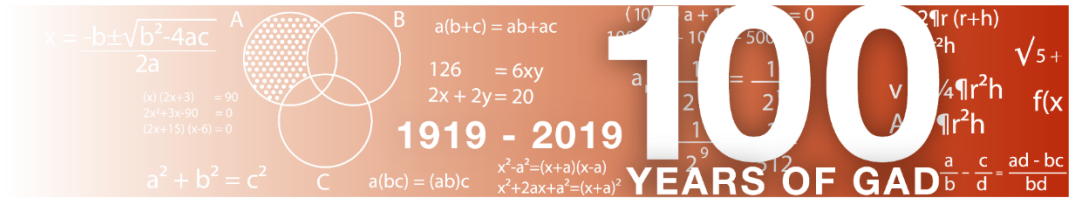




Government  
Actuary's  
Department



## National Health Service Pension Scheme for Scotland

Voluntary early and late retirements in normal health

Factors and guidance

Date: 7 August 2019





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## 1 Introduction

1.1 This Note is provided for the use of the Scottish Public Pensions Agency ('SPPA') as administrator of the National Health Service Pension Scheme for Scotland ('NHSPS Scotland') and sets out how to determine the appropriate reduction or uplift to be applied to a member's benefits when retiring voluntarily in normal health.

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

### Implementation and review

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

1.4 This guidance is intended to supersede any factors or advice previously issued, for the purposes of early and late retirement calculations. In particular, this guidance supercedes:

"National Health Service Superannuation Scheme for Scotland: Voluntary Early and Late retirements in normal health – Factors and guidance" dated 27 March 2015.

1.5 Factors have been updated but the calculation methodology remains unchanged.

1.6 No advice or factors issued for the NHS Pension Scheme (Scotland) 2015 ("NHSPSS 2015") should be used for early and late retirement calculations in respect of NHSPS Scotland benefits.

1.7 The Regulations to which this document relates, and the corresponding factors provided (see Appendix B and C), are as follows:

Factor Table Number	Statutory Reference	App
<p><b>ERF1 (Factor spreadsheet table number 401)</b></p> <ul style="list-style-type: none"> <li>• pension reduction factors</li> <li>• Normal Pension Age (NPA) 60</li> <li>• applicable for 1995 section Main Scheme Pension, 1995 section NPA 60 Added Years' pension and 1995 section NPA 60 Additional Pension (contracts exercised from 1 April 2011 onwards)</li> <li>• retirement from active status or from preserved status (over age 55)</li> </ul>	<p>SSI 2011/117 E11 Early retirement pension (with actuarial reduction)</p> <p>SSI 2011/117 V12(2) Pension credit benefit before attaining normal benefit age (with actuarial reduction)</p> <p>SSI 2011/117 Q7(7) Part payment for additional service or unreduced retirement sum</p>	<b>B</b>
<p><b>ERF2 (Factor spreadsheet table number 402)</b></p> <ul style="list-style-type: none"> <li>• pension reduction factors</li> <li>• NPA 65</li> <li>• applicable for 2008 section Main Scheme Pension, 1995 section NPA 65 Added Years' pension and 1995 or 2008 section NPA 65 Additional Pension (contracts exercised from 1 April 2011 onwards)</li> <li>• retirement from active status or from preserved (over age 55)</li> </ul>	<p>SSI 2013/174 2.D.4/3.D.4 Early payment of pensions with actuarial reduction</p> <p>SSI 2013/174 2.D.2 /3.D.2 Pension credit members</p> <p>SSI 2011/117 Q15(6)</p>	



<p><b>ERF3 (Factor spreadsheet table number 403)</b></p> <ul style="list-style-type: none"> <li>• pension reduction factors</li> <li>• NPA 60</li> <li>• applicable for 1995 section Main Scheme Pension and 1995 section NPA 60 Added Years' pension</li> <li>• retirement from preserved status under age 55</li> </ul>	<p>Effect of death or early payment of pension after option exercised under regulation Q8, Q10 or Q11</p>	
<p><b>Factor Table Number</b></p>	<p><b>Statutory Reference</b></p>	<p><b>App</b></p>
<p><b>ERF4 (Factor spreadsheet table number 404)</b></p> <ul style="list-style-type: none"> <li>• pension reduction factors</li> <li>• NPA 65</li> <li>• applicable for 1995 section NPA 65 Added Years' pension from preserved status under age 55</li> </ul> <p><b>ERF5 (Factor spreadsheet table number 405)</b></p> <ul style="list-style-type: none"> <li>• pension reduction factors</li> <li>• NPA 60</li> <li>• applicable for 1995 section NPA 60 Additional Pension</li> <li>• applicable for contracts exercised before 1 April 2011</li> </ul> <p><b>ERF6 (Factor spreadsheet table number 406)</b></p> <ul style="list-style-type: none"> <li>• pension reduction factors</li> <li>• NPA 65</li> <li>• applicable for 1995 or 2008 section NPA 65 Additional Pension</li> <li>• applicable for contracts exercised before 1 April 2011</li> </ul> <p><b>ERF7 (Factor spreadsheet table number 407)</b></p> <ul style="list-style-type: none"> <li>• lump sum reduction factors</li> <li>• NPA 60</li> <li>• applicable for 1995 section Main lump sum, 1995 section NPA 60 Added Years' retirement lump sum and 2008 section mandatory lump sums for choice optants</li> <li>• retirement from active status or from preserved status (over age 55)</li> </ul> <p><b>ERF8 (Factor spreadsheet table number 408)</b></p> <ul style="list-style-type: none"> <li>• lump sum reduction factors</li> <li>• NPA 65</li> <li>• applicable for 1995 section NPA 65 Added Years' retirement lump sum</li> <li>• retirement from active status or from preserved status (over age 55)</li> </ul> <p><b>ERF9 (Factor spreadsheet table number 409)</b></p> <ul style="list-style-type: none"> <li>• lump sum reduction factors</li> <li>• NPA 60</li> <li>• applicable for 1995 section Main Scheme lump sum, 1995 section NPA 60 Added Years' lump sum</li> <li>• retirement from preserved status under age 55</li> </ul>	<p>SSI 2013/174 2.C.15/3.C.13 Effect of death or early payment of pension after option exercised under regulation 2.C.8/3.C.6, 2.C.10/3.C.8 or 2.C.11/3.C.9</p> <p>SSI 2011/117 Q15(6) Effect of death or early payment of pension after option exercised under regulation Q8, Q10 or Q11</p> <p>SSI 2013/174 2.C.15/3.C.13 Effect of death or early payment of pension after option exercised under regulation 2.C.8/3.C.6, 2.C.10/3.C.8 or 2.C.11/3.C.9</p> <p>SSI 2011/117 E13(4) Lump sum on retirement</p> <p>SSI 2011/117 E14(7) Deductions from lump sum</p>	<p><b>B</b></p>



<p><b>ERF10 (Factor spreadsheet table number 410)</b></p> <ul style="list-style-type: none"> <li>• lump sum reduction factors</li> <li>• NPA 65</li> <li>• applicable for 1995 section NPA 65 Added Years' pension and 1995 section NPA 65 unreduced retirement lump sum</li> <li>• retirement from preserved status under age 55</li> </ul>		
Factor Table Number	Statutory Reference	App
<p><b>ERF11 (Factor spreadsheet table number 411)</b></p> <ul style="list-style-type: none"> <li>• mandatory lump sum adjustment factors on early retirement</li> <li>• NPA 65</li> <li>• applicable for 2008 section choice optants</li> </ul> <p><b>ERF12 (Factor spreadsheet table number 412)</b></p> <ul style="list-style-type: none"> <li>• pension reduction factors</li> <li>• NPA 55</li> <li>• applicable for 1995 section NPA 55 Added Years' pension</li> <li>• retirement from active status</li> </ul> <p><b>ERF13 (Factor spreadsheet table number 413)</b></p> <ul style="list-style-type: none"> <li>• lump sum reduction factors</li> <li>• NPA 55</li> <li>• applicable for 1995 section NPA 55 Added Years' lump sum</li> <li>• retirement from active status</li> </ul> <p><b>ERF14 (Factor spreadsheet table number 414)</b></p> <ul style="list-style-type: none"> <li>• pension reduction factors</li> <li>• NPA 55</li> <li>• applicable for 1995 section NPA 55 Added Years' pension</li> <li>• retirement from preserved status</li> </ul> <p><b>ERF15 (Factor spreadsheet table number 415)</b></p> <ul style="list-style-type: none"> <li>• lump sum reduction factors</li> <li>• NPA 55</li> <li>• applicable for 1995 section NPA 55 Added Years' lump sum</li> <li>• retirement from preserved status</li> </ul>	<p>SSI 2013/174 2.K.12/3.K.10 Amount of pension and lump sum to be paid to a 2008 Section Optant</p> <p>SSI 2011/117 Q7(7) Part payment for additional service or unreduced retirement sum</p>	<p><b>B</b></p>



Factor Table Number	Statutory Reference	App
<p><b>LRF1 (Factor spreadsheet table number 417)</b></p> <ul style="list-style-type: none"> <li>• pension uplift factors</li> <li>• NPA 65</li> <li>• applicable to 2008 section Main Scheme Pension</li> </ul>	<p>SSI 2013/174 2.D.3/3.D.3 Late payment of pension with actuarial increase</p>	<p><b>C</b></p>
<p><b>LRF2 (Factor spreadsheet table number 418)</b></p> <ul style="list-style-type: none"> <li>• pension uplift factors</li> <li>• NPA 65</li> <li>• applicable for 2008 section Additional Pension</li> <li>• applicable for contracts exercised before 1 April 2011</li> </ul>		
<p><b>LRF3 (Factor spreadsheet table number 419)</b></p> <ul style="list-style-type: none"> <li>• pension uplift factors</li> <li>• NPA 65</li> <li>• applicable for 2008 section Additional Pension</li> <li>• applicable for contracts exercised after 1 April 2011</li> </ul>		
<p><b>LRF4 (Factor spreadsheet table number 420)</b></p> <ul style="list-style-type: none"> <li>• mandatory lump sum adjustment factors on late retirement</li> <li>• NPA 65</li> <li>• applicable for choice Optants</li> </ul>		

- 1.8 The remainder of this note provides guidance about how the factors should be used. Section 4 sets out a number of worked examples.
- 1.9 Appendix A provides details of the principal assumptions underlying the factor tables in this guidance.
- 1.10 Appendix D provides details of the limitations relating to the factors and guidance.
- 1.11 This guidance has been written for pension administrators and assumes some knowledge of general pension terminology, and some familiarity with retirement calculations for the National Health Service Pension Scheme for Scotland. Any questions concerning the application of the guidance should, in the first instance, be referred to SPPA.
- 1.12 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.
- 1.13 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.



### **Exclusions and scope**

- 1.14 This Note only covers voluntary early or late retirements in normal health. In particular, this Note does not generally cover reductions or uplifts to be applied in the cases of early retirement in ill health or guidance for early retirement in the interests of efficiency or on grounds of redundancy. A separate note is provided for such cases. Further factors to be used in abatement cases are also given in a different Note.
- 1.15 The factors set out in the Appendices cover the following scenarios:
- Pension and lump sum factors for voluntary early retirement (main scheme, Additional Pension, Added Years' pension, retirement lump sums) – from active and preserved status
  - Adjustment factors for early retirement with mandatory lump sums
  - Pension factors for late retirement (main scheme, Additional Pension)
  - Adjustment factors for late retirement with mandatory lump sums.
- 1.16 Early retirement reductions and late retirement uplifts only apply to members' pensions. No adjustment is applied to dependants' benefits payable following death after retirement.
- 1.17 Early retirement reductions and late retirement uplifts as specified in this document should be applied before any commutation options are determined. Retirement lump sums are available by commutation of reduced/increased entitlement at the rate of £12 per £1 per annum of adjusted pension given up. The maximum amount of commutation should be determined based on the adjusted pension.
- 1.18 This guidance does however apply in a limited number of cases which do not fall under 'Voluntary early or late retirements in normal health'. For example, where benefits such as Additional Pensions are required to be reduced on retirement such as on redundancy or in the case of Added Years' benefits or unreduced lump sum benefits where the chosen date is age 65 but the member retires on ill health after age 60.

### **Third party reliance**

- 1.19 This guidance has been prepared for the use of SPPA 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 SPPA 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 SPPA 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 Early retirement with actuarial reduction

### General information

- 2.1 Factors are provided to reduce the benefits of members who wish to retire before their normal pension age. The factors are provided in years and months, and the appropriate factor should be selected based on age in complete years and months at the date of early retirement.
- 2.2 This section refers only to benefits payable in accordance with Regulations SSI 2011/117 – E11, V12(2), Q7(7), Q15(6), E13(4) and E14(7), and SSI 2013/174 – 2.D.2, 3.D.2, 2.D.4, 3.D.4, 2.C.15, 3.C.13, 2.K.12, 3.K.10. That is those Regulations relating to the voluntary early payment of main scheme benefits, Added Years' pension and Additional Pension.
- 2.3 Factors are used to reduce the benefits of members who wish to retire before their normal pension age. The benefits payable on early retirement are determined by applying the appropriate reduction factor to the accrued benefit entitlement(s) at the date of retirement using the formula below and factors in Appendix B. Please note that, in the case of retirements before age 55, these factors allow for the fact that Pension Increase (PI) is not payable until age 55 and therefore no adjustments are needed at age 55 other than the addition of accrued PI.
- 2.4 Worked examples are provided in Section 4.





### 1995 Section members

#### Active members before age 60 or preserved members aged 55 or over at retirement

#### 2.5 Early retirement pension =

Main scheme pension x Factor ERF1

- + Added Years' pension (where normal pension age is 55) x Factor ERF12
- + Added Years' pension (where normal pension age is 60) x Factor ERF1
- + Added Years' pension (where normal pension age is 65) x Factor ERF2
- + Additional Pension (option exercised before 01/04/11 where normal pension age is 60) x Factor ERF5
- + Additional Pension (option exercised before 01/04/11 where normal pension age is 65) x Factor ERF6
- + Additional Pension (option exercised on or after 01/04/11 where normal pension age is 60) x Factor ERF1
- + Additional Pension (option exercised on or after 01/04/11 where normal pension age is 65) x Factor ERF2.

#### 2.6 Early retirement lump sum =

Main scheme lump sum x Factor ERF7

- + Added Years' lump sum (where normal pension age is 55) x Factor ERF13
- + Added Years' lump sum (where normal pension age is 60) x Factor ERF7
- + Added Years' lump sum (where normal pension age is 65) x Factor ERF8.

#### 2.7 Points to note in using factors:

- Main scheme pension should include any transferred-in pension.
- Reduced benefits should be calculated before commutation option is exercised. The resultant lump sum after any commutation option is exercised is then not subject to further reduction.
- The amount of Added Years' pension should first be multiplied by an appropriate proportion, which is calculated as 'period for which contributions were paid divided by period for which contributions should have been paid' according to regulation Q7(6) (SSI 2011/117).



## 1995 Section members

### Early retirement of preserved members under age 55 at date of retirement

2.8 Early retirement pension =

Main scheme pension x  $(1 \div [\text{Factor ERF3} \div \text{PI} + 1.257])$

- + Added Years' pension (where NPA is 55) x  $(1 \div [\text{Factor ERF14} \div \text{PI} + 1.000^*])$
- + Added Years' pension (where NPA is 60) x  $(1 \div [\text{Factor ERF3} \div \text{PI} + 1.257^*])$
- + Added Years' pension (where NPA is 65) x  $(1 \div [\text{Factor ERF4} \div \text{PI} + 1.618^*])$
- + Additional Pension (option exercised before 01/04/11 where normal pension age is 60) x Factor ERF5
- + Additional Pension (option exercised before 01/04/11 where normal pension age is 65) x Factor ERF6
- + Additional Pension (option exercised on or after 01/04/11 where normal pension age is 60) x Factor ERF1
- + Additional Pension (option exercised on or after 01/04/11 where normal pension age is 65) x Factor ERF2.

\* Adjustment factors to reflect the differing NPAs that are applicable for 1995 section members

2.9 Early retirement lump sum =

Main scheme lump sum x  $(1 \div [\text{Factor ERF9(A)} \div \text{PI} + \text{Factor ERF9(B)}])$

- + Added Years' lump sum (where NPA is 55) x  $(1 \div [\text{Factor ERF15(E)} \div \text{PI} + \text{Factor ERF15(F)}])$
- + Added Years' lump sum (where NPA is 60) x  $(1 \div [\text{Factor ERF9(A)} \div \text{PI} + \text{Factor ERF9(B)}])$
- + Added Years' lump sum (where NPA is 65) x  $(1 \div [\text{Factor ERF10(C)} \div \text{PI} + \text{Factor ERF10(D)}])$ .

2.10 Points to note in using factors:

- Main scheme pension should include any transferred-in pension
- Reduced benefits to be calculated before any lump sum commutation option is exercised. The resultant lump sum after any commutation option is exercised is then not subject to further reduction
- 'PI' is equal to the Pension Increase Factor from deemed date of PI to the date of taking benefits (and should be greater than or equal to 1)
- Factors should be multiplied by amounts before the addition of any pension increases to calculate the reduced amounts to be paid



- Pension increases from the date of exit to age 55 on reduced pension to be awarded on reaching age 55
- Increases from date of exit to date of early payment on reduced lump sum (plus any extra lump sum from exercising a commutation option) to be paid on reaching age 55 or earlier death.

2.11 The reduction factors applicable for members with special class status are the same as for other 1995 Section members i.e. the reduction is applied in respect of the period by which retirement precedes age 60 except for Added Years' pension with an NPA of 55.

**2008 Section members**  
**Early retirement of active or preserved members**

2.12 Early retirement pension =

Main scheme pension x Factor ERF2

- + Additional Pension (option exercised before 01/04/11) x Factor ERF6
- + Additional Pension (option exercised after 01/04/11) x Factor ERF2.

2.13 Points to note in using factors:

- Main scheme pension should include any transferred-in service.
- Reduced benefits should be calculated before any lump sum commutation option is exercised. The lump sum after any commutation option is exercised is then not subject to further reduction.



## 2008 Section members

### Early retirement of members with mandatory lump sums

- 2.14 For Choice Optants a mandatory lump sum (equivalent to the lump sum in respect of pre 1 April 2008 service which these members would have received in the 1995 Section had they not chosen to move to the 2008 Section) must be taken.
- 2.15 If retiring at 60 or over the mandatory lump sum is unreduced. If retiring under age 60:  
Mandatory lump sum = Unreduced mandatory lump sum x Factor ERF7.
- 2.16 Early retirement pension =  
Main scheme pension x Factor ERF2  
+ Mandatory lump sum determined at Point 2.15 above x Factor ERF11  
+ Additional Pension (option exercised before 01/04/11 where normal pension age is 65) x Factor ERF6  
+ Additional Pension (option exercised on or after 01/04/11 where normal pension age is 65) x Factor ERF2.
- 2.17 Points to note in using factors:
- Main scheme pension should include any transferred-in service and as used in the formula above is before any commutation for mandatory (and any further optional) lump sum.
  - Reduced pension is calculated before any lump sum commutation option is exercised, including in respect of mandatory lump sum.
  - The total lump sum, as a combination of the mandatory lump sum calculated at Point 2.15 and any additional lump sum due to exercising additional commutation is then not subject to further reduction.

### Members with previously deferred benefits

- 2.18 In certain situations members may have some previously deferred benefits as part of their entitlements, i.e. where the deemed date for PI purposes is before the actual date of retirement. This may occur due to periods of service with pay protection, officers being made redundant with previous practitioner pensions or other possible scenarios.



- 2.19 Factors can be used as normal for these members except if members are retiring before age 55. In these cases the 'deferred benefits' should be treated separately to the other benefits and, in respect of that part of the member's benefit entitlement, the factors for use for preserved members should be used instead of the factors for retirement from active status. That is, for the 'deferred benefits', benefits should be reduced using factors  $(1 \div [\text{Factor ERF3} \div \text{PI} + 1.257^1])$  or  $(1 \div [\text{Factor ERF9A} \div \text{PI} + \text{Factor ERF9B}])$  for the pension and lump sum respectively and the other benefits should be reduced using the factors ERF1 and ERF7 for the pension and lump sum respectively. If there are any queries, please refer these calculations to GAD.

**Allowance for pension debits (divorce debits)**

- 2.20 On early retirement, pension debits should be reduced to reflect that the debit will be in effect for a longer period. Pension debits (including increases to date of retirement) should be treated as main scheme pension for the purposes of determining which reduction factors should be applied. Therefore Factors ERF1, ERF2 or  $(1 \div [\text{Factor ERF3} \div \text{PI} + 1.257])$  should be applied as applicable to the pension debit (increased to date of retirement). The factors ERF7 or  $(1 \div [\text{Factor ERF9A} \div \text{PI} + \text{Factor ERF9B}])$  should be applied to the lump sum debit if appropriate.
- 2.21 For NPA 55 members retiring between age 55 and 60 from active service who had a pension sharing order implemented before age 55, the pension debit will need to be reduced even though the member is not technically retiring early. Other scheme benefits are not affected and do not need to be adjusted. Factor ERF1 should be applied to the pension debit and Factor ERF7 to the lump sum debit.

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<sup>1</sup> Adjustment factor to reflect the differing NPAs that are applicable for 1995 section members



### Reduction in benefits due to Scheme Pays elections

- 2.22 Subject to meeting certain conditions, members liable to an Annual Allowance charge can make an election requiring the Scheme to pay the amount of the charge on their behalf out of their benefits (referred to as 'Scheme Pays'). A scheme pays debit is determined for any year an election is made (a negative deferred benefit). This debit is applied when the member takes their benefits.
- 2.23 The debit is subject to annual increases in line with the Pension (Increase) Act 1971, in deferment and payment. Dependants' benefits are unaffected by Scheme Pays, i.e. reductions do not apply to dependants' benefits payable on a member's death.
- 2.24 On early retirement, the pension and lump sum debits due to Scheme Pays should be applied to main scheme benefits before they are reduced to allow for early retirement. The debits should also be applied to benefits before any other member options are exercised, e.g. commutation.

### Eligibility for actuarially-reduced early retirement

- 2.25 Actuarially-reduced early retirement is not allowed if the reduced main scheme pension will be less than a member's guaranteed minimum pension (GMP) at GMP payment age (65 for males and 60 for females). The following test should be applied to check whether a member is eligible for actuarially-reduced early retirement.
- 2.26 The GMP must be covered by the reduced value of the pension after a member has exercised any commutation option (and therefore also after any pension debits due to divorce or Scheme Pays have been applied). It may be therefore that actuarially reduced early retirement is permitted but only if no pension is commuted.
- 2.27 The GMP test is set out below:

#### *Step 1 – eligibility for early retirement*

- Calculate the member's pension excluding any Added Years but including any transferred-in service (and before any commutation option):

$$A = \text{Final Pensionable Pay} \times \text{Reckonable Service} \div 80$$

(Note: For 2008 Section Optants, an accrual rate of 60ths should be used instead)

- Apply the relevant early retirement factor if any:

$$B = A \times \text{ERF1 or ERF2 or } (\text{ERF3} \div \text{PI} + 1.257) \text{ as relevant}$$

- Take revalued annual GMP at date of retirement and add 2.20% for each complete year to GMP payment age:

$$D = \text{Revalued GMP at retirement date} \times [1 + 2.20\% \times (\text{period to date GMP payable})]$$



- Check if B is greater than D. If yes, the member is eligible to retire on actuarially reduced benefits at the relevant age. Otherwise, voluntary early retirement at the relevant age is not permitted.

*Step 2 – scope for commutation*

- Apply the commutation factor to the [additional] lump sum required (total lump sum for 2008 section members) and calculate the residual pension:

$$\mathbf{C} = \text{Total pension* (B)} - ([\text{additional}] \text{ lump sum} \div 12)$$

*\*after application of ERF if applicable*

- Check if C is greater than D. If yes, the member is eligible to benefit C, i.e. commutation up to the relevant [additional] lump sum.
- Otherwise the member is only permitted to exchange a smaller proportion of pension for a lump sum of up to  $12 \times (B - D)$ , with corresponding reduction in pension of  $(B - D)$ .
- Note both steps 1 and 2 must be satisfied for voluntary early retirement.



### 3 Late retirement with actuarial uplift

- 3.1 An uplift is applied to 2008 section members' pensions when retiring from active service after age 65 in accordance with Regulations SSI 2013/174 2.D.3, 3.D.3. (Regulations 2.K.21, 3.K.20 apply in the case of any mandatory lump sums). No uplift is applied to 1995 section members' main scheme pension, Added Years' pension, Additional Pension in the 1995 section or for any retirements from preserved status.
- 3.2 The benefits payable on late retirement are determined by applying the appropriate uplift factor to the relevant benefit entitlement (i.e. only service up to age 65) at the date of retirement as follows. The factors are provided in Appendix C.

#### 2008 Section members

- 3.3 Late retirement pension =

Main scheme pension calculated on service to 65 x Factor LRF1

- + Main scheme pension for service after age 65
- + Additional Pension (option exercised before 01/04/2011 with a Normal Pension Age of 65) x Factor LRF2
- + Additional Pension (option exercised after 01/04/11 with a Normal Pension Age of 65) x Factor LRF3.

- 3.4 Points to note on use of factors:

- Factors should be applied before any lump sum commutation option is exercised.
- Factors for additional pension to be applied to additional pension purchased revalued to age 65 plus increases from then to the date of exit.





### 2008 Section members with mandatory lump sums

#### 3.5 Late retirement pension =

Main scheme pension which attracts a late retirement increase\* x Factor LRF1

- + Main scheme pension which does not attract a late retirement increase\*\*
- Mandatory lump sum x Factor LRF4
- + Additional Pension (option exercised before 01/04/2011 with a Normal Pension Age of 65) x Factor LRF2
- + Additional Pension (option exercised after 01/04/11 with a Normal Pension Age of 65) x Factor LRF3.

\* For members age 65 before 1<sup>st</sup> April 2008 this is all pension in respect of service to 1 April 2008, for members age 65 after 1<sup>st</sup> April 2008 this is all pension in respect of service to age 65.

\*\* For members age 65 before 1<sup>st</sup> April 2008 this is all pension in respect of service after 1 April 2008, for members age 65 after 1<sup>st</sup> April 2008 this is all pension in respect of service after age 65.

#### 3.6 Mandatory lump sum is paid unadjusted.

#### 3.7 Points to note on use of factors:

- Factors should be applied before any lump sum commutation option is exercised including in respect of mandatory lump sum.
- Factors for main scheme pension to be applied to pension calculated on service to age 65 and final reckonable pay at date of exit.
- Factors for Additional Pension to be applied to Additional Pension purchased revalued to age 65 plus increases from then to the date of exit.

### Allowance for pension debits (divorce debits)

3.8 For late retirements of members from the 1995 section no adjustment should be made to the pension debit to reflect later debit (other than to include PI increases to actual date of retirement).

3.9 For late retirements of members of the 2008 section where the member divorced before age 65, the pension debit should be treated as Additional Pension for the purposes of determining the late retirement factor to be applied. That is, the pension debit should be increased by applying Factor LRF3.

3.10 For late retirements of members of the 2008 section, if the member divorced after age 65, the pension debit should also be increased to allow for the debit coming into effect later than NPA. However, in the same way that after age 65 not all pension attracts a late retirement uplift, only part of the debit should be increased.



3.11 The pension debit should first be proportioned by the amount of main scheme pension which attracts a late retirement uplift:

- Pension debit to attract an uplift

$$= \text{Pension debit} \times \frac{\text{Main scheme pension which attracts an uplift.}}{\text{Total main scheme pension}}$$

3.12 The late retirement uplift to be applied needs to reflect the date at which the debit was calculated:

- Pension debit uplift =  $\frac{\text{Factor LRF3 for age at retirement}}{\text{Factor LRF3 for age at date of divorce}}$

3.13 Therefore the overall pension debit on late retirement for 2008 section late retirees who divorced after age 65 is:

- Pension debit  $\times \frac{\text{Scheme pension which attracts an uplift}}{\text{Total main scheme pension}} \times \frac{\text{LRF3 age at retirement}}{\text{LRF3 for age at divorce}}$
- + Pension debit  $\times \frac{\text{Scheme pension which does not attract an uplift.}}{\text{Total main scheme pension}}$

### **Reduction in benefits due to Scheme Pays elections**

3.14 Subject to meeting certain conditions, members liable to an Annual Allowance charge can make an election requiring the Scheme to pay the amount of the charge on their behalf out of their benefits (referred to as 'Scheme Pays'). A scheme pays debit is determined for any year an election is made (a negative deferred benefit). This debit is applied when the member takes their benefits.

3.15 The debit is subject to annual increases in line with the Pension (Increase) Act 1971, before it comes into payment and once in payment. Dependants' benefits are unaffected by Scheme Pays, i.e. reductions do not apply to dependants' benefits payable on a member's death.

3.16 For late retirements of members from the 1995 section no adjustment should be made to the pension debit to reflect later debit (other than to include PI increases to actual date of retirement). For late retirements of members from the 2008 section if the debit relates to any period pre NPA, the debit should be treated as Additional Pension for the purposes of determining the late retirement factor to be applied. That is, the pension debit should be increased by applying Factor LRF3. Please refer to GAD for any cases where the debit applies for a period including or after NPA. The debits should be applied to benefits before any other member options are exercised, e.g. commutation.



## 4 Examples

- 4.1 This Section sets out a number of worked examples to help illustrate how the factors should be applied. The examples covered are as follows:
- A. Early retirement of a 1995 section member with NPA 60 Added Years' pension from active status
  - B. Early retirement of a 1995 section member with NPA 60 Additional Pension from active status
  - C. Early retirement of a 1995 section member with NPA 65 Added Years' pension from preserved status under age 55
  - D. Early retirement of a 2008 section member with Additional Pension from active status
  - E. Early retirement of a member with a mandatory lump sum (Choice Optant)
  - F. GMP test which fails
  - G. Late retirement of a 2008 section member with Additional Pension and a pension debit
- 4.2 These examples do not cover benefits payable from the NHSPSS 2015. The benefits illustrated are in respect of the NHSPS Scotland only. If members have accrued benefits in both the NHSPS Scotland and NHSPSS 2015, then these benefits should be treated separately. The relevant guidance for NHSPSS 2015 is contained within the document 'National Health Service Pension Scheme Scotland 2015: Voluntary early and late retirements in normal health, Factors and guidance'.



**A. Early retirement of a 1995 section member with NPA 60 Added Years' pension from active status**

**Individual Data**

Section	1995 section
Normal retirement age	60
Date of birth	1 June 1968
Date of early retirement	4 June 2019
Pensionable service	20 years
Age at early retirement (complete years and months)	51 years and 0 months
Pension at retirement	£5,000 pa
Lump Sum at retirement	£15,000
Added years purchased (to age 60)	6 years
Expected period of contributions (to age 60)	15 years
'Full' Added years pension	£1,250 pa
'Full' Added years lump sum	£3,750

Proportion of Added Years' pension purchased to date of retirement:  
= period contributions paid / period contributions expected to have been paid  
= 6 / 15 = 0.4

**Factors at age 51 years and 0 months**

Pension factor from ERF1	0.679
Lump Sum factor from ERF7	0.808

**Actuarially-reduced pension**

Reduced main scheme pension = Accrued main scheme pension x ERF1  
= £5,000 x 0.679  
= £3,395.00

Reduced Added Years' pension = Added Years' pension x ERF1  
= £1,250 x 0.4 x 0.679  
= £339.50

Total reduced pension = £3,734.50 pa

**Actuarially-reduced lump sum**

Reduced main scheme lump sum = Main scheme lump sum x ERF7  
= £15,000 x 0.808  
= £12,120.00

Reduced Added Years' lump sum = Added Years' lump sum x ERF7  
= £3,750 x 0.4 x 0.808  
= £1,212.00

Total reduced lump sum = £13,332.00



**B. Early retirement of a 1995 section member with NPA 60 Additional Pension from active status**

**Individual Data**

Section	1995 section
Normal retirement age	60
Date of birth	31 May 1968
Date of early retirement	1 July 2019
Pensionable service	20 years
Age at early retirement (complete years and months)	51 years and 1 month
Scheme pension at retirement	£5,000 pa
Scheme lump Sum at retirement	£15,000
Additional Pension* (NPA 60)	£500 pa
Additional Pension option exercised	1 April 2008

*\*Adjustments already made so this figure reflects paid-up Additional Pension*

**Factors at age 51 years and 1 month**

Pension factor from ERF1	0.681
Pension factor from ERF5	0.752
Lump Sum factor from ERF7	0.809

**Actuarially-reduced pension**

Reduced main scheme pension	=	Accrued main scheme pension x ERF1
	=	£5,000 x 0.681
	=	£3,405.00
Reduced Additional Pension	=	Paid-up Additional Pension x ERF5
	=	£500 x 0.752
	=	£376.00
Total reduced pension	=	£3781.00 pa

**Actuarially-reduced lump sum**

Reduced main scheme lump sum	=	Main scheme lump sum x ERF7
	=	£15,000 x 0.809
	=	£12,135.00
Total reduced lump sum	=	£12,135.00



**C. Early retirement of a 1995 section member with NPA 65 Added Years' pension from preserved status under age 55**

**Individual Data**

Section	1995 section
Normal retirement age	60
Date of birth	20 May 1967
Date of withdrawal	1 June 2010
Date of early retirement	1 November 2019
Age at withdrawal	43 years and 0 months
Age at early retirement (complete years and months)	52 years and 5 months
Pension at withdrawal	£4,000 pa
Lump Sum at withdrawal	£12,000
Added Years' pension* NPA 65	£700 pa
Added Years' lump sum* NPA 65	£2,100

*\*Adjustments already made so this figure reflects period over which contributions made*

<b>Pension Increases Factor (PI)</b>	1.095 from date of withdrawal to date of retirement
--------------------------------------	---

**Factors at age 52 and 5 months**

Pension Factor from ERF3	0.140
Pension Factor from ERF4	0.177
Lump Sum Factor from ERF9(A)	0.127
Lump Sum Factor from ERF9(B)	1.070
Lump Sum Factor from ERF10(C)	0.143
Lump Sum Factor from ERF10(D)	1.204

(A) Derived factor	=	$1 \div [\text{Factor ERF3} \div \text{PI} + 1.257^{(1)}]$
(main scheme pension)	=	$1 \div (0.140 \div 1.095 + 1.257^{(1)})$
	=	0.72210

(B) Derived factor	=	$1 \div [\text{Factor ERF4} \div \text{PI} + 1.618^{(1)}]$
(Added Years' pension)	=	$1 \div (0.177 \div 1.095 + 1.618^{(1)})$
	=	0.56191

(C) Derived factor	=	$1 / [\text{Factor ERF9(A)} / \text{PI} + \text{Factor ERF9(B)}]$
(main scheme lump sum)	=	$1 / (0.127 / 1.095 + 1.070)$
	=	0.84318

(D) Derived factor	=	$1 / [\text{Factor ERF10(C)} / \text{PI}$
(Added years' lump sum)	=	$+ \text{Factor ERF10(D)}]$
	=	$1 / (0.143 / 1.095 + 1.204)$
	=	0.74929



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### Actuarially-reduced pension

Reduced main scheme pension	=	Accrued main scheme pension x (A)
	=	£4,000 x 0.72210
	=	£2,888.40
Reduced Added Years' pension	=	Added Years' pension x (B)
	=	£700 x 0.56191
	=	£393.34
Total reduced pension	=	£3,281.74 pa

### Actuarially-reduced lump sum

Reduced main scheme lump sum	=	Main scheme lump sum x (C)
	=	£12,000 x 0.84318
	=	£10,118.16
Reduced Added Years' lump sum	=	Added Years' lump sum x (D)
	=	£2,100 x 0.74929
	=	£1,573.51
Total reduced lump sum	=	£11,691.67

### Additional notes

1. In calculating the immediate pension, the 1.257 (for main pension) and 1.618 (for Added Years' pension) are constant and do not vary with age.
2. On surviving to age 55, the pension in payment should be increased to allow for pension increases between the date of exit and age 55.
3. At age 55 (or on prior death), an additional lump sum should be paid, representing pension increases on the actuarially reduced lump sum between the dates of exit and early retirement. In this case, assuming no commutation, the extra lump sum is £1,110.71 (calculated as £11,691.67x (1.095 - 1.000)).
4. Commutation options to be exercised after benefit reduction. Increases described in Notes 2 and 3 above to be calculated based on post-commutation benefits.



**D. Early retirement of a 2008 section member with Additional Pension from active status**

**Individual Data**

Section	2008 section
Normal retirement age	65
Date of birth	1 June 1964
Date of early retirement	1 July 2020
Pensionable service	6 years
Age at early retirement	56 years and 1 month
Pension at retirement	£2,000 pa
Additional pension option exercised	31 July 2008
Additional pension	£250 pa

**Factors at age 56 and 1 month**

Pension Factor from ERF2	0.648
Pension Factor from ERF6	0.716

**Actuarially-reduced pension**

Reduced main scheme pension	=	Accrued main scheme pension x ERF2
	=	£2,000 x 0.648
	=	£1,296.00
Reduced Additional Pension	=	Additional Pension x ERF6
	=	£250 x 0.716
	=	£179.00
Total reduced pension	=	£1,475.00 pa





## **E. Early Retirement of a member with a mandatory lump sum (Choice Optant)**

### **Individual Data**

Date of birth	01 April 1963
Date of retirement	01 July 2020
Age at early retirement	57 years and 3 months
Total service	19 years and 3 months
Pre-April 2008 service	12 years and 3 months
Final reckonable pay (FRP)	£24,000

### **Factors at age 57 and 3 months**

Factor from ERF2	0.683
Lump sum factor from ERF7	0.937
Factor from ERF11	0.018

### **Actuarially-reduced mandatory lump sum (MLS)**

As the member is aged below 60 at the date of retirement, the MLS will be actuarially reduced in line with factors in ERF7. Therefore the MLS is:

$$\begin{aligned}
 \text{MLS} &= \text{Lump sum in respect of Pre-April 2008 service} \times \text{ERF7} \\
 &= 3 \div 80 \times 12.25 \times £24,000 \times 0.937 \\
 &= £10,330.43 \\
 &= £10,332.00 \text{ (rounded to the nearest multiple of 12)}
 \end{aligned}$$

### **Actuarially-reduced pension**

$$\begin{aligned}
 \text{Reduced main scheme pension} &= (\text{Accrued main scheme pension} \times \text{ERF2}) \\
 \text{(before commutation for MLS)} &+ (\text{Actuarially reduced MLS} \times \text{ERF11}) \\
 &= (\text{FRP} \times \text{Total service} \div 60 \times \text{ERF2}) \\
 &+ (£10,332 \times \text{ERF11}) \\
 &= (£24,000 \times 19.25 \div 60 \times 0.683) \\
 &+ (£10,332 \times 0.018) \\
 &= £5,445.08 \text{ pa} \\
 \\
 \text{Total reduced pension payable} &= \text{Reduced pension (before commutation)} \\
 &- \text{Reduced MLS} \div 12 \\
 &= £5,445.08\text{pa} - £10,332 \div 12 \\
 &= £4,584.08 \text{ pa}
 \end{aligned}$$

### **Additional notes**

1. If the member is aged between 60 and 65, the MLS will not be actuarially reduced.
2. As with all scheme members, a Choice Optant also has the option to increase their lump sum on retirement up to the maximum amount allowable under HMRC's rules. The Choice Optant's option to increase their lump sum above their MLS is outside the scope of this Note.



## F. GMP test issues

### Individual data

Section	1995 section
Normal retirement age	60
Sex	Female
Date of birth	5 April 1965
Date pensionable service commenced	6 April 1986
Reckonable service	19 years
Date of early retirement	1 April 2020
Age at Early Retirement	55 years and 0 months
Pensionable earnings at early retirement	£13,500
Early retirement pension factor at 55	0.796
Revalued GMP at date of retirement	£2,200 pa

### GMP test

#### Step 1 – test eligibility for early retirement

- Step 1: Calculate the member's pension to give amount A.

$$\text{Amount A} = £13,500 \div 80 \times 19 = £3,206.25$$

- Step 2: Apply the relevant reduction factor (ERF1 or ERF2 or (ERF3 ÷ PI + 1.257)) to the pension figure calculated in Step 1 to give amount B.

$$\text{Amount B} = £3,206.25 \times 0.796 = £2,552.18$$

- Step 3: Take revalued annual GMP at date of retirement and add 2.20% for each complete year to age 60 (females) or 65 (males)

$$\text{Amount D} = £2,200 + 2.20\% \times (5 \text{ years}) = £2,200 + 11\% = £2,442.00$$

B is more than D; therefore the member is eligible for actuarially reduced pension.

#### Step 2 – test scope for commutation

- Additional retirement lump sum of £2,000 required. Residual pension:

$$\begin{aligned} \mathbf{C} &= \text{Total pension* (B)} - [\text{additional}] \text{ lump sum} \div 12 \\ &\text{*after application of ERF if applicable} \\ &= £2,552.18 - £2,000 / 12 = £2,385.51 \end{aligned}$$

As C is less than D full lump sum required is not available.

$$\begin{aligned} \text{Calculate maximum lump sum} &= 12 \times (\text{B} - \text{D}) \\ &= 12 \times (2,552.18 - 2,442.00) = £1,322.16 \end{aligned}$$

$$\text{Reduced pension} = £2,552.18 - £1,322.16 / 12 = \mathbf{£2,442.00}$$



**G. Late retirement of a 2008 section member with Additional Pension and a pension debit**

**Individual data**

Section	2008 section
Date of birth	1 April 1952
Date of retirement	1 July 2020
Age at late retirement	68 years and 3 months
Total service	12 years
Pension due to Service to age 65	£4,375.00 pa
Pension due to Service after age 65	£1,625.00 pa
Additional pension option exercised	01 July 2011
Additional pension	£1,000 pa
Pension debit	£500 pa
Age at date of divorce	67 years 2 months

**Factors at age 68 and 3 months**

Factor from LRF1	1.122
Factor from LRF3	1.203

**Factors at age 67 and 2 months**

Factor from LRF3	1.129
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**Actuarially increased pension**

Increased main scheme pension	=	Pension due to service before 65 x LRF1
(pension due to service before 65)	=	£4,375 x 1.122
	=	£4,908.75
Main scheme pension	=	Pension due to service after 65
(pension due to service after 65)	=	£1,625.00
Late retirement additional pension	=	Revalued Additional Pension x LRF3
	=	£1,000 x 1.203
	=	£1,203.00
Part of pension debit attracting uplift	=	Pension debit x main scheme pension attracting uplift ÷ total main scheme pension x LRF3 for age at retirement ÷ LRF3 for age at divorce
	=	£500 x £4,375 ÷ £6,000 x 1.203 ÷ 1.129
	=	£388.48



Part of pension debit without uplift	=	Pension debit x main scheme pension not attracting uplift ÷ total main scheme pension
	=	£500 x £1,625 ÷ £6,000
	=	£135.42
Total Pension	=	Total main scheme pension + late retirement Additional Pension – overall pension debit
	=	£(4,908.75 +1,625.00+1,203.00) - £(388.48 +135.42)
	=	£7,736.75 - £542.66
	=	£7,212.85

#### **Additional notes**

1. Pension due to service accrued before age 65 attracts a late retirement uplift.  
Pension due to service accrued after age 65 does not attract a late retirement uplift.
2. Additional pension purchased is revalued to age 65 plus increases from then to the date of exit.



## Appendix A: Principal assumptions underlying factors

### Financial assumptions

Nominal discount rate	4.448%
CPI	2.00%
RPI	3.15%
Long term earnings growth	4.20%
Real discount rate (in excess of CPI)	2.40%
Real discount rate (in excess of RPI)	1.25%
Real discount rate (in excess of general earnings growth)	0.24%

### Mortality assumptions

Base mortality tables and adjustments	95.5% of S2NMA (M) and 97.5% of S2NFA (F) (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 unisex factors	33.3%
Allowance for commutation	Nil except for mandatory lump sum cases

## Appendix B: Early retirement factors

TABLE ERF1

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS  
BENEFITS PAYABLE TO THE MEMBER ON VOLUNTARY EARLY RETIREMENT (WITH ACTUARIAL REDUCTION)**

**MEMBERS OF 1995 SECTION (RELATIVE TO PENSION AGE OF 60)**

Age: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>PENSION FACTORS</b>												
50	0.654	0.656	0.658	0.660	0.662	0.664	0.666	0.668	0.670	0.672	0.674	0.677
51	0.679	0.681	0.683	0.685	0.687	0.689	0.692	0.694	0.696	0.698	0.700	0.702
52	0.705	0.707	0.709	0.712	0.714	0.716	0.719	0.721	0.723	0.726	0.728	0.730
53	0.733	0.735	0.738	0.740	0.743	0.745	0.748	0.750	0.753	0.755	0.758	0.760
54	0.763	0.766	0.768	0.771	0.774	0.777	0.779	0.782	0.785	0.788	0.790	0.793
55	0.796	0.799	0.802	0.805	0.808	0.811	0.814	0.817	0.820	0.822	0.825	0.828
56	0.831	0.835	0.838	0.841	0.844	0.847	0.850	0.854	0.857	0.860	0.863	0.866
57	0.869	0.873	0.876	0.879	0.883	0.886	0.890	0.893	0.896	0.900	0.903	0.907
58	0.910	0.914	0.917	0.921	0.924	0.928	0.932	0.935	0.939	0.943	0.946	0.950
59	0.953	0.957	0.961	0.965	0.969	0.973	0.977	0.981	0.985	0.989	0.993	0.996
60	1.000											

- Notes: (1) these factors are applicable to use to calculate the actuarial reduction on voluntary early retirement for 1995 section members' main scheme benefits, 1995 section members' NPA 60 Added Years' benefits and 1995 section members' NPA 60 Additional Pension benefits (contracts exercised from 1 April 2011 onwards) (subject to Note 5)  
(2) benefits to be awarded are obtained by multiplying the accrued benefits (see Note 3 below for Added Years' benefits) by the relevant factor  
(3) amount of Added Years' benefit must first be multiplied by an appropriate proportion. This is calculated as 'period for which contributions were paid divided by period for which contributions should have been paid'  
(4) reduced benefits to be calculated before any lump sum commutation option is exercised  
(5) factors NOT to be used for former members with preserved benefits retiring early below age 55 – see Table ERF3

TABLE ERF2

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS  
BENEFITS PAYABLE TO THE MEMBER ON VOLUNTARY EARLY RETIREMENT (WITH ACTUARIAL REDUCTION)**

**MEMBERS OF 1995 or 2008 SECTION (RELATIVE TO PENSION AGE OF 65)**

Age: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>PENSION FACTORS</b>												
Complete Years												
50	0.510	0.511	0.513	0.515	0.516	0.518	0.519	0.521	0.522	0.524	0.525	0.527
51	0.528	0.530	0.532	0.533	0.535	0.537	0.538	0.540	0.542	0.543	0.545	0.547
52	0.548	0.550	0.552	0.554	0.556	0.557	0.559	0.561	0.563	0.564	0.566	0.568
53	0.570	0.572	0.574	0.576	0.578	0.580	0.581	0.583	0.585	0.587	0.589	0.591
54	0.593	0.595	0.597	0.599	0.601	0.604	0.606	0.608	0.610	0.612	0.614	0.616
55	0.618	0.620	0.623	0.625	0.627	0.630	0.632	0.634	0.636	0.639	0.641	0.643
56	0.646	0.648	0.650	0.653	0.655	0.658	0.660	0.663	0.665	0.668	0.670	0.672
57	0.675	0.677	0.680	0.683	0.685	0.688	0.690	0.693	0.696	0.698	0.701	0.703
58	0.706	0.709	0.712	0.714	0.717	0.720	0.723	0.726	0.728	0.731	0.734	0.737
59	0.740	0.743	0.746	0.749	0.752	0.755	0.758	0.761	0.764	0.766	0.769	0.772
60	0.775	0.779	0.782	0.785	0.788	0.792	0.795	0.798	0.801	0.804	0.808	0.811
61	0.814	0.818	0.821	0.825	0.828	0.831	0.835	0.838	0.842	0.845	0.849	0.852
62	0.856	0.860	0.863	0.867	0.871	0.875	0.878	0.882	0.886	0.890	0.893	0.897
63	0.901	0.905	0.909	0.913	0.917	0.921	0.926	0.930	0.934	0.938	0.942	0.946
64	0.950	0.954	0.958	0.963	0.967	0.971	0.975	0.979	0.983	0.988	0.992	0.996
65	1.000											

Notes: (1) these factors are applicable to use for 2008 section members' main scheme benefits, 1995 section members' NPA 65 Added Years' pension or 1995 or 2008 section members' NPA 65 Additional Pension (contracts taken from 1 April 2011 onwards). See also paragraph 1.15 of the guidance.

(2) benefits to be awarded are obtained by multiplying the accrued benefits (for Added Years' pension see Note 3) by the relevant factor

(3) amount of Added Years' benefit must first be multiplied by an appropriate proportion. This is calculated as 'period for which contributions were paid divided by period for which contributions should have been paid' (4) reduced benefits to be calculated before any lump sum commutation option is exercised (5) shaded figures to be used for 1995 section members only

TABLE ERF3

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS  
BENEFITS PAYABLE TO THE MEMBER ON VOLUNTARY EARLY RETIREMENT (WITH ACTUARIAL REDUCTION)  
FORMER MEMBERS OF 1995 SECTION WITH PRESERVED BENEFITS (RELATIVE TO PENSION AGE OF 60)**

Age: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>PENSION FACTORS</b>												
<b>Complete Years:</b>												
50	0.272	0.267	0.263	0.258	0.254	0.249	0.245	0.240	0.235	0.231	0.226	0.222
51	0.217	0.213	0.208	0.204	0.199	0.195	0.190	0.185	0.181	0.176	0.172	0.167
52	0.163	0.158	0.154	0.149	0.145	0.140	0.136	0.131	0.127	0.122	0.117	0.113
53	0.108	0.104	0.099	0.095	0.090	0.086	0.081	0.077	0.072	0.068	0.063	0.059
54	0.054	0.050	0.045	0.041	0.036	0.032	0.027	0.023	0.018	0.014	0.009	0.005
55	0.000											

- Notes: (1) these factors are only appropriate for former members of the 1995 section with main scheme and/or Added Years' preserved benefits  
(2) benefits to be awarded are obtained by multiplying the accrued benefits (for Added Years' benefits see Note 4) by the relevant factor  
(3) pension reduction factor =  $1/(F/PI + 1.257)$ , where PI = pension increase factor up to date of taking early benefits ( $\geq 1.000$ ) and F is from the table above  
(4) the amount of the Added Years' benefits must first be multiplied by an appropriate proportion. This is calculated as 'period for which contributions were paid divided by period for which contributions should have been paid'  
(5) reduced benefits to be calculated before any lump sum commutation option is exercised  
(6) factors to be multiplied by amounts of benefits before adding any pension increases to obtain amounts to be paid  
(7) pension increases from date of exit to age 55 on reduced pension to be awarded on reaching age 55



**TABLE ERF4**

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS  
 BENEFITS PAYABLE TO THE MEMBER ON VOLUNTARY EARLY RETIREMENT (WITH ACTUARIAL REDUCTION)**

**FORMER MEMBERS OF 1995 SECTION WITH PRESERVED ADDED YEARS' BENEFITS (RELATIVE TO PENSION AGE OF 65)**

Age: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>PENSION FACTORS</b>												
<b>Complete Years:</b>												
50	0.344	0.338	0.332	0.326	0.321	0.315	0.309	0.303	0.298	0.292	0.286	0.280
51	0.275	0.269	0.263	0.258	0.252	0.246	0.240	0.235	0.229	0.223	0.217	0.212
52	0.206	0.200	0.194	0.189	0.183	0.177	0.172	0.166	0.160	0.154	0.149	0.143
53	0.137	0.132	0.126	0.120	0.114	0.109	0.103	0.097	0.091	0.086	0.080	0.074
54	0.069	0.063	0.057	0.051	0.046	0.040	0.034	0.029	0.023	0.017	0.011	0.006
55	0.000											

- Notes:
- (1) these factors are only appropriate for former members of the 1995 section's NPA 65 Added Years' preserved benefits
  - (2) the amount of Added Years' benefit must first be multiplied by an appropriate proportion. This is calculated as 'period for which contributions were paid divided by period for which contributions should have been paid'
  - (3) the pension reduction factor =  $1/(F/PI + 1.618)$ , where PI = pension increase factor up to date of taking early benefits ( $\geq 1.000$ ), and F is from the table above
  - (4) reduced benefits to be calculated before any lump sum commutation option is exercised
  - (5) pension increases from date of exit to age 55 on reduced pension to be awarded on reaching age 55

**TABLE ERF5**

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS**  
**BENEFITS PAYABLE TO THE MEMBER ON VOLUNTARY EARLY RETIREMENT (WITH ACTUARIAL REDUCTION)**

**MEMBERS OF 1995 SECTION – NPA 60 ADDITIONAL PENSION CONTRACTS EXERCISED BEFORE 1 APRIL 2011**

Age: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>PENSION FACTORS</b>												
<b>Complete Years:</b>												
50	0.732	0.733	0.735	0.736	0.738	0.740	0.741	0.743	0.744	0.746	0.747	0.749
51	0.750	0.752	0.754	0.755	0.757	0.759	0.761	0.762	0.764	0.766	0.767	0.769
52	0.771	0.772	0.774	0.776	0.778	0.780	0.781	0.783	0.785	0.787	0.789	0.791
53	0.792	0.794	0.796	0.798	0.800	0.802	0.804	0.806	0.808	0.810	0.812	0.814
54	0.816	0.818	0.820	0.822	0.825	0.827	0.829	0.831	0.833	0.835	0.837	0.840
55	0.842	0.844	0.846	0.849	0.851	0.853	0.856	0.858	0.860	0.863	0.865	0.867
56	0.869	0.872	0.874	0.877	0.879	0.882	0.884	0.887	0.889	0.892	0.894	0.897
57	0.899	0.902	0.904	0.907	0.910	0.912	0.915	0.917	0.920	0.923	0.925	0.928
58	0.931	0.933	0.936	0.939	0.942	0.945	0.947	0.950	0.953	0.956	0.959	0.961
59	0.964	0.967	0.970	0.973	0.976	0.979	0.982	0.985	0.988	0.991	0.994	0.997
60	1.000											

- Notes: (1) these factors are only applicable for use for NPA 60 Additional Pension where contracts were exercised prior 1 April 2011  
 (2) benefits to be awarded are obtained by multiplying the accrued benefits by the relevant factor  
 (3) reduced pension to be calculated before any lump sum commutation option is exercised  
 (4) factors allow for increases based on RPI pre-payment and PI Act increases in-payment

**TABLE ERF6**

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS**  
**BENEFITS PAYABLE TO THE MEMBER ON VOLUNTARY EARLY RETIREMENT (WITH ACTUARIAL REDUCTION)**

**MEMBERS OF 1995 OR 2008 SECTION – NPA 65 ADDITIONAL PENSION CONTRACTS EXERCISED BEFORE 1 APRIL 2011**

Age: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>PENSION FACTORS</b>												
<b>Complete Years:</b>												
50	0.603	0.604	0.606	0.607	0.608	0.609	0.611	0.612	0.613	0.614	0.616	0.617
51	0.618	0.619	0.621	0.622	0.624	0.625	0.626	0.628	0.629	0.630	0.632	0.633
52	0.634	0.636	0.637	0.639	0.640	0.642	0.643	0.645	0.646	0.647	0.649	0.650
53	0.652	0.653	0.655	0.657	0.658	0.660	0.661	0.663	0.664	0.666	0.668	0.669
54	0.671	0.672	0.674	0.676	0.678	0.679	0.681	0.683	0.685	0.686	0.688	0.690
55	0.691	0.693	0.695	0.697	0.699	0.701	0.703	0.705	0.706	0.708	0.710	0.712
56	0.714	0.716	0.718	0.720	0.722	0.724	0.726	0.728	0.730	0.732	0.734	0.736
57	0.738	0.740	0.742	0.744	0.747	0.749	0.751	0.753	0.755	0.757	0.759	0.762
58	0.764	0.766	0.768	0.770	0.773	0.775	0.777	0.780	0.782	0.784	0.786	0.789
59	0.791	0.793	0.796	0.798	0.801	0.803	0.806	0.808	0.810	0.813	0.815	0.818
60	0.820	0.823	0.825	0.828	0.831	0.833	0.836	0.838	0.841	0.844	0.846	0.849
61	0.851	0.854	0.857	0.860	0.863	0.865	0.868	0.871	0.874	0.877	0.879	0.882
62	0.885	0.888	0.891	0.894	0.897	0.900	0.903	0.906	0.909	0.912	0.915	0.918
63	0.921	0.925	0.928	0.931	0.935	0.938	0.941	0.944	0.948	0.951	0.954	0.958
64	0.961	0.964	0.967	0.971	0.974	0.977	0.980	0.984	0.987	0.990	0.993	0.997
65	1.000											

- Notes: (1) these factors are only applicable for use for NPA 65 Additional Pension where contracts were exercised prior 1 April 2011  
 (2) benefits to be awarded are obtained by multiplying the accrued benefits by the relevant factor  
 (3) reduced pension to be calculated before any lump sum commutation option is exercised  
 (4) factors allow for increases based on RPI pre-payment and PI Act increases in-payment

**TABLE ERF7**

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS**  
**BENEFITS PAYABLE TO THE MEMBER ON VOLUNTARY EARLY RETIREMENT (WITH ACTUARIAL REDUCTION)**

**MEMBERS OF 1995 SECTION (RELATIVE TO PENSION AGE OF 60)**

AGE: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>LUMP SUM FACTORS</b>												
<b>Complete Years:</b>												
50	0.789	0.790	0.792	0.794	0.795	0.797	0.798	0.800	0.801	0.803	0.805	0.806
51	0.808	0.809	0.811	0.813	0.814	0.816	0.817	0.819	0.821	0.822	0.824	0.826
52	0.827	0.829	0.830	0.832	0.834	0.835	0.837	0.839	0.840	0.842	0.844	0.845
53	0.847	0.849	0.850	0.852	0.854	0.856	0.857	0.859	0.861	0.862	0.864	0.866
54	0.867	0.869	0.871	0.873	0.874	0.876	0.878	0.880	0.881	0.883	0.885	0.886
55	0.888	0.890	0.892	0.894	0.895	0.897	0.899	0.901	0.902	0.904	0.906	0.908
56	0.909	0.911	0.913	0.915	0.917	0.919	0.920	0.922	0.924	0.926	0.928	0.930
57	0.931	0.933	0.935	0.937	0.939	0.941	0.942	0.944	0.946	0.948	0.950	0.952
58	0.954	0.956	0.957	0.959	0.961	0.963	0.965	0.967	0.969	0.971	0.973	0.975
59	0.977	0.979	0.980	0.982	0.984	0.986	0.988	0.990	0.992	0.994	0.996	0.998
60	1.000											

- Notes: (1) these factors are applicable to use to calculate the actuarial reduction on voluntary early retirement for 1995 section members' main scheme lump sum benefits, 1995 section members' NPA 60 Added Years' lump sum benefits, 1995 section members' NPA 60 unreduced retirement lump sum benefits and the amount of 2008 section members' mandatory lump sum benefits payable on voluntary early retirement (where applicable) (subject to Note 4)
- (2) benefits to be awarded are obtained by multiplying the accrued lump sum (for Added Years' lump sum and unreduced retirement lump sums see Note 3) by the relevant factor
- (3) the amount of the Added Years' unreduced retirement lump sum or the unreduced retirement lump sum must first be multiplied by an appropriate proportion. This is calculated as 'period for which contributions were paid divided by period for which contributions should have been paid'
- (4) factors are NOT to be used for former members with preserved benefits retiring early below age 55 – see Table ERF9

TABLE ERF8

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS  
BENEFITS PAYABLE TO THE MEMBER ON VOLUNTARY EARLY RETIREMENT (WITH ACTUARIAL REDUCTION)**

**MEMBERS OF 1995 SECTION WITH NPA 65 ADDED YEARS' BENEFITS (RELATIVE TO PENSION AGE OF 65)**

AGE: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>LUMP SUM FACTORS</b>												
<b>Complete Years:</b>												
50	0.701	0.702	0.703	0.705	0.706	0.708	0.709	0.710	0.712	0.713	0.715	0.716
51	0.717	0.719	0.720	0.722	0.723	0.725	0.726	0.728	0.729	0.730	0.732	0.733
52	0.735	0.736	0.738	0.739	0.741	0.742	0.744	0.745	0.746	0.748	0.749	0.751
53	0.752	0.754	0.755	0.757	0.758	0.760	0.761	0.763	0.764	0.766	0.767	0.769
54	0.770	0.772	0.773	0.775	0.777	0.778	0.780	0.781	0.783	0.784	0.786	0.787
55	0.789	0.790	0.792	0.794	0.795	0.797	0.798	0.800	0.801	0.803	0.805	0.806
56	0.808	0.809	0.811	0.813	0.814	0.816	0.817	0.819	0.821	0.822	0.824	0.826
57	0.827	0.829	0.830	0.832	0.834	0.835	0.837	0.839	0.840	0.842	0.844	0.845
58	0.847	0.849	0.850	0.852	0.854	0.856	0.857	0.859	0.861	0.862	0.864	0.866
59	0.867	0.869	0.871	0.873	0.874	0.876	0.878	0.880	0.881	0.883	0.885	0.886
60	0.888	0.890	0.892	0.894	0.895	0.897	0.899	0.901	0.902	0.904	0.906	0.908
61	0.909	0.911	0.913	0.915	0.917	0.919	0.920	0.922	0.924	0.926	0.928	0.930
62	0.931	0.933	0.935	0.937	0.939	0.941	0.942	0.944	0.946	0.948	0.950	0.952
63	0.954	0.956	0.957	0.959	0.961	0.963	0.965	0.967	0.969	0.971	0.973	0.975
64	0.977	0.979	0.980	0.982	0.984	0.986	0.988	0.990	0.992	0.994	0.996	0.998
65	1.000											

Notes: (1) these factors are applicable to use to calculate the actuarial reduction on voluntary early retirement for 1995 section members' NPA 65 Added Years' benefits and 1995 section members' NPA 65 unreduced retirement lump sum benefits (subject to Note (4)). See also paragraph 1.15 of the guidance (2) the amount of the Added Years' unreduced lump sum or the unreduced retirement lump sum must first be multiplied by an appropriate proportion. This is calculated as 'period for which contributions were paid divided by period for which contributions should have been paid' (3) the relevant factor in table ERF8 should be multiplied by the Added Years' lump sum or the unreduced retirement lump sum given by Note 2 (4) factors are NOT to be used for former members with preserved benefits retiring early below age 55 – see Table ERF10

**TABLE ERF9**

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS**  
**BENEFITS PAYABLE TO THE MEMBER ON VOLUNTARY EARLY RETIREMENT (WITH ACTUARIAL REDUCTION)**

**FORMER MEMBERS OF 1995 SECTION WITH PRESERVED BENEFITS (RELATIVE TO PENSION AGE OF 60)**

Age: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>LUMP SUM FACTOR A</b>												
<b>Complete Years:</b>												
50	0.248	0.244	0.240	0.235	0.231	0.227	0.223	0.219	0.215	0.210	0.206	0.202
51	0.198	0.194	0.190	0.185	0.181	0.177	0.173	0.169	0.165	0.160	0.156	0.152
52	0.148	0.144	0.140	0.136	0.132	0.127	0.123	0.119	0.115	0.111	0.107	0.103
53	0.098	0.094	0.090	0.086	0.082	0.078	0.074	0.070	0.066	0.061	0.057	0.053
54	0.049	0.045	0.041	0.037	0.033	0.029	0.025	0.020	0.016	0.012	0.008	0.004
55	0.000											

AGE: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>LUMP SUM FACTOR B</b>												
<b>Complete Years:</b>												
50	1.020	1.021	1.023	1.025	1.026	1.028	1.030	1.032	1.033	1.035	1.037	1.038
51	1.040	1.042	1.044	1.045	1.047	1.049	1.050	1.052	1.054	1.056	1.057	1.059
52	1.061	1.063	1.064	1.066	1.068	1.070	1.072	1.073	1.075	1.077	1.079	1.080
53	1.082	1.084	1.086	1.088	1.089	1.091	1.093	1.095	1.097	1.098	1.100	1.102
54	1.104	1.106	1.107	1.109	1.111	1.113	1.115	1.117	1.119	1.120	1.122	1.124
55	1.126											

Notes: (1) these factors are only appropriate for former members of the 1995 section with main scheme and/or Added Years' preserved benefits (2) benefits to be awarded are obtained by multiplying the accrued lump sum (for Added Years' lump sum or the unreduced retirement lump sum see Note 4) by the relevant factor (3) lump sum reduction factor =  $1/(A/PI + B)$ , where PI = pension increase factor up to date of taking early benefits ( $\geq 1.000$ ) and A and B are from the tables above (4) the amount of the Added Years' unreduced lump sum or the unreduced retirement lump sum must first be multiplied by an appropriate proportion. This is calculated as 'period for which contributions were paid divided by period for which contributions should have been paid' (5) factors to be multiplied by amounts of benefits before adding any pension increases to obtain amounts to be paid (6) increases from date of exit to date of early payment on reduced lump sum (plus any extra lump sum from exercising a commutation option) to be paid on reaching age 55 or prior death

TABLE ERF10

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS  
BENEFITS PAYABLE TO THE MEMBER ON VOLUNTARY EARLY RETIREMENT (WITH ACTUARIAL REDUCTION)**

**FORMER MEMBERS OF 1995 SECTION WITH PRESERVED ADDED YEARS' BENEFITS (RELATIVE TO PENSION AGE OF 65)**

Age: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>LUMP SUM FACTOR C</b>												
<b>Complete Years:</b>												
50	0.279	0.275	0.270	0.265	0.260	0.256	0.251	0.246	0.242	0.237	0.232	0.227
51	0.223	0.218	0.213	0.209	0.204	0.199	0.195	0.190	0.185	0.181	0.176	0.171
52	0.167	0.162	0.157	0.153	0.148	0.143	0.139	0.134	0.129	0.125	0.120	0.115
53	0.111	0.106	0.102	0.097	0.092	0.088	0.083	0.078	0.074	0.069	0.065	0.060
54	0.055	0.051	0.046	0.041	0.037	0.032	0.028	0.023	0.018	0.014	0.009	0.005
55	0.000											

Age: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>LUMP SUM FACTOR D</b>												
<b>Complete Years:</b>												
50	1.148	1.150	1.152	1.154	1.156	1.158	1.160	1.161	1.163	1.165	1.167	1.169
51	1.171	1.173	1.175	1.177	1.179	1.181	1.183	1.185	1.187	1.189	1.191	1.193
52	1.194	1.196	1.198	1.200	1.202	1.204	1.206	1.208	1.210	1.212	1.214	1.216
53	1.218	1.220	1.222	1.224	1.227	1.229	1.231	1.233	1.235	1.237	1.239	1.241
54	1.243	1.245	1.247	1.249	1.251	1.253	1.255	1.257	1.259	1.261	1.264	1.266
55	1.268											

Notes: (1) these factors are only appropriate for former members of the 1995 section with NPA 65 Added Years' preserved benefits (2) the amount of the Added Years' unreduced lump sum or unreduced retirement lump sum must first be multiplied by an appropriate proportion. This is calculated as 'period for which contributions were paid divided by period for which contributions should have been paid' (3) lump sum reduction factor =  $1/(C/PI + D)$ , where PI = pension increase factor up to date of taking early benefits ( $\geq 1.000$ ) and C and D are from the tables above, should be applied to Added Years' lump sum or unreduced retirement lump sum as given by Note 2 (4) factors to be multiplied by amounts of benefits before adding any pension increases to obtain amounts to be paid (5) increases from date of exit to date of early payment on reduced lump sum (plus any extra lump sum from exercising a commutation option) to be paid on reaching age 55 or prior death

**TABLE ERF11**

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS  
 BENEFITS PAYABLE TO THE MEMBER ON VOLUNTARY EARLY RETIREMENT (WITH ACTUARIAL REDUCTION)**

**MEMBERS OF 2008 SECTION WITH A MANDATORY LUMP SUM (RELATIVE TO PENSION AGE OF 65)**

Age: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>ADJUSTMENT FACTORS</b>												
<b>Complete years:</b>												
55	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.020	0.019	0.019
56	0.019	0.019	0.019	0.019	0.019	0.019	0.019	0.018	0.018	0.018	0.018	0.018
57	0.018	0.018	0.018	0.018	0.017	0.017	0.017	0.017	0.017	0.017	0.017	0.017
58	0.017	0.016	0.016	0.016	0.016	0.016	0.016	0.016	0.016	0.015	0.015	0.015
59	0.015	0.015	0.015	0.015	0.014	0.014	0.014	0.014	0.014	0.014	0.014	0.014
60	0.013	0.013	0.013	0.013	0.013	0.012	0.012	0.012	0.012	0.012	0.012	0.011
61	0.011	0.011	0.011	0.011	0.010	0.010	0.010	0.010	0.010	0.009	0.009	0.009
62	0.009	0.008	0.008	0.008	0.008	0.008	0.007	0.007	0.007	0.007	0.006	0.006
63	0.006	0.006	0.006	0.005	0.005	0.005	0.005	0.004	0.004	0.004	0.004	0.003
64	0.003	0.003	0.003	0.002	0.002	0.002	0.002	0.001	0.001	0.001	0.001	0.000
65	0.000											

- Notes:
- (1) these factors should be used to calculate members reduced early retirement pension before commutation for mandatory (and any further optional) lump sum
  - (2) the relevant factor in table ERF11 should be multiplied by the member's mandatory lump sum which has already been reduced for early payment using factors in ERF7
  - (3) the relevant early retirement factor from table ERF2 should be multiplied by the member's accrued pension (before commutation for mandatory (and any further optional) lump sum)
  - (4) reduced pension is obtained by adding the amounts calculated in Note 2 and Note 3 together



**TABLE ERF12**

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS**  
**BENEFITS PAYABLE TO THE MEMBER ON VOLUNTARY EARLY RETIREMENT (WITH ACTUARIAL REDUCTION)**

**MEMBERS OF 1995 SECTION WITH NPA 55 ADDED YEARS' BENEFITS (RELATIVE TO PENSION AGE OF 55)**

Age: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>PENSION FACTORS</b>												
<b>Complete years:</b>												
50	0.820	0.823	0.825	0.828	0.830	0.833	0.836	0.838	0.841	0.843	0.846	0.848
51	0.851	0.854	0.856	0.859	0.862	0.865	0.867	0.870	0.873	0.876	0.878	0.881
52	0.884	0.887	0.890	0.893	0.896	0.899	0.902	0.905	0.908	0.911	0.914	0.917
53	0.920	0.923	0.926	0.929	0.932	0.936	0.939	0.942	0.945	0.949	0.952	0.955
54	0.958	0.962	0.965	0.969	0.972	0.976	0.979	0.983	0.986	0.990	0.993	0.997
55	1.000											

- Notes: (1) these factors are applicable to use to calculate the actuarial reduction on voluntary early retirement for 1995 section members' NPA 55 Added Years' benefits (subject to Note 5)
- (2) benefits to be awarded are obtained by multiplying the accrued benefits (see Note 3 below for Added Years' benefits) by the relevant factor
- (3) amount of Added Years' benefit must first be multiplied by an appropriate proportion. This is calculated as 'period for which contributions were paid divided by period for which contributions should have been paid'
- (4) reduced benefits to be calculated before any lump sum commutation option is exercised
- (5) factors NOT to be used for former members with preserved benefits retiring early below age 55 – see Table ERF14

**TABLE ERF13**

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS**  
**BENEFITS PAYABLE TO THE MEMBER ON VOLUNTARY EARLY RETIREMENT (WITH ACTUARIAL REDUCTION)**

**MEMBERS OF 1995 SECTION WITH NPA 55 ADDED YEARS' BENEFITS (RELATIVE TO PENSION AGE OF 55)**

AGE: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>LUMP SUM FACTORS</b>												
<b>Complete Years:</b>												
50	0.888	0.890	0.892	0.894	0.895	0.897	0.899	0.901	0.902	0.904	0.906	0.908
51	0.909	0.911	0.913	0.915	0.917	0.919	0.920	0.922	0.924	0.926	0.928	0.930
52	0.931	0.933	0.935	0.937	0.939	0.941	0.942	0.944	0.946	0.948	0.950	0.952
53	0.954	0.956	0.957	0.959	0.961	0.963	0.965	0.967	0.969	0.971	0.973	0.975
54	0.977	0.979	0.980	0.982	0.984	0.986	0.988	0.990	0.992	0.994	0.996	0.998
55	1.000											

- Notes: (1) these factors are applicable to use to calculate the actuarial reduction on voluntary early retirement for 1995 section members' NPA 55 Added Years' lump sum benefits (subject to Note 4)
- (2) benefits to be awarded are obtained by multiplying the accrued lump sum (for Added Years' lump sum see Note 3) by the relevant factor
- (3) the amount of the Added Years' unreduced retirement lump sum must first be multiplied by an appropriate proportion. This is calculated as 'period for which contributions were paid divided by period for which contributions should have been paid'
- (4) factors are NOT to be used for former members with preserved benefits retiring early below age 55 – see Table ERF15

**TABLE ERF14**

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS**  
**BENEFITS PAYABLE TO THE MEMBER ON VOLUNTARY EARLY RETIREMENT (WITH ACTUARIAL REDUCTION)**

**FORMER MEMBERS OF 1995 SECTION WITH PRESERVED ADDED YEARS' BENEFITS (RELATIVE TO PENSION AGE OF 55)**

AGE: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>PENSION FACTORS</b>												
<b>Complete Years:</b>												
50	0.219	0.216	0.212	0.208	0.205	0.201	0.197	0.194	0.190	0.186	0.183	0.179
51	0.175	0.172	0.168	0.164	0.161	0.157	0.153	0.150	0.146	0.142	0.139	0.135
52	0.131	0.128	0.124	0.120	0.117	0.113	0.109	0.106	0.102	0.098	0.095	0.091
53	0.087	0.084	0.080	0.076	0.073	0.069	0.066	0.062	0.058	0.055	0.051	0.047
54	0.044	0.040	0.036	0.033	0.029	0.025	0.022	0.018	0.015	0.011	0.007	0.004
55	0.000											

- Notes:
- (1) these factors are only appropriate for former members of the 1995 section's NPA 55 Added Years' preserved benefits
  - (2) the amount of Added Years' benefit must first be multiplied by an appropriate proportion. This is calculated as 'period for which contributions were paid divided by period for which contributions should have been paid'
  - (3) the pension reduction factor =  $1/(F/PI + 1.000)$ , where PI = pension increase factor up to date of taking early benefits ( $\geq 1.000$ ), and F is from the table above
  - (4) reduced benefits to be calculated before any lump sum commutation option is exercised
  - (5) pension increases from date of exit to age 55 on reduced pension to be awarded on reaching age 55

**TABLE ERF15**

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS  
 BENEFITS PAYABLE TO THE MEMBER ON VOLUNTARY EARLY RETIREMENT (WITH ACTUARIAL REDUCTION)**

**FORMER MEMBERS OF 1995 SECTION WITH PRESERVED BENEFITS (RELATIVE TO PENSION AGE OF 55)**

AGE: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>LUMP SUM FACTOR E</b>												
<b>Complete Years:</b>												
50	0.220	0.217	0.213	0.209	0.205	0.202	0.198	0.194	0.191	0.187	0.183	0.179
51	0.176	0.172	0.168	0.165	0.161	0.157	0.154	0.150	0.146	0.143	0.139	0.135
52	0.131	0.128	0.124	0.120	0.117	0.113	0.109	0.106	0.102	0.098	0.095	0.091
53	0.087	0.084	0.080	0.076	0.073	0.069	0.066	0.062	0.058	0.055	0.051	0.047
54	0.044	0.040	0.036	0.033	0.029	0.025	0.022	0.018	0.015	0.011	0.007	0.004
55	0.000											

AGE: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>LUMP SUM FACTOR F</b>												
<b>Complete Years:</b>												
50	0.906	0.907	0.909	0.910	0.912	0.913	0.915	0.916	0.918	0.919	0.921	0.922
51	0.924	0.925	0.927	0.928	0.930	0.931	0.933	0.935	0.936	0.938	0.939	0.941
52	0.942	0.944	0.945	0.947	0.949	0.950	0.952	0.953	0.955	0.956	0.958	0.960
53	0.961	0.963	0.964	0.966	0.968	0.969	0.971	0.972	0.974	0.976	0.977	0.979
54	0.980	0.982	0.984	0.985	0.987	0.989	0.990	0.992	0.993	0.995	0.997	0.998
55	1.000											

Notes: (1) these factors are only appropriate for former members of the 1995 section with NPA55 Added Years' preserved benefits (2) benefits to be awarded are obtained by multiplying the accrued lump sum (for Added Years' lump sum see Note 4) by the relevant factor (3) lump sum reduction factor =  $1/(E/PI + F)$ , where PI = pension increase factor up to date of taking early benefits ( $\geq 1.000$ ) and E and F are from the tables above (4) the amount of the Added Years' unreduced retirement lump sum must first be multiplied by an appropriate proportion. This is calculated as 'period for which contributions were paid divided by period for which contributions should have been paid' (5) factors to be multiplied by amounts of benefits before adding any pension increases to obtain amounts to be paid (6) increases from date of exit to date of early payment on reduced lump sum (plus any extra lump sum from exercising a commutation option) to be paid on reaching age 55 or prior death

## Appendix C: Late retirement factors

TABLE LRF1

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS  
BENEFITS PAYABLE TO THE MEMBER ON LATE RETIREMENT (WITH ACTUARIAL UPLIFT)**

**MEMBERS OF 2008 SECTION (RELATIVE TO PENSION AGE OF 65)**

AGE: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>PENSION FACTORS</b>												
<b>Complete Years:</b>												
65	1.000	1.003	1.006	1.008	1.011	1.014	1.017	1.020	1.023	1.025	1.028	1.031
66	1.034	1.037	1.040	1.043	1.046	1.049	1.052	1.056	1.059	1.062	1.065	1.068
67	1.071	1.074	1.078	1.081	1.084	1.088	1.091	1.094	1.098	1.101	1.104	1.108
68	1.111	1.115	1.119	1.122	1.126	1.130	1.133	1.137	1.141	1.144	1.148	1.152
69	1.155	1.159	1.163	1.167	1.171	1.175	1.179	1.183	1.187	1.192	1.196	1.200
70	1.204	1.208	1.212	1.217	1.221	1.226	1.230	1.234	1.239	1.243	1.248	1.252
71	1.257	1.261	1.266	1.271	1.276	1.281	1.285	1.290	1.295	1.300	1.305	1.310
72	1.314	1.320	1.325	1.330	1.335	1.341	1.346	1.351	1.357	1.362	1.367	1.372
73	1.378	1.383	1.389	1.395	1.401	1.407	1.412	1.418	1.424	1.430	1.435	1.441
74	1.447	1.453	1.460	1.466	1.472	1.479	1.485	1.491	1.498	1.504	1.510	1.516
75	1.523											

- Notes: (1) factors to be applied to pension calculated on service to age 65 and final pensionable pay at date of exit  
(2) benefits to be awarded are obtained by multiplying the benefits calculated as in Note 1 by the relevant factor then adding on the unadjusted benefits accrued after age 65  
(3) increased benefits to be calculated before any lump sum commutation option is exercised  
(4) factors NOT to be used for increasing purchased Additional Pension – see table LRF2 and LRF3

TABLE LRF2

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS  
BENEFITS PAYABLE TO THE MEMBER ON LATE RETIREMENT (WITH ACTUARIAL UPLIFT)**

**MEMBERS OF 2008 SECTION – PURCHASED NPA 65 ADDITIONAL PENSION CONTRACTS EXERCISED BEFORE 1 APRIL 2011**

AGE: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>PENSION FACTORS</b>												
<b>Complete Years:</b>												
65	1.000	1.004	1.007	1.011	1.014	1.018	1.021	1.025	1.028	1.032	1.035	1.039
66	1.042	1.046	1.050	1.054	1.058	1.063	1.067	1.071	1.075	1.079	1.083	1.087
67	1.091	1.096	1.100	1.105	1.109	1.113	1.118	1.122	1.127	1.131	1.136	1.140
68	1.145	1.150	1.154	1.159	1.164	1.169	1.174	1.179	1.183	1.188	1.193	1.198
69	1.203	1.208	1.213	1.219	1.224	1.229	1.234	1.240	1.245	1.250	1.256	1.261
70	1.266	1.272	1.278	1.283	1.289	1.295	1.301	1.306	1.312	1.318	1.324	1.329
71	1.335	1.342	1.348	1.354	1.360	1.367	1.373	1.379	1.386	1.392	1.398	1.405
72	1.411	1.418	1.425	1.432	1.439	1.445	1.452	1.459	1.466	1.473	1.480	1.487
73	1.494	1.501	1.509	1.517	1.524	1.532	1.539	1.547	1.555	1.562	1.570	1.577
74	1.585	1.593	1.602	1.610	1.618	1.627	1.635	1.643	1.652	1.660	1.668	1.677
75	1.685											

- Notes: (1) factors to be applied to re-valued Additional Pension purchased up to age 65 plus increases from then to date of exit  
(2) benefits to be awarded are obtained by multiplying the benefits as determined in Note 1 by the relevant factor  
(3) increased benefits to be calculated before any lump sum commutation option is exercised  
(4) factors to be used ONLY for increasing purchased NPA 65 Additional Pension of Members in the 2008 Section  
(5) factors allow for increases based on RPI pre-retirement and PI Act increases post-retirement

TABLE LRF3

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS  
BENEFITS PAYABLE TO THE MEMBER ON LATE RETIREMENT (WITH ACTUARIAL UPLIFT)**

**MEMBERS OF 2008 SECTION – PURCHASED NPA 65 ADDITIONAL PENSION CONTRACTS EXERCISED AFTER 1 APRIL 2011**

AGE: complete months	0	1	2	3	4	5	6	7	8	9	10	11
<b>PENSION FACTORS</b>												
<b>Complete Years:</b>												
65	1.000	1.005	1.009	1.014	1.019	1.023	1.028	1.033	1.037	1.042	1.047	1.052
66	1.056	1.061	1.066	1.072	1.077	1.082	1.087	1.092	1.097	1.102	1.107	1.112
67	1.118	1.123	1.129	1.134	1.140	1.145	1.151	1.157	1.162	1.168	1.173	1.179
68	1.185	1.191	1.197	1.203	1.209	1.215	1.221	1.227	1.234	1.240	1.246	1.252
69	1.258	1.265	1.272	1.278	1.285	1.292	1.299	1.305	1.312	1.319	1.326	1.332
70	1.339	1.346	1.354	1.361	1.369	1.376	1.384	1.391	1.398	1.406	1.413	1.421
71	1.428	1.436	1.444	1.452	1.461	1.469	1.477	1.485	1.493	1.501	1.510	1.518
72	1.526	1.535	1.544	1.553	1.562	1.571	1.580	1.589	1.598	1.607	1.616	1.625
73	1.634	1.644	1.654	1.664	1.674	1.683	1.693	1.703	1.713	1.723	1.733	1.743
74	1.753	1.764	1.775	1.786	1.797	1.808	1.819	1.830	1.841	1.852	1.863	1.874
75	1.885											

- Notes: (1) factors to be applied to re-valued Additional Pension purchased up to age 65 plus increases from then to date of exit  
(2) benefits to be awarded are obtained by multiplying the benefits as determined in Note 1 by the relevant factor  
(3) increased benefits to be calculated before any lump sum commutation option is exercised  
(4) factors to be used ONLY for increasing purchased NPA 65 Additional Pension of Members in the 2008 Section  
(5) factors allow for increases based PI Act increases both pre and post-retirement

**TABLE LRF4**

**NHS SUPERANNUATION SCHEME SCOTLAND: ACTUARIAL FACTORS  
 BENEFITS PAYABLE TO THE MEMBERS ON LATE RETIREMENT (WITH ACTUARIAL UPLIFT)**

**MEMBERS OF 2008 SECTION WITH A MANDATORY LUMP SUM (RELATIVE TO PENSION AGE OF 65)**

Age: complete months:	0	1	2	3	4	5	6	7	8	9	10	11
<b>ADJUSTMENT FACTORS</b>												
Complete years:												
65	0.000	0.000	0.000	0.001	0.001	0.001	0.001	0.001	0.002	0.002	0.002	0.002
66	0.002	0.003	0.003	0.003	0.003	0.003	0.004	0.004	0.004	0.004	0.004	0.005
67	0.005	0.005	0.005	0.005	0.006	0.006	0.006	0.006	0.006	0.007	0.007	0.007
68	0.007	0.007	0.008	0.008	0.008	0.008	0.008	0.009	0.009	0.009	0.009	0.009
69	0.010	0.010	0.010	0.010	0.010	0.011	0.011	0.011	0.011	0.011	0.012	0.012
70	0.012	0.012	0.012	0.013	0.013	0.013	0.013	0.013	0.014	0.014	0.014	0.014
71	0.014	0.015	0.015	0.015	0.015	0.016	0.016	0.016	0.016	0.016	0.017	0.017
72	0.017	0.017	0.017	0.018	0.018	0.018	0.018	0.018	0.019	0.019	0.019	0.019
73	0.019	0.020	0.020	0.020	0.020	0.020	0.021	0.021	0.021	0.021	0.021	0.022
74	0.022	0.022	0.022	0.022	0.023	0.023	0.023	0.023	0.023	0.024	0.024	0.024
75	0.024											

- Notes: (1) these factors should be used to calculate members' increased late retirement pension before commutation for mandatory (and any further optional) lump sum  
 (2) the relevant factor in table LRF4 should be multiplied by the member's mandatory lump sum  
 (3) the relevant late retirement factor from table LRF1 should be multiplied by the member's accrued pension which attracts a late retirement increase\*  
 (4) increased pension is obtained by deducting the amount calculated in Note 2 from the amount calculated in Note 3 and then adding on the unadjusted pension which does not attract a late retirement increase\*\*  
 (5) increased pension to be calculated before commutation for mandatory (and any further optional) lump sum

\* For members age 65 before 1<sup>st</sup> April 2008 this is all pension in respect of service to 1 April 2008, for members age 65 after 1<sup>st</sup> April 2008 this is all pension in respect of service to age 65

\*\* For members age 65 before 1<sup>st</sup> April 2008 this is all pension in respect of service after 1 April 2008, for members age 65 after 1<sup>st</sup> April 2008 this is all pension in respect of service after 1 April 2008, for members age 65 after 1<sup>st</sup> April 2008 this is all pension in respect of service after age 65





## 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 early retirement and late retirement 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 early retirement and late retirement 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.