

Normal Minimum Pension Age Increased to 55 from April

The normal minimum pension age increased from 50 to 55 from 6 April 2010. Since then, people are normally only allowed to start receiving their pension payments from a registered pension scheme when they are aged 55 or older. The exceptions are where they have health problems or they are allowed to start their pensions from a lower protected pension age under the pension tax rules (see [glossary](#) for more on this).

If you are aged between 50 and 55 and started receiving your pension payments before 6 April 2010, this change to the normal minimum pension age does not affect the tax position of those payments. The Government is bringing in new legislation so that if you subsequently change your pension provider or the type of pension you receive, you can do so without incurring an extra tax charge. This legislation will be backdated to 6 April 2010.

Where can I get information and advice?

Employers and pension scheme administrators decide how and when to implement this change in a way that best suits the needs of their schemes and members.

To help you to understand the change and its effects, we have updated the [questions and answers](#) and the [glossary of pension terms](#) published in January 2010.

While the tax rules set out the tax treatment of any payments from your scheme, HM Revenue and Customs does not have any say in the provision of the pension benefits or timing of payments as these are contractual matters between you, your employer and the scheme administrator. So if you want advice on your own pension arrangements, please discuss this with your employer, pension scheme administrator or financial adviser.

However, if you have any questions about the tax rules and you cannot find the advice in the [questions and answers](#), or the relevant tax guidance included in the [Registered Pension Schemes Manual](#), please ring our helpline on 0845 600 2622 between 9am and 5pm from Monday to Friday or write to the Pension Scheme Services, FitzRoy House, Castle Meadow Road, Nottingham, NG2 1BD.

[Questions & Answers](#)

Q1. I was promised I could have my pension early. How would the change affect me?

A1: Some members of occupational pension schemes had an “unqualified” right as at 6 April 2006 to take pension benefits (see [glossary term 2](#)) under their scheme’s rules from an age lower than the scheme’s normal retirement age, often on early retirement with a reduced pension or on redundancy without any reduction. The tax rules protect this right to take benefits at a lower pension age in certain circumstances.

Where this “protected pension age” (see [glossary term 3](#)) applies, you may still start receiving your pension before age 55 on or after 6 April 2010.

However, to qualify for a protected pension age, your right to a pension before age 55 must be “unqualified” (in that no other party need to consent to your request to take your benefits before it becomes binding upon the scheme or contract holder). And the provision allowing you to take your benefits before age 55 must have been set out in the rules of your pension scheme on 10 December 2003. This is the date of the consultation document that first introduced the concept of a protected pension age.

Q2 I cannot work because of my severe health problems and I am under 55. Does this mean that after 6 April 2010 I can’t draw my pension until I am 55?

A2. Moving the normal minimum pension age to 55 does not prevent employers or pension schemes from offering retirement at an earlier age to people who have severe health problems (see [glossary term 4](#)). You will still be allowed to start drawing an ill health pension before age 55 without any extra tax charges, as now.

Q3 Why can’t I take my pension now, it’s my money and I need the funds?

A3. The Government provides generous tax relief (worth a net total of around £20 billion in 2009/10) to encourage people to save to provide themselves with a secure income in retirement. By the time a person reaches retirement it is possible that more than half of their pension fund will be made up of tax relief. It is only fair to impose some restrictions to ensure that money built up with the benefit of tax relief is used for its intended purpose.

Government policy is to encourage greater participation in the labour market by older workers. Allowing people to opt out at 50 goes against this and so the Government decided in 2003 following an extensive public consultation that the age of starting a pension would be raised to 55.

Therefore the tax rules set a normal minimum pension age at which you can first draw your pension. This was set at age 50 but rose to age 55 from 6 April 2010. You can still take your pension benefits before this normal minimum pension age, but normally this will mean you incur extra tax charges. Your pension scheme may also choose to set a higher minimum pension age.

Q4. I have just turned 50. Does that mean that I have to wait five more years before I can retire and draw my pension after April 2010?

A4. When you want to retire is a personal matter and depends on personal circumstances. Whether you can retire and draw your pension before you reach the normal minimum pension age without incurring extra tax charges depends on whether you have a protected pension age (see [glossary term 3](#)). You should check with your employer or pension scheme administrator or financial advisor if you are not clear about your entitlement or you have received no such information from them.

Q5. I am just over 50 and asked my employer before 6 April 2010 to start paying my pension benefits. What happens if my employer only started my pension payment after that date?

A5. Your normal minimum pension age is the one that applies at the time when you receive your first payment of pension (see [glossary term 1](#)). However, HM Revenue and Customs accepts that during the changeover period, if a person took their benefits (see [glossary term 2](#)) before 6 April 2010 but the first payment was not made until on or after that date, the previous normal minimum pension age of 50 can be used.

Q6. My 50th birthday fell within the period from 2nd to 5th April 2010 which was the Easter holiday and so my scheme administrator could not make the relevant pension arrangements until 6th April. Do I have to pay extra tax charges?

A6. HM Revenue and Customs accepts that these arrangements should be treated as if they were made on the actual birthday and the previous normal minimum pension age of 50 still applied during the changeover period. So no extra tax charges arose.

Q7. I have taken benefits from part of my pension scheme. When can I take the rest?

A7. You should, in the first instance, speak to your scheme administrator. The question suggests you are entitled to a second pension from the scheme. In that case the 'date of first payment', i.e. the time when the first payment of that second pension is paid, will determine which normal minimum pension age will apply. If the first payment of the second pension is paid after 5 April 2010, then the minimum pension age applicable to that second pension is normally 55.

Q8. Why didn't the Government change the normal minimum pension age gradually over a number of years rather than introduce a sudden increase on 6 April 2010?

A8. The Government announced the change in 2003 and delivered the relevant tax rules through legislation in the following year. The change came into effect from 6 April 2010. This deliberate time lag allowed ample time for employers and pension scheme administrators to decide and plan how best to implement the change to suit the needs of their own pension scheme members. For example, some employers chose to phase in the change over the years leading up to April 2010.

[Glossary of Pension Terms](#)

(1) Relevant Date for Normal Minimum Pension Age

The relevant date for applying the normal pension age to payments of pension is the date of first payment in accordance with section 165(1) of the Finance Act 2004. In other words, if an individual receives the first payment of pension on or after 6 April 2010, the prevailing normal minimum pension age of 55 applies. If the payment was received before that date, the previous age of 50 applied. However, HM Revenue and Customs accepts that during the period when the normal minimum pension age changed from 50 to 55, for people who took benefits (see the next item) before 6 April 2010, age 50 still applies.

(2) Taking Pension Benefits

Before you receive any actual pension payments, arrangements have to be finalised with whoever will provide the pension. This might involve the scheme purchasing an annuity from an insurance company, or it might just mean you giving the scheme your bank details and confirming some pension options that were offered to you. Either way, this can take some time, so the expression “taking benefits” is used here to refer to whenever those arrangements are finalised.

(3) Protected Pension Age

This term is used to describe a situation where, as at 5 April 2006, an individual had a right to take pension benefits from

- an occupational pension scheme before the age of 55 under a scheme rule in force on 10 December 2003; or
- from a personal pension scheme or retirement annuity contract before the age of 50 and the individual was in a certain occupation prescribed under the law.

For individuals in an occupational scheme who were a member of that scheme on 10 December 2003, they must have had a right to take benefits before age 55 on both 10 December 2003 and 5 April 2006.

It is also important to know that the right to early payment of pension benefits must be one that can be exercised without having to obtain consent from the pension scheme trustees, your employer or any other person. In other words, the right must not be qualified in any way.

Sometimes a person only has a right to take benefits before the normal pension age when s/he meets certain conditions. For example, some schemes only give the right to early payment of benefits, without needing anyone’s consent, if the person concerned is made redundant. If a person meets the condition set by the scheme rules, so in this example s/he is made redundant, then s/he may have a protected pension age.

(4) Ill Health Treatment

If the rules of a registered pension scheme contain a relevant provision and the scheme administrator has received evidence from a registered medical practitioner and is satisfied that the member is (and will continue to be) either:

- incapable of carrying on their occupation because of either mental or physical illness or other such impairment and has in fact ceased to carry it on, or
- suffering from serious ill-health, which means the member's expectation of life is less than one year,

then, subject to certain other requirements, regular benefits or a lump sum that uses up the member's pension entitlement, may be paid before the normal minimum pension age that would otherwise apply to that member.