

Changes to your Late Retirement Options

Have you reached, or are approaching, your Normal Retirement Date ('NRD') but have not yet taken your Scheme pension? If so, a change to the Scheme's retirement rules may affect options available to you and the pension you could receive if you choose to retire later. **This change does not affect pensions already in payment, it is only relevant to members who have not yet claimed their Scheme benefits.**

What has changed?

Under the previous Rules of the Scheme, members were required to retire and start receiving their pension at NRD. There was no option to postpone pension payments beyond this date.

The Trustees worked with their advisors and the Scheme sponsor (Ministry of Justice) to agree this change to the Scheme Rules, so that you can have more flexibility on when you retire. You can choose to delay taking your pension beyond NRD (the Scheme's Normal Retirement date is age 60 for most members), meaning that your pension payments start later. As claiming your pension later means it is expected to be paid for a shorter period, the pension amount is increased when it comes to payment. This is known as a late retirement uplift. Similarly, if you choose to retire early, your pension is reduced to reflect that it is expected to be paid for a longer period.

How does the Late Retirement Uplift work?

The amount of uplift depends on how long you delay taking your pension. The longer you wait, the higher your pension is likely to be when it comes into payment, as it is expected to be paid for fewer years. The late retirement uplift is set by the Trustees, with the aim of giving all members the same total value from their Scheme benefits, whether you retire at your NRD or beyond. The Trustees review the late retirement uplifts at least every three years, with support from their advisors. The uplifts may go up or down at each review. Below is an example of how the late retirement uplift works in practice.

Example of a three year delay - Illustrative purposes only

A member with a Normal Retirement Age of 60 has a pension of £8,000 per year at their NRD. Instead of retiring at age 60, they choose to take their pension three years later at age 63.

At the time of this article, the late retirement uplift for retiring 3 years late is 14%. The member has also missed annual pension increases in payment (which would have been payable between their NRD and their date of late retirement) of 6% in total. The resulting late retirement pension is therefore:

$\text{£8,000 per year} \times 1.14 \times 1.06 = \text{£9,667 per year}$

Your retirement lump sum would be uplifted in a similar way. Please note that if you have an element of pension called 'Guaranteed Minimum Pension' (or 'GMP'), then your late retirement uplift would differ from this example. There are statutory uplifts applicable to GMP for late retirement which the Trustees do not have any influence over. Generally if you do have 'GMP', this represents a relatively small proportion of your total pension.

The headlines

- New retirement flexibility recently introduced
- If you haven't yet claimed your LSC pension, you can now choose to retire after your Normal Retirement Date
- A late retirement uplift will apply if you choose to take your pension late
- Contact the Scheme administrator for a personalised retirement quote and further information

What does this mean for me?

If you're considering taking your pension after your Normal Retirement Date, you can request a personalised retirement quote from the Scheme administrators using the contact details below. This will show an estimate of how much pension you could receive at different retirement dates, including any late retirement uplift that may apply. Please note that benefits cannot be deferred beyond age 75. You must start receiving your benefits by this date. If you are over age 75 and have not yet claimed your benefits, contact the Scheme Administrators.

As always, if you do have any queries about this or anything to do with your pension, you can contact the Scheme's administrators using the following contact details:

LSC Pension Scheme Administrators
Hymans Robertson LLP
One London Wall
London
EC2Y 5EA

Email: lscpensions@hymans.co.uk

Phone: 020 7082 6457

Access your own pension information online

You can also register on the LSC Scheme member website and access your own personalised pension information any time you like. Just visit www.lscpensions.co.uk and click 'register' to follow the simple setup process. Full details of the process are set out here: [all-new-see-your-pension-and-get-your-retirement-quote-online.pdf](#).

Are you considering making changes to your pension arrangement?

Neither we as the Trustees nor our advisers can give financial advice, but a professional adviser can. If you are thinking of leaving the Scheme for any reason or making any changes to your pension arrangement (such as delaying your pension for late retirement), we strongly recommend you get advice first. For a list of independent financial advisers local to you, go to www.unbiased.co.uk.