



Government Actuary's Department

Local Government Pension Scheme (Northern Ireland)

Use of accumulated AVCs to provide additional pension under the Scheme

Date: 30 March 2015
Authors: Ian Boonin FIA
Kevin Skinner FIA



Contents

| | page |
|--|-------------|
| 1 Introduction | 1 |
| 2 Calculation of additional pension | 3 |
| 3 Benefits purchased from AVC funds | 4 |
| 4 Factors for members retiring in normal health | 5 |
| 5 Factors for members retiring in ill health | 7 |
| Appendix A: Cited Regulations | 11 |
| Appendix B: Limitations | 16 |



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 calculation of additional pension to a retiring member from any additional voluntary contributions that are not taken as cash or used to secure an annuity with an insurance company.
- 1.2 The remainder of this introduction contains:
- > details of the implementation and future review of this guidance, and
 - > statements about third party reliance and liability
- 1.3 In the remainder of this note:
- > Section 2 describes the calculation of the pension deriving from the member’s AVCs
 - > Section 3 describes the benefits purchased
 - > Sections 4 and 5 set out the factors applicable where retirement is in normal and ill health respectively
 - > Appendix A quotes the relevant statutory references
 - > Appendix B sets out some important limitations.
- 1.4 The Government Actuary’s Department (GAD) seeks to achieve a high standard in all our work. Please go to our [website](#)¹ for details of the standards we apply.

Implementation and Review

- 1.5 DOE is required to consult GAD before issuing actuarial guidance under the 2014 Regulations [Regulation 2(3) of the 2014 Regulations].
- 1.6 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.
- 1.7 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.
- 1.8 This guidance replaces the previous guidance dated 21 March 2012 (together with the revised factors issued on 26 January 2015) but uses the same assumptions as were used in deriving the revised factors.

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



- 1.9 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.
- 1.10 The factors contained in this note are taken from other guidance prepared by GAD, which will be reviewed periodically. This will depend on external circumstances, for example when the LGPS cash equivalent transfer value basis is reviewed; when changes in the actuarial assumptions adopted for other scheme factors take place; or following each triennial cycle of future valuations of the LGPS.

Use of this note

- 1.11 This note has been prepared for DOE and can be relied upon by them. We are content for this note 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.
- 1.12 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

- 1.13 When issued by DOE in accordance with paragraph 1.7 above, this note 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, except to any extent explicitly stated herein.



2 Calculation of additional pension

- 2.1 The tables included in this note provide the amounts of additional pension payable to a member for each £100 of accumulated AVCs, according to the member's age at the date the member retires having become entitled to the immediate payment of retirement benefits.
- 2.2 Table 1 applies to members who retire having become entitled to the immediate payment of retirement benefits under Regulation 31 of the 2014 Regulations. Table 1 factors for members under age 55 will be provided by GAD on request.
- 2.3 Table 2 applies to members who retire having become entitled to an ill-health pension under Regulation 36 of the 2014 Regulations. Table 2 factors for members under age 30 will be provided by GAD on request.
- 2.4 Separate factors are provided for men and women.
- 2.5 An example calculation is provided below:

Example: Retirement in Normal Health

Member Details

| | |
|---|---|
| Date of Birth | 18 May 1951 |
| Sex | Male |
| Normal Pension Age | 65 |
| Date of election | 30 June 2015 |
| Amount of AVC fund | £20,000.00 |
| Age at date of election | 64 years 1 month |
| Amount of additional annual pension for every £100 of AVCs (from Table 1) | £5.74 |
| Amount of additional annual pension for an AVC fund of £20,000.00 | $£20,000.00 \times 5.74 / 100 = £1,148.00$ pa |



3 Benefits purchased from AVC funds

- 3.1 The additional pension is payable from the date used in the calculation. Increases after the date of commencement should be granted at the same time and at the same rate as the pension increases on the rest of the member's scheme pension.
- 3.2 The benefits provided to a member awarded additional pension are not fully specified in the regulations. However, DOE has confirmed the details of additional pension benefits described below.
- 3.3 A member will receive the following benefits:

Own benefits

- 3.4 The total pension awarded will be increased by the rate of additional pension purchased.
- 3.5 The additional pension may not be commuted for cash. If a member wishes to take some of his AVCs as a lump sum that part of the fund should not be converted to scheme pension.
- 3.6 On death in retirement before age 75 a lump sum is payable equal to ten times the annual rate of additional pension in payment before death, less the amount of additional pension already paid.
- 3.7 The additional pension is increased in accordance with the Pensions Increase Acts.

Dependants' benefits

- 3.8 The following additional benefits will be paid on the death of the member.
- 3.9 The additional spouse, civil partner or nominated cohabiting partner's pension is 30.625% (ie 49/160ths) of the rate of additional member's pension purchased, in accordance with Regulation 52 of the 2014 Regulations.
- 3.10 The child's additional pension is 15.3125% of the member's additional pension if there is one eligible child. If there are two or more eligible children then the total children's pension awarded is 30.625% of the member's additional pension and is shared equally between the eligible children, in accordance with Regulation 54 of the 2014 Regulations.
- 3.11 If there is no pension payable to an eligible spouse, civil partner or nominated cohabiting partner, then each additional child's pension is increased to a level one-third higher than that shown in 3.10 above, in accordance with Regulation 55 of the 2014 Regulations.
- 3.12 The dependant's additional pension is increased before it comes into payment on the same basis as applies to the member's pension. Once in payment, the dependant's additional pension is increased in accordance with the Pensions Increase Acts.



4 Factors for members retiring in normal health

Table 1 – Amount of additional annual pension for every £100 of accumulated AVCs

| Age at date member draws benefits from the AVC arrangement under Regulation 19(7), <i>in years and complete months</i> | | Pension (£ p.a.) | |
|--|-------------------------------|------------------|---------------|
| from | to | male | female |
| 55 years and 0 months | 55 years and 5 months | 4.73 | 4.65 |
| <i>55 years and 6 months</i> | <i>55 years and 11 months</i> | 4.77 | 4.68 |
| 56 years and 0 months | 56 years and 5 months | 4.81 | 4.73 |
| <i>56 years and 6 months</i> | <i>56 years and 11 months</i> | 4.86 | 4.77 |
| 57 years and 0 months | 57 years and 5 months | 4.91 | 4.81 |
| <i>57 years and 6 months</i> | <i>57 years and 11 months</i> | 4.95 | 4.85 |
| 58 years and 0 months | 58 years and 5 months | 5.00 | 4.90 |
| <i>58 years and 6 months</i> | <i>58 years and 11 months</i> | 5.06 | 4.95 |
| 59 years and 0 months | 59 years and 5 months | 5.11 | 5.00 |
| <i>59 years and 6 months</i> | <i>59 years and 11 months</i> | 5.16 | 5.05 |
| 60 years and 0 months | 60 years and 5 months | 5.22 | 5.10 |
| <i>60 years and 6 months</i> | <i>60 years and 11 months</i> | 5.28 | 5.15 |
| 61 years and 0 months | 61 years and 5 months | 5.34 | 5.21 |
| <i>61 years and 6 months</i> | <i>61 years and 11 months</i> | 5.40 | 5.26 |
| 62 years and 0 months | 62 years and 5 months | 5.46 | 5.32 |
| <i>62 years and 6 months</i> | <i>62 years and 11 months</i> | 5.53 | 5.39 |
| 63 years and 0 months | 63 years and 5 months | 5.60 | 5.45 |
| <i>63 years and 6 months</i> | <i>63 years and 11 months</i> | 5.67 | 5.52 |



| Age at date member draws benefits from the AVC arrangement under Regulation 19(7), <i>in years and complete months</i> | | Pension (£ p.a.) | |
|--|-------------------------------|------------------|---------------|
| from | to | male | female |
| 64 years and 0 months | 64 years and 5 months | 5.74 | 5.58 |
| <i>64 years and 6 months</i> | <i>64 years and 11 months</i> | 5.82 | 5.65 |
| 65 years and 0 months | 65 years and 5 months | 5.90 | 5.73 |
| <i>65 years and 6 months</i> | <i>65 years and 11 months</i> | 5.98 | 5.81 |
| 66 years and 0 months | 66 years and 5 months | 6.06 | 5.89 |
| <i>66 years and 6 months</i> | <i>66 years and 11 months</i> | 6.15 | 5.97 |
| 67 years and 0 months | 67 years and 5 months | 6.25 | 6.05 |
| <i>67 years and 6 months</i> | <i>67 years and 11 months</i> | 6.34 | 6.14 |
| 68 years and 0 months | 68 years and 5 months | 6.44 | 6.24 |
| <i>68 years and 6 months</i> | <i>68 years and 11 months</i> | 6.55 | 6.34 |
| 69 years and 0 months | 69 years and 5 months | 6.66 | 6.44 |
| <i>69 years and 6 months</i> | <i>69 years and 11 months</i> | 6.77 | 6.54 |
| 70 years and 0 months | 70 years and 5 months | 6.89 | 6.66 |
| <i>70 years and 6 months</i> | <i>70 years and 11 months</i> | 7.01 | 6.77 |
| 71 years and 0 months | 71 years and 5 months | 7.14 | 6.89 |
| <i>71 years and 6 months</i> | <i>71 years and 11 months</i> | 7.28 | 7.02 |
| 72 years and 0 months | 72 years and 5 months | 7.42 | 7.15 |
| <i>72 years and 6 months</i> | <i>72 years and 11 months</i> | 7.57 | 7.29 |
| 73 years and 0 months | 73 years and 5 months | 7.72 | 7.43 |
| <i>73 years and 6 months</i> | <i>73 years and 11 months</i> | 7.88 | 7.58 |
| 74 years and 0 months | 74 years and 5 months | 8.05 | 7.74 |
| <i>74 years and 6 months</i> | <i>74 years and 11 months</i> | 8.23 | 7.90 |



5 Factors for members retiring in ill health

Table 2 – Amount of additional annual pension for every £100 of accumulated AVCs

| Age at date member draws benefits from the AVC arrangement under Regulation 19(7), <i>in years and complete months</i> | | Pension (£ p.a.) | |
|--|-------------------------------|------------------|---------------|
| from | to | male | female |
| 30 years and 0 months | 30 years and 5 months | 3.87 | 3.76 |
| <i>30 years and 6 months</i> | <i>30 years and 11 months</i> | 3.88 | 3.77 |
| 31 years and 0 months | 31 years and 5 months | 3.90 | 3.78 |
| <i>31 years and 6 months</i> | <i>31 years and 11 months</i> | 3.91 | 3.79 |
| 32 years and 0 months | 32 years and 5 months | 3.93 | 3.80 |
| <i>32 years and 6 months</i> | <i>32 years and 11 months</i> | 3.94 | 3.82 |
| 33 years and 0 months | 33 years and 5 months | 3.95 | 3.83 |
| <i>33 years and 6 months</i> | <i>33 years and 11 months</i> | 3.97 | 3.84 |
| 34 years and 0 months | 34 years and 5 months | 3.98 | 3.86 |
| <i>34 years and 6 months</i> | <i>34 years and 11 months</i> | 4.00 | 3.87 |
| 35 years and 0 months | 35 years and 5 months | 4.01 | 3.88 |
| <i>35 years and 6 months</i> | <i>35 years and 11 months</i> | 4.03 | 3.90 |
| 36 years and 0 months | 36 years and 5 months | 4.04 | 3.91 |
| <i>36 years and 6 months</i> | <i>36 years and 11 months</i> | 4.06 | 3.93 |
| 37 years and 0 months | 37 years and 5 months | 4.07 | 3.94 |
| <i>37 years and 6 months</i> | <i>37 years and 11 months</i> | 4.09 | 3.96 |
| 38 years and 0 months | 38 years and 5 months | 4.10 | 3.97 |
| <i>38 years and 6 months</i> | <i>38 years and 11 months</i> | 4.12 | 3.99 |
| 39 years and 0 months | 39 years and 5 months | 4.13 | 4.00 |
| <i>39 years and 6 months</i> | <i>39 years and 11 months</i> | 4.15 | 4.02 |
| 40 years and 0 months | 40 years and 5 months | 4.17 | 4.03 |
| <i>40 years and 6 months</i> | <i>40 years and 11 months</i> | 4.18 | 4.05 |
| 41 years and 0 months | 41 years and 5 months | 4.20 | 4.07 |
| <i>41 years and 6 months</i> | <i>41 years and 11 months</i> | 4.22 | 4.09 |
| 42 years and 0 months | 42 years and 5 months | 4.24 | 4.11 |



| Age at date member draws benefits from the AVC arrangement under Regulation 19(7), <i>in years and complete months</i> | | Pension (£ p.a.) | |
|--|-------------------------------|------------------|---------------|
| from | to | male | female |
| <i>42 years and 6 months</i> | <i>42 years and 11 months</i> | 4.26 | 4.12 |
| <i>43 years and 0 months</i> | <i>43 years and 5 months</i> | 4.28 | 4.14 |
| <i>43 years and 6 months</i> | <i>43 years and 11 months</i> | 4.30 | 4.16 |
| <i>44 years and 0 months</i> | <i>44 years and 5 months</i> | 4.32 | 4.18 |
| <i>44 years and 6 months</i> | <i>44 years and 11 months</i> | 4.34 | 4.21 |
| <i>45 years and 0 months</i> | <i>45 years and 5 months</i> | 4.36 | 4.23 |
| <i>45 years and 6 months</i> | <i>45 years and 11 months</i> | 4.39 | 4.25 |
| <i>46 years and 0 months</i> | <i>46 years and 5 months</i> | 4.41 | 4.28 |
| <i>46 years and 6 months</i> | <i>46 years and 11 months</i> | 4.44 | 4.30 |
| <i>47 years and 0 months</i> | <i>47 years and 5 months</i> | 4.47 | 4.32 |
| <i>47 years and 6 months</i> | <i>47 years and 11 months</i> | 4.49 | 4.35 |
| <i>48 years and 0 months</i> | <i>48 years and 5 months</i> | 4.52 | 4.38 |
| <i>48 years and 6 months</i> | <i>48 years and 11 months</i> | 4.56 | 4.40 |
| <i>49 years and 0 months</i> | <i>49 years and 5 months</i> | 4.59 | 4.43 |
| <i>49 years and 6 months</i> | <i>49 years and 11 months</i> | 4.62 | 4.46 |
| <i>50 years and 0 months</i> | <i>50 years and 5 months</i> | 4.65 | 4.49 |
| <i>50 years and 6 months</i> | <i>50 years and 11 months</i> | 4.69 | 4.52 |
| <i>51 years and 0 months</i> | <i>51 years and 5 months</i> | 4.72 | 4.55 |
| <i>51 years and 6 months</i> | <i>51 years and 11 months</i> | 4.76 | 4.58 |
| <i>52 years and 0 months</i> | <i>52 years and 5 months</i> | 4.80 | 4.61 |
| <i>52 years and 6 months</i> | <i>52 years and 11 months</i> | 4.84 | 4.65 |
| <i>53 years and 0 months</i> | <i>53 years and 5 months</i> | 4.88 | 4.68 |
| <i>53 years and 6 months</i> | <i>53 years and 11 months</i> | 4.92 | 4.72 |
| <i>54 years and 0 months</i> | <i>54 years and 5 months</i> | 4.96 | 4.75 |
| <i>54 years and 6 months</i> | <i>54 years and 11 months</i> | 5.00 | 4.79 |
| <i>55 years and 0 months</i> | <i>55 years and 5 months</i> | 5.05 | 4.83 |
| <i>55 years and 6 months</i> | <i>55 years and 11 months</i> | 5.09 | 4.87 |



| Age at date member draws benefits from the AVC arrangement under Regulation 19(7), <i>in years and complete months</i> | | Pension (£ p.a.) | |
|--|------------------------|------------------|---------------|
| from | to | male | female |
| 56 years and 0 months | 56 years and 5 months | 5.14 | 4.91 |
| 56 years and 6 months | 56 years and 11 months | 5.19 | 4.95 |
| 57 years and 0 months | 57 years and 5 months | 5.24 | 4.99 |
| 57 years and 6 months | 57 years and 11 months | 5.29 | 5.04 |
| 58 years and 0 months | 58 years and 5 months | 5.35 | 5.08 |
| 58 years and 6 months | 58 years and 11 months | 5.40 | 5.13 |
| 59 years and 0 months | 59 years and 5 months | 5.46 | 5.18 |
| 59 years and 6 months | 59 years and 11 months | 5.51 | 5.23 |
| 60 years and 0 months | 60 years and 5 months | 5.57 | 5.28 |
| 60 years and 6 months | 60 years and 11 months | 5.63 | 5.34 |
| 61 years and 0 months | 61 years and 5 months | 5.70 | 5.39 |
| 61 years and 6 months | 61 years and 11 months | 5.76 | 5.45 |
| 62 years and 0 months | 62 years and 5 months | 5.83 | 5.51 |
| 62 years and 6 months | 62 years and 11 months | 5.90 | 5.57 |
| 63 years and 0 months | 63 years and 5 months | 5.97 | 5.64 |
| 63 years and 6 months | 63 years and 11 months | 6.04 | 5.70 |
| 64 years and 0 months | 64 years and 5 months | 6.12 | 5.77 |
| 64 years and 6 months | 64 years and 11 months | 6.20 | 5.85 |
| 65 years and 0 months | 65 years and 5 months | 6.28 | 5.92 |
| 65 years and 6 months | 65 years and 11 months | 6.36 | 6.00 |
| 66 years and 0 months | 66 years and 5 months | 6.45 | 6.08 |
| 66 years and 6 months | 66 years and 11 months | 6.54 | 6.17 |
| 67 years and 0 months | 67 years and 5 months | 6.63 | 6.25 |
| 67 years and 6 months | 67 years and 11 months | 6.73 | 6.35 |
| 68 years and 0 months | 68 years and 5 months | 6.83 | 6.44 |
| 68 years and 6 months | 68 years and 11 months | 6.94 | 6.54 |
| 69 years and 0 months | 69 years and 5 months | 7.05 | 6.65 |
| 69 years and 6 months | 69 years and 11 months | 7.17 | 6.76 |



| Age at date member draws benefits from the AVC arrangement under Regulation 19(7), <i>in years and complete months</i> | | Pension (£ p.a.) | |
|--|------------------------|------------------|---------------|
| from | to | male | female |
| 70 years and 0 months | 70 years and 5 months | 7.29 | 6.87 |
| 70 years and 6 months | 70 years and 11 months | 7.41 | 6.99 |
| 71 years and 0 months | 71 years and 5 months | 7.54 | 7.11 |
| 71 years and 6 months | 71 years and 11 months | 7.68 | 7.24 |
| 72 years and 0 months | 72 years and 5 months | 7.82 | 7.38 |
| 72 years and 6 months | 72 years and 11 months | 7.97 | 7.52 |
| 73 years and 0 months | 73 years and 5 months | 8.12 | 7.66 |
| 73 years and 6 months | 73 years and 11 months | 8.28 | 7.82 |
| 74 years and 0 months | 74 years and 5 months | 8.45 | 7.97 |
| 74 years and 6 months | 74 years and 11 months | 8.62 | 8.14 |



Appendix A: Cited Regulations

Excerpts from the 2014 Regulations²

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.

Additional voluntary contributions

19. —

...

(7) If a member draws benefits under regulation 31(2), (2), (4), (5), (7), (10), (11), (12) (retirement benefits) or regulation 36 (early payment of retirement pension on ill-health grounds: active members) or, if a member who draws benefits under regulation 31(6) (retirement benefits, flexible retirement pensions) makes an election to draw the realisable value in the AVC arrangement at the same time, that member shall notify the Committee in writing that the realisable value, under arrangements made under this regulation,—

(a) is to be taken in full or in part by the member as a lump sum, and where only part is taken as a lump sum, the member shall specify the amount to be so taken; or

(b) to the extent that the realisable value has not been taken as a lump sum, it is to be used—

(i) to purchase additional pension under the Scheme, the amount of which is to be determined by the Committee in accordance with actuarial guidance issued by the Department; or

(ii) to purchase an annuity from one or more insurance companies (within the meaning of section 275 of the 2004 Finance Act).

Retirement benefits

31.—

(1) Subject to paragraph (3) a member who attains normal pension age and is not an employee in local government employment is entitled to, and shall take, immediate payment of a retirement pension without reduction.

² The Local Government Pension Scheme Regulations (Northern Ireland) 2014 (SRNI 2014/188)



- (2) A member to whom paragraph (1) applies and who has concurrent employments may draw a pension in relation to an employment so long as the member is not an employee in local government employment.
- (3) A member to whom paragraph (1) applies may elect to defer payment of a retirement pension to a date after that member's normal pension age up to the date when that member attains the age of 75.
- (4) A member who starts to receive payment of a retirement pension from a date after that member's normal pension age is entitled to enhancement of the pension by the amount shown as appropriate in actuarial guidance issued by the Department.
- (5) A member who has not attained normal pension age but who has attained the age of 55 or over, may elect to receive immediate payment of a retirement pension in relation to an employment if that member is not an employee in local government employment in that employment, reduced by the amount shown as appropriate in actuarial guidance issued by the Department.
- (6) An active member who has attained the age of 55 or over who reduces working hours or grade of an employment may, with the employing authority's consent, elect to receive immediate payment of all or part of the retirement pension to which that member would be entitled in respect of that employment if that member were not an employee in local government employment on the date of the reduction in hours or grade, adjusted by the amount shown as appropriate in actuarial guidance issued by the Department.
- (7) Where an active member who has attained the age of 55 or over is dismissed from an employment by reason of redundancy or business efficiency, or whose employment is terminated by mutual consent on grounds of business efficiency, that member is entitled to, and shall take immediate payment of—
- (a) retirement pension relating to that employment payable under regulation 18 (additional pension contributions), adjusted by the amount shown as appropriate in actuarial guidance issued by the Department; and
 - (b) any other retirement pension relating to that employment payable under these Regulations, without reduction.
- ...
- (10) Subject to paragraph (11), a pension credit member who attains normal pension age is entitled to, and shall take, immediate payment of a retirement pension deriving from the pension credit, without reduction, irrespective of whether that pension credit member is also an employee in local government employment.
- (11) A pension credit member may elect to defer payment of a retirement pension deriving from a pension credit to a date after that member's normal pension age and, if the member does so, is entitled to immediate payment of a retirement pension from any date up to the date when that member attains the age of 75, enhanced by the amount shown as appropriate in actuarial guidance issued by the Department, irrespective of whether the pension credit member is also an employee in local government employment.
- (12) A pension credit member who has attained the age of 55 or over may elect to receive immediate payment of a retirement pension deriving from the pension credit, reduced by the amount shown as appropriate in actuarial guidance issued by the Department, irrespective of whether the pension credit member is also an employee in local government employment.



Early payment of retirement pension on ill-health grounds: active members

36.—

(1) Where an active member who has qualifying service for a period of two years or more ceases local government employment on the grounds that—

- (a) the member's ill-health or infirmity of mind or body renders the member permanently incapable of discharging efficiently the duties of the employment the member was engaged in; and
- (b) the member, as a result of ill-health or infirmity of mind or body, has a reduced likelihood of being capable of undertaking any gainful employment before reaching normal pension age,

the Committee may, at the request of the employing authority, determine that the member's retirement pension comes into payment before the member's normal pension age in accordance with this regulation.

Survivor benefits: partners of pensioner members

52.—

(1) If a pensioner member (other than a pensioner member where the pension the member was in receipt of was derived from a pension credit) dies leaving a surviving spouse, civil partner or nominated co-habiting partner, that person is entitled to a pension which shall come into payment on the day following the member's death.

...

(3) The opening balance of the survivor member's pension account is the amount of pension payable to the survivor calculated in accordance with paragraph (4).

(4) The amount of a pension payable under paragraph (3) is calculated by adding together the pension that the member would have been entitled to draw on the date of the member's death if—

...

- (e) the pension included 30.625% of any additional pension purchased under regulation 19(7)(b)(i) (additional voluntary contributions); and

Survivor benefits: children of pensioner members

53.—

(1) If a pensioner member (other than a pensioner member where the pension the member was in receipt of was derived from a pension credit) dies leaving one or more eligible children, the eligible children are entitled to a children's pension which shall come into payment on the day following the member's death.

...

(3) The children's pension shall be calculated in accordance with regulation 54 or regulation 55.



Survivor benefits: children of pensioner member where pension is payable to partner of pensioner member

54.—

(1) If a pension is payable to a partner of a pensioner member under regulation 52(1) (survivor benefits: partners of pensioner members), the Committee shall open a survivor member's pension account for the eligible child or children from the day following the member's death.

(2) The opening balance of a survivor member's pension account opened under paragraph (1), is the amount of pension payable to the eligible child or children calculated in accordance with paragraph (3) or (4) but if the pension payable under regulation 52(1) (survivor benefits: partners of pensioner members) ceases to be paid, the pension payable to the eligible child or children is recalculated in accordance with regulation 55(3) or 55(4) from the day following the date the pension under regulation 52(1) ceased to be paid.

(3) The amount of pension payable under paragraph (2) where there is only one such eligible child is calculated by adding together the pension that the member would have been entitled to draw on the date of the member's death if—

...

(f) the pension included 15.3125% of any additional pension purchased under regulation 19(7)(b)(i) (additional voluntary contributions).

(4) The amount of pension payable under paragraph (2) where there is more than one such eligible child, is payable to those children in equal shares and is calculated by adding together the pension that the member would have been entitled to draw on the date of the member's death if—

...

(f) the pension included 30.625% of any additional pension purchased under regulation 19(7)(b)(i) (additional voluntary contributions).

(5) At the point at which the number of eligible children is reduced to one, if a pension is still payable to a surviving partner under regulation 52(1) (survivor benefits: partners of pensioner members), the pension payable to that eligible child is recalculated in accordance with paragraph (3) as from the day following the date the other eligible child's or children's pension ceased to be paid.

Survivor benefits: children of pensioner member where no pension is payable to partner of pensioner member

55.—

(1) If, on the day following the member's death, no pension is payable to a partner of a pensioner member under regulation 52(1) (survivor benefits: partners of pensioner members), the Committee shall close the pensioner member's pension account and shall open a survivor member's pension account for the eligible child or children from the day following the member's death.

(2) The opening balance of a survivor member's pension account opened under paragraph (1) is the amount of pension payable to the eligible child or children, calculated in accordance with paragraph (3) or (4).



(3) The amount of pension payable under paragraph (2) where there is only one such eligible child is calculated by adding together the pension that the member would have been entitled to draw on the date of the member's death if—

...

(f) the pension included 20.41667% of any additional pension purchased under regulation 19(7)(b)(i) (additional voluntary contributions).

(4) The amount of pension payable under paragraph (2) where there is more than one such eligible child, is payable to those children in equal shares and is calculated by adding together the pension that the member would have been entitled to draw if—

...

(f) the pension included 40.83333% of any additional pension purchased under regulation 19(7)(b)(i) (additional voluntary contributions).

(5) At the point at which the number of eligible children is reduced to one, the pension payable to that child is recalculated in accordance with paragraph (3) as from the date the other child's or children's pension ceased to be paid.



Appendix B: Limitations

- B.1 This note should not be used for any purpose other than to determine the additional pension due to a member's AVCs in accordance with the regulations cited above.
- B.2 The factors contained in this note 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 should be considered in its 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 additional pension from a member's AVCs. Any legal advice in this area should be sought from an appropriately qualified person or source.
- B.5 Administrators should satisfy themselves that the additional pension from a member's AVCs complies with all legislative requirements including, but not limited to, tax 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.