

# Retiring early

---

 Raytheon Final Salary Pension Scheme - HMEL



## When can you retire?

---

Your Normal Retirement Date is the first of the month following your 65th birthday. But you don't have to wait until then to retire!

At the moment, you can retire early from age 55 – though your pension would be less than at Normal Retirement Date. The Government plans to change the rules on minimum pension ages, so from 2028 you'll be able to retire from age 57.

If you're still working for the Company, you would need the consent of both the Company and the Trustee to retire before age 65.

If you're no longer working for the Company, you only need the consent of the Trustee.

Please note that it's extremely unlikely that you would be prevented from taking early retirement by the Trustee or the Company in the ordinary course of events.

## How is my pension worked out if I retire early?

---

Your pension is worked out in the same way as if you were retiring at Normal Retirement Date (see the leaflet 'How your pension is worked out' on the '**Documents**' page for details) – but based on:

- Your **Pensionable Service** at the time you retire, and
- Your **Final Pensionable Salary** at your early retirement date.

This pension is then reduced to reflect the fact that it is expected to be paid for longer.

## Do I have the same options at retirement?

---

Yes – you can choose to take some of your pension as a tax-free cash sum along with a lower annual pension, (or a dependant's pension) in the same way as you can when retiring at Normal Retirement Date.



# What about death benefits?

---

If you die before your Normal Retirement Date while receiving an early retirement pension, the Trustees will provide a lump sum of £2,500 to your dependant(s) – if you joined the Scheme after 1st October 1991. If you joined before this date then a lump sum of 3x your Death Benefit Salary (based on your salary at the date of your retirement) would be paid.

It's important to complete a Nomination form which you can complete by logging in to My Pension Portal so that the Trustees know who you would like to receive this.

# Do I have to stop working?

---

No – you have the option to keep working but take your pension as well. This could be useful if you're hoping to reduce your hours to help you 'wind down' into full retirement, and it's referred to as 'flexible retirement.' You need to keep an eye on the tax implications if you do this as you pay income tax on your pension in the same way as you do on any salary you receive.

## Jargon buster

### Final Pensionable Salary

This is the yearly average of your highest three consecutive **Pensionable Salaries** in the ten years before you retire (or leave service).

### Pensionable Salary

This is set each year on 1 April and is calculated as:

- For service before 1 June 2006, your gross earnings ignoring any reduction in your salary as a result of paying pension contributions.
- For service from 1 June 2006, your basic salary (ignoring any reduction in your salary as a result of paying pension contributions) minus an amount equal to the Basic State Pension for the tax year immediately following the calculation date.
- A cap was introduced that impacts **Pensionable Salaries** from 1 April 2012 onwards. This means that your **Pensionable Salary** can't increase by more than 1% a year. The cap doesn't apply to aspects of your salary that aren't covered by your annual pay review, e.g. bonuses and overtime.
- There's also an overall cap on your **Pensionable Salary** – this increases each year and for the 2021/22 tax year is £172,800.

### Pensionable Service

This is the time you spend as a contributing member of the Scheme, plus any service added as a result of a transfer into the Scheme.

## What's the process for retiring early?

---

If you think you'd like to retire before age 65, you should let the Scheme administrator know so that they can give you a quote for what your pension amount would be at the age you want to retire.

If you still work at Raytheon, you need to get the consent of the Company and the Trustee. You need to give at least one month's notice to HR telling them that you wish to opt out of the Scheme if you decide to go ahead with your early retirement.

If you're no longer employed by the Company you need to get the consent of the Trustee.

Please note that it's extremely unlikely that you would be prevented from taking early retirement by the Trustee or the Company in the ordinary course of events.

The retirement process is explained in our flow chart on the website - see **'Thinking about retirement'**.

## What about ill-health early retirement?

---

If you are still contributing to the Scheme and can provide medical evidence to the Trustee that you can't carry out your occupation because of a permanent physical or mental impairment, you may be able to retire before age 55.

