

Trivial Commutation

What options do I have if my pension is relatively small?

If you have, or are likely to have, a relatively small pension, you have the option to convert your entire scheme pension into a single cash lump sum. This is known as trivial commutation.

How do I know if I am eligible?

Our scheme has some reasonably simple criteria. In broad terms these are:

- The minimum age to trivially commute your benefits is 55
- Dependents can trivially commute their benefits at any age
- The maximum age to trivially commute is 80.

The next thing to consider is the value of your pension. We always look at the overall value of your pension savings over the years (from all arrangements you may have, not just your LSC pension) to see if these amount to less than £30,000. Another way to look at it, is your total pension less than £1,300 a year or less than £110 per month.

So, for example if you are 59 and your total pension is going to be £720 a year; you could be eligible to trivially commute your pension.

You may also be eligible if the value of your LSC pension alone is less than £10,000, even if you have other pensions that are not part of the LSC scheme.

How is any cash lump sum calculated?

This is where it becomes a bit more complicated and depends entirely on your personal circumstances. Our administrators will do all the work to calculate the lump sum for you, using trivial commutation factors.

The table overleaf shows our trivial commutation factors. In very broad terms we use fixed unisex factors for joint life or single life. All this means really is that “joint life” factors are used for pensioner members whilst “single life” factors are used where a beneficiary pensioner would like to trivially commute his/her spouse’s pension.

As a rough estimate then, if you are already a pensioner aged 60 and asked to convert your pension, you would receive just under £36 for each £1 p.a. of pension being given up.

So, what do I do if I want to convert my pension?

If you think you might be eligible for this option, or want to talk to somebody about this, contact our administrators.

Age	Joint life factors	Single life factors
55	43.108	40.503
56	41.645	39.090
57	40.199	37.694
58	38.771	36.315
59	37.359	34.952
60	35.964	33.606
61	34.587	32.278
62	33.227	30.965
63	31.888	29.673
64	30.572	28.403
65	29.281	27.159
66	28.019	25.943
67	26.785	24.757
68	25.581	23.600
69	24.406	22.474
70	23.258	21.375
71	22.135	20.303
72	21.037	19.255
73	19.964	18.233
74	18.915	17.236
75	17.894	16.266
76	16.903	15.327
77	15.945	14.422
78	15.024	13.555
79	14.142	12.728
80	13.300	12.000

Note – These are the factors as at 1 July 2021 and the Trustees may adjust these over time.