STATUTORY INSTRUMENTS

2013 No. 2356

The Local Government Pension Scheme Regulations 2013

PART 1

Membership, contributions and benefits

Benefits

Retirement benefits

30.—(1) Subject to paragraph (3), a member who attains normal pension age and is not an employee in local government service is entitled to immediate payment of a retirement pension without reduction.

(2) A member to whom paragraph (1) applies and who has concurrent employments may draw a pension in relation to an employment so long as the member is not an employee in local government service in relation to that employment.

(3) A member to whom paragraph (1) applies may elect to defer payment of a retirement pension to a date after that member's normal pension age up to the date when that member attains the age of 75.

(4) A member who starts to receive payment of a retirement pension from a date after that member's normal pension age is entitled to enhancement of the pension by the amount shown as appropriate in actuarial guidance issued by the Secretary of State.

(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 service in that employment, reduced by the amount shown as appropriate in actuarial guidance issued by the Secretary of State.

(6) An active member who has attained the age of 55 or over who reduces working hours or grade of an employment may, with the Scheme employer's consent, elect to receive immediate payment of all or part of the retirement pension to which that member would be entitled in respect of that employment if that member were not an employee in local government service on the date of the reduction in hours or grade, adjusted by the amount shown as appropriate in actuarial guidance issued by the Secretary of State.

(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 must take immediate payment of —

(a) retirement pension relating to that employment payable under regulation 16 (additional pension contributions), adjusted by the amount shown as appropriate in actuarial guidance issued by the Secretary of State; and

(b) any other retirement pension relating to that employment payable under these Regulations, without reduction.

(8) A Scheme employer, former employer which is a Scheme employer, or, where a member's employer or former employer has ceased to be a Scheme employer, the appropriate administering authority, may agree to waive in whole or in part any reduction that would, apart from this paragraph, be required by paragraphs (5) or (6).

(9) In paragraphs (1) to (8) of this regulation the expression "member" means a member with qualifying service for a period of two years and does not include a pension credit member.

(10) Subject to paragraph (11), a pension credit member who attains normal pension age is entitled to, and must take, immediate payment of a retirement pension deriving from the pension credit, without reduction, irrespective of whether that pension credit member is also an employee in local government service.

(11) A pension credit member may elect to defer payment of a retirement pension deriving from a pension credit to a date after that member's normal pension age and, if the member does so, is entitled to immediate payment of a retirement pension from any date up to the date when that member attains the age of 75, enhanced by the amount shown as appropriate in actuarial guidance issued by the Secretary of State, irrespective of whether the pension credit member is also an employee in local government service.

(12) A pension credit member who has attained the age of 55 or over may elect to receive immediate payment of a retirement pension deriving from the pension credit, reduced by the amount shown as appropriate in actuarial guidance issued by the Secretary of State, irrespective of whether the pension credit member is also an employee in local government service.

Award of additional pension

31.—(1) A Scheme employer may resolve to award—

(a) an active member, or

(b) a member who was an active member who was dismissed by reason of redundancy, or business efficiency, or whose employment was terminated by mutual consent on grounds of business efficiency,

additional annual pension of, in total (including any additional pension purchased by the Scheme employer under regulation 16), not more than the additional pension limit payable from the same date as any pension payable under other provisions of these Regulations from the pension account to which the additional pension is attached, provided that, in the case of a member falling within sub-paragraph (b), the resolution to award additional pension is made within 6 months of the date the member's employment ended.

(2) The additional pension limit is £6,500 from 1st April 2014 and that figure is increased on 1st April 2015, and each subsequent 1st April, by the amount (where it is greater than zero) by which it would be increased if it were a pension beginning on 1st April 2013 to which the Pensions (Increase) Act 1971(**1**) applied.

(3) An award of additional pension under—

(a) paragraph (1)(a) is to be credited to the relevant active member pension account in the Scheme year in which the resolution to award the additional pension is made; and

(b) paragraph (1)(b) is to be treated as credited to the relevant active member pension account on the day before the date of termination of employment.

(4) The restrictions specified in paragraph (1) apply to Scheme employers which have power under section 1 of the Localism Act 2011(**2**) (local authority's general power of competence) or

(**1**) 1971 c. 56.
(**2**) 2011 c. 20.

section 5A(1) of the Fire and Rescue Services Act 2004(**3**) (powers of fire and rescue authorities) in the exercise of those powers.

Commencement of pensions

32.—(1) The first period for which any retirement pension which is payable immediately on a member leaving any employment is payable, begins with the day after the date on which the employment ends.

(2) Subject to paragraphs (3) and (4), in the case of a deferred member, the first period for which payment begins is the member's normal pension age unless that member gives written notice to the appropriate administering authority to defer payment (but any such deferral shall not extend beyond the day before the member's 75th birthday).

(3) Where a member elects under regulation 30(3), (5), (11) or (12) to have a pension paid from a date other than normal pension age, the first period for which retirement pension is payable begins on the date the member specifies in a written notice to the appropriate administering authority.

(4) When, in a written notice to the appropriate administering authority, a member elects under regulation 30(6) (flexible retirement) to receive immediate payment of all or part of that member's benefits, if the member's Scheme employer consents to the payment, the first period for which retirement pension is payable begins on the date of the reduction in hours or grade.

(5) A notice given under paragraph (3) must be given not less than three months before the beginning of the period specified and a notice given under paragraph (4) must be given within one month of the reduction in hours or grade.

(6) A member may give a further notice under paragraph (3) altering the date specified in an earlier notice, but any such further notice must be given not less than three months before the beginning of the period specified in the further notice.

(7) An administering authority may agree to extend the time limits specified in paragraphs (5) and (6).

(8) Where a member is entitled to early payment of pension due to ill-health under regulation 35 (early payment of retirement pension on ill-health grounds: active members) the first period for which retirement pension is payable is the day after the date on which the member's employment is terminated.

(9) Where a member is entitled to Tier 2 benefits following a review under regulation 37(7)(b) or (10) (special provision in respect of members in receipt of Tier 3 benefits) the first period for which those benefits are payable starts on the date of the review decision under regulation 37(7)(b) or the date of the determination under regulation 37(10).

(10) Where a member is entitled to early payment of pension due to ill-health under regulation 38 (early payment of retirement pension on ill-health grounds: deferred and deferred pensioner members), the first period for which retirement pension is payable begins on the date of the determination that the member is permanently incapable under that regulation.

Election for lump sum instead of pension

33.—(1) Subject to paragraph (4), a member entitled to a retirement pension under the Scheme may by written notice given to the appropriate administering authority before any benefits in relation to the benefit crystallisation event become payable, commute the retirement pension payable, or part thereof, at a rate of £12 for every £1 of annual pension commuted.

(2) But the total amount of the member's commuted sum shall not exceed 25% of the capital value of the member's accrued rights under all local government pension provision in relation to

(**3**) 2004 c. 21; section 5A was inserted by section 9 of the Localism Act 2011.

that benefit crystallisation event excluding those under regulation 17(7)(a) (additional voluntary contributions).

(3) The capital value of a member's accrued rights shall be calculated in accordance with actuarial guidance issued by the Secretary of State.

(4) Paragraph (1) does not apply to—

(a) a pension credit member where the member of the Scheme to whom the Pension Sharing Order applied has made an election under this regulation before the valuation date used when implementing the Pension Sharing Order;

(b) a deferred pensioner member; or

(c) any additional pension purchased by the member under regulation 17(7)(b)(i) (additional voluntary contributions).

Commutation and small pensions

34.—(1) Any authorised payments within the meaning of section 164 (authorised member payments) of the Finance Act 2004(**4**) listed in sub-paragraphs (a) to (c) may be paid in accordance with the rules relating to the payment of such benefits under that Act or relevant regulations under that Act—

(a) a lump sum which is a trivial commutation lump sum within the meaning of section 166 (lump sum rule) of that Act;

(b) a trivial commutation lump sum death benefit within the meaning of section 168 (lump sum death benefit rule) of that Act; or

(c) a commutation payment under regulations 6 (payment after relevant accretion), 11 (de minimis rule for pension schemes) or 12 (payments by larger pension schemes) of the Registered Pension Schemes (Authorised Payments) Regulations 2009(**5**).

(2) Any payment under paragraph (1) shall be calculated in accordance with actuarial guidance issued by the Secretary of State.

(3) If a member receives a payment under this regulation, any pension account relating to that payment must be closed and the member is entitled to no further benefits in relation to that account and no survivor benefits are subsequently payable upon the death of the member.

(**4**) 2004 c. 12; section 164 was amended by the Finance Act 2006 (c. 25), the Finance Act 2008 (c. 9), the Finance Act 2009 (c. 10) and the Finance Act 2011 (c.11).

(**5**) S.I. 2009/1171; regulations 11 and 12 were amended by S.I. 2011/1751.