

The table below displays the reduction percentages in whole years, but any reduction applied to your retirement benefits will be calculated based on how much earlier than your NPA you begin receiving payment.

Benefit reduction table for early retirement

Number of Years Early	Annual Pension Reduction	Tax-free Lump Sum Reduction
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

If you are unclear about when your retirement benefits are payable or the amount of reduction that may apply, please contact the pension team directly on **01628 796 668** or e-mail info@berkshirepensions.org.uk

What notice am I required to give?

In addition to the notice period specified by your employer, the pension team require a separate period of notice from you.

If you are claiming your retirement benefits **before** your NPA a minimum of **three months written notice** is required (you must also have ceased your employment before payment can be made).

If you are claiming your retirement benefits from your NPA we do not require a separate period of notice from you. The pension team will contact you automatically to provide you with your retirement options.

We can accept your written notice by e-mail info@berkshirepensions.org.uk Please state on your email your name, NI number and intended date of retirement.

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 retirement benefits from the normal early payment reduction applied if you draw them 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 calendar length 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 voluntary retire and draw your retirement benefits before age 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 retirement benefits.

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

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

Working out how you are affected by the rule of 85 can be quite complex. For a more detailed understanding of your own position, you can contact the pension team directly on 01628 796 668.

What happens to my Additional Voluntary Contributions (AVCs) if I retire early?

If you have an AVC fund with the Prudential, you will be entitled to take your AVC at the point you retire. In certain circumstances 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 retirement.

Normal Retirement

Normal Retirement is classed as claiming your retirement benefits at your NPA.

If you retire and draw your retirement benefits from your NPA they will be payable without any reduction.

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

If you are claiming your retirement benefits from your NPA we do not require a separate period of notice from you.

Late retirement

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

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

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 annual pension?

Your annual pension is classed as a taxable income. When we commence payment of your annual 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.

Will I have the option of taking a lump sum?

If you have built up membership prior to 1 April 2008 you will be entitled to an automatic tax-free lump sum retirement grant payment released at the same time as your annual pension. If you joined the LGPS after 1 April 2008 you will not be entitled to an automatic lump sum retirement grant, however, you will have the option of exchanging some of your annual pension into tax-free cash lump sum.

How do I obtain a retirement quotation?

Whether an already registered member or not you may be interested to know 'Engage' is a free to use and secure web service provided to you by the Pension Fund. You can use the online benefit projector to easily find out the estimated value of your retirement benefits calculated to a variety of future retirement dates that you may be considering.

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

Will I receive a monthly pension payslip once I have 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.berkshirerensions.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.berkshirerensions.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