



The 85 Year Rule

Introduction

The Normal Pension Age (NPA) under the Local Government Pension Scheme (LGPS) is linked to your **State Pension Age** (SPA), with a minimum age of 65 (but if your SPA changes in the future so will your NPA in the LGPS). You can voluntarily retire from age 55, but your benefits may be actuarially reduced to take account of early payment before your NPA, however, you may be protected against at least a part of this reduction, due to the 85 Year Rule.

What is the 85 Year Rule?

The 85 Year Rule may protect some or all your benefits from being reduced if you decide to retire before your NPA. The level of protection is dependant on your date of birth. To meet the 85 Year Rule, you must have been actively making pension contributions into the LGPS between 01 April 1998 and 30 September 2006 and your age plus your Scheme membership (both measured in whole years) must add up to 85 or more at retirement.

Am I protected under the 85 Year Rule?

If you were paying pension contributions into the LGPS as at 30 September 2006 and choose to retire before your NPA, having met the conditions of the 85 Year Rule, you will have some form of protection.

If you were **born on or before 31 March 1956**, all benefits built up to 31 March 2016 will be unreduced. Benefits from 1 April 2016 will be reduced for the period from your date of leaving to your NPA.

If you were **born on or between 1 April 1956 and 31 March 1960**, all benefits built up to 31 March 2008 will be unreduced, but benefits built up between 1 April 2008 and 31 March 2020 will be reduced on a 'tapered' basis for the period from your date of leaving to age 65 (the normal retirement age under the 2008 Scheme). Any benefits built up after 1 April 2020 will be reduced in full for the period from your date of leaving to your NPA.

If you were **born on or after 1 April 1960**, all benefits built up to 31 March 2008 will be unreduced, but benefits built up from 1 April 2008 until your date of leaving will be reduced in full. For membership from 1 April 2008 to 31 March 2014, the reduction will be for the period from your date of leaving to your 65th birthday. Your membership from 1 April 2014 will be reduced for the period from your date of leaving to your NPA.

How much of a 'reduction' will apply?

Your benefits will be reduced in accordance with guidance issued by the Government Actuary's Department (GAD). The period from your date of leaving to the appropriate retirement age will be measured in years and days, therefore the percentage reduction will be amended for part years. (These Reduction Factors came into effect on 08/01/2019).

Number of Years Paid Early	Reduction to Annual Pension	Reduction to Automatic Lump Sum
0	0%	0%
1	5.1%	2.3%
2	9.9%	4.6%
3	14.3%	6.9%
4	18.4%	9.1%
5	22.2%	11.2%
6	25.7%	13.3%
7	29.0%	15.3%
8	32.1%	17.3%
9	35.0%	19.2%
10	37.7%	21.1%
11	41.6%	Not Applicable
12	44.0%	Not Applicable
13	46.3%	Not Applicable

Will the 85 Year Rule apply if I retire from age 55?

You can retire and receive your pension benefits from age 55 without your Employer's consent, if you do choose to voluntarily retire between age 55 and 60, any 85 Year Rule protections will not automatically apply, and your benefits will therefore be reduced in full. However, if you choose to retire on or after age 60, any 85 Year Rule protections will apply. The ability to apply the 85 Year Rule to voluntary retirement between age 55 and 60 is at the discretion of your Employer. Your Employer will have a policy on this matter.

What if I am made redundant or must retire on the grounds of efficiency?

If you are made redundant by your Employer or if you must retire on the grounds of efficiency and you are aged 55 or over, your benefits will come into payment immediately without reduction (subject to the exit payment cap of £95,000).

What if I must retire because of ill health?

If you are forced to retire because of ill health, your benefits will come into payment immediately without reduction and may even be enhanced to take account of your illness. For more information, please refer to the **Ill Health factsheet**.

Where can you find more Information?

This factsheet gives general guidance only, if you need further information, please contact the Gwynedd Pension Fund:

Tel: 01286 679982

Email: pensions@gwynedd.llyw.cymru

Disclaimer

The Pension Fund is unable to provide any financial advice.
After reading this factsheet, you may want to seek independent financial advice to make an informed decision.

These bodies may be able to help you:

Unbiased: <https://unbiased.co.uk/>

Money Helper: [Choosing a financial adviser \(moneyhelper.org.uk\)](https://www.moneyhelper.org.uk/)