

The Local Government Pension Scheme (Scotland)

Use of accumulated AVCs to provide additional pension under the Scheme

Date: 25 February 2009

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1 Introduction and Legislative Background

- 1.1 Regulation 23 of the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008 (“the Administration Regulations”) (SSI 2008/228) provides an opportunity for a member to use the accumulated value of his AVCs to provide a pension under the Scheme. A member who leaves his employment with entitlement to the immediate payment of retirement benefits may elect for the accumulated value of his AVCs to be used to provide additional pension under the Scheme. Regulation 23(5) provides that a member who has made such an election shall become entitled to such additional pension as is shown in guidance issued by the Scheme Actuary. The purpose of this note prepared by the Government Actuary’s Department is to provide the guidance required by Regulation 23(5). The note has been prepared for Scottish Public Pensions Agency (SPPA) and is issued to them for onward transmission to administering authorities and employing authorities.
- 1.2 This guidance does not cover elections under Regulation 65(8) of the Local Government Pension Scheme (Scotland) Regulations 1998 (“the 1998 Regulations”) (SI 1998/366) made by members who made an election under Regulation 59(1) of the 1998 Regulations prior to 30th June 2005.

2 Calculations

- 2.1 The tables attached to this note provide factors which show the additional pension to the member for each £100 of accumulated AVCs, according to age at the date the member becomes entitled to the immediate payment of retirement benefits or, if later, the date the member makes an election under Regulation 23(4) of the Administration Regulations.
- 2.2 Table 1 applies to members who become entitled to the immediate payment of retirement benefits under Regulation 16 (normal retirement), 17 (late retirement), 18 (flexible retirement), 19 (redundancy etc) or by virtue of an election under Regulation 30 (early payment) of the Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008 (SSI 2008/228) (“the Benefits Regulations”).
- 2.3 Table 2 applies to members who become entitled to an ill-health pension under Regulation 20 or 31 of the Benefits Regulations. Table 2 factors for members under age 30 will be provided by the Government Actuary’s Department on request.
- 2.4 Separate factors are provided for men and women. A member must choose whether to purchase dependants’ benefits or not when making an election. The factor used to calculate the amount of pension depends on the choice that the member makes.
- 2.5 Pension previously acquired under Regulation 65(5) of the 1998 Regulations always includes benefits for a surviving spouse, civil partner or nominated cohabiting partner, as described in the guidance issued under that regulation. However, they do not provide benefits for surviving children.

3 Benefits purchased

- 3.1 The additional pension is payable from the date used in the calculation. Increases after the date of commencement should be granted, on the portion of the member's pension in payment awarded under this Regulation, at the same time and at the same rate as the pension increases on the rest of the member's scheme pension.
- 3.2 The benefits provided to a member awarded additional pension are not fully specified in the regulations. However, SPPA have confirmed the details of additional pension benefits described below which are in the same form as the additional pension provided under other regulations.
- 3.3 A member will receive the following benefits:

Own benefits

- 3.4 The total pension awarded will be increased by the rate of additional pension purchased.
- 3.5 The additional pension may be not commuted for cash. If a member wishes to take some of his AVCs as a lump sum that part of the fund should not be converted to scheme pension.
- 3.6 On death in retirement a lump sum is payable equal to ten times the annual rate of additional pension in payment before death, less the amount of additional pension already paid.
- 3.7 The additional pension is increased with reference to PI while in payment.

Dependants' benefits

- 3.8 If a member opts to purchase dependants' benefits as well as own benefits, then the following additional benefits will be paid on the death of the member.
- 3.9 The additional spouse, civil partner or nominated cohabiting partner's pension is 37.5% of the rate of additional pension purchased.
- 3.10 The child's additional pension is 18.75% of the member's additional pension if there is one eligible child. If there are two or more eligible children then the total children's pension awarded is 37.5% of the member's additional pension and is shared equally between the eligible children.
- 3.11 If there is no pension paid to an eligible spouse, civil partner or nominated cohabiting partner, then the additional child's pension is 25% of the member's additional pension if there is one eligible child. If there are two or more eligible children then the total additional pension awarded is 50% of the member's pension and is shared equally between the eligible children.

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- 3.12 The rate of the dependant's additional pension is increased before it comes into payment with reference to the PI as for a member's pension. Once in payment, the dependants' additional pension is increased with reference to PI.



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25 February 2009

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Table 1 – Retirements in normal health

All retirements except on grounds of ill health, page 1 (ages 50 to 63)						
Amount of additional annual pension for every £100 of accumulated AVCs						
Age at date member becomes entitled to an immediate pension or, if later, the date of election under Regulation 23(4) <i>in years and complete months</i>		Pension (£) for member if bought with dependants' benefits		Pension (£) for member only		
from	to	male	female	male	female	
50 years and 0 months	50 years and 5 months	4.19	4.14	4.37	4.21	
50 years and 6 months	50 years and 11 months	4.21	4.17	4.41	4.24	
51 years and 0 months	51 years and 5 months	4.24	4.20	4.44	4.27	
51 years and 6 months	51 years and 11 months	4.27	4.22	4.47	4.30	
52 years and 0 months	52 years and 5 months	4.30	4.25	4.51	4.33	
52 years and 6 months	52 years and 11 months	4.33	4.28	4.55	4.36	
53 years and 0 months	53 years and 5 months	4.36	4.31	4.58	4.39	
53 years and 6 months	53 years and 11 months	4.39	4.34	4.62	4.42	
54 years and 0 months	54 years and 5 months	4.43	4.37	4.66	4.46	
54 years and 6 months	54 years and 11 months	4.46	4.40	4.71	4.49	
55 years and 0 months	55 years and 5 months	4.50	4.44	4.75	4.53	
55 years and 6 months	55 years and 11 months	4.53	4.47	4.79	4.56	
56 years and 0 months	56 years and 5 months	4.57	4.51	4.84	4.60	
56 years and 6 months	56 years and 11 months	4.61	4.54	4.89	4.64	
57 years and 0 months	57 years and 5 months	4.65	4.58	4.94	4.68	
57 years and 6 months	57 years and 11 months	4.69	4.62	4.99	4.72	
58 years and 0 months	58 years and 5 months	4.73	4.66	5.04	4.77	
58 years and 6 months	58 years and 11 months	4.77	4.70	5.09	4.81	
59 years and 0 months	59 years and 5 months	4.82	4.74	5.15	4.86	
59 years and 6 months	59 years and 11 months	4.86	4.79	5.21	4.90	
60 years and 0 months	60 years and 5 months	4.91	4.83	5.27	4.95	
60 years and 6 months	60 years and 11 months	4.96	4.88	5.33	5.00	
61 years and 0 months	61 years and 5 months	5.01	4.93	5.39	5.05	
61 years and 6 months	61 years and 11 months	5.06	4.97	5.46	5.11	
62 years and 0 months	62 years and 5 months	5.11	5.02	5.53	5.16	
62 years and 6 months	62 years and 11 months	5.17	5.08	5.60	5.22	
63 years and 0 months	63 years and 5 months	5.22	5.13	5.67	5.28	
63 years and 6 months	63 years and 11 months	5.28	5.19	5.74	5.34	

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All retirements except on grounds of ill health, page 2 (ages 64 to 74)						
Amount of additional annual pension for every £100 of accumulated AVCs						
Age at date member becomes entitled to an immediate pension or, if later, the date of election under Regulation 23(4) <i>in years and complete months</i>		Pension (£) for member if bought with dependants' benefits		Pension (£) for member only		
from	to	male	female	male	female	
64 years and 0 months	64 years and 5 months	5.34	5.24	5.82	5.40	
64 years and 6 months	64 years and 11 months	5.40	5.30	5.90	5.46	
65 years and 0 months	65 years and 5 months	5.47	5.37	5.99	5.53	
65 years and 6 months	65 years and 11 months	5.54	5.44	6.08	5.61	
66 years and 0 months	66 years and 5 months	5.62	5.51	6.19	5.69	
66 years and 6 months	66 years and 11 months	5.70	5.58	6.29	5.77	
67 years and 0 months	67 years and 5 months	5.79	5.66	6.40	5.86	
67 years and 6 months	67 years and 11 months	5.88	5.75	6.52	5.94	
68 years and 0 months	68 years and 5 months	5.97	5.83	6.64	6.04	
68 years and 6 months	68 years and 11 months	6.07	5.92	6.77	6.13	
69 years and 0 months	69 years and 5 months	6.17	6.01	6.90	6.23	
69 years and 6 months	69 years and 11 months	6.27	6.11	7.04	6.34	
70 years and 0 months	70 years and 5 months	6.38	6.21	7.18	6.44	
70 years and 6 months	70 years and 11 months	6.50	6.31	7.33	6.56	
71 years and 0 months	71 years and 5 months	6.61	6.42	7.49	6.67	
71 years and 6 months	71 years and 11 months	6.74	6.53	7.65	6.79	
72 years and 0 months	72 years and 5 months	6.86	6.64	7.82	6.92	
72 years and 6 months	72 years and 11 months	6.99	6.76	8.00	7.04	
73 years and 0 months	73 years and 5 months	7.13	6.89	8.18	7.18	
73 years and 6 months	73 years and 11 months	7.27	7.01	8.37	7.32	
74 years and 0 months	74 years and 5 months	7.41	7.14	8.57	7.46	
74 years and 6 months	74 years and 11 months	7.56	7.28	8.77	7.60	

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4 Table 2 – Retirements on ill health

Retirements on grounds of ill health, page 1 (ages 30 to 43)						
Amount of additional annual pension for every £100 of accumulated AVCs						
Age at date member becomes entitled to an immediate pension or, if later, the date of election under Regulation 23(4) <i>in years and complete months</i>		Pension (£) for member if bought with dependants' benefits		Pension (£) for member only		
from	to	male	female	male	female	
30 years and 0 months	30 years and 5 months	3.63	3.62	3.75	3.68	
30 years and 6 months	30 years and 11 months	3.64	3.63	3.77	3.69	
31 years and 0 months	31 years and 5 months	3.66	3.65	3.78	3.70	
31 years and 6 months	31 years and 11 months	3.67	3.66	3.80	3.72	
32 years and 0 months	32 years and 5 months	3.68	3.67	3.81	3.73	
32 years and 6 months	32 years and 11 months	3.70	3.68	3.83	3.75	
33 years and 0 months	33 years and 5 months	3.71	3.70	3.85	3.76	
33 years and 6 months	33 years and 11 months	3.72	3.71	3.87	3.78	
34 years and 0 months	34 years and 5 months	3.74	3.73	3.88	3.79	
34 years and 6 months	34 years and 11 months	3.75	3.74	3.90	3.81	
35 years and 0 months	35 years and 5 months	3.77	3.76	3.92	3.82	
35 years and 6 months	35 years and 11 months	3.78	3.77	3.94	3.84	
36 years and 0 months	36 years and 5 months	3.80	3.79	3.96	3.86	
36 years and 6 months	36 years and 11 months	3.82	3.80	3.98	3.88	
37 years and 0 months	37 years and 5 months	3.83	3.82	4.00	3.90	
37 years and 6 months	37 years and 11 months	3.85	3.84	4.02	3.91	
38 years and 0 months	38 years and 5 months	3.87	3.85	4.05	3.93	
38 years and 6 months	38 years and 11 months	3.89	3.87	4.07	3.95	
39 years and 0 months	39 years and 5 months	3.90	3.89	4.09	3.97	
39 years and 6 months	39 years and 11 months	3.92	3.91	4.12	3.99	
40 years and 0 months	40 years and 5 months	3.94	3.93	4.14	4.02	
40 years and 6 months	40 years and 11 months	3.96	3.95	4.17	4.04	
41 years and 0 months	41 years and 5 months	3.98	3.97	4.20	4.06	
41 years and 6 months	41 years and 11 months	4.01	3.99	4.22	4.08	
42 years and 0 months	42 years and 5 months	4.03	4.01	4.25	4.11	
42 years and 6 months	42 years and 11 months	4.05	4.03	4.28	4.13	
43 years and 0 months	43 years and 5 months	4.07	4.05	4.31	4.16	
43 years and 6 months	43 years and 11 months	4.10	4.08	4.34	4.18	

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Retirements on grounds of ill health, page 2 (ages 44 to 58)						
Amount of additional annual pension for every £100 of accumulated AVCs						
Age at date member becomes entitled to an immediate pension or, if later, the date of election under Regulation 23(4) <i>in years and complete months</i>		Pension (£) for member if bought with dependants' benefits		Pension (£) for member only		
from	to	male	female	male	female	
44 years and 0 months	44 years and 5 months	4.12	4.10	4.37	4.21	
44 years and 6 months	44 years and 11 months	4.15	4.12	4.41	4.24	
45 years and 0 months	45 years and 5 months	4.17	4.15	4.44	4.27	
45 years and 6 months	45 years and 11 months	4.20	4.18	4.47	4.30	
46 years and 0 months	46 years and 5 months	4.23	4.20	4.51	4.33	
46 years and 6 months	46 years and 11 months	4.25	4.23	4.55	4.36	
47 years and 0 months	47 years and 5 months	4.28	4.26	4.58	4.39	
47 years and 6 months	47 years and 11 months	4.31	4.29	4.62	4.42	
48 years and 0 months	48 years and 5 months	4.34	4.32	4.66	4.46	
48 years and 6 months	48 years and 11 months	4.37	4.35	4.71	4.49	
49 years and 0 months	49 years and 5 months	4.41	4.38	4.75	4.53	
49 years and 6 months	49 years and 11 months	4.44	4.41	4.79	4.56	
50 years and 0 months	50 years and 5 months	4.47	4.44	4.84	4.60	
50 years and 6 months	50 years and 11 months	4.51	4.48	4.89	4.64	
51 years and 0 months	51 years and 5 months	4.54	4.51	4.94	4.68	
51 years and 6 months	51 years and 11 months	4.58	4.55	4.99	4.72	
52 years and 0 months	52 years and 5 months	4.62	4.59	5.04	4.77	
52 years and 6 months	52 years and 11 months	4.66	4.63	5.09	4.81	
53 years and 0 months	53 years and 5 months	4.70	4.67	5.15	4.86	
53 years and 6 months	53 years and 11 months	4.74	4.71	5.21	4.90	
54 years and 0 months	54 years and 5 months	4.78	4.75	5.27	4.95	
54 years and 6 months	54 years and 11 months	4.83	4.79	5.33	5.00	
55 years and 0 months	55 years and 5 months	4.87	4.84	5.39	5.05	
55 years and 6 months	55 years and 11 months	4.92	4.88	5.46	5.11	
56 years and 0 months	56 years and 5 months	4.97	4.93	5.53	5.16	
56 years and 6 months	56 years and 11 months	5.02	4.98	5.60	5.22	
57 years and 0 months	57 years and 5 months	5.07	5.03	5.67	5.28	
57 years and 6 months	57 years and 11 months	5.12	5.08	5.74	5.34	
58 years and 0 months	58 years and 5 months	5.17	5.14	5.82	5.40	
58 years and 6 months	58 years and 11 months	5.22	5.19	5.90	5.46	

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Retirements on grounds of ill health, page 3 (ages 59 to 74)						
Amount of additional annual pension for every £100 of accumulated AVCs						
Age at date member becomes entitled to an immediate pension or, if later, the date of election under Regulation 23(4) <i>in years and complete months</i>		Pension (£) for member if bought with dependants' benefits		Pension (£) for member only		
from	to	male	female	male	female	
59 years and 0 months	59 years and 5 months	5.28	5.25	5.98	5.53	
<i>59 years and 6 months</i>	<i>59 years and 11 months</i>	5.34	5.30	6.06	5.59	
60 years and 0 months	60 years and 5 months	5.39	5.36	6.15	5.66	
<i>60 years and 6 months</i>	<i>60 years and 11 months</i>	5.45	5.42	6.24	5.73	
61 years and 0 months	61 years and 5 months	5.51	5.49	6.33	5.81	
<i>61 years and 6 months</i>	<i>61 years and 11 months</i>	5.58	5.55	6.42	5.88	
62 years and 0 months	62 years and 5 months	5.64	5.62	6.51	5.96	
<i>62 years and 6 months</i>	<i>62 years and 11 months</i>	5.70	5.68	6.61	6.04	
63 years and 0 months	63 years and 5 months	5.77	5.75	6.71	6.12	
<i>63 years and 6 months</i>	<i>63 years and 11 months</i>	5.84	5.82	6.81	6.20	
64 years and 0 months	64 years and 5 months	5.90	5.90	6.91	6.29	
<i>64 years and 6 months</i>	<i>64 years and 11 months</i>	5.97	5.97	7.02	6.37	
65 years and 0 months	65 years and 5 months	6.06	6.06	7.15	6.47	
<i>65 years and 6 months</i>	<i>65 years and 11 months</i>	6.17	6.16	7.31	6.59	
66 years and 0 months	66 years and 5 months	6.28	6.27	7.48	6.72	
<i>66 years and 6 months</i>	<i>66 years and 11 months</i>	6.39	6.38	7.65	6.85	
67 years and 0 months	67 years and 5 months	6.52	6.50	7.84	6.99	
<i>67 years and 6 months</i>	<i>67 years and 11 months</i>	6.64	6.63	8.03	7.13	
68 years and 0 months	68 years and 5 months	6.78	6.75	8.24	7.28	
<i>68 years and 6 months</i>	<i>68 years and 11 months</i>	6.92	6.89	8.45	7.43	
69 years and 0 months	69 years and 5 months	7.06	7.03	8.68	7.60	
<i>69 years and 6 months</i>	<i>69 years and 11 months</i>	7.21	7.17	8.92	7.77	
70 years and 0 months	70 years and 5 months	7.37	7.32	9.17	7.94	
<i>70 years and 6 months</i>	<i>70 years and 11 months</i>	7.54	7.48	9.43	8.13	
71 years and 0 months	71 years and 5 months	7.71	7.65	9.70	8.32	
<i>71 years and 6 months</i>	<i>71 years and 11 months</i>	7.88	7.82	9.98	8.51	
72 years and 0 months	72 years and 5 months	8.06	7.99	10.28	8.70	
<i>72 years and 6 months</i>	<i>72 years and 11 months</i>	8.25	8.17	10.58	8.93	
73 years and 0 months	73 years and 5 months	8.44	8.36	10.90	9.15	
<i>73 years and 6 months</i>	<i>73 years and 11 months</i>	8.64	8.55	11.22	9.37	
74 years and 0 months	74 years and 5 months	8.84	8.75	11.55	9.60	
<i>74 years and 6 months</i>	<i>74 years and 11 months</i>	9.04	8.95	11.88	9.83	