



Government
Actuary's
Department

The Local Government Pension Scheme (England and Wales)

Addendum to GAD guidance note: “Interfund transfers” dated 14 April 2016

Date: 24 January 2024

Authors: Jenny Bullen FIA and Louise Lau FFA

The Secretary of State for Communities and Local Government is required under the Local Government Pension Scheme Regulations 2013 (‘the 2013 Regulations’) (SI 2013/2356), to issue guidance in respect of the Local Government Pension Scheme on the transfer payment made from one fund to another when a member exercises the option to aggregate the past period of service with the current period.

The interfund guidance in force is set out in the GAD guidance note: “Interfund transfers” dated 14 April 2016 (the interfund guidance note). Paragraph 3.1 of the interfund guidance note sets out that the transfer amount for any interfund transfer should be calculated in line with the “*current Guidance document ‘Individual Incoming & Outgoing Transfers’*”. A revised version of the *Individual Incoming & Outgoing Transfers* has been issued, dated 24 January 2024, which details additional calculations required in respect of the McCloud remedy.

This addendum sets out that the *Individual Incoming & Outgoing Transfers* guidance note dated 8 April 2020 should be used for the purpose of interfund transfers with relevant dates up to 24 March 2024. This allows for a transitional period between the issue of the *Individual Incoming & Outgoing Transfers* guidance note and the implementation of the McCloud remedy approach in administration systems.

This transitional period applies for interfund transfers with relevant dates up to 24 March 2024. Any interfund transfers with a relevant date after this date should be calculated using the *Individual Incoming & Outgoing Transfers* guidance note in effect at the relevant date.

In addition, for the avoidance of doubt:

- The sending administering authority will need to ensure that they provide the receiving administering authority with the information they need to perform accurate underpin calculations. It should not be necessary for the receiving administering authority to undertake any additional steps to verify the data they have received.

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- Where the interfund transfer amount is not paid within 3 months of the relevant date, in line with paragraph 3.11 of the interfund guidance note, the interfund transfer amount should be recalculated as at the date of payment (with the relevant date being equal to the payment date). Where this date is after the end of the transitional period (i.e. after 24 March 2024), the recalculated interfund transfer amount should be calculated using the *Individual Incoming & Outgoing Transfers* guidance note in effect at the updated relevant date.
- No transitional period applies to the underlying actuarial factors; the factors applying to any interfund transfer calculations should be those in effect as at the relevant date of the interfund transfer.

The implementation date of this addendum is the date of issue.