



Government Actuary's  
Department

# The Local Government Pension Scheme (England and Wales)

Actuarial guidance:  
Annual Allowance charges: Calculation of  
scheme pays offset

1 April 2026

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# 1. Introduction

- 1.1 The Secretary of State for Housing, Communities and Local Government is required to issue actuarial guidance in respect of the Local Government Pension Scheme ('the Scheme', or 'LGPS') on the reduction of a member's pension rights following an election for an annual allowance charge to be met by the Scheme.
- 1.2 This document sets out the general method for assessing a pension offset, for the Scheme to meet part, or all, of this charge through the 'scheme pays' mechanism.
- 1.3 This guidance note does not cover the method for determining the amount of any Annual Allowance charge.
- 1.4 Separate guidance covers:
  - the treatment of existing pension offsets for Cash Equivalent and Club transfers to or from the Local Government Pension Scheme.
- 1.5 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.
- 1.6 In the remainder of this note:
  - the second section describes the scheme pays mechanism and sets out the calculation of the offset
  - the third section covers the adjustment needed in respect of members with non-integer Normal Pension Ages ('NPA's).
  - the fourth section contains examples relating to the calculation of the offset
  - Appendix A summarises the assumptions underlying the factors
  - Appendix B sets out the factors
  - Appendix C sets out some important limitations.

## Implementation and Review

- 1.7 The Secretary of State is required to consult with the Government Actuary's Department ('GAD') before issuing actuarial guidance under the 2013 Regulations [Regulation 2(3) of the 2013 Regulations].

As part of this consultation, the Ministry for Housing, Communities and Local Government ('MHCLG') 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 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.
- 1.9 This guidance supersedes the previous guidance document:
- “Local Government Pension Scheme (England and Wales) - Annual Allowance Charges: Calculation of scheme pays offset” dated 5 May 2021.*
- 1.10 The factors contained in this guidance note are reproduced from the latest consolidated factor workbook as at the date of this note. They took effect in advance of this guidance note and apply from 28 July 2023. This implementation date has been determined by MHCLG.
- 1.11 Administrators should satisfy themselves that the pension offset resulting from a scheme pays election complies with all legislative requirements including, but not limited to, tax requirements. Any legal advice in this area should be sought from an appropriately qualified person or source.
- 1.12 This guidance has been written for pension administrators and assumes knowledge of general pension terminology, and familiarity with retirement calculations for the Local Government Pension Scheme (England and Wales). Any questions concerning the application of the guidance should, in the first instance, be referred to MHCLG.
- 1.13 The factors contained in this guidance 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. The factors to be used when applying the approach set out in this guidance should reflect the factors in force as at the effective date of the calculation.

### **Relevant legislative references**

- 1.14 This document sets out the general method for assessing a pension offset, under Regulation 86(2) of the Local Government Pension Scheme Regulations 2013 ('the 2013 Regulations') (SI 2013/2356).
- 1.15 This document applies to a LGPS member who incurs an Annual Allowance charge (as defined in Section 227 of the Finance Act 2004) and subsequently elects, under Regulation 86(1) of the 2013 Regulations, for the Scheme to meet part, or all, of this charge through the 'scheme pays' mechanism.
- 1.16 In accordance with Regulation 16 of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 ('the 2014 Scheme Transitional Regulations') (SI 2014/525), a pension offset determined on or after 1 April 2014 can apply to benefits earned prior to 1 April 2014.

**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. Annual allowance – Scheme pays mechanism

### Introduction

- 2.1 This section sets out the method and instructions for calculating the pension offset applied to a member who incurs an Annual Allowance charge and elects to utilise the scheme pays mechanism to meet this charge. The scheme pays mechanism will not be available to all members incurring Annual Allowance charges and administering authorities will need to ensure a member's eligibility before applying the approach set out in this guidance document.
- 2.2 It is our understanding that costs incurred by the authorities in relation to operating the scheme pays mechanism may not be recovered from the member concerned.

### Selection of factors

- 2.3 This guidance should be used for adjusting debits on leaving or retirement whether the original election to use the scheme pays mechanism was before, on, or after 1 April 2014.
- 2.4 The factors in this guidance are not appropriate for calculating initial amount of debits for elections before 1 April 2014. It is expected that the initial amount of the debit for these elections will have been calculated using previous versions of the guidance. However, if any such cases arise, please refer the details to GAD, via MHCLG, on a case by case basis.
- 2.5 Scheme pays factors should be selected based on the member's age at last birthday as at the **Relevant Date**. MHCLG have confirmed that the **Relevant Date** (also known as the Implementation Date) will be the day coincident with the end of the pension input period.
- 2.6 The **Relevant Date** will not usually be the same as the date the member makes a Scheme pays election (**Scheme pays election date**). Administrators should use the factors and guidance in force on the **Scheme pays election date** to determine the pension offset, even where either or both of these were not in force on the **Relevant Date**.

### Calculation of the initial pension offset

- 2.7 The calculation of the pension offset for different categories of member is set out in the following sections. We note that:
  - Unlike in the calculation of pension debits following a pension sharing order, the pension offset is initially calculated using the member's Normal Pension Age (unless the member has already attained that age). The offset will later be adjusted to reflect the date their pension comes into payment.
  - Pension debits resulting from pension sharing orders have a consequential impact on the benefits payable to a surviving eligible partner upon the member's death. This will not be the case for a scheme pays pension offset.

- The scheme pays pension offset will initially be based on the pension relating to post 1 April 2022 service (i.e. on the current tranche of benefits). Where, at retirement, the post-2022 pension is insufficient to cover the pension offset then the balance of the offset should be applied first to the pension earned between 1 April 2014 and 31 March 2022, and then pension earned between 1 April 2008 and 31 March 2014, with suitable adjustment for early or late payment by reference to the post-2014 NPA. If the offset cannot be met from post-2008 benefits then the case should be referred to GAD via MHCLG.

### Pension offset for active member

- 2.8 The following paragraphs apply in calculating the pension offset of a member who is not retiring immediately - see paragraph 2.25 onwards if the member's retirement figures are already being processed.
- 2.9 The pension offset acts like a negative deferred pension. The offset should be expressed as a deduction to the member's pension which is to be recovered from the member's Normal Pension Age. The calculation of the pension offset is:

#### Pension offset = AATAX / AAFAC

Where:

AATAX = the Annual Allowance tax charge that the member has notified the scheme that they wish to meet via the scheme pays mechanism.

Where the member is below Normal Pension Age at the **Relevant Date**

AAFAC = the Annual Allowance scheme pays factor from Table A based on the member's age at the **Relevant Date** (Table 0-603 in the consolidated factor table workbook).

Where the member has already attained Normal Pension Age at the **Relevant Date**

AAFAC = the factor previously used for calculating Lifetime Allowance debits (non ill-health cases) as shown in Table B based on the member's age at the **Relevant Date**. (Table 0-609 in the consolidated factor table workbook).

- 2.10 Pension offsets do not affect GMPs.
- 2.11 Administrators should store the offset calculated above with the **Relevant Date** on the member's record. Where a member has multiple pension offsets, they should be recorded separately.
- 2.12 The pension offset should be increased in accordance with the relevant provisions of the 2013 Regulations or other relevant LGPS Regulations during the period between the **Relevant Date** and the member's eventual retirement.

### Contingent survivor benefits

- 2.13 The benefits payable to an eligible partner who is eligible to receive a pension on the member's death will not be reduced as a result of the scheme pays mechanism. This will apply regardless of whether the member dies during active service, in deferment or after retirement.



### Other benefits

- 2.14 No offset will be applied to children's pensions.
- 2.15 No offset will be made to the lump sum death grant payable in respect of an active member who dies in service.
- 2.16 No offset will be made to the death in deferment lump sum award that is payable in respect of deferred members who incurred an Annual Allowance charge prior to exit, and elected for the scheme pays mechanism. However, the lump sum will be based on the pension after any scheme pays offset has been applied.
- 2.17 No offset is made to any lump sum paid on death after retirement that is payable in respect of pensioner members who incurred an Annual Allowance charge prior to exit, and elected for the scheme pays mechanism. However, the lump sum will be based on the pension after any scheme pays offset has been applied.

### Adjusting benefit offsets on leaving

- 2.18 If the member leaves the scheme prior to receipt of their pension then the pension offset should be treated in the same way as a pension debit following divorce (except that the scheme pays offset applies to member benefits only). In particular, if the member leaves with a Club transfer then the scheme pays offset will be preserved in the receiving scheme as described in the current guidance note on *Local Government Pension Scheme (England & Wales) Individual Incoming and Outgoing Transfers*.

### Adjusting the benefit offsets at retirement

- 2.19 This section sets out the method and instructions for calculating the pension offset to be applied at the point of retirement. In many cases this could be several years after the pension offset was initially calculated.
- 2.20 When the member retires, the total pension is initially calculated ignoring the pension offset. The pension is then reduced to allow for the pension offset. The offset should be revalued from the **Relevant Date** up to the April immediately before the date of retirement in accordance with the relevant provisions of the 2013 Regulations or other relevant LGPS Regulations. If the pension is not drawn at Normal Pension Age then the pension offset will need to be adjusted.
- 2.21 Administrators should take care to ensure that the most recent Early Retirement Factors and Late Retirement Factors are applied. It is the responsibility of administrators to ensure that they are using the most recent factors.
- 2.22 The pension offset to be applied at retirement if the member retires at Normal Pension Age is as follows:

#### **Pension offset at retirement at Normal Pension Age = Pension offset x REV**

Where:

*Pension offset* = as calculated in paragraphs 2.8 and 2.9

*REV* = the revaluation factor between the **Relevant Date** and the April immediately before the date of retirement.



2.23 The pension offset to be applied at retirement if the member retires before Normal Pension Age is as follows:

**Pension offset at retirement before Normal Pension Age = Pension offset x REV x (100% - ERF)**

Where:

*Pension offset* = as calculated in paragraphs 2.8 and 2.9.

*REV* = the revaluation factor between the **Relevant Date** and the April immediately before the date of retirement.

*ERF* = early retirement factor from the latest Secretary of State guidance "Local Government Pension Scheme (England and Wales) – Application of pension debit for divorced members Transfer date from 1 April 2014" or for elections prior to 1 April 2014 "Local Government Pension Scheme (England and Wales) – Application of pension debit for divorced members Transfer date before 1 April 2014". Where the member retires in ill-health the appropriate table from these guidance notes should be used. (Tables 0-314 to 0-317 in the consolidated factor table workbook).

2.24 The pension offset to be applied at retirement if the member retires after Normal Pension Age depends on whether the member was above or below Normal Pension Age at the **Relevant Date**, and the two situations are covered separately as follows:

2.24.1 Where the member was below Normal Pension Age at the **Relevant Date** the pension offset at retirement is as follows:

**Pension offset at retirement after Normal Pension Age = Pension offset x REV x (100% + LRF)**

Where:

*Pension Offset* = as calculated in paragraphs 2.8 and 2.9.

*REV* = the revaluation factor between the **Relevant Date** and the date of retirement.

*LRF* = late retirement factor from the latest Secretary of State guidance "Local Government Pension Scheme (England and Wales) – Late retirement". (Table 0-402 in the consolidated factor table workbook).

2.24.2 Where the member had already attained Normal Pension Age at the **Relevant Date** the pension offset at retirement is as follows:

**Pension offset at retirement after Normal Pension Age = Pension offset x REV x (100% + LRF1) / (100% + LRF2)**

Where:

*Pension Offset* = as calculated in paragraphs 2.8 and 2.9.

*REV* = the revaluation factor between the **Relevant Date** and the date of retirement.

*LRF1* = late retirement factor from the latest Secretary of State guidance applicable to the period between Normal Pension Age and actual retirement, and

*LRF2* = late retirement factor from the latest Secretary of State guidance applicable to the period between the Normal Pension Age and the **Relevant Date**.



## Pension offset for a member who is in the process of retiring

2.25 The pension offset to be applied if the scheme pays election occurs when the member's retirement figures are already being processed is as follows:

### Pension offset at retirement = AATAX / AAFAC

Where:

AATAX = the Annual Allowance tax charge that the member has notified the scheme that they wish to meet via the scheme pays mechanism.

AAFAC = the factor previously used for calculating Lifetime Allowance debits.

**If the member is retiring on age grounds** then the factor should be taken from the table that was previously used to calculate Lifetime Allowance offsets in non ill-health cases based on the member's age at the **Relevant Date**. (Table 0-609 in the consolidated factor table workbook, with current version attached as Table B).

**If the member is retiring on ill-health grounds** then the factor should be taken from the table that was previously used to calculate Lifetime Allowance offsets in ill-health retirement cases based on the member's age at the **Relevant Date**. (Table 0-610 in the consolidated factor table workbook, with current version attached as Table C).

2.26 In some circumstances a member retiring on ill-health grounds will be exempt from incurring an Annual Allowance charge in the year preceding retirement. However, this will not apply to all ill health retirements. Members who are exempt in their final year of service may also have incurred Annual Allowance charges, and opted for the Annual Allowance scheme pays mechanism, earlier in their careers. In these cases benefit offsets will be applied at retirement but adjustment factors for ill health retirement will be applied as described in 2.23 above. The offset will be applied to members who retire in ill-health only if they have a permanent (i.e. tier 1 or tier 2) ill-health pension.

## Additional guidance for certain specific circumstances

### 2.27 Multiple Annual Allowance and scheme pays offsets

Some members may breach the Annual Allowance on more than one occasion during their careers. Since there is no limit on the number of times a member may opt to utilise scheme pays (subject to usual eligibility), a member may also have multiple Annual Allowance scheme pays offsets. In this circumstance each offset can be considered separately and treated in accordance with the guidance set out above.

### 2.28 Interaction between Annual Allowance scheme pays offsets and pension debits

It is possible for members to have both Annual Allowance scheme pays offsets and pension debits resulting from Pension Sharing on Divorce ('PSOD'). In this case each instance of the Annual Allowance scheme pays offset or the PSOD pension debit is treated in accordance with the relevant set of guidance.

### 2.29 Members exercising options at the point of retirement

Some members are able to exercise options at the point of retirement such as commuting pension for lump sum. This guidance note does not attempt to illustrate the interaction between Annual Allowance scheme pays offsets and any of these member options.

## 2.30 Interaction between scheme pays offsets and flexible retirement

Where a member opts to draw-down their membership, the offset relating to that part of the membership which is being drawn-down should be applied at the point of flexible retirement (and having regard to paragraphs 2.19 to 2.25 where relevant). Where the member elects to draw-down only a proportion of the membership, the offset should be pro-rated (in proportion to the membership being drawn-down) and applied to the relevant benefit being drawn-down, with allowance for early / late retirement factors as appropriate. The remaining offset should be applied when the member eventually retires.

### State Pension age

2.31 MHCLG has confirmed that:

- 2.32.1 State Pension age for the purpose of calculating initial scheme pays offsets should be as set out in legislation in force at the **Relevant Date**.
- 2.32.2 State Pension age for the purpose of calculating the scheme pays offset at retirement should be as set out in legislation in force at the date of retirement. If State Pension age is different for these two calculations, the initial scheme pays offset should not be recalculated.

## 3. Non-integer Normal Pension Ages

### Members with a NPA of years and whole months

- 3.1 Where a member has a NPA that is a whole number of years and months, the factors should be determined using the appropriate factors in the table in Appendix B using straight line interpolation based on months. For example, to determine the factors applicable to a member with a Normal Pension Age of 66 years and 2 months, the formula below should be used:

$$\text{FP (NPA 66 years, 2 months)} = \text{FP(NPA66)} + \{2/12 \times [\text{FP(NPA67)} - \text{FP(NPA66)}]\}$$

Where:

$\text{FP(NPAxx)}$  = the factor applying for a Normal Pension Age of xx.

### Members with a NPA of years and days (i.e. part months)

- 3.2 Some members may have a State Pension age that falls on a specified date. This may mean that their NPA is based on years and days rather than years and whole months. In this case, the factors should be determined using the appropriate factors in the table in Appendix B using straight line interpolation based on days. For example, to determine the factors applicable to a member with a Normal Pension Age of 67 years and 249 days, the formula below should be used:

$$\text{FP (NPA 67 years, 249 days)} = \text{FP(NPA67)} + \{249/365 \times [\text{FP(NPA68)} - \text{FP(NPA67)}]\}$$

Where:

$\text{FP(NPAxx)}$  = the factor applying for a Normal Pension Age of xx.



## 4. Examples

### Example 1: Calculation of the initial pension offset – member with a non-integer NPA

#### Member details

Member date of birth:	23 May 1977
Tax year in which annual allowance charge is incurred:	2022/23
Relevant date:	5 April 2023
Scheme Pays election date:	30 July 2023 *
Member's age last birthday at Relevant date:	45
Tax charge:	£6,000
Normal Pension Age:	67 years, 1 month and 13 days
Normal pension date:	6 July 2044

\* Scheme pays election date is after 27 July 2023 so latest scheme pays factors in consolidated factors workbook should be used even though the Relevant date is before 28 July 2023.

The factor for the member above will need to be interpolated to account for the non-integer NPA (see section 3). The factor for this member would be calculated as follows:

$$\mathbf{FP(NPA\ 67\ years,\ 44\ days) = FP(NPA67) + [44/365 \times [FP(NPA68) - FP(NPA67)]}$$

NPA 67 factor at age 45: 12.71 (Taken from Table A)

NPA 68 factor at age 45: 12.07 (Taken from Table A)

$$\text{NPA 67 years 44 days factor: } 12.71 + (44/365 \times [12.07 - 12.71]) = \mathbf{12.63}$$

From 2.9, the formula for calculating the pension offset is:

$$\mathbf{Pension\ offset = AATAX / AAFAC}$$

where:

AATAX = £6,000

AAFAC = 12.63

Using the values above, the pension offset is calculated as follows:

$$\text{Pension offset} = £6,000 / 12.63 = £475.06$$

The offset is recorded on the member's record with a relevant date of 5 April 2023.

The offset will increase in line with the relevant provisions of the 2013 Regulations or other relevant LGPS Regulations and will be adjusted if the member's pension comes into payment before or after Normal Pension Age.



**Example 2: Member retiring at Normal Pension Age in normal health, with pension offset****Member Details**

Member date of birth:	1 June 1960
Retirement date:	1 August 2026
Member's age last birthday at Relevant date:	64
Member's pension at retirement date before offset:	£20,000 per annum
Pension offset for 2024/25:	£410.25 per annum
Relevant date:	5 April 2025
Revaluation factor (from 2024/25 to retirement):	1.045 (illustrative)

The pension offset amount above for 2024/25 is payable at age 66 and 2 months along with the member's pension but revalued up to 2024/25 only.

From paragraph 2.22, the formula for adjusting the pension offset at retirement is:

**Pension offset at retirement at Normal Pension Age = Pension offset x REV**

where:

Pension offset = £410.25  
REV = 1.045

Substituting these values into the formula we get:

Adjusted pension offset = £410.25 x 1.045  
= £428.71 per annum

The pension to be implemented is the full pension before offset less the pension offset(s) at the retirement age. Therefore, the pension to be implemented is:

= £20,000 - £428.71  
= £19,571.29 per annum

This example assumes that the member only has one pension offset due to an annual allowance breach. However, it is possible for a member to accumulate multiple scheme pays offsets over the course of their membership in the scheme. If the member has more than one scheme pays offset, each offset must be calculated and deducted separately in line with the relevant section of the guidance.



# Appendix A: Assumptions underlying factors

## Financial assumptions

Nominal discount rate	3.734% pa
CPI	2.00% pa
Real discount rate (in excess of CPI)	1.70% pa

## Mortality assumptions

	Males	Females
<b>Retirements in normal health</b>	99% of S3NMA_M	96% of S3NFA_M
<b>Retirements in ill-health</b>	117% of S3IMA	133% of S3IFA
<b>Dependants</b>	96% of S3DMA	97% of S3NFA_H

Future mortality improvement	Based on ONS 2020 principal UK population projections
Year of Use	2024

## Other assumptions

Proportion of male members for unisex factors	35% for members
Allowance for commutation	Nil except for mandatory lump sum cases



# Appendix B: Factors

**Table A: Scheme pays factors for males and females**  
(Table number 603 - Consolidated factor table workbook)

Age Last Birthday at Relevant Date	Normal Pension Age of 65	Normal Pension Age of 66	Normal Pension Age of 67	Normal Pension Age of 68
16	9.21	8.80	8.39	8.00
17	9.35	8.93	8.51	8.11
18	9.48	9.05	8.63	8.23
19	9.62	9.18	8.76	8.34
20	9.76	9.32	8.88	8.46
21	9.90	9.45	9.01	8.58
22	10.05	9.59	9.14	8.70
23	10.19	9.73	9.27	8.83
24	10.34	9.87	9.40	8.95
25	10.49	10.01	9.54	9.08
26	10.64	10.15	9.68	9.21
27	10.80	10.30	9.81	9.34
28	10.95	10.45	9.96	9.47
29	11.11	10.60	10.10	9.61
30	11.27	10.75	10.24	9.74
31	11.44	10.91	10.39	9.88
32	11.61	11.07	10.54	10.02
33	11.78	11.23	10.69	10.17
34	11.95	11.39	10.84	10.31
35	12.12	11.56	11.00	10.46
36	12.30	11.72	11.16	10.61
37	12.48	11.89	11.32	10.76
38	12.66	12.07	11.49	10.92
39	12.85	12.24	11.65	11.07
40	13.04	12.42	11.82	11.23
41	13.23	12.61	11.99	11.40
42	13.43	12.79	12.17	11.56
43	13.63	12.98	12.35	11.73
44	13.83	13.17	12.53	11.90
45	14.04	13.37	12.71	12.07
46	14.25	13.57	12.90	12.25
47	14.47	13.77	13.10	12.43
48	14.69	13.98	13.29	12.62
49	14.91	14.19	13.49	12.81
50	15.14	14.41	13.70	13.00
51	15.38	14.63	13.91	13.20
52	15.62	14.86	14.12	13.40
53	15.86	15.09	14.34	13.60
54	16.12	15.33	14.56	13.81
55	16.37	15.57	14.79	14.03
56	16.64	15.82	15.03	14.25
57	16.91	16.08	15.27	14.48
58	17.19	16.35	15.52	14.72
59	17.49	16.62	15.78	14.96
60	17.79	16.91	16.05	15.21
61	18.10	17.20	16.33	15.48
62	18.43	17.51	16.62	15.75
63	18.77	17.84	16.93	16.04
64	19.14	18.18	17.25	16.34
65	18.99	18.54	17.59	16.66
66		18.39	17.95	17.00
67			17.79	17.35
68				17.19

**Notes:**

1. The offset applies only to the member's pension. Dependants' benefits are not affected.
2. The offset is equal to the tax charge divided by the appropriate factor.

**Table B: Scheme pays factors for males and females – Retirement not on ill-health grounds (Table number 609 - Consolidated factor table workbook)**

Age Last Birthday at Relevant Date	Gross pension of £1 per annum	
	Males	Females
55	24.92	24.92
56	24.35	24.35
57	23.77	23.77
58	23.18	23.18
59	22.60	22.60
60	22.00	22.00
61	21.41	21.41
62	20.81	20.81
63	20.22	20.22
64	19.62	19.62
65	18.99	18.99
66	18.31	18.31
67	17.64	17.64
68	16.96	16.96
69	16.28	16.28
70	15.60	15.60
71	14.92	14.92
72	14.25	14.25
73	13.59	13.59
74	12.94	12.94

**Notes:**

1. The offset applies only to the member's pension. Dependants' benefits are not affected.
2. The offset is equal to the tax charge divided by the appropriate factor.



**Table C: Scheme pays factors for males and females – Retirement in ill-health  
(Table number 610 - Consolidated factor table workbook)**

Age Last Birthday at Relevant Date	Gross pension of £1 per annum	
	Males	Females
20	30.94	30.94
21	30.70	30.70
22	30.47	30.47
23	30.24	30.24
24	30.00	30.00
25	29.76	29.76
26	29.52	29.52
27	29.28	29.28
28	29.04	29.04
29	28.81	28.81
30	28.58	28.58
31	28.35	28.35
32	28.12	28.12
33	27.89	27.89
34	27.66	27.66
35	27.43	27.43
36	27.19	27.19
37	26.95	26.95
38	26.70	26.70
39	26.44	26.44
40	26.18	26.18
41	25.91	25.91
42	25.63	25.63
43	25.34	25.34
44	25.04	25.04
45	24.74	24.74
46	24.43	24.43
47	24.11	24.11
48	23.78	23.78
49	23.43	23.43
50	23.08	23.08
51	22.71	22.71
52	22.32	22.32
53	21.92	21.92
54	21.50	21.50
55	21.07	21.07
56	20.63	20.63
57	20.17	20.17
58	19.71	19.71
59	19.22	19.22
60	18.73	18.73
61	18.21	18.21
62	17.69	17.69
63	17.15	17.15
64	16.61	16.61
65	16.05	16.05
66	15.47	15.47
67	14.89	14.89

**Notes:**

1. The offset applies only to the member's pension. Dependants' benefits are not affected.
2. The offset is equal to the tax charge divided by the appropriate factor.



## Appendix C: Limitations

- C.1 This guidance should not be used for any purpose other than those set out in this guidance.
- C.2 The factors contained in this guidance 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 guidance only covers the actuarial principles around the calculation and application of an offset in relation to scheme pays elections. 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 the offset and scheme pays arrangements 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.

