



# Government Actuary's Department

## **The Local Government Pension Scheme (Northern Ireland)** **Individual Incoming & Outgoing Transfers**

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## 1 Introduction

- 1.1 The Department of the Environment (“DOE”) is required under the Local Government Pension Scheme Regulations (Northern Ireland) 2014 (‘the 2014 Regulations’) (SRNI 2014/188), to issue actuarial guidance on the earned pension credited to a member’s pension account where a transfer value has been accepted (regulations 112 and 113 of the 2014 Regulations).
- 1.2 Additionally, under Regulation 108 of the 2014 Regulations, a member may apply for a transfer payment out of the Scheme.
- 1.3 The remainder of this introduction contains:
- > Details of the implementation and future review of this guidance
  - > Details about Club scheme transfers
  - > Statements about the use of this note and third party reliance
- 1.4 In the remainder of this note:
- > Sections 2 to 4 describe the issues for Club and non-Club transfers-out
  - > Section 5 covers the taper provisions that apply to certain members
  - > Section 6 sets out the formulae for Club and non-Club transfers-out
  - > Sections 7 to 10 describe the issues and set out the formulae for Club and non-Club transfers-in
  - > Sections 11 to 14 contain examples
  - > Appendix A quotes the relevant statutory references
  - > Appendix B sets out some important limitations
- 1.5 The Government Actuary’s Department (GAD) seeks to achieve a high standard in all our work. Please go to our [website](#)<sup>1</sup> for details of the standards we apply.

### Implementation and Review

- 1.6 DOE is required to consult GAD before issuing actuarial guidance under the 2014 Regulations [Regulation 2(3) of the 2014 Regulations].
- 1.7 As part of this consultation DOE has asked GAD to recommend actuarial guidance in respect of the regulations detailed below. This document forms GAD’s recommendation for the actuarial guidance required by these regulations.
- 1.8 This note has effect only when this guidance is issued by DOE 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 When issued, this guidance will replace the previous guidance dated 22 June 2009 together with the factor suite v4.1 ‘Actuarial Factors for Individual Cash Equivalent and

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<sup>1</sup> <https://www.gov.uk/government/organisations/government-actuaries-department/about/terms-of-reference>



Club Transfers from 1 January 2012', dated 22 February 2012. It must be read together with the current factor suite 'Actuarial Factors for Individual Cash Equivalent and Club Transfers from 1 April 2015' ('the Factor Suite'). Together with the Factor Suite, this guidance document incorporates the following significant updates:

- > New factors have been included for members with a normal pension age over 65;
- > Non-Club transfers-in, and the career average revalued earnings ('CARE') element of Club transfers-in, provide an added pension (rather than an added service) transfer credit, and the factors have been updated accordingly; and
- > A number of other refinements have been made.

1.10 This guidance document relates to individual transfers from and into the Local Government Pension Scheme (LGPS) in accordance with Regulations 108, 112 and 113 of the 2014 Regulations. It sets out the general method for assessing:

- > Statutory (non-Club) Cash Equivalent Transfer Values (CETVs);
- > Club transfer values;
- > The benefits to be provided in respect of incoming CETVs; and
- > The benefits to be provided in respect of incoming Club transfer values representing either or both final salary pension rights and CARE benefits.

1.11 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. Any questions concerning the application of the guidance should, in the first instance, be referred to DOE.

1.12 Administrators need to ensure that they use the latest factors in circulation. The examples in this guidance document are based on the factors set out in the separate Factor Suite in force at 1 April 2015.

1.13 The factors referred to in this guidance document will be reviewed periodically. This will depend on external circumstances, for example when changes in the actuarial assumptions adopted for other scheme factors take place; or following each triennial cycle of future valuations of the LGPS.

#### **Further background on Club scheme transfers**

1.14 Transfers within the public sector transfer Club are covered by the "Club Memorandum" published by the Cabinet Office. This guidance is based on the March 2015 revision to that Memorandum which is effective from 1 April 2015 and which will facilitate transfers of earned pension under the CARE element that many public service pension schemes are introducing from that date.

1.15 While the Scheme participates in the Club, administrators should comply with the Club Memorandum at all times, and in particular, consider the impacts on Club transfers-in and/or transfers-out of any changes that are made to the Club Memorandum, regardless of whether those changes have been incorporated into any updated version of this guidance or the associated Factor Suite.



- 1.16 Paragraph 8.4 of this guidance explains how incoming service credits are calculated for members whose pensionable pay in the LGPS exceeds the Club earnings cap, consistent with the requirements of the Club Memorandum.
- 1.17 Under Regulation 9(1) of The Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014 (SRNI 2014/189) ('the 2015 Scheme Transitional Regulations'), a Club transfer payment representing final salary benefits that arose over a period that includes a period before 1 April 2015 should provide a service credit in the same way that it would have done under the 2009 Scheme, so long as the member has not had a continuous break in active membership of more than five years in any public service pension scheme.

#### **Use of this note**

- 1.18 This note has been prepared for DOE and can be relied upon by them. We are content for this note, together with the associated Factor Suite, to be released to third parties, provided that:
- > it is released in full;
  - > the advice is not quoted selectively or partially; and
  - > GAD is identified as the source of the note.
- 1.19 Third parties may wish to seek their own actuarial advice where appropriate. GAD has no liability to any person or third party for any act or omission taken, either in whole or in part, on the basis of this note.

#### **Third party reliance**

- 1.20 When issued by DOE in accordance with paragraph 1.8 above, this note, together with the Factor Suite, should be used as the actuarial guidance required under the regulations cited. Other than for this purpose, no person or third party is entitled to place any reliance on the contents of this note or the separate Factor Suite, except to any extent explicitly stated herein.



## 2 Transfers-out (CETV and Club) – general issues

- 2.1 The transfer value calculations can be complex due to changes that have occurred in the LGPS, both in respect of the form of benefits accrued and in the ages at which members can take their pension benefits.

### Changes to form of benefits

- 2.2 LGPS benefits change from 1 April 2015. Benefits accrued from that date are on a CARE basis, whereas benefits were accrued on a final salary basis before 1 April 2015.
- 2.3 Service between 1 April 2009 and 31 March 2015 was based on an accrual rate of 1/60<sup>th</sup> (“60ths”) with no retirement grant, whereas service before 1 April 2009 was based on an accrual rate of 1/80<sup>th</sup> (“80ths”) with a retirement grant of 3/80<sup>ths</sup>.
- 2.4 Where relevant, benefits need to be split between those relating to membership before 1 April 2008; between 1 April 2008 and 31 March 2009; between 1 April 2009 and 31 March 2015; between 1 April 2015 and 31 March 2016; between 1 April 2016 and 31 March 2020; and from 1 April 2020 onwards, and each element valued separately.
- 2.5 Benefits from 1 April 2015 may be subject to a final salary underpin. See the current Early Payment of Pension guidance for further details on the application and calculation of this underpin.

### Changes to pension ages

- 2.6 The pension ages at which members can take their benefits unreduced can differ for different periods of service. There are three possibilities in this regard, and some members may have accrued service with more than one element:
- > Critical Retirement Age ('CRA') (determined as the Rule of 85 age for each member, with a minimum of 60, and therefore an age between 60 and 65)
  - > Pension Age 65
  - > “Taper” service in which a generous early retirement factor is applied on retirement before normal retirement age, but not as generous as assuming unreduced retirement from the Critical Retirement Age
  - > Normal Pension Age (NPA, the higher of age 65 and the member's State pension age).
- 2.7 For example, some members could have accrued service based on a Critical Retirement Age (less than 65), State pension age of 66, say, as well as Taper service.
- 2.8 DOE has confirmed that State Pension Age for the purpose of calculating transfer value factors should be as set out in Department of Finance and Personnel (DFP) Directions made in exercise of the powers conferred on them by sections 11(2) and 12(3) of the Public Service Pensions Act (Northern Ireland) 2014<sup>2</sup>, and not legislation in force at the guarantee date.

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<sup>2</sup> The Directions dated 26 November 2014, as originally made, can be found in the following link (SPA assumptions are set out at direction 18(d)):  
<http://www.dfpni.gov.uk/psp-valuations-employer-cost-cap-2014.pdf>



- 2.9 The factors in the Factor Suite accommodate the NPA members will have in relation to service on and after 1 April 2015. However, in relation to benefits earned prior to 1 April 2015 which are payable by reference to a CRA below age 65, the approach is to value the benefits first using a central factor based on age 65 and then to apply a conversion factor so as to reflect the actual CRA. For each element of pre-2015 service to which a particular retirement age attaches, a separate calculation will be required using conversion factors for that specific retirement age.

### **Combinations of accrual rate and pension age**

- 2.10 There will be many different combinations of accrual rate and pension age. Table 1 below summarises the different combinations that apply depending on which of four categories the member belongs to (see paragraph 2.14) and the period of membership being considered (see paragraph 2.15).
- 2.11 Separate calculations will be required for each different combination of accrual rate and pension age.
- 2.12 It may be necessary to calculate up to six intermediate CETVs reflecting different combinations of pension age and service period.
- 2.13 If such a member has additional pension, or membership gained other than through active service, then those benefits may also have a different retirement age, in which case those elements will also require a separate calculation.
- 2.14 The four categories of members are defined below
- > Group 1: A member who was an active member prior to 1 October 2006, and born on 31 March 1956 or earlier;
  - > Group 2: A member who was an active member prior to 1 October 2006, and born between 1 April 1956 and 31 March 1960 inclusive and who would reach their Critical Retirement Age by 31 March 2020;
  - > Group 3: A member who was an active member prior to 1 October 2006 who is not a Group 1 or Group 2 member;
  - > Group 4: A member who was not a member prior to 1 October 2006.
- 2.15 A member's total membership should be divided into the following Parts:
- > Part A: Membership up to 31 March 2008
  - > Part B: Membership from 1 April 2008 to 31 March 2009
  - > Part C1: Membership from 1 April 2009 to 31 March 2015
  - > Part C2: Membership from 1 April 2015 to 31 March 2016
  - > Part D: Membership from 1 April 2016 to 31 March 2020
  - > Part E1: Membership from 1 April 2020
  - > Part E2: These benefits do not relate to accrual during periods of membership, but include benefits acquired prior to 1 April 2020 which have an NPA of 65.

The various combinations required for taking into account during CETV calculations are as set out in Table 1.



**Table 1: combinations of pension age and accrual rate for CETV calculations**

	<b>Group 1</b>	<b>Group 2</b>	<b>Group 3</b>	<b>Group 4</b>
Part A	CRA/80ths	CRA/80ths	CRA/80ths	65/80ths
Part B	CRA/80ths	Taper/80ths	65/80ths	65/80ths
Part C1	CRA/60ths	Taper/60ths	65/60ths	65/60ths
Part C2	CRA/CARE	Taper/CARE	NPA/CARE	NPA/CARE
Part D	NPA/CARE	Taper/CARE	NPA/CARE	NPA/CARE
Part E1	NPA/CARE	NPA/CARE	NPA/CARE	NPA/CARE
Part E2	65/Non-Accrual	65/Non-Accrual	65/Non-Accrual	65/Non-Accrual

Where:

- > CRA is the member's 'Critical Retirement Age' as defined in paragraph 2.16 below
- > NPA is the member's Normal Pension Age in the 2015 Scheme (State pension age or, if higher, age 65)
- > Taper indicates tapered early retirement reduction factors apply as described in section 5

### **Critical Retirement Age**

- 2.16 The member's Critical Retirement Age is the earliest age at which they would have satisfied the 85 year rule for the purposes of Schedule 3 of the 2015 Scheme Transitional Regulations, subject to the limit set out in paragraph 2.17 below.
- 2.17 A member's Critical Retirement Age cannot be greater than age 65 and is taken as being subject to a minimum of age 60.

### **Guarantee Date**

- 2.18 The relevant date for calculating a transfer value is the "guarantee date" as defined in The Occupational Pension Schemes (Transfer Values) Regulations 1996.
- 2.19 A transfer value should be guaranteed for three months from the guarantee date. If a request to pay the transfer value is made within three months of the guarantee date, it will not be necessary to recalculate the transfer value, provided the payment is made within 6 months of the guarantee date. If the payment is not made within that time, NILGOSC must:
- > For a Club transfer, recalculate the Club transfer amount as at the date of payment.
  - > For a CETV, in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 1996, pay the larger of:
    - a) the recalculated transfer amount as at the date of payment, and
    - b) the original amount, increased with interest for the period between the guarantee date and the date of payment, calculated on a daily basis at an annual rate of 1% above base rate.



### **Calculation of pension benefits**

- 2.20 The benefits to be valued for a deferred member should include revaluation reflecting the most recent Treasury Order or Pensions Increase Order at the guarantee date. Details regarding adjustments for GMPs are described in the relevant section of the guidance document.

### **Spouse and Civil Partner benefits used in the calculations**

- 2.21 The pension payable to a spouse or civil partner on the death of a member can depend on whether the marriage or civil partnership occurred before or after the member left the LGPS.
- 2.22 The survivor's benefits taken into account for the calculations should be as follows:
- 2.22.1 If the member is, at the guarantee date, either married, civil partnered, or cohabiting with a person who meets the definition of a cohabiting partner under the 2014 Regulations, the survivor's benefit should be the benefit that would be payable to the current spouse or civil partner or cohabiting partner.
  - 2.22.2 If the member is not married, civil partnered or cohabiting with a person who meets the definition of a cohabiting partner under the 2014 Regulations at the guarantee date but the member had previously been in a civil partnership or same-sex marriage, the survivor's benefit should be the benefit that would be payable to the survivor were the member to enter a civil partnership or same-sex marriage after leaving the Scheme.
  - 2.22.3 In all other cases, the survivor's benefit should be the benefit that would be payable to a spouse were the member to marry after leaving the Scheme.
- 2.23 For transfer value quotations requested for the purposes of divorce proceedings, the survivor's benefit is determined on the assumption that the member is no longer currently married or civil partnered, and the survivor's benefit is decided in accordance with 2.22.2 or 2.22.3 as appropriate.

### **Miscellaneous issues**

- 2.24 A member may be receiving pension benefits whilst still accruing further benefits, for example after "flexible retirement". If such a member leaves service and requests a Club transfer or CETV (for the purposes of transferring a pension, not for divorce purposes) then the Club transfer or CETV should allow only for the deferred benefits but not the benefits in payment. The benefits in payment may not be transferred, and would only be considered when calculating a CETV for divorce purposes.
- 2.25 The Early Payment of Pension guidance provides instructions on how to allocate periods of membership not gained through active service to the Part A, B, C1, C2, D, E1, or E2 membership.
- 2.26 Additional Pension benefits under regulations 18 (Additional pension contributions) or 32 (Award of additional pension) of the 2014 Regulations do not require an accrual rate to calculate and their value should be calculated using the factors from the Factor Suite appropriate to the member's NPA. The factors should be applied to the accrued additional pension in the same way as they would be applied to other accrued pension



for service from April 2015. Additional pension benefits purchased prior to 1 April 2015 should be valued using PA65 factors.

- 2.27 However, special CETV factors will be required where the election to purchase additional pension was made before 1 April 2012. This is because the additional pension for those elections increases in deferment and in payment by RPI, rather than CPI under the Pensions Increase Acts. Requests for the special factors should be made to GAD via DOE.
- 2.28 Special CETV factors relating to GMPs will also be required for the calculation of transfer values for a member whose NPA exceeds age 65 and who has brought a transfer value into the Scheme after 1 April 2015 that included a GMP. Requests for the special GMP factors should also be made to GAD via DOE.
- 2.29 All Club and outgoing non-Club CETV calculations in relation to 60ths or CARE benefits should be undertaken using only the pension factors and ignoring the lump sum factors.
- 2.30 Where a member is over the age by reference to which an element of the transfer value is calculated (eg where a member is aged 61 and the CRA applicable to an element of the transfer value is age 60), the transfer value for that element should be based on the immediate pension factors as set out in separate tables in the Factor Suite.
- 2.31 Formulae and factors to value Protected Rights benefits have not been included in the Factor Suite. Such calculations are not expected to be routinely needed for CETV calculations following the abolition of contracting-out on a Money Purchase basis from 6 April 2012. NILGOSC should contact DOE in respect of any cases in which Protected Rights calculations are required, for onward transmission to GAD.



### 3 Transfers-out (CETV-specific issues)

- 3.1 A member who is not in receipt of their pension is entitled to a CETV quotation for the purposes of transferring their pension provided that they meet the age and service conditions specified in the legislation. A CETV quotation for divorce purposes must be provided at any age.
- 3.2 If the Scheme has previously received a non-Club transfer-in in respect of the member, then an underpin applies in the case of a non-Club transfer value calculation. The underpin is equal to the amount of the transfer value received plus member contributions paid to the LGPS.

#### **Pension debit members**

- 3.3 For members with a pension debit resulting from divorce, the transfer value calculation is calculated in two stages as described in paragraph 3.4.
- 3.4 First, a gross transfer value should be calculated ignoring the pension debit. Second, the value of the pension debit should be calculated (ie the transfer value of a deferred pension of the same amount as the pension debit applicable at PA65 or NPA as appropriate). The transfer value quoted and paid is the net amount: the gross transfer value less the value of the pension debit.

#### **Pension offset members**

- 3.5 For members with a pension offset resulting from a "Scheme Pays" election, the non-Club CETVs is calculated in two stages as described in paragraph 3.6.
- 3.6 First, a gross transfer value should be calculated ignoring the pension offset. Second, the value of the pension offset should be calculated (ie the transfer value of a deferred pension of the same amount as the pension offset payable from PA65 or NPA as appropriate). The transfer value quoted and paid is the net amount: the gross transfer value less the value of the pension offset.



## 4 Transfers-out (Club-specific issues)

- 4.1 The conditions for transferring benefits on Club terms are covered in detail in the Club memorandum.
- 4.2 The Club memorandum has been subject to revision to accommodate the different style of benefits being provided under many public sector pension schemes, including LGPS, from 1 April 2015. This guidance is provided on the basis of the revised Club memorandum, dated March 2015. That revised Club memorandum deals separately with salary-linked benefits that relate to pre-April 2015 service, and CARE benefits that relate to post-April 2015 service.
- 4.3 Benefits provided to Councillor members were on a CARE basis prior to April 2015, and those could not be transferred out on Club terms. A transfer-out by a Councillor of pre-2015 benefits is always on a non-Club basis, whether the receiving scheme is a Club or a non-Club scheme (unless the Councillor also has some final salary benefits in the LGPS, perhaps from an earlier period of LGPS service as a non-councillor, in which case those final salary benefits can be transferred on Club terms).
- 4.4 Where a member has additional pension, that element of the transfer value is calculated on non-Club terms. In this case the elements of the transfer value representing the added pension and the pension derived from service should be shown separately in the information provided to the receiving scheme.
- 4.5 Care needs to be taken to prevent windfall gains or losses in cases where an individual will work, or has been working, on an occasional basis e.g. a Local Government Returning Officer, or where the hours for a full-time post fall below a normal working week e.g. a position requiring only five hours attendance a week. Advice on Club transfers for any such members should be referred to GAD via DOE.

### **Members with a pension debit or offset**

- 4.6 For members with a pension debit or offset, the transfer value should be calculated in two stages.
- 4.7 First, a gross transfer value should be calculated ignoring the pension debit/offset. Second, the value of the pension debit/offset should be calculated (ie the transfer value of a deferred pension of the same amount as the debit/offset).
- 4.8 The results of both calculations in 4.7 should be passed to the receiving scheme. The transfer value paid is the net amount: the gross transfer value less the value of the pension debit/offset.



## 5 Calculations for Taper service

- 5.1 For the purposes of calculating transfer values (whether CETVs or Club transfers), benefits subject to the “Taper” are valued using the following method:
- > Deferred benefits are calculated in respect of “Taper” service, payable from age 65, but with preferential early retirement.
  - > The deferred “Taper” benefits are then adjusted to the amounts that would be payable from the member’s CRA by applying a “Tapered Early Retirement factor”, and
  - > The adjusted “Taper” benefits are then valued in line with other benefits payable from CRA – ie the Pension Age 65 factors are used, with a further adjustment which reflects payment from CRA rather than age 65.
- 5.2 DOE has confirmed that a group 2 member (i.e. a member who was an active member prior to 1 October 2006, and born between 1 April 1956 and 31 March 1960 inclusive and who would reach their Critical Retirement Age by 31 March 2020, as defined at Table 1 in section 2) is entitled to tapered reduction factors for some periods of service. The tapered reduction factors are interpolated between:
- > the reduction factor applicable if the rule of 85 applied, and
  - > the reduction factor applicable based on the member’s Normal Retirement Age in the 2009 scheme (ie age 65).
- The interpolation should be based on the later of the date on which the member would attain their CRA and the date of the member’s 60th birthday. Taper reduction factors apply to service from 1 April 2008 to 31 March 2020.
- 5.3 DOE has further confirmed that a member who was a member before 1 October 2006 and who was born between 1 April 1956 and 31 March 1960 inclusive and who would not reach their Critical Retirement Age by 31 March 2020 does not receive taper reduction factors.
- 5.4 Example 2 (in Section 12) relates to a sample member with Taper benefits.



## 6 Transfer-Out formulae (Club and non-Club transfers)

### Club transfer value calculation

6.1 The total transfer value is the sum of  $TV^{PRE-2008}$ ,  $TV^{2008-2009}$ ,  $TV^{2009-2015}$  and  $TV^{POST-2015}$ , the transfer values in respect of service before 1 April 2008; from 1 April 2008 to 31 March 2009; from 1 April 2009 to 31 March 2015; and from 1 April 2015 respectively, calculated as below. The formulae below use accrued benefits as data items, with all pensions (including GMPs) based on annual amounts and with the benefits split between the various service periods as follows:

	Service before 1 April 2008		Service from 1 April 2008 to 31 March 2009				
			PA65 service*	CRA service*	Taper service*		
Accrued Pension	A		B <sup>08</sup>	C <sup>08</sup>	D <sup>08</sup>		
Retirement Grant	I		R <sup>08</sup>	T <sup>08</sup>	S <sup>08</sup>		
Surviving Partner's Pension	K		L <sup>08</sup>	M <sup>08</sup>	N <sup>08</sup>		
Pre 88 GMP	X						
Post 88 GMP	Y						
		Service from 1 April 2009 to 31 March 2015			Service from 1 April 2015		
		PA65 service*	CRA service*	Taper service*	NPA service*	CRA service*	Taper service*
Accrued Pension	B <sup>09</sup>	C <sup>09</sup>	D <sup>09</sup>		B <sup>15</sup>	C <sup>15</sup>	D <sup>15</sup>
Retirement Grant	-	-	-		-	-	-
Surviving Partner's Pension	L <sup>09</sup>	M <sup>09</sup>	N <sup>09</sup>		L <sup>15</sup>	M <sup>15</sup>	N <sup>15</sup>

\* Generally, members will only have accrued benefits in one of these three elements, for each service period shown, although they could have more than one of the elements due to transfers-in or added pension.



Service before 1 April 2008

	<b>Formula</b>	<b>Result</b>
Pension	$A \times \text{FACTOR}^P \times \text{ADJ}^P$	E
Retirement Grant	$I \times \text{FACTOR}^{\text{RG}} \times \text{ADJ}^{\text{LS}}$	J
Surviving Partner's Pension	$K \times \text{FACTOR}^S$	O
GMP adjustment	$(X \times \text{FACTOR}^{\text{GMP-PRE88}}) + (Y \times \text{FACTOR}^{\text{GMP-POST88}})$	Z
<b>Transfer value (for service pre April 2008)</b>	$E+J+O-Z$	$\text{TV}^{\text{PRE-2008}}$

Service from 1 April 2008 to 31 March 2009

	<b>Formula</b>	<b>Result</b>
Pension (PA65)	$B^{08} \times \text{FACTOR}^P$	$F^{08}$
Retirement Grant (PA65)	$R^{08} \times \text{FACTOR}^{\text{RG}}$	$Q^{08}$
Pension (CRA)	$C^{08} \times \text{FACTOR}^P \times \text{ADJ}^P$	$G^{08}$
Retirement Grant (CRA)	$T^{08} \times \text{FACTOR}^{\text{RG}} \times \text{ADJ}^{\text{LS}}$	$H^{08}$
Pension (Taper)	$D^{08} \times (1-\text{TERF}^P) \times \text{FACTOR}^P \times \text{ADJ}^P$	$U^{08}$
Retirement Grant (Taper)	$S^{08} \times (1-\text{TERF}^{\text{RG}}) \times \text{FACTOR}^{\text{RG}} \times \text{ADJ}^{\text{LS}}$	$V^{08}$
Surviving Partner's Pension	$(L^{08}+M^{08} + N^{08}) \times \text{FACTOR}^S$	$P^{08}$
<b>Transfer value (for service April 2008 to April 2009)</b>	$F^{08}+ Q^{08}+G^{08}+ H^{08}+ U^{08}+ V^{08} +P^{08}$	$\text{TV}^{2008-2009}$

Service from 1 April 2009 to 31 March 2015

	<b>Formula</b>	<b>Result</b>
Pension (PA65)	$B^{09} \times \text{FACTOR}^P$	$F^{09}$
Pension (CRA)	$C^{09} \times \text{FACTOR}^P \times \text{ADJ}^P$	$G^{09}$
Pension (Taper)	$D^{09} \times (1-\text{TERF}^P) \times \text{FACTOR}^P \times \text{ADJ}^P$	$U^{09}$
Surviving Partner's Pension	$(L^{09}+M^{09}+ N^{09}) \times \text{FACTOR}^S$	$P^{09}$
<b>Transfer value (for service April 2009 to April 2015)</b>	$F^{09}+G^{09}+ U^{09}+P^{09}$	$\text{TV}^{2009-2015}$



Service from 1 April 2015

	<b>Formula</b>	<b>Result</b>
Pension (NPA)	$B^{15} \times \text{FACTOR}_{\text{NPA}}^{\text{P}}$	$F^{15}$
Pension (CRA)	$C^{15} \times \text{FACTOR}^{\text{P}} \times \text{ADJ}^{\text{P}}$	$G^{15}$
Pension (Taper)	$D^{15} \times (1 - \text{TERF}^{\text{P}}) \times \text{FACTOR}^{\text{P}} \times \text{ADJ}^{\text{P}}$	$U^{15}$
Surviving Partner's Pension	$(L^{15} + M^{15} + N^{15}) \times \text{FACTOR}^{\text{S}}$	$P^{15}$
<b>Transfer value (for service post April 2015)</b>	$F^{15} + G^{15} + U^{15} + P^{15}$	$\text{TV}^{\text{POST-2015}}$

**Factor in formulae  
above (and  
elsewhere in this  
guidance)**

**Factor in table**

**Table / derivation**

(the tables referred to above are those set out in the Factor Suite)

$\text{FACTOR}^{\text{P}}$	"Gross Pension"	Table 3 (males) or 4 (females)
$\text{FACTOR}^{\text{RG}}$	"Lump Sum"	Table 3 (males) or 4 (females)
$\text{FACTOR}^{\text{S}}$	"Surviving Partner's Pension"	Table 3 (males) or 4 (females)
$\text{FACTOR}^{\text{NI}}$	"Deduction for NI Modification"	Table 3 (males) or 4 (females)
$\text{FACTOR}^{\text{GMP-PRE88}}$	"Adjustment for GMP Pre-88"	Table 3 (males) or 4 (females)
$\text{FACTOR}^{\text{GMP-POST88}}$	"Adjustment for GMP Post-88"	Table 3 (males) or 4 (females)
$\text{FACTOR}_{\text{NPA}}^{\text{P}}$	"Gross Pension"	From Tables 3 to 10 as appropriate for the member's NPA and gender. Where NPA is not a whole number, factors should be interpolated based on the tables relating to the two nearest NPAs (eg for NPA between 67 and 68, interpolate between the tables for NPA 67 and NPA 68).
$\text{ADJ}^{\text{P}}$	"Personal Pension"	Table 11
$\text{ADJ}^{\text{LS}}$	"Lump Sum"	Table 11
$\text{TERF}^{\text{P}}$	Tapered Early Retirement Factor (for pension and retirement grant respectively)	Derived from Early Retirement Factors depending on the date at which the member would reach their Critical Retirement Age during the period 1/4/2016 to 31/3/2020 – see the current Early Payment of Pension guidance for details. The early retirement factors used in this guidance have been taken from the Early Payment of Pension guidance effective on 1 April 2015.
$\text{TERF}^{\text{RG}}$		



### **Non-Club transfer value calculation (CETV)**

- 6.2 The CETV calculation is taken as being equal to the Club transfer value calculated as in 6.1 above using the same benefits, but then multiplied by the scheme-specific mortality adjustment of 0.960. This factor applies to both men and women and at all ages.



## 7 Transfers-in (non-Club and Club) – general issues

- 7.1 A member may request the Scheme to accept a transfer value if the request is made within 12 months of joining, or such longer period as his employer and NILGOSC may allow for incoming non-Club transfers.
- 7.2 Benefits for incoming transfers take two distinct forms: one form relates to salary-related benefits (typically earned before 1 April 2015), and the other relates to CARE benefits (typically earned on and after 1 April 2015).
- 7.3 Incoming Club transfers are provided with a service credit (by reference to a normal retirement age of 65) in respect of the salary-related element of the transfer, and an earned pension credit (by reference to their normal pension age) in respect of the CARE element of the transfer. This earned pension credit is then subject to the in-service revaluation rate of the transferring scheme.
- 7.4 Incoming non-Club transfers are provided with an earned pension credit only (by reference to their normal pension age) in respect of the entire transfer payment, and revaluation is in line with the Scheme's provisions.
- 7.5 The factors used in the formulae in this guidance are determined for each member dependent upon their age and sex, with age determined at the relevant date (for non-Club transfers-in) or at the Guarantee Date used by the transferring scheme (for Club transfers-in). The relevant date (for non-Club transfers-in) will be the date the member joined the LGPS if the transfer value is received within the first year of service, or the date the transfer is received if the transfer value is received after the first year of service.
- 7.6 For incoming Club transfers, the salary-related element of the transfer credit should be calculated by reference to PA65 and should be expressed as a service credit in "60ths" form; while the CARE element should be earned pension calculated by reference to NPA. If the member subsequently retires before attaining age 65, their salary-related transferred-in benefits will then be subject to the normal early retirement reductions applicable to PA65 benefits, and the CARE transferred-in benefits will be subject to the normal early retirement reductions applicable to NPA benefits, as described in the Early Payment of Pension guidance document applicable at the time the benefits are drawn.
- 7.7 DOE has confirmed that State Pension Age for the purpose of calculating transfer value factors should be as set out in Department of Finance and Personnel (DFP) Directions made in exercise of the powers conferred on them by sections 11(2) and 12(3) of the Public Service Pensions Act (Northern Ireland) 2014<sup>3</sup>. If the member subsequently retires before attaining NPA, their transferred-in benefits will then be subject to the normal early retirement reductions applicable to NPA benefits, as described in the Early Payment of Pension guidance document applicable at the time the benefits are drawn.
- 7.8 Tables 3 and 4 from the Factor Suite (for males and females respectively) should be used for incoming Club transfers, and tables NM65, NF65, NM66, NF66, NM67, NF67,

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<sup>3</sup> The Directions dated 26 November 2014, as originally made, can be found in the following link (SPA assumptions are set out at direction 18(d)):  
<http://www.dfoni.gov.uk/psp-valuations-employer-cost-cap-2014.pdf>



NM68 and NF68, as appropriate, for incoming non-Club transfers (the names of the tables refer to the member's sex and NPA).

- 7.9 For the avoidance of doubt, no lump sum factor is required for transfer credits in either 60ths or CARE form. The partner's accrual rate remains at 160ths, which represents 60/160ths (37.5%) of the member's 60ths pension for incoming salary-related elements of Club transfers, but 49/160ths (30.625%) of the member's pension for incoming non-Club transfers and for the CARE element of incoming Club transfers to the 2015 Scheme.
- 7.10 Sections 13 and 14 provide examples of the calculation for a member joining on or after 1 April 2015 on a non-Club and a Club basis respectively.



## 8 Transfers-in (Club-specific issues)

### The Club Earnings Cap in relation to the salary-related element

- 8.1 The benefits offered in respect of Club transfers-in are uncapped in the LGPS. The Club memorandum however requires consistency in the benefits provided before and after the Club transfer in terms of the application of earnings caps. This therefore affects the salary-related element of a Club transfer where the benefits in the transferring scheme were subject to an earnings cap.
- 8.2 DOE has agreed that the following approach be taken for incoming Club transfers in respect of salary-related benefits subject to, or potentially subject to, an earnings cap in the transferring scheme.
- 8.3 In respect of a member whose pay in the LGPS is less than the Club Earnings Cap, no adjustment is needed to allow for any earnings cap that applied in the transferring scheme.
- 8.4 In respect of a member whose pay in the LGPS is equal to or exceeds the Club earnings cap, the service credit to be offered in respect of the salary-related element of a Club transfer that was subject to (or potentially subject to) an earnings cap in the transferring scheme is calculated as follows:
- > The salary-related element of the transfer value from the transferring scheme will be calculated using the member's pensionable pay in that scheme, subject to a maximum of the earnings cap in the transferring scheme, and indexed as necessary.
  - > The service credit awarded should first be calculated using the same pay as used to calculate the transfer value.
  - > The credit should then be reduced by multiplying by the ratio of the Club Earnings Cap to the member's pay in the LGPS.
- 8.5 The Club Earnings cap will be notified annually to Club schemes and will reflect the updated Inland Revenue earnings cap if it had not been disapplied by HMRC. In 2015/16 the Club earnings cap is £149,400 a year.

### Members with a pension debit

- 8.6 The transferring scheme should pass details of the gross transfer value (calculated ignoring the pension debit) and the value of the pension debit, separately for the salary-related and CARE elements. The gross transfer amount in relation each respective element should be used in the normal Club transfer-in calculation, as per sections 10.3 and 10.4, to determine the service and/or earned pension credit.

### Members with a pension offset from Scheme Pays

- 8.7 In the same way as for a pension debit, the transferring scheme should pass details of the gross transfer value (calculated ignoring the pension offset) and the value of the pension offset, separately for the salary-related and CARE elements. The gross transfer amount in relation each respective element should be used in the normal Club transfer-in calculation, as per paragraphs 10.3 and 10.4, to determine the service and/or earned pension credit.



## 9 Transfer-in formulae (non-Club)

9.1 All transfer-in credits should be based on NPA (State pension age or, if higher, age 65) and the CARE benefit structure.

9.2 The following data items are needed:

Data item	Reference in formulae below
Relevant date	
Non-Club transfer value offered	CETV
Pre88 GMP transferred (£ pa)	Q
Post88 GMP transferred (£ pa)	R

### Earned pension credit calculation

	Calculation	Result
Adjusted Transfer Value	$CETV + (Q \times \text{FACTOR}^{\text{PRE88GMP-IN}}) + (R \times \text{FACTOR}^{\text{POST88GMP-IN}})$	£T
<b>Additional earned pension transfer credit offered</b>	$£T / [\text{FACTOR}^{\text{P-IN}} + (49/160 \times \text{FACTOR}^{\text{S-IN}})]$	<b>Non-Club earned pension transfer credit (£ p.a.)</b>

The factors in the formulae above are taken from the following Tables:

Factor in formulae above (and elsewhere in this guidance)	Factor in table	Table / derivation (the tables referred to are those set out in the Factor Suite)
$\text{FACTOR}^{\text{P-IN}}$	“Gross Pension”	The relevant NM or NF table*
$\text{FACTOR}^{\text{S-IN}}$	“Surviving Partner’s Pension”	The relevant NM or NF table*
$\text{FACTOR}^{\text{PRE88GMP-IN}}$	“Adjustment for pre-88 GMP”	The relevant NM or NF table*
$\text{FACTOR}^{\text{POST88GMP-IN}}$	“Adjustment for post-88 GMP”	The relevant NM or NF table*

\*Note: The relevant NM or NF table is whichever of the tables NM65, NF65, NM66, NF66, NM67, NF67, NM68 and NF68 is relevant to the member’s sex and NPA. Where the member’s NPA is not a whole number, the factors should be interpolated from the two tables for the member’s sex with the nearest NPAs (eg for a female with NPA 67.2, the factors should be interpolated from NF67 and NF68).



## 10 Transfer-in formulae (Club)

10.1 All transfer-in service credits (typically for pre-2015 service) should be based on Pension Age 65 and the “60ths” benefit structure, while earned pension credits (typically for post-2015 benefits) should be based on NPA.

10.2 The following data items are needed:

Data item	Salary-related benefits Reference in formulae below	CARE benefits Reference in formulae below
Guarantee date (as used by the transferring scheme)		
Club transfer value *	$CLUB_{FSAL}$	$CLUB_{CARE}^{**}$
Member's earned pension in transferring scheme, revalued by in-service revaluation up to the guarantee date		$MP_{CARE}$
Value of any pension debit in transferring scheme	$DEBIT_{FSAL}$	$DEBIT_{CARE}$
Value of any pension offset from Scheme Pays in transferring scheme	$OFFSET_{FSAL}$	$OFFSET_{CARE}$
Pensionable Pay figure used in calculation of Club transfer value ***	PAY-PREV	
Pre88 GMP transferred (£ pa at guarantee date)	Q	
Post88 GMP transferred (£ pa at guarantee date)	R	

\* This should be the Club transfer value before deduction in respect of any pension debit.

\*\* The total Club transfer value should be split into final salary and CARE elements, but  $CLUB_{CARE}$  is not required to calculate the earned pension credit in 10.4 below.

\*\*\* This should be indexed with any increases that have been applied in deferment by the transferring scheme. This can be complicated, and the Club Memorandum should be consulted if in doubt.

10.3 The pre-2015 service credit should be determined using the formulae below:

	Calculation	Result
Adjusted Transfer Value	$CLUB_{FSAL} + (Q \times FACTOR^{GMP-Pre88}) + (R \times FACTOR^{GMP-Post88})$	£T
Cost of 1 year's service	$PAY-PREV \times 1/60 \times [FACTOR^P + (FACTOR^S \times 60/160)]$	£U



Service credit offered for £T / £U  
salary-related element

Club Service  
Credit (Pre-2015)  
in years and days

10.4 The post-2015 earned pension credit should be determined using the formulae below:

$$SF = \text{FACTOR}_{\text{SEND}}^P + (\text{SPROP}_{\text{SEND}} \times \text{FACTOR}_{\text{SEND}}^S) + (\text{LSPROP}_{\text{SEND}} \times \text{FACTOR}_{\text{SEND}}^L)$$

$$RF = \text{FACTOR}_{\text{NPA}}^P + (49 / 160 \times \text{FACTOR}^S)$$

$$\text{Club earned pension credit} = \text{MP}_{\text{CARE}} \times SF / RF$$

Where:

$\text{SPROP}_{\text{SEND}}$  = survivor proportion in transferring scheme

$\text{LSPROP}_{\text{SEND}}$  = lump sum proportion in transferring scheme

#### Members with a pension debit

10.5 A pension debit which relates to final salary service applies from age 65 in the LGPS and should be determined using the following calculation. The result is subject to revaluation before 65 and indexation after 65 in line with Pensions Increase Act provisions. The pension debit applies to the member's pension and also affects the survivor's pension, but does not affect any child's pension.

**Annual pension debit applying from age 65 under LGPS**

$$\text{DEBIT}_{\text{FSAL}} / [\text{FACTOR}^P + (\text{FACTOR}^S \times 60/160)]$$

where 'DEBIT<sub>FSAL</sub>' is the transfer value reduction for the pension debit arising from salary-related service as advised by the transferring scheme.

10.6 A pension debit which relates to CARE benefits applies from NPA in the LGPS and should be determined using the following calculation. The result is subject to revaluation before NPA and indexation after NPA in line with Pensions Increase Act provisions. The pension debit applies to the member's pension and also affects the survivor's pension, but does not affect any child's pension.

**Annual pension debit applying from NPA under LGPS**

$$\text{DEBIT}_{\text{CARE}} / [\text{FACTOR}_{\text{NPA}}^P + (\text{FACTOR}^S \times 49/160)]$$

where 'DEBIT<sub>FCARE</sub>' is the transfer value reduction for the pension debit arising from CARE benefits as advised by the transferring scheme.

#### Members with a pension offset from Scheme Pays

10.7 An offset which relates to final salary service applies from age 65 in the LGPS and should be determined using the following calculation. The result is subject to revaluation before 65 and indexation after 65 in line with Pensions Increase Act provisions. The



pension offset applies only to the member's pension and does not affect the pension benefits to the member's dependants.

**Annual offset applying from age 65 under LGPS**

$$\text{OFFSET}_{\text{FSAL}} / \text{FACTOR}^{\text{P}}$$

where 'OFFSE<sub>TFSAL</sub>' is the transfer value reduction for the Scheme pays offset arising from salary-related service as advised by the transferring scheme.

- 10.8 An offset which relates to CARE benefits applies from NPA in the LGPS and should be determined using the following calculation. The result is subject to revaluation before NPA and indexation after NPA in line with Pensions Increase Act provisions. The pension offset applies only to the member's pension and does not affect the pension benefits to the member's dependants.

**Annual offset applying from NPA under LGPS**

$$\text{OFFSET}_{\text{CARE}} / \text{FACTOR}_{\text{NPA}}^{\text{P}}$$

where 'OFFSE<sub>T\_CARE</sub>' is the transfer value reduction for the Scheme pays offset arising from CARE benefits as advised by the transferring scheme.

**Factors**

- 10.9 The factors used should be for the same age as that used by the transferring scheme to calculate the Club transfer value. The factors used in the calculations above are listed below.

<b>Factor in formulae above</b> (and elsewhere in this guidance)	<b>Factor in table</b>	<b>Table / derivation</b> (The tables referred to are those set out in the Factor Suite)
FACTOR <sup>P</sup> <sub>SEND</sub>	See note below	
FACTOR <sup>S</sup> <sub>SEND</sub>	See note below	
FACTOR <sup>L</sup> <sub>SEND</sub>	See note below	
FACTOR <sup>P</sup>	"Gross pension"	Table 3 (males) or 4 (females)
FACTOR <sup>P</sup> <sub>NPA</sub>	"Gross pension"	From Tables 3 to 10 as appropriate for the member's NPA and gender. Where NPA is not a whole number, factors should be interpolated based on the tables relating to the two nearest NPAs (eg for NPA between 67 and 68, interpolate between the tables for NPA 67 and NPA 68).
FACTOR <sup>S</sup>	"Surviving Partner's Pension"	Table 3 (males) or 4 (females)
FACTOR <sup>GMP-PRE88</sup>	'Adjustment for GMP pre-88'	Table 3 (males) or 4 (females)
FACTOR <sup>GMP-POST88</sup>	'Adjustment for GMP post-88'	Table 3 (males) or 4 (females)



Note: the factors  $FACTOR^{P}_{SEND}$ ,  $FACTOR^{S}_{SEND}$  and  $FACTOR^{L}_{SEND}$  should be obtained from the transferring scheme. For a scheme providing CARE benefits by reference to State pension age (or age 65 if higher) with no separate lump sum entitlement,  $FACTOR^{P}_{SEND}$  and  $FACTOR^{S}_{SEND}$  should be equal to  $FACTOR^P$  and  $FACTOR^S$  respectively, and  $FACTOR^{L}_{SEND}$  will be zero.



## 11 Example 1: CETV (pre-1.12.2006 member born after 31.3.1960)

### Member data:

Date of birth: 1 July 1961  
Sex: Male  
Date of joining: 1 July 1991  
Guarantee date: 1 July 2016  
("Group 3" member – see paragraph 2.14)

Pre-2008 service:	16 years	275 days
2008-2009 service:	1 year	0 days
2009-2015 service:	6 years	0 days
Post-2015 service:	1 year	91 days
Total service:	25 years	0 days

Final pensionable salary: £20,000  
Date of leaving: 30 June 2016

Pre-88 GMP (at guarantee date): £0 pa  
Post-88 GMP (at guarantee date): £500 pa

### Accrued Benefit Calculations

(these may already be stored as data items in which case they would not need to be re-calculated.)

#### Service before 1 April 2008

Critical retirement age = 60

#### Mixed pension and lump sum benefits

Pension	= $(16+275/365) \times £20,000 / 80$	= £4,188.36 pa
Retirement grant	= $3 \times £4,188.36$	= £12,565.08
Dependant's pension	= $£4,188.36 / 2$	= £2,094.18 pa

#### Service from 1 April 2008 to 31 March 2009

Pension age = 65

#### Mixed pension and lump sum benefits

Pension	= $1 \times £20,000 / 80$	= £250.00 pa
Retirement grant	= $3 \times £250.00$	= £750.00
Dependant's pension	= $£250.00 / 2$	= £125.00 pa

#### Service from 1 April 2009 to 31 March 2015

Pension age = 65

#### Pension only benefits

Pension	= $(6+0/365) \times £20,000 / 60$	= £2,000.00 pa
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$$\text{Dependants' pension} = (6+0/365) \times \text{£}20,000 / 160 = \text{£}750.00 \text{ pa}$$

Service from 1 April 2015

Note: there is no need in this case to separate the periods of service from 1 April 2015 to 31 March 2016, and from 1 April 2016 onwards.

Normal pension age = 67 years (for illustration only, being based on stated Government policy at the guarantee date)

Pension only benefits

Assumed CARE Pension	= £500.00 pa
Dependants' pension	= £153.13 pa

**Step 1 – calculate transfer value on Club basis**

<b>Factors (male, aged 55 last birthday at Guarantee date)</b>	
FACTOR <sup>P</sup>	12.48
FACTOR <sup>RG</sup>	0.76
FACTOR <sup>S</sup>	3.47
FACTOR <sup>GMP-PRE88</sup>	3.50
FACTOR <sup>GMP-POST88</sup>	0.53
FACTOR <sup>NPA<sup>P</sup></sup>	11.08
ADJ <sup>P-09</sup>	1.31
ADJ <sup>LS</sup>	1.15

**Transfer value calculations**

**Service before 1 April 2008**

	Calculation	Result
Pension	4,188.36 x 12.48 x 1.31	£68,474.66
Retirement grant	12,565.08 x 0.76 x 1.15	£10,981.88
Dependant's Pension	2,094.18 x 3.47	£7,266.80
Less GMP adjustment	(0 x 3.50) + (500.00 x 0.53)	(£265.00)
<b>Total Amount</b>		<b>£86,458.34</b>



**Service between 1 April 2008 and 31 March 2009**

	Calculation	Result
Pension	250.00 x 12.48	£3,120.00
Retirement grant	750.00 x 0.76	£570.00
Dependant's Pension	125.00 x 3.47	£433.75
<b>Total Amount</b>		<b>£4,123.75</b>

**Service between 1 April 2009 and 31 March 2015**

	Calculation	Result
Pension	2,000.00 x 12.48	£24,960.00
Dependant's Pension	750.00 x 3.47	£2,602.50
<b>Total Amount</b>		<b>£27,562.50</b>

**Service after 1 April 2015**

	Calculation	Result
Pension	500.00 x 11.08	£5,540.00
Dependant's Pension	153.13 x 3.47	£531.36
<b>Total Amount</b>		<b>£6,071.36</b>

**Total Club transfer value**

	Transfer value
Service before 1 April 2008	<b>£86,458.34</b>
Service from 1 April 2008 to 31 March 2009	£4,123.75
Service from 1 April 2009 to 31 March 2015	£27,562.50
Service after 1 April 2015	£6,071.36
<b>Total Club transfer value</b>	<b>£124,215.95</b>

**Step 2 – Calculate transfer value on non-Club (CETV) basis**

This is 0.960 times the Club transfer value (see paragraph 6.2), which gives £119,247.31.



## 12 Example 2: CETV (pre-1.12.2006 member born before 1.4.1960)

### Member data:

Date of birth: 1 July 1959  
Sex: Male  
Date of joining: 1 July 1991  
Guarantee date: 1 July 2016  
("Group 2" member – see paragraph 2.14)

Pre-2008 service:	16 years	275 days
2008-2009 service:	1 year	0 days
2009-2015 service:	6 years	0 days
Post-2015 service:	1 year	91 days
Total service:	25 years	0 days

Final pensionable salary: £20,000  
Date of leaving: 30 June 2016

Pre-88 GMP (at guarantee date): £0 pa  
Post-88 GMP (at guarantee date): £500 pa

### Accrued Benefit Calculations

(these may already be stored as data items in which case they would not need to be re-calculated.)

#### Service before 1 April 2008

Critical retirement age = 60

#### Mixed pension and lump sum benefits

Pension	= $(16+275/365) \times £20,000 / 80$	= £4,188.36 pa
Retirement grant	= $3 \times £4,188.36$	= £12,565.08
Dependants' pension	= $£4,188.36 / 2$	= £2,094.18 pa

#### Service from 1 April 2008 to 31 March 2009

Pension age = Taper 65

#### Mixed pension and lump sum benefits

Pension	= $1 \times £20,000 / 80$	= £250.00 pa
Retirement grant	= $3 \times £250.00$	= £750.00
Dependant's pension	= $£250.00 / 2$	= £125.00 pa

#### Service from 1 April 2009 to 31 March 2015

Note: there is no need in this case to separate the periods of service from 1 April 2015 to 31 March 2016, and from 1 April 2016 onwards.

Pension age = Taper 65



Pension only Benefits

$$\begin{aligned} \text{Pension} &= (6+0/365) \times \text{£}20,000 / 60 &&= \text{£}2,000.00 \text{ pa} \\ \text{Dependants' pension} &= (6+0/365) \times \text{£}20,000 / 160 &&= \text{£}750.00 \text{ pa} \end{aligned}$$

Service from 1 April 2015

Pension age = Taper 65

Pension only benefits

$$\begin{aligned} \text{Assumed CARE Pension} &= \text{£}500.00 \text{ pa} \\ \text{Dependants' pension} &= \text{£}153.13 \text{ pa} \end{aligned}$$

**Step 1 – calculate transfer value on Club basis**

<b>Factors (male, aged 57 last birthday at Guarantee date)</b>	
FACTOR <sup>P</sup>	13.22
FACTOR <sup>RG</sup>	0.80
FACTOR <sup>S</sup>	3.60
FACTOR <sup>GMP-PRE88</sup>	3.54
FACTOR <sup>GMP-POST88</sup>	0.53
ADJ <sup>P-09</sup> (CRA to NRA 65)	1.31
ADJ <sup>LS</sup> (CRA to NRA 65)	1.15
ERF <sup>P</sup> (CRA to NRA 65)	0.25
ERF <sup>P</sup> (CRA to CRA)	0.00
ERF <sup>RG</sup> (CRA to NRA 65)	0.14
ERF <sup>RG</sup> (CRA to CRA)	0.00

**Early retirement factor (ERF<sup>P</sup> and ERF<sup>RG</sup>)**

The Early Retirement Factors above are used in the calculation of the “Taper Early Retirement Factor” below and have been taken from the guidance document “Early Payment of Pension” dated 19 March 2015.

**Taper early retirement factor (TERF<sup>P</sup> and TERF<sup>RG</sup>)**

The appropriate Taper early retirement factor, for pension and retirement grant, is determined in accordance with the guidance document “Early Payment of Pension” dated 19 March 2015. The calculation of the Taper early retirement factors is as follows (see the Early Payment of Pension guidance for further details, including the definition of the interpolation factor F<sub>I</sub>):

$$\text{Taper period} = 01/04/2016 - 30/06/2019 = 3 \text{ years } 91 \text{ days}$$

$$\text{Interpolation factor (F}_I\text{)} = (3+91/365) / 4 = 0.8123$$

$$\begin{aligned} \text{TERF}^P &= F_I \times \text{ERF}^P \text{ (CRA to NRA 65)} + (1 - F_I) \times \text{ERF}^P \text{ (CRA to CRA)} \\ &= 0.8123 \times 0.25 + (1 - 0.8123) \times 0.00 = 0.2031 \end{aligned}$$

$$\begin{aligned} \text{TERF}^{RG} &= F_I \times \text{ERF}^{RG} \text{ (CRA to NRA 65)} + (1 - F_I) \times \text{ERF}^{RG} \text{ (CRA to CRA)} \\ &= 0.8123 \times 0.14 + (1 - 0.8123) \times 0.00 = 0.1137 \end{aligned}$$



**Transfer value calculations:**

**Service before 1 April 2008**

	Calculation	Result
Pension	$4,188.36 \times 13.22 \times 1.31$	£72,534.86
Retirement grant	$12,565.08 \times 0.80 \times 1.15$	£11,559.87
Dependant's Pension	$2,094.18 \times 3.60$	£7,539.05
Less NI Modification	0	0
Less GMP adjustment	$(0 \times 3.54) + (500.00 \times 0.53)$	(£265.00)
<b>Total Amount</b>		<b>£91,368.78</b>

**Service between 1 April 2008 and 31 March 2009**

	Calculation	Result
Pension	$250.00 \times (1 - 0.2031) \times 13.22 \times 1.31$	£3,450.22
Retirement grant	$750.00 (1 - 0.1137) \times 0.80 \times 1.15$	£611.55
Dependant's Pension	$125.00 \times 3.60$	£450.00
<b>Total Amount</b>		<b>£4,511.77</b>

**Service between 1 April 2009 and 31 March 2015**

	Calculation	Result
Pension	$2,000.00 \times (1 - 0.2031) \times 13.22 \times 1.31$	£27,601.75
Dependant's Pension	$750.00 \times 3.60$	£2,700.00
<b>Total Amount</b>		<b>£30,301.75</b>

**Service after 1 April 2015**

	Calculation	Result
Pension	$500.00 \times (1 - 0.2031) \times 13.22 \times 1.31$	£6,900.44
Dependant's Pension	$153.13 \times 3.60$	£551.27
<b>Total Amount</b>		<b>£7,451.71</b>



**Total transfer value**

	Transfer value
Service before 1 April 2008	£91,368.78
Service from 1 April 2008 to 31 March 2009	£4,511.77
Service from 1 April 2009 to 31 March 2015	£30,301.75
Service after 1 April 2015	£7,451.71
<b>Total transfer value</b>	<b>£133,634.01</b>

**Step 2 – Calculate transfer value on non-Club (CETV) basis**

This is 0.960 times the Club transfer value (see paragraph 6.2), which gives £128,288.65.



### 13 Example 3: non-Club transfer-in

#### Member data:

Date of birth: 6 November 1954

Sex: Female

NPA: 66 (illustrative)

Date of joining: 1 July 2015

Relevant date: 1 July 2015 (if transfer value received before 1 July 2016)

Transfer value: £20,000

Pre-88 GMP: nil

Post-88 GMP: £100 pa

Factors (female, aged 60 last birthday at Relevant date)	non-Club
$FACTOR_{NPA}^{P-IN}$	14.28
$FACTOR^{S-IN}$	1.63
$FACTOR^{PRE88GMP-IN}$	-2.09
$FACTOR^{POST88GMP-IN}$	-4.56

#### Non-Club calculation

	Calculation	Result
Adjusted Transfer Value	$£20,000.00 + [0 \times (-2.09)] + [100.00 \times (-4.56)]$	£19,544.00
<b>Earned pension transfer credit offered</b>	$£19,544.00 / [14.28 + (49/160 \times 1.63)]$	<b>£1,322.40</b>



## 14 Example 4: Club transfer-in

### Member data:

Date of birth: 1 June 1976

Sex: Female

NPA: 67 (illustrative)

Date of joining: 1 July 2016

Pensionable pay in previous Club scheme (indexed as necessary): £20,000

Current rate of pensionable pay in LGPS: £18,000

Transfer date: 1 July 2016

Transfer value: £20,000 (no debit or offset) in respect of salary-related benefits

Pre-88 GMP: nil

Post-88 GMP: £100 pa

Earned pension in transferring scheme (revalued to 30 June 2016): £500 p.a. ( $MP_{CARE}$ )  
(no debit or offset in respect of CARE benefits)

Factors (Female, aged 40 last birthday at Transfer date)	Club
$FACTOR^P$	8.79
$FACTOR^S$	1.24
$FACTOR^{GMP-PRE88}$	-0.94
$FACTOR^{GMP-POST88}$	-3.29

Note: We have assumed that no comparison is to be made against the transfer in benefits on a non-Club basis.

### a) Club calculation – salary related element

Cost of 1 year's service

$$£20,000 \times 1/60 \times [8.79 + 1.24 \times 60/160] = £3,085.00$$

Adjusted Transfer Value

$$£20,000 + [0 \times (-0.94)] + [£100.00 \times (-3.29)] = £19,671.00$$

Service credit

$$£19,671.00 / £3,085.00 = 6 \text{ years } 137 \text{ days}$$

This service credit is treated as if it had arisen in the 2009 Scheme.

### b) Club calculation – CARE element

Factors (Female, aged 40 last birthday at Transfer date)	Club
$SPROP_{SEND}$	0.5
$LSPROP_{SEND}$	0
$FACTOR^P_{SEND}$	7.90



<b>Factors (Female, aged 40 last birthday at Transfer date)</b>	<b>Club</b>
$FACTOR_{SEND}^S$	1.24
$FACTOR_{SEND}^L$	0.47
$FACTOR_{NPA}^P$	7.90
$FACTOR^S$	1.24

$$SF = 7.90 + (0.5 \times 1.24) + (0 \times 0.47) = 8.52$$

$$RF = 7.90 + (49 / 160 \times 1.24) = 8.27975$$

$$\begin{aligned} \text{Earned pension credit in the Scheme} &= 500.00 \times 8.52 / 8.27975 \\ &= \text{£}514.51 \text{ p.a.} \end{aligned}$$



## Appendix A – Cited regulations

### A.1 Excerpts from the 2014 Regulations<sup>4</sup>

#### Introduction and interpretation

##### 2. —

...

(2) The Scheme manager responsible for the administration of pensions and other benefits payable under these Regulations, is the Northern Ireland Local Government Officers' Superannuation Committee, and in these Regulations is referred to as "the Committee".

(3) The Department may, after consultation with the Government Actuary's Department, issue actuarial guidance to the Committee.

#### Rights to payment out of pension fund

##### 108.—

(1) A member may apply for a transfer under Chapter 4 or 5 of Part 4 of the 1993 Act (transfer values and early leavers) and where the member does so the amount of any transfer value payment due in respect of the member under the relevant transfer may only be paid by the Committee from the pension fund if the transfer value payment is a recognised transfer (within the meaning of section 169 (recognised transfers) of the 2004 Finance Act).

(2) Where such a transfer value payment is to be or has been paid from the pension fund, no other payment or transfer of assets may be made from the pension fund as respects the accrued rights covered by the transfer value payment.

(3) Paragraph (2) overrides anything to the contrary in these Regulations, the Transitional Regulations or the former regulations.

#### Inward transfers of pension rights

##### 112.—

(1) An active member with relevant pension rights may request the Committee to accept a transfer value payment for some or all of those rights from the relevant transferor.

(2) Relevant pension rights are-

(a) accrued rights under a registered pension scheme other than rights to benefits under the scheme which are attributable (directly or indirectly) to a pension credit; and

(b) accrued rights under a European pensions institution.

(3) Accrued rights under a registered pension scheme include rights to preserved benefits and rights appropriately secured under section 15 (discharge of liability where guaranteed minimum pensions secured by insurance policies or annuity contracts) of the 1993 Act.

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<sup>4</sup> The Local Government Pension Scheme Regulations (Northern Ireland) 2014 (SRNI 2014 / 188)



- (4) The relevant transferor is the trustees or managers of the scheme under which the transferring person's relevant pension rights arise.
- (5) But the relevant transferor for the rights specified in paragraph (3) is the trustees or managers of the scheme, or the insurance company, to which a payment in respect of the person's accrued rights has been made.
- (6) A request from a transferring person under paragraph (1) shall be made by notice in writing given before the expiry of the period of twelve months beginning with the date on which the person first became an active member in an employment (or such longer period as the Committee may allow).
- (7) Where a request under paragraph (1) is duly made, the Committee may accept the transfer value payment and credit it to the pension fund.

### **Effect of acceptance of transfer value payment**

#### **113.—**

- (1) Where a transfer value payment has been accepted under regulation 112 (inward transfers of pension rights), the Committee shall credit the active member's pension account with the appropriate amount of earned pension.
- (2) The calculation of the appropriate amount of earned pension for the purposes of paragraph (1) is to be in accordance with actuarial guidance issued by the Department.

## **A2. Excerpts from the 2015 Scheme Transitional Regulations<sup>5</sup>**

### **Transfers**

#### **9. —**

- (1) Where a transfer payment is received into the Scheme in respect of a person from a different public service pension scheme which includes a payment in respect of service before 1<sup>st</sup> April 2015 which would have entitled the person to final salary benefits in that scheme, such payment shall entitle that person to benefits under the Scheme as if they were payable as final salary benefits under the 2009 Scheme so long as the person in respect of whom the transfer payment is received has had no continuous break in active membership of any public service pension scheme of more than five years.

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<sup>5</sup> The Local Government Pension Scheme (Amendment and Transitional Provisions) Regulations (Northern Ireland) 2014 (SRNI 2014 / 189)



## Appendix B – Limitations

- B.1 This note and the associated Factor Suite should not be used for any purpose other than for guidance in the calculation of transfer values and pension or service credits for a transfer-in.
- B.2 The factors contained in the associated Factor Suite are subject to regular review. Administrators need to ensure that they are using the latest factors, as relevant, when processing cases.
- B.3 This note and the associated Factor Suite should be considered in their entirety as individual sections, if considered in isolation, may be misleading, and conclusions reached by a review of some sections on their own may be incorrect.
- B.4 This note only covers the actuarial principles around the calculation of transfer values and pension or service credits for a transfer-in. Any legal advice in this area should be sought from an appropriately qualified person or source.
- B.5 Administrators should satisfy themselves that the transfer values and pension or service credits calculated comply with all legislative requirements including, but not limited to, tax and contracting out requirements.
- B.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 DOE. In no circumstances should this guidance take precedence over the Regulations. Administrators should ensure that they comply with all relevant Regulations.