

## LATE RETIREMENT & YOUR PENSION

### Working Past Your State Pension Age (SPA)



As you may already be aware, by working past your state pension age (SPA), there is an actuarial increase applied to the pension benefits you have built up when you do eventually take your benefits. This is to compensate you for the pension being paid for a shorter period.

The Government Actuary Department who set the actuarial increase factors have now issued revised factors for those who delay their retirement beyond SPA. These changes came into effect from **4<sup>th</sup> January 2017** and the factors are significantly reduced from those in place previously.

The factor for actuarial increase has been reduced from 0.014% to **0.01% for annual pension** (for each day worked past SPA) and from 0.007% to **0.001% in respect of lump sums**.

Actuarial increases for late retirement are calculated based on the factors in force at the ultimate date of retirement, therefore after 4<sup>th</sup> January 2017 this change will apply to all days worked past SPA.

The examples below show how members may be adversely affected by choosing to continue to delay payment after the 4<sup>th</sup> January 2017 effective date.

- 1) Member whose pension was due into payment on 31/12/2015 and delays their retirement by 1 year to 31/12/2016:-

Pension Element	Basic value	Increase for late retirement
Annual Pension	£11,000	£562.10
Lump Sum	£25,000	£638.75

- 2) Member whose pension due into payment on 31/12/2016 and delays their retirement by 1 year 1 month to 31/01/2017:-

Pension Element	Basic value	Increase for late retirement
Annual Pension	£11,000	£434.50
Lump Sum	£25,000	£98.75

In the example above we have ignored any additional pension earned but does hopefully show the extent of the reduction.

This will affect a relatively small number of scheme members, but should you wish to discuss how and if this change affects you, please contact Equiniti on 01293 603085.