



Pension Factsheet 11

Your Choices at Retirement

Are you in the Local Government Pension Scheme? Are you about to retire and uncertain of what choices you can make about how you would like your pension paid? We hope that this factsheet will answer some of your questions.

What choices do I have when I retire?

We will automatically pay you standard benefits unless you tell us otherwise. Standard benefits are a pension of $1/80^{\text{th}}$ of your final pay for each year's membership before 1 April 2008. You will also receive tax free lump sum of three times this amount for membership before 1 April 2008.

For membership on or after 1 April 2008 the pension will be $1/60^{\text{th}}$ of your final pay for each year in the Scheme but there is no automatic lump sum. You can commute up to 25% of the value of your benefits into a lump sum at an exchange rate of £12 tax free lump sum for every £1 of annual pension you surrender.

There may be a reduction to your pension and lump sum if you decide to retire and take your benefits before 65.



Can I choose to have a bigger pension and a smaller lump sum?

No, this option was removed from 6 April 2006 as part of the new HM Revenue and Customs (HMRC) rules.

Can I choose to have a bigger lump sum and smaller pension?

You can commute, or give up, anything up to 25% of the capital value of your pension benefits. For every £1 of pension you give up, you will receive £12 tax free lump sum. £10pa commuted would give £120 in tax-free lump sum, £100pa would give £1,200, etc.

What do I do next?

Once you have decided whether you prefer the standard pension or would like to commute part of your pension for an increased lump sum, you should complete and return a commutation/marital status form (which you will be sent nearer your retirement date). We will then give you a more accurate estimate of the maximum pension you could commute and the lump sum you would receive (if applicable).

You will also be sent a member's declaration form that you will need to complete before we can pay your benefits, giving details of any other pensions you are receiving.

Need any more help?

Our address

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