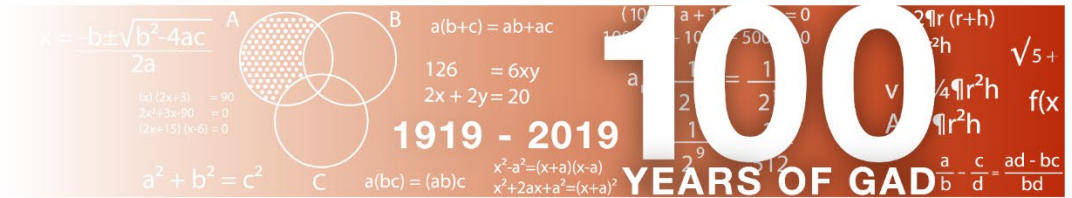# NHS Pension Scheme (Scotland)

Reduction to benefits due to Scheme Pays Annual Allowance and Lifetime Allowance Tax Charge Factors and guidance

Date: 11 November 2019

Contents

1   Introduction

Purpose

1.1   This Note is addressed to the SPPA as administrator of the National Health Service Superannuation Scheme (Scotland) ('NHSSS' or 'Scheme'). It sets out how a benefit reduction should be calculated in certain circumstances such as retirement or transfer, following an individual's election to exercise the 'scheme pays' option in respect of tax charges incurred due to the Annual Allowance ('AA'). It also sets out the calculation of the member's and dependant's pension reduction at retirement for a Lifetime Allowance ('LTA') tax charge.

1.2   This document relates to regulation T3 of the NHSSS 1995 Regulations (SSI 2011/117) and regulations 2.J.9/3.J.9 of the NHSSS 2008 Regulations (SSI 2013/174). Under these regulations, the member's benefit reduction should be calculated by reference to advice provided by the Scheme Actuary.

1.3   Relevant legislation in respect of the annual allowance is contained in sections 227, 237B and 237E of the Finance Act 2004.

1.4   The factors and guidance provided in this note have been prepared in light of our advice to SPPA dated 30 October 2018 and its instructions following that advice.

1.5   This guidance and updated factors are intended to supersede any previously issued by GAD for the purposes of scheme pays calculations. The updated factors contained in this guidance should be used for calculations carried out from 29 October 2018. No factors issued in the past should be used for such cases after this date. In particular, this guidance supersedes the previous LTA guidance:

"National Health Service Superannuation Scheme (Scotland): Reduction to benefits due to Lifetime Allowance Tax Charges - Factors and guidance" dated 27 March 2015; and

Addendum to GAD guidance note "NHS Superannuation Scheme (Scotland): Lifetime Allowance Reduction Factors"

1.6   There has not previously been a guidance note for AA scheme pays as these debits were previously calculated with reference to the debits for pension sharing on divorce. The method for AA scheme pays is now set out in this guidance note and the pension sharing on divorce method should no longer be used.

1.7   No factors or advice issued in the past for the NHSSS should be used for Scheme Pays calculations. No advice or factors issued for the NHS Pension Scheme (Scotland) 2015 ('NHSPSS 2015') should be used for reductions to NHSSS benefits.

1.8   A summary of the assumptions underlying the factors is listed in Appendix A. The Annual Allowance factors are provided in Appendices B and the Lifetime Allowance factors in Appendix C.

Exclusions and Scope

1.9   This guidance note should only be used for calculating the reduction to benefits following an election to utilise the Annual Allowance or Lifetime Allowance Scheme Pays mechanism. It should not be used for any other purpose.

1.10   SPPA should satisfy themselves that the pension reduction resulting from a Scheme Pays election complies with all legislative requirements including, but not limited to, tax and contracting-out requirements. Any legal advice in this area should be sought from an appropriately qualified person or source.

1.11   This guidance note does not cover the method for determining the amount of any Annual Allowance or Lifetime Allowance charge.

Implementation and review

1.12   The factors contained in this guidance will apply from 29 October 2018. This implementation date has been determined by SPPA.

1.13   This guidance has been written for pension administrators and assumes some knowledge of general pension terminology, and some familiarity with retirement calculations for the NHSSS Scotland. Any questions concerning the application of the guidance should, in the first instance, be referred to SPPA.

1.14   In line with best practice and in order to make sure that factors are being used as intended and the instructions are fit for purpose, we suggest that some example calculations are sent to GAD for review.

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

Third party reliance

1.16   This guidance has been prepared for the use of SPPA as the scheme administrators for the purposes of demonstrating the application of the factors covered by this guidance only. This guidance may be published on SPPA'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.

1.17   Other than SPPA, 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 charge

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'.

2.2   Following an election for the scheme to meet the annual allowance tax charge, consequential adjustments ('annual allowance debits') must be made to the member's benefit entitlements from the scheme.

2.3   Annual allowance debits will need to be calculated in respect of each tax year in which a member elects to allow the scheme to meet the annual allowance tax charge.

2.4   Paragraphs 2.6 to 2.16 set out the guidance for calculating the annual allowance debits at the time of the election.

2.5   Paragraphs 2.17 to 2.23 set out the guidance for calculating the annual allowance debits applying at retirement.

Calculating annual allowance debits

2.6   This section sets out guidance for calculating annual allowance debits which will be applied to the member's benefits.

2.7   The annual allowance debits will not be applied to the benefits payable to a future surviving spouse, civil partner or children on the member's death.

2.8   Annual allowance debits do not affect GMPs.

2.9   The member's age (last birthday) should be calculated as at the implementation date which is 5 April of the tax year to which the tax charge relates.

Calculation of the annual allowance debit at the time of the election

2.10   The annual allowance debits to apply to the pension and lump sum entitlements should be calculated as shown below.

2.11   The annual allowance pension debit (D^P) should be calculated as:

$$D^P = \frac{TC}{F_x^P + 3 \times F_x^{LS}}$$

where:

TC annual allowance tax charge payable by the scheme administrator

F_x^P factor for tax charge on pension for a member aged x

F_x^{LS} factor for tax charge on automatic lump sum for a member aged x (see 2.12)

2.12 F_x^{LS} is equal to 0 for debits to be deducted from 2008 Section benefits.

2.13   The factors are set out in Table SP60 (Table 607 in consolidated factors spreadsheet) for members with NPA 60 benefits and Table SP65 (Table 608 in consolidated factors spreadsheet) for members with NPA 65 benefits in Appendix B.

2.14   Factors should be selected according to a member's normal pension age (NPA) and their age (last birthday) at the implementation date.

2.15   Where applicable, i.e. for debits to be deducted from 1995 Section benefits, the annual allowance lump sum debit (D^{LS}) is calculated as:

$$D^{LS} = 3 \times D^P$$

2.16   SPPA should store the debits calculated above and 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

2.17   Late retirement factors for Final Salary, NPA 60 members for the purpose of Annual Allowance Pension and Lump Sum debits are set out in Table LRF5 in Appendix B. Guidance and factors for implementing debits at retirement for members retiring early or late in normal health can now be found in the latest guidance note *"National Health Service Pension Scheme for Scotland: Voluntary early and late retirements in normal health: Factors and guidance"*.

2.18   The annual allowance pension debit and the annual allowance lump sum debit will be increased in line with the Pensions (Increase) Act up until the member's retirement.

2.19   On **ill health retirement**, each pension debit must be adjusted as follows:

$$AdjD^P = D^P \times PI \times F_x^R$$

D^P annual allowance pension debit

PI pension increase multiplier applying between the implementation date and the date of retirement

F_x^R timing adjustment factor for member retiring at age x

2.20 F_x^R is taken from Table TA60 (Table 609 in consolidated factors spreadsheet) or Table TA65 (Table 610 in consolidated factors spreadsheet) in Appendix B depending on the member's NPA. The factor should be selected according to a member's age (in years and completed months) at the date of retirement.

2.21   The pension to be implemented at retirement is the full pension, i.e. the pension before any debits, less all of the member's adjusted pension debits.

2.22   Where applicable each lump sum debit must be adjusted separately as follows:

$$AdjD^{LS} = D^{LS} \times PI \times F_x^R$$

D^{LS} annual allowance lump sum debit

PI pension increase multiplier applying between the implementation date and the date of retirement

F_x^R timing adjustment factor for member retiring at age x

2.23   The lump sum to be implemented at retirement is the full lump sum, i.e. the lump sum before any debits, less all of the member's adjusted lump sum debits.

Commutation

2.24   Any exchange of pension for a lump sum should occur **after** the application of annual allowance debits.

Members with mixed service

2.25   For members with mixed service, the debit should be set up against the NPA 65 pension. If the annual allowance charge exceeds the value of the pension in the NPA 65 section of the scheme, a debit should be set up against the NPA 60 benefits to cover the excess.

3 Annual Allowance examples

3.1 This section provides an example of the calculations described in this note.

3.2 The examples below do not cover every form of annual allowance debit possible. However, it should be sufficient to illustrate the key stages of the guidance outlined in Section 2 of this note.

Example 1: Calculation of annual allowance debit

Member Details

NPA	60
Date of birth	14 March 1964
Annual allowance charge (TC)	£ 7,500
Tax year of annual allowance charge	2018/19
Implementation date	5 April 2019
Age at implementation date	55 years 0 months

Pension Debit

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

$$D^P = \frac{TC}{F_x^P + 3 \times F_x^{LS}}$$

F_x^P = 18.48   (from Table 607)

F_x^{LS} = 0.90   (from Table 607)

Substituting these values into the formula we get:

D^P = £7,500.00 ÷ [18.48 + (3 x 0.90)]

= **£354.11 pa**

Lump sum debit

From 2.15, the formula for calculating the annual allowance lump sum debit is:

D^{LS} = 3 x D^P

= 3 x £354.11

= **£1,062.33**

Record these debits on the member's record with implementation date 5 April 2019. The annual allowance debits will not be applied to the benefits payable to a future surviving spouse, civil partner or children on the member's death.

Example 2: NPA 65 member retiring at age 55 on grounds of ill health, with annual allowance debit

Member details

NPA	65
Sex	Male
Date of birth	16 March 1965
Date of retirement	24 May 2020
Age at retirement	55 years 2 months
Member's pension before debit	£ 16,000
Annual allowance pension debit 2015/16 (at 51)	£ 600 pa
Pension increase uprating factor 2015/16	1.117*

* From 2015/16 debit implementation date, 5 April 2016, to retirement. Illustrative figure for the purpose of this example.

As this member has accrued service only in the NPA 65 section, he will not have a right to an automatic lump sum.

Pension Debit

Under 2.19, the formula for calculating the adjusted pension debit at retirement date is:

$$AdjD^P = D^P \times PI \times F_x^R$$

F_x^R = 0.597   (from Table TA65)

Substituting these values into the formula we get:

Adjusted pension debit	= £600 x 1.117 x 0.597
	= £400.11 pa

The (pre-commutation) pension payable to the member is the full pension less the member's adjusted pension debit. The annual allowance debits will not be applied to the benefits payable to a future surviving spouse, civil partner or children on the member's death.

Member's pension	= £16,000.00 – £400.11
	= **£15,599.89 pa**

4 Lifetime Allowance charge

4.1 The process below is appropriate for members at retirement and subject to benefit reduction due to an LTA charge. The HM Treasury note 'How to pass on the lifetime charge' dated 23 December 2004 remains relevant except that a factor of 20 is no longer applied to convert an LTA charge into a pension reduction. Note the factor of 20 is still applied to determine the amount of any LTA charge.

4.2 The determination of LTA charges is outside the scope of this note but such charges should be determined after the member has decided the form of benefits to be taken (i.e. after commutation decisions).

4.3 Members subject to an LTA charge are subject to a reduction in member's pension and dependant's pension. The dependant's pension entitlement should be reduced by 50% of the member's reduction for 1995 section members and by 37.5% of the member's reduction for 2008 section members.

Factors

4.4 The factors to be used to determine the member's pension reduction to cover an LTA charge are included as Table SP1 in Appendix C.

4.5 The appropriate factor will depend on the member's age (last birthday) at their date of retirement. Factors are selected according to whether members are in the 1995 or 2008 Section.

Pension reduction calculation

4.6 The reduction in member's pension should be determined as follows:

Pension within LTA   =   (LTA - tax-free cash taken) / 20   = A

Pension above LTA   =   Pension after commutation chosen - A   = B

Tax charge payable on pension = 25% x 20 x B   = C

Reduction in member's pension   = C / SP1   = D

Tax charge on any excess lump sum is paid by deduction from the lump sum payable to the member.

Pension payable to the member from retirement = A + B - D   = E

Dependant's pension payable following member's death

- 1995 section = Total dependant's pension - 50% x D
- 2008 section = Total dependant's pension - 37.5% x D

4.7 The appropriate reduction applicable in other circumstances (e.g. on retirement at ages below MPA) is outside the scope of this note and such calculations should be referred to GAD.

Appendix A: Assumptions underlying factors

Financial assumptions

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

Mortality assumptions

Base mortality tables	S2NMA and S2NFA
Base table adjustment	95.5% (Male) / 97.5% (Female) of S2NXA. (As per 2016 valuation)
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	33.3%
Allowance for commutation	Nil except for mandatory lump sum cases

Appendix B: Annual Allowance Reduction factors

Table SP60 (Table 607 in consolidated factors spreadsheet)
Factors for calculating annual allowance debit – NPA60

Age at last birthday at relevant date	Annual allowance debit factor per £1 of pension pa	Annual allowance debit factor per £1 of lump sum
20	8.56	0.39
21	8.74	0.40
22	8.93	0.41
23	9.13	0.42
24	9.33	0.43
25	9.53	0.44
26	9.74	0.45
27	9.95	0.46
28	10.16	0.47
29	10.38	0.49
30	10.61	0.50
31	10.84	0.51
32	11.08	0.52
33	11.32	0.53
34	11.57	0.55
35	11.82	0.56
36	12.08	0.57
37	12.34	0.59
38	12.62	0.60
39	12.90	0.62
40	13.18	0.63
41	13.47	0.64
42	13.77	0.66
43	14.08	0.68
44	14.40	0.69
45	14.72	0.71
46	15.05	0.73
47	15.39	0.74
48	15.74	0.76
49	16.10	0.78
50	16.47	0.80
51	16.85	0.82
52	17.24	0.84
53	17.64	0.86
54	18.05	0.88
55	18.48	0.90
56	18.92	0.92
57	19.38	0.94
58	19.85	0.97
59	20.34	0.99
60	20.34	1.00

Age at last birthday at relevant date	Annual allowance debit factor per £1 of pension pa	Annual allowance debit factor per £1 of lump sum
61	19.83	1.00
62	19.31	1.00
63	18.79	1.00
64	18.26	1.00
65	17.72	1.00
66	17.18	1.00
67	16.62	1.00
68	16.06	1.00
69	15.50	1.00
70	14.93	1.00
71	14.35	1.00
72	13.77	1.00
73	13.19	1.00
74	12.60	1.00

Table SP65 (Table 608 in consolidated factors spreadsheet)
Factors for calculating annual allowance debit – NPA65

Age at last birthday at relevant date	Annual allowance debit factor per £1 of pension per annum	Age at last birthday at relevant date	Annual allowance debit factor per £1 of pension per annum
20	6.78	50	12.84
21	6.93	51	13.13
22	7.07	52	13.42
23	7.22	53	13.73
24	7.38	54	14.04
25	7.53	55	14.37
26	7.69	56	14.70
27	7.85	57	15.04
28	8.02	58	15.40
29	8.19	59	15.77
30	8.36	60	16.15
31	8.54	61	16.55
32	8.72	62	16.96
33	8.91	63	17.39
34	9.10	64	17.83
35	9.29	65	17.78
36	9.49	66	17.21
37	9.70	67	16.64
38	9.90	68	16.07
39	10.12	69	15.50
40	10.34	70	14.93
41	10.56	71	14.35
42	10.79	72	13.77
43	11.02	73	13.19
44	11.26	74	12.60
45	11.51		
46	11.76		
47	12.02		
48	12.29		
49	12.56		

Note: The annual allowance debit factor per £1 of lump sum is nil.

Table TA60 (Table 609 in consolidated factors spreadsheet) – Timing adjustment on ill health retirements – NPA60

Age	Completed Months											
	0	1	2	3	4	5	6	7	8	9	10	11
20	0.216	0.216	0.217	0.217	0.218	0.218	0.219	0.219	0.220	0.221	0.221	0.222
21	0.222	0.223	0.223	0.224	0.224	0.225	0.226	0.226	0.227	0.227	0.228	0.229
22	0.229	0.230	0.230	0.231	0.232	0.232	0.233	0.233	0.234	0.235	0.235	0.236
23	0.236	0.237	0.238	0.238	0.239	0.239	0.240	0.241	0.241	0.242	0.243	0.243
24	0.244	0.244	0.245	0.246	0.246	0.247	0.248	0.248	0.249	0.250	0.250	0.251
25	0.252	0.252	0.253	0.254	0.254	0.255	0.256	0.256	0.257	0.258	0.258	0.259
26	0.260	0.261	0.261	0.262	0.263	0.263	0.264	0.265	0.265	0.266	0.267	0.268
27	0.268	0.269	0.270	0.271	0.271	0.272	0.273	0.273	0.274	0.275	0.276	0.276
28	0.277	0.278	0.279	0.279	0.280	0.281	0.282	0.283	0.283	0.284	0.285	0.286
29	0.286	0.287	0.288	0.289	0.290	0.290	0.291	0.292	0.293	0.294	0.294	0.295
30	0.296	0.297	0.298	0.299	0.299	0.300	0.301	0.302	0.303	0.304	0.304	0.305
31	0.306	0.307	0.308	0.309	0.310	0.311	0.311	0.312	0.313	0.314	0.315	0.316
32	0.317	0.318	0.318	0.319	0.320	0.321	0.322	0.323	0.324	0.325	0.326	0.327
33	0.328	0.329	0.330	0.331	0.331	0.332	0.333	0.334	0.335	0.336	0.337	0.338
34	0.339	0.340	0.341	0.342	0.343	0.344	0.345	0.346	0.347	0.348	0.349	0.350
35	0.351	0.352	0.353	0.354	0.355	0.356	0.357	0.358	0.359	0.361	0.362	0.363
36	0.364	0.365	0.366	0.367	0.368	0.369	0.370	0.371	0.372	0.374	0.375	0.376
37	0.377	0.378	0.379	0.380	0.381	0.383	0.384	0.385	0.386	0.387	0.388	0.389
38	0.391	0.392	0.393	0.394	0.395	0.397	0.398	0.399	0.400	0.401	0.403	0.404
39	0.405	0.406	0.408	0.409	0.410	0.411	0.413	0.414	0.415	0.416	0.418	0.419
40	0.420	0.421	0.423	0.424	0.425	0.427	0.428	0.429	0.431	0.432	0.433	0.435

Table TA60 (Table 609 in consolidated factors spreadsheet) – Timing adjustment on ill health retirements – NPA60 *continued*

Age	Completed Months											
	0	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**
41	0.436	0.437	0.439	0.440	0.442	0.443	0.444	0.446	0.447	0.448	0.450	0.451
42	0.453	0.454	0.456	0.457	0.458	0.460	0.461	0.463	0.464	0.466	0.467	0.469
43	0.470	0.472	0.473	0.475	0.476	0.478	0.479	0.481	0.482	0.484	0.486	0.487
44	0.489	0.490	0.492	0.494	0.495	0.497	0.498	0.500	0.502	0.503	0.505	0.506
45	0.508	0.510	0.512	0.513	0.515	0.517	0.518	0.520	0.522	0.524	0.525	0.527
46	0.529	0.530	0.532	0.534	0.536	0.538	0.540	0.541	0.543	0.545	0.547	0.549
47	0.550	0.552	0.554	0.556	0.558	0.560	0.562	0.564	0.566	0.568	0.569	0.571
48	0.573	0.575	0.577	0.579	0.581	0.583	0.586	0.588	0.590	0.592	0.594	0.596
49	0.598	0.600	0.602	0.604	0.606	0.608	0.611	0.613	0.615	0.617	0.619	0.621
50	0.624	0.626	0.628	0.630	0.633	0.635	0.637	0.640	0.642	0.644	0.646	0.649
51	0.651	0.653	0.656	0.658	0.661	0.663	0.666	0.668	0.670	0.673	0.675	0.678
52	0.680	0.683	0.685	0.688	0.691	0.693	0.696	0.698	0.701	0.704	0.706	0.709
53	0.711	0.714	0.717	0.720	0.722	0.725	0.728	0.731	0.733	0.736	0.739	0.742
54	0.745	0.748	0.751	0.754	0.756	0.759	0.762	0.765	0.768	0.771	0.774	0.777
55	0.780	0.783	0.787	0.790	0.793	0.796	0.799	0.802	0.806	0.809	0.812	0.815
56	0.818	0.822	0.825	0.829	0.832	0.835	0.839	0.842	0.846	0.849	0.852	0.856
57	0.859	0.863	0.867	0.870	0.874	0.878	0.881	0.885	0.889	0.892	0.896	0.900
58	0.903	0.907	0.911	0.915	0.919	0.923	0.927	0.931	0.935	0.939	0.943	0.947
59	0.951	0.955	0.959	0.964	0.968	0.972	0.977	0.981	0.985	0.989	0.994	0.998
60	1.000											

Table TA65 (Table 610 in consolidated factors spreadsheet) – Timing adjustment on ill health retirements – NPA65

Age	Completed Months											
	0	1	2	3	4	5	6	7	8	9	10	11
20	0.168	0.169	0.169	0.169	0.170	0.170	0.171	0.171	0.172	0.172	0.172	0.173
21	0.173	0.174	0.174	0.175	0.175	0.175	0.176	0.176	0.177	0.177	0.178	0.178
22	0.179	0.179	0.179	0.180	0.180	0.181	0.181	0.182	0.182	0.183	0.183	0.184
23	0.184	0.185	0.185	0.185	0.186	0.186	0.187	0.187	0.188	0.188	0.189	0.189
24	0.190	0.190	0.191	0.191	0.192	0.192	0.193	0.193	0.194	0.194	0.195	0.195
25	0.196	0.196	0.197	0.197	0.198	0.198	0.199	0.199	0.200	0.200	0.201	0.201
26	0.202	0.202	0.203	0.204	0.204	0.205	0.205	0.206	0.206	0.207	0.207	0.208
27	0.208	0.209	0.209	0.210	0.211	0.211	0.212	0.212	0.213	0.213	0.214	0.215
28	0.215	0.216	0.216	0.217	0.217	0.218	0.219	0.219	0.220	0.220	0.221	0.222
29	0.222	0.223	0.223	0.224	0.225	0.225	0.226	0.226	0.227	0.228	0.228	0.229
30	0.229	0.230	0.231	0.231	0.232	0.233	0.233	0.234	0.235	0.235	0.236	0.236
31	0.237	0.238	0.238	0.239	0.240	0.240	0.241	0.242	0.242	0.243	0.244	0.244
32	0.245	0.246	0.246	0.247	0.248	0.248	0.249	0.250	0.251	0.251	0.252	0.253
33	0.253	0.254	0.255	0.255	0.256	0.257	0.258	0.258	0.259	0.260	0.261	0.261
34	0.262	0.263	0.264	0.264	0.265	0.266	0.267	0.267	0.268	0.269	0.270	0.270
35	0.271	0.272	0.273	0.273	0.274	0.275	0.276	0.277	0.277	0.278	0.279	0.280
36	0.281	0.281	0.282	0.283	0.284	0.285	0.285	0.286	0.287	0.288	0.289	0.290
37	0.290	0.291	0.292	0.293	0.294	0.295	0.296	0.297	0.297	0.298	0.299	0.300
38	0.301	0.302	0.303	0.304	0.304	0.305	0.306	0.307	0.308	0.309	0.310	0.311
39	0.312	0.313	0.314	0.315	0.316	0.316	0.317	0.318	0.319	0.320	0.321	0.322
40	0.323	0.324	0.325	0.326	0.327	0.328	0.329	0.330	0.331	0.332	0.333	0.334

Table TA65 (Table 610 in consolidated factors spreadsheet) – Timing adjustment on ill health retirements – NPA65 *continued*

Age	Completed Months											
	0	1	2	3	4	5	6	7	8	9	10	11
41	0.335	0.336	0.337	0.338	0.339	0.340	0.341	0.342	0.343	0.344	0.346	0.347
42	0.348	0.349	0.350	0.351	0.352	0.353	0.354	0.355	0.356	0.358	0.359	0.360
43	0.361	0.362	0.363	0.364	0.365	0.367	0.368	0.369	0.370	0.371	0.372	0.374
44	0.375	0.376	0.377	0.378	0.380	0.381	0.382	0.383	0.384	0.386	0.387	0.388
45	0.389	0.391	0.392	0.393	0.395	0.396	0.397	0.398	0.400	0.401	0.402	0.404
46	0.405	0.406	0.408	0.409	0.410	0.412	0.413	0.414	0.416	0.417	0.418	0.420
47	0.421	0.423	0.424	0.425	0.427	0.428	0.430	0.431	0.433	0.434	0.435	0.437
48	0.438	0.440	0.441	0.443	0.444	0.446	0.447	0.449	0.450	0.452	0.454	0.455
49	0.457	0.458	0.460	0.461	0.463	0.465	0.466	0.468	0.469	0.471	0.473	0.474
50	0.476	0.478	0.479	0.481	0.483	0.484	0.486	0.488	0.490	0.491	0.493	0.495
51	0.496	0.498	0.500	0.502	0.504	0.506	0.507	0.509	0.511	0.513	0.515	0.516
52	0.518	0.520	0.522	0.524	0.526	0.528	0.530	0.532	0.534	0.536	0.538	0.539
53	0.541	0.544	0.546	0.548	0.550	0.552	0.554	0.556	0.558	0.560	0.562	0.564
54	0.566	0.568	0.571	0.573	0.575	0.577	0.579	0.582	0.584	0.586	0.588	0.590
55	0.593	0.595	0.597	0.600	0.602	0.605	0.607	0.609	0.612	0.614	0.616	0.619
56	0.621	0.624	0.626	0.629	0.631	0.634	0.636	0.639	0.641	0.644	0.646	0.649
57	0.651	0.654	0.657	0.660	0.662	0.665	0.668	0.670	0.673	0.676	0.679	0.681
58	0.684	0.687	0.690	0.693	0.696	0.699	0.702	0.705	0.708	0.710	0.713	0.716
59	0.719	0.723	0.726	0.729	0.732	0.735	0.738	0.742	0.745	0.748	0.751	0.754
60	0.757	0.761	0.764	0.768	0.771	0.775	0.778	0.781	0.785	0.788	0.792	0.795
61	0.799	0.802	0.806	0.810	0.813	0.817	0.821	0.825	0.828	0.832	0.836	0.839
62	0.843	0.847	0.851	0.855	0.859	0.863	0.867	0.871	0.875	0.880	0.884	0.888
63	0.892	0.896	0.901	0.905	0.909	0.914	0.918	0.923	0.927	0.931	0.936	0.940
64	0.945	0.950	0.954	0.959	0.964	0.969	0.974	0.978	0.983	0.988	0.993	0.998
65	1.000											

Table LRF5 (Table 423 in consolidated factors spreadsheet) – Late retirement factors - Final Salary, NPA 60 members, Annual Allowance Pension and Lump Sum debits

Age	Completed Months											
	0	1	2	3	4	5	6	7	8	9	10	11
60	1.002	1.006	1.010	1.013	1.017	1.021	1.025	1.029	1.033	1.037	1.040	1.044
61	1.048	1.052	1.056	1.061	1.065	1.069	1.073	1.077	1.081	1.085	1.089	1.094
62	1.098	1.102	1.107	1.111	1.115	1.120	1.124	1.129	1.133	1.138	1.142	1.146
63	1.151	1.156	1.160	1.165	1.170	1.175	1.179	1.184	1.189	1.194	1.198	1.203
64	1.208	1.213	1.218	1.223	1.229	1.234	1.239	1.244	1.249	1.254	1.259	1.264
65	1.270	1.275	1.281	1.286	1.292	1.297	1.303	1.308	1.314	1.319	1.325	1.330
66	1.336	1.342	1.348	1.354	1.360	1.366	1.372	1.378	1.383	1.389	1.395	1.401
67	1.407	1.414	1.420	1.427	1.433	1.439	1.446	1.452	1.459	1.465	1.471	1.478
68	1.484	1.491	1.498	1.505	1.512	1.519	1.526	1.533	1.540	1.547	1.553	1.560
69	1.568	1.575	1.582	1.590	1.597	1.605	1.612	1.620	1.627	1.635	1.642	1.650
70	1.658	1.666	1.674	1.682	1.690	1.698	1.706	1.714	1.722	1.730	1.738	1.747
71	1.755	1.764	1.773	1.781	1.790	1.799	1.808	1.816	1.825	1.834	1.843	1.852
72	1.861	1.870	1.880	1.889	1.899	1.908	1.918	1.927	1.937	1.947	1.956	1.966
73	1.976	1.986	1.996	2.007	2.017	2.027	2.038	2.048	2.058	2.069	2.079	2.089
74	2.100	2.112	2.123	2.134	2.145	2.157	2.168	2.179	2.190	2.202	2.213	2.224
75	2.230											

Notes:
1) These factors are to be used for calculating the actuarial uplift on late retirement for NPA 60 annual allowance pension and lump sum debits.
2) Factors are to be applied to pension and lump sum debits revalued to the date of retirement in accordance with the PI Act.
3) If the annual allowance debit was implemented after age 60 the pension and lump sum debits should be multiplied by the factor for the age at retirement and divided by the factor for the age at implementation.
4) Increased debits are to be calculated before any lump sum commutation option is exercised.

Appendix C: Lifetime Allowance Reduction factors

Table SP1 (Table 605 in consolidated factors spreadsheet)
Factors to calculate reduction to pension for LTA charges

Age Last Birthday	1995 Section	2008 Section
20	34.42	34.33
21	34.22	34.12
22	34.01	33.91
23	33.79	33.69
24	33.57	33.47
25	33.35	33.24
26	33.11	33.00
27	32.88	32.77
28	32.63	32.52
29	32.39	32.27
30	32.13	32.01
31	31.87	31.75
32	31.60	31.48
33	31.33	31.20
34	31.05	30.92
35	30.76	30.63
36	30.47	30.34
37	30.17	30.03
38	29.86	29.73
39	29.55	29.41
40	29.23	29.09
41	28.90	28.76
42	28.56	28.42
43	28.22	28.07
44	27.87	27.72
45	27.51	27.36
46	27.14	26.99
47	26.77	26.62
48	26.39	26.23
49	25.99	25.84
50	25.59	25.44
51	25.18	25.03
52	24.77	24.61
53	24.34	24.18
54	23.91	23.75
55	23.46	23.30
56	23.01	22.85
57	22.55	22.39
58	22.08	21.92
59	21.60	21.44
60	21.11	20.96
61	20.61	20.46
62	20.10	19.96
63	19.58	19.44

Age Last Birthday	1995 Section	2008 Section
64	19.06	18.92
65	18.52	18.38
66	17.97	17.81
67	17.42	17.24
68	16.86	16.67
69	16.27	16.08
70	15.67	15.48
71	15.09	14.90
72	14.50	14.32
73	13.91	13.73
74	13.28	13.11
75	12.64	12.49

Appendix D: Limitations

D.1   This guidance should not be used for any purpose other than those set out in this guidance.

D.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.

D.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.

D.4   This guidance only covers the actuarial principles around the calculation and application of annual allowance and lifetime allowance pension debit factors. Any legal advice in this area should be sought from an appropriately qualified person or source.

D.5   Scheme managers and administrators should satisfy themselves that annual allowance and lifetime allowance pension debit calculations and benefit awards comply with all legislative requirements including, but not limited to, tax and contracting-out requirements.

D.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 SPPA and GAD. Under no circumstances should this guidance take precedence over the Regulations. Administrators should ensure that they comply with all relevant Regulations.