



Change to the SCAPE discount rate

Member FAQs

Contents

Introduction	2
What is the SCAPE discount rate?	2
How has the SCAPE discount rate changed?	2
Why has the SCAPE discount rate changed?	2
Which actuarial factors are affected by the change in the SCAPE discount rate?	3
What do we know so far?	3
Which pension schemes are affected by the revised commutation factors?	3
What are commutation factors?	4
What does this mean for FPS 1992 members?	4
What does this mean in practice?	4
What about transfers and other calculations?	5
Is this change unfair?	5

Introduction

On 19 May 2026 the Pensions Minister published a [Written Ministerial Statement](#) announcing a change to the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate to be applied to **all public service pension schemes**.

As a result of this change, a review of certain actuarial factors used in pension calculations is required.

This document explains what the change means and how it may affect you.

What is the SCAPE discount rate?

The SCAPE discount rate is a government-set assumption used in public service pension schemes to calculate the value of future pension benefits in today's terms.

It is based on long-term economic expectations and is used to:

- Assess the cost of pension benefits
- Inform scheme valuations
- Set certain actuarial factors used in pension calculations

How has the SCAPE discount rate changed?

The SCAPE discount rate has increased from **CPI + 1.7%** to **CPI + 2.0%**.

Why has the SCAPE discount rate changed?

The Government regularly reviews the financial assumptions used for unfunded public service pensions as part of scheme valuation processes.

This helps to make sure that:

- pension costs are calculated fairly
- schemes remain sustainable over the long term
- a consistent approach is used across all public service pension schemes

Which actuarial factors are affected by the change in the SCAPE discount rate?

The pension calculations that are affected by changes in the SCAPE discount rate include:

- Commutation factors used to calculate FPS 1992 scheme lump sums
- Transfers in and out of the scheme
- Early retirement reductions
- Late retirement age additions
- Pensions cash equivalents for divorce cases
- Purchase of additional pension
- Scheme Pays debits

What do we know so far?

In line with the process followed for previous changes in the SCAPE discount rate, this has triggered a review of actuarial factors used in pension calculations. The Government Actuary's Department (GAD) will now review and update scheme-specific actuarial factors. In the interim, some calculations requiring these factors, such as transfers in and out of the scheme and divorce cases, will need to be **temporarily paused**.

GAD will work in the coming days and weeks to update all affected factors and publish updated factor tables.

On 21 May 2026 GAD provided revised commutation factors for FPS 1992 and as a result:

- **Commutation factors for FPS 1992 have reduced**
- This means **less lump sum is payable** if you choose to give up part of your pension

Early indications suggest this could reduce lump sums by **around 5%**, although the exact impact will vary depending on individual circumstances.

Which pension schemes are affected by the revised commutation factors?

- **FPS 1992 – Affected** (commutation factors have changed)
- **FPS 2006 (Standard and Special) – Not affected**
- **FPS 2015 – Not affected**

This is because:

- FPS 2006 and FPS 2015 commutation factors are **set out in legislation**
- They are **not linked to the SCAPE discount rate**, and therefore do not change when the SCAPE rate changes

What are commutation factors?

Commutation factors determine how much **lump sum you receive** if you exchange part of your pension at retirement.

For example:

- You may choose to give up £1 of annual pension
- The commutation factor determines how much lump sum you receive in return

If the factor reduces, you receive **less lump sum for the same amount of pension given up**.

What does this mean for FPS 1992 members?

If you are a member of FPS 1992 and choose to take a lump sum:

- Your lump sum will now be calculated using the **new, lower factors**
- This means your **lump sum will be lower than previously expected**

Your **annual pension is not directly reduced** by this change. The change only affects the amount of lump sum paid where pension is exchanged.

What does this mean in practice?

I have recently received a retirement estimate

If your estimate included a lump sum based on FPS 1992:

- The lump sum shown is now **likely to be too high**
- It was calculated using **old commutation factors**

You should:

- Request an **updated estimate** before making decisions

I am due to retire soon but have not yet retired

If your retirement date is on **21 May 2026 or later**:

- The **new commutation factors will apply to you**

If you have already made a **commutation decision**:

- You will be able to **revisit and change your decision**
- You should review your options based on updated figures

I retire on 21 May 2026, or my benefits are being finalised

If your retirement falls on or after **21 May 2026**:

- Your benefits must be calculated using the **new factors**
- Your pension administrator will confirm your **updated figures**
- You will be able to **revisit and change your commutation decision**

I have already received my lump sum, or payment cannot be stopped

If:

- Your lump sum has already been paid; or
- Payment is imminent and cannot be recalled through the Bankers' Automated Clearing System (BACS)

Then:

- Your **Fire and Rescue Authority (FRA) or pension administrator will contact you**
- They will confirm your **correct entitlement**
- If an **overpayment has occurred**, they will:
 - Explain the position clearly
 - Work with you to agree a **reasonable recovery plan**
- You will be able to **revisit and change your commutation decision**

What about transfers and other calculations?

The SCAPE rate change also affects other calculations, including:

- Cash Equivalent Transfer Values (CETVs)
- Divorce pension valuations

Some of these calculations may be:

- **Temporarily paused**, or
- Provided on a **provisional basis**

Updated values may vary from previous estimates, as the value of future benefits is now assessed differently.

If you are currently going through a divorce and have been provided with a pension valuation, please make your solicitor or legal representative aware that the figures may be affected by this change and could be updated once revised factors are applied.

Similarly, if you have requested a pension valuation which is currently on hold, you should inform your solicitor (if applicable) so they can help manage expectations and timelines while updated figures are being finalised.

Is this change unfair?

We understand that this change may feel **unexpected or unfair**, particularly if you are close to retirement.

However:

- Pension schemes are required to use the **correct actuarial assumptions at the date of retirement**
- These assumptions can change over time, similar to tax rules or economic conditions

Commutation factors are regularly reviewed to ensure:

- Benefits remain **fair and consistent**
- Lump sums accurately reflect the **value of pension given up**

Once factors are updated, previous factors can no longer be used.

This factsheet has been prepared by LGA using the regulations as they stand in May 2026.

This factsheet will be reviewed, referencing any changes to the scheme regulations and policies that might be needed.

This factsheet should not be interpreted as legal advice.

For any queries you have regarding your own personal circumstances, you will need to contact your FRA directly. We are unable to answer any questions relating to your benefits.

May 2026