

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

### **Factors to use in calculation of Pension Debit for Divorced Members**

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### **Purpose**

- 1.1 The purpose of this short note prepared by the Government Actuary's Department ("GAD") for the Department for Communities & Local Government ("DCLG"), and issued to them for onward transmission to administering authorities and employing authorities, is to update the factors required to calculate Pension Debts under Regulation 20A(2) of the Local Government Pension Scheme Regulations 1997 (SI 1997/1612) and Regulation 41 of the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (SI 2007/1166).

### **Implementation and Review**

- 1.2 The factors contained in this note should be followed with immediate effect.
- 1.3 The factors should be reviewed periodically, depending on external circumstances, for example when changes in the actuarial assumptions adopted for other scheme factors take place, or following each triennial cycle of future valuations of the LGPS.

### **Limitations**

- 1.4 These factors should be read in conjunction with the guidance note "Application of a Pension Debit for Divorced Members" dated 29 April 2010. The factors in this note replace Table A, "Reduction to pension and lump sum debits on ill health retirement" in that guidance and Table B "Reduction to pension and lump sum debits on early retirement".



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**Factors**

**Table A: Reduction to pension and lump sum debits on ill health retirement**

<b>Years Early</b>	<b>Pension Reduction (%)</b>		<b>Retirement Grant Reduction All Members %</b>
	<b>Males</b>	<b>Females</b>	
0	0	0	0
1	3	3	3
2	6	6	6
3	9	8	8
4	13	11	11
5	18	14	14
6	22	16	16
7	26	19	19
8	29	22	21
9	33	25	23
10	36	29	26
11	39	33	28
12	42	36	30
13	44	39	32
14	47	42	34
15	49	44	36
16	51	47	38
17	54	49	39
18	56	52	41
19	57	54	43
20	59	56	45
21	61	58	46
22	62	59	48
23	64	61	49
24	65	63	51
25	67	64	52
26	68	66	54

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<b>Years Early</b>	<b>Pension Reduction (%)</b>		<b>Retirement Grant Reduction All Members %</b>
	<b>Males</b>	<b>Females</b>	
27	69	67	55
28	70	69	56
29	71	70	58
30	72	71	59
31	73	72	60
32	74	73	61
33	75	74	62
34	76	75	63
35	77	76	64
36	78	77	65
37	79	78	67
38	79	79	67
39	80	80	68
40	81	80	69
41	82	81	70
42	82	82	71
43	83	83	72
44	83	83	73
45	84	84	74

**Notes:**

- (1) The number of *Years Early* is the period between the dates (i) and (ii) below, where:
  - (i) is the date of the member's ill health early retirement.
  - (ii) is the date (or dates) on which the member would have been entitled to unreduced benefits **without** employer consent on normal retirement; i.e., CRA (between 60 and 65) or PA65, depending on the membership being considered.
- (2) Practitioners may need to refer to this table twice (with different values of *Years Early*) when preparing calculations. If tapered factors are required they are derived from these two sets of factors.
- (3) If the date in (1) (i) is later than the date in (1) (ii), then it should be clear that no reductions are to be applied (to the relevant part of the membership under consideration, if applicable).
- (4) Where the number of *Years Early* is not an integer number, the reduction factors from the table should be interpolated for part years.

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**Table B: Reduction to pension and lump sum debits on early retirement**

<i>Years Early</i>	<i>Pension Reduction (%)</i>		<i>Retirement Grant Reduction All Members %</i>
	<i>Males</i>	<i>Females</i>	
0	0	0	0
1	6	5	3
2	11	11	6
3	16	15	8
4	20	20	11
5	25	24	14
6	29	27	16
7	32	31	19
8	36	34	21
9	39	37	23
10	42	40	26

**Notes:**

- (1) The number of *Years Early* is the period between the dates (i) and (ii) below, where:
  - (i) is the date of the member's (voluntary or involuntary) early retirement.
  - (ii) is the date (or dates) on which the member would be entitled to unreduced benefits **without** employer consent - i.e. CRA (between 60 and 65) or PA65, depending on the membership being considered. Please note that this is different to the definition for the member's early retirement factors as described in the latest version of Government Actuary's Department guidance note on early retirement, since a reduction is applied to pension debits taken before age 60 even if the rule of 85 is satisfied before age 60.
- (2) Practitioners may need to refer to this table twice (with different values of *Years Early*) when preparing calculations. If tapered factors are required they are derived from these two sets of factors.
- (3) If the date in (1) (i) is later than the date in (1) (ii), then it should be clear that no reductions are to be applied (to the relevant part of the membership under consideration, if applicable).
- (4) Where the number of *Years Early* is not an integer number, the reduction factors from the table should be interpolated for part years.