The Local Government Pension Scheme  
(England and Wales)

Guidance on  
Choice of Early Payment of Pension  
Flexible Retirement

Date: 11 April 2008  
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Local Government Pension Scheme (England and Wales)
Early Retirement - Choice of early payment of pension and flexible retirement
(effective from 1 April 2008)

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1 Introduction

1.1 Under Regulation 30(4) and 18(2) of the Local Government Pension Scheme
     Regulations (Benefits, Membership and contributions) 2007 (“the Benefit Regulations”)
     (SI. 1166 of 2007), effective from 1 April 2008, the Government Actuary’s Department
     (GAD) is required to issue guidance to determine on the appropriate amounts by which
     a member’s retirement pension and grant should be reduced in respect of early
     payment. The purpose of this guidance note is to provide the guidance referred to in
     Regulation 30(4) and 18(2) to Communities and Local Government (CLG), for onward
     transmission to the administering authorities. This note applies for all retirements on or
     after 1st April 2008. From that date this note replaces the existing guidance note issued
     on 27 September 2006.

1.2 A member may also have a transfer credit that was awarded under protected regulation
     Regulations”) (SI 1612 of 1997) protected by virtue of 66(8) of the 1997 Regulations.
     This guidance also applies for reductions applied in respect of those transfer credits.
     This note therefore replaces the existing guidance note issued in March 2004.

1.3 This guidance is based upon GAD’s understanding of the relevant regulations and
     CLG’s policy intentions.
2 Transitional Provisions and Savings

2.1 Schedule 2 of The Local Government Pension Scheme (Transitional) Regulations 2008 (SI 238 of 2008) (“the Transitional Schedule”) impacts on the way in which the reductions under Regulation 30(4) should be applied – depending on the details of the member involved. For the purposes of this guidance note, members have been grouped into a number of categories for ease of reference:

- **Group 1**: A member who was an active member prior to 1st October 2006, and born on 31 March 1956 or earlier;
- **Group 2**: A member who was an active member prior to 1st October 2006, and born between 1 April 1956 and 31 March 1960 inclusive and who would reach their Critical Retirement Age by 31st March 2020;
- **Group 3**: A member who was an active member prior to 1st October 2006 who is not a Group 1 or Group 2 member;
- **Group 4**: A member who was not a member prior to 1st October 2006.

2.2 The age of the member at the earliest of:

- the member’s pre 1st October 2006 Normal Retirement Date (under Regulation 25 of the 1997 regulations, prior to being amended by SI 2006/966);
- the earliest date at which the member would have satisfied the 85 year rule had the member remained in service (calculated in accordance with paragraph 3 of the Transitional Schedule) and
- **age 65**

is referred to as that member’s Critical Retirement Age (CRA).

2.3 A member’s total membership should be divided into the following periods:

- **Part A**: Membership up to 31st March 2008
- **Part B**: Membership from 1st April 2008 to 31st March 2016
- **Part C**: Membership from 1 April 2016 to 31st March 2020
- **Part D**: Membership from 1st April 2020

2.4 Membership credited under Regulation 84 of the Local Government Pension Scheme (Administration) Regulations 2008 (SI 239 of 2008) (the “administration regulations”) or equivalent previous Regulations (transferred-in membership) in respect of Group 1, 2 or 3 members should be treated as Part A Membership if the member was an active member immediately before 1st April 2008 or if the transfer occurred before 1 April 2008. Other Membership under Regulation 84 should be treated as Part D Membership.

2.5 Membership credited under Regulation 55 of the 1997 Regulations or equivalent previous Regulations (Added Years) should be treated as Part A Membership if the election was before 1st October 2006. Other Membership under Regulation 55 should be treated as Part D Membership.

2.6 Membership credited under Regulation 40 of the Administration Regulations or equivalent previous Regulations (employer Augmented Membership) in respect of Group 1, 2 or 3 members should be treated as Part A Membership if it was credited before 1st April 2008. Other Membership under Regulation 40 should be treated as Part D Membership.

2.7 Pension awarded under Regulation 23 of the Administration Regulations (Added Pension) should be treated as if it is payable unreduced from age 65.
2.8 Pension credited under Regulation 26 of the Administration Regulations or Regulation 66(5) of the 1997 Regulations (use of accumulated AVCs) already has allowance for the date that the pension commences and no further reduction is required.

2.9 Transfer credits awarded under protected regulation 66(5) of the 1997 Regulations or equivalent previous Regulations should be treated as Part A Membership. These credits give rise to pension benefits but not retirement grant so only the pension factor will be required. Sections 5 and 7 provide further guidance on the treatment of these benefits if the member retires before age 60.

2.10 If a member has a CRA of 65, then it is correct, and usually administratively simpler, to treat that member’s entire period of membership as one block, and to refer to the table in Appendix I only once. This applies to all Group 4 members. Part B, C and D membership can be aggregated for Group 3 members while Part A and B membership can be aggregated for Group 1 members, although the CRA for this membership will not necessarily be 65.

2.11 In general terms, this note aims to provide guidance on the appropriate determination of $P_{65}$, $RG_{65}$, $P_{CRA}$, $RG_{CRA}$, $P_{taper}$ and $RG_{taper}$, where:

- $P_{65}$ is the appropriate reduction to that part of the member’s pension which is calculated by reference to a retirement age of 65;
- $RG_{65}$ is the appropriate reduction to that part of the member’s retirement grant which is calculated by reference to a retirement age of 65;
- correspondingly for $P_{CRA}$ and $RG_{CRA}$ – to that part of the member’s pension and retirement grant respectively which is calculated by reference to the critical retirement age (where this falls below age 65); and
- correspondingly for $P_{taper}$ and $RG_{taper}$ to that part of a Group 2 member’s pension and retirement grant respectively subject to tapered protection.

2.12 Regulation 50(3) of the Administration Regulations provides that the first period for which any retirement pension under Regulation 30 of the Benefit Regulations is payable begins on the day the election is made. Regulation 30 implies that elections for early retirement pensions are only made after the member has left employment. Regulation 30(2) refers to the ‘employing authority or former employing authority’, which might indicate that elections under Regulation 30(1) can be made by an active member. For the purposes of this note, practitioners should treat an active member’s election under Regulation 30(1) as being made on the first day after the member’s employment ends (the “effective date” of an election under Regulation 30(1)). This convention will also ensure consistency with Regulation 50(1) of the Administration Regulations. There is no equivalent regulation for elections under Regulation 18(1) of the Benefit Regulations but a similar principle should be applied.

2.13 CLG has confirmed that the pension paid to a dependent following the death of a member after election for early payment should be calculated as if no reduction for early payment had been applied to the member’s pension.
3 Applicability to Early Leavers and Flexible Retirement

3.1 This guidance note only deals with those cases where a reduction in the level of accrued benefits is appropriate under Regulation 30 or Regulation 18 of the Benefit Regulations, and is not relevant for members who are entitled to unreduced benefits because of retirement on ill-health grounds, or for reasons of redundancy. In accordance with Regulation 30(2), if a member is aged less than 60 at the effective date of an election under Regulation 30(1) then the member is not entitled to immediate payment of retirement benefits, unless the employing authority or former employing authority gives consent to the early payment. If such consent is granted to Group 1, 2 or 3 members, then administering authorities are reminded that the period for which the reductions are to be applied (to that portion of the pension and retirement grant benefits calculated with reference to a CRA) under Regulation 30(4) is the period from the effective date of the election under Regulation 30(1) to the member’s CRA. This may be shorter than the period from the date of the election for early retirement to the member’s 60th birthday. A similar argument applies to benefits subject to a tapered reduction factor. This may be an issue to be considered before a decision is made to grant consent to a request under Regulation 30(1) from such a member, or in determining if additional payments are required from the employing authority under Regulation 41(2) of the administration regulations.

3.2 Under Regulation 18(1) a member is entitled to make an election for early payment of pension while remaining in employment if the scheme employer consents. If such consent is granted to Group 1, 2 or 3 members, then administering authorities are reminded that the period for which the reductions are to be applied (to that portion of the pension and retirement grant benefits calculated with reference to a CRA) under Regulation 18(2) is the period from the effective date of the election under Regulation 18(1) to the member’s CRA. This may be shorter than the period from the date of the election for early retirement to the member’s 60th birthday. A similar argument applies to benefits subject to a tapered reduction factor. This may be an issue to be considered before a decision is made to grant consent to a request under Regulation 18(1), or in determining if additional payments are required from the employing authority under Regulation 41(2) of the administration regulations. Employers may waive all or part of the reduction applied to the pension on flexible retirement subject to payment of the cost of the waiver as calculated by the Fund’s actuary.
4 Applying the figures from the table in Appendix I

4.1 The table in Appendix I has separate columns for the reductions to be applied to the pensions to male and female members – and a third column for the reductions to be applied to retirement retirement grants. The period(s) in years, to be used to look up $P_{65}$ and $RG_{65}$ and $P_{CRA}$ and $RG_{CRA}$ from the table in Appendix I, are obtained by subtracting the member’s age (at the effective date of the election under Regulation 30(1)) from 65 or CRA as appropriate. The factors should be interpolated for part years, when the number of “years early” is not an exact integer.

4.2 The tapered reduction factors for Part B and C membership of Group 2 members are calculated according to the taper period which is the number of years between 31 March 2016 and the date on which the member would first satisfy the rule of 85 and would also be aged 60 or over. Part-years should be taken into account in this calculation the result of which should be between 0 and 4 years. The interpolation factor ($FI$) is then equal to the taper period divided by 4 years. Then the tapered reduction factors are interpolated from the CRA and age 65 factors as follows:

\[
P_{\text{Taper}} = F_I \times P_{65} + (1 - F_I) \times P_{CRA}
\]

\[
RG_{\text{Taper}} = F_I \times RG_{65} + (1 - F_I) \times RG_{CRA}
\]

4.3 The appropriate reduction factors to be applied to each part of service are based upon either the critical retirement age (where this is before age 65), age 65 or the taper; as follows:

<table>
<thead>
<tr>
<th></th>
<th>Group 1</th>
<th>Group 2</th>
<th>Group 3</th>
<th>Group 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Part A</td>
<td>CRA</td>
<td>CRA</td>
<td>CRA</td>
<td>65</td>
</tr>
<tr>
<td>Part B</td>
<td>CRA</td>
<td>Taper</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Part C</td>
<td>65</td>
<td>Taper</td>
<td>65</td>
<td>65</td>
</tr>
<tr>
<td>Part D</td>
<td>65</td>
<td>65</td>
<td>65</td>
<td>65</td>
</tr>
</tbody>
</table>

4.4 If there is a gap between a member leaving service and electing for early payment, the appropriate pension increase factor should be applied to the deferred pension as usual.
5 Transfer Credits acquired through AVCs

5.1 (Protected) Regulations 66 (1)(d) and 66(5) of the 1997 Regulations provide for an active member who has attained age 50, and who has stopped paying AVCs, to use the accumulated value of the AVCs to acquire a transfer credit in the form of an additional period of membership. As a result of the adjustment required by protected Regulation 66(8), the period of membership credited is only used in the calculation of pension benefits and is not used in the calculation of the member’s retirement grant.

5.2 The user should be aware that Regulation 66 was revised in 2001 (SI 3401 of 2001). Members who made an election under Regulation 60(1) prior to 13th November 2001 are entitled to receive a transfer credit calculated on the basis of guidance issued under the protections afforded by Regulation 66(8) if such members opt for their AVCs to be treated under the protected Regulations. This section does not apply to members who commenced making AVCs after 13th November 2001 (or other members who do not opt to have their AVCs treated under the protected Regulations).

Reduction Period

5.3 A further adjustment to the pension only service credit is necessary for active members where:

- The member is retiring before age 60
- The member’s critical retirement age is below age 60

5.4 If the date of retirement is later than the CRA, then the gap (G) to be considered is the period between the date of retirement and the member’s 60th birthday. If the date of retirement is earlier than the CRA, then G is the period between the CRA and the member’s 60th birthday (as the other reductions in this guidance will apply to the period between the CRA and the date of retirement in this case).

5.5 The credit allocated to the member under protected Regulation 66(5), as increased under protected Regulation 66(8), should then be further reduced according to the table in Appendix 3. It is appropriate to interpolate for non-integer values of G.

No Further change in Rule of 85 date

5.6 The reduction in transfer credits required by protected Regulation 66(7) does not affect the ‘total membership’ calculation used in the derivation of the earliest date on which the member would satisfy the 85 year rule. When the AVCs were transferred to a service credit under protected Regulation 66(5) the member’s CRA may have been adjusted. However, the conversion of the service credit into a pension credit (under protected Regulation 66(8)) only adjusts for the loss of lump sum – and the higher service credit does not affect the CRA. In a similar manner the adjustment under this protected Regulation 66(7) does not adjust the value of the credit granted and should not result in a further adjustment to the CRA.
6 Members retiring under age 55

6.1 It should be noted that the ability to retire before age 55 is restricted by regulations 18(4) and 30(6) of the Benefit Regulations and will not be permitted from 1 April 2010.

6.2 Members form a special class where they make an election for early retirement benefits under Regulation 30(1) of the Benefit Regulations if:

- they are not aged 55 or more at the effective date of the election; and
- there is a gap between their last day of service and the effective date of the member’s election.

6.3 Particular considerations then apply, to allow for the fact that increases to an early retirement pension in payment are deferred until age 55. The benefits of such members as relate to CRA, age 65 and tapered reductions should first be apportioned separately to take account of the Transitional Schedule as per the table in paragraph 4.3 above.

6.4 The reduction in pension increases already accrued for which payment has to be deferred to age 55 depends mainly on the period (if any) between the 55th birthday and the date after the 55th birthday on which the member would be entitled to unreduced benefits (assuming the employer consents). The reduction in basic benefits, on the other hand, depends mainly on the longer period between the date of election and the date on which the member would be entitled to unreduced benefits. In order to be able to apply the pensions increase multiplier to the reduced pension in payment and the retirement grant already paid once the member reaches age 55, it is appropriate to derive a single percentage reduction for early payment of benefit which is a combination of the reduction for early payment at the date of election and that for early payment at age 55.

6.5 In order to maintain consistency with the early retirement factors applicable where there is no gap between date of leaving and date of election, it is appropriate to adopt the percentage reductions used in those circumstances (which are shown in Appendix I) as the basis for producing “combined” reduction factors for members below age 55. The relevant reduction factors are as follows:

- **BPR** is the Pension Reduction according to the total number of years early;
- **PIR** is the Pension Reduction according to the number of years between the 55th birthday and the date on which the member would be entitled to unreduced benefits (or 0, if the 55th birthday is the later of the two dates);
- **BRGR** is the Retirement Grant Reduction according to the total number of years early.
6.6 The formulae for deriving the combined reductions are

(a) Combined Pension Reduction (%) is 100 times the complement of:

\[
\frac{(1 - BPR/100) + (P - 1) \times (1 - PIR/100) \times A}{1 + (P - 1) \times A}
\]

(b) Combined Retirement Grant Reduction (%) is 100 times the complement of:

\[
\frac{P \times (1 - BRGR/100)}{1 + (P - 1) \times B}
\]

where \( P \) is the pensions increase multiplier, and A and B are the factors shown in Appendix II
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7 Members retiring under age 55 who have a transfer credit acquired through AVCs

7.1 Where the effective date of the election for early payment of benefits is later than the
date of leaving service (ie where the election is made by a deferred pensioner) different
considerations might apply. The restrictions relating to the payment of pensions
increases on personal benefits coming into payment before age 55 mean that the
calculation should be adjusted slightly in some cases. Pension increases which have
accrued following the date of leaving service do not normally come into payment until
the member attains age 55.

7.2 An adjustment is necessary only when all of the following conditions are met:
- The date of retirement is before the member’s 55th birthday
- The member left service prior to the date of retirement
- The critical retirement age has preceded or will precede the member’s 55th birthday

Members who will satisfy Rule of 85 before age 55

7.3 Where these conditions are met, it is necessary to derive the reduction under protected
Regulation 66(7) in a different way. This is because the reduction in pension increases
already accrued, payment of which has to be deferred to age 55, depends mainly on
the period between the 55th birthday and the member’s 60th birthday, whereas the
reduction in basic benefits depends mainly on the longer period between the CRA (or
retirement date if later) and the member’s 60th birthday.

7.4 In order to be able to apply the pensions increase multiplier to the reduced pension in
payment in respect of transfer credits once the member reaches age 55, it is
appropriate to derive a single percentage reduction for early payment of benefits which
is a combination of the reduction for early payment at the CRA (or retirement date if later)
and that for early payment at 55.

7.5 The period G should be calculated as in paragraph 5.4.

Percentage reductions

7.6 It is also necessary to maintain consistency with the early retirement factors applicable
when the member retires from active service. It is appropriate to adopt the percentage
reductions used in those circumstances (which are shown in Appendix 3) as the basis
for producing “combined” reduction factors for members meeting the conditions in
paragraph 7.2

7.7 The relevant reduction factors can be obtained from the tables:

7.8 R1 is the reduction for the period G from the table in Appendix 3

7.9 R2 is the reduction for the 5 year period (between the member’s 55th and 60th
birthdays) from the table in Appendix 3
7.10 The formula for deriving the Combined Reduction (%) is:

\[
1 - \frac{(1 - R1) + (P - 1) \times (1 - R2) \times B + P \times (1 - R1) \times C}{1 + (P - 1) \times B + (P \times C)}
\]

where:
P is the pensions increase multiplier between the date of leaving service and the effective date of election for early payment
B and C are the factors obtained from Appendix 2 based on the period (G-5), with interpolation as appropriate.
8 Contracting-out implications

8.1 Because the LGPS is contracted out of the State Second Pension, it must satisfy the various requirements of the preservation and revaluation legislation applying to occupational pension schemes. One of these requirements is that the pension payable to a member from GMP age (GMPA – 65 for men and 60 for women, even after 2010) should not be less than the “Guaranteed Minimum Pension” (GMP) in relation to service before 6th April 1997. Where a member retires before GMPA (with, or even without, a reduced pension entitlement), it is possible that the reduction in pension might result in the pension payable from GMPA falling short of the minimum legislative requirements. In considering whether to give consent to a request for an immediate payment of reduced benefits from a member under age 60, the employing authority may wish to take into account whether there is a risk that the pension will have to be increased at GMPA. For male members retiring after 60, but before 65, the administering authority must ensure that the pension from 65 meets the requirements of the contracting-out legislation. These requirements apply equally to retirements under regulation 18(1) as to those under Regulation 30(1) of the Benefits Regulations.

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11 April 2008
9  Example (1A) – Group 1 member retiring with pre-2016 service only

9.1 The first example is a female member who elects while in active service:

- Date of Birth: 2nd October 1953
- Date of commencement of service: 1st April 1992
- Last day of employment: 1st October 2011
- Effective date of election under Regulation 30(1): 2nd October 2011
- Age at election: 58

9.2 The member falls into Group 1, since paragraph 2 of the Transitional Schedule applies to her and she was born before 31st March 1956. The next step is to calculate the relevant date for this member (under paragraph 5 of the Transitional Schedule). On 31st March 2016 she will be aged 62 years – so her relevant date is 2nd October 2011 (the day after she leaves local government employment), and all her service is subject to her CRA.

9.3 We proceed to calculate CRA. At her early retirement date, she is aged 58 years exactly, and has 19y 184d of membership. She does not satisfy the rule of 85 at that date, but, had she remained in service, she would first satisfy the rule of 85 on her 62nd birthday – so this is her CRA. The term for which the early retirement reductions should be applied is then 4.000 years (62 years less 58 years). (If the member had commenced service, for example, on April 1st 1982 no reductions would be applied if her employing authority consented to her election for early retirement under Regulation 30(2) of the Benefit Regulations – but the administering authority might consider that additional payments would be required from the employing authority under Regulation 41(2) of the administration regulations). If her employing authority did not consent to early retirement, the election for early retirement benefits would not be effective – the administering authority could not, for example, pay an early retirement pension with reductions applied for 2 years from age 60 to age 58.
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9.4 Assuming that the member has Final Pay of £18,000, her benefits before reduction are:

- Pre 2008 Pension = \( \frac{16}{80} \times £18,000 \) = £3,600.00 pa
- Post 2008 Pension = \( \frac{3 + 184/365}{60} \times £18,000 \) = £1,051.23 pa
- Total Pension = £4,651.23 pa

- Pre 2008 Retirement Grant = 3 x £3,600.00 = £10,800.00

The appropriate factors can be read from the table in Appendix I:

- \( P_{\text{CRA}} \) 19%
- \( RG_{\text{CRA}} \) 9%

Her early retirement pension and retirement grant are calculated as follows:

\[
ERP_{\text{Pension}} = £4,651.23 \times (1 – 0.19) = £3,767.50 \text{ p.a.}
\]
\[
ERC_{\text{Cash}} = £10,800.00 \times (1 – 0.09) = £9,828.00
\]

9.5 If the above election was made under Regulation 18(1) of the Benefit Regulations (“flexible retirement”) instead of 30(1) then the calculation of reduced benefits would be the same. 1st October 2011 would not be the last day of employment, but would instead be the last day of reckonable service for calculating benefits. Employer consent would be required and a payment may be required by the administering authority under regulation 41(2) of the administration regulations. The employer may waive all or part of the reduction, and in this case the fund’s actuary would advise on the payment required as a result of the waiver.

9.6 In practice, the administering or employing authority might also consider whether a further test to ensure that the benefits will meet the Guaranteed Minimum Pension at State Pension Age should be applied.
10 Example (1B) – Group 1 member retiring after 31st March 2016

10.1 The second example is the same member as 1A, but retiring later:

- Date of Birth: 2nd October 1953
- Date of commencement of service: 1st April 1992
- Last day of employment: 1st October 2016
- Effective date of election under Regulation 30(1): 2nd October 2016
- Age at election: 63

10.2 The member falls into Group 1, since paragraph 2 of the Transitional Schedule applies to her and she was born before 31st March 1956. The next step is to calculate the relevant date for this member (under paragraph 5 of the Transitional Schedule). On 31st March 2016 she will be aged 62 years – so her relevant date is 1st April 2016 and all her service is either Part A, Part B or Part C Membership.

10.3 At her early retirement date, she is aged 63 years exactly, and has 24y 184d of membership. She satisfied the rule of 85 on her 62nd birthday. There is therefore no reduction to be applied to Part A or B service. The term to her 65th birthday is 2 years, and the reduction applied to her Part C service is based on this period.

10.4 Assuming that the member has Final Pay of £18,000, her benefits before reduction are:

<table>
<thead>
<tr>
<th>Benefits Type</th>
<th>Calculation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre 2008 Pension</td>
<td>$18,000 / 80 x 16 = £3,600.00 pa</td>
<td>£3,600.00</td>
</tr>
<tr>
<td>2008-2016 Pension</td>
<td>$18,000 / 60 x 8 = £2,400.00 pa</td>
<td>£2,400.00</td>
</tr>
<tr>
<td>Total CRA Pension</td>
<td>£3,600 + £2,400 = £6,000.00 pa</td>
<td>£6,000.00</td>
</tr>
<tr>
<td>Post 2016 Pension</td>
<td>$(184 / 365) x 60 x £18,000 = £151.23 pa</td>
<td>£151.23</td>
</tr>
<tr>
<td>Pre 2008 Retirement Grant</td>
<td>3 x £3,600 = £10,800</td>
<td>£10,800</td>
</tr>
</tbody>
</table>

The appropriate factors can be read from the table in Appendix I:

- \( \text{P}_{\text{CRA}} \) 0%
- \( \text{RG}_{\text{CRA}} \) 0%
- \( \text{P}_{65} \) 10%
- \( \text{RG}_{65} \) 5%

Her early retirement pension and retirement grant are calculated as follows:

\[
\text{ERPension} = 6,000 \times (1 - 0.0) + 151.23 \times (1 - 0.1) = 6,136.11 \text{ p.a.}
\]

\[
\text{ERCash} = 10,800 \times (1 - 0.0) = 10,800
\]

10.5 If the above election was made under Regulation 18(1) ("flexible retirement") instead of 30(1) then the calculation of reduced benefits would be the same. 1st October 2016 would not be the last day of employment, but would instead be the last day of reckonable service for calculating benefits. Employer consent would be required and a payment may be required by the administering authority under regulation 41(2) of the administration regulations. The employer may waive all or part of the reduction, and in this case the fund’s actuary would advise on the payment required as a result of the waiver.

10.6 In practice, the administering or employing authority might also consider whether a further test to ensure that the benefits will meet the Guaranteed Minimum Pension at State Pension Age should be applied.
11 Example (2) – Group 3 member with CRA below 65 retiring after CRA but before 65

11.1 This example relates to a male employee:

- Date of Birth: 1\(^{st}\) October 1979
- Date of commencement of service: 1\(^{st}\) April 2000
- Last day of employment: 30\(^{th}\) September 2034
- Effective date of election under Regulation 30(1): 1\(^{st}\) October 2034
- Age at election: 55

11.2 The member falls into Group 3, since he was born after 31\(^{st}\) March 1960 but joined before 1\(^{st}\) October 2006. Assuming the member remains in service until the date of his election for early retirement his combined Part B, C and D Membership will be 26 years 183 days. After his 53\(^{rd}\) birthday (1\(^{st}\) October 2032) the member would satisfy the rule of 85. However he is not permitted to retire until his 55\(^{th}\) birthday by regulation 30(6) of the Benefits Regulations. Therefore, at any time on or after his 55\(^{th}\) birthday the member can retire and suffer no reduction on his benefits earned by Part A Membership of 8y 0d. As the member is retiring before his 60\(^{th}\) birthday, employer consent is required in accordance with Regulation 31(2) and a payment may be required by the administering authority under regulation 41(2) of the Administration Regulations. The term for which the reductions apply to Part B Membership is 10.000 years (65 years less 55 years).

11.3 Assuming that the member has Final Pay of £23,000, his benefits before reduction are:

<table>
<thead>
<tr>
<th>Period</th>
<th>Pension Benefit</th>
<th>Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre 2008 Pension</td>
<td>8 / 80 x £23,000</td>
<td>£2,300.00 pa</td>
</tr>
<tr>
<td>Total CRA Pension</td>
<td></td>
<td>£2,300.00 pa</td>
</tr>
<tr>
<td>2008-2016 Pension</td>
<td>8 / 60 x £23,000</td>
<td>£3,066.67 pa</td>
</tr>
<tr>
<td>2016-2020 Pension</td>
<td>4 / 60 x £23,000</td>
<td>£1,533.33 pa</td>
</tr>
<tr>
<td>Post 2020 Pension</td>
<td>(14 + 183/365) / 60 x £23,000</td>
<td>£5,558.86 pa</td>
</tr>
<tr>
<td>Total NRA 65 Pension</td>
<td>£3,066 + £1,533.33 + £5,558.86</td>
<td>£10,158.86 pa</td>
</tr>
<tr>
<td>Pre 2008 Retirement Grant</td>
<td>3 x £2,300</td>
<td>£6,900</td>
</tr>
</tbody>
</table>

The appropriate factors can be read from the table in Appendix I:

- \(P_{CRA}\): 0%
- \(R_{GCR}\): 0%
- \(P_{65}\): 41%
- \(R_{G65}\): 22%

His early retirement pension and retirement grant are calculated as follows:

\[
ER_{Pension} = £2,300 \times (1 - 0.00) + £10,158.86 \times (1 - 0.41) = £8,293.73 \text{ p.a.}
\]

\[
ER_{Cash} = £6,900 \times (1 - 0.0) = £6,900
\]
11.4 If the above election was made under Regulation 18(1) instead of 30(1) then the
calculation of reduced benefits would be the same. The 30th September 2034 would
not be the last day of employment, but would instead be the last day of reckonable
service for calculating benefits. Employer consent would be required and a payment
may be required by the administering authority under regulation 41(2) of the
administration regulations. The employer may waive all or part of the reduction, and in
this case the fund’s actuary would advise on the payment required as a result of the
waiver.

11.5 In practice, the administering or employing authority might also consider whether a
further test to ensure that the benefits will meet the Guaranteed Minimum Pension at
State Pension Age should be applied.
Example (3) – Group 3 member with CRA below 65 retiring before CRA

12.1 The third example also relates to a male employee:
- Date of Birth: 1st October 1961
- Date of commencement of service: 1st April 2000
- Last day of employment: 30th September 2021
- Effective date of election under Regulation 30(1): 1st October 2021
- Age at election: 60

12.2 The member falls into Group 3, since he was born after 31st March 1960 but joined before 1st October 2006. After his 62nd birthday (1st October 2023) the member would satisfy the rule of 85. He can retire before that date, as long as he is 50 years or more – but he will suffer reduction on his benefits earned by Part A Membership (8y 0d) in respect of the period from the effective date of his election under Regulation 31(1) to his 62nd birthday (although consent is required for retirement before his 60th birthday, in any event). Assuming the member remains in service as outlined above, his combined Part B, C and D Membership will be 13 years 183 days. In this case, the term for which the reductions apply to Part A Membership is 2.000 years (62 years less 60 years). The term for which the reductions apply to Part B Membership is 5.000 years (65 years less 60 years).

12.3 Assuming that the member has Final Pay of £20,000, his benefits before reduction are:

<table>
<thead>
<tr>
<th>Period</th>
<th>Benefit Calculation</th>
<th>Pension Benefit</th>
<th>Retirement Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre 2008 Pension</td>
<td>8 / 80 x £20,000</td>
<td>£2,000.00 pa</td>
<td></td>
</tr>
<tr>
<td>Total CRA Pension</td>
<td></td>
<td>£2,000.00 pa</td>
<td></td>
</tr>
<tr>
<td>2008-2016 Pension</td>
<td>8 / 60 x £20,000</td>
<td>£2,666.67 pa</td>
<td></td>
</tr>
<tr>
<td>2016-2020 Pension</td>
<td>4 / 60 x £20,000</td>
<td>£1,333.33 pa</td>
<td></td>
</tr>
<tr>
<td>Post 2020 Pension</td>
<td>(1 + 183/365) / 60 x £20,000</td>
<td>£500.46 pa</td>
<td></td>
</tr>
<tr>
<td>Total NRA 65 Pension</td>
<td>£2,666.67+£1,333.33+£500.46</td>
<td>£4,500.46 pa</td>
<td></td>
</tr>
<tr>
<td>Pre 2008 Retirement Grant</td>
<td>3 x £2,000</td>
<td>£6,000</td>
<td></td>
</tr>
</tbody>
</table>

The appropriate factors can be read from the table in Appendix I:

- $P_{CRA} = 11\%$
- $RG_{CRA} = 5\%$
- $P_{65} = 24\%$
- $RG_{65} = 12\%$

His early retirement pension and retirement grant are calculated as follows:

\[
ERPension = £2,000 \times (1 - 0.11) + £4,500.46 \times (1 - 0.24) = £5,200.35 \text{ p.a.}
\]
\[
ERCash = £6,000 \times (1 - 0.05) = £5,700
\]

12.4 If the above election was made under Regulation 18(1) instead of 30(1) then the calculation of reduced benefits would be the same. The 30th September 2021 would not be the last day of employment, but would instead be the last day of reckonable service for calculating the benefits. Employer consent would be required and a payment may be required by the administering authority under regulation 41(2) of the administration regulations. The employer may waive all or part of the reduction, and in this case the fund’s actuary would advise on the payment required as a result of the waiver.
Local Government Pension Scheme (England and Wales)
Early Retirement - Choice of early payment of pension and flexible retirement
(effective from 1 April 2008)

13 Example (4A) – Group 2 member retiring after 31 March 2016 but before 31 March 2020

13.1 This example relates to a female employee:

- Date of Birth: 1st April 1957
- Date of commencement of service: 1st April 1978
- Last day of employment: 31st March 2017
- Effective date of election under Regulation 30(1): 1st April 2017
- Age at election: 60

13.2 The member falls into Group 2. She does satisfy the 85 year rule at the date of her election for immediate retirement benefits. Therefore, she should suffer no reduction on her benefits earned by Part A Membership (30 years) but should suffer at tapered reduction in respect of her Part B Membership (8 years) and Part C Membership (1 year). In this case, the term for which the reductions apply to pre-2008 membership is 0.000 years. The term for which the reductions apply to the Part B and Part C Membership to age 65 is 5.000 years (65 years less 60 years).

13.3 Assuming that the member has Final Pay of £35,000, her benefits before reduction are:

- Pre 2008 Pension = 30 / 80 x £35,000 = £13,125.00 pa
- Total CRA Pension = £13,125.00 pa
- 2008-2016 Pension = 8 / 60 x £35,000 = £4,666.67 pa
- Post 2016 Pension = 1 / 60 x £35,000 = £583.33 pa
- Total NRA 65 Pension = £4,666.67+£583.33 = £5,250.00 pa
- Pre 2008 Retirement Grant = 3 x £13,125 = £39,375

The appropriate factors can be read from the table in Appendix I:

- $P_{CRA}$: 0%
- $RG_{CRA}$: 0%
- $P_{65}$: 23%
- $RG_{65}$: 12%

The member will first satisfy the rule of 85 and be aged 60 or over on 1st April 2017. The date of election is 1st April 2017. Both dates are the same, so her taper period is 1 year (i.e. the period between 1st April 2016 and 31st March 2017), and the taper interpolation factor is 1 year divided by 4 years = 0.250. Thus the tapered reduction factors are:

- $P_{taper} = 0.25 \times P_{65} + 0.75 \times P_{CRA} = 5.75\%$
- $RG_{taper} = 0.25 \times RG_{65} + 0.75 \times RG_{CRA} = 3\%$

Assuming that the member has Final Pay of £35,000, her early retirement pension and retirement grant are calculated as follows:

$ERPension = £13,125 \times (1 - 0.00) + £5,250 \times (1 - 0.0575) = £18,073.13\ p.a.$

$ERCash = £39,375 \times (1 - 0.00) = £39,375$
13.4 If above the election was made under Regulation 18(1) instead of 30(1) then the calculation of reduced benefits would be the same. The 31st March 2017 would not be the last day of employment, but would instead be the last day of reckonable service for calculating benefits. Employer consent would be required and a payment may be required by the administering authority under regulation 41(2) of the administration regulations. The employer may waive all or part of the reduction, and in this case the fund’s actuary would advise on the payment required as a result of the waiver.
14 Example (4B) – Group 2 member retiring after 31 March 2020

14.1 This example relates to the same individual as example 4A, but retiring later:

- Date of Birth: 1st April 1957
- Date of commencement of service: 1st April 1978
- Last day of employment: 31st March 2021
- Effective date of election under Regulation 30(1): 1st April 2021
- Age at election: 64

14.2 The member falls into Group 2. She does satisfy the 85 year rule at the date of her election for immediate retirement benefits. Therefore, she should suffer no reduction on her benefits earned by Part A Membership (30 years) but should suffer a tapered reduction in respect of her Part B Membership (8 years) and Part C Membership (4 years) and a full reduction in respect of her Part D Membership (1 year). In this case, the term for which the reductions apply to pre-2008 membership is 0.000 years. The term to age 65 is 1.000 year (65 years less 64 years).

14.3 Assuming that the member has Final Pay of £35,000, her benefits before reduction are:

- Pre 2008 Pension = 30 / 80 x £35,000 = £13,125.00 pa
- Total CRA Pension = £13,125.00 pa
- 2008-2016 Pension = 8 / 60 x £35,000 = £4,666.67 pa
- 2016-2020 Pension = 4 / 60 x £35,000 = £2,333.33 pa
- Total Taper Pension = £4,666.67+£2,333.33 = £7,000.00 pa
- Post 2020 Pension = 1 / 60 x £35,000 = £583.33 pa
- Pre 2008 Retirement Grant = 3 x £13,125 = £39,375

The appropriate factors can be read from the table in Appendix I:

- \( P_{CRA} \) 0%
- \( RG_{CRA} \) 0%
- \( P_{65} \) 5%
- \( RG_{65} \) 2%

The member will first satisfy the rule of 85 and be aged 60 or over on 1st April 2017 so her taper period is 1 year (i.e. the period between 1st April 2016 and 31st March 2017), and the taper interpolation factor is 1 year divided by 4 years = 0.25. Thus the tapered reduction factors are:

- \( P_{taper} = 0.25 \times P_{65} + 0.75 \times P_{CRA} = 1.25\% \)
- \( RG_{taper} = 0.25 \times RG_{65} + 0.75 \times RG_{CRA} = 0.5\% \)

Her early retirement pension and retirement grant are calculated as follows:

\[
ERPension = 13,125 \times (1 - 0.00) + 7,000 \times (1 - 0.0125) + 583.33 \times (1 - 0.05) \\
= 20,591.66 \text{ p.a.}
\]

\[
ERCash = 39,375 \times (1 - 0.00) = 39,375
\]
14.4 If above the election was made under Regulation 18(1) instead of 30(1) then the calculation of reduced benefits would be the same. The 31st March 2021 would not be the last day of employment, but would instead be the last day of reckonable service for calculating benefits. Employer consent would be required and a payment may be required by the administering authority under regulation 41(2) of the administration regulations. The employer may waive all or part of the reduction, and in this case the fund’s actuary would advise on the payment required as a result of the waiver.
15 Example (5) – Group 2 member electing under age 55 with pre-2016 service only

15.1 This example relates to a male employee retiring on his 50th birthday:

- Date of Birth: 1st October 1956
- Date of commencement of service: 1st October 1983
- Last day of employment: 30th September 1996
- Effective date of election under Regulation 30(1): 1st October 2006
- Age at election: 50
- Preserved pension at exit: £1,500 p.a.
- Preserved retirement grant at exit: £4,500

15.2 The former employer’s consent for the election is required as he is under 60. The earliest age at which he could satisfy the rule of 85 requirement would be his 56th birthday (when his age, plus his membership, plus the period since he left service, would equal 85). Thus the number of years between the date of election and the date of entitlement to unreduced benefits is 6 years (the difference between age 56 and age 50). The number of years between the 55th birthday and the date of entitlement to unreduced benefits is 1 year. Since he will only have Part A Membership, there is only one set of reduction factors required, based on the member’s CRA.

15.3 The pensions increase multiplier on 1st October 2006 for a member who left service on 30th September 1996 is 1.2703. From Appendix I, the percentage reductions to be combined are:

<table>
<thead>
<tr>
<th>Reduction Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Pension Reduction (BPR)</td>
<td>28%</td>
</tr>
<tr>
<td>Pensions Increase Reduction (PIR)</td>
<td>6%</td>
</tr>
<tr>
<td>Basic Retirement grant Reduction (BRGR)</td>
<td>14%</td>
</tr>
</tbody>
</table>

The values of the variables in the formulae for combining these reductions, based on the number of years to the member’s 55th birthday, which is 5, are as follows, from Appendix 2:

\[
\begin{align*}
A &= 0.795 \\
B &= 0.765
\end{align*}
\]

(If the time interval to age 55 were not an exact number of years, interpolation would be required to obtain factors A and B.)

15.4 The reduced pension entitlement is:

\[
\frac{(1 - 28/100) + (1.2703 - 1) \times (1 - 6/100) \times 0.795}{1 + (1.2703 - 1) \times 0.795} = 0.72 + (0.2703 \times 0.94 \times 0.795) = 0.7589
\]

\[
\frac{1 + (0.2703 \times 0.795)}{1 + (0.2703 \times 0.795)} = 0.7589
\]

giving a Combined Pension Reduction of 24.11% (i.e. 100 x (1 - 0.7589))

15.5 The reduced retirement grant entitlement is:
Local Government Pension Scheme (England and Wales)
Early Retirement - Choice of early payment of pension and flexible retirement
(effective from 1 April 2008)

\[
\frac{1.2703 \times (1 - 14/100)}{1 + (1.2703 - 1) \times 0.765}
= \frac{1.2703 \times 0.86}{1 + (0.2703 \times 0.765)} = 0.9053
\]

giving a Combined Retirement Grant Reduction of 9.47% (i.e. 100 x (1 - 0.9053))

Benefits before age 55

15.6 The basic preserved pension of £1,500 would be reduced by 24.11% to £1,138.35.
The pension would be paid at this rate until age 55 or the prior death of the member.
The basic preserved retirement grant of £4,500 would be reduced by 9.47% to £4,073.85 for payment at the date of election for early retirement (i.e. age 50 in this case).

Benefits at age 55

15.7 The pension from age 55 would be the amount obtained by applying the pensions increase multiplier on 1 October 2011 (for someone who left service on 30th September 1996) to the reduced basic pension of £1,138.35. If, for example, RPI were at the rate of 2.5% p.a. from September 2005 to September 2010, the pension at age 55 would be:

\[
£1,138.35 \times 1.2703 \times (1.025)^5 = £1,636.07
\]

15.8 Also due for payment at age 55 is the pension increase element on the retirement grant already accrued up to date of election (age 50 in this case). This should be calculated by multiplying the reduced basic retirement grant (£4,073.85) by the factor (P - 1), where P is the pension increase multiplier at date of election and not at age 55. This gives a retirement grant of £1,101.16, which is derived from the calculation \((1.2703 - 1)\times £4,073.85\). Also, the pension increase for the period from 6th April 2006 to 1st October 2006 when the main retirement grant was taken, would be due for payment on 1st October 2011; this would be £64.69 (= 1.2703 x £4,073.85 x .0125), assuming RPI of 2.5% p.a. No interest should be added for the period 1st October 2006 to 1st October 2011 to either of these amounts.
Example (6) – Reduction of transfer credit acquired through AVCs for a member electing under age 55

16.1 This example relates to a female employee retiring on her 52nd birthday:
- Date of Birth: 1st October 1956
- Date of commencement of service: 1st October 1977
- Last day of employment: 30th September 2006
- Effective date of election: 1st October 2008
- Age at election: 52
- Preserved pension at exit: £1,500 p.a.
- Preserved retirement grant at exit: £4,500

16.2 The former employer’s consent for the election is required as she is under 60. The earliest age at which she could satisfy the rule of 85 requirement would be her 53rd birthday (when her age, plus her membership, plus the period since she left service, would equal 85). Thus the number of years between the date of election and the date of entitlement to unreduced benefits is 1 year (the difference between age 53 and age 52). The earliest date at which she can retire on unreduced benefits without her former employer’s consent is her 60th birthday. As her retirement date is before her CRA, G = 60 – 53 = 7 years.

16.3 Transfer credits acquired through AVCs are treated as Part A Membership. She elected to make AVCs under Regulation 60(1) before November 13th 2001. At some point before leaving service she opts to stop contributing to the AVC scheme under Regulation 60(9), but continues to be an active member of the LGPS. She opts for the protected Regulations in relation to her AVCs. Her AVCs must be converted to a transfer credit within at least 6 months of leaving service (under protected Regulations 66 (9) & (10)). It is assumed that the initial calculation of the service credit (on the transfer-in basis) results in a service credit of less than 1 year. In this case the earliest age at which she satisfies the Rule of 85 is unchanged.

16.4 The service credit is then converted into a pension-only service credit under protected Regulation 66(5), as increased under Protected Regulation 66(8). Leaving her period of scheme membership aside, her preserved pension in respect of the AVCs converted to a pension credit is £400 at the date of leaving service (with a contingent spouse’s pension of half this amount).

16.5 The pensions increase multiplier on 1 October 2008 for a member who left service on 1 October 2006 is 1.0577. From Appendix 3, the percentage reductions to be combined are:

R1 = 28%
R2 = 22%

16.6 The values of the variables in the formula for combining these reductions, based on (G-5 = 2 years) are as follows, from Appendix 2:

B = 0.898
C = 0.023
Local Government Pension Scheme (England and Wales)
Early Retirement - Choice of early payment of pension and flexible retirement
(effective from 1 April 2008)

16.7 The fraction to be evaluated to give the Combined Reduction %
is: \[ 1 - \frac{(1 - 28\%) + (1.0577 - 1) \times (1 - 22\%) \times 0.898 + 1.0577 \times (1 - 28\%) \times 0.023}{1 + (1.0577 - 1) \times 0.898 + (1.0577 \times 0.023)} \]
giving a Combined Reduction of 27.70%.

16.8 The member's reduced basic preserved pension from the AVC pension credit therefore becomes:
£400 \times (1 - 27.70\%) = £289.20

16.9 The reduced basic contingent spouse's pension from the AVC pension credit becomes:
£200 \times (1 - 27.70\%) = £144.60

16.10 A further reduction is due under section 6. Where there is a gap between leaving service and election for early payment, the percentage reductions to be combined for the further one year between the date of election for payment of benefits and the date of entitlement to unreduced benefits are:
Basic Pension Reduction (BPR) 5%
Pension Increase Reduction (PIR) 0%

16.11 The values of the variables in the formula for combining these reductions, based on the number of years to the member’s 55th birthday, which is 3, are as follows from Appendix 2.
A = 0.873
P = 1.0577

16.12 The fraction to be evaluated to give the Pension Reduction is:
\[ 1 - \frac{(1 - 5\%) + (1.0577 - 1) \times (1 - 0\%) \times 0.873}{1 + (1.0577 - 1) \times 0.873} \]
giving a Combined Pension Reduction of 4.76%.

16.13 Thus, the reduced basic preserved pension in respect of the AVC pension credit, as reduced under protected Regulation 66(7), is further reduced under Regulation 31(4) as follows:
£289.20 \times (1 - 4.76\%) = £275.43

16.14 Further reduction in the spouse's pension is not required.

16.15 The immediate pension to the member from the AVC pension credit would be £275.43 a year and would remain at this rate until age 55 or the previous death of member. (The LGPS benefits accrued in respect of the member’s 29 years of actual service would be payable in addition, with the personal pension and the lump sum benefit being reduced by the one year early factors under section 4, as adjusted for the 3 years before the accrued pension increases can be paid.)

16.16 The pension from age 55 in respect of this member's AVCs would be the amount obtained by applying the pensions increase multiplier on 1 October 2011 (for someone who left service on 1 October 2006) to the reduced basic pension of £275.43
## 17 Appendix I - Percentage Reduction in Accrued Retirement Benefits

(To be used in the calculation of reduced benefits)

<table>
<thead>
<tr>
<th>Years Early</th>
<th>Pension Reduction (%)</th>
<th>Retirement Grant Reduction All Members %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Males</td>
<td>Females</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>2</td>
<td>11</td>
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</tr>
<tr>
<td>3</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>4</td>
<td>20</td>
<td>19</td>
</tr>
<tr>
<td>5</td>
<td>24</td>
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</tr>
<tr>
<td>6</td>
<td>28</td>
<td>27</td>
</tr>
<tr>
<td>7</td>
<td>32</td>
<td>30</td>
</tr>
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<td>8</td>
<td>35</td>
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</tr>
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<td>9</td>
<td>38</td>
<td>36</td>
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<tr>
<td>11</td>
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<td>13</td>
<td>50</td>
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</tr>
<tr>
<td>14</td>
<td>52</td>
<td>49</td>
</tr>
<tr>
<td>15</td>
<td>54</td>
<td>51</td>
</tr>
</tbody>
</table>

**Notes:**

1. The number of Years Early is the period between the dates (i) and (ii) below, where:
   - (i) is the effective date of the member’s election under Regulation 30(1) or Regulation 18(1) of the Benefits Regulations; and
   - (ii) is the date (or dates) on which the member would be entitled to unreduced benefits (assuming, where relevant, that the employer would consent to an election for the early payment of benefits if the member is under age 60 or remains in employment), as outlined in paragraph 2.2 of this guidance note.

2. Practitioners may need to refer to this table twice (with different values of Years Early) when preparing calculations for Group 1, 2 or 3 members. If tapered factors are required they are derived from these two sets of factors.

3. If the date in (1)(i) is later than the date in (1)(ii), then it should be clear that no reductions are to be applied (to the relevant part of the membership under consideration, if applicable).

4. Where the number of Years Early is not an integer number, the reduction factors from the table should be interpolated for part years.
18 Appendix II - Values of variables in the formulae to be used in the calculation of the reductions for members under age 55 at the date of the election

The values of the variables A, B and C in the formulae shown in paragraphs 6.4 and 7.1 of the Guidance Note are as follows.

<table>
<thead>
<tr>
<th>No. of years to 55th birthday</th>
<th>A (Pension)</th>
<th>B (Retirement Grant)</th>
<th>C (only required for transfer credits acquired through AVCs)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Males</td>
<td>Females</td>
<td>Males and Females</td>
</tr>
<tr>
<td>0</td>
<td>1.000</td>
<td>1.000</td>
<td>1.000</td>
</tr>
<tr>
<td>1</td>
<td>0.951</td>
<td>0.954</td>
<td>0.948</td>
</tr>
<tr>
<td>2</td>
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<tr>
<td>3</td>
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</tr>
<tr>
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<td>0.829</td>
<td>0.837</td>
<td>0.807</td>
</tr>
<tr>
<td>5</td>
<td>0.795</td>
<td>0.804</td>
<td>0.765</td>
</tr>
</tbody>
</table>

Note:

Where the number of years between the effective date of the election for early payment of benefits and the 55th birthday is not an exact number of years, values of A, B and C should be obtained by interpolation.
Local Government Pension Scheme (England and Wales)
Early Retirement - Choice of early payment of pension and flexible retirement
(effective from 1 April 2008)

19 Appendix III - Percentage Reduction in transfer credits under protected Regulation 66(7)

(To be used in the calculation of reduced benefits if the member retires before age 60 and is eligible to receive unreduced benefits before age 60)

<table>
<thead>
<tr>
<th>Years Early</th>
<th>Pension Reduction (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Males and Females</td>
</tr>
<tr>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1</td>
<td>5</td>
</tr>
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<td>3</td>
<td>14</td>
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<td>4</td>
<td>18</td>
</tr>
<tr>
<td>5</td>
<td>22</td>
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<tr>
<td>6</td>
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<tr>
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</tr>
<tr>
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<td>34</td>
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<td>10</td>
<td>37</td>
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Notes:
(1) The number of Years Early is the period between the later of dates (i) and (ii) below and the member’s 60th birthday, where:
   (i) is the effective date of the member’s election under Regulation 30(1) or Regulation 18(1) of the Benefits Regulations; and
   (ii) is the date (or dates) on which the member would be entitled to unreduced benefits (assuming, where relevant, that the employer would consent to an election for the early payment of benefits if the member is under age 60 or remains in employment), as outlined in paragraph 2.2 of this guidance note.

(3) If either of the date in (1)(i) or (1)(ii) is after the member’s 60th birthday, then no reduction under protected regulation 66(7) is to be applied to the transfer credit.

(4) Where the number of Years Early is not an integer number, the reduction factors from the table should be interpolated for part years.