

Cost Management, Benefit Design and Administration Committee (CMBDA)

MEETING OF 1st July 2024

ITEM 7 – PAPER D

FORTHCOMING CHANGE TO NATIONAL MINIMUM PENSION AGE

General Legal Position

1. The normal minimum pension age (NMPA) is set in overarching pensions legislation and is the minimum age at which pension savers can access their pensions without incurring an unauthorised payments tax charge. It is currently set at age 55 and the Government has legislated for it to rise to 57 on 6 April 2028.
2. However, the Finance Act 2022 provides protection for individuals who, before 4 November 2021, had an unqualified right to take their pension before age 57. An unqualified right is a right that does not depend on the employer's or pension scheme administrator's consent.
3. Members of uniformed services pension schemes will be exempt from the increases to the NMPA.
4. The Government response to the initial consultation said that "Where the rules expressly state that benefits can be drawn from 55, the Government considers that would amount to an unqualified right". It is generally understood that public sector pension scheme rules need to be amended in order for this change to take effect.

LGPS Specific Position

5. Regulation 30 of the LGPS Regulations 2013 says that members may take their benefits having "attained the age of 55" without making any reference to the minimum pension age in legislation.
6. When the Government consulted in 2021 on increasing the NMPA, the Local Government Pensions Committee (LGPC) responded to the consultation setting out [the LGA's preferred approach to the proposals](#). That opposed granting any protections to existing members on grounds of equity (it would create a two-tier workforce) and administrative complexity.
7. When the NMPA was last increased (in 2010, when it was increased from age 50 to 55) no specific protection for LGPS members in England and Wales affected by the change was given.

Next steps

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8. The Committee is asked to consider whether it wishes to make a recommendation to the Scheme Advisory Board on this question, and if so, what that recommendation might be.
9. While the Board could make representations to Government on this question, we expect that HM Treasury will want to hold a common line across the public sector schemes (with the exception of the uniformed services) – not least because of the extra complexity that might arise for transfers between schemes if different approaches are adopted.
10. It is understood that so far no specific discussions have been had at official level between HM Treasury and government departments on this topic. In ministerial correspondence between Simon Hoare MP and Kevan Jones MP, dated 20th March 2024, the minister indicated that officials had not yet considered regulatory changes because there was still sufficient time before the change is effective. The minister stated that any proposed regulatory changes would be subject to the usual public consultation process.
