

New Age 55 Retirement Option

Retirement from Age 55 without employer consent

Pension Scheme rules have been changed from 1 June 2018 to allow members who have reached age 55 to retire and take payment of their scheme benefits. There is no longer any need to get employer consent.

This option only applies to persons who have been contributing members of the scheme on or after 1 June 2018.

n.b. Scheme rules are made by the Scottish Ministers.

Early Payment Penalties

The Normal Retirement Age in the Scheme varies from member to member. This is because it is the same as each member's own State Pension Age (subject to a minimum of age 65). State Pension Age is generally between age 65 and 68.

If you retire before your Normal Retirement Age (other than on ill health, redundancy or efficiency grounds), then there will almost always be an early payment penalty.

You will lose approximately 5% of your pension and 2% of your lump sum for each year early that you retire before your Normal Retirement Age.

The calculation of the reduction is quite complicated as different slices of membership have different normal retirement ages. The following scenarios try to give a guide as to the extent of reduction in a given situation:

Scenario 1

If you joined the Scheme on or after 1/4/2015 then the reduction will be based on the period from your date of leaving to when you will reach your Normal Retirement Age (which is the same age as your State Pension Age, subject to a minimum of age 65).

Scenario 2

If you joined the Scheme on or after 1/12/2006 then the reduction for membership up to 31/3/2015 will be based on the period from your date of leaving to age 65. For any membership after 31/03/2015, the reduction will be based on the period from date of leaving to Normal Retirement Age.

Scenario 3

If you have

- been in the Scheme since before 1/12/2006, and
- were born before 1/4/1960, and
- have satisfied the rule of 85 (age and membership in complete years adds to 85)

then the reduction will only be based on the period from your date of leaving to when you would have attained age 60. If retiring after 31/03/2020 – in which case you will already have attained age 60 - the only reduction will be in respect of membership from 1/4/2020 and based on the period from date of leaving to Normal Retirement Age.

Scenario 4

If you have

- been in the Scheme since before 1/12/2006, and
- were born on or after 1/4/1960, and
- have satisfied the rule of 85

then for membership up to 31/3/2008, the reduction will be based on the period from your date of leaving to when you would have attained age 60. Membership from 1/4/2008 to 31/3/2015 would attract a reduction based on the period from date of leaving to age 65 and membership from 1/4/2015 would attract a reduction based on the period from date of leaving to Normal Retirement Age.

Scenario 5

If you have

- been in the Scheme since before 1/12/2006, and
- were born before 1/4/1960, and
- have not satisfied the rule of 85

then for membership up to 1/4/2020, the reduction will be based on the period from your date of leaving to the earlier of your Rule of 85 date (subject to a minimum of age 60) or age 65. A further reduction will apply in respect of any membership from 1/4/2020 based on the period from date of leaving to Normal Retirement Age.

Scenario 6

If you have

- been in the Scheme since before 1/12/2006, and
- were born on or after 1/4/1960, and
- have not satisfied the rule of 85

then for membership up to 1/4/2008, the reduction will be based on the period from your date of leaving to the earlier of your Rule of 85 date (subject to a minimum of age 60) or age 65. Membership from 1/4/2008 to 31/3/2015 would attract a reduction based on the period from date of leaving to age 65 and membership from 1/4/2015 would attract a reduction based on the period from date of leaving to normal retirement age.

If you are interested in finding out more about your retirement options, contact the Pensions team by emailing pensions@falkirk.gov.uk.

Please be aware that this note cannot override the Scheme rules which are as set out in the Local Government Pension Scheme (Scotland) Regulations 2018.

Pensions Team
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