By e-mail

Terry Crossley
Head of Division
Local Government and Firefighters' Pension Schemes Division
Department for Communities and Local Government

18 October 2006

Dear Terry

Cash Equivalent Transfer Values

Please find attached amended paragraphs 1 and 2 of the Appendix 4 to the Cash Equivalent Transfer Values guidance issued in September 1995, to reflect the revised guidance issued under Regulation 31 (early retirement) for retirements on or after 1 October 2006.

This letter and enclosure should be appended to the original note on your website and local authorities should be informed of the different factors to be applied to all calculations for transfer values, where the relevant date for calculation is on or after 1 October 2006.

Yours sincerely

Andrew Johnston
Head of Pensions

Appendix 4

Transfers from 1 October 2006

Preparation of Factors for Variable Pension Ages later than 60

1. Where a member's pension age is later than 60, the transfer value is to be calculated by converting the preserved benefits for personal pension and lump sum (if any) due to ˉbe paid at normal retirement age into the equivalent benefits payable from the age of 60. For members over the age of 60 they should be converted into the equivalent benefits payable immediately. Widow(er)'s pensions, NI modifications and GMPs need not be adjusted.

2. The conversion factors to obtain equivalent benefits depend on the "relevant period" up to the member's pension age. For members below age 60, the "relevant period" is simply the difference between age 60, and the member's pension age. For members above age 60, the "relevant period" is the difference between the member's actual age at the date of transfer and the pension age. The relevant period should be calculated in years and days and, if necessary, the appropriate factor obtained by interpolating between the factors shown below.

Conversion factors to obtain equivalent benefits

Relevant Period (years)	Personal Pension (Male)	Personal Pension (Female)	Lump Sum (Both sexes)
0	1.00	1.00	1.00
1	0.94	0.95	0.98
2	0.89	0.90	0.95
3	0.84	0.85	0.93
4	0.80	0.81	0.91
5	0.76	0.77	0.88

GAD