



Government
Actuary's
Department

The New Firefighters' Pension Scheme 2006 (England)

The New Firefighters' Pension Scheme 2007 (Wales)

The New Firefighters' Pension Scheme 2007 (Northern Ireland)

Individual Cash Equivalent Transfers: Guidance & Factors for CETVs

CETV factors effective 29 October 2018 to 28 March 2023

9 August 2024

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1. Introduction

1.1 This note is provided for:

- Home Office (HO) as the scheme manager of The New Firefighters' Pension Scheme 2006 in England,
- The Welsh Government as the scheme manager of The New Firefighters' Pension Scheme 2006 in Wales, and
- Department of Health (Northern Ireland) as the scheme manager of The New Firefighters' Pension Scheme 2007 in Northern Ireland

And sets out the general method for assessing:

- Public Sector Transfer Club transfer values ('Club Transfers')
- Statutory Cash Equivalent Transfer Values ('CETVs') i.e. non-Club transfers

1.2 This guidance relates only to benefits accrued under the New Firefighters' Pension Scheme 2006 (2007 for Wales and Northern Ireland), hereafter referred to as "the NFPS". Some firefighters may also have benefits under the Firefighters' Pension Scheme 2015 or the Firefighters' Pension Scheme 1992 (FPS 2007 in Northern Ireland) which should be dealt with separately according to the scheme guidance relevant to those schemes.

1.3 The factors provided in this note were prepared in light of our advice to HO, Welsh Government and DoH (NI) dated 30 October 2018. These factors are effective for cases between 29 October 2018 and 28 March 2023. Cases dated on or after 29 March 2023 should use the revised factors provided separately on 24 May 2023. The methodology contained in this guidance note continues to apply to cases dated on or after 30 March 2023. Separate guidance will be issued regarding the treatment of non-Club CETV calculations for members eligible for McCloud remedy in due course. The approaches set out in this guidance note should be applied in conjunction with the McCloud remedy note once available.

1.4 This guidance is intended to supersede any factors or advice previously issued for the purposes of Club transfer or CETV calculations which rely on input from the Scheme Actuary. In particular this guidance supersedes:

- "The New Firefighters' Pension Scheme 2006 (England), The New Firefighters' Pension Scheme 2007 (Wales) and The New Firefighters' Pension Scheme 2007 (Northern Ireland): Individual Cash Equivalent Transfers Factors and guidance" dated 30 January 2020
- "New Firefighters' Pension Scheme 2006 England, Wales and Northern Ireland: Addendum to GAD Guidance for calculating Statutory Cash Equivalent Transfer Values" dated 17 June 2016

The New Firefighters' Pension Scheme 2006 (England), The New Firefighters' Pension Scheme 2007 (Wales) and The New Firefighters' Pension Scheme 2007 (Northern Ireland):
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- “Addendum to GAD guidance note “New Firefighters’ Pension Scheme 2006: Statutory Cash Equivalent Transfer Values” dated 14 February 2012” dated 13 May 2016
- “New Firefighters’ Pension Scheme 2006: Statutory Cash Equivalent Transfer Values” dated 14 February 2012

1.5 This note contains the guidance to be issued by the Scheme Actuary alongside the factors that are referred to in the following regulations of The Firefighters’ Pension Regulations 2006 (SI 2006/3432 for England), The Firefighters’ Pension Scheme (Wales) Order 2007 (SI 2007/1072 for Wales) and The New Firefighters’ Pension Scheme Order (Northern Ireland) 2007 (SR 2007/215):

- Part 12 Rule 6 – calculating amounts of transfer value payments (for England and Wales schemes)
- Part 12 Chapter 2 – calculating amounts of transfer value payments (for Northern Ireland scheme)

1.6 References in this guidance to The New Firefighters’ Pension Scheme 2006 (England) or “NFPS” may be taken to include their equivalents in Wales and Northern Ireland.

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:

- Sections 2, 3 and 4 describe the issues and set out the formulas.
- Section 5 sets out some example calculations.
- Appendix A sets out the factors effective from 29 October 2018 until 29 March 2023
- Appendix B sets out a summary of the assumptions underlying the factors in Appendix A.
- Appendix C sets out some important limitations.

Implementation and review

1.9 This guidance note is being issued to replace the note issued on 30 January 2020. The method of calculation for Standard NFPS members and Special NFPS members where the member has completed full payment of contributions prior to the CETV calculation date is the same under this guidance note. The calculation method for Special NFPS members for whom only partial payment had been made at the calculation date differs.

1.10 In previous factors and guidance for statutory CETVs an adjustment was applied to GMP to reflect the inflationary increases on the GMP, which were the responsibility of the State

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Scheme after GMP payment age. Following the requirement to equalise GMPs as set out in our letter "GMP Equalisation: Calculations involving actuarial factors" dated 9 August 2019, the GMP adjustment factor has been removed from the calculation methodology for all members reaching State Pension age after 6 April 2016 for all calculations carried out on or after 30 January 2020.

- 1.11 Any current cases where a Statutory CETV quotation is required for a member with GMP reaching State Pension age before 6 April 2016 should be referred to GAD.
- 1.12 The Club Memorandum issued on 1 April 2019 no longer includes any adjustment factors for GMPs. Club factors contained in that memorandum apply from 1 April 2019 until 30 September 2023. Cases on or after 1 October 2023 should use the factors in the Club Memorandum issued on 1 October 2023.
- 1.13 Appendix A contains the statutory CETV factors which were in force from 29 October 2018 until 28 March 2023. Factors for cases on or after 29 March 2023 were issued to HO, Welsh Government and DoH(NI) on 24 May 2023 and are available on the FPS Regulations website hosted by the Local Government Association.
- 1.14 This guidance has been written for pension administrators and assumes some knowledge of general pension terminology, and some familiarity with retirement calculations for the New Firefighters' Pension Scheme 2006 (England), the New Firefighters' Pension Scheme 2007 (Wales) and the New Firefighters' Pension Scheme 2007 (Northern Ireland).
- 1.15 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.
- 1.16 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.
- 1.17 If administrators for English authorities have any questions about how to use this guidance they should in the first instance consult published information on the Firefighter Pensions pages.
- 1.18 If further information is required, concerning the application of the guidance, this should be referred to:
 - For English authorities: the Firefighters' Pensions team at the Home Office
 - For Northern Ireland Authorities: the Firefighters' Pensions team at the Department of Health (Northern Ireland)
 - For Welsh Authorities: the Firefighters' Pensions team at the Welsh Government.

Third Party Reliance

- 1.19 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 the 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.

- 1.20 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. Special members

Introduction

- 2.1 The NFPS provides those employees who were employed as retained firefighters prior to 5 April 2006 with pension benefits in respect of that period.
- 2.2 Such members are known as Special members in the NFPS and have a different benefit structure to other members of the NFPS. In particular, Special members:
- Accrue benefits at a rate of 1/45 of Final Pensionable Pay for each year and part year of Pensionable Service
 - Have a Normal Retirement Age of 55, and a normal benefit age of 60

Members who have both Standard and Special benefits within the NFPS

- 2.3 A member may have a combination of Standard and Special benefits within the NFPS.
- 2.4 This situation may occur where:
- The member elects to purchase Special member deferred benefits, but also chooses not to convert and Standard NFPS benefits accrued in respect of post April 2006 service, or
 - An active firefighter member elects to convert Standard NFPS benefits, but subsequently defaults on the periodic payments required to complete this purchase, with the default occurring prior to the Club transfer/CETV calculation date.
- 2.5 Club transfers/CETVs for the member's Standard and Special benefits should be calculated separately, based on the Standard and Special factors in force at the calculation date using relevant the formulae in sections 3 and 4 (as appropriate).
- 2.6 The member's total NFPS Club transfer/CETV will be the sum of the Club transfer/CETV in respect of their Standard NFPS benefits and the Club transfer/CETV in respect of their Special NFPS benefits.

Special benefits purchased by lump sum, or purchased by periodic payments which have ceased before the calculation date

- 2.7 This section is applicable to any special member who, as at the Club transfer/CETV calculation date, has fully purchased the benefits on their record.
- 2.8 The full service credit or pension benefits stored on the member's record should be valued in the CETV. For the avoidance of doubt, where any member has been awarded a pro-rated service credit following a default on periodic contributions, it is the pro-rated benefits that should be valued.

Special benefits purchased by periodic payments which have not ceased before the calculation date

- 2.9 Firefighters and ex-firefighters who elect to purchase Special benefits are required to pay backdated employee contributions. They may choose to purchase this either as an immediate lump sum payment or as a series of monthly contributions ('periodic payments'). Pensioner members do not have the option to pay through periodic contributions.
- 2.10 The policy directed by DCLG (the government department previously responsible for the Firefighters' Pension Schemes), and continued by HO, is that benefits in respect of any member who elected to pay through periodic payments but has not completed these payments prior to the Club transfer/CETV calculation date should be pro-rated prior to the calculation of their Club transfer/CETV.
- 2.11 The pro-rating approach should be applied to both transfer out (whether Club transfer or Statutory CETV) and CETVs for divorce.
- 2.12 For the avoidance of doubt, this approach is not suitable for calculating the Club transfer/CETV in respect of a member who has ceased paying periodic contributions following a default on their payments. Any such members should be valued using the approach set out in paragraph 2.8 above.
- 2.13 We understand that following a transfer out of the NFPS scheme, a Special member will lose their entitlement to continue their purchase of Special benefits, and, as such, their periodic contributions should cease once the transfer has been completed.
- 2.14 There may be alternative legal interpretations of the benefit structure to be valued for members who are still making periodic payments as at the Club transfer/CETV calculation date. If for any reason it is not appropriate for the member's Club transfer/CETV to be calculated in line with methodology outlined above, the case should be referred to GAD for further consideration.
- 2.15 For any member with more than one election to purchase Special benefits, the elections should be treated separately using the relevant approach for each election.
- 2.16 To calculate Special service to be valued for any member who has elected to purchase Special service but not elected to convert Standard service, the following formula should be used:

$$\text{Accrued Special service} = \left(\text{SPS} \times \frac{\text{PC}}{\text{TPC}} \right) + \text{ASP}$$

Where:

- SPS total Special service the member elected to purchase in their Matthews option
- PC the number of periodic payments that have been paid as at the Club transfer/CETV calculation date
- TPC the number of periodic payments that were anticipated at the time of the Matthews election

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ASP additional Special service accrued between the option election date and the Club transfer/CETV calculation date

2.17 The accrued Special service calculated in paragraph 2.15 should be valued using the approach for Special benefits set out in sections 3 and 4 (as appropriate).

2.18 To calculate the Special and Standard service to be valued for any member who has elected to purchase Special service and elected to convert Standard service to Special service under Rule 17 of Part 12 of the Order, the following formulas should be used:

$$\text{Accrued Special service} = \left(\text{SPS} \times \frac{\text{PC}}{\text{TPC}} \right) + \left(\text{SDS} \times \frac{\text{PC}}{\text{TPC}} \right) + \text{ASP}$$

$$\text{Accrued Standard service} = \text{SDS} \times \left(1 - \frac{\text{PC}}{\text{TPC}} \right)$$

Where:

SPS total Special service the member elected to purchase in their Matthews option

SDS total Standard service the member elected to convert as part of their Matthews option

PC the number of periodic payments that have been paid as at the Club transfer/CETV calculation date

TPC the number of periodic payments that were anticipated at the time of the Matthews election

ASP additional Special service accrued between the option election date and the Club transfer/CETV calculation date

2.19 The accrued Special service calculated in paragraph 2.17 should be valued using the approach for Special benefits set out in sections 3.11 and 4.2 (as appropriate).

2.20 The accrued Standard service calculated in paragraph 2.17 should be valued using the approach for Standard benefits set out in sections 3.10 and 4.1 (as appropriate).

2.21 To calculate the Standard service to be valued for any member who has elected to purchase Special service and elected to convert benefits from Special to Standard under Rule 16 of Part 12 of the Order, the following formula should be used:

$$\text{Accrued Standard service} = \left(\text{SPC} \times \frac{\text{PC}}{\text{TPC}} \right) + \text{ASD}$$

Where:

SPC total Standard service credit to be awarded in respect of Special service the member elected to purchase and convert as part of their Matthews option, and any additional Standard service purchased.

PC the number of periodic payments that have been paid as at the Club transfer/CETV calculation date

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TPC the number of periodic payments that were anticipated at the time of the Matthews election

ASD additional Standard service accrued between the member's date of joining the NFPS and the Club transfer/CETV calculation date

2.22 No additional Special benefits should be valued in respect of this member.

2.23 The accrued Standard service calculated in paragraph 2.20 should be valued using the approach for Standard benefits set out in sections 3.10 and 4.1 (as appropriate).

3. Club Transfers out

Club transfers out

- 3.1 Members of the NFPS are generally entitled to take a transfer value to another pension arrangement. Where the new pension scheme is another scheme that participates in the Public Sector Transfer Club, the transfer will normally be affected on Club terms.
- 3.2 The Public Sector Transfer Club: Memorandum by the Cabinet Office ('the Club Memorandum') sets out how pension credits and the Club transfer out payment should be calculated. This note should be used in combination with the approach set out in the Club Memorandum.
- 3.3 The New Firefighters' Pension Scheme Regulations 2006 (and the equivalent regulations for the Wales and Northern Ireland schemes) define the circumstances under which a member is entitled to take a transfer value. Members with over three months of qualifying service would generally be entitled to a transfer value. Members with less than three months of qualifying service would normally be entitled to a refund of contributions.

Guarantee Date

- 3.4 The relevant date for calculating a transfer value is the "guarantee date" as defined in The Occupational Pensions Schemes (Transfer Values) Regulations 1996, i.e. it must be within 3 months (or exceptionally 6 months) of the date of the member's application.

Calculation of pension benefits

- 3.5 The benefits to be valued for serving firefighters are those that would be payable if the member had left service on the date of the calculation. The benefits to be valued for a deferred member should include revaluation to the guarantee date. The accrued pension benefits should be calculated at the last day of service, and then increased in line with Pensions Increase (Review) Orders to the guarantee date.

Survivor's pension

- 3.6 The factor for the survivor's pension does not depend on whether the member has a partner who would qualify for a survivor's pension in the event of the member's death.

Long Service Increment and Continual Professional Development elements

- 3.7 The Club Memorandum states that a club transfer should be calculated in two parts for a member who has both a final salary pension (linked to salary and service) and additional pension, such that
- The final salary element is calculated on club terms; and
 - The additional pension element is calculated on non-club terms

- 3.8 The Long Service Increment (LSI) and Continual Professional Development (CPD) elements of the NFPS are both classed as additional pension in the context of the Club Memorandum as they provide benefits that are unrelated to the salary and service of the member.

Calculation of the transfer value (Club transfers)

- 3.9 The formula to calculate the Club transfer is set out below. Paragraph 3.10 provides the formula for standard members entitled to Club transfer out with deferred pension age of 65. Paragraph 3.11 sets out the formula for Special members entitled to a Club transfer out with deferred pension age of 60.
- 3.10 For Standard members entitled to deferred benefits from age 65 the transfer value should be calculated using the following formulas.

Club element

$$CP \times F_P + SUR \times F_{SUR}$$

Where:

CP member's pension

SUR pension payable on the death of a member to their spouse or partner

F_P factor for member's pension – from Table 3 of the Club Memorandum

F_{SUR} factor for survivor's pension – from Table 3 of the Club Memorandum

Non-Club element

$$APB_{pen} \times G_P + APB_{SUR} \times G_{SUR}$$

Where:

APB_{Pen} Additional pension from CPD contributions or LSI

APB_{SUR} Additional pension payable on the death of the member to their spouse or partner from CPD contributions or LSI

G_P Non-Club factor for member's pension – from Table A1, A2 or A3

G_{SUR} Non-Club factor for survivor's pension – from Table A1, A2 or A3

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- 3.11 For Special members entitled to deferred benefits from age 60 the transfer value should be calculated using the following formula.

Club element

$$CP \times F_P + SUR \times F_{SUR}$$

Where:

CP member's pension

SUR pension payable on the death of a member to their spouse or partner

F_P factor for member's pension – from Table 2 of the Club Memorandum

F_{SUR} factor for survivor's pension – from Table 2 of the Club Memorandum

Non-club element

$$APB_{pen} \times G_P + APB_{SUR} \times G_{SUR}$$

Where:

APB_{Pen} Additional pension from CPD contributions or LSI

APB_{SUR} Additional pension payable on the death of the member to their spouse or partner from CPD contributions or LSI

G_P Non-Club factor for member's pension – from Table B1 or B2

G_{SUR} Non-Club factor for survivor's pension – from Table B1 or B2

- 3.12 Previous Club Memoranda included a table of adjustment (AMC) factor to allow for changes in market conditions. AMC factors no longer apply to Club transfers from 1 January 2012; however, some schemes may find it easier to retain an AMC table but based on factors of 1.00 for all yields and ages. Similarly, Club transfers that were calculated before 1 March 2017 were adjusted to take account of GMPs and National Insurance modification. The tables of factors effective from that date no longer include any factors for GMP or National Insurance modification adjustments. As with the AMC factors, some schemes may find it easier to retain GMP and National Insurance modification factors, in which the factor will be 0.00 in all cases.

Members with a pension debit

- 3.13 The transfer value should be calculated in two stages. First, a gross transfer value should be calculated ignoring the pension debit. Second, the value of the pension debit should be calculated (i.e. the transfer value of a deferred pension of the same amount as the debit). The results of both calculations should be passed to the receiving scheme. The transfer value paid is the net amount: the gross transfer value less the value of the pension debit.

Alerting members to the statutory CETV transfer route

- 3.14 In some circumstances a statutory CETV (non-Club) transfer may produce a higher service credit for the member in the receiving scheme than a Club transfer. On responding to a request for a Club transfer value, the fire pension administrator should suggest to the administrator of the receiving scheme that they alert the member to the possibility that the statutory CETV route could, in some circumstances, result in a higher service credit. It would then be for the member to consider acting on the information by requesting a statutory CETV quotation from NFPS. Such cases are expected to be infrequent and are most likely to arise when an individual has taken a large drop in salary when moving.

Members entitled to a split pension

- 3.15 Under Part 3 Rule 7 (or the equivalent Wales or Northern Ireland scheme equivalent rule), a member is entitled to a split pension if, on changing role they have suffered a reduction in pay, or for those who stay in the same role but become entitled to a different rate of pay which impacts adversely on pensionable pay at the point of retirement from active service.
- 3.16 In accordance with this rule, two pension calculations should be carried out, the first allowing for a split award and the payment of two pensions and the second as a single award. The greater of the two pension values should be used in the calculation of the transfer value.

4. Statutory CETV transfers out

Standard benefits

- 4.1 For Standard members entitled to deferred benefits from age 65 the transfer value should be calculated using the following formula.

$$(\mathbf{CP} + \mathbf{APB}_{\text{Pen}}) \times \mathbf{F}_P + (\mathbf{SUR} + \mathbf{APB}_{\text{SUR}}) \times \mathbf{F}_{\text{SUR}}$$

Where:

CP member's pension

APB_{Pen} additional pension from CPD contributions or LSI

SUR pension payable on the death of a member to their spouse or partner

APB_{SUR} additional pension payable on the death of a member to their spouse or partner from CPD contributions or LSI

F_P factor for member's pension – from Table A1, A2 or A3

F_{SUR} factor for survivor's pension – from Table A1, A2 or A3

Special benefits

- 4.2 For Special members entitled to deferred benefits from age 60 the transfer value should be calculated using the following formula.

$$(\mathbf{CP} + \mathbf{APB}_{\text{Pen}}) \times \mathbf{F}_P + (\mathbf{SUR} + \mathbf{APB}_{\text{SUR}}) \times \mathbf{F}_{\text{SUR}}$$

Where:

CP member's pension determined in accordance with Section 2

APB_{Pen} additional pension from CPD contributions or LSI

SUR pension payable on the death of a member to their spouse or partner determined in accordance with Section 2

APB_{SUR} additional pension payable on the death of a member to their spouse or partner from CPD contributions or LSI

F_P factor for member's pension – from Table B1 or B2

F_{SUR} factor for survivor's pension – from Table B1 or B2

Underpin in respect of previous transfer in

4.3 If the member has received a transfer in of benefits from another scheme, then an underpin applies to the CETV. The underpin is calculated using the following formula:

$$\text{Underpin} = \text{TV}_{\text{ActSer}} + \text{TV}_{\text{In}}$$

Where:

$\text{TV}_{\text{ActSer}}$ the transfer value based on actual service, calculated in accordance with 4.4 below

TV_{In} the value of the previous transfer in, calculated in accordance with 4.5 below

4.4 The transfer value based on actual service is calculated in accordance with paragraph 4.1 or 4.2 as appropriate, but the value of the benefits is based on reckonable service in the NFPS ignoring any service credit in respect of the previous transfer in. The member's pension (CP) and the pension payable on the death of the member to their spouse or partner (SUR) should be recalculated using the lower service figure.

4.5 The value of transferred in service (TV_{In}) is usually the total of previous transfer values received by the Fire pension administrator, but there are some exceptions. The value to use for different types of transfer in are as follows:

- If the transfer in was a statutory CETV (i.e. non-club transfer), TV_{In} is the transfer value that was received.
- If the transfer in was a Club transfer, TV_{In} is the transfer value that was received.
- If the transfer in was from the Firefighters' Pension Scheme 1992 (FPS) on the special conversion terms available from that scheme under certain circumstances, TV_{In} is the CETV that would otherwise have been available from the member's previous scheme at the date of transfer.
- If the transfer in was from a bulk transfer into the NFPS, TV_{In} is the (individual) CETV that would have been available from the member's previous scheme at the date of transfer.

If more than one transfer in has been received, TV_{In} should be the sum of the specified figures for all the transfers received.

If the underpin calculated in paragraph 4.3 is greater than the transfer value calculated in 4.1 or 4.2 (as appropriate), then the transfer value should be increased so that it equals the underpin.

Value of GMP benefits

- 4.6 Previous versions of this guidance note included calculation methodology to allow administrators to value the accrued GMP, typically for use in cases where the value of the GMP was to be quoted separately or liability for the GMP was to be retained within the NFPS. The GMP valuation factor was provided for this purpose. We understand that there is no longer a requirement to provide the value of the GMP on transfer values and therefore we have not included the calculation methodology or factors in this guidance. Please contact GAD if a GMP value is required for a particular case.

Pension Debit members

- 4.7 If a pension debit member requests a statutory CETV, the member's benefits should be calculated as at the guarantee date, initially ignoring the pension debit. The pension debit should be revalued to the guarantee date and deducted from the member's benefits. The transfer value quotation should be based on the benefits after subtraction of the debit.

Statement of entitlement

- 4.8 Once a statement of entitlement request is received from the member under Rule 3 of Chapter 2 of the Order, an initial CETV quote should be prepared as directed by this guidance, and provided to the member. This communication should inform the member that if they wish to confirm their intention to transfer out they must cease paying periodic contributions as at that date.
- 4.9 If the member responds to the statement of entitlement discussed in 4.8 by confirming that they wish to transfer out:
- 4.9.1 no recalculation of the CETV will be required if no periodic contributions have been paid between the CETV guarantee date and the date the member's response is received, and the transfer out should be processed based on the statement of entitlement quote provided.
 - 4.9.2 the CETV should be recalculated if any periodic contributions have been paid between the CETV guarantee date and the date on which the response is received.
- 4.10 The Departments have previously confirmed that, if necessary under this scenario, a second statement of entitlement quote can be provided to the member.

Transfers to other Fire authorities

- 4.11 For transfers between fire authorities in the same country i.e. transfers from one English Fire authority to another, the member's service record should be transferred but there is no requirement to calculate a transfer value or to make a transfer payment. Transfers to fire authorities in another country i.e. from England to another Fire authority in Scotland, Wales and Northern Ireland require the calculation and payment of a transfer value. The member's service should be transferred. The calculation of a service credit is not required.

5. Example calculations

- 5.1 This section provides examples of the calculations described by this note.
- 5.2 The examples in paragraphs 5.5 and 5.6 relate to firefighter members who are Standard members. For calculations involving Special members, the same methodology is used but the 1/60 accrual rate is replaced by 1/45 and the factors are taken from Tables B1 or B2 as applicable.
- 5.3 The examples in paragraphs 5.7, 5.8 and 5.9 illustrate the pro-rating of service for those who are part way through periodic contributions towards purchasing Special member benefits.
- 5.4 Figures in these example calculations are rounded to a suitable level of accuracy. Where a figure is shown as an intermediate step in the calculation, subsequent steps will use this rounded figure as written on the page. It is also perfectly acceptable to perform these calculations on a computer spreadsheet, such as MS Excel. In this case the figures calculated in the intermediate steps will usually not be rounded, so the final answer may be slightly different to that shown in these examples. The difference will not be significant and both methods are valid. However, when performing calculations for paper-based calculations, the figures calculated as intermediate steps should not be rounded to a lower level of accuracy than used in these examples.

5.5 Club transfer out

The following information is needed for this calculation:

A. Member date of birth	25 May 1975
B. Last date of service	10 August 2020
C. Guarantee date	11 August 2020
D. Member age as at calculation date	45
E. Marital status	Not required
F. Deferred pension age	65
G. Member's pension	£5,167.12 p.a.
H. Contingent spouse pension	£2,583.56 p.a.
I. Additional pension from CPD contributions or LSI	£100

Formula

From 3.10, the formula to calculate the Club transfer value is:

Club element

$$CP \times F_P + SUR \times F_{SUR}$$

Non-Club element

$$APB_{Pen} \times G_P + APB_{SUR} \times G_{SUR}$$

Inputs

$$CP = £5,167.12 \text{ p.a.}$$

$$SUR = £2,583.56 \text{ p.a.}$$

$$APB_{Pen} = £100$$

$$APB_{SUR} = 0.5 \times £100 = £50$$

$$F_P = 11.530 \text{ (from Table 3 of the Club Memorandum)}$$

$$F_{SUR} = 1.570 \text{ (from Table 3 of the Club Memorandum)}$$

$$G_P = 10.71 \text{ (from Table A1 of Appendix A)}$$

$$G_{SUR} = 2.82 \text{ (from Table A1 of Appendix A)}$$

Calculation

Substituting these values into the formula we get:

$$\begin{aligned}\text{Club TV} &= (5,167.12 \times 11.530) + (2,583.56 \times 1.570) \\ &= 59,576.89 + 4,056.19 \\ &= \text{£}63,633.08\end{aligned}$$

$$\text{Non-Club TV} = (100 \times 10.71) + (50 \times 2.82) = \text{£}1,212.00$$

Therefore, the Transfer Value out is:

Club element:	£63,633.08
Non-Club element:	£1,212.00
Total transfer value:	£64,845.08

5.6 Statutory CETV transfer out

The following information is needed for this calculation:

A. Member date of birth	14 February 1962
B. Last date of service	10 September 2020
C. Guarantee date	11 September 2020
D. Member age as at calculation date	58
E. Gender	Male
F. Final Pensionable Pay	£36,000
G. Reckonable service	15 years, 150 days
of which:	
Current service in NFPS	10 years, 150 days
Service credit from CETV transfer received	5 years
H. CETV received by Fire Authority	£67,300
I. Has the figure in H been revalued?	Yes
J. Additional pension from CPD contributions or LSI	nil

Formula

From 4.1, the formula to calculate the statutory transfer value is:

$$(\text{CP} + \text{APB}_{\text{pen}}) \times \text{F}_P + (\text{SUR} + \text{APB}_{\text{SUR}}) \times \text{F}_{\text{SUR}}$$

Inputs

$$\text{CP} = (1/60) \times £36,000 \times (15 + (150/365)) = £9,246.58 \text{ p.a.}$$

$$\text{SUR} = 0.5 \times £9,246.58 = £4,623.29 \text{ p.a.}$$

$$\text{APB}_{\text{pen}} \text{ and } \text{APB}_{\text{SUR}} = £0.00$$

$$\text{F}_P = 14.28 \text{ (from Table A1 "Pension of £1 p.a." of Appendix A)}$$

$$\text{F}_{\text{SUR}} = 3.46 \text{ (from Table A1 "Survivor's pension of £1 p.a." of Appendix A)}$$

Calculation

Substituting these values into the formula we get:

$$\begin{aligned} TV &= (9,246.58 \times 14.28) + (4,623.29 \times 3.46) \\ &= 132,041.16 + 15,996.58 \\ &= \text{£}148,037.74 \end{aligned}$$

Therefore, the Transfer Value out is **£148,037.74**, before checking the underpin.

Underpin

For the underpin calculation, first a transfer value needs to be calculated for the current period of service in NFPS – see section 4.3

Underpin Calculation Inputs

$$CP = (1/60) \times \text{£}36,000 \times (10 + (150/365)) = \text{£}6,246.58 \text{ p.a.}$$

$$SUR = 0.5 \times \text{£}6,246.58 = \text{£}3,123.29 \text{ p.a.}$$

F_P and F_{SUR} are unchanged

Underpin Calculation

Substituting these values into the transfer value formula we get:

$$\begin{aligned} TV_{ActSer} &= (6,246.58 \times 14.28) + (3,123.29 \times 3.46) \\ &= 89,201.16 + 10,806.58 \\ &= \text{£}100,007.74 \end{aligned}$$

Therefore, the Transfer Value out for the 10 years and 150 days service is **£100,007.74**.

The underpin formula and value is:

$$\begin{aligned} \text{Underpin} &= TV_{ActSer} + TV_{in} \\ &= \text{£}100,007.74 + \text{£}67,300.00 \\ &= \text{£}167,307.74 \end{aligned}$$

The underpin value is higher than the statutory CETV. Therefore, the higher transfer value of **£167,307.74** should be issued.

5.7 Pro-rating of benefits for an active member who has elected to purchase special benefits and has no additional standard benefits

For simplicity, in the example below the member's retained service is assumed to be 100% of whole time equivalent service for each year worked. In practice this may not be the case. When using this guidance administrators must ensure that the member's service and pensionable pay are calculated in line with the scheme rules.

The following information is needed for this calculation:

A. Member date of birth	30 June 1966
B. Calculation date	30 June 2016
C. Member age as at calculation date	50
D. Gender	Male
E. Date of retained option election	30 June 2015
F. Special service member elected to purchase as part of retained option (SPS)	12 years
G. Total number of periodic contributions required (TPC)	120
H. Number of periodic contributions made as at Club transfer/CETV calculation date (PC)	12
I. Special service accrued since joining the Modified section (ASP)	1 year

Calculation of benefits to be valued

The formula to calculate benefits to be valued, taken from paragraph 2.15, is as follows:

$$\text{Accrued Special service} = \left(\text{SPS} \times \frac{\text{PC}}{\text{TPC}} \right) + \text{ASP}$$

Substituting the data set out above into this formula, the special service to be valued is:

$$\text{Accrued special service} = 12 \times (12/120) + 1 = \mathbf{2.2 \text{ years}}$$

The Club transfer or CETV of the benefits relating to this special service should then be calculated in line with the approach set out in paragraph 3.11 or 4.2 as appropriate.

5.8 Pro-rating of benefits for a deferred member who has elected to purchase special benefits and convert benefits from standard to special

For simplicity, in the example below the member's retained service is assumed to be 100% of whole time equivalent service for each year worked. In practice this may not be the case. When using this guidance administrators must ensure that the member's service and pensionable pay are calculated in line with the scheme rules.

The following information is needed for this calculation:

A. Member date of birth	30 June 1966
B. Calculation date	30 June 2016
C. Member age as at calculation date	50
D. Gender	Female
E. Date of retained option election	30 June 2015
F. Date of deferral	31 December 2015
G. Special service member elected to purchase as part of retained option (SPS)	4 years
H. Standard service member elected to convert as part of retained option (SDS)	8 years
I. Total number of periodic contributions required (TPC)	120
J. Number of periodic contributions made as at Club transfer/CETV calculation date (PC)	12
K. Special service accrued since joining the Modified section (ASP)	0.5 years

Calculation of benefits to be valued

The formulas to calculate benefits to be valued, taken from paragraph 2.17, is as follows:

$$\text{Accrued Special service} = \left(\text{SPS} \times \frac{\text{PC}}{\text{TPC}} \right) + \left(\text{SDS} \times \frac{\text{PC}}{\text{TPC}} \right) + \text{ASP}$$

Substituting the data set out above into this formula, the Special service to be valued is

$$\text{Accrued special service} = (4 \times (12/120)) + (8 \times (12/120)) + 0.5 = \mathbf{1.7 \text{ years}}$$

The Club transfer value or CETV of the benefits relating to this Special service should be calculated in line with the approach set out in paragraph 3.11 or 4.2 as appropriate.

$$\text{Accrued Standard service} = \text{SDS} \times \left(1 - \frac{\text{PC}}{\text{TPC}} \right)$$

The New Firefighters' Pension Scheme 2006 (England), The New Firefighters' Pension Scheme 2007 (Wales) and The New Firefighters' Pension Scheme 2007 (Northern Ireland):
Individual Cash Equivalent Transfers

Substituting the data set out above into this formula, the Standard service to be valued is:

Accrued standard service = $8 \times (1 - (12/120)) = 7.2 \text{ years}$

The Club transfer value or CETV of the benefits relating to this Standard service should then be calculated in line with the approach set out in paragraph 3.10 or 4.1 as appropriate.

The total NFPS Club transfer value or CETV will be the sum of the Standard and Special results calculated above.

5.9 Pro-rating of benefits for an active member who has elected to purchase special benefits and convert them from special to standard

For simplicity, in the example below the member's retained service is assumed to be 100% of whole time equivalent service for each year worked. In practice this may not be the case. When using this guidance administrators must ensure that the member's service and pensionable pay are calculated in line with the scheme rules.

The following information is needed for this calculation:

A. Member date of birth	30 June 1966
B. Calculation date	30 June 2016
C. Member age as at calculation date	50
D. Gender	Male
E. Date of retained option election	30 June 2015
F. Standard service credit to be awarded as part of retained option (SPC)	4 years
G. Total number of periodic contributions required (TPC)	120
H. Number of periodic contributions made as at Club transfer/CETV calculation date (PC)	12
I. Date of joining NFPS	30 June 2006
J. Standard service accrued since joining the NFPS (ASD)	9 years

Calculation of benefits to be valued

The formula to calculate benefits to be valued, taken from paragraph 2.20, is as follows:

$$\text{Accrued Standard service} = \left(\text{SPC} \times \frac{\text{PC}}{\text{TPC}} \right) + \text{ASD}$$

Substituting the data set out above into this formula, the Standard service to be valued is:

$$\text{Accrued standard service} = 4 \times (12/120) + 9 = \mathbf{9.4 \text{ years}}$$

The Club transfer value or CETV of the benefits relating to this service should then be calculated in line with the approach set out in paragraph 3.10 or 4.1 as appropriate.

Appendix A: Factor tables in force from 29 October 2018 to 29 March 2023

Table A1 (203 in Consolidated Factors spreadsheet): CETV Transfer value factors for deferred benefits from age 65 (Males)

Age last birthday at relevant date	Gross Pension of £1 per annum	Surviving Partner's Pension of £1 per annum
18	6.10	1.51
19	6.23	1.59
20	6.36	1.63
21	6.49	1.67
22	6.62	1.71
23	6.76	1.75
24	6.90	1.80
25	7.05	1.84
26	7.19	1.89
27	7.35	1.93
28	7.50	1.98
29	7.66	2.02
30	7.82	2.07
31	7.98	2.12
32	8.15	2.17
33	8.32	2.22
34	8.49	2.27
35	8.67	2.32
36	8.85	2.37
37	9.04	2.42
38	9.23	2.47
39	9.43	2.52
40	9.63	2.57
41	9.84	2.62
42	10.05	2.67
43	10.26	2.72
44	10.48	2.77
45	10.71	2.82
46	10.94	2.87
47	11.18	2.92
48	11.42	2.97
49	11.67	3.03
50	11.93	3.08
51	12.19	3.13
52	12.46	3.18
53	12.74	3.23
54	13.03	3.28
55	13.32	3.33
56	13.63	3.38
57	13.95	3.42
58	14.28	3.46
59	14.62	3.50
60	14.98	3.53
61	15.35	3.56
62	15.74	3.59
63	16.15	3.61
64	16.58	3.63

The New Firefighters' Pension Scheme 2006 (England), The New Firefighters' Pension Scheme 2007 (Wales) and The New Firefighters' Pension Scheme 2007 (Northern Ireland):
Individual Cash Equivalent Transfers

Table A2 (204 in Consolidated Factors spreadsheet): CETV Transfer value factors for deferred benefits from age 65 (Females)

Age last birthday at relevant date	Gross Pension of £1 per annum	Surviving Partner's Pension of £1 per annum
18	6.10	1.51
19	6.23	1.59
20	6.36	1.63
21	6.49	1.67
22	6.62	1.71
23	6.76	1.75
24	6.90	1.80
25	7.05	1.84
26	7.19	1.89
27	7.35	1.93
28	7.50	1.98
29	7.66	2.02
30	7.82	2.07
31	7.98	2.12
32	8.15	2.17
33	8.32	2.22
34	8.49	2.27
35	8.67	2.32
36	8.85	2.37
37	9.04	2.42
38	9.23	2.47
39	9.43	2.52
40	9.63	2.57
41	9.84	2.62
42	10.05	2.67
43	10.26	2.72
44	10.48	2.77
45	10.71	2.82
46	10.94	2.87
47	11.18	2.92
48	11.42	2.97
49	11.67	3.03
50	11.93	3.08
51	12.19	3.13
52	12.46	3.18
53	12.74	3.23
54	13.03	3.28
55	13.32	3.33
56	13.63	3.38
57	13.95	3.42
58	14.28	3.46
59	14.62	3.50

The New Firefighters' Pension Scheme 2006 (England), The New Firefighters' Pension Scheme 2007 (Wales) and The New Firefighters' Pension Scheme 2007 (Northern Ireland):
Individual Cash Equivalent Transfers

Table A3 (205 in Consolidated Factors spreadsheet): CETV Transfer value factors for deferred benefits from age 65 (Females aged 60 and above)

Age last birthday at relevant date	Gross Pension of £1 per annum	Surviving Partner's Pension of £1 per annum
60	14.98	3.53
61	15.35	3.56
62	15.74	3.59
63	16.15	3.61
64	16.58	3.63

The New Firefighters' Pension Scheme 2006 (England), The New Firefighters' Pension Scheme 2007 (Wales) and The New Firefighters' Pension Scheme 2007 (Northern Ireland):
Individual Cash Equivalent Transfers

Table B1 (206 in Consolidated Factors spreadsheet): CETV Transfer value factors for deferred benefits from age 60 (Males)

Age last birthday at relevant date	Gross Pension of £1 per annum	Surviving Partner's Pension of £1 per annum	Deduction for NI Modification of £1 per annum
18	7.79	1.50	4.56
19	7.96	1.57	4.69
20	8.13	1.61	4.81
21	8.31	1.65	4.94
22	8.48	1.69	5.08
23	8.67	1.73	5.22
24	8.85	1.78	5.36
25	9.04	1.82	5.50
26	9.24	1.86	5.65
27	9.44	1.91	5.80
28	9.64	1.95	5.96
29	9.85	2.00	6.12
30	10.06	2.04	6.29
31	10.28	2.09	6.46
32	10.50	2.14	6.64
33	10.73	2.18	6.82
34	10.96	2.23	7.00
35	11.20	2.28	7.19
36	11.44	2.33	7.39
37	11.69	2.38	7.59
38	11.95	2.43	7.80
39	12.21	2.48	8.02
40	12.48	2.53	8.24
41	12.75	2.58	8.47
42	13.03	2.63	8.70
43	13.32	2.67	8.94
44	13.62	2.72	9.19
45	13.92	2.77	9.45
46	14.23	2.82	9.71
47	14.55	2.87	9.98
48	14.88	2.92	10.26
49	15.21	2.97	10.55
50	15.56	3.03	10.84
51	15.91	3.08	11.15
52	16.28	3.13	11.46
53	16.65	3.17	11.79
54	17.04	3.22	12.13
55	17.44	3.27	12.48
56	17.86	3.31	12.84
57	18.29	3.36	13.22
58	18.74	3.39	13.62
59	19.20	3.43	14.03

The New Firefighters' Pension Scheme 2006 (England), The New Firefighters' Pension Scheme 2007 (Wales) and The New Firefighters' Pension Scheme 2007 (Northern Ireland):
Individual Cash Equivalent Transfers

Table B2 (207 in Consolidated Factors spreadsheet): CETV Transfer value factors for deferred benefits from age 60 (Females)

Age last birthday at relevant date	Gross Pension of £1 per annum	Surviving Partner's Pension of £1 per annum	Deduction for NI Modification of £1 per annum
18	7.79	1.50	4.84
19	7.96	1.57	4.98
20	8.13	1.61	5.11
21	8.31	1.65	5.25
22	8.48	1.69	5.40
23	8.67	1.73	5.54
24	8.85	1.78	5.70
25	9.04	1.82	5.85
26	9.24	1.86	6.01
27	9.44	1.91	6.18
28	9.64	1.95	6.35
29	9.85	2.00	6.52
30	10.06	2.04	6.70
31	10.28	2.09	6.88
32	10.50	2.14	7.07
33	10.73	2.18	7.26
34	10.96	2.23	7.46
35	11.20	2.28	7.67
36	11.44	2.33	7.88
37	11.69	2.38	8.10
38	11.95	2.43	8.32
39	12.21	2.48	8.55
40	12.48	2.53	8.79
41	12.75	2.58	9.03
42	13.03	2.63	9.29
43	13.32	2.67	9.54
44	13.62	2.72	9.81
45	13.92	2.77	10.09
46	14.23	2.82	10.37
47	14.55	2.87	10.66
48	14.88	2.92	10.96
49	15.21	2.97	11.27
50	15.56	3.03	11.59
51	15.91	3.08	11.92
52	16.28	3.13	12.27
53	16.65	3.17	12.62
54	17.04	3.22	12.99
55	17.44	3.27	13.37
56	17.86	3.31	13.77
57	18.29	3.36	14.18
58	18.74	3.39	14.61
59	19.20	3.43	15.05

Appendix B: Assumptions underlying 2018-2023 factors

Financial assumptions

Nominal discount rate	4.448% p.a.
Consumer Price Inflation (CPI)	2.00% p.a.
Real discount rate (in excess of CPI)	2.40% p.a.

Mortality assumptions

Base mortality tables and adjustments (as per 2016 actuarial valuation)	Males: 113% S2NMA Females: 113% S2NFA Male dependants: 113% S2NMA Female dependants: 100% S2DFA
Future mortality improvement	Based on ONS 2016-based principle UK population projections
Year of Use	2020

Other assumptions

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

Appendix C: Limitations

- A.1. This guidance should not be used for any purpose other than those set out in this guidance.
- A.2. Scheme managers and administrators need to ensure that they are using the latest factors, as relevant, when processing cases.
- A.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.
- A.4. This guidance only covers the actuarial principles around the calculation and application of individual transfer factors. Any legal advice in this area should be sought from an appropriately qualified person or source.
- A.5. Scheme managers and administrators should satisfy themselves that individual transfer calculations and benefit awards comply with all legislative requirements including, but not limited to, tax and contracting-out requirements.
- A.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 the relevant authority and GAD. Under no circumstances should this guidance take precedence over the Regulations. Administrators should ensure that they comply with all relevant Regulations.