

Local Government Pension Scheme

Protected Regulation 66(8)

Adjustment of Transfer Credits granted from accumulated AVCs

Date: 6 June 2007

Author: Government Actuary's Department



Local Government Pension Scheme – Protected Regulation 66(8)
Adjustment of Transfer Credits granted from Accumulated AVCs

1 Purpose

- 1.1 Regulation 66(8) of the Local Government Pension Scheme Regulations 1997 provides for members who made an election under regulation 60(1) prior to 13 November 2001 to have the right to make an election under regulation 66 as it was prior to 13 November 2001.
- 1.2 Protected Regulations 66(1)(c) and 66(5) provide for a member who becomes entitled to an ill-health pension to elect to have the accumulated value of their additional voluntary contributions ('AVCs') used to acquire a transfer credit in the LGPS. Similarly Protected Regulations 66(1)(d) and 66(5) permit an active member who has attained age 50, and who has stopped paying AVCs, to use the accumulated value of these AVCs to acquire a transfer credit in the LGPS.
- 1.3 Protected Regulation 66(6) provides for the transfer credit to be calculated on the same basis as if a transfer value were being accepted for the member under Regulation 121, except that, under Protected Regulation 66(8), transfer credits acquired under Protected Regulation 66(5) must not entitle the member to benefits in the form of a lump sum payable at retirement. In view of this, Protected Regulation 66(8) also provides that the period of membership with which the member would be credited for other purposes should be adjusted appropriately in accordance with such guidance as may be issued by the Government Actuary.
- 1.4 This note provides the guidance required by Protected Regulation 66(8). The note has been prepared at the request of the Department for Communities and Local Government and is issued to them for onward transmission to administering authorities.

2 Consistency and applicability

- 2.1 The adjustment to a transfer credit to compensate for the exclusion of a retirement grant needs to be consistent with the initial calculation of the transfer credit. The adjustments described in this guidance note are consistent with the factors for Non-Club Incoming Transfers, circulated to administering authorities in September 1995 and November 1995. The service credit calculation would have been performed according to the member's NRD under Regulation 25, or earlier date at which the member first satisfies the Rule of 85 (or age 60 at the earliest). The member's age at the earliest date when retirement is allowed – without actuarial reduction or employer's consent – is subsequently referred to in this guidance note as their Critical Retirement Age (CRA). If a member has already passed their CRA determined on this basis, then it is assumed that the member will retire immediately – and the CRA is the member's current age. If a member is over age 65 then the initial transfer credit should be calculated using the factors in section seven and the adjustment for market conditions from the pensioner cash equivalent factor tables used for divorce purposes. Different adjustment factors will be required if the factors for transfer values are revised, or if there are changes in the way in which the factors are applied in relation to a member's CRA.

3 The adjustment

- 3.1 As a first step, the accumulated value of the AVCs received from the AVC provider should be converted into a service credit using the standard approach for Non-Club Incoming Transfers (including the lump sum factor), using the reiterative process to determine the revised CRA if necessary. This period of service credit should then be increased by multiplying by the appropriate factor from the attached tables.
- 3.2 The adjustment factors vary according to the member's age last birthday at the date the accumulated value of the AVCs was received, whether the member was married or single at that date and their CRA. Age, marital status and CRA (where applicable) should be the same as used in the calculation of the transfer credit. Four sets of factors are attached to this note, according to whether the member is male or female, married or single.

4 No further adjustment to CRA

- 4.1 The preliminary calculation (as required under paragraph 3.1) should use the standard reiterative process to determine any revisions to the CRA (if necessary) and service credit as for Non-Club Incoming Transfers. The increase in the period of service credit following the application of the appropriate factor from the attached tables will not lead to any further adjustment in CRA for the purposes of the LGPS Regulations, as the increased period reflects the change in nature of the benefit to a pension credit (with no attaching lump sum) rather than an increase in total membership under Regulation 9 of the LGPS.

5 Benefits

- 5.1 After adjustment, the transfer credit should be used in the calculation of the member's pension, spouse's long-term pension and children's long-term pension. No period of service credited under Protected Regulation 66(5) should be included in the calculation of the retirement grant.

6 Revised factors

- 6.1 The factors provided with this note will need to be revised as and when the factors and/or instructions for calculating the service to be credited on receipt of a transfer value from a Non-Club scheme are altered.

Local Government Pension Scheme – Protected Regulation 66(8)
Adjustment of Transfer Credits granted from Accumulated AVCs

7 Calculation of Service Credit for members who are aged 65 or greater

7.1 For members who are aged 65 or greater the appropriate transfer value factors needed to calculate the service credit, to which the adjustment factor should be applied, are given below. Different factors should be applied in respect of a contingent spouse's pension depending on the marital status of the member. The adjustment for market conditions should be applied using the relevant factor from the factors for pensioner cash equivalents on divorce.

Male

Age last birthday at Relevant Date	Gross Pension of £1 per year	Lump Sum of £1	Widow's Pension of £1 per year	
			Married or a Civil Partner	Unmarried
65	9.90	1.00	4.18	0.94
66	9.53	1.00	4.20	0.88
67	9.17	1.00	4.21	0.82
68	8.81	1.00	4.20	0.76
69	8.45	1.00	4.18	0.69
70	8.10	1.00	4.15	0.62
71	7.75	1.00	4.10	0.56
72	7.42	1.00	4.04	0.49
73	7.08	1.00	3.97	0.47
74	6.76	1.00	3.88	0.46
75	6.44	1.00	3.78	0.45

Female

Age last birthday at Relevant Date	Gross Pension of £1 per year	Lump Sum of £1	Widower's Pension of £1 per year	
			Married or a Civil Partner	Unmarried
65	11.75	1.00	1.06	0.09
66	11.37	1.00	1.03	0.09
67	10.99	1.00	1.00	0.09
68	10.61	1.00	0.97	0.09
69	10.22	1.00	0.94	0.09
70	9.84	1.00	0.90	0.09
71	9.45	1.00	0.86	0.09
72	9.06	1.00	0.82	0.09
73	8.68	1.00	0.77	0.09
74	8.31	1.00	0.73	0.09
75	7.94	1.00	0.68	0.09

Local Government Pension Scheme – Protected Regulation 66(8)
Adjustment of Transfer Credits granted from Accumulated AVCs

Married Men

Factor by which the transfer credit should be multiplied to compensate for there being no retirement grant

Age last birthday at date accumulated AVCs are received	CRITICAL RETIREMENT AGE						
	60	Over 60 and under 61	61 and over to 62	62 and over to 63	63 and over to 64	64 and over to 65	65 or over
<40	1.204	1.209	1.217	1.226	1.236	1.245	1.249
40	1.204	1.209	1.217	1.226	1.237	1.246	1.250
41	1.204	1.209	1.217	1.226	1.237	1.246	1.250
42	1.204	1.209	1.217	1.226	1.237	1.246	1.250
43	1.204	1.209	1.217	1.226	1.237	1.246	1.250
44	1.204	1.209	1.217	1.226	1.237	1.246	1.250
45	1.204	1.209	1.217	1.227	1.238	1.247	1.251
46	1.204	1.209	1.217	1.227	1.238	1.247	1.251
47	1.204	1.209	1.217	1.227	1.238	1.247	1.251
48	1.204	1.209	1.217	1.227	1.238	1.247	1.251
49	1.204	1.209	1.217	1.227	1.238	1.247	1.251
50	1.204	1.209	1.218	1.227	1.238	1.247	1.251
51	1.204	1.209	1.218	1.227	1.237	1.247	1.251
52	1.204	1.209	1.218	1.227	1.237	1.247	1.251
53	1.205	1.210	1.219	1.228	1.238	1.248	1.252
54	1.205	1.210	1.219	1.228	1.238	1.248	1.252
55	1.205	1.210	1.219	1.228	1.238	1.248	1.253
56	1.206	1.211	1.220	1.229	1.239	1.249	1.254
57	1.206	1.211	1.220	1.229	1.240	1.250	1.255
58	1.206	1.211	1.221	1.230	1.242	1.251	1.256
59	1.207	1.212	1.222	1.232	1.243	1.253	1.258
60	1.213	1.213	1.224	1.232	1.244	1.255	1.259
61			1.219	1.230	1.238	1.250	1.256
62				1.225	1.236	1.245	1.250
63					1.232	1.243	1.247
64						1.238	1.244
65							1.250
66							1.258
67							1.266
68							1.275
69							1.285
70							1.295
71							1.306
72							1.318
73							1.331
74							1.345
75							1.360

Local Government Pension Scheme – Protected Regulation 66(8)
Adjustment of Transfer Credits granted from Accumulated AVCs

Married Women

Factor by which the transfer credit should be multiplied to compensate for there being no retirement grant

Age last birthday at date accumulated AVCs are received	CRITICAL RETIREMENT AGE						
	60	Over 60 and under 61	61 and over to 62	62 and over to 63	63 and over to 64	64 and over to 65	65 or over
<40	1.199	1.204	1.212	1.219	1.227	1.234	1.237
40	1.199	1.204	1.212	1.219	1.227	1.234	1.237
41	1.199	1.204	1.212	1.219	1.227	1.234	1.237
42	1.199	1.204	1.212	1.219	1.227	1.234	1.237
43	1.199	1.204	1.212	1.219	1.227	1.234	1.237
44	1.199	1.204	1.212	1.219	1.227	1.234	1.237
45	1.199	1.204	1.212	1.219	1.227	1.234	1.237
46	1.199	1.204	1.212	1.219	1.227	1.234	1.237
47	1.199	1.204	1.212	1.219	1.227	1.234	1.237
48	1.199	1.204	1.212	1.219	1.227	1.234	1.237
49	1.199	1.204	1.212	1.219	1.227	1.234	1.237
50	1.199	1.204	1.212	1.219	1.227	1.234	1.238
51	1.199	1.204	1.212	1.219	1.227	1.234	1.238
52	1.199	1.204	1.212	1.219	1.227	1.234	1.238
53	1.199	1.204	1.212	1.220	1.228	1.235	1.239
54	1.199	1.204	1.213	1.220	1.228	1.235	1.239
55	1.199	1.204	1.213	1.220	1.229	1.236	1.240
56	1.200	1.205	1.214	1.221	1.230	1.237	1.241
57	1.200	1.206	1.214	1.222	1.230	1.238	1.241
58	1.202	1.207	1.215	1.223	1.231	1.239	1.242
59	1.203	1.208	1.216	1.224	1.232	1.240	1.243
60	1.210	1.210	1.220	1.228	1.236	1.245	1.248
61			1.215	1.226	1.234	1.242	1.247
62				1.221	1.232	1.240	1.244
63					1.227	1.238	1.242
64						1.233	1.239
65							1.244
66							1.252
67							1.261
68							1.270
69							1.281
70							1.292
71							1.304
72							1.317
73							1.331
74							1.346
75							1.362

Local Government Pension Scheme – Protected Regulation 66(8)
Adjustment of Transfer Credits granted from Accumulated AVCs

Single Men

Factor by which the transfer credit should be multiplied to compensate for there being no retirement grant

Age last birthday at date accumulated AVCs are received	CRITICAL RETIREMENT AGE						
	60	Over 60 and under 61	61 and over to 62	62 and over to 63	63 and over to 64	64 and over to 65	65 or over
<40	1.204	1.209	1.217	1.226	1.236	1.245	1.249
40	1.205	1.210	1.218	1.227	1.238	1.247	1.251
41	1.207	1.212	1.220	1.229	1.240	1.249	1.253
42	1.209	1.214	1.223	1.233	1.244	1.254	1.259
43	1.211	1.216	1.226	1.237	1.248	1.258	1.263
44	1.213	1.218	1.228	1.239	1.250	1.260	1.265
45	1.215	1.220	1.231	1.242	1.254	1.265	1.270
46	1.217	1.222	1.233	1.245	1.257	1.268	1.273
47	1.218	1.224	1.235	1.247	1.259	1.270	1.275
48	1.219	1.225	1.236	1.248	1.260	1.271	1.276
49	1.220	1.226	1.237	1.249	1.261	1.273	1.278
50	1.221	1.227	1.238	1.250	1.263	1.275	1.281
51	1.222	1.228	1.239	1.251	1.264	1.276	1.282
52	1.222	1.228	1.239	1.251	1.264	1.277	1.283
53	1.223	1.229	1.241	1.253	1.267	1.280	1.286
54	1.224	1.230	1.242	1.254	1.268	1.281	1.287
55	1.225	1.231	1.243	1.255	1.269	1.282	1.288
56	1.226	1.232	1.244	1.257	1.271	1.284	1.291
57	1.226	1.232	1.244	1.257	1.272	1.285	1.292
58	1.227	1.234	1.246	1.259	1.274	1.287	1.294
59	1.228	1.235	1.247	1.260	1.275	1.289	1.296
60	1.237	1.237	1.252	1.263	1.279	1.294	1.301
61			1.245	1.260	1.272	1.289	1.296
62				1.254	1.269	1.281	1.290
63					1.264	1.280	1.286
64						1.274	1.282
65							1.289
66							1.301
67							1.313
68							1.327
69							1.341
70							1.357
71							1.373
72							1.392
73							1.410
74							1.429
75							1.450

Local Government Pension Scheme – Protected Regulation 66(8)
Adjustment of Transfer Credits granted from Accumulated AVCs

Single Women

Factor by which the transfer credit should be multiplied to compensate for there being no retirement grant

Age last birthday at date accumulated AVCs are received	CRITICAL RETIREMENT AGE						
	60	Over 60 and under 61	61 and over to 62	62 and over to 63	63 and over to 64	64 and over to 65	65 or over
<40	1.199	1.204	1.212	1.219	1.227	1.234	1.237
40	1.199	1.204	1.212	1.219	1.227	1.234	1.237
41	1.199	1.204	1.213	1.220	1.228	1.235	1.238
42	1.200	1.205	1.214	1.221	1.229	1.236	1.239
43	1.201	1.206	1.215	1.222	1.230	1.237	1.240
44	1.201	1.206	1.216	1.223	1.231	1.238	1.241
45	1.202	1.207	1.217	1.224	1.232	1.239	1.242
46	1.202	1.207	1.217	1.224	1.232	1.240	1.243
47	1.203	1.208	1.217	1.224	1.232	1.240	1.244
48	1.203	1.208	1.218	1.225	1.233	1.241	1.245
49	1.204	1.209	1.219	1.226	1.234	1.242	1.246
50	1.204	1.209	1.219	1.226	1.234	1.242	1.246
51	1.205	1.210	1.220	1.227	1.235	1.243	1.247
52	1.205	1.210	1.220	1.227	1.236	1.244	1.248
53	1.206	1.211	1.221	1.228	1.237	1.245	1.249
54	1.206	1.211	1.221	1.228	1.237	1.246	1.250
55	1.206	1.211	1.221	1.229	1.238	1.247	1.251
56	1.207	1.212	1.222	1.230	1.239	1.248	1.252
57	1.208	1.213	1.222	1.231	1.240	1.249	1.253
58	1.209	1.214	1.223	1.232	1.241	1.250	1.254
59	1.210	1.215	1.225	1.233	1.242	1.251	1.255
60	1.217	1.217	1.229	1.237	1.246	1.257	1.261
61			1.223	1.235	1.244	1.253	1.258
62				1.229	1.242	1.250	1.255
63					1.236	1.249	1.253
64						1.243	1.249
65							1.254
66							1.263
67							1.272
68							1.282
69							1.292
70							1.304
71							1.316
72							1.329
73							1.344
74							1.359
75							1.376