



**GOVERNMENT
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To the Administrators of the Local Government Pension Scheme:

I certify that the methods and assumptions underlying the calculation of cash equivalents for leavers from the Local Government Pension Scheme as set out in the attached note are consistent with:-

1. the requirements of Section 97 of the Pension Schemes Act 1993;
2. "Retirement Benefit Schemes - Transfer Values (GN11)" issued by the Institute of Actuaries and the Faculty of Actuaries; and
3. the methods currently adopted and assumptions currently made in calculating the benefits to which entitlement arises under the provisions of the Scheme for a person who is acquiring transfer credits under the Scheme.

**C D Daykin
Government Actuary
Fellow of the Institute of Actuaries**

22 September 1995

Local Government Pension Scheme: Cash Equivalent Transfer Values

The transfer values paid by the Local Government Pension Scheme are determined in accordance with the requirements of the Pension Schemes Act 1993 as the cash equivalent value of the preserved benefits otherwise available to an early leaver. This note, prepared in accordance with Guidance Note 11 issued by the Institute of Actuaries and the Faculty of Actuaries, describes the principal assumptions used in calculating individual transfer values.

(a) PENSION INCREASES

(i) In Deferment: Pensions and lump sums are treated as being increased fully in line with the rise in the Retail Prices Index under the provisions of the Pensions (Increase) Acts. Guaranteed Minimum Pensions are assumed to increase at 1.5% a year faster than price increases up to State Pension Age.

(ii) In Payment: Pensions (in excess of the Guaranteed Minimum Pension) are assumed to increase annually in line with the rise in the Retail Price Index. Allowance is also made for increases of up to 3% on the Guaranteed Minimum Pension element accrued after 5 April 1988.

(b) INTEREST RATES Given the form of the scheme benefits it is appropriate to adopt real rates of interest (net of price increases) for the major benefits.

(i) Real rate The initial real rate of interest is taken as 1/4% above the real yield on the FT Actuaries index-linked gilts index for stocks with an outstanding term of more than 5 years (assuming 5% inflation) prevailing at the start of the month in which the application is received. This initial yield is assumed to apply on the transfer amount for up to 35 years. Monies available at the end of that period, and interest received are assumed to be reinvested to achieve a real rate of return of 4% a year.

(ii) Nominal Rate In order to calculate the savings to the scheme on the increases on the Guaranteed Minimum Pension element being paid by the National Insurance Fund, a nominal rate of interest of 9% a year is adopted.

(c) MARITAL STATUS For those aged 40 and over, the transfer value is specific to the member's marital status at the point of transfer. For ages below 40, the factors do not distinguish by marital status and allowance is made for the probability that the member will be married at death (so giving rise to a spouse's pension) using assumptions derived from the experience of large public service pension schemes. The age difference between husband and wife varies with age, but is, on average, 3 years.

(d) DISCRETIONARY BENEFITS The benefits under the schemes, including pension increases, are treated as guaranteed, with no scope for the administrators of the scheme to exercise discretion to reduce or increase benefits.

(e) EXPENSES: No explicit allowance is made for expenses.

LOCAL GOVERNMENT PENSION SCHEME

New Factors for Individual Transfers from 1 October 1995

1. This note describes the revised transfer value factors which are to be adopted for individual transfers to and from the Local Government Pension Scheme from 1 October 1995. This coincides with the adoption, by the main public service pension schemes, of the basis described in this note. The members of the Public Sector Transfer Club will also adopt the revised basis for transfers from 1 October 1995.

General Approach

2. In order to minimise administrative inconvenience, the factors follow the existing system of a set of "Central Factors" which are adjusted for prevailing investment market conditions. This adjustment is determined, as at present, by using a separate set of market adjustment factors devised by reference to the real yield on index-linked stocks. The "central factors" apply when the real yields on index-linked gilts are 4%. When real yields fall below 4%, the transfer values will be increased, and conversely when yields are above 4%, the transfer values will be reduced.

3. **Methodology and Assumptions**

The methodology underlying the set of factors remains unchanged from the methodology applicable to the current factors, but the assumptions have been modified in three respects.

(i) Mortality Assumptions

Since the current set of factors were introduced in 1988, investigations into the life expectancy of pension scheme members have indicated a continuing trend towards improved longevity. The revised assumptions reflect the anticipated mortality of members taking transfers. They allow for a modest level of improvement as compared with the assumptions underlying the existing factors for those close to retirement, and somewhat greater improvements for those at younger ages.

(ii) Interest Assumptions

The interest rates underlying the current set of factors are those prevailing on index-linked gilts. Although these financial instruments provide a good match for index-linked pension liabilities, most funded pension schemes are invested heavily in equities (company shares quoted on the Stock Market) in the expectation of gaining higher returns in the long term. A modest allowance - 1/4% a year - has been incorporated to reflect the higher returns achievable from investing in assets other than index-linked gilts. Sums arising for reinvestment more than 35 years into the future (the outstanding term of the longest dated index-linked gilt) are assumed to achieve a real return of 4% a year.

(iii) Adjustment for Post 1988 Guaranteed Minimum Pensions (GMPs)

Under the arrangements for contracting out of SERPS, the National Insurance Fund meets the cost of pensions increases on GMPs accrued prior to 1988. For GMPs accrued after 1988, contracted-out schemes are liable for pension increases of up to 3%. The transfer factors for pension benefits assume that pension increases are applied to the whole of the pension. Separate factors are used to calculate the savings which apply to pensions increases on GMP. The modified assumptions discussed above result in a multiple of 45% being applied to the "PI on GMP" factors in order to obtain the savings for post-88 GMPs, (as compared with 50% which is applicable to the current factors).

4. The above changes are applied consistently to both incoming and outgoing factors. For incoming non-club transfers it is also necessary to make assumptions in relation to future expected earnings growth. These assumptions have been revised on this occasion and a slightly lower allowance for future earnings growth has been adopted. This has the effect of marginally increasing the service credit which may be purchased for a given transfer payment at the younger ages but has little effect at the older ages.

5. **Basis and Factors**

Five Appendices are attached to this note which describe in more detail the actuarial basis adopted for the revised factors and the factors to be used.

These Appendices are:

- Appendix 1 - Actuarial Assumptions
- Appendix 2 - Outgoing Central Factors for Normal Retirement Age of 60 (Table 1 - Men, Table 2 - Women)
- Appendix 3 - Incoming Non-Club Central Factors for Normal Retirement Age of 60 (Table 1 - Men, Table 2 - Women)
- Appendix 4 - Adjustment for Members with Normal Retirement Ages later than 60
- Appendix 5 - Adjustments for Market Conditions

6. **Cash Equivalent Transfers & Transfer Club Factors**

The factors shown in Appendix 2 should be adopted for both :-

- i) outgoing cash equivalent transfers to pension schemes which are not members of the Transfer Club.

and

- ii) incoming and outgoing Transfer Club calculations.

7. **Non Club Incoming Transfers**

The service credits for any transfers from schemes which are not members of the Transfer Club should be calculated using the factors in Appendix 3.

8. **Retirements later than Age 60**

The methodology previously used for individuals with normal retirement ages later than age 60 will continue to be adopted. Under this system, the benefits preserved for payment at a later age than 60 are first converted to the equivalent benefits payable from 60, using the LGPS early retirement factors, and the transfer value is then calculated using the age 60 transfer value factors.

9. **Effect on Transfer Values**

The overall effect on the level of the transfer values as a consequence of the proposed changes in assumptions is to reduce the payments slightly. At ages close to normal pension age, there is very little change in the level of the transfer values, but at the youngest ages the revised factors would result in transfer values about 12% less than the current set of factors.

10. A broadly similar effect will be observed on the service credit factors for incoming transfer payments. Accordingly, there would be little change in the period of service credit at the oldest ages, but the service credit granted in respect of a defined cash sum will be higher by about 15 - 20 % at the youngest ages with the new factors.

**Government Actuary's Department
September 1995**

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Appendix 1

ACTUARIAL ASSUMPTIONS FOR OUTGOING TRANSFERS

The principal assumptions underlying the calculation of the actuarial factors for individual cash equivalent transfer values from the Local Government Pension Scheme are as follows:

(a) PENSION INCREASES

(i) In Deferment:

Pensions and lump sums are assumed to be being increased fully in line with the rise in the Retail Prices Index under the provisions of the Pensions (Increase) Acts.

Guaranteed Minimum Pensions are assumed to increase at 1.5% a year faster than price increases up to State Pension Age.

(ii) In Payment:

Pensions (in excess of the Guaranteed Minimum Pension) are assumed to increase annually in line with the rise in the Retail Price Index. Allowance is also made for increases of up to 3% on the Guaranteed Minimum Pension element accrued after 5 April 1988.

(b) INTEREST RATES

Given the form of the scheme benefits it is appropriate to adopt real rates of interest (net of price increases) for the major benefits.

(i) Real rate

The initial real rate of interest is taken as 1/4% above the real yield on the FT Actuaries index-linked gilts index for stocks with an outstanding term of more than 5 years (assuming 5% inflation) prevailing at the start of the month in which the application is received. This initial yield is assumed to apply on the transfer amount for up to 35 years. Monies available at the end of that period, and interest received are assumed to be reinvested to achieve a real rate of return of 4% a year.

(ii) Nominal Rate

In order to calculate the savings to the scheme on the increases on the Guaranteed Minimum Pension element being paid by the National Insurance Fund, a nominal rate of interest of 9% a year is adopted.

(c) **MORTALITY**

(i) **Pre-Retirement Mortality:**

“AM80/AF80” standard mortality table for assured lives.

(ii) **Post-Retirement Mortality:**

Based upon “PMA80/PFA80” mortality tables. Mortality assumed for transferees just below Normal Pension Age is two years' heavier than the “Calendar Year 1995” rates. Allowance is made for improvement in life expectancy for transferees at younger ages, by adopting mortality rates applicable to Calendar Year 2035 (with no age rating) for transferring members who have 40 years to go before their retirement benefits come into payment. Interpolated rates are used for those transferring at intermediate ages.

(d) **MARITAL STATUS**

For those aged 40 and over, the transfer value is specific to the member's marital status at the point of transfer. For ages below 40, the factors do not distinguish by marital status and allowance is made for the probability that the member will be married at death (so giving rise to a spouse's pension) using assumptions derived from the experience of large public service pension schemes.

The age difference between husband and wife varies with age, but is, on average, 3 years.

(e) **DISCRETIONARY BENEFITS:**

The benefits under the scheme, including pension increases, are treated as guaranteed, with no scope for the administrators of the scheme to exercise discretion to reduce or increase benefits.

(f) **EXPENSES:**

No explicit allowance is made for expenses.

Appendix 2

Local Government Pension Scheme

Central Factors for Normal Retirement Age of 60

Table 1 - Males

| Age last birthday at Relevant Date | Gross Pension of £1 per annum | Lump Sum of £1 | Widow's pension of £1 per annum | | Deduction ¹ for GMP of £1 per annum | Deduction for NI Modification of £1 pa |
|------------------------------------|-------------------------------|----------------|---------------------------------|-----------|--|--|
| | | | Married | Unmarried | | |
| 16 | 2.50 | 0.22 | 1.27 | 1.27 | 1.35 | 1.65 |
| 17 | 2.50 | 0.22 | 1.27 | 1.27 | 1.35 | 1.65 |
| 18 | 2.50 | 0.22 | 1.27 | 1.27 | 1.35 | 1.65 |
| 19 | 2.50 | 0.22 | 1.27 | 1.27 | 1.35 | 1.65 |
| 20 | 2.50 | 0.22 | 1.27 | 1.27 | 1.35 | 1.65 |
| 21 | 2.60 | 0.22 | 1.30 | 1.30 | 1.38 | 1.72 |
| 22 | 2.70 | 0.23 | 1.34 | 1.34 | 1.42 | 1.79 |
| 23 | 2.81 | 0.24 | 1.37 | 1.37 | 1.45 | 1.86 |
| 24 | 2.92 | 0.25 | 1.42 | 1.42 | 1.49 | 1.93 |
| 25 | 3.04 | 0.26 | 1.47 | 1.47 | 1.52 | 2.01 |
| 26 | 3.16 | 0.27 | 1.52 | 1.52 | 1.56 | 2.08 |
| 27 | 3.29 | 0.28 | 1.58 | 1.58 | 1.60 | 2.17 |
| 28 | 3.42 | 0.29 | 1.63 | 1.63 | 1.64 | 2.26 |
| 29 | 3.56 | 0.30 | 1.68 | 1.68 | 1.68 | 2.35 |
| 30 | 3.71 | 0.31 | 1.74 | 1.74 | 1.72 | 2.44 |
| 31 | 3.85 | 0.32 | 1.80 | 1.80 | 1.76 | 2.54 |
| 32 | 4.01 | 0.34 | 1.86 | 1.86 | 1.80 | 2.64 |
| 33 | 4.17 | 0.35 | 1.93 | 1.93 | 1.84 | 2.75 |
| 34 | 4.34 | 0.36 | 2.00 | 2.00 | 1.89 | 2.86 |
| 35 | 4.52 | 0.38 | 2.07 | 2.07 | 1.93 | 2.98 |
| 36 | 4.70 | 0.40 | 2.14 | 2.14 | 1.98 | 3.10 |
| 37 | 4.90 | 0.41 | 2.21 | 2.21 | 2.02 | 3.23 |
| 38 | 5.10 | 0.43 | 2.28 | 2.28 | 2.07 | 3.36 |
| 39 | 5.31 | 0.44 | 2.36 | 2.36 | 2.12 | 3.50 |
| 40 | 5.52 | 0.46 | 2.44 | 2.34 | 2.17 | 3.64 |
| 41 | 5.74 | 0.48 | 2.52 | 2.30 | 2.22 | 3.79 |
| 42 | 5.97 | 0.50 | 2.60 | 2.23 | 2.27 | 3.94 |
| 43 | 6.21 | 0.52 | 2.68 | 2.17 | 2.32 | 4.10 |
| 44 | 6.46 | 0.54 | 2.77 | 2.10 | 2.37 | 4.27 |
| 45 | 6.72 | 0.56 | 2.86 | 2.03 | 2.43 | 4.44 |
| 46 | 7.00 | 0.58 | 2.94 | 1.97 | 2.48 | 4.62 |
| 47 | 7.29 | 0.61 | 3.02 | 1.90 | 2.54 | 4.81 |
| 48 | 7.60 | 0.63 | 3.10 | 1.84 | 2.60 | 5.01 |
| 49 | 7.92 | 0.65 | 3.19 | 1.78 | 2.66 | 5.22 |
| 50 | 8.23 | 0.68 | 3.28 | 1.73 | 2.72 | 5.44 |
| 51 | 8.55 | 0.71 | 3.35 | 1.67 | 2.78 | 5.68 |
| 52 | 8.88 | 0.73 | 3.42 | 1.62 | 2.84 | 5.93 |
| 53 | 9.23 | 0.76 | 3.50 | 1.57 | 2.91 | 6.19 |
| 54 | 9.59 | 0.79 | 3.58 | 1.52 | 2.98 | 6.46 |
| 55 | 9.98 | 0.82 | 3.65 | 1.47 | 3.05 | 6.73 |
| 56 | 10.40 | 0.85 | 3.71 | 1.42 | 3.13 | 7.00 |
| 57 | 10.84 | 0.89 | 3.76 | 1.36 | 3.20 | 7.28 |
| 58 | 11.31 | 0.92 | 3.81 | 1.31 | 3.29 | 7.58 |
| 59 | 11.81 | 0.96 | 3.86 | 1.25 | 3.37 | 7.89 |

Note:

1. When calculating the allowance for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and 45% of the GMP amount in respect of service after that date.

Appendix 2

Local Government Pension Scheme

Central Factors for Normal Retirement Age of 60

Table 2 - Females

| Age last birthday at Relevant Date | Gross Pension of £1 per annum | Lump Sum of £1 | Widower's pension of £1 per annum | | Deduction ¹ for GMP of £1 per annum | Deduction for NI Modification of £1 pa |
|------------------------------------|-------------------------------|----------------|-----------------------------------|-----------|--|--|
| | | | Married | Unmarried | | |
| 16 | 2.90 | 0.21 | 0.52 | 0.52 | 1.68 | 2.90 |
| 17 | 2.90 | 0.21 | 0.52 | 0.52 | 1.68 | 2.90 |
| 18 | 2.90 | 0.21 | 0.52 | 0.52 | 1.68 | 2.90 |
| 19 | 2.90 | 0.21 | 0.52 | 0.52 | 1.68 | 2.90 |
| 20 | 2.90 | 0.21 | 0.52 | 0.52 | 1.68 | 2.90 |
| 21 | 3.02 | 0.22 | 0.53 | 0.53 | 1.73 | 3.02 |
| 22 | 3.14 | 0.23 | 0.54 | 0.54 | 1.77 | 3.14 |
| 23 | 3.26 | 0.24 | 0.57 | 0.57 | 1.81 | 3.26 |
| 24 | 3.39 | 0.24 | 0.58 | 0.58 | 1.86 | 3.39 |
| 25 | 3.53 | 0.25 | 0.60 | 0.60 | 1.90 | 3.53 |
| 26 | 3.67 | 0.26 | 0.62 | 0.62 | 1.95 | 3.67 |
| 27 | 3.82 | 0.28 | 0.64 | 0.64 | 2.00 | 3.82 |
| 28 | 3.98 | 0.28 | 0.65 | 0.65 | 2.05 | 3.98 |
| 29 | 4.13 | 0.30 | 0.68 | 0.68 | 2.10 | 4.13 |
| 30 | 4.30 | 0.31 | 0.70 | 0.70 | 2.15 | 4.30 |
| 31 | 4.48 | 0.32 | 0.72 | 0.72 | 2.21 | 4.48 |
| 32 | 4.66 | 0.33 | 0.74 | 0.74 | 2.26 | 4.66 |
| 33 | 4.85 | 0.35 | 0.76 | 0.76 | 2.32 | 4.85 |
| 34 | 5.04 | 0.36 | 0.78 | 0.78 | 2.38 | 5.04 |
| 35 | 5.25 | 0.38 | 0.81 | 0.81 | 2.44 | 5.25 |
| 36 | 5.46 | 0.39 | 0.83 | 0.83 | 2.50 | 5.46 |
| 37 | 5.69 | 0.41 | 0.85 | 0.85 | 2.56 | 5.69 |
| 38 | 5.92 | 0.42 | 0.86 | 0.86 | 2.63 | 5.92 |
| 39 | 6.16 | 0.44 | 0.89 | 0.89 | 2.69 | 6.16 |
| 40 | 6.41 | 0.46 | 0.93 | 0.90 | 2.76 | 6.41 |
| 41 | 6.67 | 0.48 | 0.94 | 0.88 | 2.83 | 6.67 |
| 42 | 6.94 | 0.49 | 0.96 | 0.85 | 2.90 | 6.94 |
| 43 | 7.22 | 0.51 | 0.98 | 0.82 | 2.98 | 7.22 |
| 44 | 7.51 | 0.53 | 1.00 | 0.79 | 3.05 | 7.51 |
| 45 | 7.82 | 0.56 | 1.01 | 0.75 | 3.13 | 7.82 |
| 46 | 8.14 | 0.58 | 1.04 | 0.71 | 3.21 | 8.14 |
| 47 | 8.47 | 0.60 | 1.05 | 0.67 | 3.29 | 8.47 |
| 48 | 8.82 | 0.62 | 1.07 | 0.62 | 3.37 | 8.82 |
| 49 | 9.18 | 0.65 | 1.08 | 0.58 | 3.46 | 9.18 |
| 50 | 9.55 | 0.67 | 1.09 | 0.54 | 3.55 | 9.55 |
| 51 | 9.90 | 0.70 | 1.10 | 0.49 | 3.65 | 9.90 |
| 52 | 10.27 | 0.73 | 1.11 | 0.45 | 3.75 | 10.27 |
| 53 | 10.66 | 0.76 | 1.12 | 0.41 | 3.85 | 10.66 |
| 54 | 11.06 | 0.79 | 1.13 | 0.37 | 3.95 | 11.06 |
| 55 | 11.49 | 0.82 | 1.13 | 0.32 | 4.06 | 11.49 |
| 56 | 11.93 | 0.85 | 1.13 | 0.27 | 4.18 | 11.93 |
| 57 | 12.40 | 0.89 | 1.13 | 0.22 | 4.30 | 12.40 |
| 58 | 12.89 | 0.92 | 1.12 | 0.18 | 4.42 | 12.89 |
| 59 | 13.41 | 0.96 | 1.10 | 0.14 | 4.55 | 13.41 |

Notes:

1. When calculating the allowance for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and 45% of the GMP amount in respect of service after that date.

Appendix 3

Local Government Pension Scheme

Factors for Non-Club Incoming Transfers: NRA 60

Table 1 - Males

| Age last birthday at Relevant Date | Gross Pension of £1 per annum | Lump Sum | Widow's pension of £1 per annum Spouse's Pensions | | Deduction for GMP of £1 per annum |
|---|--|-------------|---|-----------|--|
| | | | Married | Unmarried | |
| 16 | 7.27 | 0.60 | 3.12 | 3.12 | 1.50 |
| 17 | 7.27 | 0.60 | 3.12 | 3.12 | 1.50 |
| 18 | 7.27 | 0.60 | 3.12 | 3.12 | 1.50 |
| 19 | 7.27 | 0.60 | 3.12 | 3.12 | 1.50 |
| 20 | 7.27 | 0.60 | 3.12 | 3.12 | 1.50 |
| 21 | 7.27 | 0.60 | 3.12 | 3.12 | 1.50 |
| 22 | 7.27 | 0.60 | 3.12 | 3.12 | 1.50 |
| 23 | 7.27 | 0.60 | 3.12 | 3.12 | 1.50 |
| 24 | 7.27 | 0.60 | 3.12 | 3.12 | 1.50 |
| 25 | 7.27 | 0.60 | 3.12 | 3.12 | 1.52 |
| 26 | 7.29 | 0.60 | 3.12 | 3.12 | 1.56 |
| 27 | 7.30 | 0.60 | 3.12 | 3.12 | 1.60 |
| 28 | 7.32 | 0.60 | 3.12 | 3.12 | 1.64 |
| 29 | 7.34 | 0.60 | 3.13 | 3.13 | 1.68 |
| 30 | 7.37 | 0.61 | 3.13 | 3.13 | 1.72 |
| 31 | 7.42 | 0.61 | 3.14 | 3.14 | 1.76 |
| 32 | 7.47 | 0.61 | 3.15 | 3.15 | 1.80 |
| 33 | 7.53 | 0.62 | 3.17 | 3.17 | 1.84 |
| 34 | 7.58 | 0.62 | 3.19 | 3.19 | 1.89 |
| 35 | 7.66 | 0.63 | 3.22 | 3.22 | 1.93 |
| 36 | 7.76 | 0.64 | 3.24 | 3.24 | 1.98 |
| 37 | 7.86 | 0.64 | 3.28 | 3.28 | 2.02 |
| 38 | 7.97 | 0.65 | 3.30 | 3.30 | 2.07 |
| 39 | 8.08 | 0.66 | 3.34 | 3.34 | 2.12 |
| 40 | 8.21 | 0.67 | 3.39 | 3.24 | 2.17 |
| 41 | 8.35 | 0.68 | 3.44 | 3.13 | 2.22 |
| 42 | 8.50 | 0.70 | 3.48 | 2.99 | 2.27 |
| 43 | 8.65 | 0.71 | 3.53 | 2.85 | 2.32 |
| 44 | 8.81 | 0.72 | 3.57 | 2.71 | 2.37 |
| 45 | 9.01 | 0.74 | 3.62 | 2.57 | 2.43 |
| 46 | 9.24 | 0.76 | 3.68 | 2.46 | 2.48 |
| 47 | 9.48 | 0.77 | 3.74 | 2.36 | 2.54 |
| 48 | 9.72 | 0.79 | 3.81 | 2.26 | 2.60 |
| 49 | 9.98 | 0.81 | 3.87 | 2.16 | 2.66 |
| 50 | 10.25 | 0.83 | 3.91 | 2.06 | 2.72 |
| 51 | 10.54 | 0.85 | 3.96 | 1.97 | 2.78 |
| 52 | 10.83 | 0.87 | 4.01 | 1.90 | 2.84 |
| 53 | 11.14 | 0.90 | 4.06 | 1.82 | 2.91 |
| 54 | 11.47 | 0.92 | 4.10 | 1.75 | 2.98 |
| 55 | 11.75 | 0.94 | 4.11 | 1.66 | 3.05 |
| 56 | 11.98 | 0.96 | 4.09 | 1.57 | 3.13 |
| 57 | 12.16 | 0.97 | 4.05 | 1.47 | 3.20 |
| 58 | 12.29 | 0.98 | 3.98 | 1.36 | 3.29 |
| 59 | 12.40 | 0.99 | 3.91 | 1.27 | 3.37 |

Note:

1. When calculating the allowance for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and 45% of the GMP amount in respect of service after that date.

Appendix 3

Local Government Pension Scheme

Factors for Non-Club Incoming Transfers: NRA 60

Table 2 - Females

| Age last birthday at Relevant Date | Gross Pension of £1 per annum | Lump Sum | Widow's pension of £1 per annum Spouse's Pensions | | Deduction for GMP of £1 per annum |
|---|--|-------------|---|-----------|--|
| | | | Married | Unmarried | |
| 16 | 7.59 | 0.54 | 1.07 | 1.07 | 1.90 |
| 17 | 7.59 | 0.54 | 1.07 | 1.07 | 1.90 |
| 18 | 7.59 | 0.54 | 1.07 | 1.07 | 1.90 |
| 19 | 7.59 | 0.54 | 1.07 | 1.07 | 1.90 |
| 20 | 7.59 | 0.54 | 1.07 | 1.07 | 1.90 |
| 21 | 7.59 | 0.54 | 1.07 | 1.07 | 1.90 |
| 22 | 7.59 | 0.54 | 1.07 | 1.07 | 1.90 |
| 23 | 7.59 | 0.54 | 1.07 | 1.07 | 1.90 |
| 24 | 7.59 | 0.54 | 1.07 | 1.07 | 1.90 |
| 25 | 7.59 | 0.54 | 1.07 | 1.07 | 1.90 |
| 26 | 7.67 | 0.54 | 1.09 | 1.09 | 1.95 |
| 27 | 7.76 | 0.55 | 1.11 | 1.11 | 2.00 |
| 28 | 7.85 | 0.55 | 1.12 | 1.12 | 2.05 |
| 29 | 7.95 | 0.56 | 1.12 | 1.12 | 2.10 |
| 30 | 8.05 | 0.57 | 1.13 | 1.13 | 2.15 |
| 31 | 8.15 | 0.58 | 1.14 | 1.14 | 2.21 |
| 32 | 8.25 | 0.58 | 1.14 | 1.14 | 2.26 |
| 33 | 8.36 | 0.59 | 1.14 | 1.14 | 2.32 |
| 34 | 8.47 | 0.60 | 1.15 | 1.15 | 2.38 |
| 35 | 8.60 | 0.61 | 1.16 | 1.16 | 2.44 |
| 36 | 8.76 | 0.62 | 1.18 | 1.18 | 2.50 |
| 37 | 8.92 | 0.63 | 1.18 | 1.18 | 2.56 |
| 38 | 9.08 | 0.64 | 1.19 | 1.19 | 2.63 |
| 39 | 9.25 | 0.65 | 1.21 | 1.21 | 2.69 |
| 40 | 9.43 | 0.66 | 1.22 | 1.18 | 2.76 |
| 41 | 9.62 | 0.68 | 1.23 | 1.14 | 2.83 |
| 42 | 9.82 | 0.69 | 1.23 | 1.10 | 2.90 |
| 43 | 10.02 | 0.71 | 1.24 | 1.04 | 2.98 |
| 44 | 10.23 | 0.72 | 1.25 | 0.99 | 3.05 |
| 45 | 10.47 | 0.74 | 1.26 | 0.93 | 3.13 |
| 46 | 10.73 | 0.75 | 1.27 | 0.87 | 3.21 |
| 47 | 11.01 | 0.77 | 1.28 | 0.81 | 3.29 |
| 48 | 11.29 | 0.79 | 1.28 | 0.74 | 3.37 |
| 49 | 11.59 | 0.81 | 1.29 | 0.69 | 3.46 |
| 50 | 11.89 | 0.83 | 1.29 | 0.64 | 3.55 |
| 51 | 12.21 | 0.85 | 1.29 | 0.58 | 3.65 |
| 52 | 12.53 | 0.87 | 1.30 | 0.53 | 3.75 |
| 53 | 12.87 | 0.90 | 1.30 | 0.47 | 3.85 |
| 54 | 13.22 | 0.92 | 1.28 | 0.41 | 3.95 |
| 55 | 13.52 | 0.94 | 1.26 | 0.36 | 4.06 |
| 56 | 13.75 | 0.96 | 1.24 | 0.30 | 4.18 |
| 57 | 13.91 | 0.97 | 1.21 | 0.24 | 4.30 |
| 58 | 14.01 | 0.98 | 1.16 | 0.19 | 4.42 |
| 59 | 14.10 | 0.99 | 1.13 | 0.14 | 4.55 |

Note:

1. When calculating the allowance for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and 45% of the GMP amount in respect of service after that date.

Appendix 4

Transfers from October 1995

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 be 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 | | Lump Sum (both sexes) |
|----------------------------|------------------|--------|--------------------------|
| | Male | Female | |
| 0 | 1.00 | 1.00 | 1.00 |
| 1 | 0.92 | 0.93 | 0.98 |
| 2 | 0.85 | 0.87 | 0.95 |
| 3 | 0.78 | 0.82 | 0.93 |
| 4 | 0.72 | 0.77 | 0.91 |
| 5 | 0.67 | 0.73 | 0.89 |

Appendix 4

3. Club transfers

The equivalent benefits obtained by applying the above conversion factors are then multiplied by the Club transfer factors for retirement age 60 in order to obtain the amount of the Club transfer value. Special factors are required for members over age 60 and these are shown below.

Club Transfer Values per unit of benefit accrued at date of transfer

| Age last birthday at Relevant Date | Gross Pension of £1 p.a. | Deduction for NI modification of £1 p.a. | Lump Sum of £1 | Widow's pension of £1 per annum | | Deduction ¹ for GMP of £1 p.a. |
|------------------------------------|--------------------------|--|----------------|---------------------------------|-----------|---|
| | | | | Married | Unmarried | |
| <u>Males</u> | | | | | | |
| 60 | 11.87 | 8.23 | 1.00 | 3.91 | 1.20 | 3.43 |
| 61 | 11.48 | 8.60 | 1.00 | 3.95 | 1.15 | 3.48 |
| 62 | 11.09 | 8.99 | 1.00 | 4.00 | 1.10 | 3.53 |
| 63 | 10.70 | 9.41 | 1.00 | 4.05 | 1.05 | 3.58 |
| 64 | 10.31 | 9.88 | 1.00 | 4.10 | 1.00 | 3.64 |
| <u>Females</u> | | | | | | |
| 60 | 13.49 | 13.49 | 1.00 | 1.09 | 0.13 | 4.80 |
| 61 | 13.14 | 13.14 | 1.00 | 1.08 | 0.12 | 4.60 |
| 62 | 12.79 | 12.79 | 1.00 | 1.07 | 0.11 | 4.40 |
| 63 | 12.44 | 12.44 | 1.00 | 1.05 | 0.10 | 4.20 |
| 64 | 12.09 | 12.09 | 1.00 | 1.04 | 0.09 | 4.00 |

Note:

- When calculating the allowance for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and 45% of the GMP amount in respect of service after that date.

Appendix 4

4. Non-Club Incoming Transfers

For Non-Club incoming transfers the adjustment factors in 2 above should be applied to the Incoming Non-Club Central Factors for a Normal Retirement Age of 60 (contained in Appendix 3).

For members aged over 60 at the time of transfer the following table will need to be used. These factors should be adjusted for the period between the date of transfer and the member's pension age in accordance with the factors in 2. above.

Non-Club Transfer Values per unit of benefit granted at date of transfer

| Age last birthday at Relevant Date | Gross Pension of £1 p.a. | Lump Sum of £1 | Widow's pension of £1 per annum | | Deduction ¹ for GMP of £1 p.a. |
|------------------------------------|--------------------------|----------------|---------------------------------|-----------|---|
| | | | Married | Unmarried | |
| <u>Males</u> | | | | | |
| 60 | 12.02 | 1.00 | 4.12 | 1.26 | 3.43 |
| 61 | 11.62 | 1.00 | 4.17 | 1.21 | 3.48 |
| 62 | 11.23 | 1.00 | 4.22 | 1.16 | 3.53 |
| 63 | 10.82 | 1.00 | 4.27 | 1.11 | 3.58 |
| 64 | 10.42 | 1.00 | 4.32 | 1.05 | 3.64 |
| <u>Females</u> | | | | | |
| 60 | 13.73 | 1.00 | 1.15 | 0.13 | 4.80 |
| 61 | 13.37 | 1.00 | 1.13 | 0.12 | 4.60 |
| 62 | 13.02 | 1.00 | 1.12 | 0.11 | 4.40 |
| 63 | 12.66 | 1.00 | 1.11 | 0.10 | 4.20 |
| 64 | 12.31 | 1.00 | 1.10 | 0.09 | 4.00 |

Note:

1. When calculating the allowance for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and 45% of the GMP amount in respect of service after that date.

Appendix 5

Local Government Pension Scheme

Factors for Club and Non-Club Transfers (both incoming and outgoing)

Adjustments for Market Conditions

Adjustment to be made to total transfer value calculated to allow for current yield on the FT-Actuaries index of index-linked stocks for redemption periods over 5 years with 5% inflation assumption.

| Age Last Birthday at Relevant Date | Yield on Index-Linked Stocks at Relevant Date * | | | |
|--|---|-------|-------|-------|
| | 2.00% | 3.00% | 4.00% | 5.00% |
| 16 - 25 | 1.60 | 1.23 | 1.00 | 0.84 |
| 26 - 28 | 1.57 | 1.22 | 1.00 | 0.85 |
| 29 - 31 | 1.54 | 1.21 | 1.00 | 0.85 |
| 32 - 33 | 1.51 | 1.20 | 1.00 | 0.86 |
| 34 - 35 | 1.50 | 1.19 | 1.00 | 0.86 |
| 36 - 37 | 1.46 | 1.18 | 1.00 | 0.87 |
| 38 | 1.45 | 1.18 | 1.00 | 0.87 |
| 39 | 1.44 | 1.17 | 1.00 | 0.88 |
| 40 | 1.43 | 1.17 | 1.00 | 0.88 |
| 41 | 1.42 | 1.17 | 1.00 | 0.88 |
| 42 | 1.40 | 1.16 | 1.00 | 0.88 |
| 43 | 1.39 | 1.16 | 1.00 | 0.88 |
| 44 | 1.38 | 1.15 | 1.00 | 0.89 |
| 45 | 1.37 | 1.15 | 1.00 | 0.89 |
| 46 | 1.36 | 1.15 | 1.00 | 0.89 |
| 47 | 1.35 | 1.14 | 1.00 | 0.89 |
| 48 | 1.33 | 1.14 | 1.00 | 0.90 |
| 49 | 1.32 | 1.13 | 1.00 | 0.90 |
| 50 | 1.31 | 1.13 | 1.00 | 0.90 |
| 51 | 1.30 | 1.13 | 1.00 | 0.90 |
| 52 | 1.29 | 1.12 | 1.00 | 0.91 |
| 53 | 1.28 | 1.12 | 1.00 | 0.91 |
| 54 | 1.25 | 1.11 | 1.00 | 0.91 |
| 55 | 1.23 | 1.11 | 1.00 | 0.91 |
| 56 | 1.20 | 1.10 | 1.00 | 0.92 |
| 57 | 1.17 | 1.08 | 1.00 | 0.92 |
| 58 | 1.15 | 1.06 | 1.00 | 0.92 |
| 59 | 1.12 | 1.04 | 1.00 | 0.92 |
| 60 - 64 | 1.12 | 1.04 | 1.00 | 0.92 |

* The relevant date is that appropriate to the calculation being made.