Smart Pension

Protected Pension before age 55

When the normal minimum pension age (NMPA) was increased to age 55 (with effect from 6 April 2010), certain individuals who had the right to take their benefits at an earlier age had this protected. Known as a protected pension age (PPA), this mainly impacted those who retained the right to do so from age 50.

Conditions for protected pension before age 55

The following criteria must be met for this right to be protected:

- A member must have had the right on 5 April 2006 to take retirement benefits at the minimum age of between 50 to 54
- Has to be an unqualified right, meaning no other party needs to give their consent
- Must have been in the scheme rules on 10 December 2003
- A member must have had the right on 10 December 2003 or acquired the right when they joined the scheme if this was after 10 December 2003

Additionally, certain individuals with a prescribed occupation (such as sports persons) could potentially have the right to a protected age before age 50.

Finally, for the protection to be valid, you must take your entire benefits under this pension scheme, on the same day.

What happens if you transfer out

The protection is specific to the occupational pension scheme that the protected pension age rights were accrued under. If you transfer out to another scheme, this protection would be lost unless you do so as a part of a 'block transfer' (sometimes called 'buddy') basis.

Protected pension before age 55 - Pros and Cons

Pros

- If your scheme confirms you qualify for this protection, no application to HMRC is needed
- Ability to take benefits from the protected fund before the current normal minimum pension age of 55, increasing to 57 from 6 April 2028
- Could assist with early retirement phase planning, for example using a protected fund to bridge the gap between other benefits coming into payment at a later date

Cons

- You cannot phase taking retirement benefits when a protected pension age applies, it all has to be taken at the same time
- Could potentially limit future retirement/tax planning opportunities

Can I transfer my existing protected pension age benefit to my Smart Pension?

Yes, but your protected pension age will be lost. The earliest you will be able to use your Smart Pension for retirement benefits will be the current normal minimum pension age of 55, increasing to 57 from 6 April 2028 onwards.