

LGPS administrator guide

The McCloud remedy - underpin protection

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1. Introduction

Purpose of the guide

This guide explains how underpin protection works in the LGPS after the changes made because of the McCloud case. The changes took effect from 1 October 2023.

The guide is being released in stages due to the breadth and complexity of the McCloud remedy project. Sections 6 and 7 are not included in the first release – these cover ‘other types of calculations’ and ‘revisiting past calculations’.

This guide does not address teacher excess service cases. Further legislation is required to implement the McCloud remedy for these members.

The guide is for administering authorities in England, Scotland and Wales.

Background

The government has introduced legislation to address the findings of the McCloud case in public service pension schemes. In the McCloud case, the Court of Appeal found that the protections provided to older members, when the schemes were reformed in 2014 and 2015, had unlawfully discriminated against younger members on grounds of age.

The [Public Service Pensions and Judicial Offices Act 2022](#) provides the framework for the changes. Each public service pension scheme is responsible for changing its own rules within the framework provided by the Act.

In England and Wales, the changes were made by the [LGPS \(Amendment\) \(No.3\) Regulations 2023](#), which came into force from 1 October 2023. These regulations amend the LGPS Regulations 2013 and the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014.

In Scotland, the changes were made by the [LGPS \(Remediable Service\) \(Scotland\) Regulations 2023](#), which came into force on 1 October 2023. These regulations amend the LGPS (Scotland) Regulations 2018 and the LGPS (Transitional Provisions, Savings and Amendment) (Scotland) Regulations 2014.

In the LGPS, the discrimination has been addressed by extending underpin protection to younger members. However, the 1 October 2023 changes did not just extend the protection to younger members. The ‘old’ underpin rules did not include enough detail to ensure that protected members received a career average pension that was at least as good as they would have received under the final salary

scheme. The October 2023 changes introduce more detail about how the underpin works in different circumstances. This is to ensure it works effectively and consistently for all protected members.

Overview

You will need to implement the McCloud remedy for all protected members from 1 October 2023. You will also need to review all leavers from 1 April 2014 (1 April 2015 for Scotland), even if the member already received an addition to their pension entitlement because they qualified for underpin protection under the old rules.

The revised underpin

Key points to note about the revised underpin:

- it also protects early leavers
- each pension account is assessed separately – this means that a member may not qualify for underpin protection on all their pension accounts, if they have more than one
- it is a two-stage process – a provisional underpin check is calculated on a member's '[underpin date](#)' and a final underpin calculation is done on the '[final underpin date](#)'. This ensures that actuarial adjustments are taken into account in the comparison of benefits
- the value of the CARE benefits is called the 'assumed benefits'
- the value of the notional final salary benefits is called the 'underpin amount'
- a 'final guarantee amount' is calculated at the [final underpin date](#). This is the difference between the value of the assumed benefits and underpin amount – with actuarial adjustments and inflationary adjustments taken into account.
- you may also have to do a further underpin calculation when the member dies
- underpin protection must be taken into account when calculating survivor benefits, death benefits, transfers out, cash equivalent transfer values for divorce purposes, trivial commutations and small pots etc
- a 'final guarantee amount' does not count towards the Pension Input Amount in annual allowance calculations.

Qualifying criteria

The qualifying criteria has also changed. This is set out in detail in [section 2](#).

You will need to ensure that you take account of unaggregated LGPS pensionable service and pensionable service in a different McCloud remedy scheme when assessing if a pension account qualifies for underpin protection.

Pensions tax

HM Treasury has made changes to the tax rules to ensure, as far as possible, that members affected by the McCloud remedy are not adversely affected. You can view the [guidance for LGPS administrators](#) on the GOV.UK website.

McCloud data

You will need to collect, upload and validate your McCloud data before you can perform any underpin calculations.

We provided guidance on the data you need to collect to recreate notional final salary benefits and tools to help you do this in July 2020.

In March 2023, we provided guidance on the options available to you if you have not been able to collect the necessary data, or you have reason to believe it is not accurate. This guidance sets out the steps you should take to collect, validate and query McCloud data. At the moment, this guidance only applies in England and Wales. We expect the Scottish Scheme Advisory Board to issue an adapted version for Scotland shortly.

You can view these documents on the administrator guides and documents pages of www.lgpsregs.org and www.scotlgpsregs.org. Filter on 'McCloud' as the subject.

Prioritisation

To encourage a broadly consistent approach, both the Department for Levelling Up, Housing and Communities (DLUHC) and the Scottish Public Pensions Agency (SPPA) have issued guidance on how to prioritise McCloud work. The prioritisation policies are not final – they will be discussed with the McCloud guidance working group and consulted on early in 2024. You should have regard to the policy when prioritising McCloud work.

Currently, you do not have all the information you need to process every type of case affected by the McCloud remedy from 1 October 2023. For example,

Government Actuary's Department (GAD) guidance on transfer calculations is needed before cash equivalent transfer values or cash equivalent values for transfer out or divorce purposes can be calculated. Where this applies, we make it clear within the guide.

Statutory guidance

DLUHC has set up a McCloud guidance working group to decide what other statutory guidance is needed. This group is made up of LGPS administrators, actuarial advisers, SPPA, the LGA and GAD.

We expect this guidance to cover areas like compensation, the complexities of past transfers out, identifying members in scope and governance of the McCloud project at the local level.

GAD is currently updating actuarial guidance to reflect the changes and DLUHC / SPPA will publish this as soon as it is available. We understand it is prioritising the guidance notes on early and late retirements and transfers.

Communicating with members

In our view, the changes made to the LGPS regulations for McCloud constitute a material change to the Scheme's rules. This means you will need to communicate the change to all members who may be affected by 31 December 2023.

The relevant legislation is regulation 8 of the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.

We have provided template disclosure wording to help you meet this requirement. We have also provided:

- dedicated areas of the member websites (www.lgpsmember.org and www.scotlgpsmember.org) including information about the McCloud remedy, a video, examples of how different members are affected, frequently asked questions and an interactive tool for members to find out if they are affected
- a member factsheet in Word format that you can edit and adapt for your own use
- template paragraphs to add to existing member letters outlining how the McCloud remedy affects the calculation

- templates of new letters that will be needed for members affected by the McCloud remedy who have already left the LGPS – some letters are still in development.

You can view the template wording and letters, and member factsheet on the administrator guides and documents pages of www.lgpsregs.org and www.scotlgpsregs.org. Filter on 'McCloud' as the subject.

How to use this guide

This guide covers the LGPS in England and Wales, and Scotland. In most cases, the underpin works the same for both schemes; where there are differences, we make this clear.

Sections 2 to 5 set out how the revised underpin applies to relevant calculations from 1 October 2023. You will note that some of the examples in these sections use dates of leaving / taking benefits before 1 October 2023, this is just for illustration purposes.

Section 7 is about revisiting past calculations.

Each section sets out the list of regulations that apply.

Underlined terms are defined in the Dictionary which can be found in [Section 8](#).

[Section 9](#) sets out areas of the regulations where we think further clarification is needed.

2. Which pension accounts qualify for underpin protection?

Overview

This section looks at the conditions that must be met for a pension account to qualify for underpin protection. Each pension account is assessed separately.

You need to follow steps 1 to 3 for all pension accounts – this establishes if the pension account has remediable service.

You also need to follow step 4 where the pension account contains ‘aggregated LGPS service’ or ‘transferred-in service’. This step establishes if the remediable aggregated/transferred-in service qualifies for underpin protection in the LGPS.

Remediable service

Section 77 of the [Public Service Pensions and Judicial Offices Act 2022](#) (PSPJOA) defines the remediable service condition as being met if:

- the service in question takes place in the [underpin period](#)
- the service is pensionable in the LGPS CARE scheme
- The person was on 31 March 2012, or any earlier day, in pensionable service in a [McCloud remedy scheme](#)
- there is no disqualifying gap in service in the period starting with the day after the date condition 3 was met and the day before the service in question.

Underpin protection

The LGPS regulations set out whether remediable service qualifies for underpin protection in the LGPS.

There are some circumstances when service will be remediable under the PSPJOA but will not qualify for underpin protection. This is most likely to be when remediable service from another LGPS pension account or [McCloud remedy scheme](#) is aggregated/transferred to the pension account you are assessing and there has been a gap of more than five years in active membership of any public service pension scheme between:

- the end of that remediable service, and

- the date the member joined the active CARE account to which the service was aggregated.

This is considered in more detail in the rest of this section.

How to assess if a pension account qualifies

Step 1 - does the account have any of the following service:

- **LGPS service:** service built up in that LGPS active CARE account in the [underpin period](#)
- **aggregated LGPS service:** service in the LGPS that was added to the account from a different LGPS account and was built up in the [underpin period](#)
- **transferred-in service:** service transferred from a different [McCloud remedy scheme](#) (including a different LGPS scheme) to the active CARE account. The service must have been built up between 1 April 2015 (1 April 2014 for transfers from LGPS England and Wales to LGPS Scotland) and 31 March 2022. Service initially transferred to a different CARE account that is later aggregated with the pension account being assessed is also included.

The underpin period is between 1 April 2014 (1 April 2015 for Scotland) and 31 March 2022, or if earlier, the date the member attained [final salary scheme normal retirement age](#).

A McCloud remedy scheme is a public service pension scheme in England, Wales, Scotland or Northern Ireland that covers one of the following groups:

- civil servants
- teachers
- the judiciary
- local government workers
- NHS staff
- firefighters
- police officers

- armed forces personnel.

If the account does not have any of these types of service, it does not qualify for underpin protection. If the member later aggregates LGPS service to it or transfers service from a different [McCloud remedy scheme](#), you will need to check again if it qualifies.

If the account has any of these types of service, go to step 2.

Step 2 - was the member in pensionable service in a McCloud remedy scheme on or before 31 March 2012?

The pensionable service does not need to be aggregated with the LGPS pension account, so you need to include any unaggregated LGPS pensionable service and pensionable service in a different [McCloud remedy scheme](#) when assessing if this applies.

It is not clear if a period of service counts as pensionable service for this purpose if the member left it without an entitlement to benefits. We are awaiting clarification from the Department for Levelling Up, Housing and Communities (DLUHC) and the Scottish Public Pensions Agency (SPPA) on this issue. See [technical query 1](#).

If the answer to step 2 is no, the pension account does not qualify for underpin protection.

If the answer to step 2 is yes, find out the latest date the member met this condition – the latest the date can be is 31 March 2012. For example, if the member was in the LGPS (or a different scheme) continuously from 1 April 2011 to 31 March 2014, the latest date would be 31 March 2012. If they were not in a [McCloud remedy scheme](#) on 31 March 2012 but left such a scheme on 31 March 2011, the latest date would be 31 March 2011. Now go to step 3.

Step 3 – Is there a disqualifying gap?

Check if there is a disqualifying gap in service between the latest date the member met the condition in step 2 and the first day of the service you are assessing.

If there is no disqualifying gap, the service in question is remediable service, go to step 4.

If none of the service is remediable service, the relevant active CARE account does not qualify for underpin protection.

When you assess 'transferred-in service', you need to check with the sending scheme if some or all of the service was remediable. You will need to revisit Club transfers in where the service credit contains membership in the [underpin period](#) – this will be covered in section 7.

Disqualifying gap

A disqualifying gap is a period more than five years when the member was not in pensionable service in a [McCloud remedy scheme](#).

If the member's public sector employment was transferred to a different private sector employer, do not count any period of pensionable service in a broadly comparable scheme as a break in pensionable service for this purpose.

Step 4 - does the remediable service qualify for underpin protection?

If the pension account contains remediable 'aggregated LGPS service' or 'transferred-in service', you need to check if there is a continuous break of more than 5 years in active membership of any public service pension scheme between:

- the end of that remediable service, and
- the date the member joined the active CARE account to which the service was aggregated/transferred.

The test is the same as the one you use to determine whether a member can keep the final salary link on aggregation/transfer. It is a different test to the disqualifying gap test as you **do** count any period of pensionable service in a broadly comparable scheme as a break in pensionable service for this purpose.

You need to look at each period of remediable aggregated LGPS and transferred-in service separately.

If there is a break of more than 5 years, the remediable service does not qualify for underpin protection and you do not do underpin calculations for the account.

See example 3 below for an example of when service would be remediable under the PSPJOA but not qualify for underpin protection in the LGPS.

If some or all the remediable service qualifies ('eligible remediable service'), you do. But, when you do the underpin calculations, you only include the eligible remediable service. See example 6 for an example of when this would apply.

Worked examples

Example 1: joined after 1 April 2012

Background details

The member:

- joined the LGPS (England and Wales) on 1 April 2013
- left on 31 March 2024
- had not been a member of a public service pension scheme before joining the LGPS
- was below their [final salary scheme normal retirement age](#) on 31 March 2022.

Results

- **Step 1: does the account have any of the service types in step 1?**

Yes, it has LGPS service from 1 April 2014 to 31 March 2022.

- **Step 2: was the member in pensionable service in a McCloud remedy scheme on or before 31 March 2012?**

No.

The account does not qualify for underpin protection.

Example 2: previous membership of a different LGPS scheme

Background details

The member:

- joined the LGPS (England and Wales) on 1 April 2000 and left on 31 March 2010
- joined the LGPS (Scotland) on 1 April 2013 and left on 31 March 2024
- transferred the benefits in LGPS (England and Wales) to LGPS (Scotland), which bought a final salary service credit in the 2009 Scheme.

The member will reach the [final salary scheme normal retirement age](#) on 1 April 2028.

Results

- **Step 1: does the account have any of the service types in step 1?**

Yes, it has LGPS (Scotland) service from 1 April 2015 to 31 March 2022.

- **Step 2: was the member in pensionable service in a McCloud remedy scheme on or before 31 March 2012?**

Yes. The member was in pensionable service in the LGPS (England and Wales) on 31 March 2010. This is the latest date they met this condition.

- **Step 3: is there a disqualifying gap?**

There is only one continuous period of service to consider, which is the LGPS service from 1 April 2015 to 31 March 2022.

The service is remediable service because the member did not have a disqualifying gap between 1 April 2010 and 31 March 2015.

You will do provisional underpin calculations at the [underpin date](#) (31 March 2024) for the CARE account using the LGPS (Scotland) service from 1 April 2015 to 31 March 2022. See [section 3](#) for how to do provisional underpin calculations.

Note: as the member has not aggregated remediable service that relates to the underpin period, step 4 does not need to be considered.

Example 3: Aggregation and a disqualifying gap in the underpin period

Background details

The member:

- joined the LGPS (England and Wales) on 1 April 2010 and left on 31 March 2016 (the CARE account qualified for underpin protection)
- re-joined the LGPS (England and Wales) on 1 August 2021 and left on 31 March 2024.
- aggregated the periods of membership.

The member will reach the [final salary scheme normal retirement age](#) on 1 August 2028.

Results

- **Step 1: does the account that started on 1 August 2021 have any of the service types in step 1?**

Yes, it has LGPS service from 1 August 2021 to 31 March 2022 and aggregated LGPS service from 1 April 2014 to 31 March 2016.

- **Step 2: was the member in pensionable service in a McCloud remedy scheme on or before 31 March 2012?**

Yes. The member was in pensionable service in the LGPS (England and Wales) on 31 March 2012. This is the latest date they met this condition.

- **Step 3: is there a disqualifying gap?**

There are two continuous periods of service to consider.

The LGPS service from 1 August 2021 to 31 March 2022 is not remediable service. This is because there is a disqualifying gap between 1 April 2012 and 31 July 2021.

The aggregated LGPS service from 1 April 2014 to 31 March 2016 is remediable service. This is because there is no disqualifying gap between 1 April 2012 and 31 March 2014.

- **Step 4: does the remediable service qualify for underpin protection?**

There is only one period of remediable service to assess: the aggregated LGPS service from 1 April 2014 to 31 March 2016.

The service does not qualify for underpin protection. This is because the member had a continuous break of more than 5 years in active membership of any public service pension scheme between 1 April 2016 and 31 July 2021.

The member lost the underpin protection for the earlier CARE account on aggregating.

You will not do provisional underpin calculations for the CARE account.

Example 4: remediable service in more than one LGPS scheme

Background details

The member:

- joined the LGPS (Scotland) on 1 April 2011 and left on 31 March 2016. The CARE account qualifies for underpin protection for LGPS service from 1 April 2015 to 31 March 2016
- joined the LGPS (England and Wales) on 1 April 2017 and left on 31 March 2024
- transferred their benefits in the LGPS (Scotland) to the LGPS (England and Wales), which bought:
 - a final salary service credit in the 2008 Scheme for the pre-April 15 membership
 - a CARE transfer-in for membership from 1 April 2015 to 31 March 2016.

The member will reach their [final salary scheme normal retirement age](#) on 1 April 2038.

Results

- **Step 1: does the account that started on 1 April 2017 have any of the service types in step 1?**

Yes, it has LGPS service from 1 April 2017 to 31 March 2022 and transferred-in service from 1 April 2015 to 31 March 2016.

- **Step 2: was the member in pensionable service in a McCloud remedy scheme on or before 31 March 2012?**

Yes. The member was in pensionable service in the LGPS (Scotland) on 31 March 2012. This is the latest date they met the condition in step 2.

- **Step 3: is there a disqualifying gap?**

There are two continuous periods of service to consider.

The LGPS service from 1 April 2017 to 31 March 2022 is remediable service because the member did not have a disqualifying gap between 1 April 2012 and 31 March 2017.

The transferred-in service from 1 April 2015 to 31 March 2016 is also remediable service because the member did not have a disqualifying gap between 1 April 2012 and 31 March 2015.

- **Step 4: does the remediable service qualify for underpin protection?**

The transferred-in service from 1 April 2015 to 31 March 2016 qualifies for underpin protection because the member did not have a continuous break in active membership of more than 5 years of any public service pension scheme between 1 April 2016 and 31 March 2017.

You will need to do provisional underpin calculations at the [underpin date](#) (31 March 2024) for the CARE account. The calculations will include the LGPS service from 1 April 2017 to 31 March 2022 and the transferred-in service from 1 April 2015 to 31 March 2016. The transferred-in service will be included as follows:

- the CARE transfer-in for the transferred-in service from 1 April 2015 to 31 March 2016 is included in the provisional assumed benefits
- the notional final salary service credit for the transferred-in service from 1 April 2015 to 31 March 2016 is included in the provisional underpin amount.

Example 5: disqualifying gap after the underpin period

Background details

The member:

- joined the LGPS (Scotland) on 1 April 2011 and left on 31 March 2016 (the CARE account qualified for underpin protection for the LGPS service from 1 April 2015 to 31 March 2016)
- joined the LGPS (England and Wales) on 1 April 2017 and left on 31 March 2024
- transferred their benefits in the LGPS (Scotland) to the LGPS (England and Wales). The CARE account qualified for underpin calculations for the LGPS service from 1 April 2017 to 31 March 2022 and the transferred-in service from 1 April 2015 to 31 March 2016
- re-joined the LGPS (England and Wales) on 1 April 2030 and left on 31 March 2034
- aggregated the benefits for the membership that ended on 31 March 2024 to the new account.

The member will reach their [final salary scheme normal retirement age](#) on 1 April 2038.

Results

- **Step 1: does the account that started on 1 April 2030 have any of the service types in step 1?**

Yes, it has aggregated LGPS service from 1 April 2017 to 31 March 2022 and transferred-in service from 1 April 2015 to 31 March 2016.

- **Step 2: was the member in pensionable service in a McCloud remedy scheme on or before 31 March 2012?**

Yes. The member was in pensionable service in the LGPS (Scotland) on 31 March 2012. This is the latest date they met this condition.

- **Step 3: is there a disqualifying gap?**

There are two continuous periods of service to consider.

The aggregated LGPS service from 1 April 2017 to 31 March 2022 is remediable service because the member did not have a disqualifying gap between 1 April 2012 and 31 March 2017.

The transferred-in service from 1 April 2015 to 31 March 2016 is also remediable service because the member did not have a disqualifying gap between 1 April 2012 and 31 March 2015.

- **Step 4: does the remediable service qualify for underpin protection?**

There are two periods of remediable service to consider.

The aggregated LGPS service from 1 April 2017 to 31 March 2022 does not qualify for underpin protection because the member had a continuous break in active membership of more than 5 years of any public service scheme between 1 April 2022 and 31 March 2030.

The transferred-in service from 1 April 2015 to 31 March 2016 also does not qualify for underpin protection because the member had a continuous break in active membership of more than 5 years of any public service scheme between 1 April 2016 and 31 March 2030.

The member lost the underpin protection for the earlier CARE account on aggregating.

You will not need to do provisional underpin calculations for the CARE account.

Example 6: some (but not all) remediable service qualifies for underpin protection

Background details

The member:

- joined the LGPS (England and Wales) on 1 April 2011
- left on 31 March 2015 because their employment was transferred to a private contractor. The CARE account qualified for underpin protection for the LGPS service from 1 April 2014 to 31 March 2015
- built up benefits in a broadly comparable scheme from 1 April 2015 to 31 March 2021 and did not transfer their LGPS benefits
- re-joined the LGPS (England and Wales) on 1 April 2021 and left on 31 March 2024
- aggregated the benefits for the membership that ended on 31 March 2015 to the new account.

The member will reach their final salary scheme normal retirement age on 1 April 2038.

Results

- **Step 1: does the account that started on 1 April 2021 have any of the service types in step 1?**

Yes, it has aggregated LGPS service from 1 April 2014 to 31 March 2015 and LGPS service from 1 April 2021 to 31 March 2022.

- **Step 2: was the member in pensionable service in a McCloud remedy scheme on or before 31 March 2012?**

Yes. The member was in pensionable service in the LGPS on 31 March 2012. This is the latest date they met this condition.

- **Step 3: is there a disqualifying gap?**

There are two continuous periods of service to consider.

The aggregated LGPS service from 1 April 2014 to 31 March 2015 is remediable service because the member did not have a disqualifying gap between 1 April 2012 and 31 March 2014.

The LGPS service from 1 April 2021 to 31 March 2022 is also remediable service because the member did not have a disqualifying gap between 1 April 2012 and 31 March 2021. For this purpose, service in the broadly comparable scheme does not count as a gap. This service automatically qualifies for underpin protection. Go to step 4 to see if the aggregated LGPS service also qualifies.

- **Step 4: does the remediable service qualify for underpin protection?**

The aggregated LGPS service from 1 April 2014 to 31 March 2015 does not qualify for underpin protection because the member had a continuous break in active membership of more than 5 years of any public service scheme between 1 April 2015 and 31 March 2021. For this purpose, service in the broadly comparable scheme does count as a break.

You will need to do provisional underpin calculations at the [underpin date](#) (31 March 2024) for the CARE account. The calculations will include the LGPS service from 1 April 2021 to 31 March 2022, but will not include the aggregated LGPS service from 1 April 2014 to 31 March 2015.

Supplementary information

FAQs

1. Where the member opted out of the LGPS within three months and was treated as not having been an active member on that occasion, how is that service treated?

As the member is treated as never having been an active member on that occasion, you do not include the service for any purpose of this section.

2. Where a member left without an entitlement to benefits, does this count as pensionable service in steps 2 and 3?

We are awaiting clarification from DLUHC / SPPA on this issue. See [technical query 1](#).

3. Where a member has transferred out their LGPS benefits, does this count as pensionable service in steps 2 and 3?

Yes, the service counts for steps 2 and 3.

Relevant rules

- sections 1, 39, 77 and 78 of the Public Service Pensions and Judicial Offices Act 2022
- regulations 4Q and 9(1ZB) of the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014
- regulations 4O and 9(1B) of the Local Government Pension Scheme (Transitional Provisions and Savings) (Scotland) Regulations 2014.

3. Provisional underpin calculations at the underpin date

Overview

The underpin calculation is now a two-step process. You calculate the provisional underpin at the underpin date and a final underpin when benefits are paid.

For each pension account that qualifies for underpin protection you need to calculate:

- provisional assumed benefits: based on CARE pension, and
- provisional underpin amount: based on notional final salary benefits.

You need to calculate these provisional amounts at the underpin date.

If the member opts out within three months and is treated as never having joined, you do not need to calculate provisional amounts.

We have added [worked examples](#) at the end of the section.

When to calculate provisional amounts ('the underpin date')

You calculate provisional assumed benefits and underpin amount values for a pension account at the underpin date. This is the earliest of:

- the last day the member was an active member for that account
- the date the member reached the [final salary scheme normal retirement age](#)
- if the member took flexible retirement, the day before the reduction in hours / grade begins.

Flexible retirement and underpin dates

If the member reduced their hours / grade for flexible retirement during the [underpin period](#), you may need to do more provisional calculations for that account.

This applies if the member has further [eligible remediable service](#) in the account for the period between the flexible retirement date and the end of the [underpin period](#).

If so, you will need to calculate new provisional amounts at the next [underpin date](#). The [underpin period](#) for this calculation begins on the date of the reduction in hours / grade. This avoids double counting.

How to calculate provisional assumed benefits

To calculate provisional assumed benefits, you need to work out the CARE balance for the LGPS service and aggregated LGPS service you have identified as qualifying for underpin protection. This is calculated at the [underpin date](#).

The provisional assumed benefits is the amount of pension the member would have built up in the CARE scheme if:

- you ignore any LGPS service that does not qualify for underpin protection
- you assume the member was in the main section for all of the service that qualifies for underpin protection
- you ignore any annual allowance offsets or divorce debits
- you ignore any added extra pension awarded by the employer or from paying additional pension contributions
- you ignore any extra pension due to a transfer in from a different scheme or from aggregating final salary LGPS benefits (where final salary benefits are converted to CARE because of a 5-year break).

You may need to add in the following elements in the CARE balance:

- added lost pension if the member was on unpaid leave during the remediable service (see [below section: 'including added lost pension to cover unpaid leave'](#))
- CARE transfer-in for any remediable service transferred in from a different account that qualifies to be included in underpin calculations (see [below section: 'including transferred-in remediable service'](#))
- if the member retired before 1 April 2022, tier 1 or 2 ill health enhancements (see [below section: 'ill health enhancements'](#)).

See [above section: 'flexible retirement and underpin dates'](#) if calculating the provisional amounts for a period of service after the member took flexible retirement.

What pay is included?

You include the pay for the service in the calculation based on when the member received it (or, for assumed pensionable pay, was treated as receiving it). It is not based on when the member earned the pay.

If the:

- underpin date was the date the member left the Scheme
- underpin date was before 1 April 2022 and
- member received some pay after they left the Scheme.

treat the pay as if the member received it on their last day in the Scheme to work out the provisional assumed benefits.

Including added pension to cover unpaid leave

If the member was on unpaid leave during the service, the pay for that part of the service is:

- the assumed pensionable pay if the leave qualified for it
- the pay they would have got if they were not on leave if that applies (only possible in Scotland)
- otherwise, £0.

If a member elected to buy back lost pension for a period of authorised unpaid leave (including strike) where they received £0 pay, you may be able to include the lost pension bought in the provisional assumed benefits.

The full added pension is included in the provisional assumed benefits if:

- the member paid all the required APCs (even if they paid them after the [underpin period](#)), or
- the member did not do so because they left with a tier 1 or 2 ill health pension or died as an active member.

If the member did not pay all the required APCs for any other reason, only part of the added pension is included. This equals the added pension credited to the member's actual CARE account.

If the [underpin date](#) was the [final salary scheme normal retirement age](#) and the member was still paying the additional pension contributions, you will only be able to finalise the provisional calculation when you know whether the member will complete the contract, or, if they don't, the reason why not.

You include the added pension in the provisional assumed benefits as if it was credited to the CARE account on the earliest of:

- 31 March in the Scheme year in which the leave ended
- 31 March 2022; and
- the [underpin date](#).

You include the added pension all at once, even if the member paid the APCs as regular payments. You do not spread it over different Scheme years.

If the member was in the 50/50 section during the leave, the added pension you include is more than they actually bought. This is because for this purpose the added pension is based on what they would have got had they instead been in the main section.

If the leave continued after the [underpin period](#), you only include the added pension for the part before the end of the [underpin period](#). See [technical query 2](#) if the member did not finish paying the APCs.

Including transferred-in remediable service

If the pension account contains remediable service transferred in from a different [McCloud remedy scheme](#) that qualifies for underpin protection, you include the CARE transfer-in pension for that service in the provisional assumed benefits.

This also applies for transfers completed after the [underpin period](#) and after the [underpin date](#).

You do not include transfers-in for other periods of service. If a transfer-in includes both remediable service and non-remediable service, you will need to calculate and show the transfer-in amounts separately for each part.

Including ill health enhancements

You will add ill health enhancements to the notional CARE balance if:

- on the [underpin date](#), the member left with an entitlement to tier 1 or 2 benefits, and
- the member left before the end of the [underpin period](#).

The enhancement is usually the same as for the actual CARE benefits.

But this is not the case if the membership you use to calculate the enhancement for the actual CARE benefits is more than the period between:

- the [underpin date](#), and
- the end of the [underpin period](#).

If this applies, for a tier 1 case, you calculate the enhancement as follows:

membership between the [underpin date](#) and the end of the [underpin period](#) × assumed pensionable pay ÷ 49.

For tier 2 cases, you divide the result by 4.

You use the same assumed pensionable pay figure you used to calculate the ill health enhancement on the actual CARE pension.

You include the enhancement in the provisional assumed benefits on the [underpin date](#).

If the member is not entitled to any enhancement on their actual CARE benefits because of a previous ill health retirement, you do not add an enhancement to the provisional assumed benefits.

Revaluing the CARE balance

The provisional assumed benefits are revalued in the same way as an active CARE pension account.

In cases where the pension account includes more than one period of LGPS remediable service due to aggregation, you apply the normal rules to determine whether to apply revaluation adjustment or pensions increase during the gap. For example, you apply revaluation adjustment during the gap if it does not exceed five years, but pensions increase if the gap is more than five years.

If the balance includes a CARE pension for transferred-in remediable service and this was transferred in under Club arrangements, you revalue this part of the notional CARE balance in line with the rate used by the sending scheme.

Certificates of protection (Scotland only)

If the member elects to use their certificate of protection to calculate their actual CARE benefits for the account and the reduction / restriction took place during the [underpin period](#), you adjust the notional CARE balance in the same way that you adjust the actual benefits.

See [technical query 3](#) if the [underpin date](#) is when the member attains the [final salary scheme normal retirement age](#). In the meantime, you will need to take a local decision as to how to proceed.

How to calculate provisional underpin amounts

Provisional underpin amounts are generally based on the notional final salary benefits the member would have built up during the [underpin period](#) if the 2008 Scheme (2009 Scheme for Scotland) had continued. You calculate it at the [underpin date](#) using the formula:

$$\text{Membership} \times \text{final pay} \div 60.$$

You ignore any annual allowance offsets and divorce debits.

See [above section: 'flexible retirement and underpin dates'](#) if you are calculating the provisional underpin amount for a period of service after the member took flexible retirement.

Membership

The membership you use in the calculation is the LGPS service in the account that you identified as qualifying for underpin protection in [section 2](#).

If the member worked part-time for some of the service, you use the part-time fraction for that period (though see [below section: 'ignoring reductions in hours \(England and Wales only\)'](#))

You do not count any:

- service before or after the [underpin period](#)
- service breaks.

If the account has any transferred-in remediable service from a different scheme that qualifies for underpin protection, you add the notional final salary service credit to the membership. This is the service credit the member would have got if that

service had been transferred to the 2008 Scheme (2009 Scheme for Scotland), instead of the CARE scheme. You do not add transfers for other service periods.

You may also need to add extra membership for ill health cases (see [below section: 'tier 1 or 2 ill-health enhancement'](#)).

■ Service breaks

If the member took unpaid unauthorised leave during the service, you always treat this as a service break.

If the member took unpaid authorised leave during the service and was not treated as receiving:

- assumed pensionable pay, or
- the pay they would have got if they were not on leave (only possible in Scotland),

you treat that leave as a service break too.

However, if the member elected to cover any authorised leave (including strike) by paying additional pension contributions (APC), you include the full period of leave as membership if the member:

- paid all the required APCs (even if they paid them after the [underpin period](#)), or
- did not pay all the required APCs because they left with a tier 1 or 2 ill health pension or died as an active member.

If the member did not pay all the required APCs for any other reason, you count part of the leave as membership and part as a service break. This is based on the APCs paid and the total due.

If the [underpin date](#) was the [final salary scheme normal retirement age](#) and the member was still paying APCs on that date, you will only be able to finalise the provisional calculation when you know whether the member completes the contract, or, if they don't, the reason why not.

If the leave continued after the [underpin period](#), you only look at the part before the end of the [underpin period](#).

■ Ignoring reductions in hours (England and Wales only)

When calculating the membership to use in the provisional underpin amount calculation, you ignore relevant reductions in hours if:

- the member left active membership with an entitlement to ill health benefits
- the certificate from the independent registered medical practitioner says that, in their opinion, the member is in part-time service wholly or partly as a result of the condition that caused the ill health retirement.

This only applies to reductions in hours that occurred before the [underpin date](#) (or if earlier, before the end of the [underpin period](#)).

You ignore the reduction in hours for the period from the reduction to the [underpin date](#) (or if earlier, the end of the [underpin period](#)) and, if applicable, for calculating tier 1 or 2 enhancements. See next sub-section.

■ Tier 1 and 2 enhancements

You will add extra membership if:

- on the [underpin date](#), the member left with an entitlement to tier 1 or 2 benefits under the CARE scheme, and
- the member left before the end of the [underpin period](#).

The extra membership is what you would have added if the 2008 Scheme (2009 Scheme for Scotland) had continued.

For this purpose, if the member qualifies for tier 1 benefits under the CARE scheme, you treat them as if they qualified for tier 1 benefits under the earlier scheme. The same applies for tier 2 benefits. This means that the employer does not need to assess them under the ill health conditions of the earlier scheme as well.

For tier 1 cases, the extra membership is what they would have built up in the period:

- from the day after the [underpin date](#)
- to the [final salary scheme normal retirement age](#) (or, if earlier, to 31 March 2022).

If they were in part-time service at the [underpin date](#), you treat them as if they continued working those same hours. For tier 2 cases, you use 25 per cent of the tier 1 extra membership.

Final pay

You work out the final pay using the usual rules in the 2008 Scheme (2009 Scheme for Scotland), as if the [underpin date](#) was the last day of active membership.

For example:

- you only use pensionable pay within the 2008 Scheme (2009 Scheme for Scotland) definition
- the pay you use is based on when it was earned
- if the member worked part-time, you use the full-time pay
- you automatically use the ‘best of the last three years’ calculation.

You take into account any service breaks in the calculation (see the [service breaks](#) section above). If the member paid the required additional pension contributions for the leave, you use the pay they would have earned for that period if they were not on leave.

If the member can and chooses to use ‘the best of the last 13 years’ rule (England and Wales only) or their certificate of protection, you use that protection to calculate the final pay for this purpose. If the [underpin date](#) is when the member attains the [final salary scheme normal retirement age](#), see [technical query 3](#). In the meantime, you will need to take a local decision as to how to proceed.

If you use a pay period before the final year, you do not add pensions increase to the amount. You add the increase when you do the final underpin calculation.

In Scotland, for councillor members, instead of using the final pay, you use the ‘career average pay’. You calculate this using the usual rules in the 2009 Scheme, as if the [underpin date](#) was the last day of active membership.

Adjusting provisional amounts because of aggregation

This explains how to deal with provisional assumed benefits and underpin amount values for a pension account when you aggregate it to another pension account.

See [technical query 4](#) where the pension account being aggregated contains provisional benefits that were previously used for partial flexible retirement.

There are two types of aggregation: non-concurrent (consecutive) and concurrent.

Consecutive aggregation

You need to check if there is a continuous break of more than 5 years in active membership of any public service pension scheme between the end of the earlier account and the start of the new account.

This is a different test to the [disqualifying gap](#) test as you **do** count any period of pensionable service in a broadly comparable scheme as a break in pensionable service for this purpose.

This is the same test you use to determine whether a member keeps the final salary link on aggregation.

■ No continuous break

If the member has not reached the [final salary scheme normal retirement age](#) before the start of the new account, the following applies:

- extinguish the provisional assumed benefits and underpin amount values calculated for the earlier account
- include the aggregated [eligible remediable service](#) (alongside any other [eligible remediable service](#) included in the new account) when calculating the provisional amounts for the new account at the [underpin date](#) for that new account.

If the member has reached the [final salary scheme normal retirement age](#) before the start of the new account, the following applies:

- do not extinguish the provisional assumed benefits and underpin amount values calculated for the earlier account
- use those provisional amounts as the provisional amounts for the new account.

■ Continuous break

If there is a continuous break of more than five years in active membership of any public service pension scheme between the earlier and new accounts, follow these steps:

- extinguish the provisional assumed benefits and underpin amount values calculated for the earlier account
- the aggregated service no longer qualifies for underpin protection
- if the new account includes other service that qualifies for underpin protection, do not include the aggregated service when calculating the provisional amounts for the new account.

Concurrent aggregation

There cannot be a continuous break of more than 5 years in active membership of any public service pension scheme between the ceased account and the continuing account.

If the member has not reached the [final salary scheme normal retirement age](#) before the end of the ceased account, do the following:

- extinguish the provisional assumed benefits and underpin amount values calculated for the ceased account
- include the aggregated [eligible remediable service](#) (alongside any other [eligible remediable service](#) included in the continuing account) when calculating the provisional amounts for the continuing account at the [underpin date](#) for that continuing account
- when calculating the membership to use for the provisional underpin amount for the continuing account, adjust the aggregated [eligible remediable service](#) according to the normal concurrent rules of the 2008 Scheme (2009 Scheme for Scotland).

If the member has reached the [final salary scheme normal retirement age](#) before the end of the ceased account, do the following:

- do not extinguish the provisional assumed benefits and underpin amount values calculated for the ceased account
- use those provisional amounts as the provisional amounts for the continuing account.

If the member has other [eligible remediable service](#) in the new account, see [technical query 5](#).

Worked examples

In these examples:

- figures have been rounded to the nearest £1
- the member is under their [final salary scheme normal retirement age](#) on the underpin date, unless the text indicates otherwise.

Example 7: Leaver in the underpin period with a pay rise

- left 30 April 2018 – this is the underpin date
- pay rise in final year of membership
- in the main section throughout
- no extra contributions paid and no transfers in
- worked full time with no service breaks.

Year	B/f	Pay	Accrual	In year	Plus B/f	Inflation adjustment	Pension
2014/15		£22,000	1/49	£449	£449	1.012	£454
2015/16	£454	£22,500	1/49	£459	£913	0.999	£912
2016/17	£912	£23,000	1/49	£469	£1,381	1.01	£1,395
2017/18	£1,395	£32,400	1/49	£661	£2,056	1.03	£2,118
2018/19	£2,118	£2,700	1/49	£55	£2,173	n/a	£2,173

Notional final salary benefits on 30 April 2018:

4 years 30 days ÷ 60 × £32,400 (final pay) = **£2,204**

Provisional assumed benefits on 30 April 2018: £2,173

Provisional underpin amount on 30 April 2018: £2,204

The provisional figures indicate that the notional final salary pension exceeds the career average pension built up in the underpin period by £31. In most cases, any final guarantee amount will be a different amount. This will depend on the inflationary increases between the underpin date and the [final underpin date](#), and any age-related actuarial adjustments that apply when the member takes their pension.

Example 8: Leaver after the underpin period, average pay used

- leaver on 15 February 2024 – this is the underpin date
- drop in salary from 1 April 2015

- final pay based on average pay for the three years ending on 31 March 2015 - £52,900
- worked full time with no service breaks.

Year	B/f	Pay	Accrual	In year	Plus B/f	Inflation adjustment	Pension
2014/15		£53,000	1/49	£1,082	£1,082	1.012	£1,095
2015/16	£1,095	£41,500	1/49	£847	£1,942	0.999	£1,940
2016/17	£1,940	£42,500	1/49	£867	£2,807	1.01	£2,835
2017/18	£2,835	£42,800	1/49	£873	£3,708	1.03	£3,819
2018/19	£3,819	£43,100	1/49	£880	£4,699	1.024	£4,812
2019/20	£4,812	£44,000	1/49	£898	£5,710	1.017	£5,807
2020/21	£5,807	£44,800	1/49	£914	£6,721	1.005	£6,755
2021/22	£6,755	£45,100	1/49	£920	£7,675	1.031	£7,913
2022/23	£7,913	n/a			£7,913	1.101	£8,712
2023/24	£8,712	n/a			£8,712	n/a	£8,712

Notional final salary benefits on 15 February 2024:

8 years ÷ 60 × £52,900 (final pay) = **£7,053**

Provisional assumed benefits on 15 February 2024: £8,712

Provisional underpin amount on 15 February 2024: £7,053

Based on the provisional figures, the career average pension is higher. However, when calculating the final underpin amount, pensions increase will be added to the provisional underpin amount. This will be higher than any inflationary increase that applies to the assumed benefits because the final pay period ends in 2015. The provisional underpin amount plus pensions increase since 1 April 2015 is slightly higher than the provisional assumed benefits:

$£7,053 \times 1.2359 = £8,717$

Example 9: Future underpin date

- leaver on 31 October 2045 – this is the underpin date
- assume revaluation of 2% each April
- pay rise of 2.5% each year from 2023/24 onwards
- worked full time with no service breaks.

Year	B/f	Pay	Accrual	In year	Plus B/f	Inflation adjustment	Pension
2014/15		£20,000	1/49	£408	£408	1.012	£413
2015/16	£413	£20,500	1/49	£418	£831	0.999	£830
2016/17	£830	£21,013	1/49	£429	£1,259	1.01	£1,272
2017/18	£1,272	£21,538	1/49	£440	£1,712	1.03	£1,763
2018/19	£1,763	£22,076	1/49	£451	£2,214	1.024	£2,267
2019/20	£2,267	£22,628	1/49	£462	£2,729	1.017	£2,775
2020/21	£2,775	£23,194	1/49	£473	£3,248	1.005	£3,264
2021/22	£3,264	£23,774	1/49	£485	£3,749	1.031	£3,865

Plus revaluation 10.1% on 6 April 2023 £4,255

Plus revaluation 54.6% for the period to April 2045 **£6,578**

Notional final salary benefits on 31 October 2045:

8 years ÷ 60 × £40,929 (final pay) = **£5,457**

Provisional assumed benefits on 31 October 2045: £6,578

Provisional underpin amount on 31 October 2045: £5,457

Based on the provisional figures, the career average pension is higher, even though the member's pay has gone up by more than CPI from 2023 to their leaving date in 2045. An accurate check will be performed on the member's [final underpin date](#).

Example 10: Tier 1 ill health retirement in the underpin period

- awarded tier 1 ill health retirement on 28 January 2019 – this is the underpin date (and the [final underpin date](#))
- age 57 on the underpin date, State Pension age is in 2029
- annual assumed pensionable pay for the ill health enhancement is £40,574
- worked full time with no service breaks.

Year	B/f	Pay	Accrual	In year	Plus B/f	Inflation adjustment	Pension
2014/15		£37,000	1/49	£755	£755	1.012	£764
2015/16	£764	£37,925	1/49	£774	£1,538	0.999	£1,536
2016/17	£1,536	£38,873	1/49	£793	£2,329	1.01	£2,352
2017/18	£2,352	£39,845	1/49	£813	£3,165	1.03	£3,260
2018/19	£3,260	£33,904	1/49	£692	£3,952	n/a	£3,952

Ill health enhancement for the period 29 January 2019 to 31 March 2022:

3 years 62 days \times £40,574 \div 49 = **£2,625**

Notional final salary benefits on 28 January 2019:

8 years \div 60 \times £40,440 (final pay) = **£5,392**

Note that the whole 8 year underpin period is included in the calculation. The individual was an active member from 1 April 2014 to 28 January 2019. The tier 1 enhancement up to 31 March 2022 is also included in the notional final salary benefits.

Provisional assumed benefits on 28 January 2019: (£3,952 + £2,625) £6,577

Provisional underpin amount on 28 January 2019: £5,392

The career average pension is higher. As this is an ill health retirement from active status and the member is under 65, there is no actuarial adjustment for early or late retirement and no pensions increase or revaluation to apply. In this example, the provisional figures are the same as the final assumed benefits and final underpin amount. No final guarantee amount is payable.

Example 11: Tier 2 ill health retirement in the underpin period

- awarded tier 2 ill health retirement on 31 December 2016 – this is the underpin date (and the [final underpin date](#))
- date of birth 1 December 1956
- State Pension age is 66
- annual assumed pensionable pay £68,907
- worked full time with no service breaks.

Year	B/f	Pay	Accrual	In year	Plus B/f	Inflation adjustment	Pension
2014/15		£62,500	1/49	£1,276	£1,276	1.012	£1,291
2015/16	£1,291	£65,625	1/49	£1,339	£2,630	0.999	£2,627
2016/17	£2,627	£51,916	1/49	£1,060	£3,687	n/a	£3,687

Ill health enhancement for the period 1 January 2017 to 30 November 2021:

4 years 334 days \times £68,907 \div 49 \div 4 = **£1,728**

The total ill health enhancement covers the period up to age 66, but only the part relating to the period up to age 65 is included in the calculation of the provisional assumed benefits.

Notional final salary benefits on 31 December 2016:

1 April 2014 to 31 December 2016: 2 years 275 days ÷ 60 × £67,571 (final pay) =
£3,101

Enhancement 1 January 2017 to 30 November 2021 (up to age 65):

4 years 334 days ÷ 60 × £67,571 (final pay) ÷ 4 = **£1,384**

Provisional assumed benefits on 31 December 2016: (£3,687 + £1,728) £5,415

Provisional underpin amount on 31 December 2016: (£3,101 + £1,384) £4,485

The career average pension is higher. As this is an ill health retirement from active status and the member is under 65, there is no actuarial adjustment for early or late retirement and no pensions increase or revaluation to apply. In this example, the provisional figures will be the same as the final assumed benefits and final underpin amount. No final guarantee amount is payable.

Example 12: Tier 1 ill health retirement with hours reduction

- awarded tier 1 ill health retirement on 30 September 2022 – this is the underpin date (and the [final underpin date](#))
- full time up to 31 March 2017
- reduced to 40% of full time from 1 April 2017
- independent registered medical practitioner certified that the reduction in hours was “wholly or partly as a result of the condition that caused or contributed to the member's ill-health retirement”
- annual pay at leaving £12,600, full time equivalent for final year £31,500.

Year	B/f	Pay	Accrual	In year	Plus B/f	Inflation adjustment	Pension
2014/15		£27,500	1/49	£561	£561	1.012	£568
2015/16	£568	£28,000	1/49	£571	£1,139	0.999	£1,138
2016/17	£1,138	£28,500	1/49	£582	£1,720	1.01	£1,737
2017/18	£1,737	£11,628	1/49	£237	£1,974	1.03	£2,033
2018/19	£2,033	£11,861	1/49	£242	£2,275	1.024	£2,330
2019/20	£2,330	£12,098	1/49	£247	£2,577	1.017	£2,621
2020/21	£2,621	£12,340	1/49	£252	£2,873	1.005	£2,887
2021/22	£2,887	£12,587	1/49	£257	£3,144	1.031	£3,241

The ill health retirement date is after 31 March 2022, so no enhancement is included in the provisional assumed benefits or underpin amount.

The reduction in hours to 40% from 1 April 2017 is ignored when working out the notional final salary benefits:

$$8 \text{ years} \div 60 \times \text{£}31,500 \text{ (final pay)} = \text{£}4,200$$

Provisional assumed benefits on 30 September 2022: £3,241

Provisional underpin amount on 30 September 2022: £4,200

The final salary pension is higher because the hours reduction is ignored. As this is an ill health retirement from active status and the member is under 65, there is no actuarial adjustment for early or late retirement and no pensions increase or revaluation to apply. In this example, the provisional figures will be the same as the final assumed benefits and final underpin amount. A final guarantee amount of £959 is payable (£4,200 - £3,241).

Example 13: Part payment for unpaid leave

- joined the LGPS on 1 April 2017. The member has underpin protection as a result of earlier public service scheme membership that ended in 2015 that has been kept separate
- 48% of full time throughout
- unpaid additional maternity leave 9 February 2019 to 8 May 2019
- 'lost' pay during unpaid period £3,528
- APC arrangement set up to buy back the lost pension of £72 over one year August 2019 to July 2020
- member left 31 May 2020 – this is the underpin date
- contract to buy back the lost pension is not complete. 10 of the 12 payments were made, meaning added pension of £60 is credited to the pension account
- for the purpose of calculating the provisional assumed benefits, the added pension (AP) is credited to the account on 31 March 2020.

Year	B/f	Pay	Accrual	In year	Plus AP	Plus B/f	Inflation adj.	Pension
2017/18		£12,150	1/49	£248		£248	1.03	£255
2018/19	£255	£10,710	1/49	£219		£474	1.024	£485
2019/20	£485	£11,818	1/49	£241	£60	£786	1.017	£799
2020/21	£799	£2,213	1/49	£45		£844	n/a	£844

Only part of the unpaid period is included when working out the provisional underpin amount:

$$10 \div 12 \times 89 \text{ days} = 74 \text{ days (so 15 days excluded)}$$

1 April 2017 to 31 May 2020 = 3 years 61 days – 15 days = 3 years 46 days
 3.126 years × 48% = 1.5 years = 1 year 183 days reckonable service

Notional final salary benefits on 31 May 2020:

1 year 183 days ÷ 60 × £26,830 (final pay) = **£671**

Provisional assumed benefits on 31 May 2020: £844

Provisional underpin amount on 31 May 2020: £671

The career average pension is higher at leaving. An accurate check will be performed on the member's [final underpin date](#).

Example 14: Membership of the 50/50 section

- joined the LGPS 1 April 2015 (protected due to earlier membership and no disqualifying gap)
- joined the 50/50 section from 1 August 2016
- re-joined the main section from 1 November 2018
- left 31 May 2019 – this is the underpin date
- worked full time without a service break.

The table below shows the member's actual pension account:

Year	B/f	Pay	Accrual	In year	Plus B/f	Inflation adjustment	Pension
2015/16		£90,000	1/49	£1,837	£1,837	0.999	£1,835
2016/17	£1,835	£30,300	1/49	£618			
		£61,000 £91,300	1/98	£622 £1,240	£3,075	1.01	£3,106
2017/18	£3,106	£94,000	1/98	£959	£4,065	1.03	£4,187
2018/19	£4,187	£55,700	1/98	£568			
		£39,800 £95,500	1/49	£812 £1,380	£5,567	1.024	£5,701
2019/20	£5,701	£16,200	1/49	£331	£6,032	n/a	£6,032

Membership of the 50/50 section is ignored when working out the provisional assumed benefits:

Year	B/f	Pay	Accrual	In year	Plus B/f	Inflation adjustment	Pension
2015/16		£90,000	1/49	£1,837	£1,837	0.999	£1,835

Year	B/f	Pay	Accrual	In year	Plus B/f	Inflation adjustment	Pension
2016/17	£1,835	£91,300	1/49	£1,863	£3,698	1.01	£3,735
2017/18	£3,735	£94,000	1/49	£1,918	£5,653	1.03	£5,823
2018/19	£5,823	£95,500	1/49	£1,949	£7,772	1.024	£7,959
2019/20	£7,959	£16,200	1/49	£331	£8,290	n/a	£8,290

Provisional assumed benefits on 31 May 2019: £8,290.

Example 15: Club transfer in, joined LGPS after the underpin period

- Teachers' Pension Scheme (TPS) member 2004 to 17 October 2020
- remediable service 1 April 2015 to 17 October 2020 (5 years 200 days, full time)
- joined LGPS 1 October 2022
- Club transfer calculation date is in February 2023:
 - inner Club credit for remediable service: £4,200 includes TPS in-service revaluation to April 2022
 - notional final salary credit for remediable service: 5 years 225 days, based on pay in the transferring scheme £38,250 which includes appropriate inflationary increases
- member leaves on 24 June 2024 – this is the underpin date
- final pay is £56,000.

Revaluation of the transferred in CARE pension mirrors the increase that applies in the TPS – HM Treasury Order plus 1.6%:

Starting value February 2023:	£4,200
April 2023 increase:	10.1% + 1.6% = 11.7%
April 2024 increase:	6.7%* + 1.6% = 8.3% (*not confirmed)
Value on leaving:	£5,081

Notional final salary benefits on 24 June 2024:
5 years 225 days ÷ 60 × £56,000 (final pay) = **£5,242**

Provisional assumed benefits on 24 June 2024: £5,081
Provisional underpin amount on 24 June 2024: £5,242

The provisional figures indicate that, in respect of the remediable service transferred in, the notional final salary pension exceeds the career average pension by £161.

This is due to the final pay being higher than the salary used in the notional final salary transfer in calculation. In most cases, any final guarantee amount will be a different amount. This will depend on the inflationary increases between the underpin date and the [final underpin date](#), and any age-related actuarial adjustments that apply when the member takes their pension.

Example 16: Club transfer in, joined LGPS in the underpin period

- NHS Pension Scheme (NHSPS) member from 2001 to 12 February 2018
- remediable service 1 April 2015 to 12 February 2018 (2 years 318 days, 50% of full time, so reckonable service in the NHS of 1 year 159 days)
- joined LGPS 13 February 2018
- Club transfer in calculation date is in October 2018:
 - Inner Club credit for remediable service: £1,053, includes NHSPS in-service revaluation to April 2018
 - notional final salary credit for remediable service: 1 year 171 days, based on pay in the transferring scheme £28,300 which includes appropriate inflationary increases
- the member left on 31 December 2022 – this is the underpin date.

The transferred in CARE credit must be revalued at the sending scheme's rate.

LGPS CARE pension account:

Year	B/f	Pay	Accrual	In year	Plus B/f	Inflation adjustment	Pension
2017/18		£4,380	1/49	£89	£89	1.03	£92
2018/19	£92	£34,800	1/49	£710	£802	1.024	£821
2019/20	£821	£36,100	1/49	£737	£1,558	1.017	£1,584
2020/21	£1,584	£36,800	1/49	£751	£2,335	1.005	£2,347
2021/22	£2,347	£37,900	1/49	£773	£3,120	1.031	£3,217

Revaluation of the transferred in CARE pension mirrors the increase that applies in the NHSPS – HM Treasury Order plus 1.5%:

Starting value October 2018:	£1,053
April 2019 increase:	2.4% + 1.5% = 3.9%
April 2020 increase:	1.7% + 1.5% = 3.2%
April 2021 increase:	0.5% + 1.5% = 2.0%
April 2022 increase:	3.1% + 1.5% = 4.6%

Value on leaving: **£1,205**

Notional final salary benefits on 31 December 2022:

5 years 218 days* ÷ 60 × £37,600 (final pay) = **£3,508**

* transferred in service 1 year 171 days plus LGPS membership 4 years 47 days

Provisional assumed benefits on 31 December 2022: £4,422 (£3,217 + £1,205)

Provisional underpin amount on 31 December 2022: £3,508

The career average pension is higher at leaving. An accurate check will be performed on the member's [final underpin date](#).

Supplementary information

Relevant rules

- regulations 1(5), 4A, 4C, 4G, 4I, 4J and 4Q of the LGPS (Transitional Provisionals, Savings and Amendment) Regulation 2014
- regulations 22(9), 23(4), 23(7) and 23(10) of the LGPS Regulations 2013
- regulation 20(12)(b) of the LGPS (Benefits, Membership and Contributions) Regulations 2007
- regulations 16 and 87 of the LGPS (Administration) Regulations 2008
- regulations 11(5), 22(9), 23(4), 23(7), 23(10) and 90 of the LGPS (Scotland) Regulations 2018
- regulations 4A, 4C, 4G, 4I, 4J, 4O and 26 of the LGPS (Transitional Provisionals and Savings) (Scotland) Regulation 2014
- regulations 14 and 82 of the LGPS (Administration) (Scotland) Regulations 2008.

4. Final underpin calculations at the final underpin date

Overview

For any CARE accounts that qualify for underpin protection, you do a final underpin calculation at the final underpin date.

You use the provisional assumed benefits and underpin amount values you calculated at the [underpin date](#) for the account. See [section 3](#) for how to calculate these.

Depending on the reason for the final underpin date, the calculation could change:

- the amount of retirement benefits payable
- the amount of lump sum payable if the member trivially commutes
- the transfer payment - if the member transfers to a different scheme
- the amount of death grant later payable.

You may also need to do a final underpin calculation for the account when the member dies. See [section 5](#) for more details.

If the member aggregates the benefits in the account with a different account before the final underpin date, see [section 3: 'adjusting provisional amounts because of aggregation'](#).

Final underpin dates

The final underpin date for a pension account is the earliest of the dates in Table 1.

The final underpin date will be either the same date as the [underpin date](#) for the account, or later.

Usually, there is only one final underpin date for a pension account; however, in some circumstances there can be more. This can happen for flexible retirement and tier 3 ill health retirement (not possible in Scotland). Also, there may be no final underpin date. This will happen if the member dies as an active or deferred member.

See [section 5](#) for how to calculate the underpin when the member dies.

Table 1 – final underpin dates

Number	Scenario	Final underpin date
1	<p>The member takes voluntary retirement.</p> <p>This includes active to pensioner, deferred to pensioner and deferred pensioner to pensioner cases.</p> <p>Deferred pensioner to pensioner cases are not possible in Scotland.</p>	<p>For active to pensioner cases, the last day of active membership.</p> <p>For other cases, the day before the pension begins. This is the day before reaching the CARE Scheme NPA or the day before the date the member chooses in their election.</p>
2	<p>The member takes their pension at age 75.</p> <p>This includes active to pensioner, deferred to pensioner and deferred pensioner to pensioner cases.</p> <p>Deferred pensioner to pensioner cases are not possible in Scotland.</p>	<p>The day before the member's 75th birthday.</p>
3	<p>The member receives their benefits from the account on leaving on redundancy / business efficiency</p>	<p>The last day of active membership.</p>
4	<p>The member takes their pension due to ill health retirement (active to pensioner).</p>	<p>The last day of active membership</p>

Number	Scenario	Final underpin date
5	<p>The member takes their pension early due to ill health.</p> <p>This includes deferred to pensioner and deferred pensioner to pensioner cases.</p> <p>Deferred pensioner to pensioner cases are not possible in Scotland.</p>	<p>For England and Wales, the day before the former employer agrees to the member's request for early payment on ill health.</p> <p>For Scotland, the day before the date of the member's request for early payment on ill health.</p>
6	The member flexibly retires.	The day before the reduction in working hours / grade starts.
7	The member trivially commutes uncrystallised benefits.	The day before the date used to calculate the lump sum.
8	<p>The member transfers the benefits to a different pension scheme (not under bulk transfer rules).</p> <p>This includes cash transfer sums.</p>	The date used to calculate the transfer value paid.
9	The member's benefits in the account are transferred to a different pension scheme under bulk transfer rules.	The date used to calculate the value of the transfer payment.
10	The member receives a refund of the contributions.	The date the refund was paid.

Final underpin calculation for 'full' retirement (scenarios 1 to 5)

If the account's final underpin date is the day before the member retires fully from active, deferred or deferred pensioner status (scenarios 1 to 5):

- adjust both provisional amounts (see [below section: 'adjusting provisional amounts'](#)). The adjusted figures are the 'final assumed benefits' and the 'final underpin amount'

- compare the final assumed benefits with the final underpin amount
- if the final underpin amount is more than the final assumed benefits, add the excess to the retirement pension account. The excess is the 'final guarantee amount'. Add this to the account on the day after the final underpin date
- do not actuarially adjust the final guarantee amount, even if you need to actuarially adjust other elements of the CARE pension. You consider actuarial adjustments in the underpin calculation when adjusting the provisional amounts
- revalue the final guarantee amount in the same way as you revalue the rest of the balance in the account. For the purposes of the Pensions (Increase) Act 1971, the beginning date for the guarantee amount is the same as for the rest of the CARE balance - the day after last day of active membership.

Where the member is entitled to tier 3 ill health benefits, see [below section: 'tier 3 ill health cases'](#) - this is not relevant for Scotland.

Adjusting the provisional amounts

You may need to adjust the provisional amounts for:

- revaluation / pensions increase
- actuarial increases
- actuarial reductions.

As mentioned in [section 1](#), the GAD guidance notes on early and late retirements are currently being updated for McCloud. DLUHC / SPPA will publish this as soon as it is available.

Revaluation / pensions increase

Provisional assumed benefits

If the [underpin date](#) for the provisional assumed benefits is not the same as the [final underpin date](#), you apply the relevant revaluation adjustment and pensions increase to the provisional assumed benefits.

To do this, you treat the provisional assumed benefits as if it was a deferred pension built up in the CARE scheme with a leaving date of the [underpin date](#). You

then add the relevant revaluation adjustment / pensions increase that you would have made in the period from then up to the [final underpin date](#).

Provisional underpin amount

Add pensions increase to the provisional underpin amount (if any).

To do this, you treat the provisional underpin amount as if it was a pension to which the Pensions (Increase) Act 1971 applied. The beginning date for this purpose is the day after the last day of the period you used to calculate the final pay (or, in Scotland, for councillors, career average pay). You include the latest PI Order that took effect on or before the [final underpin date](#).

Actuarial increases

Provisional assumed benefits

If the member starts to receive their actual CARE benefits after the [CARE Scheme NPA](#), you need to apply actuarial increases to both the actual CARE benefits and the provisional assumed benefits.

You use GAD guidance to do this. GAD has not updated the late retirement guidance for this yet.

You will need to use the same method and factors for both increases.

Provisional underpin amount

If the member starts to receive their actual CARE benefits after 65, you need to apply actuarial increases to the provisional underpin amount.

You use GAD guidance to do this. GAD has not updated the late retirement guidance for this yet.

You will need to use the same method and factors that you use for the final salary element of a pension paid after age 65.

If a member's [final underpin date](#) is between age 65 and their [CARE Scheme NPA](#), you will need to increase the provisional underpin amount but not the provisional assumed benefits. In some cases, you will need to reduce the provisional assumed benefits.

Actuarial reductions

Provisional assumed benefits

You may need to actuarially reduce the provisional assumed benefits if the member starts to receive their actual CARE benefits before the [CARE Scheme NPA](#) and either of the following applies:

- scenario 1 - voluntary retirement
- scenario 6 - flexible retirement.

You will need to reduce the provisional assumed benefits if:

- the member starts to receive their actual CARE benefits before the [CARE Scheme NPA](#)
- scenario 3 - redundancy or business efficiency retirement – applies, and
- the provisional assumed benefits include added pension bought to buy back lost pension.

You only reduce the part for the added pension.

You use GAD guidance and consider any rule of 85 protections (GAD has not yet updated the early retirement guidance). This means that for group 1 and 2 members in England and Wales and group 1 members in Scotland, you will need to split the provisional assumed benefits into the relevant tranches. The provisional assumed benefits have these tranches:

England and Wales

- tranche 1: membership from 1 April 2014 to 31 March 2016
- tranche 2: membership from 1 April 2016 to 31 March 2020
- tranche 3: membership from 1 April 2020 to 31 March 2022
- tranche 4: CARE transfer-in of remediable service
- tranche 5: added pension to buy back lost pension.

Scotland

- tranche 1: membership from 1 April 2015 to 31 March 2020

- tranche 2: membership from 1 April 2020 to 31 March 2022
- tranche 3: CARE transfer-in of remediable service
- tranche 4: added pension to buy back lost pension.

You will need to reduce the amount for each tranche using the percentage that you use for the same tranche of the actual CARE benefits.

If the employer switches on the rule of 85 or waives any of the actuarial reductions, the same reductions should apply to the provisional assumed benefits.

Provisional underpin amount

You may need to reduce the provisional underpin amount if the member starts to receive their actual CARE benefits before age 65 and either of the following applies:

- scenario 1 (voluntary retirement)
- scenario 6 (flexible retirement).

You use GAD guidance and consider any rule of 85 protections (GAD has not yet updated the early retirement guidance). This means that for group 1 and 2 members in England and Wales and group 1 members in Scotland, you need to split the provisional underpin amount into the relevant tranches. The provisional underpin amount has these tranches:

England and Wales

- tranche 1: membership from 1 April 2014 to 31 March 2016
- tranche 2: membership from 1 April 2016 to 31 March 2020
- tranche 3: membership from 1 April 2020 to 31 March 2022
- tranche 4: notional final salary transfer-in of remediable service.

Scotland

- tranche 1: membership from 1 April 2015 to 31 March 2020
- tranche 2: membership from 1 April 2020 to 31 March 2022
- tranche 3: notional final salary transfer-in of remediable service.

You will need to reduce the amount for each tranche using the percentage that you would have used for the same tranche of the actual benefits if the 2008 Scheme (2009 Scheme for Scotland) had continued. This means that you would use the [final salary scheme normal retirement age](#) instead of the [CARE Scheme NPA](#).

See [technical query 6](#) for more on a drafting issue in the relevant rules for Scotland cases.

Final underpin calculation for scenario 6 – flexible retirement

When you process the retirement, you will calculate the full actual CARE pension the member can elect to receive immediate payment of. This may include elements of the CARE pension which you did not include in the provisional calculations.

If the member takes all the CARE pension on flexible retirement, you use the same rules as for scenarios 1 to 5 to do the final underpin calculation. If the member took flexible retirement during the [underpin period](#), see [below section: ‘multiple provisional amounts for a pension account’](#).

Partial flexible retirement

Where the member does not take all the CARE pension on flexible retirement (‘partial flexible retirement’), the rules apply slightly differently:

- there will be a final underpin date for the original flexible retirement
- there will also be a subsequent final underpin date for the account when the member takes the rest of their pension
- if the member takes partial flexible retirement again, there will be more final underpin dates
- at each final underpin date, you use the same provisional amounts you calculated on the original [underpin date](#). This is the day before the reduction in hours / grade (or, if earlier, the date the member reached the [final salary scheme normal retirement age](#))
- using the same provisional amounts, you adjust them at each final underpin date. This means that for subsequent final underpin dates:
 - as the underpin date and the subsequent final underpin date will be different, you always need to revalue the provisional assumed benefits

(unless the subsequent final underpin date occurs within the same Scheme year), and

- when considering whether actuarial increases or reductions apply, you look at when and why the member is receiving the new CARE benefits on the subsequent final underpin date
- even though the provisional amounts are the same for each final underpin date, the final amounts are different
- if the final underpin amount exceeds the final assumed benefits at the relevant final underpin date, you add a percentage of the excess to the retirement pension account relevant for the final underpin date. This is the percentage of the full CARE pension the member could have taken on their original flexible retirement date that they are taking on the relevant final underpin date (see example 23).
- if on the subsequent final underpin date, the member receives a tier 3 ill health pension (not relevant for Scotland), see the [below section: 'tier 3 ill health cases'](#). If the tier 3 pension is suspended:
 - cease payment of any final guarantee amount added to the retirement pension account for the tier 3 ill health pension. This does not affect any final guarantee amount that you added on the original final underpin date to the flexible retirement pension account
 - when the pension starts again, you treat the final underpin date for the tier 3 ill health pension as if it did not happen and instead do a new final underpin calculation using the final underpin date when the benefits start again.

The final underpin calculation works as follows:

Final underpin date 1 – flexible retirement

- the 'relevant percentage for final underpin date 1' is the percentage of their CARE pension that the member chooses to take on flexible retirement
- adjust the provisional amounts to find the final assumed benefits and final underpin amount (see [above section: 'adjusting the provisional amounts'](#))
- compare the final assumed benefits with the final underpin amount

- If the final underpin amount is more than the final assumed benefits, multiply the difference by the 'relevant percentage for final underpin date 1'. Add the result to the flexible retirement pension account on the day after the final underpin date. This is the 'final guarantee amount'
- do not actuarially adjust the amount added, even if you need to actuarially adjust other elements of the CARE pension. You consider actuarial adjustments in the underpin calculation when adjusting the provisional amounts
- revalue the final guarantee amount in the same way as you revalue the rest of the balance in the account. For the purposes of the Pensions (Increase) Act 1971, the beginning date for the guarantee amount is the same as for the rest of the CARE balance (ie day after last day of active membership).

Final underpin date 2

If the next occurring final underpin date ('final underpin date 2') is the day before the member retires (scenarios 1 to 6), you do the further final underpin calculation at this date:

- calculate the 'relevant percentage for final underpin date 2'. Unless the member is taking partial flexible retirement at final underpin date 2, this will be 100% less the 'relevant percentage for final underpin date 1'
- adjust the provisional amounts to find the final assumed benefits and final underpin amount (see [above section: 'adjusting the provisional amounts'](#))
- compare the final assumed benefits with the final underpin amount
- if the final underpin amount is more than the final assumed benefits, multiply the difference by the 'relevant percentage for final underpin date 2'. Add the result to the retirement pension account on the day after final underpin date 2. This is the 'final guarantee amount'
- do not actuarially adjust any final guarantee amount added, even if you need to actuarially adjust other elements of the CARE pension. You consider actuarial adjustments in the underpin calculation when adjusting the provisional amounts
- revalue the final guarantee amount in the same way as you revalue the rest of the balance in the account. For the purposes of the Pensions (Increase)

Act 1971, the beginning date for the guarantee amount is the same as for the rest of the CARE balance (ie day after last day of active membership).

If the member takes partial flexible retirement again on final underpin date 2, the 'relevant percentage for final underpin date 2' is the percentage of the original CARE pension the member could have taken at final underpin date 1 that they are taking at final underpin date 2.

If, across final underpin dates 1 and 2, the member has not taken 100 per cent of the original CARE pension, there will be a further final underpin date related to the provisional amounts calculated on the original underpin date.

Multiple provisional amounts for a pension account

A member may have more than one set of provisional amounts for a CARE account. This will be the case if:

- the member reduced their hours / grade for flexible retirement during the [underpin period](#), and
- the member has further [eligible remediable service](#) in the account for the period between the reduction and the end of the [underpin period](#).

You need to calculate two sets of provisional assumed benefits and underpin amount values for the account separately:

- Calculate the first set of provisional amounts on the day before the reduction in hours / grade first. This is the first [underpin date](#).
- Calculate the second set of provisional amounts at the next occurring [underpin date](#). This is the second underpin date. For this calculation, only use the service from the day after the first underpin date. Do not include any service that was already used for the first set of provisional amounts.

See [section 3](#) for more on how to calculate provisional amounts.

When performing the final underpin calculation at the final underpin date, you will also do this separately for each set of provisional amounts. This means:

- Final underpin date 1 (flexible retirement): you do the final underpin calculation using only the first set (see [above section: 'final underpin calculation for scenario 6 – flexible retirement'](#)).

- Final underpin date 2: you do the final underpin calculation using the second set. Follow the relevant sub-section depending on the final underpin date scenario.

If the member did not take 100 per cent of their CARE benefits on final underpin date 1, you will also need to perform a separate final underpin calculation on the first set at final underpin date 2 (as set out in the [above section: 'partial flexible retirement'](#)).

It is possible that you may need to add two final guarantee amounts on the day after final underpin date 2 to the relevant retirement pension account.

Tier 3 ill health cases (England and Wales only)

If a member qualifies for tier 3 ill health benefits, the underpin date for that account is their last day of active membership, or when they reached their [final salary scheme normal retirement age](#), if this was earlier. You may have added a final guarantee amount to their pension account when the tier 3 pension was paid.

You will need to do more underpin calculations if the tier 3 pension later stops or is uplifted to tier 2.

You will not need to do this if the member reaches the [CARE Scheme NPA](#) while receiving the tier 3 benefits. These benefits will remain payable and are not reviewed again. Any final guarantee amount you added to the tier 3 benefits remains payable.

If tier 3 benefits stop

If you added a final guarantee amount to the tier 3 benefits, the member is no longer entitled to any further payments of that amount from the date the benefits stop. When you calculate the balance in the deferred pensioner member account, you do not include the final guarantee amount, any revaluation adjustment nor pensions increase added because of that amount.

You will then do a new final underpin calculation on the [final underpin date](#) for the deferred pensioner member account ('new final underpin date'). Follow the steps described in the [Final underpin calculation for 'full' retirement](#) above, disregarding the underpin calculations you did when the tier 3 pension was first paid. If you need to add a final guarantee amount to the pension account, you add this on the day after the new final underpin date.

If, after the tier 3 benefits stop, the former employer decides to uplift the benefits to tier 2, there will not be a new final underpin date. You will need to recalculate the final underpin calculation as at the original final underpin date. See next sub-section.

If tier 3 benefits are uplifted to tier 2

If you added a final guarantee amount to the tier 3 benefits, the member is no longer entitled to any further payments of that amount (including any revaluation adjustment and pensions increase added because of it) from the start of the date the former employer decided to uplift the benefits.

You will need to recalculate the final underpin calculation as at the original final underpin date.

Firstly, you will need to recalculate the provisional amounts as at the [underpin date](#) (see [section 3](#)). This time, you will need to assume that the member left active membership with tier 2 ill health benefits.

This means that, if the member left before the end of the [underpin period](#), you may need to include tier 2 enhancements.

If the member elected to cover a period of unpaid leave during the [underpin period](#) by paying additional pension contributions, and did not complete the payments because of the ill health retirement, you will need to change the added pension / service that you included in the provisional amounts. For the original calculation, you only included part of the added pension in the provisional assumed benefits and part of the service in the provisional underpin amount. You will instead need to include the full added pension in the provisional assumed benefits and the full service in the provisional underpin amount.

After you have recalculated the provisional amounts:

- adjust both provisional amounts (see [above section: 'adjusting the provisional amounts'](#)). The adjusted figures are the 'final assumed benefits' and the 'final underpin amount'
- compare the final assumed benefits with the final underpin amount
- if the final underpin amount is more than the final assumed benefits, add the excess to the pension account. The excess is the 'final guarantee amount'. You add this to the relevant retirement pension account on the day the former employer decided to uplift the benefits. You also add on this date the

revaluation adjustment and pensions increase that would be payable on that final guarantee amount if you had instead added it on the day after the member left active membership

- revalue the final guarantee amount (and the relevant revaluation adjustment and pensions increase on it) in the same way as you revalue the rest of the CARE balance in the account. For the purposes of the Pensions (Increase) Act 1971, the beginning date for the guarantee amount is the same as for the rest of the CARE balance (ie day after last day of active membership).

Worked examples

In the examples in this section we have assumed:

- Pensions increase of 6.7% applies in April 2024
- Pensions increase of 2% applies in all future years.

Example 17: Retirement between age 65 and CARE Scheme NPA (England and Wales)

The member from Example 6 retires voluntarily at age 65 and 100 days on 10 July 2023 – this is the final underpin date. Her CARE scheme NPA is 66 and she has no rule of 85 protection.

Underpin date: 30 April 2018

Provisional assumed benefits: £2,173

Revaluation / pensions increase multiplier up to 10 April 2023: 1.1880

Early payment reduction: 3.558% (265 days early)

Final assumed benefits: **£2,490**

Provisional underpin amount: £2,204

Pensions increase multiplier to 10 April 2023: 1.1857

Late retirement increase: 1% (100 days at 0.01% per day)

Final underpin amount: **£2,639**

The final guarantee amount is £149. This is added to the retirement pension account from 11 July 2023.

Example 18: Group 1 member – early retirement (England and Wales)

Any protections the member has under the rule of 85 should be reflected in the underpin calculations. For certain members, this will mean that more information

than the provisional figures are needed to calculate final assumed benefits and final underpin amount.

- female member born 6 August 1955
- voluntarily retires from active status with a last day of service of 5 August 2018 – age 63
- CARE scheme NPA is 66
- critical retirement age (CRA) is 64 years 91 days
- final pay is £33,253.

Benefits in the underpin period with CRA 64 years 91 days:

Year	B/f	Pay	Accrual	In year	Plus B/f	Inflation adjustment	Pension
2014/15		£32,000	1/49	£653	£653	1.012	£661
2015/16	£661	£32,500	1/49	£663	£1,324	0.999	£1,323
2016/17	£1,323	n/a	n/a	£0	£1,323	1.01	£1,336
2017/18	£1,336	n/a	n/a	£0	£1,336	1.03	£1,376

Benefits built up in the underpin period with NPA 66:

Year	B/f	Pay	Accrual	In year	Plus B/f	Inflation adjustment	Pension
2016/17		£33,000	1/49	£673	£673	1.01	£680
2017/18	£680	£32,894	1/49	£671	£1,351	1.03	£1,392
2018/19	£1,392	£33,552	1/49	£685	£2,077	n/a	£2,077

When working out the provisional figures on the underpin date, the total can be used. No distinction is needed between the benefits built up before and after 1 April 2016.

Notional final salary benefits on 5 August 2018:

4 years 127 days ÷ 60 × £33,253 (final pay) = **£2,410**

Provisional assumed benefits on 5 August 2018: £3,453

Provisional underpin amount on 5 August 2018: £2,410

The member retired from active status and pay for the final year was used to work out their final salary benefits. The underpin date and the final underpin date are the same date. No inflationary increases apply to the provisional figures to work out the final figures. Actuarial adjustments do apply. The benefits built up before and after

1 April 2016 must be considered separately, as the early payment reduction that applies to each 'tranche' of benefits is different.

Provisional assumed benefits built up before 1 April 2016: £1,376

Early payment reduction: 6.422% (1 year 91 days early)

Final assumed benefits built up before 1 April 2016: £1,288

Provisional assumed benefits built up from 1 April 2016: £2,077

Early payment reduction: 14.6% (3 years early)

Final assumed benefits built up from 1 April 2016: £1,774

Total final assumed benefits: £3,062

Provisional underpin amount built up before 1 April 2016:

$2 \text{ years} \div 60 \times \text{£}33,253 = \text{£}1,108$

Early payment reduction: 6.422% (1 year 91 days early)

Final underpin amount built up before 1 April 2016: £1,037

Provisional underpin amount built up from 1 April 2016:

$2 \text{ years } 127 \text{ days} \div 60 \times \text{£}33,253 = \text{£}1,301$

Early payment reduction: 10.1% (2 years early)

Final underpin amount built up from 1 April 2016: £1,170

Total final underpin amount: £2,207

The CARE pension is higher. No final guarantee amount is paid.

Example 19: the effect of actuarial adjustment for early payment (England and Wales)

- underpin date 1 November 2023
- member's date of birth 29 August 1964
- CARE Scheme NPA 67
- no rule of 85 protection.

Provisional assumed benefits on 1 November 2023: £9,423

Provisional underpin amount on 1 November 2023: £8,771

If this was a redundancy retirement, there would be no actuarial adjustment and no inflationary increases to apply. The CARE pension is higher and no final guarantee amount is paid.

If this was a voluntary retirement, actuarial adjustments would apply:

Underpin date/final underpin date: 1 November 2023
Provisional assumed benefits: £9,423
Early payment reduction: 29.7836% (7 years 300 days early)
Final assumed benefits: **£6,616**

Provisional underpin amount: £8,771
Early payment reduction: 23.6945% (5 years 300 days early)
Final underpin amount: **£6,693**

The final guarantee amount is £77. This is added to the retirement pension account from 2 November 2023.

Example 20: Late retirement from deferred status (England and Wales)

- date of birth 10 October 1954
- CARE Scheme NPA 66
- date left 17 May 2019 – this is the underpin date
- retires from deferred status on 15 January 2024 (pension starts on 16 January 2024).

Underpin date: 17 May 2019
Provisional assumed benefits: £5,841
Revaluation / pensions increase multiplier up to 10 April 2023: 1.1602
Late retirement increase: 12.6065% (3 years 98 days late)
Final assumed benefits: £7,631

Provisional underpin amount: £5,664
Pensions increase multiplier to 10 April 2023: 1.1586
Late retirement increase: 17.1219% (4 years 98 days late)
Final underpin amount: £7,686

The final guarantee amount is £55. This is added to the retirement pension account from 16 January 2024. The difference in the late retirement increase that applies to CARE and final salary pensions has made the difference in this example.

Example 21: redundancy with added pension (England and Wales)

The member from Example 13 retired on redundancy grounds at age 56. Their CARE Scheme NPA is 67.

No actuarial adjustment applies to their 'main' benefits, but the added pension included in the provisional assumed benefits must be reduced for early payment.

Underpin date/final underpin date: 31 May 2020

Provisional assumed benefits: £844

Includes added pension: £61 (£60 plus 1.7% revaluation)

Early payment reduction: 41.6% (11 years)

Final assumed benefits: **£819** (£783 excluding added pension plus reduced added pension £36)

Provisional underpin amount: £671

No adjustment

Final underpin amount: **£671**

The CARE pension is higher. No final guarantee amount is paid.

Example 22: Flexible retirement in the underpin period (England and Wales)

- date of birth 20 April 1961
- CARE Scheme NPA 67
- flexible retirement at age 60 – reduced grade started 20 April 2021. The underpin date is the day before - 19 April 2021.

Underpin date/final underpin date (1): 19 April 2021

Provisional assumed benefits (1): £4,826

Early payment reduction: 29% (7 years early)

Final assumed benefits (1): **£3,426**

Provisional underpin amount (1): £4,677

Early payment reduction: 22.2% (5 years early)

Final underpin amount (1): **£3,639**

The final salary pension is higher by £213. The member chooses to take all the benefits they have built up in the CARE scheme on flexible retirement. The full amount of £213 – the final guarantee amount - is added to the flexible retirement pension account from 20 April 2021.

The member retires fully on 31 December 2023. This is the second underpin date. A further underpin check is performed on the benefits built up from 20 April 2021 to 31 March 2022 – after the first flexible retirement up to the end of the underpin period.

Underpin date/final underpin date (2): 31 December 2023 (age 62 years 256 days)

Provisional assumed benefits (2): £817

Early payment reduction: 18.4548% (4 years 110 days early)

Final assumed benefits (2): **£666**

Provisional underpin amount (2): £681
Early payment reduction: 10.5542% (2 years 109 days early)
Final underpin amount (2): **£609**

The CARE pension is higher. No further final guarantee amount is added to the pension account after the second final underpin date. This does not affect the final guarantee amount added after the initial flexible retirement.

Example 23: Partial flexible retirement (England and Wales)

- date of birth 21 January 1960
- CARE Scheme NPA 66
- no rule of 85 protection
- flexible retirement on 15 August 2023 – this is the underpin date. Reduced hours post started 16 August 2023.

Underpin date/final underpin date (1): 15 August 2023 (age 63 years 208 days)
Provisional assumed benefits (1): £2,408
Early payment reduction: 11.1181% (2 years 158 days early)
Final assumed benefits (1): **£2,140**

Provisional underpin amount (1): £2,354
Early payment reduction: 6.8047% (1 years 158 days early)
Final underpin amount (1): **£2,194**

The final salary pension is higher by £54. The member chooses to take 40% of her CARE pension on flexible retirement. £22 ($£54 \times 40\%$) is added to the flexible retirement pension account on 16 August 2023.

The member is made redundant on 31 October 2024. No benefits built up after flexible retirement are protected by the underpin because the flexible retirement happened after the end of the underpin period. The remaining benefits not taken in 2023 do have to be considered.

Final underpin date (2): 31 October 2024
Provisional assumed benefits: £2,408
Revaluation / pensions increase multiplier up to 8 April 2024 (not confirmed): 1.067
No actuarial adjustment
Final assumed benefits (2): **£2,569**

Provisional underpin amount: £2,354
Pensions increase multiplier up to 8 April 2024 (not confirmed): 1.0447

No actuarial adjustment

Final underpin amount (2): **£2,459**

The CARE pension is higher. There is no addition to the pension account after the second final underpin date. This does not affect the final guarantee amount that was added to the pension account after the initial flexible retirement.

Example 24: Early retirement (Scotland)

- date of birth 18 November 1960
- CARE Scheme NPA 66 years 8 months – 18 July 2027
- voluntary early retirement from active status on 31 July 2023 – this is the underpin date.

Underpin date/final underpin date: 31 July 2023

Provisional assumed benefits: £5,867

Early payment reduction: 17.8466% (3 years 351 days early)

Final assumed benefits: £4,820

Provisional underpin amount: £5,504

Early payment reduction: 10.9841% (2 years 109 days early)

Final underpin amount: £4,899

The final guarantee amount is £79. This is added to the retirement pension account on 1 August 2023.

Example 25: retirement from deferred status after 65 (Scotland)

- date of birth 22 January 1956
- CARE Scheme NPA 66
- left LGPS 27 June 2019
- retired from deferred status 31 August 2021 (age 65 222 days)
- no rule of 85 protection.

Underpin date: 27 June 2019

Provisional assumed benefits: £2,903

Revaluation / pensions increase multiplier up to 12 April 2021: 1.0221

Early payment reduction: 2.1156% (143 days early)

Final assumed benefits: £2,904

Provisional underpin amount: £2,875

Pensions increase multiplier up to 12 April 2021: 1.0179

Late retirement increase: 2.22% (222 days late)

Final underpin amount: £2,991

The final guarantee amount is £87. This is added to the retirement pension account on 1 September 2021.

Example 26: Early retirement with rule of 85 protection (Scotland)

Any protections the member has under the rule of 85 should be reflected in the underpin calculations. For certain members, this will mean that more information than the provisional figures are needed to calculate the final assumed benefits and final underpin amount.

- date of birth 14 November 1959
- CARE Scheme NPA 66
- critical retirement age (CRA) 63 years and 109 days (2 March 2023)
- voluntary early retirement from active status 31 July 2022
- final pay is £49,883.

Benefits in the underpin period with CRA 63 years 108 days:

Year	B/f	Pay	Accrual	In year	Plus B/f	Inflation adjustment	Pension
2015/16		£35,500	1/49	£724	£724	0.999	£723
2016/17	£723	£36,500	1/49	£745	£1,468	1.01	£1,483
2017/18	£1,483	£37,450	1/49	£764	£2,247	1.03	£2,314
2018/19	£2,314	£38,775	1/49	£791	£3,105	1.024	£3,180
2019/20	£3,180	£40,050	1/49	£817	£3,997	1.017	£4,065
2020/21	£4,065	n/a	n/a	n/a	£4,065	1.005	£4,085
2021/22	£4,085	n/a	n/a	n/a	£4,085	1.031	£4,212

Benefits built up in the underpin period with NPA 66:

Year	B/f	Pay	Accrual	In year	Plus B/f	Inflation adjustment	Pension
2020/21		£47,250	1/49	£964	£964	1.005	£969
2021/22	£969	£49,660	1/49	£1,013	£1,982	1.031	£2,043

When working out the provisional figures on the underpin date, the total can be used. No distinction is needed between the benefits built up before and after 1 April 2020.

Notional final salary benefits in the underpin period:

$$7 \div 60 \times £49,883 = £5,820$$

Provisional assumed benefits on 31 July 2022: £6,255 (£4,212 + £2,043)

Provisional underpin amount on 31 July 2022: £5,820

The member retired from active status and pay for the final year was used to work out their final salary benefits. The underpin date and the final underpin date are the same date. No inflationary increases apply to the provisional figures to work out the final figures. Actuarial adjustments do apply. The benefits built up before and after 1 April 2020 must be considered separately, as the early payment reduction that applies to each 'tranche' of benefits is different.

Provisional assumed benefits built up before 1 April 2020: £4,212

Early payment reduction: 3.1512% (213 days early)

Final assumed benefits built up before 1 April 2020: £4,079

Provisional assumed benefits built up from 1 April 2020: £2,043

Early payment reduction: 16.1370% (3 years 105 days early)

Final assumed benefits built up from 1 April 2020: £1,713

Total final assumed benefits: £5,792

Provisional underpin amount built up before 1 April 2020:

5 years ÷ 60 × £49,883 = £4,157

Early payment reduction: 3.1512% (213 days early)

Final underpin amount built up before 1 April 2020: £4,026

Provisional underpin amount built up from 1 April 2020:

2 years ÷ 60 × £49,883 = £1,663

Early payment reduction: 11.6945% (2 years 105 days early)

Final underpin amount built up from 1 April 2020: £1,469

Total final underpin amount: £5,495

The CARE pension is higher. No final guarantee amount is paid.

Example 27: partial flexible retirement in the underpin period (Scotland)

- date of birth 21 September 1962
- CARE Scheme NPA 67
- flexible retirement on 20 September 2019 – this is the underpin date. The reduced hours post started from 21 September 2019 – 50% of full time.

Underpin date / final underpin date (1): 20 September 2019

Provisional assumed benefits (1): £5,312

Early payment reduction: 39% (10 years early)
Final assumed benefits(1): £3,240

Provisional underpin amount (1): £4,931
Early payment reduction: 33.3% (8 years early)
Final underpin amount (1): £3,289

The final salary pension is higher by £49. The member takes 70% of the benefits built up in the CARE scheme when they flexibly retire. A final guarantee amount of £34 ($£49 \times 70\%$) is added to the flexible retirement pension account from 21 September 2019.

The member fully retires on 31 January 2024. Two further underpin calculations are required – one based on the benefits built up before the initial flexible retirement (2A), and one for the benefits built up after the initial flexible retirement and before the end of the underpin period (2B).

Final underpin date (2A): 31 January 2024
Provisional assumed benefits (2A): £5,312
Revaluation / pensions increase multiplier to 10 April 2023: 1.1602
Early payment reduction: 23.7611% (5 years 232 days early)
Final assumed benefits (2A): £4,699

Provisional underpin amount (2A): £4,931
Pensions increase multiplier to 10 April 2023: 1.1521
Early payment reduction: 16.5425% (3 years 232 days)
Final underpin amount (2A): £4,741

The final salary pension is higher by £42. A final guarantee amount of £13 ($£42 \times 30\%$) is added to the retirement pension account from 1 February 2024.

The final calculation is based on the pension built up in the reduced hours post between 21 September 2019 and 31 March 2022.

Final underpin date (2B): 31 January 2024
Provisional assumed benefits (2B): £1,491
Early payment reduction: 23.7611% (5 years 232 days)
Final assumed benefits (2B): £1,137

Provisional underpin amount (2B): £1,310
Early payment reduction: 16.5425% (3 years 232 days)
Final underpin amount (2B): £1,093

The CARE pension is higher. No guarantee amount is added to the retirement pension account as a result of the benefits built up since the initial flexible retirement. The underpin calculations operate independently. This calculation (2B) does not affect the final guarantee amount added to the pension account on 21 September 2019 (calculation 1), nor does it affect the final guarantee amount added on 1 February 2024 (calculation 2A).

Example 28: Tier 3 retirement (England and Wales)

- date of birth 7 January 1964
- CARE Scheme NPA 67
- awarded tier 3 retirement on 17 May 2022 – this is the underpin date.

Underpin date / final underpin date (1): 17 May 2022

Provisional assumed benefits: £3,265

Final assumed benefits: £3,265 – no revaluation, pensions increase or actuarial adjustment applies.

Provisional underpin amount: £3,064

Final underpin amount: £3,064

The CARE pension is higher. No final guarantee amount is added to the tier 3 pension account.

The tier 3 pension stops at the 18 month review – 17 November 2023. The member chooses to have the deferred pension paid from age 60 – 7 January 2024.

Final underpin date (2): 6 January 2024

Provisional assumed benefits: £3,265

Revaluation / pensions increase multiplier to 10 April 2023: 1.101%

Early payment reduction: 27.4% (7 years early)

Final assumed benefits (2): £2,610

Provisional underpin amount: £3,064

Pensions increase multiplier to 10 April 2023: 1.0926

Early payment reduction: 20.9% (5 years early)

Final underpin amount: £2,648

The final guarantee amount is £38. This is added to the retirement pension account from 7 January 2024.

Example 29: Tier 3 pension uplifted to tier 2 (England and Wales)

- date of birth 12 April 1971

- worked full time – no hours reduction due to the member’s ill health
- tier 3 ill health pension awarded 15 March 2021 – this is the underpin date.

Underpin date / final underpin date (1): 15 March 2021

Provisional assumed benefits (1): £6,458

Final assumed benefits (1): £6,458

Provisional underpin amount (1): £6,504

Final underpin amount (1): £6,504

The final salary pension is higher. A final guarantee amount of £46 is added to the retirement pension account from 16 March 2021.

At the 18 month review, the employer decides to award tier 2 benefits. In this instance, the provisional figures are re-calculated to include the ill health enhancement that falls within the underpin period. As the member was below age 65 on 31 March 2022, the relevant enhancement covers the period from 16 March 2021 to 31 March 2022 – 1 year 16 days. Annual assumed pensionable pay (APP) is £56,250, final pay is £56,100.

Underpin date (2): 15 March 2021

Provisional assumed benefits (2): £6,758 (accrued pension of £6,458 plus tier 2 ill health enhancement based on 1 year 16 days and APP of £56,250 = £300)

Final assumed benefits: £6,758

Provisional underpin amount: £6,750 (7 years 80 days ÷ 60 × £56,100 final pay)

Final underpin amount: £6,750

The final salary pension is lower. The final guarantee amount of £46 (plus revaluation and pensions increase paid as a result of the final guarantee amount) paid from 16 March 2021 stops when the tier 2 pension starts from 16 September 2022.

Final underpin calculation for lump sum payments (scenarios 7-10)

Scenario 7 - trivial commutation of uncrystallised benefits

This applies to both trivial commutation lump sums and small pot payments.

If the member trivially commutes their uncrystallised benefits, the final underpin date is the day before the date you use to calculate the commutation lump sum.

The final underpin calculation is part of determining the lump sum amount.

You must use trivial commutation GAD guidance to calculate the lump sum. You need to add the notional final guarantee to the annual pension you use to work out the lump sum. This is any final guarantee amount you would have added to the pension if it was paid.

If the member crystallises their benefits and then trivially commutes them, you will have done the final underpin calculation at retirement. When calculating the commutation lump sum using GAD guidance, you must include any final guarantee amount in the annual pension figure you use to work out the lump sum. You also include any revaluation adjustment and pensions increase that have been added because of that amount.

We understand that you will also need to include the relevant proportion of any notional 'survivor guarantee amount' in the survivor pension part of the lump sum calculation. See [section 5](#) for more details on doing final underpin calculations at the member's death. This will be confirmed in the GAD guidance when it is published.

Scenario 8 - transfers out

If the member transfers the benefits in the account to another scheme, the final underpin date is the date you use to calculate the transfer value paid.

This applies to transfers of deferred benefits. It also applies to Club and non-Club transfers. See the [next sub-section for bulk transfers](#).

However, it is unclear whether you can include provisional amounts in cash transfer sum calculations (see [technical query 1](#)).

The final underpin calculation is part of determining the transfer amount.

Non-Club transfers

When calculating the transfer amount, you must use GAD guidance, taking into account the provisional assumed benefits and the provisional underpin amount. GAD has yet to update the guidance.

We understand that you will take into account the provisional amounts as follows:

Step 1 – calculate the transfer value as normal

Step 2 – calculate a transfer value for the provisional assumed benefits (including revaluation / pensions increase to transfer date). You may need to calculate the transfer value for each tranche separately (see [earlier section that sets out the tranches of the provisional assumed benefits](#))

Step 3 - calculate a transfer value for the provisional underpin amount (including pensions increase to transfer date). You may need to calculate the transfer value for each tranche separately (see [earlier section that sets out the tranches of the provisional underpin amount](#))

Step 4 – if the transfer value for the provisional underpin amount exceeds the value for the provisional assumed benefits, add the difference to the transfer value calculated at step 1.

Club transfers

You must follow the Club Memorandum for Club transfers. The Cabinet Office has recently changed the Memorandum. You can find the new version on the ‘Other Government documents’ pages of www.lgpsregs.org and www.scotlgpsregs.org. The Memorandum doesn’t tell you everything you need to know to be able to calculate Club transfers. The transfer GAD guidance complements the Memorandum. GAD has yet to update the guidance to reflect the changes to the regulations and the Memorandum.

The rules depend on whether the receiving scheme:

- is “another [McCloud remedy scheme](#)”
- only offers outer club transfers, or
- is based in the Channel Islands.

Scenario 9 (bulk transfers out)

If the member transfers the benefits in the account to another scheme under the bulk transfer rules, the final underpin date is the date used to calculate the transfer payment.

The final underpin calculation is part of determining the amount of the bulk transfer payment. The actuary you appointed to calculate the transfer payment must take into account the provisional assumed benefits and provisional underpin amount.

Scenario 10 (refunds)

When you pay a refund to the member for the account, that is the final underpin date. But you do not need to do a final underpin calculation at that time, or when the member later dies. This is because underpin protection does not affect the amount of the refund.

Supplementary information

Relevant rules

- regulations 4B, 4C, 4D, 4E, 4F, 4H, 4I, 4J, 4K, 4L, 4M and 4N of the LGPS (Transitional Provisionals, Savings and Amendment) Regulation 2014
- regulations 28, 30(12B), 34, 37, 96 and 98 of the LGPS Regulations 2013
- regulation 20 of the LGPS (Benefits, Membership and Contributions) Regulations 2007
- regulations 4B, 4C, 4D, 4E, 4F, 4H, 4I, 4K, 4L and 4J of the LGPS (Transitional Provisionals and Savings) (Scotland) Regulation 2014
- regulations 29(15), 33, 37, 91 and 93 of the LGPS (Scotland) Regulations 2018
- Club Memorandum.

5. Final underpin calculations at the member's death

Overview

For a CARE account that qualifies for underpin protection, you may need to do a final underpin calculation when the member dies. You need to do this whether or not you had to do a final underpin calculation at the [final underpin date](#).

You need to do a final underpin calculation as part of the survivor pension calculation.

In addition, if the member died as a deferred member or a deferred pensioner member (not relevant for Scotland) in respect of the account, you need to do a final underpin calculation as part of the death grant calculation.

You use the same provisional assumed benefits and underpin amount values you calculated at the [underpin date](#). See [section 3](#) for how to do this.

If the member aggregated the benefits in the account with a different account before the date of death, see [section 3: 'adjusting provisional amounts because of aggregation'](#).

Calculating the actual survivor pension

You calculate this as normal, but you ignore:

- any final guarantee amount you added to the pension account if the member died as a pensioner member
- if the member died as an active member, deferred member or deferred pensioner member (not relevant in Scotland), any final guarantee amount you would have added had the member been paid their pension on the date of death.

These amounts are ignored because they would take into account actuarial adjustments which are not applicable for a survivor pension.

Final underpin calculation – survivor pension

If the member died as an active member and the [underpin date](#) and the date of death are the same, calculate the provisional amounts (see [section 3](#)). Where the [underpin date](#) has already occurred (an active member beyond their

[final salary scheme normal retirement age](#)) use the provisional amounts you already calculated. You then:

- adjust both provisional amounts (see [below section: 'adjusting provisional amounts'](#)). The adjusted figures are the 'adjusted assumed benefits' and the 'adjusted underpin amount'
- compare the adjusted assumed benefits with the adjusted underpin amount
- if the adjusted underpin amount is more than the adjusted assumed benefits, add '[the relevant proportion](#)' of the excess to the survivor member's pension account. The excess is the 'survivor guarantee amount'. Add this to the account on the day after the member's death
- revalue the amount added to the account in the same way as you revalue the rest of the CARE balance in the account. For the purposes of the Pensions (Increase) Act 1971, the beginning date for the guarantee amount is the same as for the rest of the CARE balance (ie day after last day of active membership).

For England and Wales cases, where the member became entitled to a tier 3 ill health pension which was later uplifted to tier 2, you use the recalculated provisional amounts for this purpose.

If the survivor commutes their pension for a trivial commutation lump sum death benefit, include the [relevant proportion](#) of the survivor guarantee amount (and any revaluation adjustment / pensions increase added to it) in the pension element of the lump sum calculation.

Adjusting provisional amounts

Enhancements

Provisional assumed benefits

If the member died as an active member before the end of the [underpin period](#), you enhance the provisional assumed benefits.

You calculate the enhancement as follows:

membership between the end of the date of death and the end of the [underpin period](#) × assumed pensionable pay ÷ 49.

You use the same assumed pensionable pay (APP) you used to calculate the enhancements to the actual survivor pension. This means that if you ignored a reduction in hours for the APP for the actual survivor pension, you also ignore it for the APP for the provisional assumed benefits.

Provisional underpin amount

If the member died as an active member before the end of the [underpin period](#), you recalculate the provisional underpin amount, including extra membership. The extra membership is what you would have added under the 2008 Scheme (2009 Scheme for Scotland) if the member had instead left with a tier 1 ill health pension. But you limit the extra membership to 31 March 2022. So, the extra membership is the period:

- from the end of the date of death
- to the end of the [underpin period](#).

If the member was working part-time when they died, you pro rata the extra membership assuming the member continued to work the same hours.

Ignoring reductions in hours (England and Wales only)

Provisional underpin amount

You may need to adjust the provisional underpin amount if the member died as an active member and previously reduced their hours because of ill health.

The specific test is whether, in the administering authority's opinion, the member was in part-time service at the date of death wholly or partly as a result of the condition that caused or contributed to the death.

If so, you must recalculate the provisional underpin amount, ignoring any reduction in hours before the end of the [underpin period](#) due to the condition. You must also ignore the reduction in hours when calculating the extra membership.

Revaluation / pensions increase

Provisional assumed benefits

If the [underpin date](#) is not the same as the date of death, you apply the relevant revaluation adjustment and pensions increase to the provisional assumed benefits.

To do this, you treat the provisional assumed benefits as if it was a CARE balance added to a deferred pension account the day after the [underpin date](#). You then add

the relevant revaluation adjustment / pensions increase that you would have made in the period from then up to the date of death.

Provisional underpin amount

Add pensions increase to the provisional underpin amount (if any).

To do this, you treat the provisional underpin amount as if it was a pension to which the Pensions (Increase) Act 1971 applied. The beginning date for this purpose is the day after the last day of the period you used to calculate the final pay (or, in Scotland, for councillors, career average pay). You include up to the latest PI Order that took effect on or before the date of death.

What survivor pension account you add the amount to

You add the relevant proportion of the survivor guarantee amount to the survivor member pension account relevant to the provisional amounts.

For example, if you calculate the provisional amounts for an active CARE account, then:

- if the member dies as an active member, you add the survivor guarantee amount to the survivor pension account(s) linked to the active account
- if the member became a deferred member and then dies, you add the survivor guarantee amount to the survivor pension account(s) linked to the deferred account
- and so on.

If the member took flexible retirement during the [underpin period](#), they may have more than one set of provisional amounts for the active CARE account (see [section 3: 'flexible retirement and underpin dates'](#)). If a survivor pension is payable, you do the final underpin calculation separately for each set. If you need to add an extra amount in respect of either or both of those sets of provisional amounts, you:

- assuming the member did not take partial flexible retirement for the first set, add the extra amount for the first set to the survivor pension account(s) linked to the flexible retirement pension account
- assuming the member did not take partial flexible retirement for the second set, add the extra amount for the second set to the survivor pension

account(s) linked to the relevant member account (this depends on the member's status at death for the second set).

If the member took partial flexible retirement, it is unclear which survivor pension account to add any extra to. This is because the provisional amounts you calculated at the [underpin date](#) (day before the reduction in hours / grade, or earlier, the [final salary scheme normal retirement age](#)) will relate to multiple member accounts. For example, the amounts relate to the flexible retirement pension account and at least one of the following:

- an active account
- a deferred account
- a retirement pension account
- a flexible retirement pension account
- a deferred pensioner account (England and Wales only).

Though it won't impact the amount payable to the survivor, it would be helpful if the regulations could specify (see [technical query 7](#)).

If the member took partial flexible retirement and died as an active member during the [underpin period](#), you do not enhance the provisional amounts. This is because the [underpin date](#) for the provisional amounts will not be the same as the date of death. If the member has a second set of provisional amounts for the period after flexible retirement, you may need to enhance the second set.

Relevant proportion

Table 2 – sets out the relevant proportion

Type of survivor pension	England and Wales	Scotland
Surviving partner's pension	49/160	60/160
Eligible child's pension where – <ul style="list-style-type: none">• there is one eligible child, and• a surviving partner's pension is payable	49/320	60/320
Eligible child's pension where – <ul style="list-style-type: none">• there is more than one eligible child, and• a surviving partner's pension is payable	49/160	60/160
Eligible child's pension where – <ul style="list-style-type: none">• there is one eligible child, and• no surviving partner's pension is payable	49/240	60/240
Eligible child's pension where – <ul style="list-style-type: none">• there is more than one eligible child, and• no surviving partner's pension is payable	49/120	60/120

Death grants

Death of a deferred member / deferred pensioner member

If the member died as a deferred member or a deferred pensioner member, you need to do a final underpin calculation for the death grant calculation. The deferred pensioner member status is not relevant in Scotland.

The deferred death grant calculation for the CARE benefits is:

■ CARE pension the member would have been entitled to receive × 5.

To work out the CARE pension, you:

- ignore any final guarantee amount you would have added had the member been paid the pension on the date of death
- include any 'deferred guarantee amount' (if any).

To calculate the deferred guarantee amount:

- adjust both the provisional assumed benefits and underpin amount values (see below). These are the amounts for the account you will already have calculated (see [section 3](#)). The adjusted figures are the 'deferred assumed benefits' and the 'deferred underpin amount'
- compare the deferred assumed benefits with the deferred underpin amount
- if the deferred underpin amount is more than the deferred assumed benefits, include the excess in the death grant calculation. The excess is the 'deferred guarantee amount'.

If the member took partial flexible retirement and then later died as a deferred member (as well as a pensioner member), see [technical query 8](#).

To adjust the provisional amounts:

Provisional assumed benefits

Apply the relevant revaluation adjustment and pensions increase to the provisional assumed benefits.

To do this, you treat the provisional assumed benefits as if it was a CARE balance added to a deferred pension account on the day after the [underpin date](#). You then add the relevant revaluation adjustment / pensions increase that you would have made in the period from then up to the end of the date of death.

Provisional underpin amount

Add pensions increase to the provisional underpin amount (if any).

To do this, you treat the provisional underpin amount as if it was a pension to which the Pensions (Increase) Act 1971 applied. The beginning date for this purpose is the day after the last day of the period you used to calculate the final pay (or, in Scotland, for councillors, career average pay). You include up to the latest PI Order that took effect on or before the date of death.

Death of an active member

You do not do a final underpin calculation for the active member death grant calculation. You continue to calculate this by multiplying the assumed pensionable pay by three.

Death of a pensioner member

You do not do a final underpin calculation for the pensioner death grant calculation. However, if you added any final guarantee amount to the pension account at the [final underpin date](#), you include that amount when calculating the death grant.

Worked examples

Example 30: death of a pensioner member (survivor pension underpin calculation)

- the member from Example 19 died as a pensioner on 19 December 2023
- the final guarantee amount added to the pension account is ignored when calculating the survivor pension.

No revaluation, pensions increase or actuarial adjustment applies to the provisional figures to find the adjusted assumed benefits and the adjusted underpin amount.

Adjusted assumed benefits: £9,423

Adjusted underpin amount: £8,771

The CARE pension is higher. No survivor guarantee amount is payable.

This example shows that the survivor pension underpin calculation is not affected by the actuarial adjustment made to the member's pension. The adjusted figures are the same whether the member voluntarily retired with reduced benefits or was made redundant and received unreduced benefits. The fact a member received a final guarantee amount when they took their pension does not mean that a survivor guarantee amount will be payable.

Example 31: death of an active member in the underpin period (Scotland) (survivor pension underpin calculation)

- active member died on 17 June 2021
- date of birth 10 December 1957
- CARE Scheme NPA 66 – 10 December 2023
- the member worked full time
- assumed pensionable pay £32,565

- final pay: £32,401.

Provisional assumed benefits: £3,170

Plus enhancement: (18 June 2021 to 31 March 2022) $287/365$ days $\div 49 \times £32,565$
= £523

Adjusted assumed benefits: £3,693

Provisional underpin amount: £3,355

Plus enhancement: $287/365$ days $\div 60 \times £32,401 = £425$

Adjusted underpin amount: £3,780

The final salary pension is higher. The survivor guarantee amount is £87. A proportion of this amount is added to any dependant's pension from 18 June 2021. For example, if pensions were paid to a surviving civil partner and a child:

- £33 is added to the survivor pension account ($£87 \times 60/160$)
- £16 is added to the child's pension ($£87 \times 60/320$).

Example 32: death of an active member, hours reduction (England and Wales) (survivor pension underpin calculation)

- active member died on 10 January 2024
- reduced hours from full time to 60% on 19 October 2020. The Scheme Manager's opinion is that the hours reduction was wholly or partly due to the condition that caused or contributed to the member's death
- final pay £31,875.

Provisional assumed benefits: £4,122

No revaluation or pensions increase adjustment applies. As the member died after the end of the underpin period, no enhancement is included.

Adjusted assumed benefits: £4,122

Provisional underpin amount: £3,941

No pensions increase applies and no enhancement is included. However, the reduction in working hours should be ignored. The adjusted assumed benefits are based on the hours worked before the hours reduction, in this case full time.

Adjusted underpin amount: $£4,250 (8 \div 60 \times £31,875)$.

The final salary pension is higher. The survivor guarantee amount is £128. A proportion of this amount is added to any dependant's pension from 11 January 2024. For example, if pensions were paid to a surviving spouse and three children:

- £39 is added to the survivor pension account ($£128 \times 49/160$)
- £39 is added to the children's pension and shared equally between the three children ($£128 \times 49/160$).

Example 33: death of a deferred member (Scotland) (survivor pension underpin calculation)

- leaving date 31 October 2019
- died as a deferred member 6 May 2023.

Provisional assumed benefits on 31 October 2019: £7,408

Revaluation / pensions increase multiplier: 1.1602

Adjusted assumed benefits: £8,595

Provisional underpin amount on 31 October 2019: £7,487

Pensions increase multiplier: 1.1489

Adjusted underpin amount: £8,602

The final salary pension is higher. The survivor guarantee amount is £7. A proportion of this is added to any dependant's pension from 7 May 2023. For example, if no partner pension was paid but there are four eligible children, £4 ($£7 \times 60/120$) would be paid, split equally between the eligible children.

Example 34: death of a deferred member, previous year's pay (England and Wales) (survivor pension underpin calculation)

- leaving date 29 June 2021
- died as a deferred member 9 November 2024
- final pay based on average pay in the three years ending on 31 March 2012.

Provisional assumed benefits on 29 June 2021: £2,959

Revaluation / pensions increase multiplier: 1.2112 (not confirmed)

Adjusted assumed benefits: £3,584

Provisional underpin amount on 29 June 2021: £2,711

Pensions increase multiplier: 1.4008 (not confirmed)

Adjusted underpin amount: £3,798

The final salary pension is higher. The survivor guarantee amount is £214. A proportion of this is added to any dependant's pension from 10 November 2024. For example, if no partner's pension was paid, but there was one eligible child, £44 ($£214 \times 49/240$) would be added to the child's pension.

Example 35: deferred member death grant (Scotland)

A death grant is also payable following the death of the member in example 33. Revaluation and pensions increase are added to the provisional figures to find the deferred assumed benefits and the deferred underpin amount. These are the same increases that applied to find the adjusted assumed benefits and the adjusted underpin amount and so the result is the same.

Provisional assumed benefits on 31 October 2019: £7,408

Revaluation / pensions increase multiplier: 1.1602

Deferred assumed benefits: £8,595

Provisional underpin amount on 31 October 2019: £7,487

Pensions increase multiplier: 1.1489

Deferred underpin amount: £8,602

The deferred guarantee amount is £7. This is included in the 'retirement pension' used to calculate the death grant.

Example 36: deferred pensioner member death grant (England and Wales)

- date of birth 1 November 1954
- CARE Scheme NPA 66
- tier 3 ill health retirement awarded 19 November 2017 – this is the underpin date
- tier 3 pension stopped at the 18 month review on 19 May 2019
- member died on 24 September 2022 (age 67).

Provisional assumed benefits on 19 November 2017: £714

Revaluation / pensions increase multiplier: 1.1114

Deferred assumed benefits: £794

Provisional underpin amount: £754

Pensions increase multiplier: 1.0925

Deferred underpin amount: £824

The member was over their CARE scheme NPA when they died. Actuarial increases for late retirement are not included in the death grant calculation.

The deferred guarantee amount is £30. This is included in the 'retirement pension' used to work out the death grant.

The final underpin calculations performed when the member took their pension are ignored when working out any deferred guarantee amount. However, any final

guarantee amount paid is included when the death grant is reduced by the amount of pension already paid to the member.

Supplementary information

Relevant rules

- regulations 4O and 4P of the LGPS (Transitional Provisionals, Savings and Amendment) Regulation 2014
- regulations 34, 41, 42, 43, 44, 45, 47 and 48 of the LGPS Regulations 2013
- regulations 4M and 4P of the LGPS (Transitional Provisionals and Savings) (Scotland) Regulation 2014
- regulations 39, 40, 41, 42, 43, 45 and 46 of the LGPS (Scotland) Regulations 2018.

6. Other calculations impacted by underpin

7. Revisiting past calculations

8. Dictionary

CARE Scheme NPA

The member's State Pension age, with a minimum age of 65.

Disqualifying gap

A disqualifying gap is a period more than five years when the member was not in pensionable service in a [McCloud remedy scheme](#).

If the member's public sector employment was transferred to a different private sector employer, do not count any period of pensionable service in a broadly comparable scheme as a break in pensionable service for this purpose.

Eligible remediable service

Remediable service that qualifies for underpin protection.

See [section 2](#) for more details.

Final salary scheme normal retirement age

The normal retirement age applicable to the member under the 2008 Scheme (2009 Scheme for Scotland). For most members this is 65. If the member was not in that Scheme, it is 65.

Final underpin date

See [the final underpin date information in section 4](#).

McCloud remedy scheme

A public service pension scheme in England, Wales, Scotland or Northern Ireland that covers one of the following groups:

- civil servants
- teachers
- the judiciary
- local government workers
- NHS staff
- firefighters

- police officers
- armed forces personnel.

Underpin date

This is the earliest of:

- the last day the member was an active member for that account
- the date the member reached the [final salary scheme normal retirement age](#)
- if the member took flexible retirement, the day before the reduction in hours / grade begins.

Underpin period

This is the period:

- beginning with 1 April 2014 (2015 for Scotland), and
- ending with the earlier of:
 - 31 March 2022, and
 - the [final salary scheme normal retirement age](#).

See [sub-section on flexible retirement and underpin date](#) if calculating the provisional amounts for a period of service after the member took flexible retirement.

9. Technical queries

Table 3 – list of technical queries raised with the Department for Levelling Up, Housing and Communities (DLUHC) and / or the Scottish Public Pensions Agency (SPPA)

No.	Scheme	Query	Response
1	Both	<p>If the member leaves a period of membership without an entitlement to benefits (for example, deferred refund cases), does that membership count as being in pensionable service? Does it matter if the contributions for it have been refunded? Or if the membership was transferred to a different scheme or later aggregated to a different period of membership in the same scheme?</p> <p>This issue also affects whether you are able to include provisional amounts in cash transfer sum calculations.</p>	
2	Both	<p>When calculating the provisional assumed benefits, where the member is paying APCs for a leave period that spans the underpin period but does not pay the required APCs and this is not due to enhanced ill-health retirement or dying in service, it is unclear how to determine what added pension to include in the provisional assumed benefits. For example, we need to consider the amount of added pension credited to the actual CARE account. How do we determine which parts of that added pension relate to the leave before the end of the underpin period?</p>	DLUHC / SPPA are aware of this issue and will be issuing guidance on it.

No.	Scheme	Query	Response
3	Both	<p>If the member elects to use their certificate of protection / best 3 in 13 calculation protection (England and Wales only) for their actual benefits, the authority will use that protection when calculating the provisional assumed benefits (Scotland only) and the provisional underpin amount.</p> <p>What is not clear is whether the authority would consider this protection if the underpin date was the final salary scheme normal retirement age? Is it a case that the authority would not consider this as the protection is only notional until we know when the member will leave and whether they will actually elect for it? Or is it a case that the authority should allow the member to elect to use it for the provisional calculations (assuming the member is then eligible)?</p>	
4	Both	<p>It is unclear what happens if the member takes partial flexible retirement and later aggregates the benefits in the relevant CARE account to a different pension account. In particular, what should happen to the provisional amounts calculated at flexible retirement?</p>	
5	Both	<p>Under regulation 4Q (4O for Scotland), where the member has attained the final salary scheme normal retirement age before the relevant date, you use the provisional amounts for the earlier account as the provisional amounts for the account to which the benefits are aggregated. The regulations are unclear where the member has other eligible remediable service included in the new account. For example, do you calculate the provisional amounts for that other service separately and add the amounts together?</p>	

No.	Scheme	Query	Response
6	Scotland	<p>When considering whether to actuarially reduce the provisional underpin amount, regulation 4L(4) contains a condition which is not included in the same regulation for England and Wales. The additional condition requires that the member's pre-April 15 benefits must be actuarially reduced. We understand that the Scottish Government's policy in this area is the same as for England and Wales and the additional condition is an error.</p>	
7	Both	<p>See query set out in section 5: what survivor pension account you add the amount to.</p>	
8	Both	<p>If the member took partial flexible retirement and then later died as a deferred member, it is unclear how to calculate the death grant.</p> <p>You will have one set of relevant provisional amounts, in respect of which there will be a flexible retirement pension account and a deferred member account.</p> <p>We understand the authority will calculate the death grant as normal for the flexible retirement pension account, including any final guarantee amount that was added to that account.</p> <p>However, it is unclear how to do the final underpin calculation that forms part of the deferred death grant calculation. For example, if a survivor guarantee amount is to be included, does the authority include the entire guarantee amount?</p>	

10. Disclaimer

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