



Normal retirement

Retirement benefits become payable in full when a member reaches Normal Pension Age (NPA), providing the member has at least 2 years membership of the LGPS or has transferred in rights from another pension scheme or arrangement.

For all membership built up from 1 April 2014 onwards the member's NPA is linked to their State Pension Age (SPA) but with a minimum age of 65. Members can find their SPA by visiting the online calculator on the gov.uk website:

<https://www.gov.uk/state-pension-age>

Protected NPA for existing members

Pension built up before 1st April 2014 under the Final Salary Scheme has a protected NPA, which for almost all is age 65. Members are unable to withdraw their benefits built up in the Final Salary Scheme separately to those built up in the CARE Scheme 2014. Benefits would have to be drawn at the same time (except in the case of Flexible Retirement - see separate factsheet).

What benefits are payable?

Benefits from the main scheme build up from 1st April 2014 every year at a rate of 1/49th of the amount of pensionable pay (and assumed pensionable pay) received by the member in that Scheme year. They will build up a pension at half this rate if they are in the 50/50 section of the Scheme.

The amount of pension built up during each Scheme year is added to their pension account and revalued at the end of each Scheme year to reflect the cost of living. The Scheme Year runs from 1st April to 31st March. When they reach normal pension age, they will have accumulated an overall pension figure.

They can exchange part of their pension for a one-off tax-free cash payment. They will receive £12 lump sum for each £1 of annual pension given up. They can take up to 25% of the capital value of their pension benefits as a lump sum. HM Revenue and Customs limits the amount of tax-free lump sum they can take when your pension is paid to them. From 6 April 2024*, the maximum lump sum is the lowest of:

- 25% of the capital value of your benefits
- £268,275
- £268,275 less the total lump sums you have already taken.

*The Lifetime Allowance was removed from 6 April 2024. However, if a member holds a valid Lifetime Allowance protection, they may be able to take a lump sum that is larger than £268,275.

On 1 April 2014, the LGPS changed from a final salary scheme to a career average scheme. Some members with service prior to this date will have their benefits calculated differently, using their membership up to 31 March 2014 and their final pay.

For membership built up to 31st March 2008, they receive a pension of 1/80th of their final pay plus an automatic tax-free lump sum of three times their pension.

For membership built up from 1st April 2008 to 31st March 2014, they receive a pension of 1/60th of their final pay. There is no automatic lump sum for membership built up after March 2008, but they do have the option to exchange part of their pension for a tax-free lump sum (using the same 12:1 conversion rate).

This provides a very brief overview and does not factor in potential options such as the underpin and rule-of-85. Our administration team will of course provide members with all options that apply to their individual circumstances.

The role of the employer

Step 1

When normal retirement is being considered you should first request an estimate from our administration team. It is preferable to start this process as early as possible.

You can request an estimate by completing the form LGPS RET1.

Standard form - [access form here](#)

Editable form - [access form here](#)

On receipt of this form, we send an estimate of pension directly to the employer within 15 working days.

Step 2

You should share the information provided with your employee so they can look at the options available to them and decide on whether to go ahead with their retirement.

Step 3

Once your employee has made a formal decision to retire you need to send us a further form – LGPS RET2.

Standard form - [access form here](#)

Editable form - [access form here](#)

The details will be used to provide, direct to the employee's home address, a provisional estimate of benefits and a pre-retirement pack giving details of the options available. We provide this information within 7 working days. The employee needs to complete the claim form and send this straight to us, so we know how they want to proceed.

Step 4

Finally, once you have liaised with our employee and retirement is confirmed, you should complete the LGPS 9A form. You must provide final pay figures as this is what we will use to process the retirement.

Standard form - [access form here](#)

Editable form - [access form here](#)

We have 5 working days to complete the retirement process once all documentation has been received from both the employer and employee. Please note that we cannot process the retirement until the normal retirement date has been reached.

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:

<https://www.eastsussexpensionfund.org/about-the-scheme/employers/employer-toolkit/>