**What Happens to my Local Government Pension Scheme (LGPS) benefits if I am made redundant?**

It is likely over the next few months many more members will want to know what will happen to their pension if the employer makes them redundant. A member made redundant from age 55 (protections for some members in Scotland) is treated differently from a member made redundant before age 55.

**A member made redundant from age 55.**

The member has to take the pension they have earned in the current employment up to the date of the redundancy. It is paid from that date. The major benefit is that the pension is not reduced by an early retirement factor.

So for example if a member is leaving voluntarily 5 years before their normal pension age, with no protections like the rule of 85, they could suffer a reduction for getting the pension for 5 years early of 22.1% (England and Wales Scotland and Northern Ireland have different factors – early retirement factors can change).

If they are made redundant there is no early retirement factor applied so the rule of 85 is irrelevant.

The LGPS pension coming into payment will be based on current service but will include any additional service awarded on transferring pension into the LGPS from another pension scheme.

Previous LGPS service will only count if it was combined usually within 12 months of joining the current employment. Otherwise it will not come into payment and be deferred.

The employer can pay the LGPS fund to award extra pension, but this is costly, and a discretion so rarely used.

If the member is retired by the employer on the grounds of ‘efficiency’ (employer retires the member without having to delete a post) and has attained age 55 the LGPS pension also comes into payment unreduced by an early retirement factor.

Legislation will put a cap on the cost of severance of £95,000. This includes the cost of paying pension early without early retirement reduction. Long serving members could be affected. The consultation has been delayed so situation unclear. Indications are that its introduction has been delayed due to the Covid 19 crisis.

**A member made redundant before 55**

The minimum pension age that a pension can come into payment in the UK unless there are specific exceptions/ protections is age 55 (some members in Scotland it is still 50)

So, if a member is made redundant before age 55 the pension will be deferred, that means it does not come into payment. The member can elect to bring it into payment from age 55 but it is likely to suffer early retirement factors.

**Further information**

This brief guide is for information only. Members should be encouraged to contact their employer’s pension departments and website for more information.

UNISON does have a pension box that members can use. The pension unit monitors it regularly, but work commitments mean there may be delays in responding.

Pension queries for members [P165876@unison.co.uk](mailto:P165876@unison.co.uk)

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