

**University of Liverpool Flexible Retirement Arrangement
University of Liverpool Pension Fund (ULPF) Members**

Factsheet

1. What is ULPF's Flexible Retirement Arrangement?

ULPF's Flexible Retirement Arrangement enables members to draw their pension benefits whilst continuing in employment at the University. The arrangement is subject to members meeting certain eligibility criteria and gaining the appropriate approvals from both the University and the ULPF Trustee.

2. How long will this flexible retirement arrangement be available for?

This Flexible Retirement Arrangement will remain available until 30 September 2023 at which point the arrangement will be subject to review.

3. What are the eligibility criteria for applying to take flexible retirement under ULPF?

To apply for flexible retirement you must:

- Be aged 55 or over
- Have completed at least 2 years pensionable service under ULPF
- Not have previously taken flexible retirement from ULPF
- Have received the University's consent to reduce your working hours and salary by at least 20%. The agreement to reduce your hours must be long term in nature and must be in place for a minimum of at least 12 months.
- Opt out of ULPF with the effective date being the day before you reduce your hours
- You may **not** opt out retrospectively.

4. Do I have an automatic right to take my ULPF benefits if I meet the eligibility criteria for flexible retirement?

No. You do not have an automatic right to flexibly retire if you meet the eligibility criteria. Drawing your pension benefits early on reducing your hours by at least 20% is only permitted at the discretion of the Trustee and subject to the consent of the University. The exception to this is members who joined ULPF prior to 1 December 2004 or members who were in employment before 1 December 2004 and joined ULPF before 1 February 2005. These members have a right to draw their benefits from age 60 onwards with early retirement reductions applied as appropriate.

5. Can I re-join ULPF after I have flexibly retired?

Yes. All members regardless of whether they are a member of the Final Salary Section or the CARE Section will be automatically re-enrolled into the ULPF CARE Section, effective from the date their hours are reduced.

As a new member of the CARE Section you will be subject to all the rules associated with that Section as if you had joined ULPF for the first time. A copy of the ULPF CARE Section Booklet can be found on the Pensions website: <https://www.liverpool.ac.uk/hr/pensions/ulpf/documents/>

Please also see the ULPF Summary of Benefits Factsheet which details the benefits offered by the ULPF Final Salary Section alongside the ULPF CARE Section, noting in particular the qualifying periods for a new member to the CARE Section in relation to leaving benefits, death in service benefits and ill health retirement benefits.

You will have the opportunity to opt out of this new period of membership but if you do you will not be eligible to re-join ULPF again at a later date.

6. I've been re-enrolled into the ULPF CARE Section, can I opt out?

Yes. If you have been re-enrolled into the ULPF CARE Section you may opt out but if you do so you will not be eligible to re-join ULPF again at a later date.

As an alternative you will have the option to join the National Employment Savings Trust (NEST). Information about NEST can be found on the Pensions website:

<https://www.liverpool.ac.uk/hr/pensions/nest/>

If you choose not to re-join a pension scheme after you have flexibly retired you are likely to be automatically enrolled in to NEST within the next 3 years, in line with the eligibility requirements of automatic enrolment legislation.

7. How can I apply for Flexible Retirement?

Applications should be submitted under the terms of the Flexible Working Policy using the Flexible Working Request Form ensuring that you specify that you wish to take Flexible Retirement.

Before submitting your application it is recommended that you have a discussion with your line manager about the feasibility of reducing your hours by at least 20% for the long term and with the Pensions Team about the benefits that may be payable.

It is recommended that you start these discussions at least 2/3 months before the date on which you wish to reduce your hours to ensure everything is in place as flexible retirement may not be taken retrospectively.

8. Will my pension be reduced on taking flexible retirement?

If you are under age 65 it is likely that that your pension benefits will have an early retirement reduction applied to them for early payment. The early retirement factor applied will be dependent upon when you joined ULPF and your age.

Joiners after 1 December 2004

The current early retirement reduction for members who joined after 1 December 2004 is approximately 5% per annum for each year you take your benefits before age 65. If you retire 5 years early the benefits you have built up would be reduced by approximately 23%.

Joiners before 1 December 2004

The application of the early retirement reduction is more complex for members who joined ULPF before 1 December 2004 and depends on whether you are under or over age 60 at the date of flexible retirement. If you are over age 60 only some of your benefits may be subject to an early retirement reduction. Further information can be found in the Final Salary Section Booklet found on the Pensions website: <https://www.liverpool.ac.uk/hr/pensions/ulpf/documents/>

9. What are some of the key factors about my pension arrangements that I should think about when considering taking flexible retirement?

Everyone's circumstances are different and what may be financially right for one individual may not be financially right for another.

To make an informed decision about your pension benefits and long term income in retirement it is recommended that you take your own independent financial advice. The Government's Money Advice website provides free and impartial information on choosing a financial adviser and links to details of financial advisers. The website can be accessed at: <https://www.moneyhelper.org.uk/en>

The majority of pension benefits drawn under the Flexible Retirement Arrangement will have an early retirement factor applied to them for early payment. If you decide not to remain a member of the ULPF CARE Section having been re-enrolled following your flexible retirement, you should consider that the level of pension you are drawing now must continue to support you long after you have fully retired from the University and have stopped receiving your monthly salary.

If you are a member of the Final Salary Section you should also read the ULPF Summary of Benefits Factsheet that details the ULPF Final Salary Benefits alongside the ULPF CARE Benefits, noting in particular the qualifying periods for new CARE Section members in relation to leaving, death in service benefits and ill health retirement benefits.

10. What will my family and dependants receive if I die after taking flexible retirement from ULPF?

There are two aspects to consider; the benefits from your active membership of ULPF, assuming you re-join the ULPF CARE Section and the benefits from the pension you have claimed from ULPF, known as death in retirement benefits.

If you join the CARE Section following flexible retirement you will be entitled to death in service lump sum cover immediately. However you will have to complete 2 years pensionable service under this new period of membership before a qualifying spouse's pension and qualifying children's pensions will be payable from this new period of membership.

Death in retirement benefits will be payable in line with the rules of the relevant section of the scheme. A copy of the Final Salary Section and CARE Section booklets can be found on the Pensions website <https://www.liverpool.ac.uk/hr/pensions/ulpf/documents/>

If you decide to opt out of ULPF you will not be entitled to any death in service benefits and will need to rely on your relevant ULPF death in retirement benefits only.

11. What if I become too ill to work?

There are two aspects to consider.

If you join the CARE Section following flexible retirement you may be able to retire on the grounds of incapacity or total incapacity and receive a further pension. In order for this to be considered you will have had to complete 5 years pensionable service for an incapacity pension to be payable or 2 years pensionable service for a total incapacity pension to be payable under this new period of membership. A copy of the CARE Section booklet can be found on the Pensions Website <https://www.liverpool.ac.uk/hr/pensions/ulpf/documents/>

The pension you are receiving following flexible retirement will continue to be paid in the same manner.

12. If I re-join the CARE Section and leave the University within 2 years of taking flexible retirement, will I receive a further pension and lump sum?

No. If you have less than 2 years pensionable service you will only be entitled to receive a refund of your contributions or, if eligible, transfer your benefits to another arrangement.

If you have 2 or more years' pensionable service you will be entitled to receive a further pension and lump sum.

13. What happens if my role changes after I have flexibly retired and my working hours legitimately increase?

If your working hours increase after a change in circumstances following flexible retirement, your pension will continue to be paid. In addition if you are an active member of the CARE Section your contributions will be based upon the salary you actually receive and benefits will build up based upon this salary.

14. How will my pension benefits be taxed?

If you elect to take part of your flexible retirement benefits as a cash lump sum this payment is currently paid tax free. The pension you receive will be treated as earned income and will be taxed at the appropriate rate under pay as you earn (PAYE).

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