



## Late retirement

If a member retires and claims their pension after their Normal Pension Age (NPA) this is known as a ‘Late Retirement’. If they choose to carry on working after NPA they will continue to pay into the LGPS, building up further benefits. They must take their pension by age 75.

### What benefits are payable?

When they decide to retire their pension benefits will be paid at an increased rate based on the period between their NPA and their late retirement date. Up until 31st August 2019, the increase is calculated as 0.010% for each day after their NPA.

On 1st September 2019, government guidance changed, and late retirement increases on annual pensions after this date, are now calculated using the table below.

Number of years after Normal Pension Age	Pension increase (%)
1	0.010%
2	0.010%
3	0.011%
4	0.012%
5	0.014%
6	0.015%
7	0.017%
8	0.018%
9	0.020%
10	0.022%

The pension increase percentage is the amount applied per day after NPA.

Here is an example to show you how these increases are calculated. Mark's Normal Pension Age is 65. He turned 65 on 1st September 2019. If he chose not to retire until 31st August 2023, that would be 4 years after his NPA. The table shows how increases would be applied to each period after his NPA until his retirement date.

Period	Years late	Total days	Increase %
1st September 2019 to 31st August 2020	1	366	0.010%
1st September 2020 to 31st August 2021	2	365	0.010%
1st September 2021 to 31st August 2022	3	365	0.011%
1st September 2022 to 31st August 2023	4	365	0.012%

We would then add the percentages together to get a total percentage increase:

$$(366 \times 0.010\%) + (365 \times 0.010\%) + (365 \times 0.011\%) + (365 \times 0.012\%) = 15.705\%$$

Let's say Mark's annual pension was valued at £5,000 at NPA. This means his total annual pension when he retires, including late retirement increases, would be £5,785.25.

### Increases on Lump Sum Retirement Grants

If a member was in the scheme before 1st April 2008, they will have an automatic lump sum retirement grant included in their benefits. The lump sum retirement grant will receive an increase of 0.001% for each day after their Normal Pension Age.

For example, if their retirement grant is £4,000 and they took their pension 386 days after their NPA, we could calculate the increase as follows:

$$£4,000 \times (0.001 \times 386 \text{ days}) = £15.44.$$

The total retirement grant paid would therefore be £4,015.44.

This provides a very brief overview. Our administration team will of course provide members with all options that apply to their individual circumstances.

## The role of the employer

### Step 1

When late retirement is being considered you should first request an estimate from our administration team. It is preferable to start this process as early as possible.

You can request an estimate by completing the form LGPS RET1.

Standard form - [access form here](#)

Editable form - [access form here](#)

On receipt of this form, we send an estimate of pension directly to the employer within 15 working days.

## **Step 2**

You should share the information provided with your employee so they can look at the options available to them and decide on whether to go ahead with their retirement.

## **Step 3**

Once your employee has made the decision to retire you need to send us a further form – LGPS RET2.

Standard form - [access form here](#)

Editable form - [access form here](#)

The details will be used to provide, direct to the employee's home address, a provisional estimate of benefits and a pre-retirement pack giving details of the options available. We provide this information within 7 working days. The employee needs to complete the claim form and send this back to us, so we know how they want to proceed.

## **Step 4**

Finally, once you have liaised with our employee and retirement is confirmed, you should complete the LGPS 9A form (your employee will send us their claim form separately).

Standard form - [access form here](#)

Editable form - [access form here](#)

We have 5 working days to complete the retirement process once all documentation has been received from both the employer and employee. Please note that we cannot process the retirement until the retirement date has been reached.

## Further support

Email: [employer.engagement@eastsussex.gov.uk](mailto:employer.engagement@eastsussex.gov.uk)

This factsheet is one of a series put together by East Sussex Pension Fund to help support employers with processing key tasks.



You can view the full employer toolkit at:

<https://www.eastsussexpensionfund.org/about-the-scheme/employers/employer-toolkit/>