

1. **Reduction Factors in the LGPS**

The current LGPS early retirement reduction factors are as follows:

Years Early	Percentage Reduction		
	Retirement Pension		Lump Sum
	Men	Women	Both Sexes
0	0%	0%	0%
1	8%	7%	2%
2	15%	13%	5%
3	22%	18%	7%
4	28%	23%	9%
5	33%	27%	11%
6	37%	31%	14%
7	40%	35%	18%
8	43%	39%	21%
9	46%	42%	24%
10	48%	45%	26%

2. **Worked Example**

Female member aged 60 on 30th September 2010 retiring with 30 years service and a final salary of £15,000.

Pension

Current: full pension for this member is: $30 \times 1/80 \times £15,000 =$ £5,625
Proposed Reduction: less 27% to reflect payment at age 60 = (£ 1,518)
Result if Rule of 85 is removed: pension for this member = £4,107

Lump Sum

Current: lump sum for this member is: $30 \times 3/80 \times £15,000 =$ £16,875
Proposed Reduction : less 11% to reflect payment at age 60 = (£ 1,856)
Result if Rule of 85 is removed: Lump sum for this member = £15,019

Transitional Provisions

The transitional provisions currently proposed mean that in this case the actuarial reduction would not be applied as the member will have attained age 60 before 2013 and therefore has full protection of her pension rights.
