

Local Government Pension Scheme Bulletin

Information for members of the Local Government Pension Scheme participating in the Staffordshire County Pension Fund

June 2006 Issue 1

Rule of 85 – Update

Limited Extra Pension Protection

The Government has issued draft regulations that extend the retention of the 'Rule of 85' provision beyond 30 September 2006. The proposal to remove the 'Rule of 85'* has been contentious, but agreement has now been reached by the employers, the unions and the Government that meets the essential terms of being both legal and affordable.

The revised proposals apply to current members of the Local Government Pension Scheme at 30 September 2006. The following table compares the "Rule of 85" protection before the strike action, with the present proposals. The new proposals would give all current members of the pension scheme therefore extra protection to 1 April 2008.

Rule of 85		
Age at 31/03/2006	Position under the LGPS regulations issued in April 2006	Proposed amendments
Under 46	Abolished for service from 1 October 2006 onwards	Abolished for service from 1 April 2008 onwards
46 to 49	Abolished for service from 1 October 2006 onwards	A limited protection for service built up after 01/04/2008. The degree of protection diminishes the closer the member gets to age 46
50 to 52	Abolished for service from 1 October 2006 onwards	All service up to 31/03/2016 protected
53 and over	All service up to 31/03/2013 protected	All service up to 31/03/2016 protected

The consultation period for these proposals ends on 3 July 2006. Further information can be found on the Government website using this link <http://www.xoq83.dial.pipex.com>

The negotiations for this extra protection have been carried out in conjunction with discussions about the new-look pension scheme that is planned to start on 1 April 2008.

It is understood consultation on the new-look scheme will take place during this Summer with a decision on the type of scheme for example final salary or career average pay being announced in the Autumn.

The "Rule of 85" is a test which determines whether or not retirement benefits should be reduced if put into payment before age 65.

*To satisfy the Rule age plus membership (complete years only) must total 85 years or more. A scheme member retiring at age 60 with 25 years membership would satisfy the rule ($60 + 25 = 85$) and, therefore, have no reduction applied to their benefits.



Staffordshire