



Redundancy or efficiency cover

If an employer decides to dismiss a member on the grounds of redundancy (either via voluntary redundancy scheme or Compulsory redundancy) or efficiency the member is entitled to immediate payment of their pension and lump sum or a deferred benefit. Benefits can be paid immediately if the member satisfies all the following conditions:

- They are aged 55 or above at the point they are retired on redundancy or efficiency grounds
- They have at least two years membership of the LGPS (or less than 2 years having previously accepted a transfer of former pension rights into the scheme from another LGPS Fund)

Benefits paid in this way are released with immediate effect after the member's date of leaving and paid for their lifetime without reduction.

Immediate receipt of their pension will normally have cost implications for the employer, which can be significant.

The process

1. We recommend that you always request an estimate of the strain costs, pension and lump sum value due to the member in advance of making the decision to make a member redundant by completing an [RET1-OA form](#). Editable version [here](#).
2. If you decide to proceed with making a member redundant you will then need to complete an [RET2-OA form](#). Editable version [here](#).

3. Finally, we require the actual leaver information (up to this point the figures have been estimates). The information you provide at this stage should be actual final figures which should be provided via [form LGPS9A](#). Editable version [here](#).

Note: the member benefits and associated employer strain costs may differ from the estimated costs if any of the details used in the estimate have changed, e.g., the date of leaving or the members pay data.

4. The Fund will then calculate the members benefits and employers strain cost and will issue the employers finance contact an 'approval' form. The purpose of the approval form is for the employer to approve the strain cost ahead of the Fund issuing a formal invoice. It also requires the employer to complete a Purchase Order number which helps with receipt of payment. This approval form requires completion within 3 working days of receipt.

Further support

Email: employer.engagement@eastsussex.gov.uk

This factsheet is one of a series put together by East Sussex Pension Fund to help support employers with processing key tasks.



Employer Toolkit...

Pointing you in the right direction

You can view the full employer toolkit at:

[Employer Toolkit | East Sussex Pension Fund](#)