



Retirement

LGPS Members Procedure

Review Date: 27th March 2024

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Retiring Options and Qualifying Criteria

Retirement Option	Employer Consent Required	Age	LGPS Membership	Level & Timing of Pension Benefits
Normal Retirement Age	No	65 / State Pension Age*	2 + Years	Immediate access to unreduced pension benefits.
Early Retirement	No	60 + but below NRA	2 + Years	Immediate access to pension. Benefits may be reduced.
Early Retirement – with Actuarial Reduction	No	55-59	2+ Years	Immediate access to pension benefits. Benefits will be reduced.
Flexible Retirement	Yes	55-74	2+ Years	Immediate access to pension benefits. Benefits may be reduced.
Early Retirement on grounds of efficiency	Yes	50/55 - NRA	2+ Years	Immediate access to unreduced pension benefits.
Ill Health Retirement	Yes	Under NRA	2+ Years membership	Immediate access to enhanced pension benefits.

For benefits accrued prior to 1 April 2015, a member's Normal Retirement Age is 65. For benefits accrued from 1 April 2015 onwards, it is the greater of their State Pension Age and age 65. You can find your State Pension Age at - [check your state Pension Age](#).

Benefits accrued prior to 1 April 2015 and benefits accrued from that date onwards must be taken at the same time. This may mean that a different level of reduction is applied to each part of your benefits.

Details of this and other changes to the Local Government Pension Scheme (LGPS) can be found on the Pension Fund website at [North East Scotland Pension Fund](#).

Where employer consent is required, the employee must make an application so that the appropriate process can be followed. Benefits will not be put into payment unless employer consent has been given.

As benefits can be paid from the minimum age shown, the earliest possible retirement date is the day before the relevant birthday.

- An employee who has less than two years' qualifying service may be entitled to the benefits listed if they have transferred benefits into the LGPS.
- For options three and four the minimum pensionable age (MPA) is 55.
- Under option five MPA is 55 except employees who were active scheme members on 5th April 2006, and have remained so, retain MPA of 50.
- If a retiring employee has less than two years' qualifying service then pension contributions may be reimbursed, or benefits may be deferred, or it may be possible to transfer pension rights into another scheme. The Pension Fund will advise on the option(s) available.
- Benefits accrued prior to 1 April 2015 will be calculated based on full time equivalent pay at leaving/ retirement and pro-rated in accordance with the number of hours worked. Benefits accrued from 1 April 2015 onwards are calculated based on the pensionable pay of the member in each year of membership. If you were within 10 years of your NRA on 1 April 2012 you may be entitled to protection ensuring that your benefits are not less than they would have been if the scheme had not changed.
- Benefits will generally be reduced under options two, three and four to take account of the fact that the benefits have been released earlier, and therefore potentially for a longer period, than would have been the case had the employee continued in employment. However 'Protected members' - employees who were scheme members on 30th November 2006, are retiring before age 65, and whose age and membership (in whole years) total 85 (or would have if they had worked to 65) – receive varying levels of protection from this reduction under options two and four only.

For further clarification regarding your entitlement and eligibility for protection please contact the NESPF on 01224 045045 or see the website for more details [NESPF](#).

Normal Retirement Age

The Normal Retirement Age (NRA) under the Local Government Pension Scheme (LGPS) is the greater of State Pension Age and age 65.

Employees may retire and receive immediate access to unreduced benefits at their NRA, provided they have at least 2 years' total LGPS qualifying service.

Members with an NRA over 65 who were members of the scheme prior to 1 April 2015 will be able to access benefits accrued before this date, unreduced, if retiring between age 65 and NRA; however benefits accrued from 1 April 2015 onwards may be reduced if accessed before NRA. Employees who work beyond their NRA will continue to accrue pension benefits. Benefits drawn after NRA are increased as they will be paid for a shorter time. However, benefits must be taken before age 75, or they will constitute an 'unauthorised payment' and be subject to additional taxation.

Employer consent is not required for this type of retirement and employees should follow the usual resignation process, giving their manager at least one month's notice in writing of their intended retirement date (**do not** complete form RET1 for this option). Employees may obtain an estimate of their benefits from the Pension Fund.

Early Retirement and Early Retirement with Actuarial Reduction

Early Retirement

Employees may choose to retire aged 60+ but before NRA, with immediate access to pension benefits, providing that they have at least two years' total LGPS qualifying service. Benefits will be reduced unless the employee is a protected member.

Early Retirement with Actuarial Reduction

An employee may apply to retire aged 55-59 with immediate access to pension benefits, providing that they have at least two years total LGPS qualifying service. If you choose to take your pension before your NRA, your pension will be reduced due to early payment.

For both Early Retirement options employer consent is not required and employees should follow the usual resignation process, giving their manager at least one month's notice in writing of their intended retirement date (**do not** complete form RET1 for these options). Employees may obtain an estimate of their benefits from the Pension Fund.

Flexible Retirement

Employees may apply to take flexible retirement aged 55–74, with immediate access to pension benefits, provided they have at least 2 years' total LGPS qualifying service. If granted, the employee will reduce their hours or move to a different post or both. Benefits will be reduced unless the employee is a protected member. The employee can continue paying into the scheme and accrue further benefits. This option must be approved by the employer due to staffing and cost implications, and no changes may take place prior to approval.

The employee's salary must reduce by at least 25%. Once contractual hours and/or grade have been reduced as part of a flexible retirement, no subsequent increase will be permitted, except in line with Service need or regarding of post. Giving up one of multiple posts held is not a flexible retirement – employees may apply for other options on a post-by-post basis if eligible.

Please see the [Resource Pack](#) for [Application Form \(RET1\)](#) which must be completed, [Flexible Retirement Fact Sheet](#) and [Flowchart](#).

Early Retirement – On Grounds of Efficiency

Employees may apply to retire aged 55* or over on grounds of organisational efficiency, with immediate access to unreduced pension benefits, provided they have at least 2 years' total LGPS qualifying service. (*Age 50 or over for employees who were active scheme members on 5th April 2006 and have remained so.)

This option must be approved by the employer as a cost may apply.

Please see the [Resource Pack](#) for [Application Form \(RET1\)](#) which must be completed, [Early Retirement Fact Sheet](#).

Ill Health Retirement

An individual whose employment is terminated by the Council on health grounds will be entitled to immediate access to pension benefits if they have at least two years' total LGPS qualifying service.

- **Employees aged under Normal Retirement Age** - if the Council's medical adviser certifies that an employee's ill health or infirmity renders them incapable of efficiently discharging the duties of their post until at least their NRA, they will receive immediate access to enhanced pension benefits. Benefits are paid at one of two levels, depending on the individual's prospect of gaining further employment.
- **Employees who have reached their NRA** may immediately access unreduced pension benefits if their employment is terminated on health grounds.

Please see the [Resource Pack](#) for [Ill Health Retirement Fact Sheet](#).

Deferring Pension

Employees who are taking Early Retirement at or after age 60 are entitled to immediate payment of their pension benefits but may defer taking them until a later date. Benefits deferred until Normal Retirement Age are not subject to reduction, while those put into payment before NRA may be reduced.

Employees retiring at or after NRA may also defer their benefits. Benefits drawn after NRA are increased as they will be paid for a shorter time.

Contact the Pension Fund prior to retirement for further details.

Employees granted Early Retirement before age 60, Flexible Retirement or retirement on Efficiency grounds may not defer their benefits.

Deferred Members

Employees who are not entitled to immediate access to benefits on ceasing active membership may have accrued deferred benefits. They may later be allowed to access these early.

Early payment of deferred benefits will be made to such 'deferred members' on grounds of permanent ill health and may also be made as below:

Prior to age 60, at the employer's consent. Aberdeenshire Council has decided that early payment will only be made on or after minimum pensionable age on compassionate grounds where a carer's allowance is being paid.

Applications by deferred members must be made to the Pension Fund in the first instance.

Uptake of Pension Benefits

Additional Voluntary Contributions

The following applies to 'in-house' AVCs arranged through the LGPS.

- Members who commenced an AVC before 30th June 2005 may have the option to convert their AVC fund into LGPS membership to provide additional pension. This option must be arranged whilst they are still an active member and at least two months prior to their retirement date.

Alternatively, when they reach retirement members may:

- Take AVCs as cash
- Purchase a LGPS Top Up Pension
- Purchase an annuity from the house in AVC provider or other Provider
- Transfer to another scheme

Additional Contributions

Any extra pension purchased through additional contributions will be added to the member's main pension and paid at the same time. Benefits may be reduced if they retire early and will be increased if they draw their pension after Normal Retirement Age.

Contact the Pension Fund prior to retirement for further details.

Exchanging Pension for Lump Sum

Retiring members may exchange part of their annual pension for a tax free lump sum, at a rate of 1:12 (subject to statutory limits). It should be noted that while annual pension is taxable, lump sum is not. Employees must advise the Pension Fund before retiring of any exchange they wish to make. Exchanging lump sum for pension is not permitted.

Contact the Pension Fund prior to retirement for further details.

Re-Employment after retirement

Your pension benefits may be subject to reduction or additional taxation if you return to employment with the Council, or any other employer that offers the same pension scheme, after having left on grounds of Retirement. If you are considering such employment, you should contact your pension scheme administrator and HM Revenue and Customs for advice.

If you do return to such employment, you must immediately notify the pension scheme, even if you do not become an active member.

Pre-Retirement Course

The Council runs a pre-retirement course which is open to anyone within 5 years of retirement.

If you wish to attend the course please book your place via Aberdeenshire Learning and Development Online (ALDO) at [Pre-retiral \(Face to face\) \(aberdeenshire.gov.uk\)](#), or email training.courses@aberdeenshire.gov.uk.

Please apply at your earliest convenience, or your preferred date may not be available.

Some information is also available on ALDO that can be accessed at [Pre-retiral \(aberdeenshire.gov.uk\)](#). You will need a username and password for ALDO. For new accounts, please contact training.courses@aberdeenshire.gov.uk.

Further Information

Further details of the benefits provided by the Local Government Pension Scheme can be found in the scheme guides or by contacting the North East Scotland Pension Fund (NESPF) as detailed below:

- By telephone on 01224 045045
- By email at pensions@nespf.org.uk Visit the [North East Scotland Pension Fund Website](#)



Alternatively, any queries may be address in writing to the following:

North East Scotland Pension Fund
Business Hub 16
3rd Floor - West
Marischal College
Broad Street
Aberdeen
AB10 1AB

Please note that before taking any decisions regarding retirement it would be prudent and advisable to seek independent financial advice.

No financial advice can be given by your employer.

For further advice and guidance on any of the above, please contact [askHR](#)

Document Revision History

Document Revision History					
Rev No.	Rev Date	Summary of Changes	Reviewing Team	Contributors	Next Review Year
001	01/04/2011	Creation of all Documents			
002	24/04/2011	Information updated in relation to Early Retirement			
003	01/07/2014	Highlighting when RET1 form does not need to be completed and availability of pre-retirement course			
004	11/11/2014	Updated pensions contact details			
005	18/08/2015	Format Update			
006	20/05/2016	Information to reflect changes to Pension Scheme and Pensions Discretions			
007	28/03/2024	workSTYLE – New Format Information to reflect changes to pension discretions	HR Operational	M Chapman	

Appendix One – The Resource Pack

Resource Pack

Websites



[North East Scotland Pension Fund](#)

Factsheets



[LGPS Members Flexible Retirement Factsheet](#)

[LGPS Members Ill Health Retirement Factsheet](#)

[LGPS & STSS Members Mixed Factsheet](#)

Flowsheets



[LGPS Members – Flexible Retirement Flowchart](#)

Forms



[Retirement RET1 Form](#)
Both LGPS and SSTS members' application for early retiral

[Retirement RET3 Form](#)
Both LGPS and SSTS members' calculation of cost to service

[Retirement RET4 Form](#)
Both LGPS and SSTS members' confirmation of interest in early retiral

Letters



[Retirement RET2 Letter](#)
Both LGPS and SSTS members' acknowledgement of application for early retiral