

# The Benefits

## Protected Retirement Age

### Features

- Personal Pension Scheme
- Occupational Pension Scheme
- Keep protected retirement age but transfer away from the current scheme
- Other considerations

From 6 April 2006 if a registered pension scheme pays out benefits to a member who is below the age of 55 (normal minimum pension age), then it will be deemed an unauthorised payment and be subject to a tax charge, unless that scheme member has a protected retirement age, or they are in ill health



# Protected Retirement Ages

## Personal Pension Scheme

Where an individual was a member of a personal pension scheme on 5 April 2006 and had a right to retire before the normal minimum pension age because their occupation was agreed to have an earlier retirement age under the provisions of Section 634(3)(b) of ICTA 1988, then the right to retire at that age is protected.

The most common examples in the James Hay scheme are professional footballers; their normal retirement age was 35. However, there is a range of 'prescribed' occupations; further information can be found on page RPSM03106035 of the Registered Pension Schemes Manual.

## Occupational Pension Scheme

Similar protection is provided for a member of an occupational pension scheme who had an unqualified right as at 5 April 2006 to retire before normal minimum pension age.

## The member wants to keep his protected retirement age, but transfer away from the current scheme. How does he do this?

Ordinarily, protected retirement ages will be lost upon transfer to a new scheme, unless the transfer is made as part of a Block Transfer. For more information on Block Transfers please see the relevant fact sheet.

## Other considerations

1. When a member wishes to commence benefits, they must fully crystallise all plans held under the same scheme at the same time. No phasing of benefits is permitted, even if the other benefits are held in separate arrangements under the same scheme.
2. Where a member retires early the Standard Lifetime Allowance is reduced by 2.5% per complete year between the crystallisation date and the member's normal minimum pension age. In the tax year 2010/11 this would potentially reduce the Lifetime Allowance for a 35 year old from £1,800,000 to £945,000.
3. DWP legislation requires that protected rights can only be taken before minimum pension age if the member is in ill health. Transferring protected rights to a scheme where the member has a protected pension age, albeit under a separate plan, would lose the protection as all plans must be crystallised at the same time.

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