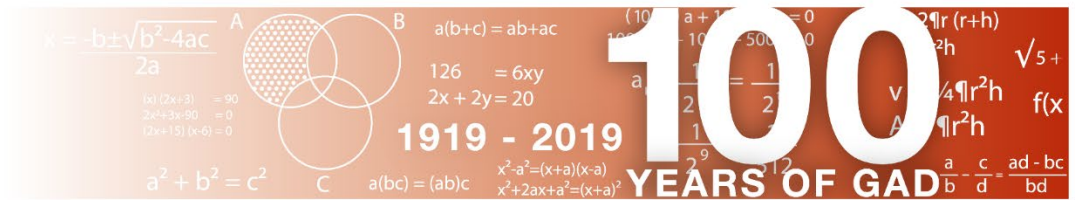




Government
Actuary's
Department



New Firefighters' Pension Scheme (England) 2006

**New Firefighters' Pension Scheme (Northern Ireland)
2007**

New Firefighters' Pension Scheme (Wales) 2007

Tax charge debits Factors and guidance

Date: 30 January 2020





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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 New Firefighters' Pension Scheme (England) 2006
- the New Firefighters' Pension Scheme (Wales) 2007
- the New Firefighters' Pension Scheme (Northern Ireland) 2007

1.2 This guidance includes members who were employed as retained Firefighters prior to 6 April 2006 (known as "special members").

1.3 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).

1.4 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.

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

1.6 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 (NI) dated 30 October 2018 and its instructions following that advice.

1.7 This guidance is intended to supersede any factors or advice previously issued, for the purposes of tax charge debit calculations, carried out from 24 January 2019. In particular, this guidance supersedes:



“The New Firefighters' Pension Scheme (England) 2006, New Firefighters' Pension Scheme (Northern Ireland) 2007, Firefighters' Pension Scheme (Scotland) 2007 and Firefighters' Pension Scheme (Wales) 2007: Tax charge debits” dated 21 December 2012.

and

Addendum to GAD Tax charge debits guidance note dated September 2015

and

Addendum to GAD guidance note “New Firefighters' Pension Scheme (England) 2006/ New Firefighters' Pension Scheme (Northern Ireland) 2007/Firefighters' Pension Scheme (Scotland) 2007/ Firefighters' Pension Scheme (Wales) 2007: Tax Charge Debits” dated 13 May 2016.

1.8 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

1.9 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

Special members

1.10 The New Firefighters' Pension Scheme (England) 2006, New Firefighters' Pension Scheme (Northern Ireland) 2007 and Firefighters' Pension Scheme (Wales) 2007 provide those employees who were employed as retained firefighters prior to 6 April 2006 with pension benefits in respect of that period.

1.11 Such members are known as Special members in the New Firefighters' Pension Scheme (England) 2006, New Firefighters' Pension Scheme (Northern Ireland) 2007 and Firefighters' Pension Scheme (Wales) 2007, and have a different benefit structure to the other members of those Schemes. In particular, Special members who:



-
- accrue benefits at a rate of 1/45ths 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.

Implementation and Review

- 1.12 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.
- 1.13 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.
- 1.14 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).
- 1.15 The factors contained in this guidance will apply from the implementation date has been determined by Home Office, Welsh Government and Department of Health (Northern Ireland) respectively. This guidance will apply from the date of issue.
- 1.16 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 (England) 2006 and the New Firefighter's Pension Schemes (Wales and Northern Ireland) 2007 schemes.
- 1.17 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.
- 1.18 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.
- 1.19 If further information is required, concerning the application of the guidance, this should be referred to:
- For English authorities: the Home Office (HO) as the scheme manager of the Firefighters' Pension Schemes in England,
 - 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.

1.20 The Firefighters' Pensions teams will seek input from the scheme actuary if necessary.

Use of this note

1.21 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.

1.22 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

1.23 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.

1.24 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 Additional factor tables are required for Special members (see Tables B1S, B2S and CS in section 4 of this note).
- 2.4 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.
- 2.5 Annual allowance debits will need to be calculated in respect of each tax year in which a member elects to use scheme pays.
- 2.6 From the 2016/17 financial year onwards, the Pension Input Period used by the Fire authorities should be aligned to the tax year i.e. the last day of the PIP is now 5 April each year.
- 2.7 The scheme administrators are responsible for specifying the pension input period and the implementation date. Home Office have recommended that the Pension Input Period (PIP) runs from 6 April to 5 April and that implementation of the debit will be from the last day of the financial year (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

- 2.8 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).
- 2.9 Annual allowance debits do not affect GMPs.
- 2.10 The member's age (required to select the appropriate factors from Table A) should be calculated as at the implementation date.



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

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

AATC annual allowance tax charge payable by scheme administrator

F_p The relevant factors from this guidance can be found in **Table A1 and A2** of this guidance.

- 2.12 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

- 2.13 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.
- 2.14 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).
- 2.15 Each pension debit must be adjusted separately as follows:

For members retiring at normal benefit age:

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

For members retiring at a time other than normal benefit age:

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

AAPD annual allowance pension debit as calculated in 2.11

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 from this guidance are provided in this guidance as **Table B1, B1S, B2, B2S, C or CS**.

Adjusting pension debit on leaving

- 2.16 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

- 2.17 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

- 2.18 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

- 2.19 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

- 2.20 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 2 of Part 14 of The Firefighters' Pension Scheme (England) Order 2006 (SI 2006/3432)
- Regulation 2 of Part 14 of The Firefighters' Pension Scheme (Wales) Order 2007 (SI 2007/1072)
- Regulation 95 of The New Firefighters' Pension Scheme Order (Northern Ireland) 2006 (SR 2007/215)

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:

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

LTATC Lifetime Allowance tax charge payable by the scheme administrator

F_{LTA} relevant factors from this guidance are given in Table D or E of this guidance.



-
- 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). 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

All the examples in section 4. relate to firefighter members who are standard members.

For calculations involving Special members, the same methodology is used but the factors to be used are those applicable to Special members.

Example 1: Calculation of annual allowance debit for a member below age 65

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 2.11, the formula for calculating the annual allowance pension debit is:

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

We have:

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

$$F_p = 8.67 \text{ (Table A1 of this guidance)}$$

Substituting these values into the formula we get:

$$\text{AAPD} = 4,000.00 \div 8.67$$

$$= \text{£}461.36 \text{ pa}$$

Record this debit on the member's record with implementation date 31 March 2020



Example 2: Calculation of annual allowance debit for a member aged 65 or above

The following information is needed for this calculation:

A. Member date of birth	23 February 1954
B. Tax year annual allowance charge is incurred	2019/20
C. Implementation date	31 March 2020
D. Member age	66 years 1 month
E. Gender	Male
F. Tax charge	£2,000

From 2.11, the formula for calculating the annual allowance pension debit for a member aged 60 or above is:

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

We have:

AATC = £2,000 (from F.)

$F_p = 15.93$ (Table A2 of this guidance).

Substituting these values into the formula we get:

$$\text{AAPD} = £2,000.00 \div 15.93 = \mathbf{£125.55} \text{ pa}$$

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



Example 3: Member retiring at age 65 on ordinary grounds, with annual allowance debits

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	£30,000 pa
F. Annual allowance pension debit 2011/12 (at 65)	£450 pa
G. Pension increase uprating factor 2011/12	1.035

(from 2011/12 debit implementation date, 31 March 2012, to retirement)

From 2.15, the formula for calculating the adjusted pension debit at retirement is:

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

We have:

AAPD = £450 (from **F.**)

PI = 1.035 (from **G.**)

Substituting these values into the formula we get:

$$\begin{aligned} \text{Adjusted pension debit} &= £450.00 \times 1.035 \\ &= £465.75 \text{ pa} \end{aligned}$$

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:

$$\begin{aligned} &= £30,000.00 - £465.75 \\ &= \mathbf{£29,534.25 \text{ pa}} \end{aligned}$$



Example 4: Member retiring at age 55 on ordinary grounds, with annual allowance debits

The following information is needed for this calculation:

A. Member date of birth	1 October 1965
B. Retirement date	1 October 2020
C. Member age	55
D. Gender	Female
E. Member's pension before debit	£45,000 pa
F. Annual allowance pension debit 2011/12 (at 65)	£250 pa
G. Annual allowance pension debit 2012/13 (at 65)	£300 pa
H. Pension increase uprating factor 2011/12	1.160
	(from 2011/12 debit implementation date, 31 March 2012, to retirement)
I. Pension increase uprating factor 2012/13	1.131
	(from 2012/13 debit implementation date, 31 March 2013, to retirement)

Under 2.15 the formula for calculating the adjusted pension debit at retirement date is:

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

2011/12 debit, we have:

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

$$\text{PI} = 1.160 \text{ (from H.)}$$

RTF = 0.601 (adjustment factors for pension debits depending on the age at which the member retires. 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)

Substituting these values into the formula we get:

$$\begin{aligned} \text{Adjusted pension debit} &= \text{£}250.00 \times 1.160 \times 0.601 \\ &= \text{£}174.29 \text{ pa} \end{aligned}$$

2012/13 debit, we have:

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

$$\text{PI} = 1.131 \text{ (from I.)}$$

RTF = 0.601 (adjustment factors for pension debits depending on the age at which the member retires. 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)

Substituting these values into the formula we get:



Adjusted pension debit = £300.00 x 1.131 x 0.601
 = £203.92 pa

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

$$= £45,000.00 - £174.29 - £203.92$$
$$= £44,621.79 \text{ pa}$$

The pension to be implemented is **£44,621.79 pa**



Example 5: Member retiring at age 68 on ordinary grounds, with annual allowance debit where the member was above age 65 at the implementation date

The following information is needed for this calculation:

A. Member date of birth	23 March 1952
B. Retirement date	23 March 2020
C. Member age	68
D. Gender	Male
E. Member's pension before debit	£40,000 pa
F. Annual allowance pension debit 2011/12 (at age 66)	£500 pa
G. Pension increase uprating factor 2011/12	1.035

(from 2011/12 debit implementation date, 31 March 2012, to retirement)

From 2.15, the formula for calculating the adjusted pension debit at retirement is:

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

We have:

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

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

$$\text{RTF} = 1.206 \text{ (Table B2 of this guidance)}$$

Substituting these values into the formula we get:

$$\begin{aligned} \text{Adjusted pension debit} &= £500.00 \times 1.035 \times 1.206 \\ &= £624.11 \text{ pa} \end{aligned}$$

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:

$$= £40,000.00 - £624.11$$

$$= \text{£39,375.89 pa}$$



Example 6: Member retiring at age 65 on ordinary grounds, with Lifetime Allowance charge

The following information is needed for this calculation:

A. Member date of birth	1 January 1955
B. Retirement date	1 January 2020
C. Member age	65
D. Gender	Male
E. Lifetime allowance tax charge	£30,000

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

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

We have:

LTATC = £30,000 (from E.)

$F_{\text{LTA}} = 16.53$ (Table D of this guidance).

Substituting these values into the formula we get:

$$\begin{aligned}\text{LTAPD} &= £30,000.00 \div 16.53 \\ &= £1,814.88 \text{ pa}\end{aligned}$$

The current pension will be reduced by **£1,814.88** per annum.



Appendix A: Tables of factors

- **Table A1 (Table 605 in consolidated factors spreadsheet):** Factors for calculating annual allowance pension debit for members below age 65
- **Table A2 (Table 606 in consolidated factors spreadsheet):** Factors for calculating annual allowance pension debit for members age 65 or above
- **Table B1 (Table 614 in consolidated factors spreadsheet) :** Retirement timing factor - annual allowance pension debit on normal retirement before age 65
- **Table B2 (Table 615 in consolidated factors spreadsheet):** Retirement timing factor - annual allowance pension debit on normal retirement after age 65
- **Table B1S (Table 616 in consolidated factors spreadsheet):** Retirement timing factor - annual allowance pension debit on normal retirement before age 60 (Special members)
- **Table B2S (Table 617 in consolidated factors spreadsheet):** Retirement timing factor - annual allowance pension debit on normal retirement after age 60 (Special members)
- **Table C (Table 618 in consolidated factors spreadsheet):** Retirement timing factor - annual allowance pension debit on ill health retirement before age 60 – adjustment to pension
- **Table CS (Table 619 in consolidated factors spreadsheet):** Retirement timing factor - annual allowance pension debit on ill health retirement before age 65 – adjustment to pension (Special members)
- **Table D (Table 624 in consolidated factors spreadsheet):** Factors for calculating Lifetime Allowance debit
- **Table E (Table 625 in consolidated factors spreadsheet):** Factors for calculating Lifetime Allowance debit (retirement in ill health)



Table A1 (Table 605 in consolidated factors spreadsheet) – Factors for calculating annual allowance pension debit

Age last birthday at implementation date	Annual allowance debit (standard members)		Annual allowance debit (Special members)	
	F _p		F _p	
	Males	Females	Males	Females
18	6.10	6.10	7.79	7.79
19	6.23	6.23	7.96	7.96
20	6.36	6.36	8.13	8.13
21	6.49	6.49	8.31	8.31
22	6.62	6.62	8.48	8.48
23	6.76	6.76	8.67	8.67
24	6.90	6.90	8.85	8.85
25	7.05	7.05	9.04	9.04
26	7.19	7.19	9.24	9.24
27	7.35	7.35	9.44	9.44
28	7.50	7.50	9.64	9.64
29	7.66	7.66	9.85	9.85
30	7.82	7.82	10.06	10.06
31	7.98	7.98	10.28	10.28
32	8.15	8.15	10.50	10.50
33	8.32	8.32	10.73	10.73
34	8.49	8.49	10.96	10.96
35	8.67	8.67	11.20	11.20
36	8.85	8.85	11.44	11.44
37	9.04	9.04	11.69	11.69
38	9.23	9.23	11.95	11.95
39	9.43	9.43	12.21	12.21
40	9.63	9.63	12.48	12.48
41	9.84	9.84	12.75	12.75
42	10.05	10.05	13.03	13.03
43	10.26	10.26	13.32	13.32
44	10.48	10.48	13.62	13.62
45	10.71	10.71	13.92	13.92
46	10.94	10.94	14.23	14.23
47	11.18	11.18	14.55	14.55
48	11.42	11.42	14.88	14.88
49	11.67	11.67	15.21	15.21
50	11.93	11.93	15.56	15.56
51	12.19	12.19	15.91	15.91
52	12.46	12.46	16.28	16.28
53	12.74	12.74	16.65	16.65
54	13.03	13.03	17.04	17.04
55	13.32	13.32	17.44	17.44
56	13.63	13.63	17.86	17.86
57	13.95	13.95	18.29	18.29
58	14.28	14.28	18.74	18.74
59	14.62	14.62	19.20	19.20
60	14.98	14.98		
61	15.35	15.35		
62	15.74	15.74		
63	16.15	16.15		
64	16.58	16.58		



Table A2 (Table 606 in consolidated factors spreadsheet) – Factors for calculating annual allowance pension debit for members aged 65 or above (standard and special members)

Age last birthday at implementation date	Gross Pension of £1 per annum Standard members		Gross Pension of £1 per annum Special members	
	Males	Females	Males	Females
	60			19.17
61			18.63	18.63
62			18.09	18.09
63			17.54	17.54
64			16.99	16.99
65	16.51	16.51	16.44	16.44
66	15.93	15.93	15.88	15.88
67	15.35	15.35	15.32	15.32
68	14.77	14.77	14.76	14.76
69	14.19	14.19	14.19	14.19
70	13.62	13.62	13.62	13.62
71	13.05	13.05	13.05	13.05
72	12.47	12.47	12.47	12.47
73	11.90	11.90	11.90	11.90
74	11.32	11.32	11.32	11.32



**Table B1 (Table 614 in consolidated factors spreadsheet) – Retirement timing factor -
annual allowance pension debit on normal retirement before age 65**

Males and Females

Months	Age of the member in years and complete months when benefits come into payment									
	55	56	57	58	59	60	61	62	63	64
0	0.601	0.629	0.658	0.690	0.724	0.761	0.801	0.845	0.892	0.943
1	0.603	0.631	0.661	0.693	0.727	0.764	0.805	0.848	0.896	0.948
2	0.606	0.634	0.663	0.696	0.730	0.768	0.808	0.852	0.900	0.953
3	0.608	0.636	0.666	0.698	0.733	0.771	0.812	0.856	0.905	0.958
4	0.610	0.639	0.669	0.701	0.736	0.774	0.816	0.860	0.909	0.962
5	0.613	0.641	0.671	0.704	0.740	0.778	0.819	0.864	0.913	0.967
6	0.615	0.643	0.674	0.707	0.743	0.781	0.823	0.868	0.918	0.972
7	0.617	0.646	0.677	0.710	0.746	0.784	0.826	0.872	0.922	0.976
8	0.620	0.648	0.679	0.713	0.749	0.788	0.830	0.876	0.926	0.981
9	0.622	0.651	0.682	0.716	0.752	0.791	0.834	0.880	0.931	0.986
10	0.624	0.653	0.685	0.718	0.755	0.794	0.837	0.884	0.935	0.991
11	0.626	0.656	0.687	0.721	0.758	0.798	0.841	0.888	0.939	0.995



Table B1S (Table 616 in consolidated factors spreadsheet) - Retirement timing factor - annual allowance pension debit on retirement before age 60 (Special members)

Retirement not on grounds of ill health

Males and Females

Months	Age of the member in years and complete months when benefits come into payment				
	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 B2 (Table 615 in consolidated factors spreadsheet) – Retirement timing factor -
annual allowance pension debit on normal retirement after age 65**

Males and Females

Months	Age of the member in years and complete months when benefits come into payment									
	65	66	67	68	69	70	71	72	73	74
0	1.000	1.062	1.131	1.206	1.290	1.382	1.484	1.597	1.723	1.864
1	1.005	1.068	1.137	1.213	1.297	1.390	1.493	1.607	1.735	1.877
2	1.010	1.074	1.144	1.220	1.305	1.399	1.502	1.618	1.747	1.890
3	1.016	1.080	1.150	1.227	1.313	1.407	1.512	1.628	1.758	1.904
4	1.021	1.085	1.156	1.234	1.320	1.416	1.521	1.639	1.770	1.917
5	1.026	1.091	1.162	1.241	1.328	1.424	1.531	1.649	1.782	1.930
6	1.031	1.097	1.169	1.248	1.336	1.433	1.540	1.660	1.794	1.943
7	1.036	1.102	1.175	1.255	1.343	1.441	1.550	1.670	1.805	1.956
8	1.042	1.108	1.181	1.262	1.351	1.450	1.559	1.681	1.817	1.970
9	1.047	1.114	1.188	1.269	1.359	1.458	1.569	1.691	1.829	1.983
10	1.052	1.120	1.194	1.276	1.366	1.467	1.578	1.702	1.841	1.996
11	1.057	1.125	1.200	1.283	1.374	1.475	1.587	1.712	1.852	2.009



Table B2S (Table 617 in consolidated factors spreadsheet) – Retirement timing factor - annual allowance pension debit on retirement after age 60 (Special members)

Retirement not on grounds of ill health

Males and Females

	Age of the member in years and complete months when benefits come into payment									
Months	60	61	62	63	64	65	66	67	68	69
0	1.000	1.054	1.112	1.175	1.243	1.318	1.399	1.488	1.586	1.693
1	1.004	1.058	1.117	1.180	1.249	1.324	1.406	1.496	1.595	1.703
2	1.009	1.063	1.122	1.186	1.255	1.331	1.414	1.504	1.604	1.713
3	1.013	1.068	1.127	1.192	1.262	1.338	1.421	1.512	1.612	1.723
4	1.018	1.073	1.133	1.197	1.268	1.345	1.429	1.521	1.621	1.733
5	1.022	1.078	1.138	1.203	1.274	1.351	1.436	1.529	1.630	1.742
6	1.027	1.083	1.143	1.209	1.280	1.358	1.443	1.537	1.639	1.752
7	1.031	1.087	1.148	1.214	1.287	1.365	1.451	1.545	1.648	1.762
8	1.036	1.092	1.154	1.220	1.293	1.372	1.458	1.553	1.657	1.772
9	1.040	1.097	1.159	1.226	1.299	1.379	1.466	1.561	1.666	1.782
10	1.045	1.102	1.164	1.232	1.305	1.385	1.473	1.569	1.675	1.792
11	1.049	1.107	1.169	1.237	1.311	1.392	1.481	1.578	1.684	1.802



Table C (Table 618 in consolidated factors spreadsheet) – Retirement timing factor - annual allowance pension debit on ill health retirement before age 65

Males and Females

Age of the member when benefits come into payment							
Months	18	19	20	21	22	23	24
0	0.177	0.182	0.187	0.192	0.197	0.203	0.209
1	0.177	0.182	0.187	0.192	0.198	0.203	0.209
2	0.178	0.183	0.188	0.193	0.198	0.204	0.209
3	0.178	0.183	0.188	0.193	0.199	0.204	0.210
4	0.179	0.183	0.188	0.194	0.199	0.205	0.210
5	0.179	0.184	0.189	0.194	0.200	0.205	0.211
6	0.179	0.184	0.189	0.195	0.200	0.206	0.211
7	0.180	0.185	0.190	0.195	0.200	0.206	0.212
8	0.180	0.185	0.190	0.195	0.201	0.207	0.212
9	0.181	0.185	0.191	0.196	0.201	0.207	0.213
10	0.181	0.186	0.191	0.196	0.202	0.208	0.213
11	0.181	0.186	0.191	0.197	0.202	0.208	0.214

Age of the member when benefits come into payment										
Months	25	26	27	28	29	30	31	32	33	34
0	0.214	0.221	0.227	0.234	0.241	0.248	0.255	0.263	0.271	0.280
1	0.215	0.221	0.228	0.234	0.241	0.248	0.256	0.264	0.272	0.281
2	0.215	0.222	0.228	0.235	0.242	0.249	0.257	0.265	0.273	0.281
3	0.216	0.222	0.229	0.235	0.242	0.250	0.257	0.265	0.273	0.282
4	0.217	0.223	0.229	0.236	0.243	0.250	0.258	0.266	0.274	0.283
5	0.217	0.223	0.230	0.237	0.244	0.251	0.259	0.267	0.275	0.283
6	0.218	0.224	0.230	0.237	0.244	0.252	0.259	0.267	0.276	0.284
7	0.218	0.224	0.231	0.238	0.245	0.252	0.260	0.268	0.276	0.285
8	0.219	0.225	0.232	0.238	0.245	0.253	0.261	0.269	0.277	0.286
9	0.219	0.225	0.232	0.239	0.246	0.253	0.261	0.269	0.278	0.286
10	0.220	0.226	0.233	0.239	0.247	0.254	0.262	0.270	0.278	0.287
11	0.220	0.227	0.233	0.240	0.247	0.255	0.263	0.271	0.279	0.288

Age of the member when benefits come into payment										
Months	35	36	37	38	39	40	41	42	43	44
0	0.289	0.298	0.308	0.318	0.328	0.339	0.351	0.363	0.376	0.390
1	0.289	0.299	0.308	0.319	0.329	0.340	0.352	0.364	0.377	0.391
2	0.290	0.300	0.309	0.319	0.330	0.341	0.353	0.365	0.378	0.392
3	0.291	0.300	0.310	0.320	0.331	0.342	0.354	0.366	0.379	0.393
4	0.292	0.301	0.311	0.321	0.332	0.343	0.355	0.368	0.381	0.394
5	0.293	0.302	0.312	0.322	0.333	0.344	0.356	0.369	0.382	0.395
6	0.293	0.303	0.313	0.323	0.334	0.345	0.357	0.370	0.383	0.397
7	0.294	0.304	0.313	0.324	0.335	0.346	0.358	0.371	0.384	0.398
8	0.295	0.304	0.314	0.325	0.336	0.347	0.359	0.372	0.385	0.399
9	0.296	0.305	0.315	0.326	0.337	0.348	0.360	0.373	0.386	0.400
10	0.296	0.306	0.316	0.327	0.338	0.349	0.361	0.374	0.387	0.401
11	0.297	0.307	0.317	0.327	0.338	0.350	0.362	0.375	0.388	0.403



Table C (Table 618 in consolidated factors spreadsheet) – Retirement timing factor - annual allowance pension debit on ill health retirement before age 65 *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	0.404	0.419	0.435	0.451	0.469	0.488	0.508	0.529	0.551	0.575
1	0.405	0.420	0.436	0.453	0.471	0.489	0.509	0.531	0.553	0.578
2	0.406	0.421	0.437	0.454	0.472	0.491	0.511	0.533	0.555	0.580
3	0.408	0.423	0.439	0.456	0.474	0.493	0.513	0.535	0.557	0.582
4	0.409	0.424	0.440	0.457	0.475	0.494	0.515	0.536	0.559	0.584
5	0.410	0.425	0.442	0.459	0.477	0.496	0.517	0.538	0.561	0.586
6	0.411	0.427	0.443	0.460	0.478	0.498	0.518	0.540	0.563	0.588
7	0.413	0.428	0.444	0.462	0.480	0.499	0.520	0.542	0.565	0.590
8	0.414	0.429	0.446	0.463	0.482	0.501	0.522	0.544	0.567	0.593
9	0.415	0.431	0.447	0.465	0.483	0.503	0.524	0.546	0.569	0.595
10	0.296	0.306	0.316	0.327	0.338	0.349	0.361	0.374	0.387	0.401
11	0.418	0.433	0.450	0.468	0.486	0.506	0.527	0.550	0.573	0.599

Age of the member when benefits come into payment										
Months	55	56	57	58	59	60	61	62	63	64
0	0.601	0.629	0.658	0.690	0.724	0.761	0.801	0.845	0.892	0.943
1	0.603	0.631	0.661	0.693	0.727	0.764	0.805	0.848	0.896	0.948
2	0.606	0.634	0.663	0.696	0.730	0.768	0.808	0.852	0.900	0.953
3	0.608	0.636	0.666	0.698	0.733	0.771	0.812	0.856	0.905	0.958
4	0.610	0.639	0.669	0.701	0.736	0.774	0.816	0.860	0.909	0.962
5	0.613	0.641	0.671	0.704	0.740	0.778	0.819	0.864	0.913	0.967
6	0.615	0.643	0.674	0.707	0.743	0.781	0.823	0.868	0.918	0.972
7	0.617	0.646	0.677	0.710	0.746	0.784	0.826	0.872	0.922	0.976
8	0.620	0.648	0.679	0.713	0.749	0.788	0.830	0.876	0.926	0.981
9	0.622	0.651	0.682	0.716	0.752	0.791	0.834	0.880	0.931	0.986
10	0.624	0.653	0.685	0.718	0.755	0.794	0.837	0.884	0.935	0.991
11	0.626	0.656	0.687	0.721	0.758	0.798	0.841	0.888	0.939	0.995



Table CS (Table 619 in consolidated factors spreadsheet) – Retirement timing factor - annual allowance pension debit on ill health retirement before age 60 (Special members)

Males and Females

Months	Age of the member when benefits come into payment						
	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

Months	Age of the member when benefits come into payment									
	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



Table CS (Table 619 in consolidated factors spreadsheet) – Retirement timing factor - annual allowance pension debit on ill health retirement before age 60 (Special members) *continued*

Males and Females

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

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 the 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 624 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
55	21.67	21.67
56	21.19	21.19
57	20.70	20.70
58	20.20	20.20
59	19.69	19.69
60	19.18	19.18
61	18.66	18.66
62	18.14	18.14
63	17.61	17.61
64	17.07	17.07
65	16.53	16.53
66	15.99	15.99
67	15.44	15.44
68	14.89	14.89
69	14.34	14.34
70	13.79	13.79
71	13.24	13.24
72	12.69	12.69
73	12.14	12.14
74	11.60	11.60



Table E (Table 625 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 FLTA	
	Males	Females
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
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



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



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, the Welsh Government or the SPPA (as appropriate) and GAD. Under no circumstances should this guidance take precedence over the Regulations. Administrators should ensure that they comply with all relevant Regulations.