

Rule of 85

Rule of 85 - Key Points



- * Rule of 85 is not a type of retirement
- * Way of assessing whether a member's pension would be reduced for early payment.
- * Abolished in 2006 but at this point transitional protection was put in place until 31st March 2020 (protections gained to that date remain in place)
 - * Must have been in the LGPS on 30th November 2006.
 - * Will only apply on taking benefits from age 60 (examples later)
 - * Even if members meet the Rule of 85 before age 60, benefits would still be reduced as benefits are being taken voluntarily before age 60.

Reminder



- * Normal Pension Age (NPA) for benefits up to and including 31st March 2015 is age 65 and for benefits built up after 31st March 2015 is state pension age.
- * Transfers in after 31st January 2013 do not count towards the rule of 85 calculation
- * Membership in the LGPS is calculated at hypothetical full time for any periods a member has been part time.
- * Pension reduction for taking benefits before NPA is approx. 5% per annum
- * Lump Sum reduction for taking benefits before NPA is approx. 3% per annum

Example 1 – *Member joined the LGPS in January 2007*



This member has no Rule of 85 protection as members must have been in the LGPS before 1st December 2006.

Example 2 – Member was born before 1st April 1960, and was in the LGPS on 1st December 2006



The member will be at least 60 at the expected retirement date. At that date their membership plus their age is will be 85 or greater

- * Benefits up to and including 31st March 2020 will not be reduced.
- * Benefits from 1st April 2020 to date of retirement will be reduced if taken before Normal Pension Age.

Example 3 - Member was born before 1st April 1960, and was in the LGPS on 1st December 2006



The member **will be at least 60** at the expected retirement date. At that date their **membership plus their age is not 85 or more.**

- * Benefits up to and including 31st March 2020 will be reduced for any period retirement is before the earlier of Normal Pension Age or meeting the Rule of 85.
- * Benefits from 1st April 2020 will be reduced if taken before Normal Pension Age.

Example 4 - Member was born before 1st April 1960, and was in the LGPS on 1st December 2006



The member will **not be 60** at the expected retirement date. At that date their **membership plus their age is will be 85 or greater.**

- * Benefits up to and including 31st March 2020 will be reduced for any period of retirement earlier than age 60.
- * Benefits from 1st April 2020 to date of retirement will be reduced if taken before Normal Pension Age.

Example 5 - Member was born before 1st April 1960, and was in the LGPS on 1st December 2006



The member will **not be 60** at the expected retirement date. At that date their **membership plus their age is will be not 85 or greater.**

- * Benefits up to and including 31st March 2020 will be reduced for the greater of any period retirement is earlier than age 60 or the date at which the Rule of 85 would apply.
- * Benefits from 1st April 2020 to date of retirement will be reduced if taken before Normal Pension Age.

Example 6 - Member was not born before 1st April 1960, was in the LGPS on 1st December 2006



The member will be 60 at the expected retirement date. At that date their membership plus their age is will be 85 or greater.

- * Benefits up to and including 31st March 2008 will not be reduced
- * Benefits from 1st April 2008 will be reduced if taken before Normal Pension Age.

Example 7 - Member was not born before 1st April 1960, was in the LGPS on 1st December 2006



The member will be 60 at the expected retirement date. At that date their membership plus their age is will not be 85 or greater.

- * Benefits up to and including 31st March 2008 will be reduced for the greater of any period retirement is earlier than Normal Pension Age or the date at which the Rule of 85 would apply.
- * Benefits from 1st April 2008 to date of retirement will be reduced if taken before Normal Pension Age.

Example 8 - Member was not born before 1st April 1960, was in the LGPS on 1st December 2006



The member will not be 60 at the expected retirement date. At that date their membership plus their age is will be 85 or greater.

- * Benefits up to and including 31st March 2008 will be reduced for any period retirement is earlier than age 60.
- * Benefits from 1st April 2008 will be reduced if taken before Normal Pension Age.

Example 9 - Member was not born before 1st April 1960, was in the LGPS on 1st December 2006



The member will not be 60 at the expected retirement date.
At that date their membership plus their age is will not be 85
or greater.

- * Benefits up to and including March 2008 will be reduced for the greater of any period retirement is earlier than age 60 or the date at which the Rule of 85 would apply.
- * Benefits from 1st April 2008 will be reduced if taken before Normal Pension Age.

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