



Higher tax-free lump sums (premium)

This leaflet/booklet explains that when you retire you can choose to give up some of your pension for a lump sum.

If your last day of service is on or after 1 October 2007, the maximum lump sum that you will be able to take is being increased. The increase in the limit means that you will be able to take a lump sum of up to $\frac{30}{7}$ times your initial pension. As now, within the maximum, you can choose how much lump sum you want, but you must give up £1 of annual pension for each £12 of lump sum.

You can find out how much additional lump sum you can take and the effect it will have on your pension by using the calculator available in the "Latest News" section at the following web address:

www.civilservicepensions-ni.gov.uk

Reducing annual pension in this way generally has no impact on dependants' pensions as these are based on your pension before you give any up for a higher lump sum. However, if you are aged 75 or over when you die, the tax rules on pensions will restrict the total of any dependants' pensions payable to a maximum of the amount of your pension at the date of your death. As taking a higher lump sum reduces your pension, this might lead to your dependants' pension being reduced if you die after reaching 75. But this is only likely to be an issue if you leave two or more children under age 18 (or under age 23 if they are in full-time education) when you die over age 75.

