

# Planning for retirement

## Bedfordshire Pension Fund's guide for members of the Local Government Pension Scheme (LGPS)

The LGPS gives members flexibility when it comes to deciding when to retire. The scheme's current rules allow members to retire and start receiving their pension benefits at any time between age 55 and 75 (but please also read the 'increase to the normal minimum pension age' section on page 3).

### Normal Pension Age

'Normal Pension Age' is the age when you can retire and take your pension benefits without any reduction. Your Normal Pension Age is the same as your State Pension Age (but with a minimum age 65).

You can choose to retire and take your benefits before your Normal Pension Age, from age 55 onwards, but the benefits will be reduced because they are being paid early.

You can choose to retire and take your benefits after you reach your Normal Pension Age and the benefits will be increased because they are being paid later.

### Pension estimates

To help you decide when you would like to retire, you can ask for an estimate of the pension benefits that would be paid to you from your preferred retirement date.

Pension estimates from Bedfordshire Pension Fund show the estimated amount of annual pension that would be paid from your chosen retirement date and, if you have LGPS membership before 1 April 2008, a tax-free lump sum.

You have the option to exchange some of your annual pension for a lump sum or to increase any lump sum you may already have. For each £1 of annual pension you give up, you will receive £12 tax-free lump sum. Pension estimates include 'Conversion Information' which shows the maximum lump sum you can take and the reduced annual pension that you would have left if you take the maximum lump sum available.

You can take up to 25% of the capital value of your benefits as a lump sum. The capital value of LGPS benefits is calculated by multiplying the annual pension by 20 and adding the lump sum.

You do not have to make the decision about exchanging pension for lump sum until you retire.

You can use the benefit calculators on My Pension Online to explore your lump sum options. Sign up at [mypension.bedspensionfund.org](http://mypension.bedspensionfund.org)

## Additional Voluntary Contributions (AVCs)

If you pay AVCs to Standard Life or Prudential via the LGPS and you leave the LGPS and have your LGPS benefits paid to you immediately, then there are a number of options available to you, which include:

- taking up to 100% of your AVC fund as a tax-free lump sum (provided that, when added to your LGPS lump sum, it does not exceed 25% of the capital value of your benefits)
- using your AVC fund to buy an annuity
- using your AVC fund to buy a top-up pension from the LGPS.

If you would like more information about your AVC options, please contact Bedfordshire Pension Fund.

## Lump Sum allowances

The Government limits the amount of tax-free cash that can be paid to you from registered pension schemes. The limits on tax-free cash are called the Lump Sum Allowance (LSA) and the Lump Sum and Death Benefits Allowance (LSDBA).

The standard LSA is currently £268,275 and the standard LSDBA is currently £1,073,100. Most people's lump sum payments will not go over the limits.

Any estimate you receive from us will show the amount of your LGPS lump sum from Bedfordshire Pension Fund. When you retire and claim your pension, we will tell you how much of each of the lump sum allowances has been used up by your lump sum. When you claim your benefits from us you will need to tell us if you have already taken any lump sums from any other pension schemes. You will let us know about this when you fill in the forms to claim your pension from Bedfordshire Pension Fund.

## Increase to the normal minimum pension age

The Government has announced that the earliest age you can take your pension will increase from age 55 to 57 with effect from 6 April 2028. This does not apply if you have to take your pension early because of ill health.

You could be protected from this increase if you joined the LGPS before 4 November 2021. You could also be protected if you transferred a previous pension into the LGPS if certain conditions are met. You will only be able to use this protection when you take your LGPS pension if the LGPS rules allow you to take your pension before age 57.

The Department for Levelling Up, Housing and Communities (DLUHC) makes the LGPS rules. It has not yet confirmed if it will allow members who qualify for protection to take their LGPS pension before age 57 from 6 April 2028 onwards. We will update LGPS members when DLUHC changes the Scheme rules to reflect the increase in the normal minimum pension age.

## Death benefits

Once you take your pension, it is paid to you for the rest of your life.

Pension estimates show the amount of a survivor's pension which would be paid to a spouse/civil partner/eligible cohabiting partner in the event of your death. Certain conditions need to be met for a cohabiting partner to qualify for a survivor's pension.

If your partnership status changes after retirement, then the amount of the survivor's pension may be different from the amount shown on pension estimates received before retirement.

If you die before age 75, a lump sum death grant may be paid. The amount of the death grant will depend on how long you have been receiving your pension and your date of leaving the LGPS.

A survivor pension may be paid to your eligible children if certain qualifying conditions are met.

For more information about the death grant and to see the qualifying conditions for survivor's pensions for cohabiting partners and children, please visit the national LGPS website at [lgpsmember.org](https://lgpsmember.org)

## The retirement process

1. If you're thinking of leaving or retiring, contact Bedfordshire Pension Fund to ask for a pension estimate.
2. Once you've made the decision to retire, hand in your resignation to your manager and agree your leaving date (please note that steps one and two in this process will be different if you are leaving employment because you are being made redundant or are leaving on health grounds with an entitlement to an ill-health pension).
3. Your manager will tell the Human Resources (HR) department and HR will pass the information to your payroll department.
4. When you have been paid for the last time, your payroll department will send a leaver form to Bedfordshire Pension Fund. Please note that your payroll department may not send the leaver form to the pension fund until after they have paid you for the last time so you may not hear from us until after your last working day.
5. Once the leaver form has been received from your payroll department, Bedfordshire Pension Fund will send you an *Application to claim pension benefits* form.
6. When you send the completed application form and proof of identity to Bedfordshire Pension Fund, we aim to process your retirement within 10 working days and pay any lump sum into your bank account. Your monthly pension will be paid on the last Thursday of each month.

## The application form

The *Application to claim pension benefits* form will ask you for the following information:

- Bank details
- Details of lump sums you may have taken from other pension schemes
- If you would like to exchange some of your annual pension for a lump sum amount
- Proof of your identity (you will need to send the pension fund your photographic driving licence or passport)

If you have paid AVCs we will also send you forms asking you what you would like to do with your AVC fund.

## After you leave your job

- If you have any deductions made from your salary (e.g. PHSA or GAYE etc) and wish to continue making payments, you will need to arrange this, by direct debit or other such method.
- When you retire, your employer will usually send form P45 (“details of an employee leaving work”) to Bedfordshire Pension Fund in order for your tax code to be applied to your pension. If your employer has given you the P45 but you want your tax code to be applied to your pension, please send the P45 to Bedfordshire Pension Fund.
- Bedfordshire Pension Fund does not reduce the amount of pension you receive if you are re-employed, although you may wish to talk to HMRC to see how re-employment would affect the tax that you pay.

## Contact Us

Bedfordshire Pension Fund, Borough Hall, Cauldwell Street, Bedford MK42 9AP

**Website:** [www.bedspensionfund.org](http://www.bedspensionfund.org)

**Email:** [pensionbenefits@bedford.gov.uk](mailto:pensionbenefits@bedford.gov.uk)

**Telephone:** 01234 276912

## Go online

You can sign up to My Pension Online to view details of the pension record that you have with Bedfordshire Pension Fund and you can carry out your own pension estimate calculations. Sign up at [mypension.bedspensionfund.org](http://mypension.bedspensionfund.org)

More information about the LGPS and how your benefits are worked out can be found on the national LGPS website: [lgpsmember.org](http://lgpsmember.org)