



Government Actuary's Department

Local Government Pension Scheme (Northern Ireland)

Early Payment of Pension

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1 Introduction

- 1.1 The Department of the Environment (“DOE”) is required under the Local Government Pension Scheme Regulations (Northern Ireland) 2014 (‘the 2014 Regulations’) (SRNI 2014/188), to issue actuarial guidance on the reduction in benefits for members who retire before they have a right to take unreduced benefits, i.e. on the voluntary early payment of pension.
- 1.2 This guidance also applies to benefits accrued before 1 April 2015, including members who left active service before 1 April 2015. It also applies to councillor members. Full details of the legislative references are discussed below.
- 1.3 The remainder of this introduction contains:
- > details of the implementation and future review of this guidance,
 - > statements about the use of this note and third party reliance
- 1.4 In the remainder of this note:
- > The second section describes the calculation of the early retirement reduction
 - > The third section contains examples
 - > Appendix A contains the table of factors with notes
 - > Appendix B discusses transitional provisions
 - > Appendices C and D quote the relevant statutory references
 - > Appendix E sets out some important limitations
- 1.5 The Government Actuary’s Department (GAD) seeks to achieve a high standard in all our work. Please go to our [website](#)¹ for details of the standards we apply.

Implementation and Review

- 1.6 DOE is required to consult GAD before issuing actuarial guidance under the 2014 Regulations [Regulation 2(3) of the 2014 Regulations].
- 1.7 As part of this consultation DOE has asked GAD to recommend actuarial guidance in respect of the regulations detailed below. This document forms GAD’s recommendation for the actuarial guidance required by these regulations.
- 1.8 This note has effect only when this guidance is issued by DOE to the Northern Ireland Local Government Officers’ Superannuation Committee (NILGOSC) in accordance with Regulation 2(3) of the 2014 Regulations, and is subject to the implementation instructions provided at that time.

¹ <https://www.gov.uk/government/organisations/government-actuarys-department/about/terms-of-reference>



- 1.9 This guidance replaces the previous guidance dated 29 March 2012 (together with the revised factors issued on 26 January 2015) but uses the same assumptions as were used in deriving the revised factors.
- 1.10 This guidance has been written for pension administrators and assumes some knowledge of general pensions terminology, and some familiarity with retirement calculations for the Local Government Pension Scheme. Any questions concerning the application of the guidance should, in the first instance, be referred to DOE.
- 1.11 GAD recommends that guidance and factors should be reviewed periodically, depending on external circumstances, for example when changes in the actuarial assumptions adopted for other scheme factors take place, or following each triennial cycle of future valuations of the LGPS.

Use of this note

- 1.12 This note has been prepared for DOE and can be relied upon by them. We are content for this note to be released to third parties, provided that:
- > it is released in full;
 - > the advice is not quoted selectively or partially; and
 - > GAD is identified as the source of the note.
- 1.13 Third parties may wish to seek their own actuarial advice where appropriate. GAD has no liability to any person or third party for any act or omission taken, either in whole or in part, on the basis of this note.

Third party reliance

- 1.14 When issued by DOE in accordance with paragraph 1.8 above, this note should be used as the actuarial guidance required under the regulations cited. Other than for this purpose, no person or third party is entitled to place any reliance on the contents of this note, except to any extent explicitly stated herein.



2 Calculation of early retirement reduction

2.1 The early retirement factors are based on the number of years early that the benefits are taken, that is the period between the dates (i) and (ii) below:

- (i) the effective date of the member's election under the relevant regulations;
and
- (ii) the date on which the member would be entitled to unreduced benefits.

2.2 Appendix A sets out the early retirement factors for use where the member is aged 55 or over. The table in Appendix A has separate columns for the reductions to be applied to the pensions of male and female members – and a third column for the reductions to be applied to automatic 3/80ths retirement grants.

2.3 Where the number of years early is not an integer number, the reduction factors from the table should be interpolated for part years.

2.4 If the date in 2.1(i) is later than the date in 2.1(ii), then no reductions are to be applied.

2.5 The pension following early retirement is calculated as follows:

$$\text{Pension at early retirement} = \text{Accrued pension} \times (1 - P)$$

where P is an early retirement factor from Appendix A (expressed in decimal form) depending on the gender of the member and the number of years early the pension is taken. The retirement grant is calculated in a similar way.

2.6 DOE has confirmed that the pension paid to a dependant 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.

Date on which the member would be entitled to unreduced benefits

2.7 Members who first joined the LGPS on or after 1 April 2015 are entitled to unreduced benefits from their State Pension Age, or if higher, age 65. DOE has confirmed that State Pension Age for the purpose of calculating early retirement factors should be based on legislation in force at the point benefits are paid.

2.8 The date on which the member who first joined the LGPS before 1 April 2015 would be entitled to unreduced benefits depends on a number of factors, including: whether they were a member prior to 1 October 2006, their date of birth, the time period over which service was accrued, the age at which they would have satisfied the 85 year rule, and the circumstances under which they are requesting early payment of pension. Appendix B sets out details of the ages that should be used for different periods of service and different groups of members.



- 2.9 The calculation at paragraph 2.5 may need to be performed several times if different periods of service would entitle the member to unreduced benefits on different dates. The total pension that the member receives at early retirement will then be the sum of the pension at early retirement for each of the relevant periods of service.
- 2.10 Where a member who is aged at least 55 leaves employment due to redundancy or on grounds of business efficiency, no early retirement reduction applies except to any benefits secured by additional pension contributions under Regulation 18 of the 2014 Regulations.

Taper reduction

- 2.11 DOE has confirmed that a group 2 member (i.e. a member who was an active member prior to 1 October 2006, and born between 1 April 1956 and 31 March 1960 inclusive and who would reach their Critical Retirement Age (CRA) by 31 March 2020, as defined in Appendix B) is entitled to tapered reduction factors for some periods of service. The tapered reduction factors are interpolated between:
- > the reduction factor applicable if the rule of 85 applied, and
 - > the reduction factor applicable based on the member's Normal Retirement Age in the 2009 scheme (i.e. age 65)

The interpolation should be based on the later of the date on which the member would attain their CRA and the date of the member's 60th birthday. Taper reduction factors apply to service from 1 April 2008 to 31 March 2020.

The required interpolation is set out in paragraphs 2.12 to 2.15 below.

DOE has further confirmed that taper reduction factors do not apply to a member who was a member before 1 October 2006 and who was born between 1 April 1956 and 31 March 1960 inclusive and who would not reach their CRA by 31 March 2020.

- 2.12 The reduction factor for pension if the rule of 85 applied (P_{CRA}) is calculated by reference to the member's CRA (as defined in Appendix B). This is the age at which the member would be entitled to unreduced benefits under Paragraph 1 in Schedule 3 of the Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014 (SRNI 2014/189) ('the 2015 Scheme Transitional Regulations'). Tapered reduction factors apply to some periods of service from 1 April 2008, and so are after the relevant date for the purpose of that paragraph. However the CRAs for the purpose of taper reduction should be calculated as if that service was before the relevant date.
- 2.13 The reduction factor for pension based on their Normal Retirement Age (P_{NRA}) is calculated by reference to age 65 (i.e. the member's Normal Retirement Age in the 2009 Scheme).
- 2.14 The interpolation factor (F_1) is equal to the taper period divided by 4 years. The taper period is the number of years from 1 April 2016 to the later of:
- > date on which the member would attain their CRA, or
 - > the date of the member's 60th birthday.



Part-years should be taken into account in this calculation of the taper period, which must be between 0 and 4 years.

- 2.15 The tapered reduction factors for pension and retirement grant are then calculated as follows:

$$P_{Taper} = F_I \times P_{NRA} + (1 - F_I) \times P_{CRA}$$

$$RG_{Taper} = F_I \times RG_{NRA} + (1 - F_I) \times RG_{CRA}$$

- 2.16 The pension and retirement grant following early retirement are calculated as follows:

$$Pension \text{ at early retirement} = Accrued \text{ pension} \times (1 - P_{Taper})$$

$$Retirement \text{ grant at early retirement} = Accrued \text{ retirement grant} \times (1 - RG_{Taper})$$

where P_{Taper} and RG_{Taper} are as calculated in paragraph 2.15.

Early retirement before age 55

- 2.17 This note should not be used to calculate the reductions to be applied to members aged below 55 at the date of payment. Such cases should be referred to DOE, for onward transmission to GAD.

Statutory underpin

- 2.18 DOE has confirmed that, where an addition to a member's benefits applies as a result of the statutory underpin (Regulation 4(4) of the 2015 Scheme Transitional Regulations), and the member's benefits are taken before the 2009 Scheme normal retirement age, all of the member's benefits accrued up to normal retirement age in the 2009 Scheme, whether accrued before or after 1 April 2015, including the addition due to the statutory underpin, are subject to an adjustment for early payment by reference to the age at which benefits could be drawn unreduced under the 2009 Scheme. Please see paragraph B.23 for the details of these ages. The appropriate early retirement factors and methodology remain otherwise the same and are as contained in the remainder of this guidance note.



3 Examples

Example 1

3.1 Female member who elects while in active service:

> Date of Birth:	2 October 1954
> Date of commencement of service:	1 April 1993
> Last day of employment:	1 October 2015
> Effective date of election under Regulation 31(5):	2 October 2015
> Age at election:	61.0000

3.2 The member falls into Group 1.

3.3 We proceed to calculate the member's CRA. At her early retirement date, she is aged 61 years exactly, and has 22y 184d of membership. She does not satisfy the rule of 85 at that date but 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 1.0000 year (62 years less 61 years), in respect of all her service.

3.4 Assume that the member's benefits before reduction are:

Pension (before reduction):

Part A (up to 31 March 2008)	£3,750.00
Part B (1 April 2008 to 31 March 2009)	£250.00
Part C1 (1 April 2009 to 31 March 2015)	£1999.00
Part C2 (1 April 2015 to 1 October 2015)	£206.00
Total Pension (before reduction)	£6,205.00 pa

Pre-2009 Retirement Grant (before reduction):

Part A (up to 31 March 2008)	3 x £3,750.00 = £11,250.00
Part B (1 April 2008 to 31 March 2009)	3 x £250.00 = £750.00
Total Retirement Grant (before reduction)	£12,000.00

The appropriate factors can be read from Table 1 in Appendix A:

> P _{CRA}	6%
> R _{G_{CRA}}	3%

Her early retirement pension (*ERPension*) and retirement grant (*ERCash*) are calculated as follows:

$$ERPension....£6,205.00 \text{ pa} \times (1 - 0.06) = £5,832.70 \text{ pa}$$

$$ERCash.....£12,000.00 \times (1 - 0.03) = £11,640.00$$



Example 2

3.5 Male member who elects while in active service:

> Date of Birth:	20 September 1958
> Date of commencement of service:	1 April 1993
> Last day of employment	19 September 2018
> Effective date of election under Regulation 29(5)	20 September 2018
> Age at election	60.0000
> State Pension Age, or age 65 if higher (NPA):	66

3.6 The member falls into Group 2. He does not satisfy the 85 year rule at the date of his election for immediate retirement benefits. Therefore, he should suffer no reduction on his benefits earned by Part A Membership. However, he should suffer a tapered reduction in respect of his Parts B, C1, C2 and Part D Membership.

3.7 The term for which the reductions apply to pre-2008 membership (i.e. Part A Membership) is 0.0000 years. The term for which the reductions apply to the Part B, Part C1, Part C2 and Part D membership is 5.0000 years (65 years less 60 years).

3.8 Assume that the member has accrued the following:

Pension (before reduction):

Part A (up to 31 March 2008)	£5,625.00
Part B (1 April 2008 to 31 March 2009)	£375.00
Part C1 (1 April 2009 to 31 March 2015)	£2,999.00
Part C2 (1 April 2015 to 31 March 2016)	£613.00
Part D (1 April 2016 to 19 September 2018)	£1,512.00
Total Pension (before reduction)	£11,124.00 pa

Pre-2009 Retirement Grant (before reduction):

Part A (up to 31 March 2008)	3 x £5,625.00 = £16,875.00
Part B (1 April 2008 to 31 March 2009)	3 x £375.00 = £1,125.00
Total Retirement Grant (before reduction)	£18,000.00

The appropriate factors can be read from Table 1 in Appendix A:

> P _{CRA}	0%
> RG _{CRA}	0%
> P ₆₅	25%
> RG ₆₅	14%

The member will first satisfy the rule of 85 and be age 60 or over on 20 September 2018. The date of election is 20 September 2018. Both dates are the same, so his taper period is 2 years 172 days (i.e. the period between 1st April 2016 and 20th September 2018), and the taper interpolation factor is 2.4712 years divided by 4



years = 0.6178. Thus the Part B, Part C1, Part C2 and Part D tapered reduction factors are:

- > $P_{\text{Taper}} = 0.6178 \times P_{65} + (1 - 0.6178) \times P_{\text{CRA}} = 15.45\%$
- > $RG_{\text{Taper}} = 0.6178 \times RG_{65} + (1 - 0.6178) \times RG_{\text{CRA}} = 8.65\%$

His early retirement pension (*ERPension*) and retirement grant (*ERCash*) are calculated as follows:

ERPension

$$\begin{aligned} & \text{£}5,625.00 \times (1 - 0.00) \\ + & \text{£}375.00 \text{ pa} \times (1 - 0.1545) \\ + & \text{£}2,999.00 \text{ pa} \times (1 - 0.1545) \\ + & \text{£}613.00 \text{ pa} \times (1 - 0.1545) \\ + & \text{£}1,512.00 \text{ pa} \times (1 - 0.1545) \\ = & \text{£}10,274.40 \text{ pa} \end{aligned}$$

ERCash

$$\begin{aligned} & \text{£}16,875.00 \times (1 - 0.00) \\ + & \text{£}1,125.00 \text{ pa} \times (1 - 0.0865) \\ = & \text{£}17,902.69 \end{aligned}$$



Appendix A: Factors

Table 1: Factors to use after age 55

Years Early	Pension Reduction (%)		Retirement Grant Reduction (%)
	Males	Females	All Members
0	0%	0%	0%
1	6%	6%	3%
2	11%	11%	6%
3	16%	15%	8%
4	21%	20%	11%
5	25%	24%	14%
6	29%	28%	16%
7	33%	31%	19%
8	36%	35%	21%
9	39%	38%	23%
10	42%	41%	26%
11	46%	44%	N/A
12	49%	47%	N/A
13	52%	50%	N/A

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 the relevant regulations; and
 - (ii) is the date (or dates) on which the member would be entitled to unreduced benefits.
- (2) Practitioners may need to refer to this table more than once (with different values of *Years Early*) when preparing calculations for a member. If tapered factors are required they are derived from two factors.
- (3) If the date in (1)(i) is later than the date in (1)(ii), then no reductions are to be applied to the relevant part of the membership under consideration.
- (4) Where the number of *Years Early* is not an integer number, the reduction factors from the table should be interpolated for part years.
- (5) These factors should not be used to calculate the reductions to be applied to members aged below 55 at the date of retirement. Such cases should be referred to the DOE, for onward transmission to GAD.



Appendix B: Transitional Provisions

- B.1 This appendix sets out the ages at which a member who first joined the LGPS before 1 April 2015 would be entitled to unreduced benefits – different ages may apply to different periods of service. DOE has confirmed that the dates as set out in this appendix are in line with the policy intention of the LGPS Regulations.
- B.2 The Scheme Regulations are the legal basis of the Scheme. Nothing in this appendix can override them and, in the event of any difference, the Scheme Regulations will apply. In particular, in the event of a difference between this appendix and the Scheme Regulations, in applying this guidance the date on which the member would be entitled to unreduced benefits should be calculated in accordance with the Scheme Regulations, not this Appendix. This will affect the early retirement reduction factors that apply (see Appendix A, note (1)).
- B.3 If users of this guidance are aware of any difference between this Appendix and the Scheme Regulations, they should contact DOE.

Age at which a member is entitled to unreduced benefits

- B.4 For the purposes of this appendix, members have been grouped into a number of categories for ease of reference:
- > Group 1: A member who was an active member prior to 1 October 2006, and born on 31 March 1956 or earlier;
 - > Group 2: A member who was an active member prior to 1 October 2006, and born between 1 April 1956 and 31 March 1960 inclusive and who would reach their Critical Retirement Age by 31 March 2020;
 - > Group 3: A member who was an active member prior to 1 October 2006 who is not a Group 1 or Group 2 member;
 - > Group 4: A member who was not a member prior to 1 October 2006.
- B.5 A member's total membership should be divided into the following periods:
- > Part A: Membership up to 31 March 2008
 - > Part B: Membership from 1 April 2008 to 31 March 2009
 - > Part C1: Membership from 1 April 2009 to 31 March 2015
 - > Part C2: Membership from 1 April 2015 to 31 March 2016
 - > Part D: Membership from 1 April 2016 to 31 March 2020
 - > Part E1: Membership from 1 April 2020
 - > Part E2: Certain benefits not related to a period of actual service, see paragraphs B.12 to B.22.



B.6 A councillor who was a deferred member of the Scheme in respect of a new council (as defined in the 2015 Scheme Transitional Regulations), or an active member of the Scheme before 1 April 2015, and who becomes a member of the 2015 Scheme will receive benefits deriving from their pre-1 April 2015 service reduced for early payment (or increased for late payment) by reference to retirement age 65, and benefits for post-1 April 2015 service reduced for early payment (or increased for late payment) by reference to NPA. The age at which other members are entitled to unreduced benefits for each combination of member group and service part are given below.

	Group 1	Group 2	Group 3	Group 4
Part A	CRA	CRA	CRA	65
Part B	CRA	Taper	65	65
Part C1	CRA	Taper	65	65
Part C2	CRA	Taper	NPA	NPA
Part D	NPA	Taper	NPA	NPA
Part E1	NPA	NPA	NPA	NPA
Part E2	65	65	65	65

Where:

- > CRA is the member's 'Critical Retirement Age' as defined in paragraph B.7 below.
- > NPA is the member's Normal Pension Age in the 2015 scheme; that is State Pension Age or, if higher, age 65.
- > Taper indicates tapered early retirement reduction factors apply, as described in paragraphs 2.11 to 2.16.

Critical Retirement Age

B.7 The member's Critical Retirement Age is the earliest date at which they would have satisfied the 85 year rule for the purposes of Schedule 3 of the 2015 Scheme Transitional Regulations, subject to the limits set out in paragraphs B.9 and B.10 below.

B.8 Note that in the case of a person who was a member of the 2000 Scheme immediately before 1st February 2003, any qualifying period counted by virtue of Regulation 127 of the Local Government Pension Scheme Regulations (Northern Ireland) 2002 (SRNI 2002/352) ("the 2002 Regulations") (rights as to service not matched by credited period) which was awarded before 1st February 2003 is included in the rule of 85 calculation.

B.9 A member's Critical Retirement Age cannot be greater than age 65.

B.10 For members requesting to receive immediate payment of retirement benefits under regulation 31(5) (retirement benefits: early retirement) of the 2014 Regulations, the Critical Retirement Age cannot be less than age 60 unless the member's scheme employer agrees that it should be [Paragraph 1(b) of Schedule 3 of the 2015 Scheme Transitional Regulations].



- B.11 Note that the limit in paragraph B.10 above does not apply to a member aged under 60 who requests to receive immediate payment of retirement benefits under regulation 30(1) (choice of early payment of pension) of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations (Northern Ireland) 2009 (SRNI 2009/32) ('the 2009 Benefits Regulations') or regulation 31(6) (retirement benefits: flexible retirement) of the 2014 Regulations: however, under these regulations employer consent is required. In consequence, a member may have different Critical Retirement Ages depending on the circumstances under which they are requesting early payment of pension. For example a Group 1 member retiring at age 55 who would have first satisfied the 85 year rule at age 57 would have:
- > Critical Retirement Age 57, if requesting to receive immediate payment of retirement benefits under regulation 31(6) (retirement benefits: flexible retirement) of the 2014 Regulations, but
 - > Critical Retirement Age 60, if requesting to receive immediate payment of retirement benefits under regulation 31(5) (retirement benefits: early retirement) of the 2014 Regulations and the member's scheme employer has not agreed that CRA should be less than 60 (i.e. Paragraph 1(4) of Schedule 3 of the 2015 Scheme Transitional Regulations applies).

Benefits not related to a period of actual service

Transferred in benefits

- B.12 Earned pension credited under Regulation 113 of the 2014 Regulations should be treated as Part E1 Membership.
- B.13 Membership credited under Regulation 9(1) of the 2015 Scheme Transitional Regulations in respect of a club transfer payment into the 2015 Scheme in respect service before 1 April 2015 which would have entitled the member to final salary benefits should be treated as Part E2 membership.
- B.14 Membership credited under Regulation 79 of the Local Government Pension Scheme (Administration) Regulations (Northern Ireland) 2009 (SRNI 2009/33) (the '2009 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 transfer occurred before 1 April 2008. Other Membership credited under Regulation 79 should be treated as Part E2 membership.
- B.15 A transfer credit awarded under protected regulation 68(8) of the 2002 Regulations, or equivalent previous regulations, should be reduced if it is taken earlier than the retirement age assumed for the calculation of the credit.

Added Years

- B.16 Membership credited under Regulation 57 of the 2002 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 57 should be treated as Part E2 membership.



- B.17 Membership credited under Regulation 35 of the 2009 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 1 April 2008. Other Membership under Regulation 35 should be treated as Part E2 membership.

Added Pension

- B.18 Added pension credited under Regulation 16 or awarded under Regulation 32 of the 2014 Regulations for contributions from 1 April 2015 should be treated as Part E1 membership.
- B.19 Added pension credited under Regulation 22 of the 2009 Administration Regulations (including added pension credited in respect of the preservation of Regulation 22 of the 2009 Administration Regulations by Regulation 14 of the 2015 Scheme Transitional Regulations) should be treated as Part E2 membership.
- B.20 Additional pension awarded by the employer under regulation 13 of the 2009 Benefits Regulations should be treated as Part E2 membership.

Pension Credit Members

- B.21 Pension credit accounts created under Regulation 30 of the 2014 Regulations should be treated as Part E1 membership.
- B.22 Pension credit rights created under Regulation 84 of the 2009 Administration Regulations or equivalent previous regulations (discharge of liability for pension credit rights) should be treated as Part E2 membership.

Statutory underpin: Age at which a member is entitled to unreduced benefits under the 2009 scheme

- B.23 The following table shows the ages at which benefits could be drawn unreduced under the 2009 Scheme, using the same definitions as paragraphs B.4 and B.5 above. It should be used only in cases where the statutory underpin applies (see paragraph 2.18).

	Group 1	Group 2	Group 3	Group 4
Part A	CRA	CRA	CRA	65
Part B	CRA	Taper	65	65
Part C1	CRA	Taper	65	65
Part C2	CRA	Taper	65	65
Part D	65	Taper	65	65
Part E1	65	65	65	65
Part E2	65	65	65	65



Appendix C: Cited Regulations

C.1 Excerpts from the 2009 Benefits Regulations²

Additional pension contributions

14.—

- (1) An active member may choose to pay additional regular contributions (“ARCs”) in order to be credited with additional pension...
- (2) If he chooses to take the additional pension referred to in paragraph (1) earlier or later than his normal retirement age, it is reduced or, as the case may be, increased.
- (3) The amount of additional regular contributions to be paid under paragraph (1), and the reduction or increase referred to in paragraph (2), is calculated in accordance with guidance issued by the Government Actuary.

Flexible retirement

18.—

...

- (2) If the payment of benefits referred to in paragraph (1) takes effect before the member's 65th birthday, the benefits payable are reduced in accordance with guidance issued by the Government Actuary.

Early leavers: business efficiency and redundancy

19.—

- (1) Where-
 - (a) a member is dismissed by reason of redundancy; or
 - (b) his employing authority has decided that, on the grounds of business efficiency, it is in the employing authority's interest that he should leave their employment; and
 - (c) in either case, the member has attained the age of 55,

he is entitled to the immediate payment of retirement pension without reduction.

Choice of early payment of pension

30. —

- 1) If a member leaves a local government employment or otherwise ceases to be a member before he is entitled to the immediate payment of retirement benefits (apart from

² The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations (Northern Ireland) 2009 (SRNI 2009/32)



this regulation), once he has attained the age of 55 he may choose to receive payment of them immediately.

(2) A choice made by a member aged less than 60 is ineffective without the consent of his employing authority or former employing authority.

(3) If the member so chooses, he is entitled to a pension payable immediately calculated in accordance with regulation 29 (calculation on leaving early).

(4) His pension must be reduced by the amounts shown as appropriate in guidance issued by the Government Actuary.

C.2 Excerpts from the 2009 Transitional Regulations³

Membership accrued before 1st April 2009: active members

3. —

...

(2) Notwithstanding the revocations effected by regulation 2, the Regulations listed in Schedule 1 continue to have effect, subject to regulation 4, so far as is necessary so that—

(a) the person's total membership accrued in the 2002 Scheme in respect of, or calculated by reference to, his service before 1st April 2009, and the pension rights accrued at that date, are preserved; and

(b) his benefits under the 2002 Scheme are payable immediately where benefits become payable without reduction under regulations 16 (normal retirement), 17 (retirement after normal retirement date), 19 (early leavers: business efficiency and redundancy) and 20 (early leavers: ill-health) of the Benefits Regulations, or with the appropriate actuarial reduction in line with guidance produced by the Government Actuary where benefits become payable under regulations 18 (flexible retirement) or 30 (choice of early payment of pension) of the Benefits Regulations.

Schedule 2 - The 85 Year Rule: Transitional Provisions and Savings

7.—

(1) This paragraph applies to a member who retires, having reached the age of 60, on or after 1st April 2016 and before 1st April 2020, and whose retirement pension and grant would (but for the provisions of this paragraph) have been actuarially reduced by virtue of paragraphs 1 and 2.

³ Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2009 (SRNI 2009/34)



(2) That part of his retirement pension and grant which is calculated by reference to any period of membership after 31st March 2008 shall be reduced in accordance with guidance issued by the Government Actuary.

C.3 Excerpts from the 2014 Regulations⁴

Introduction and interpretation

2. —

...

(2) The Scheme manager responsible for the administration of pensions and other benefits payable under these Regulations, is the Northern Ireland Local Government Officers' Superannuation Committee, and in these Regulations is referred to as "the Committee".

(3) The Department may, after consultation with the Government Actuary's Department, issue actuarial guidance to the Committee.

Retirement

31. —

...

(5) A member who has not attained normal pension age but who has attained the age of 55 or over, may elect to receive immediate payment of a retirement pension in relation to an employment if that member is not an employee in local government employment in that employment, reduced by the amount shown as appropriate in actuarial guidance issued by the Department.

...

(7) Where an active member who has attained the age of 55 or over is dismissed from an employment by reason of redundancy or business efficiency, or whose employment is terminated by mutual consent on grounds of business efficiency, that member is entitled to, and shall take immediate payment of—

- (a) retirement pension relating to that employment payable under regulation 18 (additional pension contributions), adjusted by the amount shown as appropriate in actuarial guidance issued by the Department; and
- (b) any other retirement pension relating to that employment payable under these Regulations, without reduction.

⁴ The Local Government Pension Scheme Regulations (Northern Ireland) 2014 (SRNI 2014/188)



C.4 Excerpts from the 2015 Scheme Transitional Regulations⁵

Membership before 1st April 2015

3.—

...

(4) Where a person has been an active member of the Scheme, and retirement benefits under paragraph (1) are payable to a member in accordance with regulation 10 (retirement benefits), the benefits paid from earlier Schemes and the Scheme are, for all purposes, to be regarded as constituting a single pension scheme.

(5) But a retirement pension and any retirement grant payable to a member under paragraph (4) is subject to actuarial adjustment if it would have been subject to actuarial adjustment under the 2009 Scheme, irrespective of whether retirement pension under the Scheme payable at the same time is subject to actuarial adjustment.

...

(8) Where a person has not been an active member of the Scheme and has benefits under the earlier Schemes, or has been an active member of the Scheme and has benefits under the earlier Schemes which have not been aggregated with the benefits in the Scheme, the benefits payable as a consequence of paragraph (1) are payable in accordance with the earlier Schemes as applied by this regulation.

...

(12) Any guidance issued by the Government Actuary in accordance with any provision in the former regulations is to be treated as actuarial guidance issued by the Department as defined in Schedule 1 to the 2014 Regulations and any reference to guidance issued by the Government Actuary in the former regulations is to be construed as a reference to actuarial guidance issued by the Department.

Councillors' pensions

21. —

...

(3) Where a councillor who has deferred councillor membership of the 2009 Scheme in respect of a new council becomes an active member of the Scheme, whether by reason of paragraph (1) or otherwise, the appropriate amount of pension accrued under the 2009 Scheme in respect of that deferred membership of the new council shall be credited by the Committee to that councillor's active member pension account under the Scheme [and that deferred membership of the new council must be treated as if it has the normal retirement age which applied under the 2009 Scheme.] *see note below*

(4) The active membership of any councillor in respect of an existing council shall end on 31st March 2015 and that membership shall be treated as deferred membership unless the councillor qualifies for the immediate payment of retirement benefits under regulations 16 (normal retirement) or 17 (retirement after normal retirement age) of the Benefits Regulations or the councillor member chooses to receive the immediate payment of

⁵ The Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014 (SRNI 2014 / 189)



retirement benefits under regulation 30 (choice of early payment of pension) of those Regulations.

(5) Where paragraph (4) applies the Committee shall apply the appropriate actuarial adjustment in accordance with guidance issued by the Department, for the early or late payment of retirement benefits.

Note: the additional wording in square brackets was proposed to be introduced by amendment to the 2015 Scheme Transitional Regulations, and this guidance document is written on the basis that the amendment will be made before 1 April 2015. However, the amendment had not been issued at the time of preparing this guidance.

Schedule 3 – The 85 Year Rule: Transitional Provisions and Savings

9. —

...

(2) That part of the member's retirement benefits which is calculated by reference to any period of membership after 31st March 2008 shall be reduced in accordance with actuarial guidance issued by the Department.



Appendix D: Legislative references

- D.1 DOE has asked GAD to recommend actuarial guidance in respect of the regulations detailed below.
- D.2 DOE is required under the 2014 Regulations to issue actuarial guidance on the reduced benefits payable when a member, or pension credit member, aged 55 or over, elects to receive their benefits before their normal pension age [Regulations 31(5), 31(6) and 31(12) of the 2014 Regulations].
- D.3 DOE is also required under the 2015 Scheme Transitional Regulations to issue actuarial guidance on the payment of early retirement benefits for a member who was a member before 1 October 2006 and who reaches the age of 60 on or after 1 April 2016 and before 1 April 2020 [Paragraph 9(2) of Schedule 2 of the 2015 Scheme Transitional Regulations].
- D.4 Where a person has been an active member of the 2015 Scheme, any benefits accrued before 1 April 2015 are subject to actuarial adjustment if they would have been subject to actuarial adjustment under the 2009 Scheme (as defined in the 2015 Scheme Transitional Regulations) [Regulation 3(5) of the 2015 Scheme Transitional Regulations]. This reduction is irrespective of whether a pension payable at the same time under the 2015 Scheme is subject to actuarial adjustment.
- D.5 Where a person has not been a member of the 2015 Scheme, benefits payable in respect of service before 1 April 2015 are payable in accordance with the Earlier Schemes [Regulation 3(8) of the 2015 Scheme Transitional Regulations]. This also applies to a member who has been an active member of the 2015 Scheme and has benefits under the Earlier Schemes which have not been aggregated with the benefits in the 2015 Scheme.
- D.6 Further to paragraphs D.4 and D.5 above, the following provisions of the 2009 scheme relating to early payment of benefits have effect. Any reference to guidance issued by the Government Actuary in the Earlier Regulations is to be construed as a reference to actuarial guidance issued by DOE [Regulation 3(12) of the 2015 Scheme Transitional Regulations]
- D.7 Under the 2009 Benefits Regulations, actuarial guidance issued by DOE is required to determine the appropriate amounts by which a member's retirement pension should be reduced in respect of early payment [Regulations 30(4) of the 2009 Benefits Regulations].
- D.8 Actuarial guidance issued by DOE is required to determine the reduction of additional pension in the 2009 Scheme where it is taken earlier than normal retirement age (i.e. before age 65) [Regulation 14(3) of the 2009 Benefits Regulations].



- D.9 Under the Local Government Pension Scheme (Transitional Provisions) Regulations (Northern Ireland) 2009 (SRNI 2009/33) ('the 2009 Scheme Transitional Regulations'), actuarial guidance issued by DOE is required to calculate the early retirement pension and grant for a member who was a member before 1 October 2006 and who reaches the age of 60 on or after 1 April 2016 and before 1 April 2020 [Paragraph 7(2) of Schedule 2 of the 2009 Scheme Transitional Regulations].
- D.10 Any benefits accrued before 1 April 2009 are reduced in line with actuarial guidance issued by DOE where benefits become payable under Regulation 30 of the 2009 Benefits Regulations [Regulation 3(2)(b) of the 2009 Scheme Transitional Regulations].
- D.11 Under the 2009 Administration Regulations, a pension credit member who was awarded a pension credit as a result of a Pension Sharing Order with effective date before 1 April 2015 and who elects to receive benefits before normal benefit age should have their benefits reduced in accordance with guidance issued by DOE [Regulation 91(4) of the 2009 Administration Regulations].



Appendix E: Limitations

- E.1 This note should not be used for any purpose other than to determine benefits on early retirement in accordance with the regulations cited above.
- E.2 The factors contained in this note are subject to periodic review. Administrators need to ensure that they are using the latest factors, as relevant, when processing cases.
- E.3 This note should be considered in its entirety as individual sections, if considered in isolation, may be misleading, and conclusions reached by a review of some sections on their own may be incorrect.
- E.4 This note only covers the actuarial principles around the calculation and application of early retirement factors. Any legal advice in this area should be sought from an appropriately qualified person or source.
- E.5 Administrators should satisfy themselves that early retirement complies with all legislative requirements including, but not limited to, tax and contracting-out requirements.
- E.6 This guidance is based on the Regulations in force at the time of writing. It is possible that future changes to the Regulations might create inconsistencies between this guidance and the Regulations. If users of this guidance believe there to be any such inconsistencies, they should bring this to the attention of DOE. In no circumstances should this guidance take precedence over the Regulations. Administrators should ensure that they comply with all relevant Regulations.