

Frequently Asked Questions

**How your LGPS pension is
calculated webinar**



PENSION

AWARENESS WEEK

15 - 19 September 2025

Questions Asked

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If your number of days goes down from 5 days a week to 3. This causes your annual pay to be reduced. As pension is based on final pay does this mean your pension goes down?

The LGPS is now a Career Average Revalued Earnings (CARE) scheme. This means that each year you build up a pension equal to 1/49th of your pensionable pay, which is added to your pension account. Your pension benefits are then revalued each year to ensure that they keep up with the cost of living.

Therefore, if you reduced your working days down to 3 days a week, your pensionable pay would decrease, meaning that the pension you accrue going forward would also decrease.

If you joined the LGPS before 1st April 2014, you have membership in the final salary scheme. Your final salary benefits are worked out differently.

For membership built up between 1st April 2008 and 31st March 2014, you receive a pension of 1/60th of your **final pay** as a pension.

For membership before 1st April 2008, you receive a pension of 1/80th of your final pay plus an automatic lump sum of three times your pension.

Your final pay figure is a full time equivalent figure, therefore, reducing your hours would not have any effect on your final salary benefits.

Your final pay is usually your pensionable pay in the year you leave the Scheme. Pay from one of the previous two years can be used if it is higher.

Visit the LGPS website for an example pension account: [**How your pension is worked out: LGPS**](#)

How does early retirement (pre-65 or pre-67) affect your pension and lump sum calculations?

If you choose to take your pension benefits before your normal retirement age, they will normally be reduced. First, your benefits are worked out as usual, and then reduced. The reduction is based on the period between the date your benefits are paid and your normal retirement age. The earlier you take your pension, the bigger the reduction:

Number of Years Paid Early	Reduction to Annual Pension	Reduction to Automatic Lump Sum
0	0%	0%
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%	Does not apply
12	41.8%	Does not apply
13	43.9%	Does not apply

The current reductions for taking your benefits up to 13 years early are shown in the table above. If the number of years is not exact, the reductions will be adjusted.

All members have the option to give up some of their annual pension for a tax-free lump sum on retirement. For every £1 of annual pension given up, you get £12 of lump sum. The amount given up can't be more than 25% of the total capital value of your benefits. We will tell you how much lump sum you can have when your benefits become due.

I joined in August, but my pension statement is only up to March. When I leave will the difference be calculated?

Your annual benefit statement is a snapshot of your benefits as at 31st March of that year. When you leave or retire, your benefits will be calculated and you will get a quote based on your age and service. If you would like a pensions quote, you can work out your own benefit quotes on your Member Self Service (MSS) account.

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What is the 85-year rule?

You only qualify for the Rule of 85 if you were paying pension contributions into the LGPS before 1st October 2006. You meet the Rule of 85 if:

- Your age when you take your LGPS benefits + The number of years you have paid pension contributions into LGPS for = 85 or more

If you meet the Rule of 85, it will automatically apply if you start your pension from age 60.

If you meet the Rule of 85 and want to take your pension before age 60, you need your employer's consent for it to apply. If your employer does not consent, you can still take your pension but it will be lower than if the Rule of 85 had applied.

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Useful Links and Contact Details

<p>National LGPS member website</p> 	<p>www.lgpsmember.org Calculators, videos, FAQs, general information about the scheme</p>
	<p>clwydpensionfund.org.uk pensions@flintshire.gov.uk</p>
	<p>www.oxfordshire.gov.uk/business/oxfordshire-pension-fund Pension.services@oxfordshire.gov.uk</p>
 Shropshire County Pension Fund	<p>www.shropshirecountypensionfund.co.uk pensions@shropshire.gov.uk</p>