

To: Chief Executives
Salaries and Wages
Human Resources
Pension Contacts

Circular 08/2015
15 May 2015

At: All Employing Authorities

Dear Colleagues,


Revised factors for strain payments for early release of benefits

We advised employers in Circulars 11/2014 and 15/2014 that we were expecting revised factors for calculating capital costs (strain payments for early release of benefits). These costs arise when benefits are paid early on redundancy/efficiency grounds, flexible retirement or when employers, at their discretion, waive early retirement reductions to benefits or turn on the 85 year rule. Employers were advised to assume a 15% uplift on estimated capital costs. The revised factors have been implemented with effect from 8 May 2015.

In some cases we expect that the capital cost quoted to employers will increase, when recalculated under the new factors. Our initial testing has shown increases of approximately 10% in some cases. Any invoices for capital costs raised after 7 May 2015 will include the uplift.

If you have any questions regarding the content of this Circular please contact either Christina McMaster or myself.

Yours sincerely



Zena Kee
Pensions Manager