



Government  
Actuary's  
Department

# **The Local Government Pension Scheme (England and Wales)**

**Individual Incoming & Outgoing Transfers**

**Guidance note**

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## 1 Introduction

- 1.1 The Secretary of State is required under the Local Government Pension Scheme (England and Wales) Regulations 2013 ('the 2013 Regulations') (SI 2013/2356), to issue actuarial guidance on the earned pension credited to a member's pension account where a transfer value has been accepted (regulations 100 and 101 of the 2013 Regulations).
- 1.2 Additionally, under Regulation 96 of the 2013 Regulations, a member may apply for a transfer payment out of the pension fund.
- 1.3 This note relates to individual transfers from and into the Local Government Pension Scheme (LGPS) in accordance with Regulations 96, 100 and 101 of the 2013 Regulations. It sets out the general method for assessing:
  - Statutory (non-Club) Cash Equivalent Transfer Values (CETV);
  - Club transfer values;
  - The benefits to be provided in respect of incoming CETVs; and
  - The benefits to be provided in respect of incoming Club transfer values representing either or both final salary pension rights and CARE benefits.
- 1.4 The remainder of this introduction contains:
  - Details of the implementation and future review of this guidance
  - Details about Club scheme transfers
  - Statements about the use of this note and third-party reliance
- 1.5 In the remainder of this note:
  - Section 2 provides details of the revised arrangements for adjusting cash equivalents to reflect a member's GMP
  - Sections 3 to 7 describe the issues and set out the formulae for Club and non-Club transfers-out, including the additional calculations required for an eligible member where a statutory underpin applies
  - Section 8 describes the calculations for Taper service
  - Sections 9 to 13 describe the issues and set out the formulae for Club and non-Club transfers-in
  - Section 14 describes approaches to use where interpolation between factors is required
  - Section 15 contains examples
  - Appendix A sets out the principal assumptions underlying the factors referenced by this guidance note
  - Appendix B sets out some important limitations



- 1.6 This guidance has been carried out in accordance with the applicable Technical Actuarial Standards: TAS 100 issued by the Financial Reporting Council (FRC). The FRC sets technical standards for actuarial work in the UK.

### **Implementation and Review**

- 1.7 The Secretary of State is required to consult GAD before issuing actuarial guidance under the 2013 Regulations (Regulation 2(3) of the 2013 Regulations).
- 1.8 As part of this consultation, Department for Levelling Up, Housing and Communities (DLUHC) 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.
- 1.9 DLUHC has asked GAD to prepare guidance for administering authorities for the purpose of calculating transfer payments under Regulation 96 of the 2013 Regulations, including both:
- Transfer payments in respect of Club Transfers, calculated in accordance with the Club Memorandum, and
  - CETV transfer payments, calculated in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 1996 and based on assumptions set by DLUHC.

This document also sets out GAD's guidance for that purpose.

- 1.10 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.
- 1.11 This note contains no factor tables, these can be found in the latest LGPS (England and Wales) consolidated factor workbook as the 100 series (Club) and 200 series (non-Club) tables.
- 1.12 This guidance replaces the previous guidance dated 8 April 2020 and has been updated to set out the additional calculations required for eligible members where a statutory underpin applies.
- 1.13 This guidance has been written for pension administrators and assumes knowledge of general pension terminology, and familiarity with pension 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 GAD, via DLUHC.
- 1.14 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.



## Regulatory legislative references

- 1.15 Regulation 96 of the 2013 Regulations sets out a member's right to a transfer payment out of the scheme under Chapter 1 or 2 of Part 4ZA of the Pension Schemes Act 1993 (as amended) provided that the payment is a recognised transfer under the meaning of Section 169 of the Finance Act 2004.
- 1.16 Under Regulation 96(1B), actuarial guidance issued by the Secretary of State is required to determine the value of the transfer, taking into account the member's 'provisional assumed benefits' and 'provisional underpin amount', calculated in accordance with Regulations 4I and 4J of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (2014 Scheme Transitional Regulations).
- 1.17 Regulation 100 of the 2013 Regulations sets out the circumstances under which a member can transfer accrued pension rights from another registered pension scheme into the LGPS scheme.
- 1.18 Upon acceptance of a transfer in from another pension arrangement, Regulation 101 of the 2013 Regulations states that the administering authority must credit the active member's pension account with the appropriate amount of earned pension. The pension credit payable upon a non-Club transfer in is to be calculated in accordance with actuarial guidance issued by the Secretary of State.
- 1.19 Where a transfer payment is received into the 2014 Scheme in respect of a person from a different public service pension scheme, which includes a payment in respect of service which would have entitled the person to final salary benefits in that scheme, such payment shall entitle that person to benefits under the 2014 Scheme as if they were payable as final salary benefits under the 2008 Scheme so long as the person in respect of whom the transfer payment is received has had no continuous break in active membership of any public service pension scheme of more than five years since ceasing active membership in the scheme from which the transfer payment is received (Section 9 of the Local Government Pension Scheme (Transitional Regulations) (SI 2014 / 525) ("the 2014 Scheme Transitional Regulations")).
- 1.20 Underpin final salary benefits in the event of a Club transfer should be determined as if the Local Government Pension Scheme (Administration) (SI 2008 / 239), the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations (SI 2007 / 1166) and the Local Government Pension Scheme (Transitional Provisions) (SI 2008 / 238) were in force. The final salary benefits are notional only when remediable service is transferred (except in the case where a transferring member has already exercised their deferred choice).



### **Further background on Club scheme transfers**

- 1.21 Transfers within the public sector transfer Club are covered by the Club Memorandum<sup>1</sup>, published by the Cabinet Office. This guidance is based on the 29 September 2023 version of the Memorandum which came into effect from 1 October 2023. This guidance note should be read in conjunction with the Club Memorandum.
- 1.22 While the Scheme participates in the Club, administrators should comply with the Club Memorandum at all times, and in particular, consider the impacts on Club transfers-in and/or transfers-out of any changes that are made to the Club Memorandum, regardless of whether those changes have been incorporated into any updated version of this guidance or the associated consolidated factors workbook.
- 1.23 Paragraph 10.4 of this guidance explains how incoming service credits are calculated for members whose pensionable pay in the LGPS exceeds the Club earnings cap, consistent with the requirements of the Club Memorandum.
- 1.24 Under Regulation 9(1) of the 2014 Scheme Transitional Regulations, where a transfer from a different public service pension scheme is received into the 2014 scheme which includes a payment in respect of service which would have entitled the person to final salary benefits in that scheme, such a payment shall entitle that person to benefits under the 2014 Scheme as if they were payable as final salary benefits under the 2008 Scheme, so long as the member has not had a continuous break in active membership of more than five years in any public service pension scheme since ceasing active membership in the scheme from which the transfer payment is received. Regulation 1(6) of the 2014 Scheme Transitional Regulations states that "Public service pension scheme" is defined in section 1 of the Pension Schemes Act 1993.
- 1.25 DLUHC have confirmed that any other inwards transfer payment representing final salary benefits that satisfies the requirements to be a Club transfer should also provide a service credit in the same way that it would have done under the 2008 Scheme.
- 1.26 Treatment of contribution differences, for remediable service where applicable, upon Club scheme transfers in are set out in sections 10 and 11.

### **Third party reliance**

- 1.27 This guidance has been prepared for the use of DLUHC 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 the DLUHC 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.

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<sup>1</sup> <https://www.civilservicepensionscheme.org.uk/members/public-sector-transfer-club/>



- 1.28 When issued by the Secretary of State in accordance with paragraph 1.10 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.
- 1.29 Other than DLUHC 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 Adjustments for Guaranteed Minimum Pension

- 2.1 The calculations and formulae in this guidance contain adjustments to reflect the inflationary increases on a member's Guaranteed Minimum Pension (GMP).
- 2.2 In line with the previous guidance, our GMP adjustment factors allow for the scheme providing for full indexation increases on GMP for all members reaching State Pension Age (SPA) on or after 6 April 2016.

### Club transfers

- 2.3 Since 1 March 2017, the calculation of Club transfers has not included adjustments for GMP benefits.

### Non-Club cash equivalent transfer values

- 2.4 The following table summarises the GMP adjustment to be applied, depending on whether the member reached SPA before or after 6 April 2016. This is consistent with the previous guidance.

	Member reached SPA on or before 5 Apr 2016	Member reached SPA on or after 6 Apr 2016
CETV – member below pension age <sup>2</sup> for LGPS benefits	Not applicable <sup>3</sup>	GMP adjustment (cost) per tables x-201 to x-208
CETV – member above pension age for LGPS benefits <sup>4</sup>	GMP adjustment (saving) per tables x-301 to x-304	No GMP adjustment
Pensioner cash equivalent <sup>4</sup> (for divorce purposes)	GMP adjustment (saving) per tables x-301 to x-304	No GMP adjustment
Non-Club transfer in	Refer to DLUHC for onward transmission to GAD <sup>5</sup>	No GMP adjustment <sup>6</sup>

- 2.5 The factors provided can be used for women with dates of birth between 6 April 1953 and 5 April 1955 inclusive whose Critical Retirement Date is after their 60th birthday and who have not reached either their Critical Retirement Date or normal retirement age at the relevant date. These cases no longer need to be referred to DLUHC.

<sup>2</sup> Pension age for LGPS benefits refers to the benefit tranche GMP is assigned to: see section 7 for further details.

<sup>3</sup> Only possible if effective date is before 6 Apr 2016; any such case should be referred to DLUHC for onward transmission to GAD if the member has a GMP.

<sup>4</sup> See the guidance note *Local Government Pension Scheme (England and Wales): Pension Sharing Following Divorce Factors and guidance*.

<sup>5</sup> Only need to refer if the member has a GMP.

<sup>6</sup> Once this guidance is brought into effect there now will be no instances where GMP adjustments should be applied to transfers in (except on a case by case basis). For ease of updating administration systems, the transfer in tables in the consolidated factor workbook still contain the GMP adjustment factors, but the factor values in all these columns have been changed to zero.





### 3 Transfers-out (CETV and Club) – general issues

- 3.1 The transfer value calculations can be complex due to changes that have occurred in the LGPS, both in respect of the form of benefits accrued and in the ages at which members can take their pension benefits.

#### Changes to form of benefits

- 3.2 LGPS benefits changed from 1 April 2014. Benefits accrued from that date are on a career average revalued earnings basis, whereas benefits were accrued on a final salary basis before 1 April 2014.
- 3.3 Service between 1 April 2008 and 31 March 2014 was based on an accrual rate of  $1/60^{\text{th}}$  ("60ths") with no retirement grant, whereas service before 1 April 2008 was based on an accrual rate of  $1/80^{\text{th}}$  ("80ths") with a retirement grant of  $3/80^{\text{ths}}$ .
- 3.4 Where relevant, benefits need to be split between those relating to membership in the following periods and each element valued separately:
- before 1 April 2008;
  - between 1 April 2008 and 31 March 2014;
  - between 1 April 2014 and 31 March 2016;
  - between 1 April 2016 and 31 March 2020;
  - between 1 April 2020 and 31 March 2022; and
  - after 1 April 2022.
- 3.5 In addition, some members may be subject to the statutory underpin (Regulations 4A to 4R of the 2014 Scheme Transitional Regulations) in respect of their benefits earned between 1 April 2014 and 31 March 2022. The approaches are different for CETV and Club cases and are set out in sections 4 and 5 respectively.

#### Changes to pension ages

- 3.6 The pension ages at which members can take their benefits unreduced can differ for different periods of service. There are four possibilities in this regard, and some members may have accrued service with more than one element:
- Critical Retirement Age ('CRA') (determined as the Rule of 85 age for each member, with a minimum of 60, and therefore an age between 60 and 65)
  - Pension Age 65
  - "Taper" service in which a generous early retirement factor is applied on retirement before normal retirement age, but not as generous as assuming unreduced retirement from the Critical Retirement Age
  - Normal Pension Age (NPA, the higher of age 65 and the member's State Pension Age)
- 3.7 For example, some members could have accrued service based on a Critical Retirement Age (less than 65), State Pension Age, as well as Taper service.



- 3.8 DLUHC has confirmed that State Pension Age for the purpose of calculating transfer value factors should be as set out in legislation in force at the guarantee date.
- 3.9 The factors accommodate the NPA members will have in relation to service on and after 1 April 2014. However, in relation to benefits earned prior to 1 April 2014 which are payable by reference to a CRA below age 65, the approach is to value the benefits first using a central factor based on age 65 and then to apply a conversion factor to reflect the actual CRA. For each element of pre-2014 service to which a particular retirement age attaches, a separate calculation will be required using conversion factors for that specific retirement age.

### **Combinations of accrual rate and pension age**

- 3.10 There will be many different combinations of accrual rate and pension age. Table 1 below summarises the different combinations that apply depending on which of four categories the member belongs to (see paragraph 3.14) and the period of membership being considered (see paragraph 3.15).
- 3.11 Separate calculations will be required for each period of service with a different combination of accrual rate and pension age.
- 3.12 It may be necessary to calculate up to seven intermediate CETVs reflecting different combinations of pension age and service period. In addition, additional calculations are required for eligible members in respect of the statutory underpin.
- 3.13 If a member has additional pension, or membership gained other than through active service, then those benefits may also have a different retirement age, in which case those elements will also require a separate calculation.
- 3.14 The four categories of members are defined below
- Group 1: A member who was an active member prior to 1 October 2006, and born on 31 March 1956 or earlier;
  - Group 2: A member who was an active member prior to 1 October 2006, and born between 1 April 1956 and 31 March 1960 inclusive and who would reach their Critical Retirement Age by 31 March 2020;
  - Group 3: A member who was an active member prior to 1 October 2006 who is not a Group 1 or Group 2 member; and
  - Group 4: A member who was not a member prior to 1 October 2006.



3.15 A member's total membership should be divided into the following Parts:

- Part A: Membership up to and including 31 March 2008
- Part B1: Membership from 1 April 2008 to 31 March 2014
- Part B2: Membership from 1 April 2014 to 31 March 2016
- Part C: Membership from 1 April 2016 to 31 March 2020
- Part D1A: Membership from 1 April 2020 to 31 March 2022
- Part D1B: Membership from 1 April 2022
- Part D2 does not relate to accrual during periods of membership, but includes benefits acquired prior to 1 April 2022 which have an NPA of 65.

The various combinations required for taking into account during Club and CETV calculations are as set out in Table 1.

**Table 1: combinations of pension age and accrual rate for Club and CETV calculations**

	<b>Group 1</b>		<b>Group 2</b>		<b>Group 3</b>		<b>Group 4</b>	
	Pension age	Accrual rate	Pension age	Accrual rate	Pension age	Accrual rate	Pension age	Accrual rate
Part A	CRA	80ths	CRA	80ths	CRA	80ths	PA65	80ths
Part B1	CRA	60ths	Taper	60ths	PA65	60ths	PA65	60ths
Part B2	CRA	CARE	Taper	CARE	NPA	CARE	NPA	CARE
Part C	NPA	CARE	Taper	CARE	NPA	CARE	NPA	CARE
Part D1A	NPA	CARE	NPA	CARE	NPA	CARE	NPA	CARE
Part D1B	NPA	CARE	NPA	CARE	NPA	CARE	NPA	CARE
Part D2	PA65	No accrual	PA65	No accrual	PA65	No accrual	PA65	No accrual

Where:

- CRA is the member's 'Critical Retirement Age' as defined in paragraph 3.16 below.
- NPA is the member's State Pension Age or, if higher, age 65.
- Taper indicates tapered early retirement reduction factors apply, as described in section 8.
- PA65 is a pension age of 65.
- For the avoidance of doubt benefits accrued as Part D1A and D1B have the same retirement ages, however a statutory underpin would apply to eligible members in relation to Part D1A but not D1B.



### **Critical Retirement Age**

- 3.16 The member's Critical Retirement Age is the earliest age at which they would have satisfied the 85 year rule for the purposes of Schedule 2 of the 2014 Scheme Transitional Regulations, subject to the limit set out in paragraph 3.17 below.
- 3.17 A member's Critical Retirement Age cannot be greater than age 65 and is taken as being subject to a minimum of age 60.

### **Guarantee Date**

- 3.18 The relevant date for calculating a transfer value is the "guarantee date" as defined in The Occupational Pension Schemes (Transfer Values) Regulations 1996.
- 3.19 A transfer value should be guaranteed for three months from the guarantee date. If a request to pay the transfer value is made within three months of the guarantee date, it will not be necessary to recalculate the transfer value, provided the payment is made within 6 months of the guarantee date. If the payment is not made within that time, the administering authority must:
- For a Club transfer, recalculate the Club transfer amount as at the date of payment. Please refer to section 4.5 and 4.6 of the Club Memorandum for further details.
  - For a CETV, in accordance with the Occupational Pension Schemes (Transfer Values) Regulations 1996, pay the larger of:
    - a) the recalculated transfer amount as at the date of payment, and
    - b) the original amount, increased with interest for the period between the guarantee date and the date of payment, calculated on a daily basis at an annual rate of 1% above base rate.

### **Calculation of pension benefits**

- 3.20 The benefits to be valued for a deferred member should include revaluation reflecting the most recent Treasury Order or Pensions Increase Order at the guarantee date. Details regarding adjustments for GMPs are described in the relevant section of this guidance document.

### **Eligible partner benefits used in the calculations**

- 3.21 The pension payable to an eligible partner on the death of a member depends on a number of factors. For example, for female members, the benefits payable to a surviving same-sex civil partner may be higher than to a widower and the level of benefit can vary depending on whether any marriage or civil partnership occurred before or after the member left the LGPS.
- 3.22 DLUHC have confirmed that the calculations of Club and cash equivalent transfer values 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).



- 3.23 For transfer value quotations requested for the purposes of divorce proceedings, DLUHC have confirmed that the survivor's benefit should be determined as the rate payable to a survivor of a post exit marriage or partnership of the same type as the relationship being dissolved.

### **Miscellaneous issues**

- 3.24 A transfer-out by a councillor of CARE benefits accrued in relation to service as a councillor is always a non-club transfer, whether the receiving scheme is a Club or non-Club scheme. Any benefits from LGPS service as a non-councillor can be transferred on Club terms.
- 3.25 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.
- 3.26 The Early Retirement guidance provides instructions on how to allocate periods of membership not gained through active service to the Part A, B1, B2, C, D1A, D1B, or D2 membership. Note Part D1A and D1B fall under part D1 in the Early Retirement guidance.
- 3.27 Additional Pension benefits under regulations 16 (Additional pension contributions) or 31 (Award of additional pension) of the 2013 Regulations do not require an accrual rate to calculate and their value should be calculated using NPA factors. The factors should be applied to the accrued additional pension in the same way as they would be applied to other accrued pension for service from April 2014. Additional pension benefits purchased prior to 1 April 2014 should be valued using PA65 factors.
- 3.28 However, special CETV factors will be required where the election to purchase additional pension was made before 1 April 2012. This is because the additional pension for those elections increases in deferment and in payment by RPI, rather than CPI under the Pensions Increase Acts. Requests for the special factors should be made to GAD via DLUHC.
- 3.29 For outer Club transfer outs, when a member with Added Pension purchased under the final salary scheme takes an outer Club transfer to another scheme, the transfer value must be calculated by the sending scheme in two parts:
- The final salary element is calculated on outer Club terms; and
  - The Added Pension element is calculated on non-Club terms.
- 3.30 All Club and outgoing non-Club CETV calculations in relation to 60ths or CARE benefits should be undertaken using only the pension factors and ignoring the lump sum factors.



- 3.31 Where a member is over the age by reference to which an element of the transfer value is calculated (e.g. where a member is aged 61 and the CRA applicable to an element of the transfer value is age 60), the transfer value for that element should be based on immediate pension factors as set out in Club tables for Club cases (provided in the consolidated factors workbook) and GAD pensioner on divorce tables and formula for non-Club cases.
- 3.32 The transfer value is calculated using the amount of benefit that would come into payment had the member retired on the day immediately before the Calculation date. It should be assumed that no pension is commuted for a lump sum. Where a member is over age 65, or for benefits accrued after 1 April 2014 over SPA, the pension and retirement grant used in the calculation should include late retirement uplifts as set out in the guidance *Local Government Pension Scheme (England and Wales) Late Retirement*.
- 3.33 Formulae and factors to value Protected Rights benefits are not included in this guidance. Such calculations are not expected to be routinely needed for CETV calculations following the abolition of contracting-out on a Money Purchase basis from 6 April 2012. Funds should contact DLUHC in respect of any cases in which Protected Rights calculations are required, for onward transmission to GAD.
- 3.34 A cash equivalent required for uncrystallised benefits, for the purposes of divorce, should be calculated using the factors and formulas for non-Club CETVs.
- 3.35 Inter-fund transfers should be treated according to the separate and specific guidance issued on the subject by the Secretary of State.



## 4 Transfers-out (CETV-specific issues)

- 4.1 Under Chapters 1 and 2 of Part 4ZA of the Pension Schemes Act 1993, certain members are entitled to a statement of entitlement in relation to a cash equivalent, or to notification of right to a cash transfer sum. Under Chapter 1 of Part IV of the Welfare Reform and Pensions Act 1999, certain members are entitled to a statement of the cash equivalent of their benefits for the purpose of divorce or dissolution of a civil partnership.
- 4.2 If the fund has previously received a non-Club transfer-in in respect of the member, then an underpin applies in the case of a non-Club transfer value calculation. The underpin is equal to the amount of the transfer value received plus member contributions paid to the LGPS.

### **Pension debit and pension offset members**

- 4.3 For members with one or more pension debits resulting from divorce, and/or one or more pension offsets resulting from any "Scheme Pays" elections, the transfer value calculation is calculated in two stages:
- 4.3.1 First, a gross transfer value should be calculated ignoring the pension debits and pension offsets.
- 4.3.2 Second, the value of each pension debit and/or pension offset should be calculated (i.e. the transfer value of a deferred pension of the same amount as the pension offset payable from PA65 or NPA as appropriate). The transfer value quoted and paid is the net amount i.e. the gross transfer value less the value of all the pension debits and pension offsets.

### **European Union scheme transfers**

- 4.4 European Union scheme transfers under regulation 102 of the 2013 Regulations should be calculated as a normal non-Club CETV. The administrator should ensure that they follow the appropriate process for a transfer to the EU scheme, including obtaining any necessary mandates from the member. Funds should ensure that they take all necessary legal advice when processing European Union scheme transfers.

### **Statutory underpin**

- 4.5 Regulation 96(1B) of the 2013 Regulations specifies that the value of a transfer under Regulation 96(1) should take into account the member's provisional assumed benefits and provisional underpin amount, calculated in accordance with regulations 4I and 4J of the 2014 Scheme Transitional Regulations.
- 4.6 For an eligible member where the statutory underpin applies, the following additional steps should be taken to allow for the possible value of the underpin in the member's CETV amount.





- 4.7 This calculation requires details of the member's **provisional assumed benefits** and **provisional underpin amount** as calculated in line with regulations 4I and 4J of the 2014 Scheme Transitional Regulations, and the **underpin date** and **final underpin date** as defined in regulations 4G and 4H of those regulations. Where the member is subject to transitional provisions as outlined in 3.10-3.17 it may be necessary to value tranches separately.

- 4.8 Step 1a. Revalue the provisional assumed benefits to the final underpin date.

**Revalued provisional assumed benefits =  
Provisional assumed benefits × Reval A**

Where **Reval A** is the revaluation adjustment that would have applied if the Provisional assumed benefits were a deferred benefit in the 2014 Scheme as if the last day of scheme membership was the underpin date.

- 4.9 Step 1b. Revalue the provisional underpin amount to the final underpin date.

**Revalued provisional underpin amount =  
Provisional underpin amount × Reval B**

- 4.10 Where **Reval B** is the revaluation adjustment that would have applied if the Provisional underpin amount were a pension to which the Pensions (Increase) Act 1971 applied from the underpin date.

- 4.11 Step 2a. Calculate the CETV of the revalued provisional assumed benefits at the final underpin date.

**CETV of revalued provisional assumed benefits =  
Revalued provisional assumed benefits (step 1a) × Gross Pension Factor A**

Where **Gross Pension Factor A** is the gross pension factor for non-Club transfers out, effective at the final underpin date, based on the age of the member at the guarantee date and the retirement age at which the provisional assumed benefits would be reduced in reference to as set out in the guidance note *The Local Government Pension Scheme (England and Wales): Early payment of pension*.

- 4.12 Step 2b. Calculate the CETV of the revalued provisional underpin amount at the final underpin date.

**CETV of revalued provisional underpin amount =  
Revalued provisional underpin amount (step 1b) × Gross Pension Factor B**

Where **Gross Pension Factor B** is the gross pension factor for non-Club transfers out effective at the final underpin date, based on the age of the member at the guarantee date and the retirement age at which the provisional underpin amount would be reduced in reference to as set out in the guidance note *The Local Government Pension Scheme (England and Wales): Early payment of pension*.

- 4.13 Step 3. Calculate the value of the underpin in respect of the member's pension.

**Value of underpin (member pension) =  
Max(0, (CETV of revalued provisional underpin amount (step 2b)  
– CETV of the revalued provisional assumed benefits (step 2a))**





The value of the underpin in respect of the member's pension is the difference between step 2b and step 2a.

**Where this figure is greater than zero, proceed to steps 4 to 5.**

**Where this figure is zero, no further calculations are required. No adjustment in respect of the statutory underpin needs to be applied to the CETV amount.**

4.14 Step 4. Calculate the value of the underpin in respect of the corresponding survivor's benefit.

**Value of underpin (survivor's benefit) =  
Max(0, ((Revalued provisional underpin amount (step 1b) – Revalued  
provisional assumed benefits (step 1a)) × 49 ÷ 160 × Surviving Partner's  
Pension Factor)**

Where **Surviving Partner's Pension Factor** is the surviving partner's pension factor for non-Club transfers out effective at the final underpin date, based on the age of the member and retirement age used for the calculation of the revalued provisional assumed benefits (step 2a).

This amount is subject to a minimum of zero.

The Value of underpin (survivor's benefit) may be zero where the Value of underpin (member pension) is greater than zero, reflecting that early retirement reductions which may apply to member benefits do not equally apply to the corresponding survivor's benefit.

4.15 Step 5. Calculate the total value of the underpin to be added to the CETV amount.

**Total value of the underpin =  
Value of underpin (member pension) (step 3)  
+ Value of underpin (survivor's benefit) (step 4))**

This total value of the underpin should be added on to the CETV amount calculated.



## 5 Transfers-out (Club-specific issues)

- 5.1 This note should be used in conjunction with the approach set out in the Club Memorandum issued by the Cabinet Office on 29 September 2023<sup>7</sup>. The Club Memorandum covers the conditions for transferring benefits on Club terms in detail.
- 5.2 This guidance explains how those terms should be applied to benefits being transferred from LGPS. It is provided on the basis of the Club Memorandum, effective from 1 October 2023. That Club Memorandum deals with the transfer value calculation of benefits relating to service after 31 March 2022. In particular, the Club Memorandum specifies the transfer value calculation for remediable service considering both final salary and CARE Club arrangements.
- 5.3 Where a member has additional pension, that element of the transfer value is calculated on non-Club terms. In this case the elements of the transfer value representing the added pension and the pension derived from service should be shown separately in the information provided to the receiving scheme.
- 5.4 Care needs to be taken to prevent windfall gains or losses in cases where an individual will work, or has been working, on an occasional basis e.g. a Local Government Returning Officer, or where the hours for a full-time post fall below a normal working week e.g. a position requiring only five hours attendance a week. Advice on Club transfers for any such members should be referred to GAD via DLUHC.
- 5.5 For members with a pension debit or “scheme pays” offset, the appropriate special provisions set out in the Club Memorandum should be followed to calculate the transfer value using the formulas set out in this note.

### Statutory underpin

- 5.6 For transfers of remediable service (where there was no continuous break of more than five years in active membership of a public service pension schemes since the remediable service was accrued) and the member has not exercised their deferred choice, the Club Memorandum confirms that two remediable service transfer amounts must be calculated. A final salary remediable service transfer amount and a CARE remediable service transfer amount must be calculated in line with the relevant arrangements under the Club Memorandum. The remediable service transfer amount is the higher of the final salary and CARE transfer amounts. Where a member has exercised a deferred choice in their previous scheme benefits should be determined on the basis of those elected.

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<sup>7</sup> <https://www.civilservicepensionscheme.org.uk/members/public-sector-transfer-club/>



## 6 Transfer-out formulae (Club)

### Club transfer value calculation

- 6.1 The total transfer value is the sum of  $TV^{PRE-2008}$ ,  $TV^{2008-2014}$ ,  $TV^{2014-2022}$ ,  $TV^{2014-2022}$  (no u) and  $TV^{POST-2022}$ , the transfer values in respect of service before 1 April 2008; from 1 April 2008 to 31 March 2014; from 1 April 2014 to 31 March 2022 and from 1 April 2022 respectively, calculated as below. The formulae below use accrued benefits as data items, with all pensions based on annual amounts and with the benefits split between the various service periods as follows (for the avoidance of doubt data items should be revalued to the guarantee date where necessary):

### Data items needed to calculate Club transfer value

	Service before 1 April 2008*	Service from 1 April 2008 to 31 March 2014		
		PA65 service*	CRA service*	Taper service*
Accrued Pension	A	B <sup>08</sup>	C <sup>08</sup>	D <sup>08</sup>
Retirement Grant	I	-	-	-
Surviving Partner's Pension	K	L <sup>08</sup>	M <sup>08</sup>	N <sup>08</sup>

	Eligible service from 1 April 2014 to 31 March 2022					
	CARE**			Underpin Final Salary**		
	NPA service*	CRA service*	Taper service*	PA65 service*	CRA service*	Taper service*
Accrued Pension	B <sup>14</sup> CARE	C <sup>14</sup> CARE	D <sup>14</sup> CARE	B <sup>14</sup> FS	C <sup>14</sup> FS	D <sup>14</sup> FS
Retirement Grant	-	-	-	-	-	-
Surviving Partner's Pension	L <sup>14</sup> CARE	M <sup>14</sup> CARE	N <sup>14</sup> CARE	L <sup>14</sup> FS	M <sup>14</sup> FS	N <sup>14</sup> FS



Non-eligible service from 1 April 2014 to 31 March 2022***			
CARE			
	NPA service*	CRA service*	Taper service*
Accrued Pension	$B^{14 \text{ no u CARE}}$	-	-
Retirement Grant	-	-	-
Surviving Partner's Pension	$L^{14 \text{ no u CARE}}$	-	-

Service from 1 April 2022			
	NPA service*	CRA service*	Taper service*
Accrued Pension	$B^{22}$	-	-
Retirement Grant	-	-	-
Surviving Partner's Pension	$L^{22}$	-	-

\* Some of these categories will be zero if members have no accrued benefits or transferred-in service in the above categories.

\*\* non-Club transfers in should be excluded from the above calculations but included separately.

\*\*\* It is possible that members may not be eligible for an underpin in respect of part of their service between 1 April 2014 to 31 March 2022, for example in respect of service after age 65. Where this is the case this should be included in non-eligible service tranche.

## Calculation of Club transfer value

### Service before 1 April 2008

	Formula	Result
Pension	$A \times \text{FACTOR}_{65}^P \times \text{ADJ}^P$	E
Retirement Grant	$I \times \text{FACTOR}_{65}^{RG} \times \text{ADJ}^{LS}$	J
Surviving Partner's Pension	$K \times \text{FACTOR}_{65}^S$	O
<b>Transfer value (for service pre-April 2008)</b>	$E+J+O$	<b>TV<sup>PRE-2008</sup></b>



Service from 1 April 2008 to 31 March 2014

	Formula	Result
Pension (PA65 service)	$B^{08} \times \text{FACTOR}_{65}^P$	$F^{08}$
Pension (CRA service)	$C^{08} \times \text{FACTOR}_{65}^P \times \text{ADJ}^P$	$G^{08}$
Pension (Taper service)	$D^{08} \times (1 - \text{TERF}) \times \text{FACTOR}_{65}^P \times \text{ADJ}^P$	$H^{08}$
Surviving Partner's Pension	$(L^{08} + M^{08} + N^{08}) \times \text{FACTOR}_{65}^S$	$P^{08}$
<b>Transfer value (for service April 2008 to March 2014)</b>	$F^{08} + G^{08} + H^{08} + P^{08}$	<b>TV<sup>2008-2014</sup></b>

Eligible service from 1 April 2014 to 31 March 2022

	Formula	Result
<b>Transfer value (for service April 2014 to March 2022)</b>	Higher of <b>TV<sup>2014-2022 CARE</sup></b> and <b>TV<sup>2014-2022 FS</sup></b>	<b>TV<sup>2014-2022</sup></b>
Pension (NPA service)	$B^{14 \text{ CARE}} \times \text{FACTOR}_{\text{NPA}}^P$	$F^{14 \text{ CARE}}$
Pension (CRA service)	$C^{14 \text{ CARE}} \times \text{FACTOR}_{65}^P \times \text{ADJ}^P$	$G^{14 \text{ CARE}}$
Pension (Taper service)	$D^{14 \text{ CARE}} \times (1 - \text{TERF}) \times \text{FACTOR}_{65}^P \times \text{ADJ}^P$	$H^{14 \text{ CARE}}$
Surviving Partner's Pension (NPA service)	$L^{14 \text{ CARE}} \times \text{FACTOR}_{\text{NPA}}^S$	$S^{14 \text{ CARE}}$
Surviving Partner's Pension (CRA and Taper service)	$(M^{14 \text{ CARE}} + N^{14 \text{ CARE}}) \times \text{FACTOR}_{65}^S$	$P^{14 \text{ CARE}}$
<b>CARE Transfer value (for eligible service April 2014 to March 2022)</b>	$F^{14 \text{ CARE}} + G^{14 \text{ CARE}} + H^{14 \text{ CARE}} + S^{14 \text{ CARE}} + P^{14 \text{ CARE}}$	<b>TV<sup>2014-2022 CARE</sup></b>

	Formula	Result
Pension (NPA service)	$B^{14 \text{ FS}} \times \text{FACTOR}_{65}^P$	$F^{14 \text{ FS}}$
Pension (CRA service)	$C^{14 \text{ FS}} \times \text{FACTOR}_{65}^P \times \text{ADJ}^P$	$G^{14 \text{ FS}}$
Pension (Taper service)	$D^{14 \text{ FS}} \times (1 - \text{TERF}) \times \text{FACTOR}_{65}^P \times \text{ADJ}^P$	$H^{14 \text{ FS}}$
Surviving Partner's Pension	$(L^{14 \text{ FS}} + M^{14 \text{ FS}} + N^{14 \text{ FS}}) \times \text{FACTOR}_{65}^S$	$P^{14 \text{ FS}}$
<b>Final Salary Transfer value (for eligible service April 2014 to March 2022)</b>	$F^{14 \text{ FS}} + G^{14 \text{ FS}} + H^{14 \text{ FS}} + P^{14 \text{ FS}}$	<b>TV<sup>2014-2022 FS</sup></b>



Non-eligible service from 1 April 2014 to 31 March 2022

	Formula	Result
Pension (NPA service)	$B^{14 \text{ no u CARE}} \times \text{FACTOR}_{\text{NPA}}^P$	$F^{14 \text{ no u CARE}}$
Surviving Partner's Pension (NPA service)	$L^{14 \text{ no u CARE}} \times \text{FACTOR}_{\text{NPA}}^S$	$S^{14 \text{ no u CARE}}$
<b>CARE Transfer value (for non-eligible service April 2014 to March 2022)</b>	$F^{14 \text{ no u CARE}} + S^{14 \text{ no u CARE}}$	<b>TV<sup>2014-2022</sup> (no u)</b>

Service from 1 April 2022

	Formula	Result
Pension (NPA service)	$B^{22} \times \text{FACTOR}_{\text{NPA}}^P$	$F^{22}$
Surviving Partner's Pension (NPA service)	$L^{22} \times \text{FACTOR}_{\text{NPA}}^S$	$S^{22}$
<b>Transfer value (for service from April 2022)</b>	$F^{22} + S^{22}$	<b>TV<sup>POST-2022</sup></b>



Factor in formulae above (and elsewhere in this guidance)	Factor in table	Table / derivation (the tables referred to above are those set out in the consolidated factor workbook)
$FACTOR_{65}^P$ $FACTOR_{65}^{RG}$ $FACTOR_{65}^S$	"Gross Pension" "Lump Sum" "Surviving Partner's Pension"	Where the member is under age 65 or for CRA or "Taper" service under CRA from Table 0-103. Otherwise from table 0-102 for valuing immediate benefit payment.
$FACTOR_{NPA}^P$  $FACTOR_{NPA}^S$	"Gross Pension"  "Surviving Partner's Pension"	Where the member's age is under NPA or for CRA or "Taper" service under CRA from Tables 0-103 to 0-106 as appropriate. Otherwise from table 0-102 for valuing immediate benefit payment. Where NPA is not a whole number, factors should be interpolated using the appropriate method set out in section 14 "Non-exact Normal Pension Ages".
$ADJ^P$ $ADJ^{LS}$	"Personal Pension" "Lump Sum"	Table 0-219 – Pension and Lump Sum Conversion Factors.
TERF	Tapered Early Retirement Factor	Derived from Early Retirement Factors depending on the date at which the member would reach their Critical Retirement Age during the period 1 April 2016 to 31 March 2020 - see the current Early Retirement Guidance for details. Administrators should use the table of ERFs in force at the relevant date.



## 7 Transfer-out formulae (non-Club CETV)

### Non-Club transfer value calculation (CETV)

- 7.1 For the approach to GMP adjustments, please see paragraph 2.4.
- 7.2 The total transfer value is the sum of  $TV^{PRE-2008}$ ,  $TV^{2008-2014}$ ,  $TV^{2014-2022}$  and  $TV^{POST-2022}$ , the transfer values in respect of service before 1 April 2008; from 1 April 2008 to 31 March 2014; from 1 April 2014 to 31 March 2022 and from 1 April 2022 respectively, calculated as below. The formulae below use accrued benefits as data items, with all pensions (including GMPs) based on annual amounts and with the benefits split between the various service periods as follows (for the avoidance of doubt data items should be revalued to the guarantee date where necessary):

### Data items needed to calculate CETV

	Service before 1 April 2008	Service from 1 April 2008 to 31 March 2014		
		PA65 service*	CRA service*	Taper service*
Accrued Pension	A	$B^{08}$	$C^{08}$	$D^{08}$
Retirement Grant	I	-	-	-
Surviving Partner's Pension	K	$L^{08}$	$M^{08}$	$N^{08}$
NI Modification	V	-	-	-
Pre 88 GMP	X	$X^{08 **}$	-	-
Post 88 GMP	Y	$Y^{08 **}$	-	-

	Service from 1 April 2014 to 31 March 2022		
	NPA service*	CRA service*	Taper service*
Accrued Pension	$B^{14-22}$	$C^{14-22}$	$D^{14-22}$
Retirement Grant	-	-	-
Surviving Partner's Pension	$L^{14-22}$	$M^{14-22}$	$N^{14-22}$
Pre 88 GMP	$X^{14-22 **}$	-	-
Post 88 GMP	$Y^{14-22 **}$	-	-
Revalued Provisional assumed benefits***	$B^A$	$C^A$	$D^A$
Revalued Provisional underpin amount***	$B^U$	$C^U$	$D^U$





	<b>Service from 1 April 2022</b>		
	NPA service*	CRA service*	Taper service*
Accrued Pension	$B^{22}$	-	-
Retirement Grant	-	-	-
Surviving Partner's Pension	$L^{22}$	-	-
Pre 88 GMP	$X^{22 **}$		
Post 88 GMP	$Y^{22 **}$		

\* Members may only have accrued benefits in one of these three elements, although they could have more than one of the elements due to transfers-in or added pension. Therefore, some of these categories will be zero if members have no accrued or transferred-in benefits in the above categories

\*\* If a member has any pre-2008 service, all the GMP should be allocated to that service. If a member does not have pre-2008 service but transferred-in GMP, then the GMP should be allocated to 2008-2014, 2014-2022 or post-2022 service depending on the date when the transfer took place.

\*\*\* These amounts are required for the statutory underpin calculation for eligible members only. Steps 1a and 1b in paragraphs 4.8 and 4.9 set out the calculation of these figures.

#### Service before 1 April 2008

	<b>Formula</b>	<b>Result</b>
Pension	$A \times \text{FACTOR}_{65}^P \times \text{ADJ}^P$	E
Retirement Grant	$I \times \text{FACTOR}_{65}^{\text{RG}} \times \text{ADJ}^{\text{LS}}$	J
Surviving Partner's Pension	$K \times \text{FACTOR}_{65}^S$	O
NI Modification	$V \times \text{FACTOR}_{65}^{\text{NI}}$	W
GMP adjustment	$(X \times \text{FACTOR}_{65}^{\text{GMP-PRE88}}) + (Y \times \text{FACTOR}_{65}^{\text{GMP-POST88}})$	Z
<b>Transfer value (for service pre-April 2008)</b>	$E+J+O-W-Z$	$TV^{\text{PRE-2008}}$

#### Service from 1 April 2008 to 31 March 2014

	<b>Formula</b>	<b>Result</b>
Pension (PA65 service)	$B^{08} \times \text{FACTOR}_{65}^P$	$F^{08}$
Pension (CRA service)	$C^{08} \times \text{FACTOR}_{65}^P \times \text{ADJ}^P$	$G^{08}$
Pension (Taper service)	$D^{08} \times (1-\text{TERF}) \times \text{FACTOR}_{65}^P \times \text{ADJ}^P$	$H^{08}$
Surviving Partner's Pension	$(L^{08}+M^{08}+N^{08}) \times \text{FACTOR}_{65}^S$	$P^{08}$
GMP adjustment	$(X^{08} \times \text{FACTOR}_{65}^{\text{GMP-PRE88}}) + (Y^{08} \times \text{FACTOR}_{65}^{\text{GMP-POST88}})$	$Z^{08}$
<b>Transfer value (for service April 2008 to March 2014)</b>	$F^{08}+G^{08}+H^{08}+P^{08}-Z^{08}$	$TV^{2008-2014}$



Service from 1 April 2014 to 31 March 2022

	<b>Formula</b>	<b>Result</b>
Pension (NPA service)	$B^{14-22} \times \text{FACTOR}_{\text{NPA}}^P$	$F^{14-22}$
Pension (CRA service)	$C^{14-22} \times \text{FACTOR}_{65}^P \times \text{ADJ}^P$	$G^{14-22}$
Pension (Taper service)	$D^{14-22} \times (1-\text{TERF}) \times \text{FACTOR}_{65}^P \times \text{ADJ}^P$	$H^{14-22}$
Surviving Partner's Pension (NPA service)	$L^{14-22} \times \text{FACTOR}_{\text{NPA}}^S$	$S^{14-22}$
Surviving Partner's Pension (CRA & Taper service)	$(M^{14-22} + N^{14-22}) \times \text{FACTOR}_{65}^S$	$P^{14-22}$
GMP adjustment	$(X^{14-22} \times \text{FACTOR}_{\text{NPA}}^{\text{GMP-PRE88}}) + (Y^{14-22} \times \text{FACTOR}_{\text{NPA}}^{\text{GMP-POST88}})$	$Z^{14-22}$
<b>Transfer value (for service April 2014 to March 2022)</b>	$F^{14-22} + G^{14-22} + H^{14-22} + S^{14-22} + P^{14-22} - Z^{14-22}$	$\text{TV}^{2014-2022}$

Statutory underpin

These calculations are only required for eligible members with a statutory underpin.

	<b>Formula</b>	<b>Result</b>
Revalued Provisional assumed benefits (NPA service)	$B^A \times \text{FACTOR}_{\text{NPA}}^P$	$F^A$
Revalued Provisional assumed benefits (CRA service)	$C^A \times \text{FACTOR}_{65}^P \times \text{ADJ}^P$	$G^A$
Revalued Provisional assumed benefits (Taper service)	$D^A \times (1-\text{TERF}) \times \text{FACTOR}_{65}^P \times \text{ADJ}^P$	$H^A$
Revalued Provisional underpin amount (NPA service)	$B^U \times \text{FACTOR}_{65}^P$	$F^U$
Revalued Provisional underpin amount (CRA service)	$C^U \times \text{FACTOR}_{65}^P \times \text{ADJ}^P$	$G^U$
Revalued Provisional underpin amount (Taper service)	$D^U \times (1-\text{TERF}) \times \text{FACTOR}_{65}^P \times \text{ADJ}^P$	$H^U$
Value of underpin in respect of member benefit	$\text{Max}((F^U + G^U + H^U) - (F^A + G^A + H^A), 0)$	$\text{MU}$
Value of underpin in respect of corresponding survivor's benefit	$\text{Max}(((B^U + C^U + D^U) - (B^A + C^A + D^A)) \times 49/160 \times \text{FACTOR}_{\text{NPA}}^S, 0)$	$\text{SU}$
<b>Total value of underpin (for service April 2014 to March 2022)</b>	Where $\text{MU} > 0$ , $\text{MU} + \text{SU}$ Where $\text{MU} \leq 0$ , 0	$\text{TV}^{\text{UP}}$



Service from 1 April 2022

	Formula	Result
Pension (NPA service)	$B^{22} \times \text{FACTOR}_{\text{NPA}}^{\text{P}}$	$F^{22}$
Surviving Partner's Pension (NPA service)	$L^{22} \times \text{FACTOR}_{\text{NPA}}^{\text{S}}$	$S^{22}$
GMP adjustment	$(X^{22} \times \text{FACTOR}_{\text{NPA}}^{\text{GMP-PRE88}}) +$ $(Y^{22} \times \text{FACTOR}_{\text{NPA}}^{\text{GMP-POST88}})$	$Z^{22}$
<b>Transfer value (for service from April 2022)</b>	$F^{22} + S^{22} - Z^{22}$	$\text{TV}^{\text{POST-2022}}$

The total transfer value is:

$$\text{TV}^{\text{PRE-2008}} + \text{TV}^{\text{2008-2014}} + \text{TV}^{\text{2014-2022}} + \text{TV}^{\text{UP}} + \text{TV}^{\text{POST-2022}}$$

Factor in formulae above (and elsewhere in this guidance)	Factor in table	Table / derivation (the tables referred to above are those set out in the consolidated factor workbook)
$\text{FACTOR}_{65}^{\text{P}}$	"Gross Pension"	Where the member is under age 65 or for CRA or "Taper" service under CRA from Tables 0-201 or 0-202 as appropriate for the member's gender. Otherwise from the pensioner CE tables 0-301 or 302 as appropriate for valuing immediate benefit payment.
$\text{FACTOR}_{65}^{\text{RG}}$	"Lump Sum"	
$\text{FACTOR}_{65}^{\text{S}}$	"Surviving Partner's Pension"	
$\text{FACTOR}_{65}^{\text{NI}}$	"Deduction for NI Modification"	
$\text{FACTOR}_{65}^{\text{GMP-PRE88}}$	"Adjustment for GMP Pre-88"	
$\text{FACTOR}_{65}^{\text{GMP-POST88}}$	"Adjustment for GMP Post-88"	
$\text{FACTOR}_{\text{NPA}}^{\text{P}}$	"Gross Pension"	Where the member's age is under NPA or for CRA or "Taper" service under CRA from Tables 0-201 to 0-208 as appropriate for the member's NPA and gender. Otherwise from the pensioner CE tables 0-301 or 302 as appropriate for valuing immediate benefit payment. Where NPA is not a whole number, factors should be interpolated using the appropriate method set out in section 13 "Non-exact Normal Pension Ages".
$\text{FACTOR}_{\text{NPA}}^{\text{S}}$	"Surviving Partner's Pension"	
$\text{FACTOR}_{\text{NPA}}^{\text{GMP-PRE88}}$	"Adjustment for GMP Pre-88"	
$\text{FACTOR}_{\text{NPA}}^{\text{GMP-POST88}}$	"Adjustment for GMP Post-88"	
$\text{ADJ}^{\text{P}}$	"Personal Pension"	Table 0-219 – Pension and Lump Sum Conversion Factors as appropriate.
$\text{ADJ}^{\text{LS}}$	"Lump Sum"	
TERF	Tapered Early Retirement Factor	Derived from Early Retirement Factors depending on the date at which the member would reach their Critical Retirement Age during the period 1 April 2016 to 31 March 2020 – see the current Early Retirement Guidance for details. Administrators should use the table of ERFs in force at the relevant date.



## 8 Calculations for Taper Service

- 8.1 For the purposes of calculating transfer values (whether CETVs or Club transfers), benefits subject to the “Taper” are valued using the following method:
- Deferred benefits are calculated in respect of “Taper” service, payable from age 65, but with preferential early retirement (these deferred benefits are shown as  $D^{08}$  and  $D^{14}$  in section 7 above).
  - The deferred “Taper” benefits are then adjusted to the amounts that would be payable from the member’s CRA by applying a “Tapered Early Retirement factor” determined in accordance with the guidance on early payment of pension in force on the relevant date, and
  - The adjusted “Taper” benefits are then valued in line with other benefits payable from CRA – i.e. the Pension Age 65 factors are used, with a further adjustment which reflects payment from CRA rather than age 65. Paragraph 3.31 applies for members older than their CRA.
- 8.2 Example 2 (in section 15) relates to a sample member with Taper benefits.



## 9 Transfers-in (non-Club and Club) – general issues

- 9.1 A member may request their Fund to accept a transfer value if the request is made within 12 months of joining, or such longer period as their employer and administering authority may allow for incoming non-Club transfers. Club Memorandum 4.1 set out circumstances under which a Club transfer may proceed out-with the 12 month period. Under the scheme rules, Councillors cannot bring in a transfer value.
- 9.2 Benefits for incoming transfers take two distinct forms: one form relates to salary-related benefits (in other public service pension schemes typically earned before 1 April 2015), and the other relates to CARE benefits (typically earned on and after 1 April 2015). Incoming benefits may also include remediable service where the member has a choice between salary-related or CARE benefits in the transferring scheme – see 9.3.
- 9.3 Incoming Club transfers are provided with a service credit (by reference to a normal retirement age of 65) in respect of the salary-related element of the transfer, and an earned pension credit (by reference to their normal pension age) in respect of the CARE element of the transfer. This earned pension credit is then subject to the in-service revaluation rate of the transferring scheme. See sections 10 and 11.
- 9.4 Subject to the exception noted at paragraph 9.5, incoming non-Club transfers are provided with an earned pension credit only (by reference to their normal pension age) in respect of the entire transfer payment, and revaluation is in line with the Scheme's provisions. See section 12.
- 9.5 Where a non-Club transfer takes place that satisfies the conditions in Schedule 7 to the Public Service Pensions Act 2013 the transfer is on a non-Club basis but would entitle the member to a final salary link. For example, a member transfers from Scheme A to Scheme C with more than a 5-year break between those schemes, but without having had a continuous break of more than 5 years in active membership of a public service pension scheme because the member was a member of public service Scheme B (in-between). See Section 13.
- 9.6 The factors used in the formulae in this guidance are determined for each member dependent upon their age, with age determined at the relevant date (for non-Club transfers-in) or at the guarantee date used by the transferring scheme (for Club transfers-in). The relevant date (for non-Club transfers-in) will be the date the member joined the LGPS if the transfer value is received within the first year of service, or the date the transfer is received if the transfer value is received after the first year of service.
- 9.7 DLUHC has confirmed that State Pension Age, where required for the purpose of calculating transfer credits, should be as set out in legislation.



- 9.8 Transfer credits in 60ths or CARE form do not include a statutory lump sum at retirement. The partner's benefit awarded will vary as a proportion of the member benefit depending on the form of the transfer credit. The partner benefit will represent 60/160ths (37.5%) of the member's 60ths pension for incoming salary-related elements of Club transfers, but 49/160ths (30.625%) of the member's pension for incoming non-Club transfers and for the CARE element of incoming Club transfers to the 2014 Scheme.
- 9.9 If the member subsequently retires before attaining 65 (for salary-related transfer credits) or normal pension age (for earned pension transfer credits), their transferred-in benefits will be subject to the normal early retirement reductions applicable to the respective benefits, as described in the Early Retirement guidance document applicable at the time the benefits are drawn.
- 9.10 If the member subsequently retires after attaining 65 (for salary-related transfer credits) or normal pension age (for earned pension transfer credits), their transferred-in benefits will be subject to the normal late retirement increase applicable to the respective benefits, as described in the Late Retirement guidance applicable at the time the benefits are drawn. Any late retirement increase should be based on the period to retirement from the later of the guarantee date and age 65 (for salary-related transfer credits) or normal pension age (for earned pension transfer credits).



## 10 Transfers-in (Club-specific issues)

### **The Club Earnings Cap in relation to the salary-related element**

- 10.1 The benefits offered in respect of Club transfers-in are uncapped in the LGPS. The Club Memorandum however requires consistency in the benefits provided before and after the Club transfer in terms of the application of earnings caps. This therefore affects the salary-related element of a Club transfer where the benefits in the transferring scheme were subject to an earnings cap.
- 10.2 DLUHC has agreed that the following approach be taken for incoming Club transfers in respect of salary-related benefits subject to, or potentially subject to, an earnings cap in the transferring scheme.
- 10.3 In respect of a member whose pay in the LGPS is less than the Club Earnings Cap, no adjustment is needed to allow for any earnings cap that applied in the transferring scheme.
- 10.4 In respect of a member whose pay in the LGPS is equal to or exceeds the Club earnings cap, the service credit to be offered in respect of the salary-related element of a Club transfer that was subject to (or potentially subject to) an earnings cap in the transferring scheme is calculated as follows:
- The salary-related element of the transfer value from the transferring scheme will be calculated using the member's pensionable pay in that scheme, subject to a maximum of the Club earnings cap at the date of exit, indexed as necessary.
  - The service credit awarded should first be calculated using the same pay as used to calculate the transfer value.
  - The credit should then be reduced by multiplying by the ratio of the Club Earnings Cap to the member's pay in the LGPS.
- 10.5 The Club Earnings cap will be notified annually to Club schemes and will reflect the uprated Inland Revenue earnings cap if it had not been disapplied by HMRC.

### **Members with pension debits and/or pension offsets**

- 10.6 The transferring scheme should pass details of the gross transfer value (calculated ignoring the pension debits and or pension offsets) and the value of the pension debits and or pension offsets, separately for the salary-related and CARE elements. The gross transfer amount in relation each respective element should be used in the normal Club transfer-in calculation, as per paragraphs 11.4 and 11.5, to determine the service and/or earned pension credit. See paragraphs 11.6 and 11.7 for the treatment of the pension debit.

### **Contribution differences**

- 10.7 Contribution differences may arise where different member contribution levels or different pensionable pay definitions existed between the sending scheme's legacy and reformed schemes. A member may owe or be due contributions in respect of either legacy (generally final salary) or reformed (CARE) benefits at the guarantee date.



- 10.8 DLUHC has agreed that where a contribution difference exists on a Club transfer in, the contribution difference(s) will be allowed for within the calculation of the transfer amount used to determine the CARE credit and/or the notional final salary credit. See paragraphs 11.4 and 11.5 for the associated treatment.





## 11 Transfer-in formulae (Club)

11.1 All transfer-in service credits (typically for pre-2015 service) should be based on Pension Age 65 and the “60ths” benefit structure, while earned pension service credits (typically for post-2015 benefits) should be based on NPA.

11.2 The following data items are needed:

Data item	Salary-related benefits Reference in formulae below	CARE benefits Reference in formulae below
Guarantee date (as used by the transferring scheme)		
Club transfer value *	$CLUB_{FSAL}$	$CLUB_{CARE}^{**}$
Member's earned pension in transferring scheme, revalued by in-service revaluation up to the guarantee date		$MP_{CARE}$
Value of any pension debit in transferring scheme	$DEBIT_{FSAL}$	$DEBIT_{CARE}$
Value of any pension offset from Scheme Pays in transferring scheme	$OFFSET_{FSAL}$	$OFFSET_{CARE}$
Pensionable Pay figure used in calculation of Club transfer value ***	$PAY-PREV$	
Contribution differences due to/from the member in respect of the sending scheme ****	$CD_{FSAL}$	$CD_{CARE}$

\* This should be the Club transfer value before deduction in respect of any pension debit or offset.

\*\* The total Club transfer value should be split into final salary and CARE elements, but  $CLUB_{CARE}$  is not required to calculate the earned pension credit in 11.5 below. Where a member is subject to a statutory underpin, the member's benefits between 1 April 2014 or 1 April 2015 and 31 March 2022 also need to be considered separately for the purpose of the underpin.

\*\*\* This should be indexed with any increases that have been applied in deferment by the transferring scheme. This can be complicated, and the Club Memorandum should be consulted if in doubt.

\*\*\*\* The contribution difference should be a positive amount if owed to the member, or negative amount if owed to the scheme.

11.3 The factors to be used in the following calculations are set out at paragraph 11.10.



- 11.4 The salary-related service credit should be determined using the formulae below, noting a calculation may be needed to determine the notional final salary transfer credit relating to the transfer of remediable service (provided there was no continuous break of more than five years in active membership):

	Calculation	Result
Cost of 1 year's service	$\text{PAY-PREV} \times 1/60 \times [\text{FACTOR}_{65}^P + (\text{FACTOR}_{65}^S \times 60/160)]$	£U
Service credit offered	$[\text{CLUB}_{\text{FSAL}} + \text{CD}_{\text{FSAL}}/(1-T)] / \text{£U}$	Club Service Credit (salary-related) in years and days

Where T = current basic rate / Scottish basic rate of tax (as appropriate for the member) which is currently 20%.

- 11.5 The CARE earned pension credit should be determined using the formulae below, noting a calculation may be needed to determine the CARE earned pension credit relating to the transfer value of remediable service (provided there was no continuous break of more than five years in active membership):

$$\text{SF} = \text{FACTOR}_{\text{SEND}}^P + (\text{SPROP}_{\text{SEND}} \times \text{FACTOR}_{\text{SEND}}^S) + (\text{LSPROP}_{\text{SEND}} \times \text{FACTOR}_{\text{SEND}}^L)$$

$$\text{RF} = \text{FACTOR}_{\text{NPA}}^P + (49 / 160 \times \text{FACTOR}_{\text{NPA}}^S)$$

$$\text{Club earned pension credit} = (\text{MP}_{\text{CARE}} \times \text{SF} / \text{RF}) + [\text{CD}_{\text{CARE}}/(1-T)] / \text{RF}$$

Where:

$\text{SPROP}_{\text{SEND}}$  = survivor proportion in transferring scheme

$\text{LSPROP}_{\text{SEND}}$  = lump sum proportion in transferring scheme

#### Members with a pension debit

- 11.6 A pension debit which relates to final salary service applies from age 65 in the LGPS. It should be determined using the following calculation. The result is subject to revaluation before 65 and indexation after 65 in line with Pensions Increase Act provisions. The pension debit applies to the member's pension and also affects the survivor's pension, but does not affect any child's pension.

**Annual pension debit applying from age 65 under LGPS**

$$\text{DEBIT}_{\text{FSAL}} / [\text{FACTOR}_{65}^P + (\text{FACTOR}_{65}^S \times 60/160)]$$

where 'DEBIT<sub>FSAL</sub>' is the transfer value reduction for the pension debit arising from salary-related service as advised by the transferring scheme.



- 11.7 A pension debit which relates to CARE benefits applies from NPA in the LGPS and should be determined using the following calculation. The result is subject to revaluation before NPA and indexation after NPA in line with Pensions Increase Act provisions. The pension debit applies to the member's pension and also affects the survivor's pension, but does not affect any child's pension.

**Annual pension debit applying from NPA under LGPS**

$$\text{DEBIT}_{\text{CARE}} / [\text{FACTOR}_{\text{NPA}}^{\text{P}} + (\text{FACTOR}_{\text{NPA}}^{\text{S}} \times 49/160)]$$

where 'DEBIT<sub>CARE</sub>' is the transfer value reduction for the pension debit arising from CARE benefits as advised by the transferring scheme.

### Members with a pension offset from Scheme Pays

- 11.8 An offset which relates to final salary service applies from age 65 in the LGPS and should be determined using the following calculation. The result is subject to revaluation before 65 and indexation after 65 in line with Pensions Increase Act provisions. The pension offset applies only to the member's pension and does not affect the pension benefits to the member's dependants.

**Annual offset applying from age 65 under LGPS**

$$\text{OFFSET}_{\text{FSAL}} / \text{FACTOR}_{65}^{\text{P}}$$

where 'OFFSET<sub>FSAL</sub>' is the transfer value reduction for the Scheme pays offset arising from salary-related service as advised by the transferring scheme.

- 11.9 An offset which relates to CARE benefits applies from NPA in the LGPS and should be determined using the following calculation. The result is subject to revaluation before NPA and indexation after NPA in line with Pensions Increase Act provisions. The pension offset applies only to the member's pension and does not affect the pension benefits to the member's dependants.

**Annual offset applying from NPA under LGPS**

$$\text{OFFSET}_{\text{CARE}} / \text{FACTOR}_{\text{NPA}}^{\text{P}}$$

where 'OFFSET<sub>CARE</sub>' is the transfer value reduction for the Scheme pays offset arising from CARE benefits as advised by the transferring scheme.



## Factors

- 11.10 The factors used should be for the same age as that used by the transferring scheme to calculate the Club transfer value. The factors used in the calculations above are listed below.

Factor in formulae above (and elsewhere in this guidance)	Factor in table	Table / derivation (The tables referred to are those set out in the consolidated factors workbook)
$\text{FACTOR}_{\text{SEND}}^{\text{P}}$	See note below	
$\text{FACTOR}_{\text{SEND}}^{\text{S}}$	See note below	
$\text{FACTOR}_{\text{SEND}}^{\text{L}}$	See note below	
$\text{FACTOR}_{65}^{\text{P}}$	"Gross pension"	
$\text{FACTOR}_{65}^{\text{S}}$	"Surviving Partner's Pension"	From table 0-103
$\text{FACTOR}_{\text{NPA}}^{\text{P}}$	"Gross pension"	
$\text{FACTOR}_{\text{NPA}}^{\text{S}}$	"Surviving Partner's Pension"	From Tables 0-103 to 0-106 as appropriate for the member's NPA. Where NPA is not a whole number, factors should be interpolated using the appropriate method set out in section 14 "Non-exact Normal Pension Ages".

Note: the factors  $\text{FACTOR}_{\text{SEND}}^{\text{P}}$ ,  $\text{FACTOR}_{\text{SEND}}^{\text{S}}$  and  $\text{FACTOR}_{\text{SEND}}^{\text{L}}$  should be obtained from the transferring scheme. For a scheme providing CARE benefits by reference to State Pension Age (or age 65 if higher),  $\text{FACTOR}_{\text{SEND}}^{\text{P}}$  and  $\text{FACTOR}_{\text{SEND}}^{\text{S}}$  should be equal to  $\text{FACTOR}_{\text{NPA}}^{\text{P}}$  and  $\text{FACTOR}_{\text{NPA}}^{\text{S}}$  respectively.



## 12 Transfer-in formulae (non-Club Career Average)

- 12.1 transfer-in credits should be based on State Pension Age or, if higher, age 65, and the CARE benefit structure.
- 12.2 For members reaching State Pension Age on or after 6 April 2016, there is no adjustment for any GMP included in the transfer which reflects that the scheme will pay full indexation increases on the GMP part of the transfer in credit awarded.
- 12.3 If the member reached State Pension Age before 6 April 2016 and the incoming transfer value includes a GMP, refer the case to DLUHC for onward transmission to GAD.
- 12.4 The following data items are needed:

Data item	Reference in formulae below
Relevant date	
Non-Club transfer value offered	CETV

### Service credit calculations

	Calculation	Result
<b>Additional earned pension transfer credit offered</b>	$\text{£ CETV} / [(\text{FACTOR}^{\text{P-IN}}) + (49/160 \times \text{FACTOR}^{\text{S-IN}})]$	<b>Non-Club earned pension transfer Credit (£)</b>

The factors in the formulae above are taken from the following Tables:

Factor in formulae above (and elsewhere in this guidance)	Factor in table	Table / derivation (the tables referred to are those set out in the consolidated factor workbook)
$\text{FACTOR}^{\text{P-IN}}$	"Gross Pension"	The relevant NM or NF table*
$\text{FACTOR}^{\text{S-IN}}$	"Surviving Partner's Pension"	(Workbook tables 0-209 to 0-216)

\*Note: The relevant NM or NF table is whichever of the tables NM65, NF65, NM66, NF66, NM67, NF67, NM68 and NF68 is relevant to the member's sex and NPA. (For each NPA male and female factors are the same for each age. However, we have maintained the sex-specific tables for ease of updating systems). Where the member's NPA is not a whole number, the factors should be interpolated from the two tables for the member's sex with the nearest NPAs using the method set out in section 14 "Non-Integer Normal Pension Ages".



## 13 Transfer-in formulae (non-Club with final salary link)

- 13.1 This section applies to members whose transfer does not qualify to be calculated on a Club basis but meets the conditions in Schedule 7 to the Public Service Pensions Act 2013 as set out in 9.5. The service credit should be based on Pension Age 65 and the “60ths” benefit structure. Please note that this may apply to part of the transfer value only in some circumstances.
- 13.2 For members reaching State Pension Age on or after 6 April 2016, there is no adjustment for any GMP included in the transfer which reflects that the scheme will pay full indexation increases on the GMP part of the transfer in credit awarded.
- 13.3 If the member reached State Pension Age before 6 April 2016 and the incoming transfer includes a GMP, refer the case to DLUHC for onward transmission to GAD.
- 13.4 In respect of any remediable service transferred in (provided there was no continuous break of more than five years in active membership of a public service pension scheme since the remediable service was accrued), additional information will be required from the sending scheme(s). This information should be consistent to that provided for Club transfers as set out in the Club Memorandum in 4.7.
- 13.5 The following data items are needed:

Data item	Salary-related benefits Reference in formulae below
Guarantee date (as used by the transferring scheme)	
Non-Club transfer value *	$CETV_{FSAL}$
Current pensionable pay in the LGPS	PAY
Contribution differences due to/from the member in respect of the sending scheme, where applicable **	$CD_{FSAL}$

\* This should be the transfer value before deduction in respect of any pension debit or offset.

\*\* The contribution difference should be a positive amount if owed to the member, or negative amount if owed to the scheme.

- 13.6 The salary-related service credit should be determined using the formulae below:

	Calculation	Result
Cost of 1 year's service	$PAY \times 1/60 \times [FACTOR^{P_{FS}} + (FACTOR^S \times 60/160)]$	U
Service credit offered	$[CETV_{FSAL} + CD_{FSAL}/(1-T)] / U$	Service Credit (salary-related) in years and days



Where  $T$  = current basic rate / Scottish basic rate of tax (as appropriate for the member) which is currently 20%.

### Factors

13.7 The factors used in the calculations above are listed below.

Factor in formulae above	Factor in table	Table / derivation (The tables referred to are those set out in the consolidated factors workbook)
FACTOR <sup>P</sup>	"Gross pension"	Table NUFS for both males and females (table 0-217)
FACTOR <sup>S</sup>	"Surviving Partner's Pension"	



## 14 Non exact age Normal Pension Ages

- 14.1 Where a transferring member has an NPA that is not a whole number (i.e. it does not fall on a future anniversary of their birth date), factors should be derived by interpolation using the most appropriate of the two methods below. These are consistent with the methods set out in the Club Memorandum.

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

- 14.2 Where a member has a non-integer normal pension age (i.e. an NPA that is a whole number of years and months), the factors for all elements of the transfer value should be determined using the appropriate factors in the tables in the latest consolidated factors workbook 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:

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

Where:

*F<sub>P</sub>(NPAxx) is the factor applying for a Normal Pension Age of xx*

#### Example:

Interpolation of member pension factor for member aged 66 years 2 months

Member age at relevant date: 45

Age 66 member non club transfer out factor: 13.37

Age 67 member non club transfer out factor: 12.71

Factor at age 66 years 2 months:  $13.37 + (2/12 \times [12.71 - 13.37]) = 13.26$

### Members with a NPA of years and days (i.e. not whole months)

- 14.3 Some members may have a State Pension Age that falls on a specified date, which would mean that their NPA is based on years and days rather than years and whole months. In this case, the factors for all elements of the transfer value should be determined using the appropriate factors in the tables in the latest consolidated factors workbook 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:

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

Where:

*FP(NPAxx) is the factor applying for a Normal Pension Age of xx*

Example: Interpolation of member pension factor for member aged 67 years 249 days





Member age at relevant date: 45

Age 67 member non club transfer out factor: 12.71

Age 68 member non club transfer out factor: 12.07

Factor at age 67 years 249 days:  $12.71 + (249/365 \times [12.07 - 12.71]) = 12.27$



## 15 Examples

### Example 1: Club transfer value (pre-1.10.06 member born after 31.3.60) with an underpin

#### Member data:

Date of birth: 1 July 1968

Sex: Male (as Club factors are now unisex this simply indicates which table is referenced)

Date of joining: 1 July 2002

Guarantee date: 1 November 2023

("Group 3" member – see paragraph 3.14)

Pre-2008 service: 5 years 275 days  
2008-2014 service: 6 years 0 days  
2014-2016 service: 2 years 0 days  
2016-2020 service: 4 years 0 days  
2020-2022 service: 2 years 0 days  
Post-2022 service: 1 year 213 days  
Total service: 21 years 123 days

Final pensionable salary: £25,000

Date of leaving: 31 October 2023

#### Accrued Benefit Calculations

(these may already be stored as data items in which case they would not need to be re-calculated.)

#### Service before 1 April 2008

Critical retirement age = 60

	Calculation	Result
Pension (A)	$(5+275/365) \times £25,000 / 80$	£1,797.95 p.a.
Retirement grant (I)	$3 \times £1,797.95$	£5,393.84
Dependant's pension (K)	$£1,797.95 / 2$	£898.97 p.a.



Service from 1 April 2008 to 31 March 2014

Pension age = 65

	Calculation	Result
Pension ( $B^{08}$ )	$6 \times £25,000 / 60$	£2,500.00 p.a.
Dependant's pension ( $L^{08}$ )	$60/160 \times £2,500.00$	£937.50 p.a.

Eligible Service from 1 April 2014 to 31 March 2022

Normal pension age = 67 years (for illustration only, it should be based on legislation at the guarantee date)

Note that this member is eligible for the statutory underpin so the additional calculations set out in 4.5 to 4.15 should be carried out.

Also note that for this member, all of their service from 1 April 2014 to 31 March 2022 is eligible so there is no non-eligible service to consider.

	Calculation	Result
Pension ( $B^{14 FS}$ )	$8 \times £25,000 / 60$	£3,333.33 p.a.
Dependant's pension ( $L^{14 FS}$ )	$60/160 \times £3,333.33$	£1,250.00 p.a.

Assumed CARE Pension 2014 - 2022 ( $B^{14 CARE}$ ) = £4,672.00 p.a.  
Dependants' CARE pension 2014 - 2022 ( $L^{14 CARE}$ ) = £1,430.80 p.a.

Service from 1 April 2022

Normal pension age = 67 years (for illustration only, it should be based on legislation at the guarantee date)

Assumed CARE Pension 2014 - 2022 ( $B^{22}$ ) = £800.00 p.a.  
Dependants' CARE pension 2014 - 2022 ( $L^{22}$ ) = £245.00 p.a.

<b>Factors (male, aged 55 last birthday at Guarantee date)</b>		
$FACTOR^P$	Club 2023 Table 3 in consolidated factor workbook	16.20
$FACTOR^{RG}$	"	0.83
$FACTOR^S$	"	2.15
$FACTOR_{NPA}^P$	Club 2023 Table 5 in consolidated factor workbook	14.59
$FACTOR_{NPA}^S$	"	2.19
$ADJ^P$	Table 0-219 in consolidated factor workbook	1.26
$ADJ^{LS}$	"	1.09



## Transfer value calculations

### Service before 1 April 2008

	Calculation	Result
Pension (E)	$£1,797.95 \times 16.20 \times 1.26$	£36,699.66
Retirement grant (J)	$£5,393.84 \times 0.83 \times 1.09$	£4,879.80
Dependant's Pension (O)	$£898.97 \times 2.15$	£1,932.79
<b>Total Amount (TV<sup>PRE-2008</sup>)</b>		<b>£43,512.25</b>

### Service between 1 April 2008 and 31 March 2014

	Calculation	Result
Pension (F <sup>08</sup> )	$£2,500.00 \times 16.20$	£40,500.00
Dependant's Pension (P <sup>08</sup> )	$£937.50 \times 2.15$	£2,015.63
<b>Total Amount (TV<sup>2008-2014</sup>)</b>		<b>£42,515.63</b>

### Eligible Service between 1 April 2014 and 31 March 2022

#### CARE

	Calculation	Result
Pension (F <sup>14</sup> CARE)	$£4,672.00 \times 14.59$	£68,164.48
Dependant's Pension (P <sup>14</sup> CARE)	$£1,430.80 \times 2.19$	£3,133.45
<b>Total Amount (TV<sup>2014-2022</sup> CARE)</b>		<b>£71,297.93</b>

#### Final Salary

	Calculation	Result
Pension (F <sup>14</sup> FS)	$£3,333.33 \times 16.20$	£54,000.00
Dependant's Pension (P <sup>14</sup> FS)	$£1,250.00 \times 2.15$	£2,687.50
<b>Total Amount (TV<sup>2014-2022</sup> FS)</b>		<b>£56,687.50</b>

### Service from 1 April 2022

	Calculation	Result
Pension (F <sup>14</sup> )	$£800.00 \times 14.59$	£11,672.00



Dependant's Pension (P <sup>14</sup> )	£245.00 x 2.19	£536.55
<b>Total Amount (TV<sup>POST-2022</sup>)</b>		<b>£12,208.55</b>

**Total transfer value on Club basis**

	Transfer value
Service before 1 April 2008 (TV <sup>PRE-2008</sup> )	£43,512.25
Service from 1 April 2008 to 31 March 2014 (TV <sup>2008-2014</sup> )	£42,515.63
Eligible service from 1 April 2014 to 31 March 2022 (Greater of TV <sup>2014-2022 FS</sup> and TV <sup>2014-2022 CARE</sup> )	£71,297.93
Service after 1 April 2022 (TV <sup>POST-2022</sup> )	£12,208.55
<b>Total Club transfer value</b>	<b>£169,534.36</b>



## Example 2: Club transfer (pre-1.10.06 member born between 1.4.56 and 31.3.60) with an underpin

### Member data:

Date of birth: 1 December 1959

Sex: Male (as Club factors are now unisex this simply indicates which table is referenced)

Date of joining: 1 July 1992

Guarantee date: 1 November 2023

("Group 2" member – see paragraph 3.14)

Pre-2008 service: 15 years 275 days

2008-2014 service: 6 years 0 days

2014-2016 service: 2 years 0 days

2016-2020 service: 4 years 0 days

2020-2022 service: 2 years 0 days

Post-2022 service: 1 year 213 days

Total service: 31 years 123 days

Final pensionable salary: £25,000

Date of leaving: 31 October 2023

### Accrued Benefit Calculations

(these may already be stored as data items in which case they would not need to be re-calculated.)

#### Service before 1 April 2008

Critical retirement age = 60

	Calculation	Result
Pension (A)	$(15+275/365) \times £25,000 / 80$	£4,922.95 p.a.
Retirement grant (I)	$3 \times £4,922.95$	£14,768.84
Dependant's pension (K)	$£4,922.94 / 2$	£2,461.47 p.a.

#### Service from 1 April 2008 to 31 March 2014

Pension age = 65

	Calculation	Result
Pension (B <sup>08</sup> )	$6 \times £25,000 / 60$	£2,500.00 p.a.
Dependant's pension (L <sup>08</sup> )	$60/160 \times £2,500.00$	£937.50 p.a.

#### Eligible Service from 1 April 2014 to 31 March 2022

Note that this member is eligible for the statutory underpin so the additional calculations set out in 4.5 to 4.15 should be carried out.



Also note that for this member, all of their service from 1 April 2014 to 31 March 2022 is eligible so there is no non-eligible service to consider.

	Calculation	Result
Pension ( $B^{14\text{ FS}}$ )	$8 \times £25,000 / 60$	£3,333.33 p.a.
Dependant's pension ( $L^{14\text{ FS}}$ )	$60/160 \times £3,333.33$	£1,250.00 p.a.

Assumed CARE Pension 2014 - 2022 ( $B^{14\text{ CARE}}$ ) = £2,720.00 p.a.  
Dependants' CARE pension 2014 - 2022 ( $L^{14\text{ CARE}}$ ) = £833.00 p.a.

#### Service from 1 April 2022

Assumed CARE Pension Post-2022 ( $B^{14\text{ CARE}}$ ) = £300.00 p.a.  
Dependants' CARE pension Post-2022 ( $L^{14\text{ CARE}}$ ) = £91.88 p.a.

#### **Step 1 – calculate transfer value on Club basis**

<b>Factors (male, aged 64 last birthday at Guarantee date)</b>		
FACTOR <sup>P</sup>	Club 2023 Table 3 in consolidated factor workbook	18.89
FACTOR <sup>RG</sup>	"	0.99
FACTOR <sup>S</sup>	"	2.16
FACTOR <sub>NPA</sub> <sup>P</sup>	Club 2023 Table 5 in consolidated factor workbook	16.96
FACTOR <sub>NPA</sub> <sup>S</sup>	"	2.20
ADJ <sup>P</sup> (CRA to NRA 65)	Table 0-219 in consolidated factor workbook	1.05
ADJ <sup>LS</sup> (CRA to NRA 65)	"	1.02
ERF (CRA to NRA 65)	Table 0-401 in consolidated factor workbook	0.049
ERF (CRA to CRA)	"	0.000

#### **Early retirement factor (ERF)**

The Early Retirement Factors above are used in the calculation of the "Taper Early Retirement Factor" below and have been taken from the latest LGPS consolidated factor workbook. Administrators should use the ERFs in force at the relevant date.

#### **Taper early retirement factor (TERF)**

The appropriate Taper early retirement factor is determined in accordance with the latest guidance document "Early Payment of Pension". The calculation of the Taper early retirement factor is as follows (see the Early Payment of Pension guidance for further details, including the definition of the interpolation factor  $F_1$ ):

	Calculation	Result
Taper period	01/04/2016 – 30/11/2019	3 years 244 days



Interpolation factor ( $F_I$ )	$(3+244/365) / 4$	0.9171
TERF	$0.9171 \times 0.049 + (1 - 0.9171) \times 0.000$	0.045

### Transfer value calculations:

#### Service before 1 April 2008

	Calculation	Result
Pension (E)	$£4,922.95 \times 18.89 \times 1.05$	£97,644.16
Retirement grant (J)	$£14,768.84 \times 0.99 \times 1.02$	£14,913.57
Dependant's Pension (O)	$£2,461.47 \times 2.16$	£5,316.78
<b>Total Amount (<math>TV^{PRE-2008}</math>)</b>		<b>£117,874.51</b>

#### Service between 1 April 2008 and 31 March 2014

	Calculation	Result
Pension ( $H^{08}$ )	$£2,500.00 \times (1 - 0.045) \times 18.89 \times 1.05$	£47,357.89
Dependant's Pension ( $P^{08}$ )	$£937.50 \times 12.16$	£2,025.00
<b>Total Amount (<math>TV^{2008-2014}</math>)</b>		<b>£49,382.89</b>

#### Eligible service between 1 April 2014 and 31 March 2022

##### CARE

	Calculation	Result
Pension ( $F^{14 \text{ CARE}}$ )	$£2,720.00 \times 16.96$	£46,131.20
Dependant's Pension ( $P^{14 \text{ CARE}}$ )	$£833.00 \times 2.20$	£1,832.60
<b>Total Amount (<math>TV^{2014-2022 \text{ CARE}}</math>)</b>		<b>£47,963.80</b>

##### Final Salary

	Calculation	Result
Pension ( $F^{14 \text{ FS}}$ )	$£3,333.33 \times 18.89$	£62,966.67
Dependant's Pension ( $P^{14 \text{ FS}}$ )	$£1,250.00 \times 2.16$	£2,700.00
<b>Total Amount (<math>TV^{2014-2022 \text{ FS}}</math>)</b>		<b>£65,666.67</b>





**Service from 1 April 2022**

	Calculation	Result
Pension ( $H^{22}$ )	$£300.00 \times 16.96$	£5,102.32
Dependant's Pension ( $P^{22}$ )	$£91.88 \times 2.20$	£202.13
<b>Total Amount (<math>TV^{POST-2022}</math>)</b>		<b>£5,304.44</b>

**Total transfer value**

	Transfer value
Service before 1 April 2008 ( $TV^{PRE-2008}$ )	£117,874.51
Service from 1 April 2008 to 31 March 2014 ( $TV^{2008-2014}$ )	£49,382.89
Service from 1 April 2014 to 31 March 2022 (Greater of $TV^{2014-2022 FS}$ and $TV^{2014-2022 CARE}$ )	£65,666.67
Service after 1 April 2022 ( $TV^{POST-2022}$ )	£5,304.44
<b>Total Club transfer value</b>	<b>£238,228.51</b>



### Example 3: Non-Club transfer value (pre-1.10.06 member born after 31.3.60) with an underpin

#### Member data:

Date of birth: 1 July 1968

Sex: Female (Non-Club factors are sex specific for GMP adjustments)

Date of joining: 1 July 2002

Date of leaving: 30 June 2020

Guarantee date: 1 July 2023

("Group 3" member – see paragraph 3.14)

Pre-2008 service: 5 years 275 days

2008-2014 service: 6 years 0 days

2014-2016 service: 2 years 0 days

2016-2020 service: 4 years 91 days

Total service: 18 years 0 days

Final pensionable salary: £25,000

Pension increase factor from leaving to guarantee date: 1.1394

No GMP

#### Accrued Benefit Calculations

(these may already be stored as data items in which case they would not need to be re-calculated.)

#### Service before 1 April 2008

Critical retirement age = 60

	Calculation	Result
Pension (A)	$(5+275/365) \times £25,000 / 80 \times 1.1394$	£2,048.58 p.a.
Retirement grant (I)	$3 \times £2,048.58$	£6,145.74
Dependant's pension (K)	$80/160 \times £2,048.58$	£1,024.29 p.a.

Any GMP is allocated to the service before 1 April 2008.



Service from 1 April 2008 to 31 March 2014

Pension age = 65

	Calculation	Result
Pension ( $B^{08}$ )	$6 \times £25,000 / 60 \times 1.1394$	£2,848.50 p.a.
Dependant's pension ( $L^{08}$ )	$60/160 \times £2,848.50$	£1,068.19 p.a.

Service from 1 April 2014 to 31 March 2022

Normal pension age = 67 years (for illustration only, it should be based on legislation at the guarantee date)

Pension only benefits (revalued to guarantee date)

Assumed CARE Pension ( $B^{14}$ )

= £1,800.00 p.a.

Dependants' CARE pension ( $L^{14}$ )

= £551.25 p.a.

<b>Factors (Female, aged 55 last birthday at Guarantee date)</b>		
$FACTOR_{65}^P$	Table 0-202 in consolidated factor workbook	16.37
$FACTOR_{65}^{RG}$	"	0.85
$FACTOR_{65}^S$	"	2.32
$FACTOR_{65}^{GMP-PRE88}$		-4.56
$FACTOR_{65}^{GMP-POST88}$		-4.56
$FACTOR_{NPA}^P$	Table 0-206 in consolidated factor workbook	14.79
$FACTOR_{NPA}^S$	"	2.36
$ADJ^P$	Table 0-219 in consolidated factor workbook	1.26
$ADJ^{LS}$	"	1.09

**Transfer value calculations**

**Service before 1 April 2008**

	Calculation	Result
Pension (E)	$£2,048.58 \times 16.37 \times 1.26$	£42,254.40
Retirement grant (J)	$£6,145.74 \times 0.85 \times 1.09$	£5,694.02
Dependant's Pension (O)	$£1,024.29 \times 2.32$	£2,376.35
GMP adjustment (Z)	$(£0 \times -4.56) + (£0 \times -4.56)$	£0
<b>Total Amount (<math>TV^{PRE-2008}</math>)</b>	$E + J + O - Z$	<b>£50,324.77</b>

**Service between 1 April 2008 and 31 March 2014**

	Calculation	Result
Pension ( $F^{08}$ )	$£2,848.50 \times 16.37$	£46,629.95
Dependant's Pension ( $P^{08}$ )	$£1,068.19 \times 2.32$	£2,478.20
<b>Total Amount (<math>TV^{2008-2014}</math>)</b>	$F^{08} + P^{08}$	<b>£49,108.15</b>



### Service from 1 April 2014 to 31 March 2022

	Calculation	Result
Pension ( $F^{14}$ )	$£1,800.00 \times 14.79$	£26,622.00
Dependant's Pension ( $P^{14}$ )	$£551.25 \times 2.36$	£1,300.95
<b>Total Amount (<math>TV^{2014-2022}</math>)</b>	$F^{14} + P^{14}$	<b>£27,922.95</b>

### Statutory Underpin

The member is eligible for the statutory underpin so the additional calculations set out in 4.5 to 4.15 should be carried out.

#### Additional Member Data:

Provisional Assumed Benefits: £1,800.00

Provisional Underpin Amount: £1,650.00

Underpin date: 30/06/2020

Final Underpin date: 01/07/2023

Pension increase factor from underpin date to final underpin date: 1.1394

### Steps 1a and 1b: Revalue provisional assumed benefits and provision underpin amount

	Calculation	Results
Revalued provisional assumed benefits ( $B^A$ )	$£1,800.00 \times 1.1394$	£2,050.92
Revalued provisional underpin amount ( $B^U$ )	$£1,650.00 \times 1.1394$	£1,880.01

### Steps 2a and 2b: Transfer value calculations

	Calculation	Results
CETV of revalued provisional assumed benefits ( $F^A$ )	$£2,050.92 \times 14.79$	£30,333.11
CETV of revalued provisional underpin amount ( $F^U$ )	$£1,880.01 \times 16.37$	£30,775.76

### Step 3: Value of underpin in respect of member benefit

	Calculation	Results
Value of underpin in respect of member benefit ( $MU$ )	$\text{Max}(0, £30,775.76 - £30,333.11)$	£442.66

$MU$  is greater than zero so the member's CETV should be increased by an amount to reflect the underpin. Proceed to steps 4 and 5.



**Step 4: Value of underpin in respect of corresponding survivor's benefit.**

	Calculation	Results
Value of underpin in respect of corresponding survivor's benefit (SU)	$\text{Max}(0, (£1,880.01 - £2,050.92) \times 49 / 160 \times 2.36)$	0

**Step 5: Total value of underpin to be added to the CETV amount**

	Calculation	Results
Total value of the underpin ( $TV^{UP}$ )	$£442.66 + 0$	£442.66

**Total transfer value on non-Club basis**

	Transfer value
Service before 1 April 2008 ( $TV^{PRE-2008}$ )	£50,324.77
Service after 1 April 2008 to 31 March 2014 ( $TV^{2008-2014}$ )	£49,108.14
Service after 1 April 2014 ( $TV^{POST-2014}$ )	£27,922.95
Underpin ( $TV^{UP}$ )	£442.66
<b>Total non-Club transfer value</b>	<b>£127,798.52</b>



#### Example 4: Club transfer-in

##### Member data:

Date of birth: 1 May 1986

Sex: Female (as Club factors are now unisex this simply indicates which table is referenced)

NPA: 68 (illustrative)

Date of joining: 1 December 2023

Guarantee date: 1 December 2023

Age last birthday at transfer date: 37

Pensionable pay in previous Club scheme (PAY-PREV): £30,000

(indexed as necessary)

Transfer value ( $CLUB_{FSAL}$ ): £35,000

(no debit or offset in respect of salary-related benefits)

Earned pension in transferring scheme (revalued to 1/12/2023) ( $MP_{CARE}$ ): £2,000 p.a.

(no debit or offset in respect of CARE benefits)

Contribution difference – Salary element ( $CD_{FSAL}$ ): -£1,500

Contribution difference – CARE element ( $CD_{CARE}$ ): £0

Basic rate of tax applicable for member: 20%

Factors (Female, aged 37 last birthday at transfer date)		Club
FACTOR <sup>P</sup>	Club 2023 Table 3 in consolidated factor workbook	12.36
FACTOR <sup>S</sup>	"	1.84

Note: We have assumed that no comparison is to be made against the transfer-in benefits on a non-Club basis.

##### a) Club calculation – salary related element

	Calculation	Result
Cost of 1 year's service (£U)	$£30,000 \times 1/60 \times (12.36 + 1.84 \times 60/160)$	£6,525.00
<b>Service credit</b>	$(£35,000 + \frac{(-£1,500)}{1-0.20}) / £6,525.00$	<b>5 years 28 days</b>

This service credit is treated as if it had arisen in the 2008 Scheme.

##### b) Club calculation – CARE element

Factors (Female, aged 37 last birthday at Transfer date)		Club
SPROP <sub>SEND</sub> (illustrative)		0.5
LSPROP <sub>SEND</sub> (illustrative)		0
FACTOR <sup>P</sup> <sub>SEND</sub> (illustrative)		10.61
FACTOR <sup>S</sup> <sub>SEND</sub> (illustrative)		1.87
FACTOR <sup>L</sup> <sub>SEND</sub> (illustrative)		0.57
FACTOR <sub>NPA</sub> <sup>P</sup>	Club 2023 Table 6 in consolidated factor workbook	10.61
FACTOR <sub>NPA</sub> <sup>S</sup>		1.87



### Pension credit calculation

	Calculation	Result
SF	$10.61 + (0.5 \times 1.87) + (0 \times 0.57)$	11.5450
RF	$10.61 + (49 / 160 \times 1.87)$	11.1827
<b>Earned pension credit in the Scheme</b>	$(£2,000.00 \times 11.5450 / 11.1827) + (£0 / (1 - 0.20)) / 11.1827$	<b>£2,064.80</b>



### Example 5: Non-Club transfer-in (Career Average)

#### Member data:

Date of birth: 1 June 1978

Sex: Female

NPA: 68

Date of joining: 1 July 2022

Relevant date: 1 July 2022

Age last birthday at transfer date: 44

Non-Club transfer value offered (CETV): £20,000

Factors (Female, aged 44 last birthday at transfer date)		Non-Club
FACTOR <sup>P-IN</sup>	Table 0-216 in consolidated factor workbook	12.31
FACTOR <sup>S-IN</sup>	"	2.19
FACTORGMP-PRE88	"	0.00
FACTORGMP-POST88	"	0.00

#### Service credit calculation

	Calculation	Result
Transfer Value	£20,000	
<b>Non-Club earned pension transfer Credit</b>	$£20,000 / (12.31 + 49/160 \times 2.19)$	<b>£1,540.75</b>





### Example 6: Non-Club transfer-in (Final Salary link)

#### Member data:

Date of birth: 1 June 1978  
NPA: 67  
Date of joining: 1 July 2022  
Relevant date: 1 July 2022  
Age last birthday at transfer date: 44

It is assumed there is no contribution difference payable in this example (see Example 4 for more information).

Member has more than a 5-year break between schemes but has not had a continuous break of more than 5 years in active membership because they were a member of another public service scheme in-between.

Guarantee date: 1 July 2022  
Non-Club transfer value ( $CETV_{FSAL}$ ): £20,000  
Current rate of pensionable pay in LGPS (PAY): £25,000

Factors (Member, aged 44 last birthday at transfer date)		Factors
FACTOR <sup>P</sup>	Table 0-217 in consolidated factor workbook	20.29
FACTOR <sup>S</sup>		2.95

#### Service credit calculation

	Calculation	Result
Adjusted Transfer Value (T)	£20,000.00	£20,000.00
Cost of 1 year's service (U)	$£25,000.00 \times 1/60 \times [20.291 + (60/160 \times 2.95)]$	£8,915.10
<b>Service credit offered</b>	$£20,000.00 / £8,915.10$	<b>2 years 89 days</b>



## Appendix A: Assumptions underlying factors

### Financial assumptions

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

### Mortality assumptions

Base mortality tables and adjustments – normal health	99% of S3NMA_M (M) and 96% of S3NFA_M (F)
Base mortality tables and adjustments – dependants	96% of S3DMA (M) and 97% of S3NFA_H (F)
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%
Age difference between member and partner	Males assumed 3 years older than partner. Females assumed 2 years younger than partner.
Allowance for commutation	Nil



## Appendix B: Limitations

- B.1 This guidance should not be used for any purpose other than those set out in this guidance.
- B.2 Factors are subject to regular review. Scheme managers and administrators need to ensure that they are using the latest relevant factors at the effective date, as relevant, when processing cases.
- B.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.
- B.4 This guidance only covers the actuarial principles around the calculation and application of individual transfer factors. Any legal advice in this area should be sought from an appropriately qualified person or source.
- B.5 Scheme managers and administrators should satisfy themselves that individual transfer calculations and benefit awards comply with all legislative requirements including, but not limited to, tax and contracting-out 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 the DLUHC and GAD. Under no circumstances should this guidance take precedence over the Regulations. Administrators should ensure that they comply with all relevant Regulations.