Police pension schemes (Scotland)

2006 Scheme

Tax charge debits

Factors and guidance

Date: 22 August 2019

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1   Introduction

Scope of this guidance note

1.1   This note is provided for the Scottish Public Pensions Agency (SPPA) as scheme manager of the police pension schemes in Scotland and relates to the 2006 scheme.

1.2   This guidance covers the calculation formulae and factors to use to determine the debit to apply to a member's pension and lump sum once it has been determined that a tax charge will be paid from the 2006 scheme. Please follow legislation, HMRC guidance and any additional guidance issued by the SPPA when determining the amount of any tax charge that will be paid from the 2006 scheme.

1.3   This note does not attempt to describe the method for determining the amount of any Annual Allowance or Lifetime Allowance charge. Any references in this note to the calculation of the Annual Allowance or Lifetime Allowance charge are included solely to help explain how the charge should be converted to a reduction to the member's benefits. They should not be treated as guidance on how to calculate the Annual or Lifetime Allowance charge.

1.4   The tax charges covered by this guidance are in relation to the annual allowance and the lifetime allowance. Relevant legislation in respect of the annual allowance is contained in the Finance Act 2004 (as amended). Provisions for the lifetime allowance are set out in regulations 85 and 86 of the Police Pensions (Scotland) Regulations 2007 (SSI 2007/201).

1.5   This note only relates to benefits in the 2006 section of the scheme. Separate guidance has been issued in respect of the 1987 and 2015 schemes.

1.6   The factors and guidance 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.

1.7   This guidance is intended to supersede any factors or advice previously issued, for the purposes of calculating an annual allowance and lifetime allowance pension debits. No advice or factors issued in the past should be used for cases after this date. In particular, this guidance supersedes:

"Police pension schemes (Scotland) 2006 Scheme: Tax charge debits – Factors and guidance" dated 10 April 2015.

and

Addendum to GAD guidance note "Police pension schemes (Scotland) 2006 scheme: Tax charge debits" dated 7 April 2016.

1.8   The factors in this note have been updated but the calculation methodology remains unchanged.

1.9   Section 2 of this guidance note covers the calculation and implementation of annual allowance debits.

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1.10   Section 3 of this guidance note covers the calculation and implementation of lifetime allowance debits.

1.11   Appendix A contains the factor tables to be used in conjunction with this guidance note.

1.12   Details of the assumptions underlying the factor tables in this guidance are set out in Appendix B. Some important limitations can be found in Appendix C.

1.13   SPPA have decided that the actuarial factors in this note are effective from 21 January 2019 for lifetime allowance debits and for annual allowance tax charges accruing in the 2019/20 tax year and beyond. These factors supersede corresponding factors issued by the Government Actuary's Department on 27 April 2016, with the exception of annual allowance tax charges accrued in the tax years before 2019/20.

Implementation and Review

1.14   The factors contained in this guidance will apply from 21 January 2019. This implementation date has been determined by SPPA. This guidance will apply from the date of issue.

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

1.16   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.

1.17   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

1.18   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.

1.19   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.

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2   Annual allowance debits

Introduction

2.1   If a member becomes liable to pay the annual allowance charge in any tax year it is possible[1] for the administrator to pay all or part of the charge on their behalf. This is commonly known as 'scheme pays'.

2.2   Following an election to use scheme pays to meet the 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 use scheme pays.

2.4   Paragraphs 2.6 to 2.13 set out guidance for calculating the annual allowance debits at the time of the election.

2.5   Paragraphs 2.14 to 2.21 set out 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 (required to select the appropriate factors from **Table A_06**) should be calculated as at the implementation date which is 5 April of the tax year to which the tax charge relates.

Calculations

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

2.11   The annual allowance pension debit ('AAPD') is calculated as:

$$AAPD = AATC \div [F_p + (4 \times F_{LS})]$$

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[1] Please follow legislation, HMRC guidance, and any other guidance issued by the SPPA in determining the circumstances where the scheme can meet the tax charge.

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AATC	annual allowance tax charge payable by the scheme administrator
F_p	factor for tax charge on member's pension – **Table A_06**
F_{LS}	factor for tax charge on member's lump sum – **Table A_06**

2.12   The annual allowance lump sum debit ('AALSD') is calculated as:

AALSD = 4 x AAPD

2.13   Administrators 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

2.14   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.

2.15   The annual allowance debits are calculated assuming that the member will retire at their deferred pension age, 65. If a member retires earlier than age 65, either on ordinary or ill health grounds, the debits will need to be adjusted to allow for the different period over which they will be deducted.

2.16   Each pension debit must be adjusted separately as follows:

For members retiring at age 65:

Adjusted pension debit = AAPD x PI

For members retiring before age 65:

Adjusted pension debit = AAPD x PI x MEMERF

AAPD	annual allowance pension debit as calculated in 0
PI	pension increase uprating factor applying between the implementation date and the date of retirement
MEMERF	early retirement factor – **Table B_06 or C_06**

2.17   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.

2.18   Similarly, each lump sum debit must be adjusted separately as follows:

For members retiring at age 65:

Adjusted lump sum debit = AALSD x PI

For members retiring before age 65:

Adjusted lump sum debit = AALSD x PI x LSERF

AALSD	annual allowance lump sum debit as calculated in 2.12

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PI	pension increase uprating factor applying between the implementation date and the date of retirement
LSERF	early retirement factor – **Table D_06 or E_06**

2.19   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.

2.20   Any exchange of lump sum for additional pension (under regulation 37 of the Police Pensions (Scotland) Regulations 2007) occurs after the application of annual allowance debits.

2.21   Note that if a member:

- takes their pension early due to ill health, **and**

- is aged under 55 at the time their pension commences, **and**

- pension increases are not granted until age 55

    then the case should be referred to GAD.

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3   Lifetime allowance debits

Introduction

3.1   If a member becomes liable to pay lifetime allowance charges the scheme administrator can pay the charges on the member's behalf, unless directed not to by the member.

3.2   There will be consequential adjustments ('lifetime allowance debits') made to the member's benefit entitlements from the scheme in respect of the charges met by the scheme administrator.

3.3   Paragraphs 3.4 to 3.9 set out guidance for calculating the lifetime allowance debits.

Calculating the lifetime allowance debits

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

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

3.6   The member's age (required to select the appropriate factor from **Table F_06 or G_06** depending on whether the member is retiring from the scheme on grounds of normal or ill heal) should be calculated as at the retirement date.

Calculations

3.7   The lifetime allowance debits to apply to the member's pension and lump sum entitlements at retirement should be calculated as shown below.

3.8   The lifetime allowance pension debit ('LTAPD') is calculated as:

LTAPD = LTATC ÷ [F$_p$ + 4]

LTATC	lifetime allowance tax charge payable by the scheme administrator
F$_p$	factor for tax charge on member's pension – **Table F_06 or G_06**

3.9   The lifetime allowance lump sum debit ('LTALSD') is calculated as:

LTALSD = 4 x LTAPD

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4   Example calculations

4.1   This section provides examples of the calculations described in this note.

4.2   Figures in these example calculations are rounded to a suitable level of accuracy. Where a figure is shown as an intermediate step in the calculation, subsequent steps will use this rounded figure as written on the page. It is also acceptable to perform these calculations on a computer spreadsheet, such as MS Excel, or using other suitable software. In that case, the figures calculated in the intermediate steps may not be rounded, so the final answer may be slightly different to that shown in these examples. The difference will not be significant and both methods are valid. Whichever calculation method is used, the figures calculated as intermediate steps should not be rounded to a lower level of accuracy than used in these examples.

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Example 1: Calculation of annual allowance debits

The following information is needed for this calculation:

A.	Member date of birth	23 January 1985
B.	Tax year annual allowance charge is incurred	2019/20
C.	Implementation date	5 April 2020
D.	Member age	35 years 2 months
E.	Tax charge	£4,000

From 0, the formula for calculating the annual allowance pension debit is:

AAPD $\quad$ **= AATC ÷ [F$_p$ + (4 x F$_{Ls}$)]**

We have:

AATC = £4,000 (from **E.**)

F$_P$ = 8.66 (from **Table A_06**)

F$_{Ls}$ = 0.50 (from **Table A_06**)

Substituting these values into the formula we get:

AAPD $\quad$ = £4,000.00 ÷ [8.66 + (4 x 0.50)]

$\quad\quad\quad\quad$ **= £375.23 pa**

From 2.12, the formula for calculating the annual allowance lump sum debit is:

AALSD $\quad$ **= 4 x AAPD**

So, AALSD $\quad$ = 4 x £375.23

$\quad\quad\quad\quad\quad$ **= £1,500.92**

Record these debits on the member's record with implementation date 5 April 2020

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Example 2: Member retiring at age 65 on ordinary grounds, with annual allowance debits

The following information is needed for this calculation:

A.	Member date of birth	23 March 1955
B.	Retirement date	23 March 2020
C.	Member age	65y 0m
D.	Member's pension before debit	£30,000 pa
E.	Member's lump sum before debit	£120,000
F.	Annual allowance pension debit 2015/16	£450 pa
G.	Annual allowance lump sum debit 2015/16	£1,800
H.	Pension increase uprating factor 2015/16	1.0653

(from 2015/16 debit implementation date, 5 April 2016, to retirement)

From 2.16, the formula for calculating the adjusted pension debit at retirement is:

Adjusted pension debit   = AAPD x PI

We have:

AAPD = £450 (from **F**.)

PI = 1.0653 (from **H**.)

Substituting these values into the formula we get:

Adjusted pension debit   = £450.00 x 1.0653

= £479.39 pa

From 2.17, the pension to be implemented is the full pension (£30,000 pa from **D**.) less the member's adjusted pension debit. Therefore the pension to be implemented is:

= £30,000.00 – £479.39

= £29,520.61 pa

From 2.18, the formula for calculating the adjusted lump sum debit at retirement is:

Adjusted lump sum debit   = AALSD x PI

We have:

AALSD = £1,800 (from **G**.)

PI = 1.0653 (from **H**.)

Substituting these values into the formula we get:

Adjusted lump sum debit = £1,800.00 x 1.0653

= £1,917.54

From 2.19, the lump sum to be implemented is the full lump sum (£120,000 from **E**.) less the member's adjusted lump sum debit. Therefore the lump sum to be implemented is:

= £120,000.00 – £1,917.54

= **£118,082.46**

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Example 3: Member retiring at age 55 on ordinary grounds, with annual allowance debits

The following information is needed for this calculation:

A.	Member date of birth	1 October 1966
B.	Retirement date	1 October 2021
C.	Member age	55y 0m
D.	Member's pension before debit	£45,000 pa
E.	Member's lump sum before debit	£180,000
F.	Annual allowance pension debit 2014/15	£250 pa
G.	Annual allowance lump sum debit 2014/15	£1,000
H.	Annual allowance pension debit 2015/16	£300 pa
I.	Annual allowance lump sum debit 2015/16	£1,200
J.	Pension increase uprating factor 2014/15	1.160
	(from 2014/15 debit implementation date, 5 April 2015, to retirement)	
K.	Pension increase uprating factor 2015/16	1.131
	(from 2015/16 debit implementation date, 5 April 2016, to retirement)	

Under 2.16 the formula for calculating the adjusted pension debit at retirement date is:

Adjusted pension debit   = AAPD x PI x MEMERF

2014/15 debit, we have:

MEMERF = 0.585 (from **Table B_06 -** this is the same for AAPDs arising in all tax years)

AAPD = £250 (from **F**.)

PI = 1.160 (from **J**.)

Substituting these values into the formula we get:

Adjusted pension debit   = £250.00 x 1.160 x 0.585

= £169.65 pa

2015/16 debit, we have:

MEMERF = 0.585 (from **Table B_06 -** this is the same for AAPDs arising in all tax years)

AAPD = £300 (from **H**.)

PI = 1.131 (from **K**.)

13

![Government Actuary's Department logo]

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Substituting these values into the formula we get:

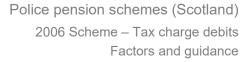|	
Adjusted pension debit	= £300.00 x 1.131 x 0.585
	= £198.49 pa

From 2.17, the pension to be implemented is the full pension (£45,000 pa from **D**.) less the member's adjusted pension debits. Therefore the pension to be implemented is:

= £45,000.00 – £169.65 – £198.49

= £44,631.86 pa

The pension to be implemented is **£44,631.86 pa**

From 2.18, the formula for calculating the adjusted lump sum debit at retirement is:

Adjusted lump sum debit = AALSD x PI x LSERF

2014/15 debit, we have:

LSERF = 0.789 (from **Table D_06** - this is the same for AALSDs arising in all tax years)

AALSD = £1,000 (from **G**.)

PI = 1.160 (from **J**.)

Substituting these values into the formula we get:

Adjusted lump sum debit	= £1,000.00 x 1.160 x 0.789
	= £915.24

2015/16 debit, we have:

LSERF = 0.789 (**Table D_06** - this is the same for AALSDs arising in all tax years)

AALSD = £1,200 (from **I**.)

PI = 1.131 (from **K**.)

Substituting these values into the formula we get:

Adjusted lump sum debit	= £1,200.00 x 1.131 x 0.789
	= £1,070.83

From 2.19, the lump sum to be implemented is the full lump sum (£180,000 from **D**.) less the member's adjusted lump sum debits. Therefore the lump sum to be implemented is:

= £180,000.00 – £915.24 – £1,070.83

= £178,013.93

The lump sum to be implemented is **£178,013.93**

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Example 4: Member retiring at age 65 on ordinary grounds, with lifetime allowance charge

The following information is needed for this calculation:

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

Under 3.8, the lifetime allowance pension debit is calculated as:

LTAPD = LTATC ÷ [F$_p$ + 4]

We have:
LTATC = 30,000 (from **D**.)
F$_P$ = 16.53 (from **Table F_06**)

Substituting these values into the formula we get:

LTAPD $\quad$ = £30,000.00 ÷ [16.53 + 4]
$\qquad\qquad$ = £1,461.28 pa

The member's pension will be reduced by **£1,461.28** per annum until the member dies.

Under 3.9, the lifetime allowance lump sum debit is calculated as:

LTALSD = 4 x LTAPD

Substituting the value of LTAPD into this formula gives:

LTALSD $\quad$ = 4 x £1,461.28
$\qquad\qquad$ = £5,845.12

The member's lump sum at retirement will be reduced by **£5,845.12**

Appendix A: Tables of factors

- **Table A_06 (Table 612 in consolidated factors spreadsheet)**: Factors for calculating annual allowance debit
- **Table B_06 (Table 613 in consolidated factors spreadsheet)**: Early retirement factor - annual allowance pension debit on retirement before age 65
- **Table C_06 (Table 614 in consolidated factors spreadsheet)**: Early retirement factor - annual allowance pension debit on ill health retirement before age 65
- **Table D_06 (Table 615 in consolidated factors spreadsheet)**: Early retirement factor - annual allowance lump sum debit on retirement before age 65
- **Table E_06 (Table 616 in consolidated factors spreadsheet)**: Early retirement factor - annual allowance lump sum debit on ill health retirement before age 65
- **Table F_06 (Table 617 in consolidated factors spreadsheet)**: Factors for calculating lifetime allowance debits
- **Table G_06 (Table 618 in consolidated factors spreadsheet)**: Factors for calculating lifetime allowance debits (retirement in ill health)

Table A_06 (Table 612 in consolidated factors spreadsheet): – Factors for calculating annual allowance debit

Males and Females

Age last birthday at relevant date	Annual allowance debit factor per £1 of pension per annum	Annual allowance debit factor per £1 of lump sum
18	6.09	0.33
19	6.22	0.34
20	6.35	0.35
21	6.48	0.36
22	6.61	0.36
23	6.75	0.37
24	6.89	0.38
25	7.04	0.39
26	7.18	0.40
27	7.33	0.41
28	7.49	0.42
29	7.64	0.43
30	7.80	0.44
31	7.97	0.45
32	8.13	0.46
33	8.30	0.47
34	8.48	0.49
35	8.66	0.50
36	8.84	0.51
37	9.03	0.52
38	9.22	0.53
39	9.41	0.55
40	9.62	0.56
41	9.82	0.57
42	10.03	0.59
43	10.25	0.60
44	10.47	0.62
45	10.70	0.63
46	10.93	0.64
47	11.17	0.66
48	11.41	0.68
49	11.66	0.69
50	11.92	0.71
51	12.18	0.73
52	12.45	0.74
53	12.73	0.76
54	13.02	0.78
55	13.32	0.80
56	13.63	0.82
57	13.95	0.84
58	14.28	0.86
59	14.63	0.88

Table A_06 (Table 612 in consolidated factors spreadsheet)– Factors for calculating annual allowance debit *continued*

Males and Females

Age last birthday at relevant date	Annual allowance debit factor per £1 of pension per annum	Annual allowance debit factor per £1 of lump sum
60	14.98	0.90
61	15.36	0.92
62	15.75	0.94
63	16.16	0.97
64	16.59	0.99

Table B_06 (Table 613 in consolidated factors spreadsheet) – Early retirement factor - annual allowance pension debit on retirement before age 65

Retirement not on grounds of ill health

Males and Females

	Age of the member when benefits come into payment										
months	55	56	57	58	59	60	61	62	63	64	65
0	0.585	0.613	0.644	0.677	0.712	0.751	0.792	0.837	0.887	0.941	1.000
1	0.587	0.616	0.647	0.680	0.715	0.754	0.796	0.841	0.891	0.946	
2	0.590	0.618	0.649	0.683	0.719	0.757	0.800	0.846	0.896	0.951	
3	0.592	0.621	0.652	0.686	0.722	0.761	0.803	0.850	0.900	0.956	
4	0.594	0.623	0.655	0.689	0.725	0.764	0.807	0.854	0.905	0.960	
5	0.597	0.626	0.658	0.691	0.728	0.768	0.811	0.858	0.909	0.965	
6	0.599	0.629	0.660	0.694	0.731	0.771	0.815	0.862	0.914	0.970	
7	0.601	0.631	0.663	0.697	0.735	0.775	0.819	0.866	0.918	0.975	
8	0.604	0.634	0.666	0.700	0.738	0.778	0.822	0.870	0.923	0.980	
9	0.606	0.636	0.668	0.703	0.741	0.782	0.826	0.874	0.927	0.985	
10	0.609	0.639	0.671	0.706	0.744	0.785	0.830	0.879	0.932	0.990	
11	0.611	0.641	0.674	0.709	0.747	0.789	0.834	0.883	0.936	0.995	

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Table C_06 (Table 614 in consolidated factors spreadsheet)– Early retirement factor - annual allowance pension debit on ill health retirement before age 65

Males and Females

months	Age of the member when benefits come into payment						
	18	**19**	**20**	**21**	**22**	**23**	**24**
0	0.164	0.169	0.174	0.178	0.183	0.189	0.194
1	0.165	0.169	0.174	0.179	0.184	0.189	0.195
2	0.165	0.170	0.174	0.179	0.184	0.190	0.195
3	0.166	0.170	0.175	0.180	0.185	0.190	0.195
4	0.166	0.171	0.175	0.180	0.185	0.190	0.196
5	0.166	0.171	0.176	0.181	0.186	0.191	0.196
6	0.167	0.171	0.176	0.181	0.186	0.191	0.197
7	0.167	0.172	0.176	0.181	0.186	0.192	0.197
8	0.167	0.172	0.177	0.182	0.187	0.192	0.198
9	0.168	0.172	0.177	0.182	0.187	0.193	0.198
10	0.168	0.173	0.178	0.183	0.188	0.193	0.199
11	0.169	0.173	0.178	0.183	0.188	0.194	0.199

months	Age of the member when benefits come into payment									
	25	**26**	**27**	**28**	**29**	**30**	**31**	**32**	**33**	**34**
0	0.200	0.205	0.212	0.218	0.224	0.231	0.238	0.246	0.254	0.262
1	0.200	0.206	0.212	0.218	0.225	0.232	0.239	0.246	0.254	0.262
2	0.201	0.206	0.213	0.219	0.226	0.232	0.240	0.247	0.255	0.263
3	0.201	0.207	0.213	0.219	0.226	0.233	0.240	0.248	0.256	0.264
4	0.202	0.208	0.214	0.220	0.227	0.234	0.241	0.248	0.256	0.264
5	0.202	0.208	0.214	0.221	0.227	0.234	0.241	0.249	0.257	0.265
6	0.203	0.209	0.215	0.221	0.228	0.235	0.242	0.250	0.258	0.266
7	0.203	0.209	0.215	0.222	0.228	0.235	0.243	0.250	0.258	0.267
8	0.204	0.210	0.216	0.222	0.229	0.236	0.243	0.251	0.259	0.267
9	0.204	0.210	0.216	0.223	0.230	0.237	0.244	0.252	0.260	0.268
10	0.205	0.211	0.217	0.223	0.230	0.237	0.245	0.252	0.260	0.269
11	0.205	0.211	0.217	0.224	0.231	0.238	0.245	0.253	0.261	0.269

months	Age of the member when benefits come into payment									
	35	**36**	**37**	**38**	**39**	**40**	**41**	**42**	**43**	**44**
0	0.270	0.279	0.288	0.298	0.308	0.319	0.330	0.342	0.354	0.368
1	0.271	0.280	0.289	0.299	0.309	0.320	0.331	0.343	0.355	0.369
2	0.272	0.280	0.290	0.300	0.310	0.321	0.332	0.344	0.357	0.370
3	0.272	0.281	0.291	0.300	0.311	0.322	0.333	0.345	0.358	0.371
4	0.273	0.282	0.291	0.301	0.312	0.323	0.334	0.346	0.359	0.372
5	0.274	0.283	0.292	0.302	0.313	0.323	0.335	0.347	0.360	0.373
6	0.274	0.284	0.293	0.303	0.313	0.324	0.336	0.348	0.361	0.374
7	0.275	0.284	0.294	0.304	0.314	0.325	0.337	0.349	0.362	0.376
8	0.276	0.285	0.295	0.305	0.315	0.326	0.338	0.350	0.363	0.377
9	0.277	0.286	0.295	0.306	0.316	0.327	0.339	0.351	0.364	0.378
10	0.277	0.287	0.296	0.306	0.317	0.328	0.340	0.352	0.365	0.379
11	0.278	0.287	0.297	0.307	0.318	0.329	0.341	0.353	0.366	0.380

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Table C_06 (Table 614 in consolidated factors spreadsheet) – Early retirement factor - annual allowance pension debit on ill health retirement before age 65 *continued*

Males and Females

months	Age of the member when benefits come into payment									
	45	**46**	**47**	**48**	**49**	**50**	**51**	**52**	**53**	**54**
0	0.381	0.396	0.412	0.428	0.446	0.464	0.484	0.505	0.528	0.552
1	0.383	0.397	0.413	0.430	0.447	0.466	0.486	0.507	0.530	0.555
2	0.384	0.399	0.414	0.431	0.449	0.468	0.488	0.509	0.532	0.557
3	0.385	0.400	0.416	0.433	0.450	0.469	0.490	0.511	0.534	0.559
4	0.386	0.401	0.417	0.434	0.452	0.471	0.491	0.513	0.536	0.561
5	0.388	0.403	0.419	0.435	0.453	0.473	0.493	0.515	0.538	0.563
6	0.389	0.404	0.420	0.437	0.455	0.474	0.495	0.517	0.540	0.565
7	0.390	0.405	0.421	0.438	0.457	0.476	0.497	0.519	0.542	0.568
8	0.391	0.406	0.423	0.440	0.458	0.478	0.498	0.521	0.544	0.570
9	0.392	0.408	0.424	0.441	0.460	0.479	0.500	0.522	0.546	0.572
10	0.394	0.409	0.425	0.443	0.461	0.481	0.502	0.524	0.548	0.574
11	0.395	0.410	0.427	0.444	0.463	0.483	0.504	0.526	0.550	0.576

months	Age of the member when benefits come into payment										
	55	**56**	**57**	**58**	**59**	**60**	**61**	**62**	**63**	**64**	**65**
0	0.579	0.607	0.637	0.670	0.705	0.744	0.786	0.832	0.883	0.938	1.000
1	0.581	0.609	0.640	0.673	0.708	0.747	0.790	0.836	0.887	0.944	
2	0.583	0.612	0.642	0.676	0.712	0.751	0.794	0.840	0.892	0.949	
3	0.586	0.614	0.645	0.679	0.715	0.754	0.797	0.845	0.897	0.954	
4	0.588	0.617	0.648	0.682	0.718	0.758	0.801	0.849	0.901	0.959	
5	0.590	0.619	0.651	0.685	0.721	0.761	0.805	0.853	0.906	0.964	
6	0.593	0.622	0.653	0.687	0.725	0.765	0.809	0.857	0.911	0.969	
7	0.595	0.624	0.656	0.690	0.728	0.768	0.813	0.862	0.915	0.974	
8	0.597	0.627	0.659	0.693	0.731	0.772	0.817	0.866	0.920	0.979	
9	0.600	0.629	0.662	0.696	0.734	0.775	0.821	0.870	0.924	0.985	
10	0.602	0.632	0.664	0.699	0.737	0.779	0.824	0.874	0.929	0.990	
11	0.604	0.634	0.667	0.702	0.741	0.782	0.828	0.878	0.934	0.995	

Table D_06 (Table 615 in consolidated factors spreadsheet) – Early retirement factor - annual allowance lump sum debit on retirement before age 65

Retirement not on grounds of ill health

Males and Females

months	Age of the member when benefits come into payment										65
	55	**56**	**57**	**58**	**59**	**60**	**61**	**62**	**63**	**64**	**65**
0	0.789	0.808	0.827	0.847	0.867	0.888	0.909	0.931	0.954	0.977	1.000
1	0.790	0.809	0.829	0.849	0.869	0.890	0.911	0.933	0.956	0.979	
2	0.792	0.811	0.830	0.850	0.871	0.892	0.913	0.935	0.957	0.980	
3	0.794	0.813	0.832	0.852	0.873	0.894	0.915	0.937	0.959	0.982	
4	0.795	0.814	0.834	0.854	0.874	0.895	0.917	0.939	0.961	0.984	
5	0.797	0.816	0.835	0.856	0.876	0.897	0.919	0.941	0.963	0.986	
6	0.798	0.817	0.837	0.857	0.878	0.899	0.920	0.942	0.965	0.988	
7	0.800	0.819	0.839	0.859	0.880	0.901	0.922	0.944	0.967	0.990	
8	0.801	0.821	0.840	0.861	0.881	0.902	0.924	0.946	0.969	0.992	
9	0.803	0.822	0.842	0.862	0.883	0.904	0.926	0.948	0.971	0.994	
10	0.805	0.824	0.844	0.864	0.885	0.906	0.928	0.950	0.973	0.996	
11	0.806	0.826	0.845	0.866	0.886	0.908	0.930	0.952	0.975	0.998	

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Table E_06 (Table 616 in consolidated factors spreadsheet) – Early retirement factor - annual allowance lump sum debit on ill health retirement before age 65

Males and Females

months	Age of the member when benefits come into payment						
	18	**19**	**20**	**21**	**22**	**23**	**24**
0	0.328	0.336	0.344	0.352	0.361	0.369	0.378
1	0.329	0.337	0.345	0.353	0.361	0.370	0.379
2	0.329	0.337	0.345	0.354	0.362	0.371	0.380
3	0.330	0.338	0.346	0.354	0.363	0.372	0.380
4	0.331	0.339	0.347	0.355	0.364	0.372	0.381
5	0.331	0.339	0.347	0.356	0.364	0.373	0.382
6	0.332	0.340	0.348	0.356	0.365	0.374	0.383
7	0.333	0.341	0.349	0.357	0.366	0.374	0.383
8	0.333	0.341	0.349	0.358	0.366	0.375	0.384
9	0.334	0.342	0.350	0.359	0.367	0.376	0.385
10	0.335	0.343	0.351	0.359	0.368	0.377	0.386
11	0.335	0.343	0.352	0.360	0.369	0.377	0.387

months	Age of the member when benefits come into payment									
	25	**26**	**27**	**28**	**29**	**30**	**31**	**32**	**33**	**34**
0	0.387	0.397	0.406	0.416	0.426	0.436	0.446	0.457	0.468	0.479
1	0.388	0.397	0.407	0.417	0.427	0.437	0.447	0.458	0.469	0.480
2	0.389	0.398	0.408	0.417	0.427	0.438	0.448	0.459	0.470	0.481
3	0.390	0.399	0.409	0.418	0.428	0.439	0.449	0.460	0.471	0.482
4	0.390	0.400	0.409	0.419	0.429	0.440	0.450	0.461	0.472	0.483
5	0.391	0.401	0.410	0.420	0.430	0.440	0.451	0.462	0.473	0.484
6	0.392	0.401	0.411	0.421	0.431	0.441	0.452	0.463	0.474	0.485
7	0.393	0.402	0.412	0.422	0.432	0.442	0.453	0.464	0.475	0.486
8	0.393	0.403	0.413	0.422	0.433	0.443	0.454	0.465	0.476	0.487
9	0.394	0.404	0.413	0.423	0.433	0.444	0.455	0.465	0.477	0.488
10	0.395	0.404	0.414	0.424	0.434	0.445	0.455	0.466	0.478	0.489
11	0.396	0.405	0.415	0.425	0.435	0.446	0.456	0.467	0.478	0.490

months	Age of the member when benefits come into payment									
	35	**36**	**37**	**38**	**39**	**40**	**41**	**42**	**43**	**44**
0	0.491	0.503	0.515	0.527	0.540	0.553	0.566	0.580	0.593	0.608
1	0.492	0.504	0.516	0.528	0.541	0.554	0.567	0.581	0.595	0.609
2	0.493	0.505	0.517	0.529	0.542	0.555	0.568	0.582	0.596	0.610
3	0.494	0.506	0.518	0.530	0.543	0.556	0.569	0.583	0.597	0.611
4	0.495	0.507	0.519	0.531	0.544	0.557	0.571	0.584	0.598	0.613
5	0.496	0.508	0.520	0.532	0.545	0.558	0.572	0.585	0.599	0.614
6	0.497	0.509	0.521	0.533	0.546	0.559	0.573	0.587	0.601	0.615
7	0.498	0.510	0.522	0.534	0.547	0.560	0.574	0.588	0.602	0.616
8	0.499	0.511	0.523	0.536	0.548	0.562	0.575	0.589	0.603	0.617
9	0.500	0.512	0.524	0.537	0.549	0.563	0.576	0.590	0.604	0.619
10	0.501	0.513	0.525	0.538	0.551	0.564	0.577	0.591	0.605	0.620
11	0.502	0.514	0.526	0.539	0.552	0.565	0.578	0.592	0.607	0.621

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Table E_06 (Table 616 in consolidated factors spreadsheet) – Early retirement factor - annual allowance lump sum debit on ill health retirement before age 65 *continued*

Males and Females

months	Age of the member when benefits come into payment									
	45	**46**	**47**	**48**	**49**	**50**	**51**	**52**	**53**	**54**
0	0.622	0.637	0.653	0.668	0.684	0.701	0.717	0.735	0.752	0.770
1	0.624	0.639	0.654	0.670	0.686	0.702	0.719	0.736	0.754	0.772
2	0.625	0.640	0.655	0.671	0.687	0.703	0.720	0.738	0.755	0.773
3	0.626	0.641	0.656	0.672	0.688	0.705	0.722	0.739	0.757	0.775
4	0.627	0.642	0.658	0.674	0.690	0.706	0.723	0.741	0.758	0.777
5	0.629	0.644	0.659	0.675	0.691	0.708	0.725	0.742	0.760	0.778
6	0.630	0.645	0.660	0.676	0.692	0.709	0.726	0.744	0.761	0.780
7	0.631	0.646	0.662	0.678	0.694	0.710	0.728	0.745	0.763	0.781
8	0.632	0.647	0.663	0.679	0.695	0.712	0.729	0.746	0.764	0.783
9	0.634	0.649	0.664	0.680	0.697	0.713	0.730	0.748	0.766	0.784
10	0.635	0.650	0.666	0.682	0.698	0.715	0.732	0.749	0.767	0.786
11	0.636	0.651	0.667	0.683	0.699	0.716	0.733	0.751	0.769	0.787

months	Age of the member when benefits come into payment										
	55	**56**	**57**	**58**	**59**	**60**	**61**	**62**	**63**	**64**	**65**
0	0.789	0.808	0.827	0.847	0.867	0.888	0.909	0.931	0.954	0.977	1.000
1	0.790	0.809	0.829	0.849	0.869	0.890	0.911	0.933	0.956	0.979	
2	0.792	0.811	0.830	0.850	0.871	0.892	0.913	0.935	0.957	0.980	
3	0.794	0.813	0.832	0.852	0.873	0.894	0.915	0.937	0.959	0.982	
4	0.795	0.814	0.834	0.854	0.874	0.895	0.917	0.939	0.961	0.984	
5	0.797	0.816	0.835	0.856	0.876	0.897	0.919	0.941	0.963	0.986	
6	0.798	0.817	0.837	0.857	0.878	0.899	0.920	0.942	0.965	0.988	
7	0.800	0.819	0.839	0.859	0.880	0.901	0.922	0.944	0.967	0.990	
8	0.801	0.821	0.840	0.861	0.881	0.902	0.924	0.946	0.969	0.992	
9	0.803	0.822	0.842	0.862	0.883	0.904	0.926	0.948	0.971	0.994	
10	0.805	0.824	0.844	0.864	0.885	0.906	0.928	0.950	0.973	0.996	
11	0.806	0.826	0.845	0.866	0.886	0.908	0.930	0.952	0.975	0.998	

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Table F_06 (Table 617 in consolidated factors spreadsheet) – Factors for calculating lifetime allowance debits

Retirement not on grounds of ill health

Males and Females

Age last birthday at relevant date	Gross Pension of £1 per annum
55	21.69
56	21.21
57	20.72
58	20.22
59	19.72
60	19.20
61	18.68
62	18.16
63	17.62
64	17.08
65	16.53
66	15.98
67	15.42
68	14.85
69	14.28
70	13.71
71	13.13
72	12.56
73	11.98
74	11.41

Table G_06 (Table 618 in consolidated factors spreadsheet)– Factors for calculating lifetime allowance debits (retirement in ill health)

Males and Females

Age last birthday at relevant date	Gross Pension of £1 per annum
20	32.92
21	32.68
22	32.43
23	32.18
24	31.92
25	31.66
26	31.39
27	31.11
28	30.82
29	30.53
30	30.24
31	29.93
32	29.62
33	29.30
34	28.98
35	28.65
36	28.31
37	27.96
38	27.61
39	27.25
40	26.89
41	26.51
42	26.13
43	25.74
44	25.35
45	24.94
46	24.53
47	24.10
48	23.67
49	23.23
50	22.78
51	22.32
52	21.86
53	21.38
54	20.90
55	20.41
56	19.91
57	19.41
58	18.90
59	18.38

Table G_06 (Table 618 in consolidated factors spreadsheet) – Factors for calculating lifetime allowance debits (retirement in ill health) *continued*

Males and Females

Age last birthday at relevant date	Gross Pension of £1 per annum
60	17.86
61	17.32
62	16.79
63	16.24
64	15.69

Police pension schemes (Scotland)
2006 Scheme – Tax charge debits
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Appendix B: Assumptions underlying factors

Financial assumptions

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

Mortality assumptions

Members in normal health	117% of S2NMA (males) and 117% of S2NFA (females)
Members in ill health	100% of S2IMA (males) and 100% of S2IFA (females)
Dependants	116% of S2NMA (males) and 116% S2NFA (females)
Future mortality improvement	Based on ONS principal UK population projections 2016
Year of Use	2020

Other assumptions

Proportion of male members for unisex factors	70% for members and 30% for dependants
Age difference between member and partner	Males assumed 3 years older than female partners
Family statistics	80% (male), 75% (female) of members assumed married at retirement (85% (male), 80% (female) assumed partnered)
Allowance for commutation	Nil
Expense loading	Nil
Salary scale for transfers-in	In line with long term assumptions proposed for the 2016 valuation
In-service decrements (where applicable)	In line with 2016 valuation proposals

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Appendix C: Limitations

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

C.2 The factors contained in this guidance are subject to regular review. Scheme managers and administrators need to ensure that they are using the latest factors, as relevant, when processing cases.

C.3 Advice provided by GAD must be taken in context and is intended to be considered in its entirety. Individual sections, if considered in isolation, may be misleading, and conclusions reached by a review of some sections on their own may be incorrect. GAD does not accept responsibility for advice that is altered or used selectively. Clarification should be sought if there is any doubt about the intention or scope of advice provided by GAD.

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

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

C.6 This guidance is based on the Regulations in force at the time of writing. It is possible that future changes to the Regulations might create inconsistencies between this guidance and the Regulations. If users of this guidance believe there to be any such inconsistencies, they should bring this to the attention of the Scottish Public Pensions Agency and GAD. Under no circumstances should this guidance take precedence over the Regulations. Administrators should ensure that they comply with all relevant Regulations.