

Flexible Retirement Factsheet

What is flexible retirement

Flexible retirement is a way to move gradually into retirement by allowing you to access the pension savings that you have built up while reducing your working hours or moving to a less senior position, in line with your Employers policy.

You can take flexible retirement:

- from age 55 onwards *
- if you have met the two-year vesting period, and
- Your employer's policy allows this and only if your employer agrees.

** The Government has announced the earliest age that you can take your pension will increase from age 55 to 57 from 6 April 2028.*

Under flexible retirement, you reduce your hours or move to a less senior position and take some or all of the pension benefits you have built up.
You must take all benefits you built up before 1 April 2008.

You can ask your employer about their policy on flexible retirement.

Who to speak to about flexible retirement

If you are thinking about flexible retirement speak to your line manager. They should be able to find out from your employer's HR department what your employer's flexible retirement policy is.

If your employer's policy permits flexible retirement, their HR department can contact us to request an estimate of the pension benefits that will become payable if your application is successful. We will also confirm to them if there is any cost to them as the Employer.

Your employer's HR department will need to inform us if your flexible retirement is approved so that your pension benefits can be processed.

Effect on your Pension

Your pension will be paid from the date that you start working at your reduced hours or grade. You will receive the pension you have built up to that date reduced by the applicable early retirement reductions. Early retirement reductions apply if you are taking your pension benefits before your normal pension age (NPA). This is because your pension is being paid for longer. The early retirement reductions that apply will be shown on your pension estimate.

Remaining in the pension scheme or Opting out

If you take flexible retirement you will remain in the pension scheme and continue to build up another pension which can be paid when you leave your job. Your contributions will be based on your reduced earnings.

If you don't wish to remain in the pension scheme following your flexible retirement you will need to complete an Opt Out form and return this to your payroll provider. You should do this immediately after your flexible retirement has been agreed, otherwise you will only be opted out from the next available pay period following receipt of your Opt Out form.

The Opt Out form is available on our website:

<https://www.lgpslambeth.org/resources/opt-out-form/>

If you are paying Additional Voluntary Contributions (AVCs)

If you are paying Additional Voluntary Contributions (AVCs) and you take flexible retirement, you must choose one of the following options:

- 1) Take payment of your full AVC fund value as part of your flexible retirement benefits
- 2) Leave the AVC fund invested for payment when you fully retire.

Note: If you are not taking payment of your AVC fund as part of your flexible retirement benefits then you need to be aware that you can only take 25% of the value of the benefits built up following your flexible retirement as a tax-free lump sum. This is assuming that you have not exceeded the limits set by HMRC. Depending on the value of the AVC fund this may mean that you cannot take all your AVC fund as tax-free cash. You should take financial advice to understand how this could impact you.

Important: Payroll will automatically stop deducting any further AVC contributions following your flexible retirement, therefore, you will need to register for a new contract with your AVC provider in order to recommence the payment of AVC contributions, should you wish to, in your ongoing employment.

If you are taking payment of your AVC fund as part of your flexible retirement benefits, you should be aware that we cannot process your pension and any lump sum until your final contribution has been received by your AVC provider and we subsequently receive payment of your AVC fund value. This could lead to a delay of 6 - 8 weeks, so you will need to adjust your budgeting to account for this. If you cannot financially manage the delay, then you may want to consider stopping your AVC contributions at least 2 months before the date of your flexible retirement.

Timescales

- **Pension claim forms**
The pension fund should receive confirmation that your flexible retirement has been approved at least one month before the reduction in your hours is due to take place. We will write to you with your retirement forms once we have been notified by your employer of the date of your flexible retirement and we have received details of your pay to enable us to calculate your pension benefits correctly.
- **Payment of lump sum** (if applicable) *
We will aim to pay any lump sum within 10 working days of your flexible retirement date subject to receipt of fully completed forms and details of your pensionable pay up to your flexible retirement date.
- **Payment of pension** *
Pensions are paid monthly in arrears on the last working day of the month. Your pension will be paid from the next available payroll following receipt of fully completed forms and details of your pensionable pay up to your flexible retirement date

**** Please note that if you have an AVC contract that you are taking as part of your flexible retirement pension benefits, you will need to allow additional time for both your final contribution to be received by your AVC provider and for us to receive payment of your AVC fund value. This could lead to a delay of 6 - 8 weeks and you will need to adjust your budgeting to account for this. If you cannot financially manage the delay, then you may want to consider stopping your AVC contributions at least 2 months before the date of your flexible retirement.***

Important Contacts

MoneyHelper

MoneyHelper offer free and impartial help with money and pensions. It brings together the support and services of three government-backed financial guidance providers: the Money Advice Service, the Pensions Advisory Service and Pension Wise.

Website: <https://www.moneyhelper.org.uk/en/pensions-and-retirement>

Pension Fund Contact

Post: Lambeth Pensions, London Borough of Lambeth, PO Box 80771, London, SW2 9QQ

Telephone: 0207 926 3333 – Option 2

Email: pensions@lambeth.gov.uk