



Government Actuary's Department

Local Government Pension Scheme (Scotland)

Addendum: Purchase of additional pension over NPA – contracts commencing on or after 1 April 2015 or paid for by the employer

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1 Introduction

- 1.1 The Scottish Ministers are required under the Local Government Pension Scheme (Scotland) Regulations 2014 ('the 2014 Regulations') (SSI 2014/164) to issue actuarial guidance on the amount of contributions to be paid by a member purchasing additional pension, or by an employing authority purchasing additional pension for a member.
- 1.2 The remainder of this introduction contains:
- > details of the implementation and future review of this guidance,
 - > the relevant legislative references, and
 - > statements about third party reliance and liability.
- 1.3 In the remainder of this note:
- > Tables F and G have been replaced with new factors which are also unisex
 - > Appendix A sets out some important limitations

Implementation and Review

- 1.4 The Scottish Ministers are required to consult the Scheme Actuary before issuing actuarial guidance under the 2014 Regulations [Regulation 2(3) of the 2014 Regulations].
- 1.5 As part of this consultation the Scottish Public Pensions Agency (SPPA) has asked GAD, as Scheme Actuary, to recommend actuarial guidance in respect of the regulations detailed below. This document forms GAD's recommendation for the actuarial guidance required by these regulations.
- 1.6 This note has effect only when this guidance is issued by the Scottish Ministers in accordance with Regulation 2(3) of the 2014 Regulations, and is subject to the implementation instructions provided at that time. SPPA has informed GAD that this guidance will come into force with effect from 23 January 2017.
- 1.7 This guidance only applies to elections under regulation 16 or awards made under regulations 16 or 30 of the 2014 Regulations. This guidance should be read together with the guidance concerning the purchase of additional pension (contracts commencing on or after 1 April 2015 or paid for by the employer) dated 26 February 2015. The factors in this guidance replace the factors in tables F and G of the guidance dated 26 February 2015 but all other parts of that guidance should continue to be used. Unlike the tables F and G in the 26 February 2015 guidance, the new factors in this guidance are unisex and apply to equally to female and male members.
- 1.8 This guidance has been written for pension administrators and assumes some knowledge of general pension terminology, and some familiarity with retirement calculations for the Local Government Pension Scheme. Any questions concerning the application of the guidance should, in the first instance, be referred to SPPA.



- 1.9 GAD recommends that factors should be reviewed periodically, depending on external circumstances, for example when changes in the actuarial assumptions adopted for other scheme factors take place, or following each triennial cycle of future valuations of the LGPS.

Use of this note

- 1.10 This note has been prepared for SPPA 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.
- 1.11 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

- 1.12 When issued by the Scottish Ministers in accordance with paragraph 1.6 above, this note should be used, together with the guidance dated 25 February 2015 as the actuarial guidance required under the regulations cited. Other than for this purpose, no person or third party is entitled to place any reliance on the contents of this note, except to any extent explicitly stated herein.



2 Tables F and G – Additional pension – Unisex lump sum contributions – above NPA

Lump sum contributions to be made by a member or an employing authority that has elected to make an additional contribution to the LGPS to increase a member's benefits. This table applies where the member has already passed his normal pension age at the time the additional contribution is made.

<i>Age at payment</i>	Lump sum contribution for an increase in pension of £250 a year			
	<i>Normal pension age*</i>			
	65	66	67	68
65	4,202	4,057**		
66	4,215	4,071	3,931**	
67	4,227	4,076	3,937	3,802**
68	4,240	4,081	3,935	3,801
69	4,252	4,086	3,933	3,793
70	4,263	4,090	3,930	3,783
71	4,273	4,093	3,927	3,774
72	4,283	4,096	3,924	3,765
73	4,295	4,100	3,921	3,757
74	4,309	4,108	3,921	3,750

*Where the normal pension age is not an integer, the factors from the table should be interpolated for part years.

** These figures should only be used for interpolation between two integer Normal pension ages.



Appendix A: Limitations

The important notes set out in Appendix C of the 26 February 2015 guidance continue to apply to this guidance.