



Government
Actuary's
Department

Local Government Pension Scheme (England and Wales)

Trivial Commutation

Factors and guidance

Date: 15 April 2020





Contents

| | page |
|---|-------------|
| 1 Introduction | 1 |
| 2 Commutation of a Member's pension | 4 |
| 3 Commutation of a Dependant's pension | 6 |
| 4 Commutation of Children's pensions | 7 |
| 5 Commutation of a Pension Credit Member's pension | 8 |
| 6 Examples | 9 |
| Appendix A: Assumptions underlying factors | 11 |
| Appendix B: Factors | 12 |
| Appendix C: Limitations | 18 |



1 Introduction

- 1.1 The Secretary of State for Housing, Communities and Local Government is required under The Local Government Pension Scheme Regulations 2013 ('the 2013 Regulations') (SI 2013/2356) to issue actuarial guidance on the calculation of the amounts payable on trivial commutation of a pension, either on a member's retirement, or following a member's death.
- 1.2 This guidance relates to commutation of trivial or, where applicable, small benefit rights, regardless of whether the member has been an active member of the 2014 Scheme, or whether the benefits were earned before or after 1 April 2014. It also applies to councillors.
- 1.3 The remainder of this introduction contains:
- details of the implementation and future review of this guidance,
 - the relevant legislative references, and
 - statements about third party reliance and liability
- 1.4 In the remainder of this note:
- Sections 2 to 5 deal respectively with the trivial commutation of a member's pension, a dependant's pension, children's pensions, and a pension credit member's pension, where the relevant conditions are met
 - Section 6 provides examples
 - Appendix A sets out the underlying assumptions used in the calculation of the factors contained in this guidance note
 - Appendix B sets out the factors
 - Appendix C sets out some important limitations

Implementation and Review

- 1.5 The Secretary of State is required to consult GAD before issuing actuarial guidance under the 2013 Regulations [Regulation 2(3) of the 2013 Regulations].
- 1.6 As part of this consultation MHCLG has asked GAD to recommend actuarial guidance in respect of the regulations detailed above. 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 the Secretary of State in accordance with Regulation 2(3) of the 2013 Regulations and is subject to the implementation instructions provided at that time.
- 1.8 This guidance is intended to supersede advice previously issued, for the purposes of trivial commutation calculations, carried out from the date issued on the front of this note. No advice issued in the past should be used for cases after this date. In particular, this guidance supersedes:



“Local Government Pension Scheme (England and Wales): Trivial Commutation” dated 14 April 2016.

- 1.9 The factors in this note have been updated but the calculation methodology remains unchanged.
- 1.10 Factors contained in this note are reproduced from the latest consolidated factors workbook as at the date of this note. The factors contained in this guidance note were implemented in advance of this note and apply from 8 January 2019. This implementation date was determined by MHCLG.
- 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 LGPS (England and Wales). Any questions concerning the application of the guidance should, in the first instance, be referred to MHCLG.
- 1.12 The factors contained in this note will be subject to review periodically. This will depend on external circumstances, for example whenever there is a change in the SCAPE basis; when changes in the actuarial assumptions adopted for other scheme factors take place; or following each future actuarial valuation where mortality and other relevant experience is reviewed or if other credible and material information comes to light.

Relevant legislative references

- 1.13 Regulation 34 of the 2013 Regulations provides that a member may elect to receive a lump sum through trivial commutation in lieu of pension payments.
- 1.14 Regulation 39 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (SI 2007/1166) (“the Benefit Regulations”) permits administering authorities to pay a lump sum representing the capital value of a small pension to a member, or a surviving dependant of a deceased member. Regulation 39 (2) of the Benefit regulations states that the lump sum is calculated in accordance with guidance issued by the Government Actuary.
- 1.15 Regulation 156(3) of the Local Government Pension Scheme Regulations 1997 (SI 1997/1612) (“the 1997 Regulations”) permits administering authorities to pay a lump sum representing the capital value of a small pension to a pension credit member.
- 1.16 Regulation 3(12) of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (SI 2014/525) (“the Transitional Regulations”) requires that any reference to guidance issued by the Government Actuary under earlier regulations is to be construed as a reference to actuarial guidance issued by the Secretary of State as defined by the 2013 Regulations.

Third party reliance

- 1.17 This guidance has been prepared for the use of MHCLG and the scheme administrators for the purposes of demonstrating the application of the factors covered by this guidance only. This guidance may be published on MHCLG and the scheme administrator’s website but must not otherwise be reproduced, distributed or communicated in whole or in part to any other person without GAD’s prior written permission.



- 1.18 Other than MHCLG and the scheme administrators, no person or third party is entitled to place any reliance on the contents of this guidance, except to any extent explicitly stated herein. GAD has no liability to any person or third party for any action taken or for any failure to act, either in whole or in part, on the basis of this guidance, whether or not GAD has agreed to the disclosure of its advice to the third party.



2 Commutation of a Member's pension

- 2.1 Payment of a trivial commutation lump sum in respect of a pension is permitted under Regulation 34 of the 2013 Regulations and discharges administering authorities from their liability for any pension payable to the member, and for any pensions or lump sums which may become payable on the member's death (including children's pensions).
- 2.2 The factors are set out at Table A in Appendix B. For continuity of formatting with the previous factor tables, these are tabulated separately for male and female members. However, the factors are identical for males and females.
- 2.3 A case involving a member who retired in normal health who is under age 55 should be referred to MHCLG, for onward transmission to GAD, with full details.
- 2.4 A case involving a member who retired in ill health should be referred to MHCLG, for onward transmission to GAD, with full details.
- 2.5 Table A gives the age specific factor to be multiplied respectively by the member's total pension (including any GMP) and the contingent spouse's, civil partner's or eligible cohabiting partner's pension payable on the member's death.
- 2.6 The inclusion of an amount relating to a dependant's pension applies whether or not the member has a spouse, civil partner or eligible cohabiting partner at the time the commutation occurs.
- 2.7 MHCLG have confirmed that the calculations of trivial commutation amounts should use the same assumption on survivor entitlement for all members regardless of their gender or current relationship with a potential future survivor. The calculation should use the survivor benefit amount that would be payable to a pre-leaving female spouse (widow).
- 2.8 The lump sum capital value payable should be determined in accordance with the following formula:

$$\begin{aligned} & \text{Member's pension x Fac1} \\ & \text{plus} \\ & \text{Dependant's pension x Fac2} \end{aligned}$$

Where:

Fac1 = factor applied to Member's pension

Fac2 = factor applied to Dependant's pension payable on the member's death

Both factors are taken from Table A (Table 0-501A or 0-501B in the consolidated factors workbook).

- 2.9 The 'Member and Dependant's pension' is the pension that would otherwise be paid if trivial commutation were not to proceed. Therefore, this pension is the pension after any reduction due to commutation for tax-free cash if relevant.



- 2.10 Various restrictions on the trivial commutation of pensions are imposed by both the pension taxation regime under the Finance Act 2004 (and any amending legislation) and contracting out legislation. Administrators should ensure that the payment of a lump sum in lieu of a small pension is compliant with these restrictions as well as with the LGPS scheme regulations..



3 Commutation of a Dependant's pension

- 3.1 Administering authorities may commute the pension which is payable on a member's death to any surviving spouse, civil partner or eligible cohabiting partner or to (or in respect of) an eligible child or children by paying a trivial commutation lump sum death benefit.
- 3.2 Table B in Appendix B sets out age/sex specific factors for the surviving spouse, civil partner or eligible cohabiting partner. For consistency with previous guidance, these factors are set out separately for males and females. These factors are multiplied by the dependant's total pension (including any GMP) to give the lump sum capital value payable.
- 3.3 This formula only allows for the dependant's pension: any lump sum death benefits should be paid separately.
- 3.4 The lump sum capital value payable should be determined in accordance with the following formula:

Dependant's Pension x Fac1

Where:

Fac1 = factor taken from Table B according to the sex of the Dependant (Table 0-502A or 0-502B in the consolidated factor workbook).

The 'Dependant's pension' is the pension that would otherwise be paid if trivial commutation were not to proceed.

- 3.5 Various restrictions on the trivial commutation of dependant's pensions are imposed by both the pension taxation regime under the Finance Act 2004 (and any amending legislation) and contracting out legislation. Administrators should ensure that the payment of a lump sum in lieu of a small pension is compliant with these restrictions as well as with the LGPS scheme regulations.



4 Commutation of Children's pensions

- 4.1 Table C gives the factors to be multiplied by the pension payable to or in respect of children. This table should be used to value a pension which is payable to, or in respect of, an eligible child or children.
- 4.2 All the factors for children are independent of gender. Those for children aged up to 15 are based on the child's age, while those for children aged 16 and over are based on the length of time until their 18th birthday or if longer that the child is expected to remain in full-time education or vocational training (up to an upper limit of the child's 23rd birthday). Administering authorities should determine this period in the light of the individual child's circumstances.
- 4.3 Where a factor is required for a child aged 16 and over which does not relate to a whole number of years, this should be rounded to the nearest whole number of years.
- 4.4 No factors are provided to value a pension to a child who is incapacitated. Children's long-term pension should not be commuted where one of the children in the family who is receiving a pension is under age 17 and incapacitated.
- 4.5 A case involving a child over age 17 who is not in full-time education or vocational training but is still an eligible child because he or she is incapacitated should be referred to MHCLG, for onward transmission to GAD, with full details.
- 4.6 The lump sum capital value payable should be determined in accordance with the following formula:

Child's Pension x Fac1

Where:

Fac1 = factor taken from Table C (Table 0-503A or 0-503B in the consolidated factors workbook).

The 'Child's pension' is the pension that would otherwise be paid if trivial commutation were not to proceed.

- 4.7 Various restrictions on the trivial commutation of children's pensions are imposed by both the pension taxation regime under the Finance Act 2004 (and any amending legislation). Administrators should ensure that the payment of a lump sum in lieu of a small pension is compliant with these restrictions as well as with the LGPS scheme regulations.



5 Commutation of a Pension Credit Member's pension

- 5.1 Administering authorities may commute the pension payable to a pension credit member into a trivial commutation lump sum.
- 5.2 Table B should be used to capitalise lump sum benefits for pension credit members.
- 5.3 The lump sum capital value payable should be determined in accordance with the following formula:

Pension credit member's pension x Fac1

Where:

Fac1 = factor taken from Table B according to the sex of the pension credit member (Table 0-502A or 0-502B in the consolidated factors workbook).

The 'Pension credit member's pension' is the pension that would otherwise be paid if trivial commutation were not to proceed.

- 5.4 Various restrictions on the trivial commutation of a pension credit member's pension are imposed by both the pension taxation regime under the Finance Act 2004 (and any amending legislation). Administrators should ensure that the payment of a lump sum in lieu of a small pension is compliant with these restrictions as well as with the LGPS scheme regulations.



6 Examples

Example 1 – Trivial commutation - member's pension coming into payment at capitalisation date

| | |
|---|---------------|
| Sex: | Male |
| Date of birth: | 15 March 1957 |
| Effective capitalisation date: | 29 June 2020 |
| Age in complete years on effective capitalisation date: | 63 |
| Member's total pension in payment: | £500 pa |
| Dependant's pension payable on the member's death: | £180 pa |

Factors taken from **Table A** in **Appendix B**:

| | |
|--------|-------|
| Fac1 = | 19.09 |
| Fac2 = | 1.93 |

Trivial commutation lump sum payable:

$$\begin{aligned} & \text{(Member's pension} \times \text{Fac1)} + \text{(Dependant's pension} \times \text{Fac2)} \\ & = (\text{£}500.00 \times 19.09) + (\text{£}180.00 \times 1.93) \\ & = \text{£}9,892.40 \end{aligned}$$

Example 2 – Trivial commutation - Dependant's pension coming into payment at capitalisation date

| | |
|---|---------------|
| Sex: | Female |
| Date of birth: | 15 March 1967 |
| Effective capitalisation date: | 29 June 2020 |
| Age in complete years on effective capitalisation date: | 53 |
| Dependant's pension payable on the member's death: | £325 pa |

Factors taken from **Table B** in **Appendix B**:

| | |
|--------|-------|
| Fac1 = | 23.46 |
|--------|-------|

Trivial commutation lump sum payable: **Dependant's pension x Fac1**

$$\begin{aligned} & = (\text{£}325.00 \times 23.46) \\ & = \text{£}7,624.50 \end{aligned}$$

Note that the same factor table would apply to a trivial commutation of a pension credit member's pension – see section 5 for relevant formula.



Example 3– Child's pension coming into payment at capitalisation date

Date of birth: 23 August 2001
Effective capitalisation date: 29 June 2019
Age in complete years on effective capitalisation date: 17
Number of years expected to remain in full-time education or vocational training: 4 years
(illustrative)

Child's total pension in payment: £660 pa

Factors taken from **Table C** in **Appendix B**:

Fac1 = 3.82

Trivial commutation lump sum payable = **Child's Pension** × **Fac1**

= £660.00 × 3.82

= £2,521.20



Appendix A: Assumptions underlying factors

Financial assumptions

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

Mortality assumptions

| | |
|---|---|
| Base mortality tables, normal health | 101% S2NMA and 92% S2NFA |
| ill health | 107% S2IMA and 106% S2IFA |
| dependants | 132% S2NMA and 106% S2NFA |
| Future mortality improvement | Based on ONS principal UK population projections 2016 |
| Year of Use | 2020 |

Other assumptions

Proportion of male members for unisex factors 35% and 65% for dependants

Proportion partnered

| Age | Males | Females |
|-----|-------|---------|
| 60 | 80% | 75% |
| 70 | 78% | 57% |
| 80 | 64% | 28% |
| 90 | 36% | 8% |

Age difference between member and partner Males assumed 3 years older than partner. Females assumed 2 years younger than partner.



Appendix B: Factors

**Table A: Factors for member's pension – Male member (see Section 2)
(Table 0-501A in consolidated factor workbook)**

| Member's age last birthday at the date of commutation | Factor to apply to member's pension (Fac1) | Factor to apply to dependant's pension (Fac2) |
|--|---|--|
| 55 | 22.89 | 1.82 |
| 56 | 22.44 | 1.84 |
| 57 | 21.98 | 1.85 |
| 58 | 21.52 | 1.87 |
| 59 | 21.04 | 1.88 |
| 60 | 20.56 | 1.90 |
| 61 | 20.08 | 1.91 |
| 62 | 19.59 | 1.92 |
| 63 | 19.09 | 1.93 |
| 64 | 18.58 | 1.94 |
| 65 | 18.04 | 1.94 |
| 66 | 17.47 | 1.95 |
| 67 | 16.88 | 1.95 |
| 68 | 16.29 | 1.95 |
| 69 | 15.69 | 1.85 |
| 70 | 15.08 | 1.74 |
| 71 | 14.47 | 1.73 |
| 72 | 13.87 | 1.72 |
| 73 | 13.26 | 1.71 |
| 74 | 12.67 | 1.59 |
| 75 | 12.08 | 1.47 |
| 76 | 11.51 | 1.45 |
| 77 | 10.93 | 1.42 |
| 78 | 10.36 | 1.40 |
| 79 | 9.80 | 1.25 |
| 80 | 9.24 | 1.10 |
| 81 | 8.69 | 1.07 |
| 82 | 8.15 | 1.03 |
| 83 | 7.62 | 1.00 |
| 84 | 7.10 | 0.86 |
| 85 | 6.61 | 0.71 |
| 86 | 6.13 | 0.68 |
| 87 | 5.68 | 0.65 |



**Table A: Factors for member's pension – Male member (see Section 2)
(Table 0-501A in consolidated factor workbook)**

| Member's age last birthday at the date of commutation | Factor to apply to member's pension (Fac1) | Factor to apply to dependant's pension (Fac2) |
|--|---|--|
| 88 | 5.26 | 0.62 |
| 89 | 4.87 | 0.49 |
| 90 | 4.51 | 0.37 |
| 91 | 4.16 | 0.35 |
| 92 | 3.85 | 0.32 |
| 93 | 3.55 | 0.30 |
| 94 | 3.28 | 0.28 |
| 95 | 3.04 | 0.26 |
| 96 | 2.82 | 0.24 |
| 97 | 2.63 | 0.22 |
| 98 | 2.47 | 0.20 |
| 99 | 2.32 | 0.19 |
| 100 | 2.19 | 0.17 |

**Table A: Factors for member's pension – Female member (see Section 2)
(Table 0-501B in consolidated factor workbook)**

| Member's age last birthday at the date of commutation | Factor to apply to member's pension (Fac1) | Factor to apply to dependant's pension (Fac2) |
|--|---|--|
| 55 | 22.89 | 1.82 |
| 56 | 22.44 | 1.84 |
| 57 | 21.98 | 1.85 |
| 58 | 21.52 | 1.87 |
| 59 | 21.04 | 1.88 |
| 60 | 20.56 | 1.90 |
| 61 | 20.08 | 1.91 |
| 62 | 19.59 | 1.92 |
| 63 | 19.09 | 1.93 |
| 64 | 18.58 | 1.94 |
| 65 | 18.04 | 1.94 |
| 66 | 17.47 | 1.95 |
| 67 | 16.88 | 1.95 |
| 68 | 16.29 | 1.95 |
| 69 | 15.69 | 1.85 |
| 70 | 15.08 | 1.74 |



**Table A: Factors for member's pension – Female member (see Section 2)
(Table 0-501B in consolidated factor workbook)**

| Member's age last birthday at the date of commutation | Factor to apply to member's pension (Fac1) | Factor to apply to dependant's pension (Fac2) |
|--|---|--|
| 71 | 14.47 | 1.73 |
| 72 | 13.87 | 1.72 |
| 73 | 13.26 | 1.71 |
| 74 | 12.67 | 1.59 |
| 75 | 12.08 | 1.47 |
| 76 | 11.51 | 1.45 |
| 77 | 10.93 | 1.42 |
| 78 | 10.36 | 1.40 |
| 79 | 9.80 | 1.25 |
| 80 | 9.24 | 1.10 |
| 81 | 8.69 | 1.07 |
| 82 | 8.15 | 1.03 |
| 83 | 7.62 | 1.00 |
| 84 | 7.10 | 0.86 |
| 85 | 6.61 | 0.71 |
| 86 | 6.13 | 0.68 |
| 87 | 5.68 | 0.65 |
| 88 | 5.26 | 0.62 |
| 89 | 4.87 | 0.49 |
| 90 | 4.51 | 0.37 |
| 91 | 4.16 | 0.35 |
| 92 | 3.85 | 0.32 |
| 93 | 3.55 | 0.30 |
| 94 | 3.28 | 0.28 |
| 95 | 3.04 | 0.26 |
| 96 | 2.82 | 0.24 |
| 97 | 2.63 | 0.22 |
| 98 | 2.47 | 0.20 |
| 99 | 2.32 | 0.19 |
| 100 | 2.19 | 0.17 |



**Table B: Factors for surviving adult dependant's and pension credit member's pension – Female (see Sections 3 and 5)
(Table 0-502A in consolidated factor workbook)**

| Age last birthday | Factor to apply to whole of pension (Fac1) | Age last birthday | Factor to apply to whole of pension (Fac1) | Age last birthday | Factor to apply to whole of pension (Fac1) |
|-------------------|--|-------------------|--|-------------------|--|
| 20 | 33.94 | 47 | 25.95 | 74 | 12.26 |
| 21 | 33.73 | 48 | 25.56 | 75 | 11.68 |
| 22 | 33.50 | 49 | 25.15 | 76 | 11.11 |
| 23 | 33.28 | 50 | 24.74 | 77 | 10.54 |
| 24 | 33.05 | 51 | 24.32 | 78 | 9.98 |
| 25 | 32.81 | 52 | 23.89 | 79 | 9.42 |
| 26 | 32.56 | 53 | 23.46 | 80 | 8.88 |
| 27 | 32.31 | 54 | 23.01 | 81 | 8.34 |
| 28 | 32.06 | 55 | 22.56 | 82 | 7.81 |
| 29 | 31.80 | 56 | 22.10 | 83 | 7.29 |
| 30 | 31.53 | 57 | 21.64 | 84 | 6.79 |
| 31 | 31.26 | 58 | 21.17 | 85 | 6.30 |
| 32 | 30.98 | 59 | 20.69 | 86 | 5.84 |
| 33 | 30.69 | 60 | 20.20 | 87 | 5.41 |
| 34 | 30.40 | 61 | 19.71 | 88 | 5.00 |
| 35 | 30.10 | 62 | 19.22 | 89 | 4.62 |
| 36 | 29.79 | 63 | 18.71 | 90 | 4.27 |
| 37 | 29.48 | 64 | 18.21 | 91 | 3.94 |
| 38 | 29.16 | 65 | 17.67 | 92 | 3.64 |
| 39 | 28.83 | 66 | 17.08 | 93 | 3.35 |
| 40 | 28.50 | 67 | 16.49 | 94 | 3.10 |
| 41 | 28.16 | 68 | 15.89 | 95 | 2.87 |
| 42 | 27.81 | 69 | 15.29 | 96 | 2.67 |
| 43 | 27.46 | 70 | 14.68 | 97 | 2.49 |
| 44 | 27.09 | 71 | 14.07 | 98 | 2.33 |
| 45 | 26.72 | 72 | 13.46 | 99 | 2.20 |
| 46 | 26.34 | 73 | 12.86 | 100 | 2.08 |



**Table B: Factors for surviving adult dependant's and pension credit member's pension – Males (see Sections 3 and 5)
(Table 0-502B in consolidated factor workbook)**

| Age last birthday | Factor to apply to whole of pension (Fac1) | Age last birthday | Factor to apply to whole of pension (Fac1) | Age last birthday | Factor to apply to whole of pension (Fac1) |
|-------------------|--|-------------------|--|-------------------|--|
| 20 | 33.94 | 47 | 25.95 | 74 | 12.26 |
| 21 | 33.73 | 48 | 25.56 | 75 | 11.68 |
| 22 | 33.50 | 49 | 25.15 | 76 | 11.11 |
| 23 | 33.28 | 50 | 24.74 | 77 | 10.54 |
| 24 | 33.05 | 51 | 24.32 | 78 | 9.98 |
| 25 | 32.81 | 52 | 23.89 | 79 | 9.42 |
| 26 | 32.56 | 53 | 23.46 | 80 | 8.88 |
| 27 | 32.31 | 54 | 23.01 | 81 | 8.34 |
| 28 | 32.06 | 55 | 22.56 | 82 | 7.81 |
| 29 | 31.80 | 56 | 22.10 | 83 | 7.29 |
| 30 | 31.53 | 57 | 21.64 | 84 | 6.79 |
| 31 | 31.26 | 58 | 21.17 | 85 | 6.30 |
| 32 | 30.98 | 59 | 20.69 | 86 | 5.84 |
| 33 | 30.69 | 60 | 20.20 | 87 | 5.41 |
| 34 | 30.40 | 61 | 19.71 | 88 | 5.00 |
| 35 | 30.10 | 62 | 19.22 | 89 | 4.62 |
| 36 | 29.79 | 63 | 18.71 | 90 | 4.27 |
| 37 | 29.48 | 64 | 18.21 | 91 | 3.94 |
| 38 | 29.16 | 65 | 17.67 | 92 | 3.64 |
| 39 | 28.83 | 66 | 17.08 | 93 | 3.35 |
| 40 | 28.50 | 67 | 16.49 | 94 | 3.10 |
| 41 | 28.16 | 68 | 15.89 | 95 | 2.87 |
| 42 | 27.81 | 69 | 15.29 | 96 | 2.67 |
| 43 | 27.46 | 70 | 14.68 | 97 | 2.49 |
| 44 | 27.09 | 71 | 14.07 | 98 | 2.33 |
| 45 | 26.72 | 72 | 13.46 | 99 | 2.20 |
| 46 | 26.34 | 73 | 12.86 | 100 | 2.08 |



**Table C: Factors for children's pension (see Section 4)
(Table 0-503A in consolidated factor workbook)**

1. Factors for application to a child's pension, other than in the case of an incapacitated child, where the child is below age 16

| Age last birthday of child (male and female) | Factor to apply to child's pension (Fac1) |
|---|--|
| 0 | 15.04 |
| 1 | 14.39 |
| 2 | 13.72 |
| 3 | 13.04 |
| 4 | 12.34 |
| 5 | 11.62 |
| 6 | 10.89 |
| 7 | 10.14 |
| 8 | 9.37 |
| 9 | 8.59 |
| 10 | 7.78 |
| 11 | 6.95 |
| 12 | 6.11 |
| 13 | 5.24 |
| 14 | 4.36 |
| 15 | 3.45 |

(Table 0-503B in consolidated factor workbook)

2. Factors for application to a child's pension, other than in the case of an incapacitated child, where the child is aged between 16 and 23. The factor should be chosen according to the time (in years, rounded to the nearest whole number) that the child is expected to remain in full-time education or vocational training.

| Number of years expected to remain in full-time education or vocational training | Factor to apply to child's pension (Fac1) |
|---|--|
| 7 | 6.45 |
| 6 | 5.59 |
| 5 | 4.71 |
| 4 | 3.82 |
| 3 | 2.90 |
| 2 | 1.95 |
| 1 | 0.99 |
| 0 | 0.00 |



Appendix C: Limitations

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