



Government
Actuary's
Department

Local Government Pension Scheme (Northern Ireland)

Application of a pension debit for divorced members
Transfer date before 1 April 2015

Factors and guidance

Date: 14 October 2020





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1 Introduction

- 1.1 The Department for Communities (“DfC”) is required under the Local Government Pension Scheme Regulations to issue actuarial guidance on the calculation of the pension debit applicable to a member’s pension following divorce proceedings.
- 1.2 The purpose of this note is to provide DfC with factors to be used to calculate the pension debit applicable following the implementation of a Pension Sharing Order and accompanying guidance to demonstrate how these factors should be applied.
- 1.3 This guidance should only be used when the Transfer day is before 1 April 2015. Where the Transfer day is on or after 1 April 2015, the guidance note *‘Local Government Pension Scheme (Northern Ireland): Application of a pension debit for divorced members: Transfer date from 1 April 2015’* should be applied.
- 1.4 The remainder of this introduction contains:
 - details of the implementation and future review of this guidance
 - the relevant legislative references, and
 - statements about third party reliance and liability
- 1.5 In the remainder of this note:
 - The second section provides background information
 - The third section describes the calculation of the pension debit
 - the fourth section provides some worked examples
 - Appendix A sets out the principal assumptions underlying the factors contained in this guidance note.
 - Appendix B contains the table of factors for the reduction in pension debits where the member subsequently retires early in ill-health
 - Appendix C contains the table of factors for the reduction in pension debits where the member subsequently retires early in normal health
 - Appendix D sets out some important limitations.



Implementation and Review

- 1.6 DfC is required to consult GAD before issuing actuarial guidance under Regulation 2(3) of The Local Government Pension Scheme Regulations (Northern Ireland) 2014 (SRNI 2014/188) (“the 2014 Regulations”), as amended.
- 1.7 As part of this consultation, DfC has asked GAD to recommend actuarial guidance in respect of the regulations detailed above and in the regulatory references below. This document forms GAD’s recommendation for the actuarial guidance required by these regulations.
- 1.8 This note only has effect when this guidance is issued by DfC to the Northern Ireland Local Government Officers’ Superannuation Committee (NILGOSC) in accordance with Regulation 2(3) of the 2014 Regulations, and is subject to the implementation instructions provided at that time.
- 1.9 The factors provided in this Note have been prepared in light of our advice to DfC dated 30 October 2018 and its instructions following that advice.
- 1.10 This guidance is intended to supersede any factors or advice previously issued for the purposes of pension debit calculations, which rely on input from the scheme actuary. In particular, this guidance supersedes:

“Local Government Pension Scheme (Northern Ireland): Application of a pension debit for divorced members.” dated 1 August 2013 (with factors updated 26 January 2015).

Factors contained in this note have been updated but the calculation methodology remains unchanged.
- 1.11 The factors contained in this guidance are reproduced from the latest consolidated factor workbook as at the date of this note and took effect in advance of this guidance note and apply from 7 January 2019. This implementation date has been determined by DfC. This guidance will apply with immediate effect upon receipt of the respective guidance.
- 1.12 This guidance has been written for pension administrators and assumes some knowledge of general pension terminology, and some familiarity with retirement calculations for the Local Government Pension Scheme (Northern Ireland). Any questions concerning the application of the guidance should, in the first instance, be referred to DfC.
- 1.13 The factors contained in this guidance will be subject to review periodically. This will depend on external circumstances, for example whenever there is a change in the SCAPE basis; when changes in the actuarial assumptions adopted for other scheme factors take place; or following each future actuarial valuation where mortality and other relevant experience is reviewed or if other credible and material information comes to light.



Regulatory References

- 1.14 This guidance is designed to be consistent with the Welfare Reform and Pensions Act (Northern Ireland) Order 1999 (“the 1999 Order”) and the Welfare Reform and Pensions Act 1999 (‘the 1999 Act’) and associated regulations (Principally the Pension Sharing (Implementation and Discharge of Liability) Regulations (Northern Ireland) 2000).
- 1.15 Regulation 82(1) of the Local Government Pension Scheme (Administration) Regulations (Northern Ireland) 2009 (SR 2009/33) (“the Administration Regulations”) states that the benefits payable to a pension debit member shall be reduced to take into account the debit to which the shareable rights of the pension debit member are subject under a pension sharing order. Regulation 82(2) further states that the amount of reduction shall be calculated in accordance with guidance issued by the Government Actuary.
- 1.16 Regulation 41 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations (Northern Ireland) 2009 (SR 2009/32) (“the Benefits Regulations”) states that the Northern Ireland Local Government Officers’ Superannuation Committee (NILGOSC) shall have regard to guidance issued by the Government Actuary as to the reduction of benefits payable in consequence of a pension debit created under Article 26(1)(a) of the 1999 Order or under Section 29(1)(a) of the 1999 Act.
- 1.17 Regulation 59(1) of the 2014 Regulations states that the administering authorities shall have regard to actuarial guidance issued by DfC as to the reduction of benefits payable in consequence of a pension debit.
- 1.18 Regulation 3(12) of the Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014 (SRNI 2014/189) (the ‘transitional regulations’) requires that guidance issued by the Government Actuary under earlier regulations is to be treated as actuarial guidance issued by DfC as defined by the 2014 Regulations.
- 1.19 Any pension debit applied to benefits within the Earlier Schemes is debited under Regulations 20(3) and 20(4) of the Transitional Regulations.

Third party reliance

- 1.20 This guidance has been prepared for the use of DfC and the scheme administrators for the purposes of demonstrating the application of the factors covered by this guidance only. This guidance may be published on DfC and the scheme administrator’s website but must not otherwise be reproduced, distributed or communicated in whole or in part to any other person without GAD’s prior written permission.
- 1.21 Other than DfC and the scheme administrators, no person or third party is entitled to place any reliance on the contents of this guidance, except to any extent explicitly stated herein. GAD has no liability to any person or third party for any action taken or for any failure to act, either in whole or in part, on the basis of this guidance, whether or not GAD has agreed to the disclosure of its advice to the third party.



2 Background information

- 2.1 Where a pension sharing order is issued by the Court, the former partner is allocated a percentage (up to 100%) of the member's benefits. Where a pension sharing order is issued by a Scottish Court, the former partner is normally allocated a monetary amount, which can then be converted into a percentage of the member's benefits. The member's benefits are reduced accordingly, and the former partner will hold benefits in their own right, independent of the scheme member.
- 2.2 The member's benefits will be reduced by the percentage allocated to their former partner. This reduction is known as a 'pension debit'.
- 2.3 The general principle is that the savings to the LGPS (Northern Ireland) arising from the pension debits are used to provide actuarially equivalent benefits to the member's former partner (the "pension credit" member).
- 2.4 It is assumed that the cash equivalent of a member's benefits for divorce purposes has already been determined in accordance with the latest GAD note '*The Local Government Pension Scheme (Northern Ireland): Pension Sharing Following Divorce – Calculation of Cash Equivalents*'.
- 2.5 For active and deferred members, the divorce cash equivalent used in the pension sharing order may be made up of separate cash equivalents calculated in respect of Critical Retirement Age ('CRA') membership, taper membership and Pension Age 65 ('PA65') membership. Furthermore, some elements of such membership will also be differentiated by whether the membership is based on eightieths or sixtieths accrual. For consistency, a debit should be calculated in respect of each element (tranche) of the cash equivalent. For further information on these membership elements, please refer to the GAD note on the calculation of divorce cash equivalents.
- 2.6 For active and deferred members, their pension debits should be revalued up to retirement in line with usual scheme rules applying to a deferred pension. In retirement, the pension debit increases in line with usual scheme rules and should be deducted from the member's total pension benefits. Note that GMP pension debits should be increased in line with GMP increases (in deferment and in payment). **Note that following the requirement to equalise GMPs, as set out in our letter "GMP Equalisation: Calculations involving actuarial factors" dated 10 December 2019, for members who reach State Pension age (SPA) on or after 6 April 2016 full pension increases in payment apply to GMP pension benefits and debits.**
- 2.7 On the member's death, if the member had formed a new eligible partnership, the pension debit will reduce the survivor's benefit available to a new eligible partner.
- 2.8 No partner's benefits will be payable to the member's ex-partner who was party to the divorce resulting in the pension sharing order (except in the event that the member entered into a new eligible partnership with his or her ex-partner).
- 2.9 If the member has dependent children, any child allowance payable should not be reduced as a result of a pension debit.



- 2.10 No debit should be applied to the death grant payable on the death of a member who was contributing to the scheme at their death.
- 2.11 The methodology and instructions described in this note can be adopted and applied in respect of benefits for Councillor members.



3 Calculation of the pension debit

- 3.1 This section sets out the methodology for calculating the pension debit to be applied to the member's benefits following the issue of a pension sharing order by the Court.
- 3.2 This guidance applies where the transfer date is **before 1 April 2015**. Therefore, it is expected that the initial amount of the debit will have been calculated using previous versions of the guidance. The material relating to that calculation is retained for reference purposes only.

Appropriate percentage

- 3.3 At times, most commonly for divorces in Northern Ireland (and in England and Wales), the pension sharing order will specify the percentage of the member's benefits that the ex-partner will be entitled to (the "appropriate percentage").
- 3.4 At other times, most commonly under Scottish law, the pension sharing order will specify a monetary amount ("MA"). In this case, the appropriate percentage for the pension debit ("the appropriate percentage") should be calculated as the ratio of the monetary amount and the cash equivalent of the member's benefits based on the member's total service at the Transfer day ("CE"):

$$\text{appropriate percentage} = (MA \div CE) \times 100\%$$

Calculation

- 3.5 There are two dates which are of relevance when determining the reduction to benefits to take into account for pension debits; the 'Transfer day' and the 'Valuation day'.
- 3.6 Section 26(8) of the 1999 Order and Section 29(8) of the 1999 Act define the Transfer day as the day on which the pension sharing order or provision takes effect. (The Transfer day is sometimes also referred to as the Effective date.)
- 3.7 Regulation 88 of the Administration Regulations defines the Valuation day as the first day of the Implementation Period. Section 31(1) of the 1999 Order and section 34(1) of the 1999 Act define the Implementation Period as the four month period that starts on the Transfer day, or if later, on the date the pension scheme has the prescribed information needed to implement the pension sharing order. (The Valuation day is sometimes referred to as the Implementation date or the Calculation date i.e. the date on which the administrators process the calculation.)
- 3.8 The calculation of the pension debit should be based on the status of the member at the Transfer day – i.e. whether they are an active, deferred or pensioner member at this date. The amount of benefits which the member is entitled to should also be taken at the Transfer day. This approach is consistent with the calculation of the cash equivalent which assumes that the member left service on the day immediately before the Transfer day.



- 3.9 In cases where the status of a member changes between the Transfer day and the Valuation day, paragraph 3.8 above still applies. For the avoidance of doubt, this may lead to cases where benefits need to be clawed back by the administering or employing authority. For example, the retirement grant paid to a member who is active on the Transfer day but a pensioner on the Valuation day should be reduced even though it has already been paid because the member was active on the Transfer day. If authorities require any assistance with such cases then these cases could be referred to GAD, via DfC.

Pension debit for a pensioner

- 3.10 Where the member is a pensioner, the debit will apply to the member's own pension with effect from the Transfer day, and also to the pension payable to a future qualifying partner on the death of the member.

- 3.11 The debit applying to the member's pension ('MEMDEB') will be:

$$\text{MEMDEB} = \text{Current member's pension} \times \text{appropriate percentage} / 100\%$$

- 3.12 The current member's pension is the rate of pension in payment at the Transfer day (inclusive of any prior divorce debits and scheme pays offsets). The last Pensions Increase ('PI') should be that awarded up to and including the April increase immediately before the Transfer day.

- 3.13 The full amount of pension may have been paid between the Transfer day and the Valuation day, for pensioner members. The authority may therefore need to recoup the debit that should have been applied to the member's pension in payment between the Transfer day and the Valuation day.

- 3.14 The debit applying to any future surviving qualifying partner's pension ('SURDEB') will be:

$$\text{SURDEB} = \text{Current survivor's pension} \times \text{appropriate percentage} / 100\%$$

- 3.15 The current survivor's pension should be the rate of pension payable to the survivor if the member had died immediately before the Transfer day.

- 3.16 The debit applying to the Guaranteed Minimum Pension ('GMP') – where 'PREGMPDEB' relates to annual GMP accrued before 6 April 1988 and 'POSTGMPDEB' relates to annual GMP accrued after 6 April 1988 – will be:

$$\text{PREGMPDEB} = \text{Pre 88 GMP} \times \text{appropriate percentage} / 100\%$$

$$\text{POSTGMPDEB} = \text{Post 88 GMP} \times \text{appropriate percentage} / 100\%$$

The section on Guaranteed Minimum Pension gives more details on the GMP.



- 3.17 For the avoidance of doubt, the member's pension, contingent survivor's pension, and GMP should be the same as used to calculate the member's cash equivalent for divorce purposes in accordance with the GAD note. For the member's pension, the pension used is the post-commutation pension.
- 3.18 Debits applying to the member's pension, contingent survivor's pension and GMP should be subtracted from the member's benefits. The reduced member's pension, contingent survivor's pension and GMP should then be increased in line with usual scheme rules – i.e. the reduced member's pension and contingent survivor's pension should be increased in line with PI each year from the April immediately before the Transfer day (unless the pensioner is under age 55 and not entitled to PI until age 55). The reduced GMP should be increased each year from the April immediately before the Transfer day in line with the GMP increases set out in paragraphs 3.59 to 3.61.
- 3.19 For the avoidance of doubt, there is no debit to any retirement grant, which will already have been paid, or to any contingent children's pensions.

Pension debit for a deferred pensioner

- 3.20 Where the member is a deferred pensioner, the pension debit will apply to the member's pension at the point when the member's benefits come into payment. The debit should be applied separately to the different elements (tranches) of the divorce cash equivalent, i.e. to the member's benefits for CRA membership, taper membership and PA65 membership.
- 3.21 It may therefore be necessary to calculate several debits in relation to CRA membership, taper membership and PA65 membership.
- 3.22 Debits will also apply to any automatic retirement grant and to the pension payable to a future surviving qualifying partner on the member's death but not to any contingent children's pensions.
- 3.23 The principle for a deferred member is that the debits for each type of membership act like a deferred pension, which is subtracted from the member's benefits at retirement (see paragraph 3.29).
- 3.24 Debits are calculated by reference to the benefits at exit i.e. to the pre-commutation pension and any automatic retirement grant.
- 3.25 The debit applying to each tranche of the member's pension will be:

$$\mathbf{MEMDEB = Member's\ pension\ at\ exit\ x\ appropriate\ percentage\ / 100\%}$$

- 3.26 The retirement grant debit only applies to the automatic retirement grant (i.e. on service up to 31 March 2009 and membership from added years contracts that include a retirement grant). The debit applying to each tranche of the retirement grant will be:

$$\mathbf{RGDEB = Retirement\ grant\ at\ exit\ x\ appropriate\ percentage\ / 100\%}$$



There will not be any retirement grant debit in respect of service on or after 1 April 2009 (which is based on 1/60ths accrual).

- 3.27 The debit applying to any future surviving qualifying partner's pension will be:

$$\mathbf{SURDEB = Survivor's\ pension\ at\ exit\ x\ appropriate\ percentage\ / 100\%}$$

- 3.28 The debit applying to the GMP will be:

$$\mathbf{PREGMPDEB = Pre\ 88\ GMP\ at\ exit\ x\ appropriate\ percentage\ / 100\%}$$

$$\mathbf{POSTGMPDEB = Post\ 88\ GMP\ at\ exit\ x\ appropriate\ percentage\ / 100\%}$$

The section on Guaranteed Minimum Pension gives more details on the GMP.

- 3.29 At retirement, both the benefits and the debits should be revalued from the date of exit to the April immediately before the date of retirement, and the revalued debits should be subtracted from the respective revalued benefits. In the case of the member's pension, retirement grant and contingent survivor's pension, the benefit and the debit should be revalued in line with PI (but noting that the GMP is increased in accordance with paragraphs 3.59 to 3.61).

- 3.30 From retirement, the reduced benefits should be increased in line with usual scheme rules.

Deferred benefits coming into payment before age 65 or CRA

- 3.31 If the member's deferred pension comes into payment before age 65 or CRA (as relevant), whether on (voluntary) early retirement or on grounds of ill health, the debit applied should be reduced. This is because the debit will be applied over a longer period than was assumed when calculating the original debit, so a lower amount should be deducted.

For each tranche, the pension and retirement grant debits will be:

$$\mathbf{MEMDEB\ x\ PI\ x\ (1 - MEMERF_{ret})}$$

$$\mathbf{RGDEB\ x\ PI\ x\ (1 - RGERF_{ret})}$$

where:

MEMDEB = Pension debit to the member's pension at exit

RGDEB = Pension debit to the retirement grant at exit

PI = Pensions increase uprating factor between the date of exit and the April immediately before the date of retirement

MEMERF_{ret} = Early retirement factor applied to the member's pension – see also below



$RGERF_{ret}$ = Early retirement factor applied to the retirement grant – see also below

- 3.32 In the case of ill health retirement, $MEMERF_{ret}$ and $RGERF_{ret}$ can be found in 0-314 in the latest consolidated factor workbook (the current table as at the date of this guidance is reproduced as Table A in Appendix B). In all other cases $MEMERF_{ret}$ and $RGERF_{ret}$ can be found in in table 0-315 in the latest consolidated factor workbook (the current table as at the date of this guidance is reproduced as Table B in Appendix C).

Different factors will apply to CRA membership, taper membership and PA65 membership. These will usually be the same as those applied to the member's pension and retirement grant, as described in the latest GAD guidance note on early retirement, except, for example, on retirement before age 60 but after the rule of 85 retirement age, as discussed below. (In these cases, members may be entitled to unreduced pension and retirement grant, but the debit should still be reduced.)

- 3.33 The early retirement adjustments for members who retire earlier than age 65, taper retirement age or CRA (as relevant) do not apply to the debit applied to a future surviving partner's benefits, or the debit applied to the GMP. GMP debits are only applied from GMP Pension Age (which is age 60 for females and age 65 for males).

Rule of 85 treatment

- 3.34 Pension debits are generally reduced by the same factors as the member's pension, except for a member with a Rule of 85 age below 60 who retires before age 60. The member's benefits in respect of Rule of 85 service are not reduced if they are retiring at or above their Rule of 85 age, but the debit should be reduced.
- 3.35 The debit should be reduced by the number of years early between (i) the age at which the member draws their benefits and (ii) age 60.

Taper treatment

- 3.36 Again, pension debits are generally reduced by the same factors as the member's pension, except for a member with a Rule of 85 age below 60 who retires before age 60. The member's benefits based on taper service are reduced by an early retirement factor that is not actuarially neutral, but the debit should be reduced by an actuarially neutral early retirement factor.
- 3.37 The debit should be reduced by the number of years early between (i) the age at which the member draws their benefits and (ii) age 60.
- 3.38 The early retirement adjustments for members who retire earlier than age 65 or CRA (as relevant) do not apply to the debit applied to the qualifying partner's pension, or the debit applied to the GMP. GMP debits are only applied from GMP Pension Age (which is age 60 for females and age 65 for males).



Deferred benefits coming into payment after age 65

- 3.39 For a member who defers drawing benefits until later than age 65, the debit applied should be increased. This is because the debit will be applied over a shorter period than was assumed when calculating the original debit, so a higher amount should be deducted. However, no late retirement increases will apply to retirements between CRA and age 65, similar to main scheme benefits, but see paragraph 3.61. The late retirement factors should be applied to the debit in accordance with the latest GAD guidance note on late retirement. However, where the member is already over age 65 on the Transfer day, the late retirement factors should only be applied in respect of the period between the Transfer day and the date of retirement.

The pension and retirement grant debits will be:

$$MEMDEB \times PI \times MEMLRF_{ret}$$

$$RGDEB \times PI \times RGLRF_{ret}$$

where:

$MEMDEB$ = Pension debit to the member's pension at exit

$RGDEB$ = Pension debit to the member's retirement grant at exit

PI = Pensions increase uprating factor between the date of exit and the April immediately before the date of retirement

$MEMLRF_{ret}$ = Late retirement factor applied to the member's pension at retirement age

$RGLRF_{ret}$ = Late retirement factor applied to the member's retirement grant at retirement age

- 3.40 The late retirement adjustments for members who retire later than age 65 do not apply to the debit applied to the future qualifying partner's pension. The debit applied to the GMP should be increased for late retirement as described in paragraph 3.61.

Pension debit for an active member

- 3.41 Where the member is an active member of the scheme, separate debits should be calculated for the different elements (tranches) of the divorce cash equivalent i.e. on the member's benefits for CRA membership, taper membership and PA65 membership.
- 3.42 Debits will also apply to any automatic retirement grant and to the pension payable to a future surviving qualifying partner on the member's death but not to any contingent children's pension.
- 3.43 The principle for an active member is that the debit acts like a deferred pension, which is subtracted from the member's benefits at retirement (see paragraph 3.49 and 3.50).



3.44 The debits are calculated by reference to the benefits used to calculate the divorce cash equivalent i.e. to the pre-commutation pension and any automatic retirement grant.

3.45 The debit applying to each tranche of the member's pension will be:

$$\mathbf{MEMDEB = Member's\ pension\ at\ Transfer\ day\ x\ appropriate\ percentage\ / 100\%}$$

3.46 The retirement grant debit only applies to the automatic retirement grant (i.e. on service up to 31 March 2009 and membership from added years contracts that include a retirement grant). The debit applying to each tranche of the retirement grant will be:

$$\mathbf{RGDEB = Retirement\ grant\ at\ Transfer\ day\ x\ appropriate\ percentage\ / 100\%}$$

There will not be any retirement grant debit in respect of service on or after 1 April 2009 (which is based on 1/60ths accrual).

3.47 The debit applying to any future surviving qualifying partner's pension will be:

$$\mathbf{SURDEB = Survivor's\ pension\ at\ Transfer\ day\ x\ appropriate\ percentage\ / 100\%}$$

3.48 The debit applying to the GMP will be:

$$\mathbf{PREGMPDEB = Pre\ 88\ GMP\ at\ Transfer\ day\ x\ appropriate\ percentage\ / 100\%}$$

$$\mathbf{POSTGMPDEB = Post\ 88\ GMP\ at\ Transfer\ day\ x\ appropriate\ percentage\ / 100\%}$$

The section on Guaranteed Minimum Pension gives more details on the GMP.

3.49 The debit should be revalued from the Transfer day to the April immediately before the date of retirement in line with PI (but noting that the GMP is revalued in accordance with paragraph 3.61).

3.50 When the member retires, their benefits are first calculated in the normal way for the different elements of service based on final pensionable pay; their benefits are then reduced to allow for the revalued debits.

3.51 From retirement, the reduced benefits should be increased in line with usual scheme rules.

Active members retiring before age 65 or CRA

3.52 If the member's pension comes into payment before age 65 or CRA (as relevant), whether on (voluntary or involuntary) early retirement or on grounds of ill health, the debit applied should be reduced. This is because the debit will be applied over a longer period than was assumed when calculating the original debit, so a lower amount should be deducted.



The pension and retirement grant debits will be:

$$\mathbf{MEMDEB \times PI \times (1 - MEMERF_{ret})}$$

$$\mathbf{RGDEB \times PI \times (1 - RGERF_{ret})}$$

where:

MEMDEB = Pension debit to the member's pension at Transfer day

RGDEB = Pension debit to the member's retirement grant at Transfer day

PI = Pensions increase uprating factor between the Transfer day and the April immediately before the date of retirement

MEMERF_{ret} = Early retirement factor applied to the member's pension debit – see also below

RGERF_{ret} = Early retirement factor applied to the retirement grant debit – see also below

- 3.53 In the case of ill health retirement, *MEMERF_{ret}* and *RGERF_{ret}* can be found in table 0-314 in the latest consolidated factor workbook (the current table as at the date of this guidance is reproduced as Table A in Appendix B). In all other cases, *MEMERF_{ret}* and *RGERF_{ret}* can be found in table 0-315 in the latest consolidated factor workbook (the current table as at the date of this guidance is reproduced as Table B in Appendix C).

Different factors will apply to CRA membership, taper membership and PA65 membership. These will usually be the same as those applied to the member's pension and retirement grant, as described in the latest GAD guidance note on early retirement, except, for example, on redundancy or on retirement before age 60, but after the rule of 85 retirement age. (In these cases members may be entitled to unreduced pension and retirement grant, but the debit should still be reduced.)

- 3.54 The early retirement adjustments for members who retire earlier than age 65 or CRA (as relevant) do not apply to the debit applied to the future qualifying partner's pension, or the debit applied to the GMP. GMP debits are only applied from GMP Pension Age (which is age 60 for females and age 65 for males).



Active members retiring after age 65

- 3.55 For a member who retires later than age 65, the debit applied should be increased. This is because the debit will be applied over a shorter period than was assumed when calculating the original debit, so a higher amount should be deducted. However, no late retirement increases will apply to retirements between CRA and age 65 similar to main scheme benefits, but see paragraph 3.61. The late retirement factors should be applied to the debit in accordance with the latest GAD guidance note on late retirement. However, where the member is already over age 65 on the Transfer day the late retirement factors should only be applied in respect of the period between the Transfer day and the date of retirement.

The pension and retirement grant debits will be:

$$MEMDEB \times PI \times MEMLRF_{ret}$$

$$RGDEB \times PI \times RGLRF_{ret}$$

where:

$MEMDEB$ = Pension debit to the member's pension at Transfer day

$RGDEB$ = Pension debit to the member's retirement grant at Transfer day

PI = Pensions increase uprating factor between the Transfer day and the April immediately before the date of retirement

$MEMLRF_{ret}$ = Late retirement factor applied to the member's pension at retirement age

$RGLRF_{ret}$ = Late retirement factor applied to the retirement grant at retirement age

- 3.56 The late retirement adjustments for members who retire later than age 65 do not apply to the debit applied to the other qualifying partner's pension. The debit applied to the GMP should be increased for late retirement as described in paragraph 3.61.
- 3.57 Where the member is aged over 65 or has passed CRA (as relevant) and would be entitled to the immediate unreduced payment of a pension if they left on the Transfer day, the debit should be increased by PI up to age 65 and by $PI \times LRF$ after age 65.



Flexible retirement

- 3.58 Where a member opts to draw-down their membership, the debit relating to that part of the membership which is being drawn-down should be applied at the point of flexible retirement (and having regard to paragraphs 3.52 to 3.57 where relevant). Where the member elects to only draw-down a proportion of the membership, the debit should be pro-rated (in proportion to the membership being drawn-down) and applied to the relevant benefit being drawn-down. The remaining debit should be applied when the member eventually retires.

Guaranteed Minimum Pension

- 3.59 Pre 88 GMP is the annual GMP accrued before 6 April 1988, and Post 88 GMP is the annual GMP accrued after 6 April 1988.
- 3.60 Where the member is below GMP Pension Age, the GMP should include revaluation using Section 148 orders. Where members who reach State Pension Age (SPA) before 6 April 2016 have retired, the Pre 88 GMP should be increased at the same rate as at GMP Pension Age. The Post 88 GMP should include increases granted by the scheme on that part of the benefits (i.e. 3% per annum or the pensions increase order if less).
- 3.61 Where the member has passed GMP Pension Age but has not started drawing a pension, the pre 88 GMP should be increased by $(1/7)\%$ per week and the post 88 GMP should be increased by $(1/7)\%$ per week plus the annual increases granted by the scheme (i.e. 3% per annum or the pensions increase order if less). This is our understanding of the requirements under Section 15 of the Pension Schemes Act 1993.
- 3.62 Annual GMP figures can be obtained by multiplying the weekly GMP figures by 52.

Additional Voluntary Contributions

- 3.63 Where the member has purchased added years of service or additional pension, the pension debit will apply to added years of service or additional pension purchased up to the Transfer day. These benefits will be treated in the same way as main scheme benefits.
- 3.64 If the member has a Money Purchase AVC fund at the Transfer day, then the pension debit at the Transfer day in respect of the Money Purchase AVCs is the appropriate percentage times the value of the fund at the Transfer day.
- 3.65 If the other party to the debit order transfers their share from the AVC fund then the application of any further debit is unnecessary. Otherwise, new money invested in the AVC fund should be invested and recorded separately from the fund available at Transfer day (the "shareable fund"). The pension debit at retirement is the appropriate percentage times the value of the shareable fund at retirement.



Pension Increase when there is a 100% sharing order

- 3.66 In the case where a pension sharing order directs that 100% of a deferred pension is to be awarded to the ex-partner of the member, a residual amount of pension increases may arise as the deferred benefit is increased for the full year, whereas the debit is increased from the transfer day.
- 3.67 In this situation, DfC have confirmed that the residual pension increases are payable to the debited member. Where appropriate the fund may choose to pay the amount due as a trivial commutation or De Minimis payment.

Pre-existing divorce pension debits and scheme pays offsets

- 3.68 A member subject to a pension sharing order may have previously opted to use the scheme pays mechanism and thus have scheme pays offsets applying to their benefits. They may also have existing pension debits from a previous divorce pension sharing order. The valuation of pension benefits shared by the Court to provide benefits for the ex-partner will have allowed for any debits and offsets as reductions in the total cash equivalent value as set out in the note *Local Government Pension Scheme (Northern Ireland): Pension Sharing Following Divorce*.
- 3.69 Following the principle set out in 2.2, when a pension sharing order is granted by the Court, a new pension debit will need to be calculated to implement the (latest) pension sharing order. The new debit(s) can be calculated using either of the approaches set out below:
- 3.69.1 The new debit should be calculated with reference to the member's full pension benefits before any adjustment is made to account for the latest pension debit, and any pension debits or offsets that were applicable before the latest pension sharing order took effect. Any existing debits and offsets should also be reduced by the appropriate percentage. This approach strictly treats the debit as a share of all the members pension benefits both positive (i.e. accrued and purchased) and negative (i.e. debits and offsets).
- or
- 3.69.2 At the point of implementing the (latest) pension sharing order, the new debit should be calculated with reference to the member's pension benefits after they have been adjusted to account for existing pension debits and offsets. Existing debits and offsets should be revalued to the transfer day before being deducted from the respective elements of the member's benefits. This avoids the need to revise the existing pension debits and offsets themselves.



4 Examples

4.1 EXAMPLE 1: Debit calculation for an active member with CRA pre-2009 service and NRA65 post-2009 service

Member data:

Date of birth:	1 November 1967
Sex:	Male
Date of joining:	1 November 1986
Transfer day:	1 November 2012
Total service:	26 years 0 days
Pre 2008 Membership:	21 years 151 days
2008-2009 Membership:	1 year
Post 2009 Membership:	3 years 214 days
Final pensionable salary:	£20,000

Appropriate Percentage specified in the pension sharing order = 40%

Initial Calculations

Service before 1 April 2008

Critical retirement age = 60

Benefit	Calculation	Amount
Member's pension	$(21 + 151/365) \times £20,000.00 / 80$	£5,353.42 pa
Member's lump sum	$3 \times £5,353.42$	£16,060.26
Contingent survivor's pension	$£5,353.42 / 2$	£2,676.71 pa
Pre-88 GMP		£100.00 pa
Post-88 GMP		£500.00 pa

Service from 1 April 2008 to 31 March 2009

Critical retirement age = 65

Benefit	Calculation	Amount
Member's pension	$1 \times £20,000.00 / 80$	£250.00 pa
Member's lump sum	$3 \times £250.00$	£750.00
Contingent survivor's pension	$£250.00 / 2$	£125.00 pa



Post 1 April 2009 membership

Critical retirement age = 65

Benefit	Calculation	Amount
Member's pension	$(3+214/365) \times \text{£}20,000.00 / 60$	£1,195.43 pa
Contingent survivor's pension	$(3+214/365) \times \text{£}20,000.00 / 160$	£448.29 pa

Debits Calculated at Transfer day

Pre 2008 Membership (CRA 60)

Pension debit	(MEMDEB)	= £5,353.42 x 40 / 100	= £2,141.37 pa
Lump Sum debit	(LSDEB)	= £16,060.26 x 40 / 100	= £6,424.10
Survivor's debit	(SURDEB)	= £2,676.71 x 40 / 100	= £1,070.68 pa
Pre-88 GMP debit	(PREGMPDEB)	= £100 x 40 / 100	= £40 pa
Post-88 GMP debit	(POSTGMPDEB)	= £500 x 40 / 100	= £200 pa

2008-2009 Membership (PA 65)

Pension debit	(MEMDEB)	= £250 x 40 / 100	= £100 pa
Lump Sum debit	(LSDEB)	= £750 x 40 / 100	= £300
Survivor's debit	(SURDEB)	= £125 x 40 / 100	= £50 pa

Post 2009 Membership (PA 65)

Pension debit	(MEMDEB)	= £1195.43 x 40 / 100	= £478.17 pa
Survivor's debit	(SURDEB)	= £448.29 x 40 / 100	= £179.32 pa

Debits to be applied at retirement

Scenario 1: Member retires at age 60

Factors (Male)	
MEMERF _{ret} (5 years early retirement pension factor for PA65 service)	23%
LSERF _{ret} (5 years early retirement lump sum factor for PA65 service)	11%
PI factor	1.35
GMP revaluation factor (to age 65 for a male)	1.85

Pre 2008 Membership (CRA 60)

Pension debit	= £2,141.37	x 1.35	= £2,980.85 pa
Lump Sum debit	= £6,424.10	x 1.35	= £8,672.54
Survivor's debit	= £1,070.68	x 1.35	= £1,445.42 pa
Pre-88 GMP debit*	= £40	x 1.85	= £74 pa



$$\text{Post-88 GMP debit*} = \text{£200} \quad \times 1.85 \quad = \text{£370 pa}$$

2008-2009 Membership (PA 65)

$$\begin{aligned} \text{Pension debit} &= \text{£100} && \times 1.35 && \times (1 - 0.23) &= \text{£103.95 pa} \\ \text{Lump Sum debit} &= \text{£300} && \times 1.35 && \times (1 - 0.11) &= \text{£360.45} \\ \text{Survivor's debit} &= \text{£50} && \times 1.35 && &= \text{£67.50 pa} \end{aligned}$$

Post 2009 membership (PA 65)

$$\begin{aligned} \text{Pension debit} &= \text{£478.17} && \times 1.35 && \times (1 - 0.23) &= \text{£497.06 pa} \\ \text{Survivor's debit} &= \text{£179.32} && \times 1.35 && &= \text{£242.08 pa} \end{aligned}$$

*applicable from GMP pension age which is age 65 for a male

Scenario 2: Member retires at age 59

Factors (Male)	
MEMERF _{ret} (1 year early retirement pension factor for CRA60 service)	5%
RGERF _{ret} (1 year early retirement grant factor for CRA60 service)	2%
MEMERF _{ret} (6 years early retirement pension factor for PA65 service)	26%
RGERF _{ret} (6 years early retirement grant factor for PA65 service)	13%
PI factor	1.3
GMP revaluation factor (to age 65 for a male)	1.8

Pre 2008 membership (CRA60)

$$\begin{aligned} \text{Pension debit} &= \text{£2,141.37} && \times 1.3 && \times (1 - 0.05) &= \text{£2,644.59 pa} \\ \text{Retirement grant debit} &= \text{£6,424.10} && \times 1.3 && \times (1 - 0.02) &= \text{£8,184.30} \\ \text{Survivor's debit} &= \text{£1,070.68} && \times 1.3 && &= \text{£1,391.88 pa} \end{aligned}$$

$$\begin{aligned} \text{Pre-88 GMP debit*} &= \text{£40} && \times 1.8 && &= \text{£72.00 pa} \\ \text{Post-88 GMP debit*} &= \text{£200} && \times 1.8 && &= \text{£360.00 pa} \end{aligned}$$

2008-2009 membership (PA 65)

$$\begin{aligned} \text{Pension debit} &= \text{£100} && \times 1.3 && \times (1 - 0.26) &= \text{£96.20 pa} \\ \text{Lump Sum debit} &= \text{£300} && \times 1.3 && \times (1 - 0.13) &= \text{£339.30 pa} \\ \text{Survivor's debit} &= \text{£50} && \times 1.3 && &= \text{£65.00 pa} \end{aligned}$$

Post 2009 membership (PA 65)

$$\begin{aligned} \text{Pension debit} &= \text{£478.17} && \times 1.3 && \times (1 - 0.26) &= \text{£460.00 pa} \\ \text{Survivor's debit} &= \text{£179.32} && \times 1.3 && &= \text{£233.12 pa} \end{aligned}$$

*applicable from GMP pension age which is age 65 for a male



Scenario 3: Member retires at age 68

Factors (Male)	
MEMLRF _{ret} (late retirement pension factor applied over 1,095 days)	12.05%
RGLRF _{ret} (late retirement grant factor applied over 1,095 days)	1.10%
PI factor	1.6
Pre-88 GMP revaluation factor	2.5*
Post-88 GMP revaluation factor	2.7*

* Note that these revaluation rates are illustrative. For the purposes of this example, we have assumed that these revaluation rates include any statutory late retirement increases applicable to the pre and post 88 GMP for the period between the GMP payment age of 65 and age 68.

Pre 2008 (CRA60) membership

Pension debit	= £2,141.37	x 1.6 x (1 + 0.1205)	= £3,839.05 pa
Retirement grant debit	= £6,424.10	x 1.6 x (1 + 0.0110)	= £10,391.63
Survivor's debit	= £1,070.68	x 1.6	= £1,713.09 pa
Pre-88 GMP debit	= £40	x 2.5	= £100.00 pa
Post-88 GMP debit	= £200	x 2.7	= £540.00 pa

2008-2009 (PA60) membership

Pension debit	= £100	x 1.6	x (1 + 0.1205)	= £179.28 pa
Retirement grant debit	= £300	x 1.6	x (1 + 0.0110)	= £485.28 pa
Survivor's debit	= £50	x 1.6		= £80.00 pa

Post 2009 (PA65) membership

Pension debit	= £478.17	x 1.6 x (1 + 0.1205)	= £857.26 pa
Survivor's debit	= £179.32	x 1.6	= £286.91 pa



4.2 EXAMPLE 2: Debit calculation for an active member with CRA pre-2009 service and taper post-2009 service

Member data:

Date of birth: 1 November 1959
 Sex: Male
 Date of joining: 1 November 1986
 Transfer day: 1 November 2012

Total service: 26 years 0 days
 Pre 2008 service: 21 years 151 days
 2008-2009 Service: 1 year 0 days
 Post-2009 service: 3 years 214 days
 Final pensionable salary: £20,000

Pre-88 GMP £100 pa
 Post-88 GMP £500 pa

Appropriate Percentage specified in the pension sharing order = 40%

Initial Calculations

Pre 2008 Membership (CRA60)

Critical retirement age = 60

<u>Benefit</u>	<u>Calculation</u>	<u>Amount</u>
Member's pension	$(21+151/365) \times £20,000.00 / 80$	£5,353.42 pa
Member's retirement grant	$3 \times £5,353.42$	£16,060.26
Contingent survivor's pension	$£5,353.42 / 2$	£2,676.71 pa
Pre-88 GMP		£100 pa
Post-88 GMP		£500 pa

2008-2009 Membership (Taper based on CRA 60)

<u>Benefit</u>	<u>Calculation</u>	<u>Amount</u>
Member's pension	$1 \times £20,000.00 / 80$	£250 pa
Member's retirement grant	$3 \times £20,000.00 / 80$	£750 pa
Contingent survivor's pension	$1 \times £20,000.00 / 160$	£125 pa



Post 2009 Membership (Taper based on CRA 60)

Benefit	Calculation	Amount
Member's pension	$(3+ 214/365) \times \text{£}20,000.00 / 60$	£1,195.43 pa
Contingent survivor's pension	$(3+214/365) \times \text{£}20,000.00 / 160$	£448.29 pa

Debits Calculated at Transfer day

Pre 2008 Membership Debits (CRA 60)

Pension debit	(MEMDEB)	= £5,353.42 x 40 / 100	= £2,141.37 pa
Retirement grant debit	(RGDEB)	= £16,060.26 x 40 / 100	= £6,424.10
Survivor's debit	(SURDEB)	= £2,676.71 x 40 / 100	= £1,070.68 pa
Pre-88 GMP debit	(PREGMPDEB)	= £100 x 40 / 100	= £40 pa
Post-88 GMP debit	(POSTGMPDEB)	= £500 x 40 / 100	= £200 pa

2008-2009 Membership Debits (Taper)

Pension debit	(MEMDEB)	= £250 x 40 / 100	= £100 pa
Retirement grant debit	(RGDEB)	= £750 x 40 / 100	= £300 pa
Survivor's debit	(SURDEB)	= £125 x 40 / 100	= £50 pa

Post 2009 Membership Debits (Taper)

Pension debit	(MEMDEB)	= £1,195.43 x 40 / 100	= £478.17 pa
Survivor's debit	(SURDEB)	= £448.29 x 40 / 100	= £179.32 pa

Debits to be applied at retirement

Scenario 1: Member retires at age 60

Factors (Male)	
MEMERF _{ret} (5 years early retirement pension factor for PA65 service)	23%
MEMERF _{ret} (Early retirement pension factor for taper membership)*	20.62%
RGERF _{ret} (5 years early retirement grant factor for PA65 service)	11%
RGERF _{ret} (5 years early retirement grant factor for taper membership)*	9.86%
PI factor	1.15
GMP revaluation factor (to age 65 for a male)	1.95

***MEMERF - Taper membership calculation**

Taper period = 01/04/2016 – 31/10/2019 = 3 years 214 days

Interpolation factor = $(3+214/365) / 4 = 0.89658$

Tapered pension early retirement factor = $0.896580.23 + (1 - 0.89658) \times 0.00 = 0.2062$

Tapered early retirement grant factor = $0.896580.11 + (1 - 0.89658) \times 0.00 = 0.0986$



Pre 2008 Membership (CRA60)

Pension debit	= £2,141.37	x 1.15	= £2,462.58 pa
Retirement grant debit	= £6,424.10	x 1.15	= £7,387.72
Survivor's debit	= £1,070.68	x 1.15	= £1,231.28 pa
Pre-88 GMP debit**	= £40.00	x 1.95	= £78.00 pa
Post-88 GMP debit**	= £200.00	x 1.95	= £390.00 pa

**applicable from GMP pension age which is age 65 for a male

2008-2009 Membership (PA65)

Pension debit	= £100.00	x 1.15	x (1 - 0.2062)	= £91.29 pa
Retirement grant	= £300.00	x 1.15	x (1 - 0.0986)	= £310.98 pa
Survivor's debit	= £50.00	x 1.15		= £57.50 pa

Post 2009 Membership (PA65)

Pension debit	= £478.17	x 1.15	x (1 - 0.2062)	= £436.51 pa
Survivor's debit	= £179.32	x 1.15		= £206.22 pa

Scenario 2: Member retires at age 68

Factors (Male)	
MEMLRF _{ret} (late retirement pension factor applied over 1,095 days)	12.05%
RGLRF _{ret} (late retirement grant factor applied over 1,095 days)	1.10%
PI factor	1.3
Pre-88 GMP revaluation factor	2.9*
Post-88 GMP revaluation factor	3.2*

* Note that these revaluation rates are illustrative. For the purposes of this example, we have assumed that these revaluation rates include any statutory late retirement increases applicable to the pre and post 88 GMP for the period between the GMP payment age of 65 and age 68.

Pre 2008 Membership (CRA 60)

Pension debit	= £2,141.37	x 1.3	x (1 + 0.1205)	= £3,119.23 pa
Retirement grant debit	= £6,424.10	x 1.3	x (1 + 0.0110)	= £8,443.19
Survivor's debit	= £1,070.68	x 1.3		= £1,391.88 pa
Pre-88 GMP debit	= £40.00	x 2.9		= £116.00 pa
Post-88 GMP debit	= £200.00	x 3.2		= £640.00 pa

2008-2009 Membership (Taper)

Pension debit	= £100.00	x 1.3	x (1 + 0.1205)	= £145.67 pa
Retirement grant	= £300.00	x 1.3	x (1 + 0.0110)	= £394.29 pa
Survivor's debit	= £50.00	x 1.3		= £65.00 pa



Post 2009 Membership (Taper)

Pension debit	= £478.17	x 1.3	x (1 + 0.1205)	= £696.53 pa
Survivor's debit	= £179.32	x 1.3		= £233.12 pa



4.3 EXAMPLE 3: Debit Calculation for a deferred pensioner with only CRA pre-2008 service

Date of birth: 1 August 1962
Sex: Female
CRA: 60

Deferred benefits at exit

Member pension: £2,000
Partner's pension: £1,000

Pre-88 GMP: nil
Post-88 GMP: nil

Pension Increase factor from exit to Transfer day: 1.06

Appropriate Percentage specified in the pension sharing order = 40%

Pension at Transfer day = £2,000 x 1.06 = £2,120 pa
Survivor's pension at Transfer day = £1,000 x 1.06 = £1,060 pa
Retirement grant at Transfer day = 3 x £2,120 = £6,360

Debits Calculated at Transfer day

CRA 60 Debits

Pension debit	(MEMDEB)	= £2,120.00 x 40 / 100	= £848.00 pa
Retirement grant debit	(RGDEB)	= £6,360.00 x 40 / 100	= £2,544.00
Survivor's debit	(SURDEB)	= £1,060.00 x 40 / 100	= £424.00 pa
Pre-88 GMP debit	(PREGMPDEB)	= £0 x 40 / 100	= £0 pa
Post-88 GMP debit	(POSTGMPDEB)	= £0 x 40 / 100	= £0 pa



Debits to be applied at retirement

Scenario 1: Member retires at age 60

Factors

PI factor from Transfer day to age 60 (i.e. to April immediately before)	1.1
--	-----

CRA 60 membership

Pension debit	= £848.00	x 1.1	= £932.80
Retirement grant debit	= £2,544.00	x 1.1	= £2,798.40
Survivor's debit	= £424.00	x 1.1	= £466.40

Scenario 2: Member retires at age 59

Factors (Female)

MEMERF _{ret} (1 year early retirement pension factor for CRA service)	5%
RGERF _{ret} (1 year early retirement grant factor for CRA service)	2%
PI factor from Transfer day to age 59 (i.e. to April immediately before)	1.06

CRA 60 membership

Pension debit	= £848.00	x 1.06 x (1 - 0.05)	= £853.94
Retirement grant debit	= £2,544.00	x 1.06 x (1 - 0.02)	= £2,642.71
Survivor's debit	= £424.00	x 1.06	= £449.44



4.4 **EXAMPLE 4: Debit calculation for a Pensioner (for divorce purposes only)**

Member data:

Date of birth: 1 October 1955
Sex: Male

Current Pension: £6,000
Partner's Pension: £3,000

Pre-88 GMP £80 pa
Post-88 GMP £300 pa

Appropriate Percentage specified in the pension sharing order = 40%

Pension debit	(MEMDEB)	= £6,000.00 x 40 / 100	= £2,400.00 pa
Survivor's debit	(SURDEB)	= £3,000.00 x 40 / 100	= £1,200.00 pa
Pre-88 GMP debit	(PREGMPDEB)	= £80.00 x 40 / 100	= £32.00 pa
Post-88 GMP debit	(POSTGMPDEB)	= £300.00 x 40 / 100	= £120.00 pa



Appendix A: Assumptions underlying factors

Financial assumptions

Nominal discount rate	4.448%
CPI	2.00%
Real discount rate (in excess of CPI)	2.40%

Mortality assumptions

Base mortality tables and adjustments – normal health	103% of S2PMA (Males) and 97% of S2PFA (Females) (as per 2016 valuation)
Base mortality tables and adjustments – ill health	103% of S2IMA (Males) and 102% of S2IFA (Females) (as per 2016 valuation)
Base mortality tables and adjustments – dependants	103% of S2PMA (Males) and 97% of S2PFA (Females) (as per 2016 valuation)
Future mortality improvement	Based on ONS principal UK population projections 2016
Year of Use	2020

Other assumptions

Proportion of male members for unisex factors	45%
Proportion partnered	N/A
Age difference between member and partner	Males assumed 3 years older than partner. Females assumed 3 years younger than partner.
Allowance for commutation	Nil except for mandatory lump sum cases



Appendix B: Reduction to pension debits on early retirement in ill health

Table A (Table 314 in consolidated factors workbook): Reduction to pension and retirement grant debits on ill health retirement

<i>Years</i>	<i>Pension Reduction (%)</i>		<i>Retirement Grant Reduction</i>
	<i>Males</i>	<i>Females</i>	
<i>Early</i>			<i>All Members %</i>
0	0	0	0
1	6	6	2
2	11	11	5
3	16	16	7
4	20	20	9
5	24	24	11
6	28	28	13
7	32	32	15
8	35	35	17
9	38	38	19
10	41	41	21
11	44	44	23
12	46	46	25
13	49	49	27
14	51	51	28
15	53	53	30
16	55	55	32
17	57	57	33
18	58	58	35
19	60	60	36
20	62	62	38
21	63	63	39
22	64	64	41
23	66	66	42
24	67	67	43
25	68	68	45
26	69	69	46
27	70	70	47
28	71	71	49



Table A (Table 314 in consolidated factors workbook): Reduction to pension and retirement grant debits on ill health retirement - continued

Years Early	Pension Reduction (%)		Retirement Grant Reduction All Members %
	Males	Females	
29	72	72	50
30	73	73	51
31	74	74	52
32	75	75	53
33	76	76	54
34	77	77	55
35	78	78	56
36	78	78	57
37	79	79	58
38	80	80	59
39	80	80	60
40	81	81	61
41	81	81	62
42	82	82	63
43	83	83	64
44	83	83	65
45	84	84	66

Notes:

- (1) The number of *Years Early* is the period between the dates (i) and (ii) below, where:
 - (i) is the date of the member's ill health early retirement.
 - (ii) is the date (or dates) on which the member would have been entitled to unreduced benefits **without** employer consent on normal retirement- i.e. CRA (between 60 and 65) or PA65, depending on the membership being considered.
- (2) Practitioners may need to refer to this table twice (with different values of *Years Early*) when preparing calculations. If tapered factors are required they are derived from these two sets of factors.
- (3) If the date in (1)(i) is later than the date in (1)(ii), then it should be clear that no reductions are to be applied (to the relevant part of the membership under consideration, if applicable).
- (4) Where the number of *Years Early* is not an integer number, the reduction factors from the table should be interpolated for part years.



Appendix C: Reduction to pension and retirement grant debits on early retirement in normal health

Table B (Table 315 in consolidated factors workbook): Reduction to pension and retirement grant debits on normal health early retirement

<i>Years Early</i>	<i>Pension Reduction (%)</i>		<i>Retirement Grant Reduction All Members %</i>
	<i>Males</i>	<i>Females</i>	
0	0	0	0
1	5	5	2
2	10	10	5
3	15	15	7
4	19	19	9
5	23	23	11
6	26	26	13
7	30	30	15
8	33	33	17
9	36	36	19
10	38	38	21

Notes:

- (1) The number of *Years Early* is the period between the dates (i) and (ii) below, where:
 - (i) is the date of the member's (voluntary or involuntary) early retirement.
 - (ii) is the date (or dates) on which the member would be entitled to unreduced benefits **without** employer consent – i.e. CRA (between 60 and 65) or PA65, depending on the membership being considered. Please note that this is different to the definition for the member's early retirement factors as described in the latest version of Government Actuary's Department guidance note on early retirement, since a reduction is applied to pension debits taken before age 60 even if the rule of 85 is satisfied before age 60.
- (2) Practitioners may need to refer to this table twice (with different values of *Years Early*) when preparing calculations. If tapered factors are required they are derived from these two sets of factors.
- (3) If the date in (1)(i) is later than the date in (1)(ii), then it should be clear that no reductions are to be applied (to the relevant part of the membership under consideration, if applicable).
- (4) Where the number of *Years Early* is not an integer number, the reduction factors from the table should be interpolated for part years.



Appendix D: Limitations

- D.1 This guidance should not be used for any purpose other than those set out in this guidance.
- D.2 The factors contained in this guidance are subject to regular review. Scheme managers and administrators need to ensure that they are using the latest factors, as relevant, when processing cases.
- D.3 Advice provided by GAD must be taken in context and is intended to be considered in its entirety. Individual sections, if considered in isolation, may be misleading, and conclusions reached by a review of some sections on their own may be incorrect. GAD does not accept responsibility for advice that is altered or used selectively. Clarification should be sought if there is any doubt about the intention or scope of advice provided by GAD.
- D.4 This guidance only covers the actuarial principles around the calculation and application of divorce pension debit factors. Any legal advice in this area should be sought from an appropriately qualified person or source.
- D.5 Scheme managers and administrators should satisfy themselves that divorce pension debit calculations and benefit awards comply with all legislative requirements including, but not limited to, tax and contracting-out requirements.
- D.6 This guidance is based on the Regulations in force at the time of writing. It is possible that future changes to the Regulations might create inconsistencies between this guidance and the Regulations. If users of this guidance believe there to be any such inconsistencies, they should bring this to the attention of DfC and GAD. Under no circumstances should this guidance take precedence over the Regulations. Administrators should ensure that they comply with all relevant Regulations.