



Government Actuary's Department

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The Local Government Pension Scheme

Purchase of added years - Regulation 55 **Applications on or after 1 April 2005**

1. Under Regulation 55 of the Local Government Pension Scheme Regulations 1997 (“the Principal Regulations”) (SI No. 1612 of 1997), an active member may elect to make additional contributions to the Scheme to increase his total membership by an additional period. This additional period is generally referred to as “added years”, though it does not have to be a whole number. Regulation 55(6) provides that the amounts of the additional contributions must be such percentage of the member’s pay for the time being as is shown in guidance issued by the Government Actuary. The purpose of this note prepared by the Government Actuary's Department for the Office of the Deputy Prime Minister (ODPM), and issued to them for onward transmission to administering authorities and employing authorities, is to provide the guidance required by Regulation 55(6).
2. This GAD guidance note reflects the changes made to the LGPS as a result of SI 3372 (2004), coming into effect from 1 April 2005, and applies in respect of elections to purchase added years made on or after that date. Elections before that date continue to be governed by the earlier GAD guidance issued on 11 June 1998. One of the effects of SI 3372 (2004) was to amend Regulation 55(10) of the Principal LGPS Regulations, so that all elections to purchase added years made on or after 1 April 2005 will thenceforth allow for the additional contributions to be paid up to the member’s NRD, which is defined in Regulation 25(3) of the Principal Regulations as the sixty-fifth birthday.
3. ODPM has confirmed that the policy intention underlying SI 3372 (2004) is that added years purchased under Regulation 55 elections made after 31 March 2005 should not count towards the definition of total membership insofar as this determines the “Rule of 85” retirement age under the provisions of Regulation 31 of the Principal Regulations as it stood before it was amended by SI 3372 (2004).



4. Four sets of tables, as summarised below, are attached to this Guidance Note, in order to determine the additional contributions, expressed as a percentage of the member's pay, for an increase in total membership of one year.

Table A - Males under age 45 on their first day of membership of the Scheme.

Table B - As for Table A, but for Females

Table C - Males aged at least 45 on their first day of membership of the Scheme, who have a higher rate of *personal* pension than younger entrants but no separate lump sum, but otherwise as for Table A.

Table D - As for Table C, but for Females.

In order that the whole year may be counted as part of total membership, other than on death in service or on retirement on grounds of permanent incapacity, the member must continue paying additional contributions until his NRD.

5. Members enjoying transitional protection under the terms of SI 3372 (2004), and who intend to retire before their NRD at an age when they would be entitled to immediate retirement benefits without reduction (in respect of protected service) under Regulation 31(4) as it stood prior to 1 April 2005, need to be aware that the additional period for which they have elected to make additional contributions would be reduced in accordance with Regulations 55(11) and 83(8), unless regulations 83(3) or (4) apply, to reflect the contributions not to be paid for the remaining period to the NRD, and to allow for early payment of the added years benefits. In deciding how many added years to purchase, such members may well wish to take into account that the number of years actually purchased will fall short of their "headline" target if they retire before attaining age 65.



Peter Noonan
Government Actuary's Department
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Table A
Added years - Males - (1/80th) Accrual

Additional contributions, of the percentage of pay, to be made by an active member who has elected to make additional contributions to the Scheme to increase his total membership

Members to whom Regulation 54(1) does not apply

Age on next birthday after election	Percentage for an increase in total membership of 1 year
26	0.40
27	0.42
28	0.43
29	0.45
30	0.47
31	0.49
32	0.51
33	0.53
34	0.55
35	0.57
36	0.60
37	0.63
38	0.66
39	0.69
40	0.72
41	0.76
42	0.80
43	0.85
44	0.90
45	0.95
46	1.01
47	1.08
48	1.15
49	1.23
50	1.32
51	1.43
52	1.55
53	1.69
54	1.85
55	2.04
56	2.27
57	2.56
58	2.93
59	3.41
60	4.09
61	5.10
62	6.78
63	10.14
64	20.21

Table B
Added Years - Females - (1/80th Accrual)

Additional contributions, of the percentage of pay, to be made by an active member who has elected to make additional contributions to the Scheme to increase her total membership

Members to whom Regulation 54(1) does not apply

Age on next birthday after election	Percentage for an increase in total membership of 1 year
26	0.43
27	0.44
28	0.46
29	0.48
30	0.49
31	0.51
32	0.54
33	0.56
34	0.58
35	0.61
36	0.63
37	0.66
38	0.69
39	0.73
40	0.76
41	0.80
42	0.85
43	0.89
44	0.95
45	1.00
46	1.06
47	1.13
48	1.21
49	1.30
50	1.40
51	1.50
52	1.63
53	1.77
54	1.94
55	2.14
56	2.38
57	2.68
58	3.05
59	3.55
60	4.24
61	5.27
62	6.98
63	10.39
64	20.62

Table C
Added Years - Males - (1/60th) Accrual

Additional contributions, of the percentage of pay, to be made by an active member who has elected to make additional contributions to the Scheme to increase his total membership

Members to whom Regulation 54(1) applies

Age on next birthday after election	Percentage for an increase in total membership of 1 year
46	1.07
47	1.14
48	1.22
49	1.30
50	1.40
51	1.51
52	1.63
53	1.78
54	1.95
55	2.15
56	2.40
57	2.70
58	3.09
59	3.60
60	4.31
61	5.38
62	7.16
63	10.72
64	21.39

Table D
Added Years - Females - (1/60th) Accrual

Additional contributions, of the percentage of pay, to be made by an active member who has elected to make additional contributions to the Scheme to increase her total membership

Members to whom Regulation 54(1) applies

Age on next birthday after election	Percentage for an increase in total membership of 1 year
46	1.15
47	1.23
48	1.31
49	1.41
50	1.51
51	1.63
52	1.76
53	1.92
54	2.10
55	2.31
56	2.57
57	2.89
58	3.30
59	3.84
60	4.59
61	5.71
62	7.56
63	11.27
64	22.39