

## Hybrid Section

### Factsheet 11- Early Retirement

The Normal Pension Age for members of the University's hybrid pension arrangement is 65. However, you may wish to take your benefits before age 65. This factsheet provides information on early retirement and how it affects your pension benefits.

#### HOW EARLY CAN I RETIRE?

Your Normal Pension Age is 65 and your pension benefits will be paid without any reduction if you retire at this age. You can retire early, but it is important to note that your benefits may be lower as a result.

If you do wish to retire early, you may be able to take your benefits from age 55. However your benefits may be lower than they would be at age 65, reflecting the fact that they will be paid over a longer period. In addition, you may require the consent of the pension scheme trustee and your Employer to retire early.

Provided that the trustee and your Employer give consent, you can retire and receive your pension benefits any time after you reach the age of 55.

#### INCREASE TO THE MINIMUM PENSION AGE

The Finance Bill 2021-22 includes a proposal for the minimum pension age to be increased from 55 to 57 with effect from 6 April 2028. This has not yet passed into law but it seems likely that it will do so. This means that members born after 5 April 1973 will likely need to be at least 57 years old to claim an early retirement pension.

#### WHAT BENEFITS WILL I RECEIVE?

If you retire early, your CRB benefits from the Cambridge University Assistants' Contributory Pension Scheme (CUACPS) will be reduced to reflect the fact that they will be paid over a longer period. Your DC benefits from the Cambridge University Assistants' Defined Contribution Pension Scheme (CUADCPS) are also likely to be lower than they would be at age 65.

#### Early payment of your CUACPS benefits

Your CUACPS benefits will be reduced if you retire before age 65. The reduction applied, which is called an early retirement factor, is explained below.

#### Early Retirement Factor (ERF)

The level of reduction applied to your CUACPS benefits is based on an Early Retirement Factor (ERF) calculated by the CUACPS Scheme Actuary. The ERF is calculated so that the reduced early retirement benefits are equivalent in value to the CUACPS benefits you would otherwise receive at your Normal Pension Age.

At present, a reduction of approximately 5% is applied for each year that your benefits are taken early. The ERFs are reviewed from time to time by the CUACPS Scheme Actuary so may change in the future. Under the rules of the CUACPS you are required to take all of your benefits from the scheme at the same time.

#### Early payment of benefits from the CUADCPS

The benefits provided by your DC account from the DC Scheme will not have a reduction factor applied. However, it is likely that your DC benefits will be lower at your early retirement age than at age 65 because:

1. Your DC account will have been invested for a shorter period of time and fewer contributions will have been paid in than if you had remained in CUADCPS until age 65.
2. If you decide to use all or some of your fund to buy an annuity the cost of buying an annuity is likely to be higher at your early retirement age than at age 65. This reflects the fact that the annuity provider will be required to pay your pension over a longer period of time.
3. If you retire early and draw an income directly from your DC account, your money will obviously have to last a lot longer and you could potentially run out of money during retirement.

If you withdraw taxable benefits from your DC account and you and/or your employer continue to make payments into your DC account you could be subject to the Money Purchase Annual Allowance (MPAA). Any payments over the MPAA are subject to tax which would be payable by you and it is recommended that you take independent financial advice if you think the MPAA could apply to you.

If you would like an early retirement quotation for your CUACPS benefits please contact us at:  
[pensionsonline@admin.cam.ac.uk](mailto:pensionsonline@admin.cam.ac.uk)

## Pension increases

Once in payment, your CUACPS benefits will increase on 1 August each year in line with the Consumer Prices Index (CPI), up to a maximum of 5%. In years where the CPI increase is greater than 5%, the University has discretion to provide a higher increase but such increases are not guaranteed.

## AVCs

If you have paid any Additional Voluntary Contributions (AVCs) into your DC account then these will be included in your DC account at retirement and used to provide additional DC benefits.

## EARLY RETIREMENT DUE TO ILL HEALTH OR INCAPACITY

This factsheet does not cover early retirements on the grounds of ill health or incapacity.

For details of the benefits payable on retirement due to ill health or incapacity, please see [Factsheet 16 – Ill Health Benefits](#).

## STATE PENSION BENEFITS

State Pension benefits are payable in addition to the benefits payable under the University's hybrid pension arrangement. However your State Pension benefits are payable from your State Pension Age and cannot be taken early.

For more information on your State Pension benefits and your State Pension Age please follow the link below:

[www.gov.uk/browse/working/state-pension](http://www.gov.uk/browse/working/state-pension)

## IMPORTANT NOTE

This factsheet provides a summary of the Scheme's early retirement provisions. However, your legal rights are governed by the Trust Deeds and Rules of CUACPS and CUADCPS. If there are any differences between the Scheme Rules and this factsheet, the Rules will override the factsheet. A copy of the CUACPS rules can be found using the following link:  
<http://www.pensions.admin.cam.ac.uk/cps>

More details on Defined Contribution Scheme manager, SEI, can be found on [www.seic.com](http://www.seic.com) or by contacting the SEI Master Trust administrator at [seic@capita.co.uk](mailto:seic@capita.co.uk).

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