

Early Retirement Pensions

The Scheme's Normal Retirement Age ("NRA") is generally 65, however deferred members who wish, are able to take their pension early. As you will be taking your pension over a longer period, the amount you receive each year will be reduced using assumptions calculated by the Scheme Actuary.

The earliest you can start taking your pension is usually age 55¹. If you joined the original British Steel Pension Scheme before 6 April 2006, you can start taking your pension at 50. Most members who are eligible for early payment of pension will have received an indicative early payment figure in their annual deferred benefit statement provided by the Scheme.

Sample extract from an annual deferred benefit statement for a member aged 55 with an annual deferred pension of £10,000.

	Deferred benefits at date of leaving	Deferred benefits at 1 April 2019	Estimate of benefits on early payment
Annual Pension	£9,300	£10,000	£7,200
Annual Widow(er)'s pension	£4,650	£5,000	£3,600

Under current legislation, it may be possible to give up part of your pension in exchange for a tax-free lump sum when the pension becomes payable. For example, if you currently elected to receive the maximum cash on early payment you could expect to receive £36,000 and your annual pension payable would reduce to £5,350.

Indicative Transfer Value £210,500

The Transfer Value shown here is for illustration purposes only and is not guaranteed. You can request a quotation of the transfer value from the Pensions Office, who will provide this quote within three months. The transfer value quoted will be guaranteed for a three-month period. Only one quote is normally provided in any Scheme year.

An early retirement pension is not calculated by revaluing the member's pension to early retirement date and applying specific early retirement factors.

Early retirement pensions are determined on an individual basis and are calculated so that the expected cost of paying the early retirement pension for life is the same as the expected cost of paying the full pension from NRA. This calculation is undertaken by firstly calculating the member's Cash Equivalent Transfer Value ("CETV") and then converting this into an early retirement pension of equal value.

There are a number of considerations when deciding whether to take early payment of your Scheme pension. For example, the annual increases that apply to pensions in payment are less generous than deferred pension increases. The Scheme website www.bspspensions.com has further information.

You may wish to consider seeking financial advice before taking payment of your pension benefits. Pensions Office staff cannot give such advice. You can, however, search the Money Advice Service's retirement adviser directory for general information or guidance or to find a local independent financial adviser. You can also obtain this information through the website www.moneyadvice.org.uk.

¹ You might be able to take it earlier if you are taking an incapacity pension.

If you are a member of the British Steel Pension Scheme, you can contact the Pensions Office to ask for a current early payment value and/or a CETV. The Pensions Office contact details are below:

Email Pension.enquiries@bspensions.com
Telephone 0330 440 0844

Other information:

If you have a personal pension arrangement you may wish to contact your provider and/or an independent financial adviser about those pension benefits.

Members of the Old British Steel Pension Scheme should contact Barnett Waddingham, the administrators for that scheme. Barnett Waddingham's details are as follows:

Email BSPSmembers@Barnett-Waddingham.co.uk
Telephone 0333 566 0156