

Flexible retirement process

Toolkit and frequently asked questions

Author: HR Strategy

Contact: Helen.Ginty@luton.gov.uk

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Document History

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1.0	29.8.18	Flexible retirement policy agreed by A&R	Kathy Williams
2.0	31.5.19	Adjustment to Application Process <ul style="list-style-type: none"> - section 3 and associated flow chart (Appendix 1) - clarification of eligibility criteria and HR contact point - flexible retirement request form, 2-part process Appendix 4 updated to reflect changes to pension reduction factors implemented January 2019	Kathy Williams
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4.0	May 2024	Process review. Updating in line with style guide/accessibility requirements. Hyperlinks updated. Clarification of manager's responsibilities when declining a flexible retirement request for economic and organisational reasons. Appendix 4 - revision of LGPS reduction factors (July 2023)	Kathy Williams
4.1	May 2025	Confirmation that active membership of the LGPS is required to access to flexible retirement under this process. Updated to show increase in age employees can access pension from 55 to 57 wef 6.4.2028	Kathy Williams

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Flexible retirement application process and toolkit

This process and toolkit is for guidance only and is subject to change as determined by Luton Council.

The following notes are intended to give managers and employees some help in operating the flexible retirement application process. They are not intended to form part of the policy.

If you are a **manager** make sure you have read the application procedure and know exactly what your remit is within your own management structure. Remember that you can only consider a flexible retirement request from one of your team if **all** of the following criteria are met:

- the employee is/will be aged 55 or over on their proposed flexible retirement date (this increases to age 57 or over effective from 6 April 2028)
- there must be zero cost/pension strain to the council on payment of flexible retirement pension benefits - you will need to seek confirmation of this via the HR and Payroll Transactions Team in advance of making your decision
- the proposed working arrangement will result in at least a 20 per cent reduction in the employee's gross salary either through a reduction in hours and/or grade from their substantive post
- the proposed working arrangement will meet business/service needs

If you are an **employee** approaching age 55 or over (age 57 or over after 6 April 2028) and are considering making an application for flexible retirement you are advised to contact your pension provider to obtain an estimate of your pension benefits based on **early** retirement in the first instance. This estimate should provide you with an insight into the extent of any actuarial reduction that is likely to apply to your pension in the event that you access your benefits early.

You must be an **active** member of the **LGPS** to be able to apply for flexible retirement.

Your annual pension statement (issued annually in August) will also provide a guide to your pension in the event of early retirement. You may need to consider the reduction factors that apply – see Appendix 4.

Requests for **flexible** retirement pension estimates can only be made via your manager but will only be provided to you if agreeing flexible retirement would not incur a cost for Luton Council.

You do not need to make a decision about applying for flexible retirement in order to obtain an **early** retirement pension estimate.

Employees are advised to fully consider the impact of an application for flexible retirement, taking into account financial liabilities and commitments. Sources of advice include:

- an independent financial advisor
- your bank or building society
- voluntary organisations such as Citizens Advice Bureau or Age Concern

Be aware that once a pension has been agreed and put into place, it cannot be recalculated and an actuarial reduction, once in place, cannot be rescinded. If you are employee who is considering the flexible retirement option you should look into the possible impact of future events on pension payments over the longer term. Advice in this respect can be obtained from your pension provider.

You may also wish to consider alternatives to flexible retirement such as a straightforward reduction in contracted hours, or in the situation that there will be an employer cost, consider early retirement or deferral of the date of your flexible retirement.

Further information on flexible retirement arrangements operated by the occupational pension schemes can be found on the following websites:

- [Local Government Pension Scheme](#)
- [NHS pension scheme](#)
- [Teacher's pension scheme](#)
- [Luton Council's LGPS](#)

1. Process for requesting flexible retirement

- 1.1 Normal Pension Age (NPA) is the age when you can retire and take your pension benefits without any reduction. Your NPA is the same as your State Pension Age (SPA). Your annual pension statement will provide an estimate of the occupational pension benefits you can expect to receive at normal pension age.
- 1.2 If you are approaching, or over, age 55 years and are considering early retirement you can request an estimate of the pensionable benefits you will receive if you retire in advance of your Normal Pension Age. This will give you an indication whether, having read the rules and understood the implications of accessing your occupational pension, you might wish to formally apply for flexible retirement. Please note that the age threshold increases from age 55 to age 57 with effect from 6 April 2028.

2. Pension implications

- 2.1 Employees who are **active** members of the LGPS, TPS or NHS scheme may be concerned about the effect of flexible retirement on your pension.
- 2.2 Flexible retirement before normal retirement age is likely to mean that your occupational pension benefits are reduced. The employee who wishes to access their pension early will need to accept that it will be based on reduced benefits.
- 2.3 Under current pension regulations, if you retire on a flexible or phased basis you are able to remain in your pension scheme and accrue a second pension based on your reduced hours and/or substantive grade. Your second pension benefits will become payable at your pensionable age, or at least one day before your 75 birthday if you remain in employment with the council.
- 2.4. Where flexible retirement is agreed the LGPS benefits will be based on all your pensionable service accrued up to the date of the reduction in hours and/or substantive grade, these benefits will be payable with reductions as per the table at Appendix 4.
- 2.5 Special pension provisions and protections apply to those employees who meet the "[85 year rule](#)" in whole or part and are over 60 years of age.
- 2.6 Dependent upon individual circumstances and pensionable service, a request for flexible retirement may incur a cost to Luton Council. In this situation flexible retirement cannot be agreed.

3. Application procedure

- 3.1 Should you wish to apply for flexible retirement please complete the application form at Appendix 2 (Questions 1 and 2) and forward this to your immediate manager. (See process flowchart at Appendix 1.)

- 3.2 Ideally, your request should be made at least three months in advance of the proposed flexible retirement date. You are not committed to pursuing flexible retirement at this stage, should you change your mind about your future plans.
- 3.3 When you apply for flexible retirement you should consider and be prepared to discuss:
- options for different working hours/patterns
 - compatibility of proposed working patterns with the service needs
 - implications of reducing hours on individual work objectives/activities and any possible changes to contract
 - Implications of reducing hours on other staff and suggestions for addressing these implications
- 3.4 Managers should remind themselves that requests for flexible retirement cannot be agreed if one or more of the following criteria applies :
- the employee does not meet the age or membership criteria of their pension scheme.
 - the proposal will not result in a reduction in salary of between 20 per cent and 60 per cent
 - there will be a cost burden to the council
 - there is evidence that the proposal is not in the council's economic or operational interests.
- 3.5 Managers should therefore consider the application and be prepared to discuss:
- inability to proceed with flexible retirement where there will be any direct cost at all to the council
 - the impact upon achieving individual, team or service objectives and meeting business needs in the short, medium and long term
 - the benefits of the proposal which may include improved productivity, morale and commitment, retention of key staff and skills and/or salary or other cost savings
 - the feasibility and impact of the work on colleagues
 - ability to secure cover for the remaining hours and duties e.g. reorganise work amongst existing staff or recruit additional employees
 - timing of retirement – implications for service delivery
 - equality considerations – the request to reduce working hours may be in relation to personal commitments such as caring responsibilities; such requests should be considered sympathetically. Agreeing part-time working requests can open opportunities for succession planning, mentoring of other employees and bringing new employees into the service
 - where the arrangement proposed by the employee cannot be accepted for economic or operational reasons, possible alternatives should be discussed at the meeting with the employee
- 3.6.1 Following receipt of a request the employee's **manager** will:
- without delay, complete Part 1 questions one to seven of the Pensions Request form (Appendix 3) providing their details at the top of the form and a signature. This should be sent via e-mail to: pensionqueries@luton.gov.uk – who will complete questions eight to twelve and despatch the form to the Bedfordshire Pension Fund for calculation of employer costs
 - Bedfordshire Pension Fund requires the manager's details and signature on Part 1 of the form and may be unwilling to provide a response without this

- arrange to meet with the employee to discuss their request within 28 calendar days
- at this meeting the employee must be advised that their application will not proceed if there any direct costs associated with flexible retirement and early release of their pension
- weigh up the potential benefits to the employee and to Luton Council against any adverse impact of implementing the changes
- consider the request with the relevant Service Manager and decide in principle subject to confirmation of zero cost to Luton Council from Bedfordshire Pension Fund
- receive notification from HR and Payroll Transactions team whether there would be a cost to the council if flexible retirement were agreed
- following the meeting notify the employee in writing of the decision in principle, subject to confirmation from the pension provider that there will be zero employer cost (if this has yet to be received)
- in the event that there is zero cost, with the employee's permission (part 2 of pension request form) arrange for an estimate of flexible retirement benefits to be sent to the employee
- allow the right of appeal

3.7 Each request will be considered on a case-by-case basis; agreement to one request will not set a precedent or create the right for another employee to be granted a similar change to their working pattern.

3.8 A decision in principle to the flexible retirement working arrangement, subject to either confirmation of zero cost to the council and/or an estimate of benefits, must be made and communicated in writing to the employee within 14 calendar days of the meeting.

3.9 The letter should confirm the agreed details of the flexible retirement, or state that the request has been refused. The letter must also inform the employee of their right to appeal and the process to do so. (Template letters are available in the HR document library.)

3.10 In the event that your decision is to refuse the request due only to economic or organisational reasons, you will need to evidence these reasons in order that they are available to an appeal panel.

3.11 On receipt of confirmation of zero cost to the council and agreement in principle to the flexible retirement proposal, the employee and manager should complete Part 2 (Page 3) of the Pensions Request form and send it, together with Part 1, direct to the [Bedfordshire Pension Fund](#) to arrange for an estimate of the flexible retirement pension benefits and options to be sent to the employee.

3.12 Members of the NHS 2008 Section and 2015 Pension Schemes or Teachers Pensions funds will need to apply direct to their respective pension schemes for an estimate of benefits. The pension's estimate form will need to be completed by the applicant and then sent to the [council's pension queries mailbox](#) for onward transmission to the appropriate pension provider.

The pension's team will also provide details of pensionable pay. The pension provider will provide an estimate of benefits direct to the employee. (Note: Flexible/Phased retirement benefits under these schemes are automatically reduced with no accrual of cost to the council.)

3.13 If on receipt of the pension estimate the employee still wishes to proceed with flexible retirement, and subject to the service manager's agreement to the flexible retirement

application, the service director will need to countersign the Part 2 of the of the Request for Flexible Retirement Application form (appendix 2) to release the pension.

Once the service director's agreement has been given the decision and arrangements for flexible retirement will be confirmed in writing by the service manager.

- 3.14 When arrangements are agreed, the Pensions Team at Bedfordshire Pension Fund, should be notified in writing at least four weeks before the date of the flexible retirement. This must be done by printing off the estimate of retirement benefits form sent to them by Pensions and signing it.

Please note that no action can be taken by Pensions without signatures from the service director and the employee.

- 3.15 In addition the Employee Changes Form must be completed immediately detailing the flexible retirement change, where reduced hours have been agreed and forwarded to HR and Payroll Transactions Team.
- 3.16 Where the employee wishes to move roles to a lower graded post, they will usually need to apply for, and secure a post through the normal recruitment processes. It is advisable to commence the flexible retirement application process prior to applying for a new post to clarify whether there would be a cost to the council. Should there be a cost the flexible retirement application cannot proceed.
- 3.17 HR and Payroll Transactions team must retain a copy of the employee's request and a copy of the final decision letter, for the employee's personal file.

4. Right of appeal

- 4.1 The employee has a right to appeal against the decision if the flexible retirement application is refused. Appeals should be made in writing to the relevant service director, within 14 calendar days following receipt of the written confirmation of the decision.

The service director or their representative will hear the appeal and their decision is final. The service director may wish to invite an HR Adviser to this meeting for advice and guidance on the procedure.

- 4.2 The appeal meeting would normally take place within 14 calendar days of receiving the letter of appeal.
- 4.3 Although there is no statutory right to be accompanied, Luton Council will permit the employee to be represented and accompanied by their trade union representative, or a workplace colleague of their choice at the appeal. However, it is the employee's responsibility to arrange their representation. If the employee's representative is not available on the date arranged for the meeting, an alternative date must be arranged as a matter of urgency, preferably taking into account the representative's availability.
- 4.4 At the end of the appeal meeting the service director will decide whether the request for flexible retirement can be approved. The decision will be sent to the employee in writing within 14 calendar days after the appeal meeting date. There is no further right of appeal.

5. Implications

- 5.1 The following arrangements will apply where an employee's request for flexible retirement is granted.

- 5.2 Pay

- Employees whose hours are reduced through flexible retirement will be paid on a pro-rata basis, according to the number of hours worked.
- Payment for employees moving to a lower graded post will be in line with normal rules. If higher than the minimum point of the grade the service director will need to authorise and provide a business case.
- Pay protection will not apply. Any pre-existing pay protection will cease at the point of taking up flexible retirement.
- In the event an employee is subsequently made redundant, the redundancy payment will be calculated by reference to their pay at the time the redundancy takes effect.

5.3 Leave

Employees opting to reduce hours through flexible retirement will be entitled to leave on a pro-rata basis, according to the number of hours worked. Bank Holiday entitlement will be calculated on a pro-rata basis.

5.4 Continuous service

Provided there is no break in service and the employee remains in the employment of Luton Council, then continuous service will be preserved.

6. Further information and advice

6.1 Further information and advice on this policy and its application can be obtained from HR and Payroll Transactions on 01582 546629 in the first instance.

7. Flexible retirement: frequently asked questions

7.1 Flexible retirement sounds attractive – how do I know I will be able to afford it?

If you're an **active** member of the Local Government Pension Scheme, are approaching or aged 55 and over and are thinking about exploring your options regarding flexible retirement, it is recommended that you contact Beds Pensions fund.

You can request an estimate of the benefits that would be payable to you if you retire **early** on a particular date at least three months in the future.

Please note that the age threshold for flexible retirement increases from age 55 to 57 on 6 April 2028.

As **flexible** retirement benefits will be at least the same as early retirement benefits, you will then have sufficient information to be able to think about the nature of your flexible retirement request – would you be seeking a reduction in hours or thinking about applying for a lower graded post?

Management will make an “in principle” decision about your flexible retirement proposal subject to confirmation from Beds Pensions that no costs will fall to the council if flexible retirement proceeds. Once confirmation of zero costs has been obtained you will be able to apply for an estimate of **flexible** retirement benefits.

Any questions you may have about your Local Government Pension Scheme benefits should be referred to [Bedfordshire Pension scheme administrators](#).

Please note that the pension you receive as a flexible retiree will continue to be paid and will not change for the remainder of your life (other than cost of living rises.) It is not reversible.

- 7.2 If I reduce my hours and take flexible retirement working, for example, three days a week, can my working hours later be adjusted down, or up?

Flexible retirement once agreed is intended to be a permanent arrangement. Management in agreeing to your flexible retirement may have utilised or reallocated the funding for your post so an increase in hours would not be possible.

For hours/days to be adjusted down further, this may be possible by making a request through the [flexible working request process](#). Your manager will need to agree this and may consider the original flexible retirement criteria that the overall reduction in salary should be between 20-60 per cent.

If you have accrued at least two **active** year's pensionable service after your flexible retirement you may wish to access the additional LGPS pension benefits that have accrued since your flexible retirement.

In this situation you would need to make a second flexible retirement request. Bear in mind though that your benefits would be reduced in line with actuarial reductions determined by the LGPS.

- 7.3 I have deferred my LGPS pension, am I eligible to apply for flexible retirement?

Only active members of the LGPS can apply for flexible retirement so you may wish to consider activating your account. If you are over normal retirement age and wish to access your deferred pension you should speak to [Bedfordshire Pension Fund](#) to understand the rules that apply, these may involve you moving roles.

- 7.4 What happens to a flexible retiree who is subsequently made redundant?

Redundancy is due to work of a particular kind diminishing or ceasing. Flexible retirement would not impact on the efforts to redeploy you into an alternative role; however, this would be based on your current 'new' working arrangements/grade/hours.

If redeployment is not successful and a redundancy situation occurs after you have flexibly retired, then you would receive redundancy pay based on your current 'new' job and salary but you may also receive any secondary pension benefits you have accrued at the date of your redundancy dependent upon the circumstances.

- 7.5 If a flexible retiree is later subject to a restructure, could they then be downgraded?

As with all council employees subject to an organisational change process, if your employment is formally at risk of redundancy after a restructure has been approved, you may be offered suitable alternative employment in a role at the same grade, one grade above or one grade below.

Your status as a flexible retiree will not affect your treatment in a restructure. If the new post is one grade below your current grade, then the normal pay protections, set out in the organisational change and redeployment policies at that time, will apply.

- 7.6 Will my car benefit/essential car user allowance be affected if I flexibly retire?

Car benefit is paid pro-rata to part time employees on grades M3-M8 and any reduction in hours whilst in the post results in a proportionate reduction in car benefit. The same will apply if you reduce your hours on flexible retirement.

If, rather than reduce your hours in your current post, you move to a lower grade post (M3-M8) and remain a full-time employee then the car benefit will not be reduced as it is

currently paid at a fixed rate to all posts on these grades. If you move to a post below M3 you will lose the car benefit payment altogether.

Essential car user lump sum allowance is paid at a flat rate and does not change when hours are reduced. However, if you reduce your hours and this impacts on the frequency that you use your vehicle for work purposes you may lose the allowance if you do not meet the relevant pro-rata criteria. This would also apply if you move to a lower graded post then that post would need to meet the essential car user criteria for you to continue to receive it.

7.7 What will happen if I am off sick or on annual leave after flexible retirement?

Your pay during periods of leave will be linked to your new salary – flexible retirement based on a reduction in hours will mean that your entitlement will be reduced on a pro-rata basis from the date of your flexible retirement.

7.8 Will I be issued with a new contract of employment?

If you remain in the same post and agreement is given to your flexible retirement through a reduction in hours, you will be issued with a letter setting out the change in hours, pay and allowances.

As other terms and conditions are unlikely to change you should expect to receive a variation to contract letter. A new contract is unlikely to be needed unless there is a change of role accompanied by a change of terms and conditions.

7.9 Does agile working, i.e. working from home apply still to flexibly retired employees?

Changing your working hours and pattern of work at flexible retirement will be, as always, subject to agreement by your manager and you should set out your proposals/request in your application for flexible retirement.

In the same way, agile working would also need to be discussed with management at the meeting to consider your flexible retirement request.

Management will want to assure themselves that the business/working arrangements in the reduced role are acceptable. Management will only be able to agree flexible retirement where the arrangement meets business needs and there is no cost to the council.

7.10 Are there death in service benefits (3x salary) whilst continuing to work and drawing a pension?

Pension rules are complex, and this is a question that is best directed to the LGPS experts on the pension scheme. Here are the links to [Flexible Retirement](#) and [Death in Service](#).

7.11 Will I be entitled to a retirement gift and other retirement benefits if I am allowed to flexibly retire?

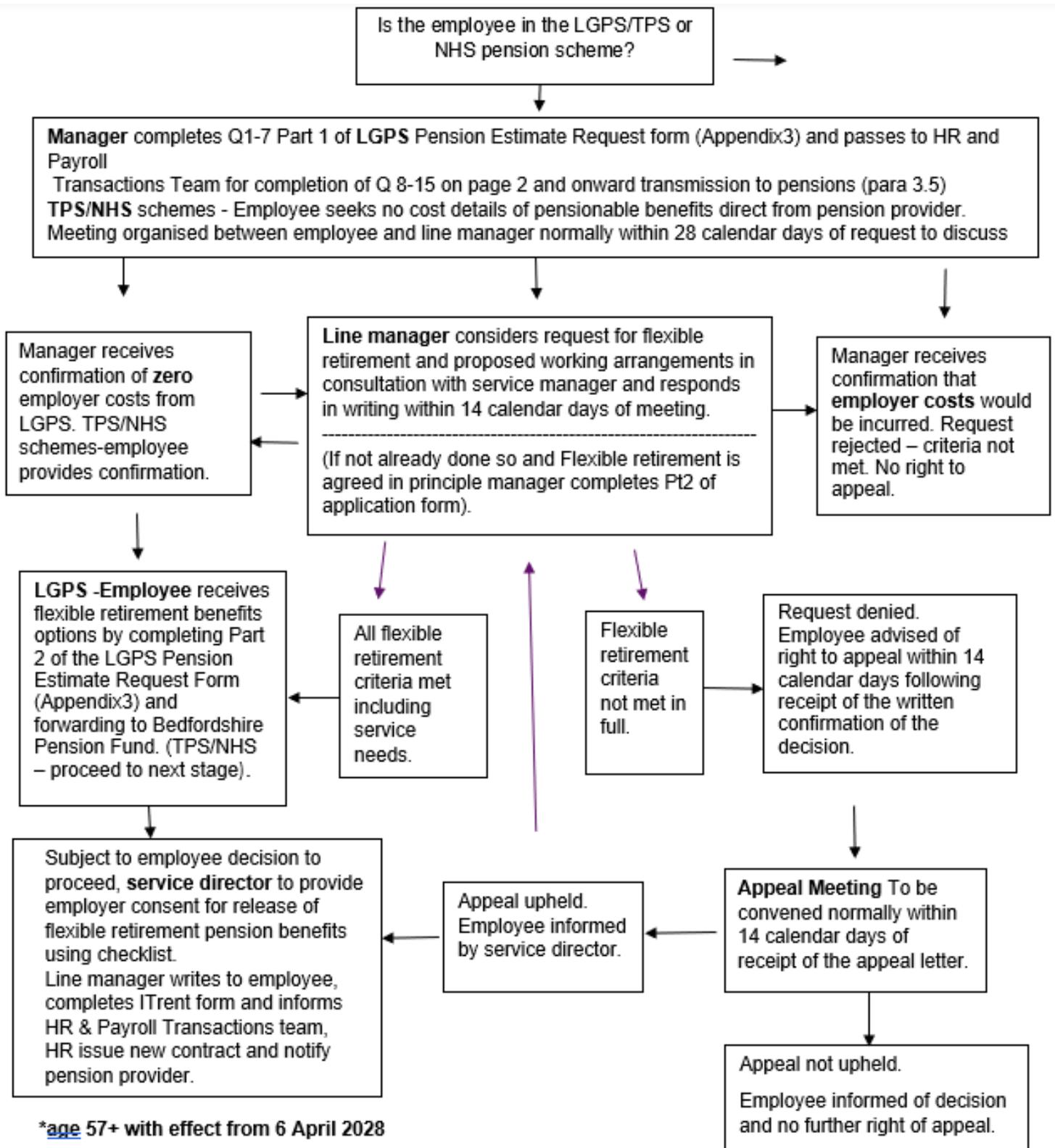
No – entitlement to a retirement gift and other retirement benefits (subject to criteria being met) are granted at full retirement.

7.12 If I am allowed to flexibly retire and my circumstances change, am I allowed to apply for other positions, promotion, or secondments?

Flexible retirement, once agreed and in place, is intended to be a permanent arrangement until you fully retire. However, if your circumstances change and you wish to apply for another permanent position in the council you should apply in the usual way. You would need to have the approval of your manager to apply for a secondment or temporary opportunity in line with normal practice.

Appendix 1: request for flexible retirement flowchart

Having obtained estimate of early retirement benefits, **employee (age 55+*)** applies for flexible retirement by completing Q1 and Q2 of application form (Appendix 2 and paras 3.1-3.3)



*age 57+ with effect from 6 April 2028

Appendix 2: application form - request for flexible retirement

Part 1: for completion by employee

1. Personal details (please print in block capitals)

Name: Click to enter text

Directorate/department: Click to enter text

Date of birth: Click to enter text

Payroll number: Click to enter text

Job title: Click to enter text

Grade: Click to enter text

NI number: Click to enter text

Current pension scheme: Click to enter text

2. Flexible details (In this section please outline the details of your request)

Click to enter text

If agreed, when would you like the requested arrangement to start? Click to enter text

Employee signature _____ Date _____

Once completed this form must be returned to your manager. You should ensure that you submit your request at least three months prior to the date upon which you wish the flexible retirement working arrangements to commence.

Your manager may wish to seek confirmation that there will be no cost to the council if flexible retirement can be agreed, before arranging to formally meet with you to discuss your wishes. Please note that an application does not guarantee that your request will be granted.

Part 2: to be completed by the line manager

Meeting to discuss the above held on: Click to enter text

Request agreed in principle /declined* (*delete as appropriate) subject to confirmation of zero cost

Comments Click to enter text

Signed (manager) _____ Date _____

N.B. Service manager consulted Click to enter text

Part 3: for completion by service manager after receipt of pension cost estimate

Checklist

Zero cost confirmed: Click to enter text

Date: Click to enter text

(Attach copy to this form)

Service manager agreement to flexible retirement.

Signed _____ Date _____

Basis on which agreed: reduction in hours / change to lower graded post please give details.

[Click to enter text](#)

Does this arrangement meet business needs - please provide details?

[Click to enter text](#)

Date of flexible retirement: [Click to enter text](#)

Employee agreement to flexible retirement

Employee signature _____ Date _____

Service director's signature _____ Date _____

Appendix 3: flexible retirement pension request form

Part 1: Employer cost calculation



Local Government Pension Scheme: estimate request	
To be used by employer to request an estimate of employer costs	
Estimate requested by:	(Manager's name)
Manager's job title	
Employing authority	Luton Council
Email address	pensionqueries@luton.gov.uk
Telephone number	
Date	
<p>Flexible retirement</p> <p>This is a two-step process. Please note that the completed member consent form (part 2 attached) should not be completed until after the confirmation has been received that there will be zero employer cost and agreement in principle to the flexible retirement has been received.</p> <p>Part 1: manager completes Q1 to 7, signs the form and forwards to pensionqueries@luton.gov.uk. LBC pensions will complete Q8 to 15.</p> <p>Employer cost figures will be returned to the Luton pensions team, who will in turn notify the manager.</p> <p>Part 2: employee completes part 2 to obtain an estimate of flexible retirement options. Manager forwards both parts 1 and 2 direct to Bedfordshire Pension scheme (email address on part 2) following confirmation of zero cost.</p> <p>Estimate of benefits will be sent directly to the member's home address unless they have indicated otherwise on the consent form. No estimate of benefits will be sent unless there is zero cost to the council.</p>	
1	<p>Flexible retirement - employer must have a published flexible retirement policy. The Pension Fund may request additional details in respect of waiving actuarial reductions.</p> <p style="text-align: right;">Employer cost calculation <input type="checkbox"/> Part 1</p>
2	Member's name
3	Member's date of birth
4	Member's NI number
5	Member's place of work
6	Member's job title
7	Member's anticipated date of flexible retirement

8	FTE final pay** to anticipated date of leaving (Full time equivalent average salary for 12 month period up to anticipated date of leaving, based on LGPS2008 definition of pensionable pay - do not include non-contractual overtime)	
9	Current actual annual pensionable pay (CARE pay)	
10	Estimated actual cumulative pensionable pay from 1 April to anticipated date of leaving (should include non-contractual overtime, if applicable)	
11	Section of the LGPS that member is paying into (50/50 or 100/100)	
12	Hours of work (please include weeks per year if member works term time only)	
13	Payroll number (if known)	
14	Any other posts held (if known)	
15	Member consent for pension estimate	<input type="checkbox"/> Is not required (this request is for employer costs only) <input type="checkbox"/> Is attached (part 2)

**This figure may not be required if the member joined the LGPS after 1 April 2014. Please contact Bedfordshire Pension Fund if you need more information.

Manager's signature.....**Date**.....

On completion of part 1 please e-mail direct to: pensionqueries@luton.gov.uk

Bedfordshire Pension Fund will notify pensionqueries@luton.gov.uk if costs will fall to the council.

Manager must await response re: costs, prior to completion and submission of part 2.

Part 2 Flexible retirement: request for an estimate of benefits LGPS member consent form

To be completed by employer	
Estimated date of retirement	
Reason for retirement	

Information for LGPS member

You may request an estimate of your pension benefits that would be payable to you if your Local Government Pension Scheme (LGPS) membership were to cease on the date above and for the reason shown **provided that we have confirmed to Luton Council that there will be zero cost to them.**

Please note that an estimate request is not a guarantee of any benefit or pension payment. This request is not a notice of termination of employment and the pension estimate is for information only. The regulations current at the time of any actual pension entitlement will be used to assess your pension and will override any estimate figures.

In order for Bedfordshire Pension Fund to calculate the estimate of benefits, please sign the declaration below in order to provide your consent. The estimate of pension benefits will be sent to you at your home address unless you give different instructions.

Name: _____

NI number _____ Date of birth _____

Home address

I give my consent for my employer to request an estimate of pension benefits on my behalf. I understand that the estimate will be sent to my home address unless I provide different instructions below.

Instructions of where to send estimate if different from home address:

Signed _____ Date _____

Manager - Please email this completed form (parts 1 and 2) to pensions@bedford.gov.uk

Appendix 4: reduction factors in the LGPS

Local Government Pension Scheme members have the option to retire and draw their benefits at any time between age 55 and 75. If you choose to retire and take your pension earlier than your Normal Pension Age then your benefits will normally be reduced to reflect the fact that the pension is being paid earlier.

The amount of the reduction will be based on how many years before your Normal Pension Age you draw your benefits. This is the table of reductions.

Years early	Pension reduction	Lump sum (for membership to 31 March 2008)
1	4.9%	1.7%
2	9.3%	3.3%
3	13.5%	4.9%
4	17.4%	6.5%
5	20.9%	8.1%
6	24.3%	9.6%
7	27.4%	11.1%
8	30.3%	12.6%
9	33.0%	14.1%
10	35.6%	15.5%
11	39.5%	N/A
12	41.8%	N/A
13	43.9%	N/A

Please note: where the number of years a person is retiring early is not an exact number (for example, four years and six months) the necessary interpolations are made in the table.

These reduction factors are **subject to change**. If you choose to take your benefits before your normal pension age, then your pension will be reduced in accordance with the national factors applicable at the time your benefits are put into payment.

If you paid into the scheme before 1 April 2014, then the benefits you built up before 1 April 2014 have a protected normal retirement age of 65. Some members may also have 'rule of 85' protections which continue to apply. Visit the national website for [more information on the rule of 85 protections](#).