

The Local Government Pension Scheme (Scotland)

Regulation 30 – Other Early Leavers: Deferred Retirement Benefits and Elections for Early Payment

Regulation 34 – Requirements as to Time of Payment

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1 Introduction

- 1.1 The Government Actuary is required, under Regulation 30(4) and 34(1B) of the Local Government Pension Scheme (Scotland) Regulations 1998 (“the LGPS Regulations”) to provide guidance on the appropriate amounts by which a member’s retirement pension and grant should be reduced in respect of early payment. Scottish Statutory Instrument 2006/514 (The Local Government Pension Scheme (Scotland) Amendment (No.3) Regulations 2006) amends the LGPS Regulations with effect from 1 December 2006, so a revised guidance note is necessary at this time.
- 1.2 The purpose of this guidance note is to provide the guidance referred to in Regulation 30(4) and 34(1B) to the Scottish Public Pensions Agency (SPPA), for onward transmission to the administering authorities. This note applies for all retirements on or after 1 December 2006. From that date this note replaces the two existing guidance notes issued on 4 March 1999 and 8 March 1999.
- 1.3 This guidance is based upon GAD’s understanding of the relevant regulations and SPPA’s policy intentions.

2 Transitional Provisions and Savings

2.1 SSI 2006/514 included a Schedule (“the Transitional Schedule”) to the LGPS Regulations which impacts on the way in which the reductions under Regulation 30(4) should be applied – depending on the details of the member involved. For the purposes of this guidance note, members have been grouped into a number of categories for ease of reference:

- Group 1: A member who was an active member prior to 1 December 2006, and born on 31 March 1960 or earlier;
- Group 2: A member who was an active member prior to 1 December 2006 and born on or after 1 April 1960;
- Group 3: A member who was not a member prior to 1 December 2006.

2.2 The age of a member in Group 1 or 2 at the earliest of:

- the member’s pre 1 December 2006 Normal Retirement Date (under Regulation 24, prior to being amended by SI 2006/468);
- the earliest date at which the member would have satisfied the 85 year rule had the member remained in service (calculated in accordance with paragraph 3 of the Transitional Schedule) and
- age 65

is referred to as that member’s Critical Retirement Age (CRA).

The CRA of a member in Group 3 is 65.

2.3 A member’s total membership should be divided into the following periods:

- Part A: Membership up to 31 March 2008
- Part B: Membership from 1 April 2008 to 31 March 2020
- Part C: Membership from 1 April 2020

2.4 Membership credited under Regulation 122 in respect of Group 1 or 2 members should be treated as Part A Membership if it was credited before 31 March 2008. Other Membership under Regulation 122 should be treated as Part C Membership, subject to confirmation from SPPA.

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- 2.5 Membership credited under Regulation 65(8) should be treated as Part A Membership.
- 2.6 Membership credited under Regulation 54 should be treated as Part A Membership if the contract commenced before 1 December 2006. Other Membership under Regulation 54 should be treated as Part C Membership.
- 2.7 Membership credited under Regulation 51 in respect of Group 1 or 2 members should be treated as Part A Membership if it was credited before 1st April 2008. Other Membership under Regulation 51 should be treated as Part C Membership.
- 2.8 If a member has a CRA of 65, then it is correct, and usually administratively simpler, to treat that member's entire period of membership as one block, and to refer to the table in Appendix I only once. This applies to all Group 3 members. Part B and C membership can be aggregated for Group 2 members. Similarly, Part A and B membership can be aggregated for Group 1 members, although the CRA for this membership will not necessarily be 65.
- 2.9 In general terms, this note aims to provide guidance on the appropriate determination of P_{65} , LS_{65} , P_{CRA} and LS_{CRA} , where:
- P_{65} is the appropriate reduction to that part of the member's pension which is calculated by reference to a retirement age of 65;
 - LS_{65} is the appropriate reduction to that part of the member's lump sum which is calculated by reference to a retirement age of 65;
 - correspondingly for P_{CRA} and LS_{CRA} – to that part of the member's pension and lump sum respectively which is calculated by reference to the critical retirement age (where this falls below age 65); and
- 2.10 Regulation 92(2)(a) of the LGPS provides that the first period for which any retirement pension under Regulation 30(1) is payable begins on the day the election is made. Regulation 30(1) implies that elections for early retirement pensions are only made after the member has left employment. Regulation 30(2) refers to the 'employing authority or former employing authority', which might indicate that elections under Regulation 30(1) can be made by an active member. For the purposes of this note, practitioners should treat an active member's election under Regulation 30(1) as being made on the first day after the member's employment ends (the "effective date" of an election under Regulation 30(1)). This convention will also ensure consistency with Regulation 92(1). There is no equivalent regulation for elections under Regulation 34(1A) but a similar principle should be applied.
- 2.11 SPPA has confirmed that the pension paid to a dependant following the death of a member after election for early payment should be calculated as if no reduction for early payment had been applied to the member's pension.

3 Applicability to Early Leavers

- 3.1 This guidance note only deals with those cases where a reduction in the level of accrued benefits is appropriate under Regulation 30 or Regulation 34, and is not relevant for members who are entitled to unreduced benefits because of retirement on ill-health grounds, or for reasons of redundancy. In accordance with Regulation 30(2), if a member is aged less than 60 at the effective date of an election under Regulation 30(1) then the member is not entitled to immediate payment of retirement benefits, unless the employing authority or former employing authority gives consent to the early payment. If such consent is granted to Group 1 or 2 members, then administering authorities are reminded that the period for which the reductions are to be applied (to that portion of the pension and lump sum benefits calculated with reference to a CRA) under Regulation 30(4) is the period from the effective date of the election under Regulation 30(1) to the member's CRA. This may be shorter than the period from the date of the election for early retirement to the member's 60th birthday. This may be an issue to be considered before a decision is made to grant consent to a request under Regulation 30(1) from such a member, or in determining if additional payments are required from the employing authority under Regulation 79(5).

4 Flexible Retirement

- 4.1 Under Regulation 34(1A) a member is entitled to make an election for early payment of pension while remaining in employment if the scheme employer consents. If such consent is granted to Group 1 or 2 members, then administering authorities are reminded that the period for which the reductions are to be applied (to that portion of the pension and lump sum benefits calculated with reference to a CRA) under Regulation 34(3) is the period from the effective date of the election under Regulation 34(1A) to the member's CRA. This may be shorter than the period from the date of the election for early retirement to the member's 60th birthday. This may be an issue to be considered before a decision is made to grant consent to a request under Regulation 34(1A), or in determining if additional payments are required from the employing authority under Regulation 79(5). Employers may waive all or part of the reduction applied to the pension on flexible retirement subject to payment of the cost of the waiver as calculated by the Fund's actuary.

5 Applying the figures from the table in Appendix I

5.1 The table in Appendix I has separate columns for the reductions to be applied to the pensions to male and female members – and a third column for the reductions to be applied to retirement lump sums. The period(s) in years, to be used to look up P65 and LS65 and PCRA and LSCRA from the table in Appendix I, are obtained by subtracting the member's age (at the effective date of the election under Regulation 30(1)) from 65 or CRA as appropriate. The factors should be interpolated for part years, when the number of "years early" is not an exact integer.

5.2 The appropriate reduction factors to be applied to each part of service are based upon either the critical retirement age (where this is before age 65) or age 65 as follows:

	Group 1	Group 2	Group 3
Part A	CRA	CRA	65
Part B	CRA	65	65
Part C	65	65	65

5.3 If there is a gap between a member leaving service and electing for early payment, the appropriate pension increase factor should be applied to the deferred pension as usual.

6 Members under age 55

- 6.1 It should be noted that the ability to retire before age 55 is restricted by HMRC legislation.
- 6.2 Members form a special class where they make an election for early retirement benefits under Regulation 30(1) if:
- they are not aged 55 or more at the effective date of the election; **and**
 - there is a gap between their last day of service and the effective date of the member's election.

Particular considerations then apply, to allow for the fact that increases to an early retirement pension in payment are deferred until age 55. The benefits of such members as relating to CRA and age 65 should be apportioned separately to take account of the Transitional Schedule as per the table in paragraph 5.2 above.

- 6.3 The reduction in pension increases already accrued for which payment has to be deferred to age 55 depends mainly on the period (if any) between the 55th birthday and the date after the 55th birthday on which the member would be entitled to unreduced benefits (assuming the employer consents). The reduction in basic benefits, on the other hand, depends mainly on the longer period between the date of election and the date on which the member would be entitled to unreduced benefits. In order to be able to apply the pensions increase multiplier to the reduced pension in payment and the lump sum already paid once the member reaches age 55, it is appropriate to derive a single percentage reduction for early payment of benefit which is a combination of the reduction for early payment at the date of election and that for early payment at age 55.
- 6.4 In order to maintain consistency with the early retirement factors applicable where there is no gap between date of leaving and date of election, it is appropriate to adopt the percentage reductions used in those circumstances (which are shown in Appendix I) as the basis for producing "combined" reduction factors for members below age 55. The relevant reduction factors are as follows:

BPR	is the Pension Reduction according to the total number of years early;
PIR	is the Pension Reduction according to the number of years between the 55th birthday and the date on which the member would be entitled to unreduced benefits (or 0, if the 55th birthday is the later of the two dates);
BLSR	is the Lump Sum Reduction according to the total number of years early;

The formulae for deriving the combined reductions are

- (a) Combined Pension Reduction (%) is 100 times the complement of:

$$\frac{(1 - \text{BPR}/100) + (P - 1) \times (1 - \text{PIR}/100) \times A}{1 + (P - 1) \times A}$$

- (b) Combined Lump Sum Reduction (%) is 100 times the complement of:

$$\frac{P \times (1 - \text{BLSR}/100)}{1 + (P - 1) \times B}$$

where

P is the pensions increase multiplier, and
A and B are the factors shown in Appendix II

7 Transfer Credits

- 7.1 In cases where a member's service includes a transfer credit acquired under Protected Regulations 65(1)(d) and 65(5), the retirement pension in respect of this transfer credit may require further reduction in accordance with Regulation 65(8) – but usually only where CRA is less than 60. Practitioners should consult the Government Actuary's guidance under Regulation 65(8).

8 Regulation 35 of the LGPS (Scotland)

- 8.1 Because the LGPS (Scotland) is contracted out of the State Second Pension, it must satisfy the various requirements of the preservation and revaluation legislation applying to occupational pension schemes. One of these requirements is that the pension payable to a member from GMP age (GMPA – 65 for men and 60 for women, even after 2010) should not be less than the “Guaranteed Minimum Pension” (GMP) in relation to service before 6th April 1997. Where a member retires before GMPA (with, or even without, a reduced pension entitlement), it is possible that the reduction in pension might result in the pension payable from GMPA falling short of the minimum legislative requirements. In considering whether to give consent to a request for an immediate payment of reduced benefits from a member under age 60, the employing authority may wish to take into account whether there is a risk that the pension will have to be increased at GMPA. For male members retiring after 60, but before 65, the administering authority must ensure that the pension from 65 meets the requirements of the contracting-out legislation, and Regulation 35(1). These requirements apply equally to retirements under regulation 34(1A) as to those under Regulation 30(1).
- 8.2 The administering authority should conduct a final check on the level of early retirement benefits to ensure that they are adequate to meet the requirements of Regulations 35(5) and 35(6) – and uplift the pensions if necessary.

Example (1A) – Group 1 member retiring with pre-2020 service only

2. The first example is a female member who elects while in active service:

▪ Date of Birth:	1 October 1957
▪ Date of commencement of service:	1 April 1996
▪ Last day of employment	1 October 2015
▪ Effective date of election under Regulation 30(1)	2 October 2015
▪ Age at election	58

3. The member falls into Group 1, since she was a member before 1 December 2006 and she was born before 31 March 1960, as per the Transitional Schedule. The next step is to calculate the *relevant date* for this member (under paragraph 2 of the Transitional Schedule). On 31 March 2020 she will be aged 62 years – so her relevant date is 2 October 2015 (the day after she leaves local government employment), and all her service is subject to her CRA.

4. We proceed to calculate CRA. At her early retirement date, she is aged 58 years exactly, and has 19y 184d of membership. She does not satisfy the rule of 85 at that date, but, had she remained in service, she would first satisfy the rule of 85 on her 62nd birthday – so this is her CRA. The term for which the early retirement reductions should be applied is then 4.000 years (62 years less 58 years). (If the member had commenced service earlier, so that her CRA was below her age at election, no reductions would be applied if her employing authority consented to her election for early retirement under Regulation 30(2) – but the administering authority might consider that additional payments would be required from the employing authority under Regulation 79(5).) If her employing authority did not consent to early retirement, the election for early retirement benefits would not be effective – the administering authority could not, for example, pay an early retirement pension with reductions applied for 2 years from age 60 to age 58.

5. The appropriate factors can be read from the table in Appendix I:

- P_{CRA} 19%
- LS_{CRA} 9%

Assuming that the member has Final Pay of £18,000, her early retirement pension and lump sum are calculated as follows:

$$ERPension....\frac{(19 + 184/365)}{80} \times \text{£}18,000 \times (1 - 0.19) = \text{£}3,554.62 \text{ p.a.}$$

$$ERCash.....\frac{3 \times (19 + 184/365)}{80} \times \text{£}18,000 \times (1 - 0.09) = \text{£}11,980.40$$

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6. If the above election was made under Regulation 34(1A) ("flexible retirement") instead of 30(1) then the calculation of reduced benefits would be the same. 1 October 2015 would not be the last day of employment, but would instead be the last day of reckonable service for calculating benefits. Employer consent would be required and a payment may be required by the administering authority under regulation 79(5). The employer may waive all or part of the reduction, and in this case the fund's actuary would advise on the payment required as a result of the waiver.
7. In practice, the administering or employing authority might also consider whether a further test to ensure that the benefits will meet the Guaranteed Minimum Pension at State Pension Age should be applied.

Example (1B) – Group 1 member retiring after 31 March 2020

8. The second example is the same member as 1A, but retiring later:

▪ Date of Birth:	1 October 1957
▪ Date of commencement of service:	1 April 1996
▪ Last day of employment	1 October 2020
▪ Effective date of election under Regulation 31(1)	2 October 2020
▪ Age at election	63

9. The member falls into Group 1, since she was a member before 1 December 2006 and she was born before 31 March 1960, as per the Transitional Schedule. The next step is to calculate the *relevant date* for this member (under paragraph 2 of the Transitional Schedule). On 31 March 2020 she will be aged 62 years – so her relevant date is 1 April 2020 and all her service is either Part A, Part B or Part C Membership.

10. At her early retirement date, she is aged 63 years exactly, and has 24y 184d of membership. She satisfied the rule of 85 on her 62nd birthday. There is therefore no reduction to be applied to Part A or B service. The term to her 65th birthday is 2 years, and the reduction applied to her Part C service is based on this period.

11. The appropriate factors can be read from the table in Appendix I:

▪ P _{CRA}	0%
▪ LS _{CRA}	0%
▪ P ₆₅	10%
▪ LS ₆₅	5%

Assuming that the member has Final Pay of £18,000, her early retirement pension and lump sum are calculated as follows:

$$ERPension...£18,000 \times \frac{1}{80} \times \left(24 \times (1 - 0.00) + \frac{184}{365} \times (1 - 0.1)\right) = £5,502.08 \text{ p.a.}$$

$$ERCash.....£18,000 \times \frac{3}{80} \times \left(24 \times (1 - 0.00) + \frac{184}{365} \times (1 - 0.05)\right) = £16,523.26$$

12. If the above election was made under Regulation 34(1A) (“flexible retirement”) instead of 30(1) then the calculation of reduced benefits would be the same. 1 October 2020 would not be the last day of employment, but would instead be the last day of reckonable service for calculating benefits. Employer consent would be required and a payment may be required by the administering authority under regulation 79(5). The employer may waive all or part of the reduction, and in this case the fund’s actuary would advise on the payment required as a result of the waiver.

13. In practice, the administering or employing authority might also consider whether a further test to ensure that the benefits will meet the Guaranteed Minimum Pension at State Pension Age should be applied.

Example (2) – Group 2 member with CRA below 65 retiring after CRA but before 65

14. The second example relates to a male employee:

▪ Date of Birth:	1 October 1979
▪ Date of commencement of service:	1 April 2000
▪ Last day of employment:	30 September 2034
▪ Effective date of election under Regulation 30(1)	1 October 2034
▪ Age at election	55

15. The member falls into Group 2, since he was born after 31 March 1960 but joined before 1 October 2006. Assuming the member remains in service until the date of his election for early retirement his combined Part B and C Membership will be 26 years 183 days. After his 53rd birthday (1 October 2032) the member would satisfy the rule of 85. Therefore, at any time on or after that date the member can retire and suffer no reduction on his benefits earned by Part A Membership of 8y 0d. As the member is retiring before his 60th birthday, employer consent is required in accordance with Regulation 30(2) and a payment may be required by the administering authority under regulation 79(5). The term for which the reductions apply to Part B Membership is 10.000 years (65 years less 55 years). The appropriate factors can be read from the table in Appendix I:

▪ P_{CRA}	0%
▪ LS_{CRA}	0%
▪ P_{65}	41%
▪ LS_{65}	22%

Assuming that the member has Final Pay of £23,000, his early retirement pension and lump sum are calculated as follows:

$$ERPension....£23,000 \times \frac{1}{80} \times \left(8 \times (1 - 0.00) + \left(26 + \frac{183}{365} \right) \times (1 - 0.41) \right) = £6,795.29 \text{ p.a.}$$

$$ERCash.....£23,000 \times \frac{3}{80} \times \left(8 \times (1 - 0.00) + \left(26 + \frac{183}{365} \right) \times (1 - 0.22) \right) = £24,728.80$$

16. If the above election was made under Regulation 34(1A) instead of 30(1) then the calculation of reduced benefits would be the same. The 30 September 2034 would not be the last day of employment, but would instead be the last day of reckonable service for calculating benefits. Employer consent would be required and a payment may be required by the administering authority under regulation 79(5). The employer may waive all or part of the reduction, and in this case the fund's actuary would advise on the payment required as a result of the waiver.

17. In practice, the administering or employing authority might also consider whether a further test to ensure that the benefits will meet the Guaranteed Minimum Pension at State Pension Age should be applied.

Example (3) – Group 2 member with CRA below 65 retiring before CRA

18. The third example also relates to a male employee:

▪ Date of Birth:	1 October 1961
▪ Date of commencement of service:	1 April 2000
▪ Last day of employment:	30 September 2021
▪ Effective date of election under Regulation 30(1)	1 October 2021
▪ Age at election	60

19. The member falls into Group 2, since he was born after 31 March 1960 but joined before 1 December 2006. After his 62nd birthday (1 October 2023) the member would satisfy the rule of 85. He can retire before that date, as long as he is 50 years or more – but he will suffer reduction on his benefits earned by Part A Membership (8y 0d) in respect of the period from the effective date of his election under Regulation 30(1) to his 62nd birthday (although consent is required for retirement before his 60th birthday, in any event). Assuming the member remains in service as outlined above, his combined Part B and C Membership will be 13 years 183 days. In this case, the term for which the reductions apply to Part A Membership is 2.000 years (62 years less 60 years). The term for which the reductions apply to Part B Membership is 5.000 years (65 years less 60 years). The appropriate factors can be read from the table in Appendix I:

▪ P _{CRA}	11%
▪ LS _{CRA}	5%
▪ P ₆₅	24%
▪ LS ₆₅	12%

Assuming that the member has Final Pay of £20,000, his early retirement pension and lump sum are calculated as follows:

$$ERPension....£20,000 \times \frac{1}{80} \times \left(8 \times (1 - 0.11) + \left(13 + \frac{183}{365} \right) \times (1 - 0.24) \right) = £4,345.26 \text{ p.a.}$$

$$ERCash.....£20,000 \times \frac{3}{80} \times \left(8 \times (1 - 0.05) + \left(13 + \frac{183}{365} \right) \times (1 - 0.12) \right) = £14,610.90$$

20. If the above election was made under Regulation 34(1A) instead of 30(1) then the calculation of reduced benefits would be the same. The 30 September 2021 would not be the last day of employment, but would instead be the last day of reckonable service for calculating the benefits. Employer consent would be required and a payment may be required by the administering authority under regulation 79(5). The employer may waive all or part of the reduction, and in this case the fund's actuary would advise on the payment required as a result of the waiver.

Example (4) – Group 1 member electing under age 55 with pre-2020 service only

21. The final example relates to a male employee retiring on his 50th birthday:

▪ Date of Birth:	1 December 1956
▪ Date of commencement of service:	1 December 1983
▪ Last day of employment:	30 September 1996
▪ Effective date of election under Regulation 30(1)	1 December 2006
▪ Age at election	50
▪ Preserved pension at exit	£1,500 p.a.
▪ Preserved lump sum at exit	£4,500

22. The former employer's consent for the election is required as he is under 60. The earliest age at which he could satisfy the rule of 85 requirement would be his 56th birthday (when his age, plus his membership, plus the period since he left service, would equal 85). Thus the number of years between the date of election and the date of entitlement to unreduced benefits is 6 years (the difference between age 56 and age 50). The number of years between the 55th birthday and the date of entitlement to unreduced benefits is 1 year. Since he will only have Part A Membership, there is only one set of reduction factors required, based on the member's CRA.

The calculation

23. The pensions increase multiplier on 1 December 2006 for a member who left service on 30 September 1996 is 1.2703. From Appendix I, the percentage reductions to be combined are:

	%
Basic Pension Reduction (BPR)	28
Pensions Increase Reduction (PIR)	6
Basic Lump Sum Reduction (BLSR)	14

The values of the variables in the formulae for combining these reductions, based on the number of years to the member's 55th birthday, which is 5, are as follows, from Appendix 2:

$$\begin{aligned} A &= 0.795 \\ B &= 0.765 \end{aligned}$$

(If the time interval to age 55 were not an exact number of years, interpolation would be required to obtain factors A and B.)

24. The reduced pension entitlement is:

$$\frac{(1 - 28/100) + (1.2703 - 1) \times (1 - 6/100) \times 0.795}{1 + (1.2703 - 1) \times 0.795}$$

$$= \frac{0.72 + (0.2703 \times 0.94 \times 0.795)}{1 + (0.2703 \times 0.795)} = 0.7589$$

giving a Combined Pension Reduction of 24.11% (i.e. $100 \times (1 - 0.7589)$)

25. The reduced lump sum entitlement is:

$$\frac{1.2703 \times (1 - 14/100)}{1 + (1.2703 - 1) \times 0.765}$$

$$= \frac{1.2703 \times 0.86}{1 + (0.2703 \times 0.765)} = 0.9053$$

giving a Combined Lump Sum Reduction of 9.47% (i.e. $100 \times (1 - 0.9053)$)

Benefits before age 55

26. The basic preserved pension of £1,500 would be reduced by 24.11% to £1,138.35. The pension would be paid at this rate until age 55 or the prior death of the member. The basic preserved lump sum of £4,500 would be reduced by 9.47% to £4,073.85 for payment at the date of election for early retirement (i.e. age 50 in this case).

Benefits at age 55

27. The pension from age 55 would be the amount obtained by applying the pensions increase multiplier on 1 October 2011 (for someone who left service on 30 September 1996) to the reduced basic pension of £1,138.35. If, for example, RPI were at the rate of 2.5% p.a. from September 2005 to September 2010, the pension at age 55 would be:

$$£1,138.35 \times 1.2703 \times (1.025)^5 = £1,636.07$$

28. Also due for payment at age 55 is the pension increase element on the lump sum already accrued up to date of election (age 50 in this case). This should be calculated by multiplying the reduced basic lump sum (£4,073.85) by the factor $(P - 1)$, where P is the pension increase multiplier at date of election and not at age 55. This gives a lump sum of £1,101.16, which is derived from the calculation $(1.2703 - 1) \times £4,073.85$. Also, the pension increase for the period from 6 April 2006 to 1 October 2006 when the main lump sum was taken, would be due for payment on 1 October 2011; this would be £64.69 ($= 1.2703 \times £4,073.85 \times .0125$), assuming RPI of 2.5% p.a. No interest should be added for the period 1 October 2006 to 1 October 2011 to either of these amounts.

Appendix I

Percentage Reduction in Accrued Retirement Benefits

(To be used in the calculation of reduced benefits)

<i>Years</i> Early	<i>Pension Reduction (%)</i>		<i>Lump Sum Reduction</i>
	<i>Males</i>	<i>Females</i>	<i>All Members %</i>
0	0	0	0
1	6	5	2
2	11	10	5
3	16	15	7
4	20	19	9
5	24	23	12
6	28	27	14
7	32	30	16
8	35	33	18
9	38	36	20
10	41	39	22
11	44	42	24
12	47	45	26
13	50	47	27
14	52	49	29
15	54	51	31

Notes:

- (1) The number of *Years Early* is the period between the dates (i) and (ii) below, where:
 - (i) is the effective date of the member's election under Regulation 30(1) or Regulation 34(1A) of the LGPS; and
 - (ii) is the date (or dates) on which the member would be entitled to unreduced benefits (assuming, where relevant, that the employer would consent to an election for the early payment of benefits if the member is under age 60 or remains in employment), as outlined in paragraph 2.2 of this guidance note.
- (2) Practitioners may need to refer to this table twice (with different values of *Years Early*) when preparing calculations for Group 1 or 2 members.
- (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.

Appendix II

Values of variables in the formulae to be used in the calculation of the reductions for members under age 55 at the date of the election

The values of the variables in the formulae shown in paragraph 6.4 of the Guidance Note are as follows.

<i>No. of years to 55th birthday</i>	<i>A (Pension)</i>		<i>B (Lump Sum)</i>
	<i>Males</i>	<i>Females</i>	<i>Males and Females</i>
0	1.000	1.000	1.000
1	0.951	0.954	0.948
2	0.907	0.912	0.898
3	0.867	0.873	0.852
4	0.829	0.837	0.807
5	0.795	0.804	0.765

Note:

Where the number of years between the effective date of the election for early payment of benefits and the 55th birthday is not an exact number of years, values of A and B should be obtained by interpolation.