

Scottish Ministers query log of actuarial guidance

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Application of a pension credit to the former partner of a pre-2015 leaver

[Guidance dated 18 March 2020](#)

Payment of a pre-2015 pension credit

The guidance mentions how pension credit benefits are actuarially reduced for late payment and how they increase with pensions increase from the Transfer Day. The Secretariat believes it would be worth mentioning that the LGPS (Scotland) Regulations 1998 do not permit a pre-2015 pension credit member to defer payment of the pension credit beyond age 65?

GAD confirmed in correspondence concerning the LGPS in England & Wales, that they will note this suggestion for the next review of the guidance.

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

[Guidance dated 17 April 2025](#)

Deduction of a pension debit where benefits are paid following redundancy dismissal

There appears to be an anomaly between the application of a pension debit where the member is paid their benefits following a redundancy dismissal, depending on whether the pension debit is applied before or after 1 April 2015.

It is our understanding that when the pension debit is applied upon payment of the members benefits the pension debit and associated pension credit should be actuarially neutral. The initial pension debit would have assumed that the member would take payment of their benefits no earlier than the earliest date they could take payment without an actuarial reduction (or no earlier than age 60 where CRA falls before age 60). If the pension debit member takes payment of their benefits before that date, the pension debit should be subject to an actuarial reduction because the pension debit will be recovered over a longer period. This principle is reflected in paragraph 3.50 of the guidance titled '[Application of a pension debit for divorced members – Transfer date before 1 April 2015](#)' dated 18 March 2020.

However, the approach seems to have changed where the transfer date is on or after 1 April 2015. Paragraph 4.10 of the guidance covering post 2015 pension debits states:

“Where a member retires in normal health below age 60 and has a CRA below 60 then the debit should be reduced as if the member’s CRA had been 60 and not their actual CRA (i.e. should be reduced for the number of years between their retirement and reaching age 60). This applies regardless of whether the member has their employer’s (or former employer’s) consent to receive unreduced benefits before 60.”

It appears that paragraph 4.10 does not cover the following cases:

- redundancy or efficiency retirements where, there is no actuarial reduction applied to the member’s pension. Though, in line with the above principle it seems there should be an actuarial reduction applied to the pension debit because it will be recovered over a longer period of time than had originally been assumed when the pension credit was awarded
- where, for example, a member takes payment of their benefits at, let’s say age 64, maybe with only post 15 benefits, and the employer waives the actuarial reduction in whole or in part. Again, in line with the above principle it seems there should be an actuarial reduction applied to the pension debit because the pension debit will be recovered over a longer period of time than had originally been assumed when the pension credit was awarded. We believe the reduction to the pension debit should be the same as would have been applied to the member’s own benefits had the employer not waived any actuarial reduction, either in whole or in part.

Individual Incoming and Outgoing Transfers

[Guidance dated 29 February 2024 \(updated 10 September 2024\)](#)

Guidance incorrectly states payment of a CETV for any benefits not paid upon flexible retirement

Paragraph 3.25 states:

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, then the Club transfer should allow only for the deferred benefits to be transferred, not the benefits in payment. The latter are not transferred but remain in payment from the LGPS. GAD understands such a member is not normally entitled to an outwards CETV transfer. If a non-club CETV transfer is granted, then similarly the transfer should only allow for the deferred benefits. However in the event that a member requires a CETV for divorce purposes, the value of both the

uncrystallised and crystallised benefits should be considered as set out in the guidance on Pensioners CE on divorce.

In Secretariat's view, where the member has taken flexible retirement, thereafter, it is not possible for the member to elect for a transfer out of the LGPS (club or non-club).

Late Retirement

[Guidance dated 14 May 2024](#)

Query concerning example two

The member in example two has no post 2009 final salary benefits and upon aggregation the benefits would have been converted to earned pension in the 2015 Scheme (because the member had a gap of more than five years membership).

GAD have acknowledged this inconsistency and will note for future consideration.

Purchase of Additional Pension – Elections before 1 April 2012

[Guidance dated 19 March 2020](#)

Query concerning the example

A female member born in 1962 would have a normal pension age in the 2015 Scheme of later than age 65, yet the example quotes age 65. Although GAD have confirmed that the example is for illustration purposes only, the Secretariat does not believe that reference to normal pension age is needed and it should be removed or reflect an accurate date.