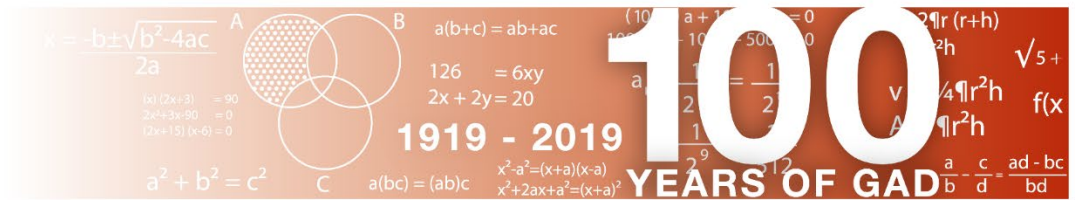




Government
Actuary's
Department



The Firefighters' Pension Scheme 1992 (England)

The Firefighters' Pension Scheme 1992 (Wales)

The Firefighters' Pension Scheme 2007 (Northern Ireland)

Tax charge debits

Factors and guidance

Date: 27 November 2019





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1 Introduction

1.1 This note is provided for:

- The Home Office (HO) as the scheme manager of the Firefighters' Pension Schemes in England,
- The Welsh Government as the scheme manager of the Firefighters' Pension Schemes in Wales and;
- Department of Health (Northern Ireland) as the scheme manager of the Firefighters' Pension Schemes in Northern Ireland

and sets out the general method for assessing the debits applying to the benefits of a member who elects for the scheme to pay tax charges on their behalf.

- the Firefighters' Pension Scheme (England) 1992
- the Firefighters' Pension Scheme (Wales) 1992
- the Firefighters' Pension Scheme (Northern Ireland) 2007

1.2 The relevant authorities have requested that we produce a note detailing how the debits applying to member's benefits should be calculated. This note contains the tables and guidance required to implement the debits using the approach and assumptions determined by the scheme managers, acting on behalf of the Secretary of State (or equivalent for the devolved administrations).

1.3 The tax charges covered by this guidance are in relation to the annual allowance and the Lifetime Allowance. Relevant legislation in respect of defined benefit arrangements is contained in Chapter 5 of Part 4 of the Finance Act 2004.

1.4 This note relates only to benefits accrued under the 1992 (or FPS 2007 section in the case of Northern Ireland) Scheme Regulations. Some firefighters may also have benefits under the NFPS or the 2015 Scheme which should be dealt with separately according to relevant guidance.

1.5 The factors provided in this Note have been prepared in light of our advice to the Home Office (HO), Welsh Government and Department of Health Northern Ireland (DoH NI) dated 30 October 2018 and its instructions following that advice.

1.6 This guidance is intended to supersede any factors or advice previously issued, for the purposes of tax charge debit calculations. In particular, this guidance supersedes:

“The Firefighters' Pension Scheme 1992 (England & Wales) and Firefighters' Pension Scheme (Northern Ireland) 2007: Tax charge debits” dated 21 December 2012.

and

Addendum to GAD guidance note “Firefighters' Pension Scheme 1992/Firefighters' Pension Scheme (northern Ireland) 2007: Tax Charge Debits” dated 13 May 2016.



1.7 The remainder of this introduction contains:

- Details of the implementation and future review of this guidance
- Statements about the use of this note and third party reliance

1.8 In the remainder of this note:

- Section 2 covers the calculation and implementation of annual allowance debits
- Section 3 covers the calculation and implementation of Lifetime Allowance debits
- Section 4 sets out some example calculations
- Appendix A sets out the factors to be used
- Appendix B sets out the principal assumptions underlying the factors contained in this guidance note
- Appendix C sets out some important limitations

Implementation and Review

- 1.9 This guidance note should not be used for any purpose other than to determine the reduction to benefits following either an election to utilise the Annual Allowance scheme pays mechanism or a Lifetime Allowance tax charge.
- 1.10 This guidance note is based on our understanding of the Finance Act 2004, however administrators should satisfy themselves that the pension offset resulting from a scheme pays election complies with all legislative requirements including, but not limited to, tax and contracting out requirements. Any legal advice in this area should be sought from an appropriately qualified person or source.
- 1.11 This guidance note does not cover the method for determining the amount of any Annual Allowance or Lifetime Allowance tax charge, Cash Equivalent Transfer Values (CETV), Club transfers involving the Firefighters Pension Scheme or the service credits on transfers-in (Club or CETV).
- 1.12 The factors contained in this guidance will apply from 25 January 2019. This implementation date has been determined by Home Office, the Welsh government and the DoH NI respectively. This guidance will apply from the date of issue.
- 1.13 This guidance has been written for pension administrators and assumes some knowledge of general pension terminology, and some familiarity with retirement calculations for the Firefighters' Pension Scheme (England and Wales) 1992 schemes and the Firefighters' Pension Scheme (Northern Ireland) 2007 scheme.
- 1.14 In line with best practice and in order to make sure that factors are being used as intended and the instructions are fit for purpose, we suggest that some example calculations are sent to GAD for review.



1.15 The factors contained in this guidance will be subject to review periodically. This will depend on external circumstances, for example whenever there is a change in the SCAPE basis; when changes in the actuarial assumptions adopted for other scheme factors take place; or following each future actuarial valuation where mortality and other relevant experience is reviewed or if other credible and material information comes to light.

1.16 If further information is required, concerning the application of the guidance, this should be referred to:

- For English authorities: the Firefighters' Pensions teams at the HO.
- For Northern Ireland Authorities: the Firefighters' Pensions teams at the Department of Health (Northern Ireland)
- For Welsh Authorities: the Firefighters' Pensions teams at the Welsh Government.

1.17 The Firefighters' Pensions teams will seek input from the Scheme Actuary if necessary.

Use of this note

1.18 This note has been prepared for the responsible authority and can be relied upon by them. We are content for this note to be released to third parties, provided that:

- it is released in full;
- the advice is not quoted selectively or partially; and
- GAD is identified as the source of the note.

1.19 Third parties may wish to seek their own actuarial advice where appropriate. GAD has no liability to any person or third party for any act or omission taken, either in whole or in part, on the basis of this note.

Third party reliance

1.20 This guidance has been prepared for the use of the relevant authority and the scheme administrators for the purposes of demonstrating the application of the factors covered by this guidance only. This guidance may be published on the relevant authority and scheme administrator's website but must not otherwise be reproduced, distributed or communicated in whole or in part to any other person without GAD's prior written permission.

1.21 Other than the relevant authority and the scheme administrators, no person or third party is entitled to place any reliance on the contents of this guidance, except to any extent explicitly stated herein. GAD has no liability to any person or third party for any action taken or for any failure to act, either in whole or in part, on the basis of this guidance, whether or not GAD has agreed to the disclosure of its advice to the third party.



2 Annual allowance debits

Introduction

- 2.1 If a member becomes liable to pay the annual allowance charge in any tax year (and certain conditions are met) they can make an election requiring the scheme administrator to pay all or part of the charge on their behalf. This is commonly known as 'scheme pays'. It is the responsibility of administering authorities to ensure that members are eligible for the scheme pays mechanism.
- 2.2 Following an election to use scheme pays to meet the tax charge, a consequential adjustment ('annual allowance debit') must be made to the member's benefit entitlements from the scheme.
- 2.3 It is our understanding from HM Treasury's initial documentation prepared during the development of the revised Annual Allowance regime, that costs incurred by the authorities in relation to operating the scheme pays mechanism may not be recovered from the member concerned.
- 2.4 Annual allowance debits will need to be calculated in respect of each tax year in which a member elects to use scheme pays.
- 2.5 From the 2016/17 financial year onwards, the Pension Input Period used by the Fire authorities should be aligned to financial year i.e. the last day of the PIP is now 31 March each year.
- 2.6 The scheme administrators are responsible for specifying the pension input period and the implementation date. HO have recommended that the Pension Input Period (PIP) runs from 1 April to 31 March and that implementation of the debit will be from the last day of the pension input period (i.e. 31 March). The rest of this guidance (and particularly the examples in section 4) is based on this PIP and relevant date.

Calculating annual allowance debits

- 2.7 Annual allowance debits will not be applied to the benefits payable to a future surviving spouse, civil partner or child on the member's death (including any lump sum on death before retirement).
- 2.8 Annual allowance debits do not affect GMPs.
- 2.9 The member's age (required to select the appropriate factors from Table A) should be calculated as at the implementation date.



- 2.10 The annual allowance pension debit ('AAPD') to apply to the pension entitlement is calculated as:

For members below age 60: $AAPD = AATC \div F_p$

For members aged 60 or above: $AAPD = AATC \div F_{pen}$

AATC	annual allowance tax charge payable by scheme administrator
F_p	The relevant factors can be found in Table A1 of this guidance.
F_{pen}	pensioner cash equivalent factors for divorce purposes that are in force at the implementation date are used and the relevant factors from this guidance are given in Table A2 of this guidance.

- 2.11 Administrators should store the debit calculated above with the implementation date of these debits on the member's record. Where a member has multiple annual allowance debits, they should be recorded separately.

Implementing debits at retirement

- 2.12 This section sets out the method and instructions for calculating the debit to be applied at the point of retirement. In many cases this could be several years after the debit was initially calculated.
- 2.13 When the member retires, the total pension is initially calculated ignoring the debit. The pension is then reduced to allow for the debit. The debit should be revalued from the implementation date up to the April immediately before the date of retirement in line with the Pensions Increase Act (currently reflecting changes in CPI). If the pension is not drawn at age 60 then the debit will need to be adjusted to allow for the different period over which it will be deducted. The debit should be increased by a full year's PI in the year immediately following retirement (this may not be the same increase that applies to the member's pension).
- 2.14 Each pension debit must be adjusted separately as follows:

For members retiring at age 60:

Adjusted pension debit = AAPD x PI

For members retiring at a time other than age 60:

Adjusted pension debit = AAPD x PI x $RTF_{ret} \div RTF_{imp}$



AAPD	annual allowance pension debit as calculated in 2.9
PI	pension increase uprating factor applying between the implementation date and the April immediately before the date of retirement
RTF	adjustment factors for pension debits in force at the implementation date depending on the age at which the member retires. The relevant factors can be found in Tables B1, B2 or C of this guidance.
RTF _{imp}	adjustment factors for pension debits in force at retirement depending on the age of the member at the implementation date . The relevant factors are provided in Table B2 of this guidance.

Adjusting pension debit on leaving

- 2.15 If the member leaves the scheme prior to retirement then the pension debit should be treated in the same way as a pension debit following divorce. In particular if the member leaves with a club transfer the debit will be preserved in the receiving scheme as described in paragraph 7.17a of the Club Memorandum. This approach has been agreed with the Club Secretariat.

Multiple Annual Allowance debits

- 2.16 Some members may breach the Annual Allowance on more than one occasion during their careers. Since there is no limit on the number of times a member may opt to utilise scheme pays (subject to usual eligibility), a member may also have multiple Annual Allowance Scheme Pays offsets. In this circumstance each offset can be considered separately and treated in accordance with the guidance set out above.

Interaction between Annual Allowance debits and Pension debits following divorce

- 2.17 It is possible for members to have both Annual Allowance debits and pension debits resulting from Pension Sharing on Divorce ("PSOD"). In this case each instance of the Annual Allowance debit or the PSOD pension debits is treated in accordance with the relevant set of guidance.

Interaction between Annual Allowance debits and Lifetime Allowance ("LTA") debits

- 2.18 We understand that when calculating LTA debits the pension tested should be that which would come into payment after allowing for the impact of any Annual Allowance Scheme Pays offsets. The calculations set out in this document should therefore be carried out prior to any LTA test being applied to these members.



Members exercising options at the point of retirement

- 2.19 Some members are able to exercise options at the point of retirement such as commuting pension for lump sum. This guidance note does not attempt to illustrate the interaction between Annual Allowance scheme pays offsets and any of these member options.



3 Lifetime Allowance debits

Introduction

- 3.1 Under Regulation B11 of The Firefighters' Pension Scheme Order 1992 (SI 1992/129), as amended, and Regulation 22 of the Firefighters' Pension Scheme Order (Northern Ireland) 2007 (SR 2007/144) benefits are reduced in respect of any Lifetime Allowance charges to be recovered.
- 3.2 There will be a consequential adjustment ('Lifetime Allowance debit') made to the member's pension entitlement from the scheme in respect of the charges met by the scheme.

Calculating the Lifetime Allowance debit

- 3.3 This section sets out guidance for calculating the Lifetime Allowance debit which will be applied to the member's pension.
- 3.4 The Lifetime Allowance debit will not be applied to the benefits payable to a future surviving spouse, civil partner or children on the member's death, including any lump sum on death before retirement.
- 3.5 The member's age (required to select the appropriate factor from Table D or E) should be calculated as at the retirement date.

Calculations

- 3.6 The Lifetime Allowance pension debit ('LTAPD') to apply to the member's pension entitlement at retirement is calculated as:

$$\text{LTAPD} = \text{LTATC} \div F_p$$

LTATC	Lifetime Allowance tax charge payable by the scheme administrator
F_p	The relevant factor can be found in Table D (Table 622 in consolidated factors spreadsheet) for members retiring on grounds of normal health or Table E (Table 623 in consolidated factors spreadsheet) for members retiring on grounds of ill health.



- 3.7 The debit should be revalued from the implementation date up to the April immediately before the date of retirement in line with the Pensions Increase Act (currently reflecting changes in CPI). If the pension is not drawn at age 65 then the debit will need to be adjusted to allow for the different period over which they will be deducted. The debit should be increased by a full years PI in the year immediately following retirement (this may not be the same increase that applies to the member's pension).



4 Example calculations

Example 1: Calculation of annual allowance debit

The following information is needed for this calculation:

A. Member date of birth	23 January 1985
B. Tax year annual allowance charge is incurred	2019/20
C. Implementation date	31 March 2020
D. Member age	35 years 2 months
E. Gender	Male
F. Tax charge	£4,000

From 2.10, the formula for calculating the annual allowance pension debit is:

$$\text{AAPD} = \text{AATC} \div F_p$$

We have:

$$\text{AATC} = \text{£4,000 (from F.)}$$

$$F_p = 11.18 \text{ (Table A1)}$$

Substituting these values into the formula we get:

$$\text{AAPD} = 4,000.00 \div 11.18 = \text{£357.78 pa}$$

This debit is recorded on the member's record with implementation date 31 March 2020.



Example 2: Calculation of annual allowance debit for a member aged 60 or above

The following information is needed for this calculation:

A. Member date of birth	23 February 1958
B. Tax year annual allowance charge is incurred	2019/20
C. Implementation date	31 March 2020
D. Member age	62 years 1 month
E. Gender	Male
F. Tax charge	£2,000

From 2.10, the formula for calculating the annual allowance pension debit for a member aged 60 or above is:

$$\text{AAPD} = \text{AATC} \div F_{\text{pen}}$$

We have:

$$\text{AATC} = \text{£}2,000 \text{ (from F.)}$$

$$F_{\text{pen}} = 18.07 \text{ (Table A2).}$$

Substituting these values into the formula we get:

$$\text{AAPD} = \text{£}2,000.00 \div 18.07 = \text{£}110.68 \text{ pa}$$

This debit is recorded on the member's record with implementation date 31 March 2020.



Example 3: Member retiring at age 60 on ordinary grounds, with annual allowance debit

The following information is needed for this calculation:

A. Member date of birth	23 March 1960
B. Retirement date	23 March 2020
C. Member age	60
D. Gender	Male
E. Member's pension before debit	£30,000 pa
F. Annual allowance pension debit 2011/12 (at 60)	£450 pa
G. Pension increase uprating factor 2011/12 (from 2011/12 debit implementation date, 31 March 2012, to retirement)	1.1315

From 2.14, the formula for calculating the adjusted pension debit at retirement is:

$$\text{Adjusted pension debit} = \text{AAPD} \times \text{PI} \times \text{RTF}_{\text{ret}}$$

We have:

$$\text{AAPD} = \text{£}450 \text{ (from F.)}$$

$$\text{PI} = 1.1315 \text{ (from G.)}$$

$\text{RTF}_{\text{ret}} = 1.000$ (adjustment factors for pension debits depending on the age of the member at retirement. At the time of writing this guidance the current factor is given in **Table B2** of this guidance - this is the same for AAPDs arising in all tax years)

Substituting these values into the formula we get:

$$\begin{aligned} \text{Adjusted pension debit} &= \text{£}450.00 \times 1.1315 \times 1.000 \\ &= \text{£}509.18 \text{ pa} \end{aligned}$$

The pension to be implemented is the full pension (£30,000 pa from E.) less the member's adjusted pension debit. Therefore the pension to be implemented is:

$$\begin{aligned} &= \text{£}30,000.00 - \text{£}509.18 \\ &= \text{£}29,490.82 \text{ pa} \end{aligned}$$



Example 4: Member retiring at age 50 on ordinary grounds following a period of deferment, with annual allowance pension debit

The following information is needed for this calculation:

A. Member date of birth	1 October 1971
B. Date of exit	8 June 2017
C. Retirement date	1 October 2021
D. Member age	50
E. Gender	Female
F. Member's pension before debit	£45,000 pa
G. Annual allowance pension debit 2014/15 (at 60)	£250 pa
H. Annual allowance pension debit 2015/16 (at 60)	£300 pa
I. Pension increase uprating factor 2014/15 (from 2014/15 debit implementation date, 31 March 2015, to retirement)	1.194
J. Pension increase uprating from 2015/16 (from 2015/16 debit implementation date, 31 March 2016, to retirement)	1.159

Under 2.14 the annual allowance pension debits at retirement date are calculated as:

$$\text{Adjusted pension debit} = \text{AAPD} \times \text{PI} \times \text{RTF}_{\text{ret}}$$

2014/15 debit, we have:

$$\text{AAPD} = 250 \text{ (from G.)}$$

$$\text{PI} = 1.194 \text{ (from I.)}$$

$\text{RTF}_{\text{ret}} = 0.642$ (adjustment factors for pension debits depending on the age of the member at retirement. At the time of writing this guidance the current factor is given in **Table B1** of this guidance - this is the same for AAPDs arising in all tax years)

$$\begin{aligned} \text{Adjusted pension debit} &= £250.00 \times 1.194 \times 0.642 \\ &= £191.64 \text{ pa} \end{aligned}$$

2015/16 debit, we have:

$$\text{AAPD} = £300 \text{ (from H.)}$$

$$\text{PI} = 1.159 \text{ (from J.)}$$

$\text{RTF}_{\text{ret}} = 0.642$ (adjustment factors for pension debits depending on the age of the member at retirement. At the time of writing this guidance the current factor is given in **Table B1** of this guidance - this is the same for AAPDs arising in all tax years)



Adjusted pension debit = £300.00 x 1.159 x 0.642
 = £223.22 pa

The pension to be implemented is the full pension (£45,000 pa from **F.**) less the member's adjusted pension debits. Therefore the pension to be implemented is:

= £45,000.00 – £191.64 – £223.22
= £44,585.14 pa

The pension to be implemented is **£44,585.14 pa.**



Example 5: Member retiring at age 65 on ordinary grounds, with annual allowance debit where the member was above age 60 at the implementation date

The following information is needed for this calculation:

A. Member date of birth	23 March 1955
B. Retirement date	23 March 2020
C. Member age	65
D. Gender	Male
E. Member's pension before debit	£40,000 pa
F. Annual allowance pension debit 2016/17 (at age 62)	£500 pa
G. Pension increase uprating factor 2016/17	1.035
/(from 2016/17 debit implementation date, 31 March 2017, to retirement)	

From 2.14, the formula for calculating the adjusted pension debit at retirement is:

$$\text{Adjusted pension debit} = \text{AAPD} \times \text{PI} \times \text{RTF}_{\text{ret}} \div \text{RTF}_{\text{imp}}$$

We have:

$$\text{AAPD} = 500 \text{ (from F.)}$$

$$\text{PI} = 1.035 \text{ (from G.)}$$

$\text{RTF}_{\text{ret}} = 1.318$ (adjustment factors for pension debits depending on the age of the member at retirement. At the time of writing this guidance the current factor is given in **Table B2**)

$\text{RTF}_{\text{imp}} = 1.112$ (adjustment factors for pension debits depending on the age of the member at the implementation date. At the time of writing this guidance the current factor is given in **Table B2**)

Substituting these values into the formula we get:

$$\begin{aligned} \text{Adjusted pension debit} &= £500.00 \times 1.035 \times 1.318 \div 1.112 \\ &= £613.37 \text{ pa} \end{aligned}$$

The pension to be implemented is the full pension (£40,000 pa from **E.**) less the member's adjusted pension debit. Therefore the pension to be implemented is:

$$\begin{aligned} &= £40,000.00 - £613.37 \\ &= \mathbf{£39,386.63 \text{ pa}} \end{aligned}$$



Example 6: Member retiring at age 60 on ordinary grounds, with Lifetime Allowance charge

The following information is needed for this calculation:

A. Member date of birth	1 January 1960
B. Retirement date	1 January 2020
C. Member age	60
D. Gender	Male
E. Lifetime allowance tax charge	£30,000

Under 3.6, the Lifetime Allowance pension debit is calculated as:

$$\mathbf{LTAPD} = \mathbf{LTATC} \div \mathbf{F_{LTA}}$$

We have:

LTATC = 30,000 (from **E.**)

F_{LTA} = 19.13 (**Table D**).

Substituting these values into the formula we get:

$$\begin{aligned} \mathbf{LTAPD} &= \mathbf{£30,000.00} \div \mathbf{19.13} \\ &= \mathbf{£1,568.22} \text{ pa} \end{aligned}$$

The current pension will be reduced by **£1,568.22** per annum.



Appendix A: Tables of factors

- **Table A1 (Table 603 in consolidated factors spreadsheet):** Factors for calculating annual allowance pension debit for members below age 60
- **Table A2 (Table 604 in consolidated factors spreadsheet):** Factors for calculating annual allowance pension debit for members age 60 or above
- **Table B1 (Table 611 in consolidated factors spreadsheet) :** Retirement timing factor - annual allowance pension debit on normal retirement before age 60
- **Table B2 (Table 612 in consolidated factors spreadsheet):** Retirement timing factor - annual allowance pension debit on normal retirement after age 60
- **Table C (Table 613 in consolidated factors spreadsheet):** Retirement timing factor - annual allowance pension debit on ill health retirement before age 60
- **Table D (Table 622 in consolidated factors spreadsheet):** Factors for calculating Lifetime Allowance debit
- **Table E (Table 623 in consolidated factors spreadsheet):** Factors for calculating Lifetime Allowance debit (retirement in ill health)



Table A1 (Table 603 in consolidated factors spreadsheet) – Factors for calculating annual allowance pension debit for members below age 60

Age last birthday at implementation date	Annual allowance debit factor per £1 of pension per annum F_p	
	Males	Females
18	7.78	7.78
19	7.95	7.95
20	8.12	8.12
21	8.29	8.29
22	8.47	8.47
23	8.65	8.65
24	8.84	8.84
25	9.03	9.03
26	9.22	9.22
27	9.42	9.42
28	9.62	9.62
29	9.83	9.83
30	10.04	10.04
31	10.26	10.26
32	10.48	10.48
33	10.71	10.71
34	10.94	10.94
35	11.18	11.18
36	11.42	11.42
37	11.67	11.67
38	11.92	11.92
39	12.18	12.18
40	12.45	12.45
41	12.73	12.73
42	13.01	13.01
43	13.29	13.29
44	13.59	13.59
45	13.89	13.89
46	14.20	14.20
47	14.52	14.52
48	14.85	14.85
49	15.18	15.18
50	15.52	15.52
51	15.88	15.88
52	16.24	16.24
53	16.61	16.61
54	17.00	17.00
55	17.40	17.40
56	17.81	17.81
57	18.24	18.24
58	18.68	18.68
59	19.15	19.15



Table A2 (Table 604 in consolidated factors spreadsheet) – Factors for calculating annual allowance pension debit for members aged 60 or above

Age last birthday at implementation date	Annual allowance debit factor per £1 of pension per annum F_{pen}	
	Males	Females
60	19.13	19.13
61	18.60	18.60
62	18.07	18.07
63	17.53	17.53
64	16.99	16.99
65	16.44	16.44
66	15.88	15.88
67	15.32	15.32
68	14.76	14.76
69	14.19	14.19
70	13.62	13.62
71	13.05	13.05
72	12.47	12.47
73	11.90	11.90
74	11.32	11.32



Table B1 (Table 611 in consolidated factors spreadsheet) – Retirement timing factor - annual allowance pension debit on normal retirement before age 60

Males and Females

Age of the member when benefits come into payment										
months	50	51	52	53	54	55	56	57	58	59
0	0.642	0.666	0.693	0.722	0.753	0.787	0.823	0.863	0.905	0.951
1	0.644	0.669	0.695	0.724	0.756	0.790	0.827	0.866	0.909	0.955
2	0.646	0.671	0.698	0.727	0.759	0.793	0.830	0.870	0.913	0.959
3	0.648	0.673	0.700	0.730	0.761	0.796	0.833	0.873	0.916	0.963
4	0.650	0.675	0.703	0.732	0.764	0.799	0.837	0.877	0.920	0.967
5	0.652	0.678	0.705	0.735	0.767	0.802	0.840	0.880	0.924	0.971
6	0.654	0.680	0.707	0.737	0.770	0.805	0.843	0.884	0.928	0.975
7	0.656	0.682	0.710	0.740	0.773	0.808	0.846	0.887	0.932	0.979
8	0.658	0.684	0.712	0.743	0.775	0.811	0.850	0.891	0.935	0.984
9	0.660	0.686	0.715	0.745	0.778	0.814	0.853	0.894	0.939	0.988
10	0.662	0.689	0.717	0.748	0.781	0.817	0.856	0.898	0.943	0.992
11	0.664	0.691	0.719	0.750	0.784	0.820	0.859	0.902	0.947	0.996



Table B2 (Table 612 in consolidated factors spreadsheet) – Retirement timing factor - annual allowance pension debit on normal retirement after age 60

Males and Females

Age of the member when benefits come into payment						
months	60	61	62	63	64	65
0	1.000	1.054	1.112	1.175	1.243	1.318
1	1.004	1.058	1.117	1.180	1.249	1.324
2	1.009	1.063	1.122	1.186	1.255	1.331
3	1.013	1.068	1.127	1.192	1.262	1.338
4	1.018	1.073	1.133	1.197	1.268	1.345
5	1.022	1.078	1.138	1.203	1.274	1.351
6	1.027	1.083	1.143	1.209	1.280	1.358
7	1.031	1.087	1.148	1.214	1.287	1.365
8	1.036	1.092	1.154	1.220	1.293	1.372
9	1.040	1.097	1.159	1.226	1.299	1.379
10	1.045	1.102	1.164	1.232	1.305	1.385
11	1.049	1.107	1.169	1.237	1.311	1.392



Table C (Table 613 in consolidated factors spreadsheet) – Retirement timing factor - annual allowance pension debit on ill health retirement before age 60

Males and Females

Age of the member when benefits come into payment							
months	18	19	20	21	22	23	24
0	0.226	0.232	0.239	0.246	0.253	0.260	0.267
1	0.227	0.233	0.239	0.246	0.253	0.260	0.268
2	0.227	0.233	0.240	0.247	0.254	0.261	0.269
3	0.228	0.234	0.240	0.247	0.254	0.262	0.269
4	0.228	0.234	0.241	0.248	0.255	0.262	0.270
5	0.229	0.235	0.242	0.248	0.256	0.263	0.271
6	0.229	0.236	0.242	0.249	0.256	0.264	0.271
7	0.230	0.236	0.243	0.250	0.257	0.264	0.272
8	0.230	0.237	0.243	0.250	0.257	0.265	0.273
9	0.231	0.237	0.244	0.251	0.258	0.265	0.273
10	0.231	0.238	0.244	0.251	0.259	0.266	0.274
11	0.232	0.238	0.245	0.252	0.259	0.267	0.274

Age of the member when benefits come into payment										
months	25	26	27	28	29	30	31	32	33	34
0	0.275	0.283	0.292	0.300	0.309	0.319	0.329	0.339	0.350	0.361
1	0.276	0.284	0.292	0.301	0.310	0.320	0.330	0.340	0.351	0.362
2	0.276	0.285	0.293	0.302	0.311	0.321	0.331	0.341	0.352	0.363
3	0.277	0.285	0.294	0.303	0.312	0.321	0.331	0.342	0.353	0.364
4	0.278	0.286	0.295	0.303	0.313	0.322	0.332	0.343	0.354	0.365
5	0.278	0.287	0.295	0.304	0.313	0.323	0.333	0.344	0.354	0.366
6	0.279	0.287	0.296	0.305	0.314	0.324	0.334	0.344	0.355	0.367
7	0.280	0.288	0.297	0.306	0.315	0.325	0.335	0.345	0.356	0.368
8	0.281	0.289	0.297	0.306	0.316	0.326	0.336	0.346	0.357	0.369
9	0.281	0.290	0.298	0.307	0.317	0.326	0.337	0.347	0.358	0.370
10	0.282	0.290	0.299	0.308	0.317	0.327	0.337	0.348	0.359	0.371
11	0.283	0.291	0.300	0.309	0.318	0.328	0.338	0.349	0.360	0.372

Age of the member when benefits come into payment										
months	35	36	37	38	39	40	41	42	43	44
0	0.373	0.385	0.398	0.411	0.425	0.440	0.455	0.471	0.488	0.506
1	0.374	0.386	0.399	0.412	0.426	0.441	0.456	0.472	0.489	0.507
2	0.375	0.387	0.400	0.413	0.427	0.442	0.458	0.474	0.491	0.509
3	0.376	0.388	0.401	0.414	0.429	0.443	0.459	0.475	0.492	0.511
4	0.377	0.389	0.402	0.416	0.430	0.445	0.460	0.477	0.494	0.512
5	0.378	0.390	0.403	0.417	0.431	0.446	0.462	0.478	0.495	0.514
6	0.379	0.391	0.404	0.418	0.432	0.447	0.463	0.480	0.497	0.515
7	0.380	0.392	0.405	0.419	0.433	0.448	0.464	0.481	0.498	0.517
8	0.381	0.393	0.406	0.420	0.435	0.450	0.466	0.482	0.500	0.518
9	0.382	0.394	0.408	0.421	0.436	0.451	0.467	0.484	0.501	0.520
10	0.383	0.395	0.409	0.423	0.437	0.452	0.468	0.485	0.503	0.522
11	0.384	0.396	0.410	0.424	0.438	0.454	0.470	0.487	0.504	0.523



Table C (Table 613 in consolidated factors spreadsheet) – Retirement timing factor - annual allowance pension debit on ill health retirement before age 60 *continued*

Males and Females

Age of the member when benefits come into payment										
months	45	46	47	48	49	50	51	52	53	54
0	0.525	0.545	0.566	0.588	0.611	0.636	0.663	0.691	0.721	0.753
1	0.526	0.546	0.567	0.590	0.613	0.638	0.665	0.693	0.723	0.755
2	0.528	0.548	0.569	0.592	0.615	0.640	0.667	0.696	0.726	0.758
3	0.530	0.550	0.571	0.594	0.617	0.643	0.670	0.698	0.729	0.761
4	0.531	0.552	0.573	0.596	0.619	0.645	0.672	0.701	0.731	0.764
5	0.533	0.553	0.575	0.597	0.622	0.647	0.674	0.703	0.734	0.767
6	0.535	0.555	0.577	0.599	0.624	0.649	0.677	0.706	0.737	0.770
7	0.536	0.557	0.578	0.601	0.626	0.651	0.679	0.708	0.739	0.773
8	0.538	0.559	0.580	0.603	0.628	0.654	0.681	0.711	0.742	0.775
9	0.540	0.560	0.582	0.605	0.630	0.656	0.684	0.713	0.745	0.778
10	0.541	0.562	0.584	0.607	0.632	0.658	0.686	0.716	0.747	0.781
11	0.543	0.564	0.586	0.609	0.634	0.660	0.688	0.718	0.750	0.784

Age of member when benefits come into payment					
months	55	56	57	58	59
0	0.787	0.823	0.863	0.905	0.951
1	0.790	0.827	0.866	0.909	0.955
2	0.793	0.830	0.870	0.913	0.959
3	0.796	0.833	0.873	0.916	0.963
4	0.799	0.837	0.877	0.920	0.967
5	0.802	0.840	0.880	0.924	0.971
6	0.805	0.843	0.884	0.928	0.975
7	0.808	0.846	0.887	0.932	0.979
8	0.811	0.850	0.891	0.935	0.984
9	0.814	0.853	0.894	0.939	0.988
10	0.817	0.856	0.898	0.943	0.992
11	0.820	0.859	0.902	0.947	0.996



**Table D (Table 622 in consolidated factors spreadsheet) – Factors for calculating
Lifetime Allowance debit**

Males and Females

Age last birthday at retirement	Gross Pension of £1 per annum FLTA	
	Males	Females
50	23.79	23.79
51	23.41	23.41
52	23.02	23.02
53	22.59	22.59
54	22.13	22.13
55	21.64	21.64
56	21.15	21.15
57	20.65	20.65
58	20.15	20.15
59	19.64	19.64
60	19.13	19.13
61	18.60	18.60
62	18.07	18.07
63	17.53	17.53
64	16.99	16.99
65	16.44	16.44
66	15.88	15.88
67	15.32	15.32
68	14.76	14.76
69	14.19	14.19
70	13.62	13.62
71	13.05	13.05
72	12.47	12.47
73	11.90	11.90
74	11.32	11.32



**Table E (Table 623 in consolidated factors spreadsheet)– Factors for calculating
Lifetime Allowance debit (retirement in ill health)
Males and Females**

Age last birthday at retirement	Gross Pension of £1 per annum F _{FLTA}	
	Males	Females
18	34.01	34.01
19	33.80	33.80
20	33.58	33.58
21	33.35	33.35
22	33.12	33.12
23	32.88	32.88
24	32.64	32.64
25	32.39	32.39
26	32.14	32.14
27	31.88	31.88
28	31.61	31.61
29	31.34	31.34
30	31.06	31.06
31	30.77	30.77
32	30.48	30.48
33	30.18	30.18
34	29.87	29.87
35	29.56	29.56
36	29.24	29.24
37	28.91	28.91
38	28.58	28.58
39	28.24	28.24
40	27.89	27.89
41	27.53	27.53
42	27.17	27.17
43	26.80	26.80
44	26.42	26.42
45	26.03	26.03
46	25.63	25.63
47	25.22	25.22
48	24.81	24.81
49	24.38	24.38
50	23.95	23.95
51	23.50	23.50
52	23.05	23.05
53	22.59	22.59
54	22.12	22.12
55	21.64	21.64
56	21.15	21.15
57	20.65	20.65
58	20.15	20.15
59	19.64	19.64



Appendix B: Assumptions underlying factors

Financial assumptions

Nominal discount rate	4.448% pa
CPI	2.00% pa
RPI	3.15% pa
Real discount rate (in excess of CPI)	2.40% pa
Real discount rate (in excess of RPI)	1.25% pa

Mortality assumptions

Base mortality tables and adjustments	As per 2016 valuation: Males: 113% of S2NMA and Females: 113% of S2NFA Dependant: 113% of S2NMA and 100% of S2NFA
Future mortality improvement	Based on ONS principal UK population projections 2016
Year of Use	2020

Other assumptions

Proportion of male members for the purpose of unisexing factors	95%
Age difference between member and partner	Males assumed 3 years older than female partner and females assumed to be 3 years younger than partner As assumed for the 2016 valuation
Proportions partnered	75% of members assumed married at retirement (80% assumed partnered)
Allowance for commutation	Nil



Appendix C: Limitations

- C.1 This guidance should not be used for any purpose other than those set out in this guidance.
- C.2 The factors contained in this guidance are subject to regular review. Scheme managers and administrators need to ensure that they are using the latest factors, as relevant, when processing cases.
- C.3 Advice provided by GAD must be taken in context and is intended to be considered in its entirety. Individual sections, if considered in isolation, may be misleading, and conclusions reached by a review of some sections on their own may be incorrect. GAD does not accept responsibility for advice that is altered or used selectively. Clarification should be sought if there is any doubt about the intention or scope of advice provided by GAD.
- C.4 This guidance only covers the actuarial principles around the calculation and application of annual allowance scheme pays offset and lifetime allowance pension debit factors. Any legal advice in this area should be sought from an appropriately qualified person or source.
- C.5 Scheme managers and administrators should satisfy themselves that annual allowance scheme pays offset and lifetime allowance pension debit calculations and benefit awards comply with all legislative requirements including, but not limited to, tax and contracting-out requirements.
- C.6 This guidance is based on the Regulations in force at the time of writing. It is possible that future changes to the Regulations might create inconsistencies between this guidance and the Regulations. If users of this guidance believe there to be any such inconsistencies, they should bring this to the attention of HO and GAD. Under no circumstances should this guidance take precedence over the Regulations. Administrators should ensure that they comply with all relevant Regulations.