

Issue Date May 2019

Business Efficiency Retirement Process – Age 55 plus

Approval

Under the pensions regulations if you are over age 55 and your Employers terminates your contract of employment on grounds of business efficiency, you are entitled to and must take immediate payment of the benefits relating to that employment.

Under current LGPS regulations, your pension benefits will be calculated up to your date of retirement and released without an early retirement percentage reduction being applied. (please see note on **Exit Cap** below)

Exit Cap

The Government proposes to introduce a £95,000 cap on the total value of an exit payment to employees in the public sector including academy employees. The cap will include the total value of exit payments (before tax) made by an employer and includes the cost of releasing a pension early, redundancy payments, plus any other compensation or severance payments.

Details of how this will work in practice are not yet available, but legislation is expected, and we will update you as soon as we are informed. If you think this could affect you, please contact your employer.

Estimate Requests

As Business Efficiency Retirement is **subject** to your Employer's approval, we are unable to provide estimates or confirm retirement on grounds of Business Efficiency retirement to you directly. All requests must come from your Employer.



You should talk to your line manager **and** your employer's Human Resources Department and if they agree to release of a business efficiency estimate they will contact the Pension Fund.

On receipt of the notification from your Employer, the Fund will issue you with the following information / documents

- A pension estimate detailing the pension options available to you should you leave employment due to business efficiency.

Once Approved

You and your Employer will agree a date that your contract of employment will be terminated.

Payment of your Pension Benefits

For the Staffordshire Pension Fund to process your pension benefits and arrange payment the following must happen.

Action by Employer

- Your Employer must complete and return a leaver form which includes your salary details for the current year up to the date your contract is terminated.

Please note that due to the timing of your employer's payroll, your employer may not be in a position to submit a completed leaver form until circa 6-8 weeks after you have left employment.

Action by the Staffordshire Pension Fund

On receipt of the fully completed leaver form from your Employer, the Staffordshire Pension Fund will arrange the following:

- Provide you with your pension options (you must complete the pension option form and return to the Fund)
- Bank details form for you to be complete and return to the Fund



- Lifetime Allowance Declaration – completion and return to the Fund is required by HM Treasury and Customs. This form will ask you to provide details of all other pensions (except state pensions), you are in receipt of or due to receive in the future
- Copy of your birth certificate, plus if applicable copies of your marriage, civil partnership certificates and spouses birth certificate to be forwarded to the Fund.
- Nomination of Beneficiary Form for the lump sum death grant form to be complete and return to the Fund
- General Data Protection Regulations Consent Form to be complete and return to the Fund.

From receipt of the completed leaver form to the Fund issuing the above documentation you should allow 10 working days.

Action by You

You must complete and sign the required forms and certificates and return to the Staffordshire Pension Fund in the envelope provided.

Payment of your Monthly Pension and Lump Sum

On receipt of your signed and completed forms together with the relevant birth certificates etc. The Fund will:

- Arrange payment of your tax-free pension lump sum into your bank / building society (please allow 13 working days from the date the Fund receives your completed forms).
- Arrange payment of your monthly pension will take place on the next available pay date, together with any arrears of pensions.
- Write to you confirming the tax-free pension lump sum paid into your bank/building society, together with information regarding payment of your monthly pension.



Overall Timescales

As you will note from the date you leave your contract of employment, there are several steps/ actions that need to take place before you will receive payment of your monthly pension and tax-free lump sum. **You should allow between 2 – 3 months for the process to be completed.**

Under the pension regulations, if payment of your tax-free lump sum is made more than one month after your retirement date, the Fund will pay interest of 1% per annum above the Bank of England Base Rate calculated for each day the lump sum is delayed.

The monthly pension attracts no interest for late payment. The exception to this is if the annual pension is not paid within the first year following your retirement date.

Please note your monthly pension is deemed to be taxable income and will be subject to tax deductions in accordance with the Her Majesty's Customs and Revenue Rules.

Further information

If you require further information about the areas covered by these notes, you can get in touch as follows:



www.staffspf.org.uk



pensions.enquiries@staffordshire.gov.uk



Staffordshire Pension Fund, 1 Staffordshire Place, Tipping Street, Stafford, ST16 2DH



01785 278222

**If a copy of this information is needed in large print,
Braille,
another language or on cassette or disc, please contact
Pensions Services.**

