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Minimum pension age

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What is the normal minimum pension age?

The normal minimum pension age (NMPA) is the earliest age most people can access their workplace or personal pensions without incurring a significant tax charge. However, people can access their pension benefits earlier due to ill-health or if they have a "protected pension age."

Since April 2010, the NMPA has been 55 years old. Before that, it was set at 50 years old when introduced as part of a large pension tax simplification in April 2006. The NMPA will increase to 57 on 6 April 2028.

The NMPA is different from the state pension age. Information about this is available in the Library briefing on the state pension age review.

Protected pension age

In certain circumstances people have a "protected pension age" and can access their pension earlier than their NMPA:

- People in certain professions with traditionally low retirement ages (such as sports people) who had the right to take pension benefits before age 50 before April 2006 can keep that right with a protected pension age.
- People may have a protected pension age if they had an unqualified right to take pension benefits before age 55 on 5 April 2006. This means they did not need anyone's consent to take their pension benefits.

Increase to age 57

From 6 April 2028, the NMPA will increase to 57. This change, made by the Finance Act 2022, will not apply to the public service pension schemes for the armed forces, police, and firefighters.

People who were members of a scheme on 3 November 2021 with an unqualified right to take a pension before age 57 will keep this right. Additionally, those who previously had a protected pension age below 55 will keep it.

1 Overview

1.1 What is the normal minimum pension age?

The normal minimum pension age (NMPA) is the earliest age most people can access their workplace or personal pensions without incurring a significant tax charge. However, people can access their pension benefits earlier due to ill-health or if they have a "protected pension age."

Since April 2010, the NMPA has been 55 years old. Before that, it was set at 50 years old when introduced as part of a large pension tax simplification in April 2006.[1] The NMPA will increase to 57 on 6 April 2028. [2]

The NMPA is different from the state pension age. Information about this is available in the Library briefing on the state pension age review.

1.2 Accessing a pension before the normal minimum pension age

HMRC considers payments from a pension before the NMPA "unauthorised" unless someone is retiring due to ill-health or has a protected pension age.

If someone receives an unauthorised payment from their pension before their NMPA, they will incur tax charges:

- An unauthorised payment charge of 40% of the amount they received.[3]
- An unauthorised payment surcharge of 15% of the amount that they received if it is above a certain threshold.[4]

The scheme that allowed the unauthorised payment also pays a scheme sanction charge of 40%. The charge paid by the scheme reduces if the

1 Finance Act 2004, part 4; further information is available in the Commons Library research briefing SN-02984, Pension tax simplification (11 December 2008)
2 Finance Act 2022
3 Finance Act 2004, s208
4 Finance Act 2004, s209; further information on how the surcharge is calculated is available from HMRC, Pensions Tax Manual, PTM134400 - Unauthorised payments: the unauthorised payments charge and the unauthorised payments surcharge: surchargeable unauthorised member payments, 13 May 2024

member pays their unauthorised payment charge. The minimum scheme sanction charge is 15%.[5]

The charges do not relate to the amount of tax relief someone received on their pension contributions.

HMRC may recover money owed by adjusting income tax codes. More detail on unauthorised payments is available from HMRC's Pension Tax Manual.[6]

1 Scams

Pension savings can be an attractive target for fraud.

Fraudulent "pension liberation" happens when someone receives encouragement to access their pension early, often on the false promises of legal loopholes to avoid tax charges. HMRC however warns that this "can carry tax charges of more than half the unauthorised payment."[7]

The Library briefing on pension scams provides more information and sources of support.

5 Finance Act 2004, s239-241
6 HMRC, PTM130000 - Unauthorised payments: contents, 13 May 2024
7 HMRC, Transfer a pension scheme member's savings, 6 April 2024

2 Protected pension age

People can access their pension earlier than their NMPA if they have a "protected pension age":

- People in certain professions with traditionally low retirement ages (such as sports people) who have the right to take pension benefits before age 50 before April 2006 can keep that right with a protected pension age.
- People may have a protected pension age if they had an unqualified right to take pension benefits before age 55 on 5 April 2006. This means they did not need anyone's consent to take their pension benefits.[8]

2.1 Losing the right to a protected pension age

People can lose the right to a protected pension age.[9]

Transferring to another pension scheme

If someone transfers their pension to another pension scheme, they will lose their right to a protected pension age unless:

- The transfer is a block transfer, where multiple members transfer in a single transaction and the transfer includes all their pension rights in the original scheme.[10]
- The member already has a protected pension age in the scheme they are transferring to.[11]

Continuing in employment

People can lose their protected pension age if they are employed after taking their pension using a protected pension age.[12] This depends on whether their pension age is below 50 or from age 50.

8 HMRC, PTM062210 - Member benefits: pensions: protected pension age: occupational and public service schemes - right to take benefits before age 55, 13 May 2024
9 As above
10 HMRC, PTM062240 - Member benefits: pensions: protected pension age: right to keep a protected pension age after transfers or winding-ups, 13 May 2024
11 HMRC, PTM062210 - Member benefits: pensions: protected pension age: occupational and public service schemes - right to take benefits before age 55, 13 May 2024
12 As above

- Someone loses a protected pension age below 50 if they start receiving their pension while employed by an employer in the same pension scheme, and the person has a connection to that employer (such as being the owner).[13]

- Someone loses a protected pension age between 50 and 54 if they start receiving their pension while employed by any employer in the pension scheme or by any person connected to their original employer.[14]

2.2 Protected pension age, lump sum allowance, and lump sum and death benefit allowance

People can access up to 25% of their pension savings as a tax-free lump sum. The lump sum allowance limits this to £268,275 in 2024/25.[15]

Schemes can pay tax-free lump sums to members with a serious illness or to the beneficiaries of a member who died.[16] The lump sum and death benefit allowance limits these to £1,073,000.[17]

Under certain circumstances, people with a protected pension age of less than 50 who receive a lump sum payment from their pension before they reach the NMPA may have their lump sum allowance and their lump sum and death benefit allowance reduced.

13 HMRC, PTM062230 - Member benefits: pensions: protected pension age: loss of a protected pension age due to employment - HMRC internal manual, 13 May 2024

14 As above

15 HMRC, PTM172000 - Lump sum allowance and lump sum and death benefit allowance: Lump sum and death benefit allowance, 13 May 2024; previous rates are available from HMRC, Pension scheme rates, 6 April 2024

16 HMRC, PTM172000 - Lump sum allowance and lump sum and death benefit allowance: Lump sum and death benefit allowance, 13 May 2024

17 HMRC, PTM172000 - Lump sum allowance and lump sum and death benefit allowance: Lump sum and death benefit allowance, 13 May 2024

3 Introduction through Finance Act 2004

The Finance Act 2004 introduced the NMPA as part of a simplification of pension tax, effective from 6 April 2006.

3.1 Minimum pension ages before April 2006

Before April 2006, most occupations had a "normal retirement date" between 60 and 75 under pension tax rules.[18] Schemes could allow early retirement on a reduced pension from age 50, with exceptions for occupations, such as sportspeople, who could access pensions earlier.[19]

3.2 Consultation 2002 to 2003

December 2022: Simplicity, security and choice: Working and saving for retirement

In December 2002, the then Labour government outlined plans in a green paper to introduce a minimum pension age of 55 by 2010.[20] It intended to "signal that work up to age 55 at the very earliest is the norm."[21] Alongside this proposal, the government aimed to introduce measures that would allow greater flexibility for people to both work and receive a pension. For example, people would no longer need to end their employment with a company to receive a pension from it.[22]

18 Inland Revenue, IR12 (2001) Occupational Pension Schemes Practice Note (PDF), 21 December 2021, para 6.5-6.11. Further details are available in HM Treasury, Simplifying the taxation of pensions: the Government's proposals (PDF), December 2003, Chapter 2

19 These occupations are: athletes, badminton players, boxers, cricketers, cyclists, dancers, divers (saturation, deep sea and free swimming), footballers, golfers, ice hockey players, jockeys – flat racing, jockeys – national hunt, members of the reserve forces, models, motor cycle riders (motocross or road racing), motor racing drivers, rugby league players, rugby union players, skiers (downhill), snooker or billiards players, speedway riders, squash players, table tennis players, tennis players (including Real Tennis), trapeze artistes, and wrestlers. Information about how these groups are affected is available in HMRC, Pension tax manual: PTM062220 - Member benefits: pensions: protected pension age: personal pensions and RACs - right to take benefits before age 50, 13 May 2024

20 Department for Work and Pensions, Simplicity, security and choice: Working and saving for retirement, December 2002, Cm 5677

21 As above, para 6.61

22 As above, paras 6.60-6.61

December 2023: Simplifying the taxation of pensions

In December 2003, the government proposed allowing schemes flexibility to increase their members' minimum pension ages to 55 before 2010.[23] There would be protection for those with an existing right to receive a pension between age 50 and 55 and for those with an expectation of early retirement, like sportspeople.[24]

People using their protected pension age would have their lifetime allowance reduced (see box 2 below). However, the government would not apply this reduction to existing members of the armed forces, police, and fire services.[25]

2 Abolition of the lifetime allowance

There was a limit on the amount people could build up in pension schemes over their lifetime and still receive tax relief. Introduced in 2006 alongside the minimum pension age, the lifetime allowance was part of a simplification to pension tax.[26] The government abolished it on 6 April 2024.[27]

People with protected pension ages below 50 receiving pension payments before they reached the NMPA could have their lifetime allowance reduced.[28]

3.3 Debate on Finance Act 2004

When the legislation was before Parliament, the then Financial Secretary to the Treasury, Ruth Kelly, explained that pensions received favourable tax treatment for retirement and "not for other purposes."[29] The government raised the minimum pension age to 55 to prevent people from accessing pensions with tax relief before reaching that age.[30]

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23 HM Treasury and Inland Revenue, Simplifying the taxation of pensions: The Government's proposals (PDF), December 2003, para 2.5-2.7

24 As above (PDF)

25 As above (PDF)

26 For more information see Commons Library research briefing SN 02984, Pension tax simplification

27 Finance Act 2024, schedule 9; further information is available in HMRC, PTM090000 - Protection from the lifetime allowance charge: contents, January 2024

28 Details about how the lifetime allowance was reduced is available from HMRC, PTM082000 - The lifetime allowance and the lifetime allowance charge: reduced lifetime allowance, 12 January 2024. The interaction of protected pension ages and pensions tax since the abolition of the lifetime allowance is set out in HMRC, PTM062205 - Member benefits: pensions: protected pension age: basic principles, 13 May 2024

29 Standing Committee Deb 22 June 2004 c670

30 As above

The Minister said that the government was providing protection for people with existing contractual right to access pensions at earlier ages because people "may well have planned for their future on that basis."[31]

The Finance Act 2004 received Royal Assent on 22 July 2004 and the simplification of the pension tax regime, which included introducing the NMPA, took effect on 6 April 2006.[32]

31 As above

32 Finance Act 2004, s284

4 Increasing the normal minimum pension age to 57

4.1 Overview

From 6 April 2028, the NMPA will increase to 57. Some people will keep a protected pension age below 57.

Generally, people who had a protected pension age below 55 previously will continue to do so. People who were a member of the scheme on 3 November 2021 with an unqualified right to access a pension before they were 57 years old will keep this right.[33]

The increase to age 57 does not apply to members of public service schemes for the armed forces, police, and firefighters.[34]

People will lose their protected pension age if they transfer their pension to a new scheme, unless the transfer is a block transfer or an individual transfer.[35] In block transfers, where multiple members' pension rights transfer together, people can continue building up a pension with their protected pension age. For individual transfers, people can keep their protected pension age for the pension they already have but will have NMPA of 57 for any future pension they build up.[36]

4.2 Consultations 2014 to 2021

March 2014: Freedom and choice in pensions

In March 2014, the Coalition government launched a consultation on introducing new "pension freedoms" from April 2015.[37] The consultation also proposed increasing the NMPA as the state pension age increased to reflect people "living and working for longer in future."[38]

33 Finance Act 2022, s10
34 Finance Act 2022, s10
35 HMRC, PTM062250 - Member benefits: pensions: protected pension age: right to keep a protected pension age after transfers 2028, 13 May 2024
36 As above
37 HM Treasury, Freedom and choice in pensions (PDF), March 2014; For background, see Commons Library Briefing Paper CBP 6891, Pension flexibilities: the freedom and choice reforms
38 HM Treasury, Freedom and choice in pensions (PDF), March 2014, para 3.29

The government proposed introducing the change in 2028, aligning with the state pension age increasing to 67. From then on, the NMPA would always be set ten years below the state pension age.[39]

July 2014: Government's response to freedom and choice in pensions

The government said that around half of respondents to the consultation agreed with its proposal to raise the NMPA to 10 years below the state pension age. As a result,, it said would legislate in the next Parliament to increase the NMPA to 57 in 2028.[40] Legislation to increase the state pension age to 67 in 2028 was passed by the Pensions Act 2014.[41]

The increase would not apply to members of those public service pension schemes for firefighters, the police, and armed forces. However, it would apply to the other public service pension schemes, which have a pension age linked to the state pension age.[42] The government would consider the position of people with an existing right to access their pensions before the NMPA.[43]

February 2021: Increase the normal minimum pension age consultation

On 11 February 2021, the government launched a consultation on how to increase the NMPA to 57 and the protection people should receive.[44] It proposed a protected pension age for everyone with a right to access their pension before age 57 on the date the consultation was launched – 11 February 2021. Key features would include:

- To receive a protected pension age, the right to access a pension before age 57 would need to be unqualified and not require the consent of an employer or trustee.[45]
- The protected pension age would be specific to individual memberships of a particular scheme.[46]

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39 As above, para 3.30
40 HM Treasury, Freedom and choice in pensions: the government's response to consultation (PDF) Cm 8901, July 2014, paras 2.3, 2.36 and 2.41
41 Pensions Act 2014, s26
42 Public Service Pensions Act 2013, s10
43 HM Treasury, Freedom and choice in pensions: the government's response to consultation (PDF), Cm 8901, July 2014, para 2.40
44 HM Treasury, Increase the normal minimum pension age. Consultation on implementation (PDF), February 2021
45 As above (PDF), para 2.4
46 As above (PDF), para 2.6

- Existing protected pension ages would not change.[47]
- A protected pension age would cover pensions built up after 2028 to avoid creating "unnecessary complexity for both individuals and schemes."[48]

Additionally, there would be increased flexibility at retirement compared to the rules for the protected pension age in 2006 and 2010:

- People entitled to a protected pension age in relation to the increase in minimum pension age from 2028 would not need to retire to receive pension payments, even if they are still working for the same employer.
- People using a protected pension age relating to 2006 to 2010 needed to access all their pension at once (for example by purchasing an annuity or starting to receive an income). Protected pension ages from 2028 would be able to access part of their pension while leaving the remainder invested due to the pension freedoms introduced in 2015.[49]

Responses to consultation

In April 2021, the Pension and Lifetime Savings Association responded to the consultation raising concerns about the potential for "unintended consequences" whereby people are incentivised to transfer to scheme with a lower protected age against their best interests. [50] It was highlighted an increased risk of scams, where savers might transfer their pensions into entities promising simpler rules and earlier access.[51]

The Low-Incomes Tax Reform Group called for good communication to scheme members leading up to the change. Otherwise, there was a risk of people taking "ill-advised actions", such as withdrawing all funds from their scheme before April 2028, leaving them worse off in the long term.[52]

Trade unions and professional bodies representing public servants expressed concern about the impact on retirement incomes. The Association of School and College Leaders said it would "do little either to incentivise joining or working longer in the profession" while adversely impacting retirement

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47 HM Treasury, Increase the normal minimum pension age. Consultation on implementation (PDF), February 2021, para 2.4

48 HM Treasury, Increase the normal minimum pension age. Consultation on implementation (PDF), February 2021, para 2.6-2.9

49 As above (PDF),

50 Pensions and Lifetime Savings Association, Increasing the normal minimum pension age: consultation response, Pension and Lifetime Savings Association, April 2021, Executive Summary

51 Pensions and Lifetime Savings Association, Increasing the normal minimum pension age: consultation response, Pension and Lifetime Savings Association, April 2021, Executive Summary

52 Low Incomes Tax Reform Group, Increasing the normal minimum pension age: consultation on implementation HM Treasury/HM Revenue & Customs consultation Response from the Low Incomes Tax Reform Group (LITRG) (PDF), April 2021

incomes.[53] The British Medical Association suggested that the government should extend the special dispensation for the uniformed services to doctors.[54]

July 2021: Government response to Increase the normal minimum pension age consultation

In July 2021, the government responded to the consultation, announcing two key policy changes:

- To help people prepare for the change, there would be a window until 5 April 2023 to join a pension scheme with a protected pension age below 57.[55]
- People would keep a protected pension age if they transferred their pension to another provider.[56] However, the protected pension age would not apply to any additional pension built up with the new provider. The government explained that the pension freedoms meant there were good reasons to transfer which the protected pension age should not prevent.[57]

The government said that most of the pension industry supported the proposal to increase the NMPA and the proposed protections, although some had requested simplification. A common suggestion was for there to be no protected pension age when the minimum pension age increased to 57.[58] The government rejected this, saying it was "right that members can retain their pre-existing minimum pension age as a [protected pension age] if they already have an unqualified right within their specific scheme rules to take their pension benefits at that age."[59]

4.3 Further comment

In August 2021, following the government's response, the Association of British Insurers called for a simpler approach. It said the proposals would cause "enormous confusion" and extending "a protected pension age of 55 to

53 Association of School and College Leaders, Increasing the normal minimum pension age: consultation on implementation. Response of the Association of School and College Leaders (PDF), April 2021

54 British Medical Association, BMA consultation response to the implementation of increasing the normal minimum pension age (PDF), April 2021

55 HM Treasury, Increasing the normal minimum pension age: summary of responses to the consultation on implementation (PDF), July 2021, Executive Summary

56 As above (PDF), Executive Summary

57 As above (PDF), Executive Summary and para 2.11

58 As above (PDF), para 2.2

59 As above (PDF), para 2.2

millions of people" would make increasing the NMPA "pointless."[60] It said, unlike for the state pension, there would "no longer be a universal answer to the question what the normal minimum pension age is, making it harder to plan." It called for a similar approach to 2010, when the NMPA increased from 50 to 55 and "only a limited group of savers would retain the right to access their pension from 50, based on their employment."[61]

Small pension pots

An industry-working group was set up to make at proposals for consolidating small pension pots, which have increased as people move jobs under auto-enrolment.[62]

In its June 2022 report, the group noted that increasing the minimum pension age to 57 could introduce complexities for schemes, requiring them to manage two retirement ages within a single scheme. [63]

The group also raised the risk that people inadvertently lose their protected pension age when their pension consolidated. It concluded that this should not disadvantage members who have an unqualified right to access their pension at age 55 as this right would transfer with the member.[64]

4.4 Finance Act 2022

The Finance Act 2022 legislated to increase the NMPA from 55 to 57 from 6 April 2028.[65]

The Act differed from earlier proposals which would have given a window for people to join a scheme with a protected pension age.[66] In November 2021, the then Economic Secretary to the Treasury, John Glen, announced that the government would close the window immediately.[67] Those who had already requested a transfer would be able to complete it.[68] The government did not announced the change in the Budget held the previous week, because it could disrupt markets and harm consumers.[69]

60 Association of British Insurers, Stop more confusion for pension savers: ABI calls for simplicity when the Government increases pension access age, 14 September 2021
61 As above
62 Pensions and Lifetime Savings Association, Co-ordination group making good headway on small pots solution, 30 September 2021. Further information on automatic enrolment
63 Association of British Insurers and Pensions and Lifetime Savings Association, Small Pots Cross Industry Co-ordination Group: Spring 2022 Report, June 2022
64 Association of British Insurers and Pensions and Lifetime Savings Association, Small Pots Cross Industry Co-ordination Group: Spring 2022 Report, June 2022
65 Finance Act 2022, s10
66 HMRC, Increasing the normal minimum pension age for Pensions Tax, HMRC, 20 July 2021
67 WS 373 [Treasury Update], 4 November 2021
68 WS 373 [Treasury Update], 4 November 2021
69 HM Treasury, Autumn Budget 2021: Overview of tax legislation and rates, 27 October 2021, para 1.5

Debating the Act in December 2021, the Shadow Financial Secretary James Murray (Labour) supported exemptions from the increase for uniformed services but raised concerns about advice on transitional arrangements before 6 April 2024 not being in place. Speaking for the SNP, Alison Thewliss raised similar concerns.[70] Updated guidance was provided shortly after the debate in January 2022.[71]

The Association of British Insurers welcomed the announcement as it would "stop scammers from exploiting uncertainty and also prevent market distortions as there are now no incentives to transfer purely to access a pension at age 55."[72] However, it said it would still be hard for people to plan for retirement as most savers with more than one pension pot would have a mix of different minimum pension ages.[73]

70 HC Deb 14 December 2021 cc8-11
71 HMRC, Pension schemes newsletter 136, updated 31 March 2022
72 "Government U-turn on minimum pension age hike protections", Pensions Expert, 4 November 2021
73 As above

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