



**The Greater Gwent
(Torfaen) Pension Fund**

administered by Torfaen County Borough Council

lgps

Local Government
Pension Scheme

LGPS Retirement Factsheet for Redundancy

Understanding Your Local Government Pension Scheme (LGPS)
Benefits for Redundancy

Introduction

The Local Government Pension Scheme (LGPS) is a valuable financial package for employees, providing a reliable income in retirement. Redundancy can be a challenging time, but understanding your LGPS benefits and entitlements can help you navigate this period with greater confidence.

Eligibility for Redundancy Retirement

Redundancy retirement in the LGPS is available to members who are aged 55 or over and have at least 2 years membership in the LGPS at the time of redundancy.

Frequently Asked Questions

How do I get an estimate of the pension I will receive?

During the redundancy process, your employer will ask for a pension estimate from the Pension Fund. This will include costs they must pay to the Pension Fund as well as the annual pension and lump sum you would be entitled to receive.

THE PENSION FUND CANNOT PROVIDE REDUNDANCY RETIREMENT ESTIMATES ON REQUEST FROM A MEMBER. YOU MUST ASK YOUR EMPLOYER TO REQUEST THE ESTIMATE IF THEY HAVE NOT ALREADY TOLD YOU YOUR EXPECTED ANNUAL PENSION AND LUMP SUM.

How long will it take for me to receive payment of my annual pension and lump sum?

Before we can process your retirement benefits, we need a leaver notification from your employer telling us various financial information such as leaving date, final pay and contributions paid. This will be done by them after they have paid you all your salary owed up to the date you are made redundant (leaving date).

We aim to send a retirement pack within 5 working days of receiving this leaver notification. This pack will have all the information you need then to make your choices of what benefits you wish to receive, be it standard benefits or a pension to lump sum conversion. Once we receive your completed retirement pack back, we aim to pay any lump sum within 10 working days if there are no issues with your pack.

Your first monthly pension payment will be made on the next available pension pay date. Please be aware our pension payroll closes around the 15th of each month. If we receive your completed retirement pack after this date your first monthly payment would be made

at the end of the following month. It will include all the pension due from the date you were made redundant.

What happens to my pension if I am made redundant before age 55?

If you are made redundant before age 55, your pension benefits will be deferred until you reach the Normal Pension Age (NPA) which is usually the same as your State Pension Age. If you take payment of them from age 55 onwards but before your NPA early payment reductions would be applied.

Can I take my pension benefits as a lump sum?

You can choose to swap annual pension for lump sum up to a maximum of 25% of the overall value of your pension benefits. For every £1 of annual pension, you give up you would receive £12 of tax-free lump sum.

Will my pension be reduced if I retire early due to redundancy?

If you are aged 55 or over and made redundant, your pension benefits you have built up to the point of leaving will be paid immediately without any reduction.

Steps to Take for Redundancy

The following section explains the steps involved in putting your pension benefits into payment.

Step 1

Talk to your employer and agree your redundancy date during the redundancy process.

Step 2

Your employer gives us information about your pay, leaver date and reason for leaving. Your employer will provide us with the leaver notification after the final payment of your salary has been made, or your final pensionable pay has been calculated.

The Pension Fund cannot calculate your pension benefits or issue a retirement pack until we receive a leaver notification from your employer.

Step 3

We calculate your pension benefits. We will send you a retirement pack which includes forms for you to complete to tell us your choice to swap pension for lump sum including annual pension. Additional Voluntary contribution (AVC) payment choice if you have paid into in-house AVCs, your bank details to make payment and copies of certificates or documents such as birth or marriage certificate.

Step 4

You return the retirement pack to us and copies of any certificates that we have requested. Once you have decided on swapping annual pension for lump sum or how you want your in-house AVC to be paid this is a final decision that cannot be changed later.

If you have paid into in-house AVCs we will need to wait for them to be disinvested by the AVC provider and paid to us before we can put your pension into payment. You may want

to ask your employer's payroll team to stop deductions a month before you leave to prevent any delays.

You will also be asked to tell us about any other pensions you have already taken payment of in your retirement pack. We will check these details to make sure you have enough tax-free allowance available to pay your lump sum.

Please make sure you complete all the necessary forms in your retirement pack as the Pension Fund cannot pay your pension benefits until we have all forms complete.

Step 5

We arrange payment of your pension and any tax-free lump sum after your retirement date. You have now gained receipt of your pension benefits and are under the Local Government Pension Scheme umbrella.

Further information

This factsheet gives general guidance only, if you need further information, please contact the Pension Fund:



pensions@torfaen.gov.uk



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