



Government  
Actuary's  
Department

## **The Firefighters' Pension Scheme (Scotland) 1992**

**Pensioner cash equivalents on divorce, pension credits and pension debits**

**Factors and guidance**

Date: 3 May 2020





## Contents

<b>1</b>	<b>Introduction</b>	<b>3</b>
<b>2</b>	<b>Adjustments for Guaranteed Minimum Pension</b>	<b>7</b>
<b>3</b>	<b>Cash equivalents, pension credits and pension debits on divorce: general considerations</b>	<b>9</b>
<b>4</b>	<b>Calculating the cash equivalent for members already in receipt of benefits</b>	<b>11</b>
<b>5</b>	<b>Calculating the cash equivalent for active and deferred members</b>	<b>15</b>
<b>6</b>	<b>Calculation of pension credits</b>	<b>16</b>
<b>7</b>	<b>Calculation of pension debits</b>	<b>18</b>
<b>8</b>	<b>Unusual cases</b>	<b>22</b>
<b>9</b>	<b>Worked examples</b>	<b>23</b>
	<b>Appendix A: Principal assumptions underlying factors</b>	<b>36</b>
	<b>Appendix B: Factors</b>	<b>37</b>
	<b>Appendix C: Limitations of this guidance</b>	<b>50</b>



## 1 Introduction

1.1 This note is provided for Scottish Public Pension Agency (SPPA) as scheme manager of the Firefighters' Pension Scheme 1992 in Scotland and sets out the general method for calculating:

- a cash equivalent for a pensioner member on divorce
- assessing pension credit calculations for the ex-partner (which refers to any eligible previous partner in the 1992 scheme i.e. ex-spouse, ex-civil partner) on divorce
- calculating the pension debit applicable to a member's pension following the implementation of a Pension Sharing Order and the application of the pension debit at retirement

in the Firefighters' Pension Scheme (Scotland) 1992.

1.2 This guidance should be used both when a member applies for a quotation of the value of the benefits during the divorce proceedings, and after a pension sharing order has been made.

1.3 This guidance should not be used for determining pensioner cash equivalents on divorce, pension credits and pension debits for those in the Firefighters' Pension Scheme 1992 (England and Wales) and Firefighters' Pension Scheme 2007 (Northern Ireland) (see separate guidance).

### Regulations

1.4 For the Scotland authorities, this guidance is designed to be consistent with the Welfare Reform and Pensions Act 1999 ("the Act") and associated regulations (principally the Pension Sharing (Implementation and Discharge of Liability) Regulations 2000.

1.5 This guidance relates only to benefits accrued under the 1992 Scheme Regulations for Scotland, hereafter referred to as "the 1992 scheme". Some firefighters may also have benefits under the 2015 Scheme or the NFPS which should be dealt with separately according to relevant scheme guidance.

1.6 This note contains the tables and guidance to be issued by the Scheme Actuary that is referred to in the following Firefighters' Pension Scheme 1992 Order Scotland (SI 1992 No. 129) as it applies in Scotland regulations:

- Rule N11 – appropriate rights and pension credit benefits under this scheme
- Rule N18 – calculation of debits and credits
- Rule B12 – pension debit members
- Rule C10 – awards on death - spouses – pension debit members



- Schedule 6 Part IV, paragraph 6 – calculating a pension debit member's transfer value payments
- 1.7 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.
- 1.8 The remainder of this introduction contains:
- Details of the implementation and future review of this guidance
  - Statements about third party reliance



1.9 The remainder of this note is split into the following sections:

- Section 2 sets out the new approach to be used when making an adjustment to cash equivalents in respect of GMPs
- Section 3 provides general guidance on the application of actuarial factors when calculating cash equivalents, pension credits and pension debits for divorce purposes
- Section 4 contains instructions on how to calculate cash equivalents for divorce purposes for members who are already in receipt of benefits
- Section 5 contains guidance on how to calculate cash equivalents for divorce purposes for active and deferred members
- Section 6 sets out the calculation of pension credits
- Section 7 sets out the calculation of pension debits
- Section 8 sets out some of the special cases that might arise and how these should be processed
- Section 9 contains some worked examples
- Appendix A sets out the principal assumptions underlying the factors contained in this guidance note
- Appendix B sets out the factor tables
- Appendix C sets out the limitations of the factors and this guidance

#### **Implementation and review**

- 1.10 The factors contained in this guidance will apply from the implementation date determined by SPPA. This guidance will apply with immediate effect upon receipt of the respective guidance.
- 1.11 This guidance replaces the previous guidance dated 30 June 2009 and subsequent updates for Pensioner CE's and pension credits (dated 27 July 2012 and 29 April 2016) and for pension debits (dated 4 July 2011 and 2 December 2014 (Revised 14 August 2015)).
- 1.12 The factors and the calculation methodology in this note have been updated from the previous guidance. The change in calculation methodology follows from the requirement to equalise GMPs, and full details of the change are set out in Section 2. The change only applies to members who have an accrued Guaranteed Minimum Pension (GMP) and who reach State Pension age on or after 6 April 2016.
- 1.13 This guidance has been written for pension administrators and assumes some knowledge of general pension terminology, and some familiarity with retirement calculations for the Firefighters' Pension Scheme 1992 (Scotland).



- 1.14 In line with best practice and in order to make sure that factors are being used as intended and the instructions are fit for purpose, we suggest that some example calculations are sent to GAD for review.
- 1.15 The factors contained in this guidance will be subject to review periodically. This will depend on external circumstances, for example whenever there is a change in the SCAPE basis; when changes in the actuarial assumptions adopted for other scheme factors take place; or following each future actuarial valuation where mortality and other relevant experience is reviewed or if other credible and material information comes to light.
- 1.16 If further information is required, concerning the application of the guidance, this should be referred to the Firefighters' Pensions team at SPPA.

#### **Third party reliance**

- 1.17 This guidance has been prepared for the use of SPPA for the purposes of demonstrating the application of the factors covered by this guidance only. This guidance may be published on the SPPA 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.
- 1.18 Other than SPPA, no person or third party is entitled to place any reliance on the contents of this guidance, except to any extent explicitly stated herein. GAD has no liability to any person or third party for any action taken or for any failure to act, either in whole or in part, on the basis of this guidance, whether or not GAD has agreed to the disclosure of its advice to the third party.



## 2 Adjustments for Guaranteed Minimum Pension

### GMP equalisation: impact on calculations

- 2.1 The calculations and formulae in this guidance contain adjustments to reflect the inflationary increases on a member's Guaranteed Minimum Pension (GMP), which have historically been the responsibility of the State Scheme after GMP Payment Age.
- 2.2 In previous versions of this guidance, this GMP adjustment was applied to all cash equivalent calculations.
- 2.3 However, following the requirement to equalise GMPs, as set out in our letter "GMP Equalisation: Calculations involving actuarial factors" dated 22 August 2019, and with effect from the date of this guidance:

**GMP adjustment factors should no longer be applied in calculations for members who reach State Pension age (SPA) on or after 6 April 2016**

- 2.4 The cohorts of members who will be affected by this change will be:
- Males with a date of birth on or after 6 April 1951 **and** an accrued GMP
  - Females with a date of birth on or after 6 April 1953 **and** an accrued GMP
- 2.5 For affected members listed above, calculations should be undertaken using the methodology set out in this guidance note but with any GMP (pre or post 1988) set to zero.
- 2.6 For the majority of affected calculations, the difference between the original and revised quotation is expected to be small, relative to the total transfer value. Not applying the GMP adjustment factors will increase the total transfer value.
- 2.7 No change should be made to existing methodology for members who reached State Pension age before 6 April 2016.

### Transitional arrangements

- 2.8 SPPA have determined that the following transitional arrangements should apply to the affected members listed above.
- New requests for a quotation as part of divorce proceedings, or new calculations after a pension sharing order has been made  
GMP adjustment factors should no longer be applied.



- For existing requests for a quotation as part of divorce proceedings, but where final determination is yet to be made

Where possible to do so, the scheme administrator should identify any cases where GMP adjustment factors have been applied and provide a revised quotation. This mitigates the risk of challenge due to a failure to notify the court of a change in valuation.

- Existing requests where a pension sharing order has been made, but calculations have not yet been provided to the member.

GMP adjustment factors should no longer be applied. This is the case even when the date of the calculation is prior to the date of this guidance.

- Existing requests where a pension sharing order has been made, and results were provided to the member before the date of this guidance.

No changes should be made to existing calculations where the member and/or ex-partner has already been provided with the results. This includes cases where a pension sharing order has already been implemented.





### 3 Cash equivalents, pension credits and pension debits on divorce: general considerations

- 3.1 In any divorce proceedings dealing with the division of matrimonial assets, the parties are required to disclose to each other and to the Court, all their financial interests. This will include details relating to pension benefits that are shareable regardless of whether a pension sharing order will eventually be made.
- 3.2 The calculations set out in this note determine:
- the value of pension rights for a member of benefits **in the 1992 scheme**, as required for the divorce proceedings.
  - the pension credit to be awarded to an ex-partner after a member's pension, **in the 1992 scheme**, is subjected to a pension sharing order.
  - the pension debit to be applied to a member's pension **in the 1992 scheme**, after it is subjected to a pension sharing order.
- 3.3 Some members may also have accrued benefits in the NFPS or 2015 scheme. Separate valuations in respect of those benefits should be dealt with in accordance with the applicable guidance note.
- 3.4 If the other party in the divorce proceedings also has 1992 scheme, NFPS or 2015 scheme benefits, then separate valuations are required in respect of those pension rights.
- 3.5 The calculations required and the factor tables used depend on the status of the member at the calculation date, including their age, gender, normal pension age and the date on which they will reach (or did reach) State Pension age.

#### Calculation Date

- 3.6 The calculation date will depend on the stage of the divorce:
- If a quotation is required for part of the proceedings, in Scottish cases, the calculation date will usually be specified by the court. For divorces in England, Wales and Northern Ireland, the calculation date used should be consistent with the date used for normal transfer value calculations (i.e. the guarantee date).
  - If the calculation is being done after a pension sharing order has been made, the calculation date should be the day on which the relevant order or provision takes effect. This is often referred to as the "transfer day", as defined in section 29 of the Welfare Reform and Pensions Act 1999<sup>1</sup> (the 1999 Act).

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<sup>1</sup> The Welfare Reform and Pensions Act 1999 ([1999 c. 30](#)) applies in England, Wales and Scotland. The corresponding legislation in Northern Ireland is Article 26 of The Welfare Reform and Pensions (Northern Ireland) Order 1999 ([1999 No. 3147](#)).



### **Selection of factors**

- 3.7 Factors should be selected with reference to the member's status and age last birthday at the **calculation date**, which should be determined in line with the section above.
- 3.8 For calculations being completed after a pension sharing order has been made, there may be some time between the **calculation date** (which should be the day on which the relevant order or provision takes effect) and the date on which administrators process the calculation (sometimes referred to as the "valuation day", as defined in section 29 of the 1999 Act). In some cases, it's possible that different sets of factors will be in force on the two dates. In these circumstances, the set of factors that are in force on the day administrators process the calculation should be used. Individual factors should be selected from this factor set with reference to the member's or ex-partner's status and age last birthday at the **calculation date**, in the normal way.

### **Benefits to be valued**

- 3.9 Full details of the benefits to be included in the calculation of cash equivalents for divorce purposes are set out in section 4, for members in receipt of scheme benefits, and in the latest version of our guidance note entitled *The Firefighters' Pension Scheme (Scotland) 1992: Statutory Cash Equivalent Transfer Values and Club Transfers Out: Factors and Guidance*, for active and deferred members.
- 3.10 It is important that the amount of all relevant benefits used in the calculation should be the amount taken immediately before the calculation date. This is consistent with the requirements set out in section 29 of the 1999 Act:

*"Where the [pension scheme member] is in pensionable service under the scheme on the transfer day, the relevant benefits ... are the benefits or future benefits to which he would be entitled under the scheme by virtue of his shareable rights under it had his pensionable service terminated immediately before that day. Otherwise, the relevant benefits ... are the benefits or future benefits to which, immediately before the transfer day, the [member] is entitled..."*



## 4 Calculating the cash equivalent for members already in receipt of benefits

- 4.1 The first stage will be to provide the member with a calculation of the cash equivalent of their entitlements in the scheme, at the date of the calculation (or other date specified by the Court, if applicable).
- 4.2 Members already in receipt of benefits do not have an entitlement to a cash equivalent transfer value. The pensioner cash equivalent value can be calculated using the method and factors in this note but *should be used for divorce purposes only*.
- 4.3 There are two sets of tables:
- Table F1 and F2 (Tables 301 and 302 in the consolidated factors spreadsheet): Pensioners who retired on ordinary grounds
  - Table G1 and G2 (Tables 303 and 304 in the consolidated factors spreadsheet): Pensioners who retired on ill health grounds
- 4.4 The main difference between Table F1/F2 and Table G1/G2 is that Table G1/G2 allows for the heavier mortality experienced on average by those who retire due to ill health.
- 4.5 Table G1/G2 should only be used for ill health pensioners under the age of 55 where full pension increases are payable in the period up to age 55. If pension increases are not payable before age 55 then the case should be referred to the Fire Pensions Team at SPPA, as per section 1.17.
- 4.6 In this guidance we have not provided Table H: adjustment for market conditions for pensioner cash equivalents as these tables are no longer required. The administrators can continue to use Table H from the previous guidance were all of the values were set to 1.00, if it is required to aid administration.

### Calculation for pensioners who retired on ordinary grounds

- 4.7 The pensioner cash equivalent should be calculated as follows:

$$CP \times F_p + ACC PI \times F_{PI} + SUR \times F_{sur} - NI \times F_{ni} - (PRE GMP + G_{post88} \times POST GMP) \times F_{gmp}$$

CP	current member's pension, see section 4.12 to 4.14
ACC PI	member's accrued P.I. if under 55 see section 4.12
SUR	pension payable on the death of the member to their partner, see section 4.12 to 4.14
NI	annual amount that will be deducted at State pensionable age due to NI modification see 4.13, 4.18 and 4.19



PRE GMP	annual GMP accrued before 6.4.88, including revaluation to the calculation date, see section 4.15, 4.16 and 4.17 (for members who reached SPA before 6 April 2016)  <u>or</u> zero (for members who reached SPA on or after 6 April 2016)
POST GMP	annual GMP accrued after 6.4.88, including revaluation to the calculation date, see section 4.15, 4.16 and 4.17 (for members who reached SPA before 6 April 2016)  <u>or</u> zero (for members who reached SPA on or after 6 April 2016)
$F_p$	factor for member's pension – Table F1 or F2
$F_{sur}$	factor for survivor's pension – Table F1 or F2
$F_{ni}$	factor for NI modification – Table F1 or F2
$F_{gmp}$	factor for GMP saving – Table F1 or F2
$G_{post88}$	conversion factor applied to GMP deduction, for GMP amount in respect of service after 5 April 1988. Please see note in Table F1 or F2
$F_{PI}$	factor for accrued P.I. if under 55 – Table F1 or F2

***Calculation for pensioners who retired on ill health grounds***

4.8 The pensioner cash equivalent should be calculated as follows:

$$CP \times F_p + SUR \times F_{sur} - NI \times F_{ni} - (PRE\ GMP + G_{post88} \times POST\ GMP) \times F_{gmp}$$

CP	current member's pension, see section 4.12 to 4.14
SUR	pension payable on the death of the member to their partner, see section 4.12 to 4.14
NI	annual amount that will be deducted at State pensionable age due to NI modification see 4.13, 4.18 and 4.19
PRE GMP	annual GMP accrued before 6.4.88, including revaluation to the calculation date, see section 4.15, 4.16 and 4.17 (for members who reached SPA before 6 April 2016)  <u>or</u> zero (for members who reached SPA on or after 6 April 2016)
POST GMP	annual GMP accrued after 6.4.88, including revaluation to the calculation date, see section 4.15, 4.16 and 4.17 (for members who reached SPA before 6 April 2016)  <u>or</u> zero (for members who reached SPA on or after 6 April 2016)



$F_p$	factor for member's pension – Table G1 or G2
$F_{sur}$	factor for survivor's pension – Table G1 or G2
$F_{ni}$	factor for NI modification – Table G1 or G2
$F_{gmp}$	factor for GMP saving – Table G1 or G2
$G_{post88}$	conversion factor applied to GMP deduction, for GMP amount in respect of service after 5 April 1988. Please see note in Table G1 or G2

- 4.9 Factors should be selected depending on whether a member retired in ill-health or not and with reference to their sex and age last birthday at the calculation date.
- 4.10 The factors in the normal health tables run from age 50. Divorce cases where the member is under 50 and in receipt of benefits other than an ill health pension should be referred to GAD.
- 4.11 Separate cash equivalents should be calculated and quoted in respect of a member's benefits in the FPS, NFPS or 2015 sections.

#### Pension benefits

- 4.12 The member's pension (CP) should be the rate of pension in payment at the calculation date. The survivor's pension (SUR) should be the rate payable if the member had died immediately before the calculation date. The last pension increase should be that awarded up to and including the April increase immediately before the calculation date. The member's accrued P.I. (ACC PI) only applies to members under the age of 55. It is the sum of the pension increases that would have been paid if the pensioner had been over 55.
- 4.13 If the member is over state pension age and has a National Insurance modification, the pension used should be that after the deduction of the modification. In such cases, the NI factor ( $F_{ni}$ ) should be set to zero, so the calculation formula from

paragraph 4.7 simplifies to:

$$CP \times F_p + ACC PI \times F_{PI} + SUR \times F_{sur} - (PRE GMP + G_{post88} \times POST GMP) \times F_{gmp}$$

paragraph 4.8 simplifies to:

$$CP \times F_p + SUR \times F_{sur} - (PRE GMP + G_{post88} \times POST GMP) \times F_{gmp}$$

- 4.14 If the member's pension is reduced due to abatement or suspension due to reemployment, then the abatement reduction should be ignored for the purpose of this calculation. Benefits should be calculated as though the member had ceased reemployment on the date of calculation, and valued accordingly.



### **Guaranteed Minimum Pension**

- 4.15 For members who reached State Pension age before 6 April 2016, the cash equivalent must be adjusted to reflect increases on the Guaranteed Minimum Pension (GMP) that are the responsibility of the State. The State is generally responsible for all the increases on the pre April 1988 GMPs, and increases above 3% per annum on the post April 1988 GMPs. Separate pre and post 1988 GMP figures need to be used.
- 4.16 Where the member has passed GMP payment age, the pre and post 1988 GMP amounts to use are the current annual amounts of GMP in payment. If the member has passed GMP payment age, and their GMP is not yet in payment, then the case should be referred to GAD.
- 4.17 Where needed, annual GMP figures can be obtained by multiplying the weekly GMP figures by 52. The sum of the GMP in respect of service up to 5 April 1988 and 15% of the GMP in respect of service after that date should be multiplied by the appropriate factor in the tables and the resulting figure used in the cash equivalent calculation.

### **National Insurance modification**

- 4.18 An adjustment may be needed for National Insurance modification. This will apply where a member is under state pension age.
- 4.19 The amount of National Insurance modification should be expressed as an annual rate, and increased in line with the pension increases awarded between leaving and the April prior to the date of calculation inclusive. The relevant factor should be applied to that amount.



## 5 Calculating the cash equivalent for active and deferred members

- 5.1 Where the member is under their normal pension age (NPA), and the benefits have not yet come into payment, the cash equivalent transfer value (CETV) should be quoted. This should be calculated using the same approach as would apply to a normal CETV (i.e. non-Club transfer out), even if the member is not normally entitled to a transfer value.
- 5.2 The benefits to be valued for serving firefighters are those that would be payable if the member had left service on the date of the calculation – either deferred benefits or the payment of immediate benefits. Those with less than 3 months of service would normally be entitled only to a refund of contributions. However, deferred benefits should be valued for divorce purposes.
- 5.3 Please refer to our latest guidance note entitled *“The Firefighters’ Pension Scheme (Scotland) 1992: Statutory Cash Equivalent Transfer Values and Club Transfers Out: Factors and Guidance”* for the calculation formulae and the factor tables to use. The calculation date should be selected in line with Section 2 and 3 of this guidance note.



## 6 Calculation of pension credits

### Calculation of the value of shareable rights

- 6.1 When a pension sharing order is received from the Court, the first stage is to check that all the necessary information has been provided and any charges requested at this stage have been paid.
- 6.2 The value of the member's benefits should be recalculated, as described in section 4 and 5. In the case of an active member, the benefits should be those to which the member would be entitled if pensionable service had terminated immediately before the transfer day: the day when the order takes effect. The cash equivalent should be based on the age, and benefits of the member at the transfer date.
- 6.3 For divorces under English law, or for divorces in Northern Ireland, the pension sharing order will specify the percentage of the member's benefits that the ex-partner will be entitled to. The member's cash equivalent (CE) obtained in 6.2 should be multiplied by this percentage, to give the value of the ex-partner's cash equivalent (ESCE):

$$\text{ESCE} = (\text{CE} \times \text{appropriate percentage} \div 100) - \text{Charges}$$

CE	cash equivalent of the member's benefits at the Transfer date
Charges	are any charges to cover the cost of the work generated by the pension sharing order, which the fire authority have decided should be deducted from the value of benefits awarded to the ex-partner

- 6.4 Under Scottish law, the pension sharing order will usually specify a monetary amount (MA). The percentage of the member's benefits that the ex-partner will be entitled to should be calculated as the ratio of the monetary amount and the cash equivalent (CE):

$$\text{appropriate percentage} = (\text{MA} \div \text{CE}) \times 100$$

- 6.5 When the appropriate percentage is used to calculate the ex-partner's cash equivalent as in 6.2, the ESCE will be equal to the monetary amount specified in the order, less charges.
- 6.6 The value of the shareable rights calculated in this way should be used to derive both the pension debit and the pension credit, as described in sections 6 and 7.





### Calculation of the pension credit for the ex-partner

- 6.7 This section sets out the method for calculating the pension credit payable to the ex-partner following the issue of a pension sharing order by the Court. Table J sets out the factors needed to calculate the pension credit for the ex-partner.
- 6.8 The factors should be based on the age and gender of the ex-partner on the transfer date. **Do not use the age and gender of the member.**

### Calculation where the member is an active member, a deferred pensioner or a current pensioner

- 6.9 If the member is an active member, a deferred pensioner or a current pensioner, the pension credit as at the calculation date will be:

$$\text{ESCE} \div F_p$$

Where:

ESCE                                      the ex-partner's cash equivalent – see section 6.3  
F<sub>p</sub>    factor for ex-partner pension – Table J

### Pension credit benefits

- 6.10 The pension credit will be paid when the ex-partner reaches age 60, or from the transfer date if the ex-partner is over age 60.
- 6.11 The ex-partner's pension credit will be subject to pension increases with effect from the transfer date, under the provisions of the Pensions (Increase) Acts.
- 6.12 If the pension credit was calculated under 6.9 for an active member or a deferred pensioner, then the ex-partner will have the option to commute part of the pension credit for a lump sum when they reach age 60, or immediately if they are already aged over 60. The ex-partner can commute up to 2.25 times the annual rate of pension payable for the first year, on factors supplied by the actuary.



## 7 Calculation of pension debits

- 7.1 This section sets out the method and instructions for calculating the pension debit to be applied to the member's benefits following the issue of a pension sharing order by the Court:
- Where the member is a pensioner, **the debit will apply to the member's own pension with effect from the transfer date**, and also to the pension payable to a future ex-partner on the member's death.
  - Where the member is a deferred pensioner, **the debit will apply to the member's pension at the point when the pension becomes payable**. The debit will also apply to the pension payable to a future ex-partner on the member's death.
  - Where the member is still contributing to the scheme, **the debit will be calculated assuming retirement at age 60**. If the member retires at an earlier age, the debit will be reduced. The debit will also apply to the pension payable to a future ex-partner on the member's death.
- 7.2 The adjustment factors to be applied to the pension debit if the member retires earlier or later than age 60 should only be used for divorce purposes as set out in this guidance.

### Pension debit for current pensioner

- 7.3 The pension sharing order will specify the percentage of the member's benefits that the ex-partner will be entitled to, for divorces in England and Wales. For Scottish divorces the value of the cash equivalent to be shared will be specified, and the proportion will be calculated as described in 6.4.
- 7.4 The debits applying to the member's pension, any future qualifying partner's pension and GMP pension will be:

$$\text{MEMDEB} = \text{CP} \times \text{appropriate percentage} \div 100$$

$$\text{SURDEB} = \text{SUR} \times \text{appropriate percentage} \div 100$$

$$\text{PREGMPDEB} = \text{PRE GMP} \times \text{appropriate percentage} \div 100$$

$$\text{POSTGMPDEB} = \text{POST GMP} \times \text{appropriate percentage} \div 100$$

Where:

MEMDEB	the debit applying to the members pension
SURDEB	the debit applying to the future ex-partner's pension
PREGMPDEB	the debit applying to the pre88 GMP pension



POSTGMPDEB the debit applying to the post88 GMP pension  
CP, SUR, PRE GMP and POST GMP as defined in section 4.

- 7.5 As the member's pension is already in payment, the member's pension will be reduced immediately in line with the pension debits calculated in 7.4.

**Pension debit for a deferred pensioner**

- 7.6 The principle is the same as for the pensioner, except that the debit will not start to be deducted until the member's benefits come into payment.
- 7.7 The debit should be expressed as a debit to the member's benefits at exit:

$$\text{MEMDEB} = \text{Member's pension at exit} \times \text{appropriate percentage} \div 100$$

$$\text{SURDEB} = \text{Survivor's pension at exit} \times \text{appropriate percentage} \div 100$$

$$\text{PREGMPDEB} = \text{PRE GMP at exit} \times \text{appropriate percentage} \div 100$$

$$\text{POSTGMPDEB} = \text{POST GMP at exit} \times \text{appropriate percentage} \div 100$$

- 7.8 At retirement, both the benefit and the debit should be revalued from the date of exit to the date of retirement, and the revalued debit should be subtracted from the revalued benefit.
- 7.9 If the member's deferred pension comes into payment before age 60, whether on voluntary early retirement or on grounds of ill health, the debit applied should be reduced. This is because the debit will be applied over a longer period than was assumed in calculating the original amount of the debit, and so a lower amount should be deducted.
- 7.10 For a member who retires over aged 60, the debit applied should be increased. This is because the debit will be applied over a shorter period than was assumed in calculating the original amount of the debit, and so a higher amount should be deducted.
- 7.11 The pension debit will be adjusted on early/late retirement from deferred as follows:

$$\text{MEMDEB} \times \text{PI} \times \text{MEMERF}_{\text{ret}}$$

Where

MEMDEB	pension debit to the member's pension at exit – see 7.7
PI	the pension increase uprating factor between the date of exit and the date of retirement
MEMERF <sub>ret</sub>	early/late retirement factor at retirement age – Table L1, L2 or M1, as appropriate

**Pension debit for an active member**



- 7.12 The principle is that the debit acts like a negative deferred pension. The debit should be expressed as a debit to the member's benefits at the transfer date, as used to calculate the cash equivalent in section 5:

$$\text{MEMDEB} = \text{Member's pension at transfer date} \times \text{appropriate percentage} \div 100$$

$$\text{SURDEB} = \text{Survivor's pension at transfer date} \times \text{appropriate percentage} \div 100$$

$$\text{PREGMPDEB} = \text{PRE GMP at transfer date} \times \text{appropriate percentage} \div 100$$

$$\text{POSTGMPDEB} = \text{POST GMP at transfer date} \times \text{appropriate percentage} \div 100$$

- 7.13 When the member retires, the total pension is calculated in accordance with the regulations, initially ignoring the pension debit. The pension is then reduced to allow for the pension debit. The debit should be revalued from the transfer date to the date of retirement in line with Pension Increase Act.
- 7.14 If the member's pension comes into payment at any other time other than retirement age, the debit applied should be adjusted. The pension debit applied to the member's pension is reduced if the benefits are put into payment before age 60, irrespective of whether or not the retirement is on grounds of ill health. This is because the debit will be applied over a longer period than was assumed in calculating the original amount of the debit, and so a lower amount should be deducted.
- 7.15 For a member who retires over aged 60, the debit applied should be increased. This is because the debit will be applied over a shorter period than was assumed in calculating the original amount of the debit, and so a higher amount should be deducted.
- 7.16 The pension debit will be:

$$\text{MEMDEB} \times \text{PI} \times \text{MEMERF}_{\text{ret}}$$

Where:

MEMDEB	pension debit at the transfer date – see 7.12
PI	the pension increase uprating factor between the transfer date and the date of retirement
MEMERF <sub>ret</sub>	early/late retirement factor at retirement age – Table L1, L2 or M1, as applicable

- 7.17 There is a complication where the member is aged 50 and over and would be entitled to the immediate payment of a pension if they left on the transfer date. The complication is that we do not know when the debit can be deducted. In these cases, the pension debit will be:

$$\text{MEMDEB} \times \text{PI} \times \text{MEMERF}_{\text{ret}} \div \text{MEMERF}_{\text{trd}}$$

Where:



MEMDEB	pension debit to the member's pension at exit
PI	the pension increase uprating factor between the date of exit and the date of retirement
MEMERF <sub>ret</sub>	early retirement factor at retirement age– Table L1, L2 or M1
MEMERF <sub>trd</sub>	early retirement factor at member's age at the transfer day – Table L1

- 7.18 This adjustment for members aged 50 and over does not apply to the debit applied to the ex-partner's pension, or the debit applied to the GMP.
- 7.19 For members entitled to an immediate pension, the debit used must be the original debit, as calculated in 7.12. (The original debit calculated at the time of the pension sharing order may have been re-expressed as an equivalent debit applying from age 60 but this should be ignored)

#### **Pension debits – future partners**

- 7.20 The benefits payable to an ex-partner who is eligible to a pension on the member's death should be reduced by the survivor's pension debit, revalued using the pension increase uprating factors. No ex-partner's benefits will be payable to the person who was party to the divorce resulting in the pension sharing order (except in the unlikely situation that the member remarried or entered into a new civil partnership with his or her ex-partner).

#### **Pension debits – other benefits**

- 7.21 No debit will be applied to a child's pension.
- 7.22 No debit will be made to the lump sum death grant payable to firefighters who were contributing to the scheme at their death.
- 7.23 For the purpose of determining aggregate pension contributions under Rule B6 (Refund of aggregate pension contributions) the member's aggregate pension contributions paid before the effective date of the pension share should be reduced by a debit equal to the percentage ordered by the court.



## 8 Unusual cases

- 8.1 The instructions in sections 2 to 7 of this guidance should be sufficient for the majority of divorce calculations. However, there may be some cases that need different treatment, as described below. If other cases arise which are not covered by this guidance, these should be referred to GAD.

### **Members with multiple tranches of benefits**

- 8.2 There are several cases in which a member can accrue more than one tranche of benefits. Examples include, but are not limited to:
- Members with benefits in both FPS and 2015 sections or NFPS and 2015 sections.
- 8.3 In these circumstances separate cash equivalents should be calculated for each tranche of benefits. Any tranches of benefit that are already in payment should be calculated in line with Section 4, whereas any tranches of benefit not yet taken should be calculated in line with Section 5, as appropriate.
- 8.4 The resultant answers added together will give the total cash equivalent. Separate cash equivalents should be quoted in respect of a member's benefits in the FPS, NFPS and 2015 sections.

### **Members with one or more existing pension debits**

- 8.5 Where a member has one or more pension debits (either in respect of a previous divorce or one or more annual allowance tax charges), the cash equivalent should be calculated in two stages.
1. The gross cash equivalent should be calculated ignoring all pension debits.
  2. The value of each pension debit (revalued to the calculation date) should be calculated as the cash equivalent of a deferred pension of the same amount as the debit.
- 8.6 The final cash equivalent to be used for divorce purposes is the gross cash equivalent calculated in stage one, less the value of all pension debits calculated in stage two.



## 9 Worked examples

### Example 1: Pension sharing order for an active member

#### Action at time of pension sharing order

#### Calculation of cash equivalent

- 9.1 A quotation of the Cash Equivalent value of the member's benefits will have been provided previously, during the divorce proceedings. However, the Cash Equivalent must be recalculated once the pension sharing order has been made. The Cash Equivalent Transfer Value should be calculated, for active and deferred members, according to the latest version of our guidance note entitled *The Firefighters' Pension Scheme (Scotland) 1992: Statutory Cash Equivalent Transfer Values and Club Transfers Out: Factors and Guidance*.
- 9.2 For this example we have assumed the following:
- the Cash Equivalent Transfer Value (CE) is £54,500
  - the members pension (CP) is £6,000
  - the survivor's pension (SUR) is £3,000
  - pre 6/4/88 GMP is £0
  - post 6/4/88 GMP is £0







### Calculation of the pension debit

9.9 From 7.12, the formulae used to calculate the pension debits for an active member are:

$$\text{MEMDEB} = \text{Member's pension at transfer date} \times \text{appropriate percentage} \div 100$$

$$\text{SURDEB} = \text{Survivor's pension at transfer date} \times \text{appropriate percentage} \div 100$$

See the calculation of the cash equivalent for member's pension (CP) and survivor's pension (SUR). Substituting these into the formulae above we have:

$$\begin{aligned} \text{MEMDEB} &= \text{£}6,000.00 \times (40 \div 100) \\ &= \text{£}2,400.00 \\ \text{SURDEB} &= \text{£}3,000.00 \times (40 \div 100) \\ &= \text{£}1,200.00 \end{aligned}$$

As there is no GMP, PREGMPDEB and POSTGMPDEB are both zero.

### Action at retirement

9.10 The member retires from the fire service at age 50.

E. Date of retirement	14 February 2031
F. Age at retirement	50 years, 0 months
G. Final pensionable pay	£105,500
H. Reckonable service for deferred benefits (including double accrual):	30 years
I. Pre 6/4/88 GMP	nil
J. Post 6/4/88 GMP	nil
K. Pension increases factor (illustrative)	1.81

9.11 First, calculate the member's benefits, initially ignoring the pension debit:

$$\begin{aligned} \text{Full Pension} &= (1 \div 60) \times \text{£}105,500.00 \times (30) = \text{£}52,750.00 \text{ pa} \\ \text{Full Survivor's pension} &= 0.5 \times 52,750.00 = \text{£}26,375.00 \text{ pa} \end{aligned}$$

9.12 Now from 7.16 and 7.17, the formulae used to calculate the debits to apply at retirement are:

$$\begin{aligned} \text{MEMDEB} \times \text{PI} \times \text{MEMERF} \\ \text{SURDEB} \times \text{PI} \end{aligned}$$

Where:

$$\begin{aligned} \text{PI} &= 1.81 \text{ (see K. above)} \\ \text{MEMDEB} &= \text{£}2,400 \text{ pa (from earlier)} \\ \text{SURDEB} &= \text{£}1,200 \text{ pa (from earlier)} \\ \text{MEMERF} &= 0.633 \text{ (from Table L1 for a member aged 50 years, 0 months)} \end{aligned}$$



Therefore:

$$\begin{aligned} \text{Pension debit} &= £2,400.00 \times 1.81 \times 0.633 \\ &= £2,749.75 \text{ pa} \end{aligned}$$

$$\begin{aligned} \text{Survivor's pension debit} &= £1,200.00 \times 1.81 \\ &= £2,172.00 \text{ pa} \end{aligned}$$

9.13 Therefore the member's actual entitlement to benefits at retirement after the application of the pension debit will be:

$$\begin{array}{lll} \text{Actual Pension} & = £52,750.00 - £2,749.75 & = £50,000.25\text{pa} \\ \text{Actual Survivor's Pension} & = £26,375.00 - £2,172.00 & = £24,203.00 \text{ pa} \end{array}$$



## Example 2: Pension sharing order for a deferred member

### Action at time of pension sharing order

#### Calculation of cash equivalent

- 9.14 A quotation of the Cash Equivalent value of the member's benefits will have been provided previously, during the divorce proceedings. However, the Cash Equivalent must be recalculated once the pension sharing order has been made. The Cash Equivalent Transfer Value should be calculated, for active and deferred members, according to the latest version of our guidance note entitled *The Firefighters' Pension Scheme (Scotland) 1992: Statutory Cash Equivalent Transfer Values and Club Transfers Out: Factors and Guidance*.
- 9.15 For this example we have assumed the following:
- the Cash Equivalent Transfer Value (CE) is £22,400
  - the members pension (CP) is £2,000
  - the survivor's pension (SUR) is £1,000
  - pre 6/4/88 GMP is £0
  - post 6/4/88 GMP is £0

#### Calculation of the value of sharable rights

In this case the pension sharing order was issued under Scottish Law.

- 9.16 The following information is required from the pension sharing order:

**A.** Monetary amount to which ex-partner is entitled                      £6,000

- 9.17 From 6.4, we convert the amount into a percentage as follows:

$$\begin{aligned}\text{appropriate percentage} &= (\text{MA} \div \text{CE}) \times 100 \\ &= (6,000 \div 22,400) \times 100 \\ &= 26.79\%\end{aligned}$$

#### Calculation of the pension credit

- 9.18 The following information is required

<b>B.</b> Ex-partner date of birth	15 February 1982
<b>C.</b> Ex-partner age at calculation date	34
<b>D.</b> Ex-partner gender	Female



- 9.19 From 6.9, where the member is a deferred member and the ex-partner is aged under 60, the formula used to calculate the pension credit is as follows:

$$\text{ESCE} \div F_p$$

ESCE = £6,000 (as given above)

$F_p$  = 10.82 (from Table J "Females – Pension of £1 per annum" column)

Therefore:

$$\begin{aligned} \text{Pension Credit} &= £6,000.00 \div 10.82 \\ &= £554.53 \end{aligned}$$

#### Calculation of the pension debit at exit

- 9.20 From 7.7, the formulae used to calculate the pension debits for a deferred member are:

**MEMDEB = Member's pension at exit × appropriate percentage ÷ 100**

**SURDEB = Survivor's pension at exit × appropriate percentage ÷ 100**

See earlier for the member's pension and survivor's pension at exit. Substituting into the immediately preceding formulae we have:

$$\begin{aligned} \text{MEMDEB} &= £2,000.00 \times (26.79 \div 100) \\ &= £535.80 \end{aligned}$$

$$\begin{aligned} \text{SURDEB} &= £1,000.00 \times (26.79 \div 100) \\ &= £267.90 \end{aligned}$$

As there is no GMP, PREGMPDEB and POSTGMPDEB are both zero.

#### Action at retirement

- 9.21 The member receives their deferred pension at age 60

<b>E.</b> Date of retirement	2 June 2046
<b>F.</b> Age at retirement	60
<b>G.</b> Pension increases factor from exit to retirement:	2.9

- 9.22 First we calculate the member's benefits, initially ignoring the pension debit:

$$\text{Full Pension} = £2,000.00 \times 2.9 = £5,800.00$$

$$\text{Full Survivor's pension} = £1,000.00 \times 2.9 = £2,900.00$$

From 7.11, the debit is revalued from the date of exit to the date of retirement:



$$\begin{aligned} \text{Pension debit} &= £535.80 \times 2.9 \\ &= £1,553.82 \end{aligned}$$

$$\begin{aligned} \text{Survivor's pension debit} &= £267.90 \times 2.9 \\ &= £776.91 \end{aligned}$$

9.23 Therefore the member's actual entitlement to benefits at retirement after the application of the pension debit will be:

$$\begin{array}{lll} \text{Actual Pension} & = £5,800.00 - £1,553.82 & = £4,246.18 \\ \text{Actual Survivor's Pension} & = £2,900.00 - £776.91 & = £2,123.09 \end{array}$$



**Example 3: Pension sharing order for a current pensioner - Male pensioner (aged above SPA, and SPA before 6 April 2016)**

9.24 A quotation of the Cash Equivalent value of the member's benefits will have been provided previously, during the divorce proceedings. However, the Cash Equivalent must be recalculated once the pension sharing order has been made.

9.25 For this example, we have used the following information:

<b>A.</b> Member date of birth	9 July 1950
<b>B.</b> Calculation date	27 July 2025
<b>C.</b> Member age as at calculation date	75
<b>D.</b> Gender	Male
<b>E.</b> Grounds of retirement	Normal Health
<b>F.</b> Current benefits	
Member pension	£2,000 pa
Member's accrued PI	nil <sup>2</sup>
Survivor's pension	£1,000 pa
NI modification	nil
Pre 6/4/88 GMP	£150*
Post 6/4/88 GMP	£350*

*\*This member reached State Pension Age before 6 April 2016 and has an accrued GMP. In line with section 2 of this guidance, a GMP adjustment should be applied to the calculation.*

9.26 From 4.7, the formula to calculate a cash equivalent for a pensioner is:

$$CP \times F_p + ACC PI \times F_{PI} + SUR \times F_{sur} - NI \times F_{ni} - (PRE GMP + G_{post88} \times POST GMP) \times F_{gmp}$$

We have:

CP, SUR, Pre GMP and Post GMP have been given in **F.** above.

ACC PI = 0; so  $F_{PI}$  will not be needed

$F_{NI} = 0$ ; so  $F_{NI}$  will not be required

$F_p = 10.01$  (from Table F1 "Pension of £1 pa" column)

$F_{sur} = 3.24$  (from Table F1 "Survivor's pension of £1 pa" column)

$F_{gmp} = 1.78$  (from Table F1 "Saving factor for GMP of £1 pa" column)

$G_{post88} = 0.15$  (from note in Table F1)

<sup>2</sup> This member can't have an accrued PI as they are not under 55.



Substituting these values into the formula we get:

$$\begin{aligned} \text{CE} &= (£2,000.00 \times 10.01) + (£1,000.00 \times 3.24) - (£150.00 + 0.15 \times £350.00) \times 1.78 \\ &= £20,020.00 + £3,240.00 - £360.45 \\ &= £22,899.55 \end{aligned}$$

Therefore, the Cash Equivalent is £22,899.55.

### Calculation of the value of sharable rights

In this case the pension sharing order was issued under English Law.

9.27 The following information is required from the pension sharing order.

**G.** Proportion to which ex-partner is entitled      40%

9.28 From 6.3, the formula used to calculate the shareable rights is:

### **(CE x appropriate percentage / 100) – Charges**

There are no implied charges for this example. Therefore:

$$\begin{aligned} \text{ESCE} &= £22,899.55 \times (40 \div 100) \\ &= £9,159.82 \end{aligned}$$

### Calculation of the pension credit

9.29 The following information is required:

<b>H.</b> Ex-partner date of birth	15 March 1953
<b>I.</b> Ex-partner age at calculation date	72
<b>J.</b> Ex-partner gender	Female

9.30 From 6.9, the formula used to calculate the pension credit for an ex-partner, if the member is a current pensioner, is:

### **ESCE ÷ F<sub>p</sub>**

ESCE = £9,159.82 (as given above)

F<sub>p</sub> = 13.03 (from Table J "Females - Pension of £1 per annum" column)

Therefore:

$$\text{Pension Credit} = £9,159.82 \div 13.03 = £702.98$$



- 9.31 The pension credit will come into payment immediately. The ex-partner will **NOT** have the option to commute pension for a lump sum.

**Calculation of the pension debit**

- 9.32 From 7.4, the formulae used to calculate the pension debits for a current pensioner are:

$$\text{MEMDEB} = \text{CP} \times \text{appropriate percentage} \div 100$$

$$\text{SURDEB} = \text{SUR} \times \text{appropriate percentage} \div 100$$

$$\text{PREGMPDEB} = \text{PRE GMP} \times \text{appropriate percentage} \div 100$$

$$\text{POSTGMPDEB} = \text{POST GMP} \times \text{appropriate percentage} \div 100$$

Member's pension and member's pre88 GMP and post88 GMP as well as the survivor's pension are given in E. earlier. Therefore:

$$\begin{aligned} \text{MEMDEB} &= £2,000.00 \times (40 \div 100) \\ &= £800.00 \end{aligned}$$

$$\begin{aligned} \text{SURDEB} &= £1,000.00 \times (40 \div 100) \\ &= £400.00 \end{aligned}$$

$$\begin{aligned} \text{PREGMPDEB} &= £150.00 \times (40 \div 100) \\ &= £60.00 \end{aligned}$$

$$\begin{aligned} \text{POSTGMPDEB} &= £350.00 \times (40 \div 100) \\ &= £140.00 \end{aligned}$$

- 9.33 A pension debit of £800, a survivor's pension debit of £400, a pre88 GMP debit of £60 and a post88 GMP debit of £140 will take effect immediately.





**Example 4: Pension sharing order for a current pensioner - Female pensioner (aged below SPA)**

9.34 A quotation of the Cash Equivalent value of the member's benefits will have been provided previously, during the divorce proceedings. However, the Cash Equivalent must be recalculated once the pension sharing order has been made.

9.35 For this example, we have used the following information:

<b>A.</b> Member date of birth	18 August 1962
<b>B.</b> Calculation date	27 July 2025
<b>C.</b> Member age as at calculation date	62
<b>D.</b> Gender	Female
<b>E.</b> Grounds of retirement	Normal health
<b>F.</b> Current benefits	
Member pension	£3,000 pa
Member's accrued PI	nil <sup>3</sup>
Survivor's pension	£1,500 pa
NI modification	nil
Pre 6/4/88 GMP	N/A*
Post 6/4/88 GMP	N/A*

*\*This member will reach State Pension Age on or after 6 April 2016. In line with section 2 of this guidance, no GMP adjustment should be applied to the calculation.*

9.36 From 4.7, the formula to calculate a cash equivalent for a pensioner is:

$$CP \times F_p + ACC PI \times F_{PI} + SUR \times F_{sur} - NI \times F_{ni} - (PRE GMP + G_{post88} \times POST GMP) \times F_{gmp}$$

We have:

CP and SUR have been given in F. above.

ACC PI = 0; so  $F_{PI}$  will not be needed

NI = 0; so  $F_{NI}$  will not be required

Pre GMP and Post GMP are both set to zero (for members who reach SPA on or after 6 April 2016); so  $G_{post88}$  and  $F_{gmp}$  will not be required

$F_p = 17.32$  (from Table F2 "Pension of £1 pa" column)

$F_{sur} = 3.38$  (from Table F2 "Survivor's pension of £1 pa" column)

Substituting these values into the formula we get:

<sup>3</sup> This member can't have an accrued PI as they are not under 55.



$$\begin{aligned} \text{CE} &= (£3,000.00 \times 17.32) + (£1,500.00 \times 3.38) \\ &= £51,960.00 + £5,070.00 \\ &= £57,030.00 \end{aligned}$$

Therefore, the Cash Equivalent is £57,030.00.

### Calculation of the value of sharable rights

In this case the pension sharing order was issued under Scottish law.

9.37 The following information is required from the pension sharing order.

**G.** Monetary amount to which ex-partner is entitled                      £20,000

9.38 From 6.4, we convert this amount into a percentage as follows:

$$\begin{aligned} \text{appropriate percentage} &= (\text{MA} \div \text{CE}) \times 100 \\ &= (20,000 \div 57,030.00) \times 100 \\ &= 35.07\% \end{aligned}$$

### Calculation of the pension credit

9.39 The following information is required:

<b>H.</b> Ex-partner date of birth	15 March 1961
<b>I.</b> Ex-partner age at calculation date	64
<b>J.</b> Ex-partner gender	Male

9.40 From 6.9, the formula used to calculate the pension credit for an ex-partner, if the member is a current pensioner, is:

$$\text{ESCE} \div F_p$$

ESCE = £20,000 (as given above)

$F_p$  = 17.38 (from Table J "Males - Pension of £1 per annum" column)

Therefore:

$$\begin{aligned} \text{Pension Credit} &= £20,000 \div 17.38 \\ &= £1,150.75 \end{aligned}$$

9.41 The pension credit will come into payment immediately. The ex-partner will **NOT** have the option to commute pension for a lump sum.



### Calculation of the pension debit

9.42 From 7.4, the formulae used to calculate the pension debits for a current pensioner are:

$$\text{MEMDEB} = \text{CP} \times \text{appropriate percentage} \div 100$$
$$\text{SURDEB} = \text{SUR} \times \text{appropriate percentage} \div 100$$

Member's pension and survivor's pension are given in E. earlier. Therefore:

$$\begin{aligned} \text{MEMDEB} &= \text{£}3,000.00 \times (35.07 \div 100) \\ &= \text{£}1,052.10 \end{aligned}$$

$$\begin{aligned} \text{SURDEB} &= \text{£}1,500.00 \times (35.07 \div 100) \\ &= \text{£}526.05 \end{aligned}$$

9.43 A pension debit of £1,052.10 and a survivor's pension debit of £526.05 will take effect immediately.



## Appendix A: Principal assumptions underlying factors

### Financial assumptions

Nominal discount rate	4.448% pa
CPI	2.00% pa
Post 88 GMP pension increases (CPI max 3%)	1.80% pa
Real discount rate (in excess of CPI)	2.40% pa

### Mortality assumptions

Members in normal and ill health	134% of S2NMA (M) and 134% of S2NFA (F)
Dependants	134% of S2NMA (M) and 118% S2DFA (F)
Future mortality improvement	Based on ONS principal UK population projections 2016
Year of Use	2020

### Other assumptions

Proportion of male members for unisex factors	95% for members and 5% for Dependants
Age difference between member and partner	Males assumed 3 years older than female partners
Family statistics	75% of members assumed married at retirement (80% assumed partnered)
Allowance for commutation	Nil
Expense loading	Nil
In-service decrements (where applicable)	In line with 2016 valuation proposals



## Appendix B: Factors

The list of factor tables contained in this guidance note are as follows:

- Table F1: Pensioner cash equivalent factors for divorce purposes – normal health - males
- Table F2: Pensioner cash equivalent factors for divorce purposes – normal health - females
- Table G1: Pensioner cash equivalent factors for divorce purposes – ill health - males
- Table G2: Pensioner cash equivalent factors for divorce purposes – ill health – females
- Table J: Factors for calculating the pension credit
- Table L1: Reduction to pension debit on retirement before age 60
- Table L2: Increase to pension debit on retirement after age 60
- Table M1: Reduction to pension debit on ill health retirement



**Table F1 (Table 301 in the consolidated factors spreadsheet): Pensioner cash equivalent factors for divorce purposes**

**Retirement *not* on grounds of ill health – Males**

Age last birthday at relevant date	Pension of £1 per annum	Accrued P.I. below age 55	Survivor's pension of £1 per annum	Deduction for GMP of £1 per annum <sup>4</sup>	Deduction for NI Modification of £ 1 pa
50	23.15	19.06	2.85	3.05	10.20
51	22.77	19.51	2.90	3.04	10.48
52	22.36	19.97	2.95	3.04	10.76
53	21.92	20.45	3.00	3.04	11.05
54	21.44	20.94	3.05	3.04	11.36
55	20.94		3.10	3.04	11.67
56	20.44		3.14	3.04	11.99
57	19.94		3.19	3.04	12.31
58	19.43		3.23	3.04	12.65
59	18.91		3.27	3.05	13.00
60	18.39		3.31	3.05	13.36
61	17.86		3.34	3.06	13.73
62	17.32		3.38	3.07	14.12
63	16.78		3.40	3.09	14.52
64	16.23		3.43	3.18	14.93
65	15.67		3.46	3.18	
66	15.11		3.48	3.02	
67	14.55		3.49	2.87	
68	13.98		3.50	2.72	
69	13.42		3.51	2.57	
70	12.85		3.51	2.42	
71	12.27		3.51	2.28	
72	11.70		3.50	2.15	
73	11.13		3.48	2.02	
74	10.57		3.37	1.90	
75	10.01		3.24	1.78	
76	9.45		3.21	1.67	
77	8.91		3.16	1.56	
78	8.38		3.11	1.46	
79	7.85		2.88	1.37	
80	7.34		2.64	1.28	
81	6.83		2.58	1.20	
82	6.34		2.51	1.12	
83	5.87		2.43	1.05	
84	5.41		2.13	0.99	
85	4.98		1.82	0.95	

<sup>4</sup> When calculating the saving for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5.4.1988 and 15% of the GMP amount in respect of service after that date.



**Table F2 (Table 302 in the consolidated factors spreadsheet): Pensioner cash equivalent factors for divorce purposes**

**Retirement *not* on grounds of ill health – Females**

Age last birthday at relevant date	Pension of £1 per annum	Accrued P.I. below age 55	Survivor's pension of £1 per annum	Deduction for GMP of £1 per annum <sup>5</sup>	Deduction for NI Modification of £ 1 pa
50	23.15	19.06	2.85	2.58	10.62
51	22.77	19.51	2.90	2.58	10.91
52	22.36	19.97	2.95	2.57	11.21
53	21.92	20.45	3.00	2.57	11.52
54	21.44	20.94	3.05	2.57	11.84
55	20.94		3.10	2.57	12.17
56	20.44		3.14	2.58	12.51
57	19.94		3.19	2.58	12.85
58	19.43		3.23	2.58	13.21
59	18.91		3.27	2.65	13.58
60	18.39		3.31	2.75	13.97
61	17.86		3.34	2.83	14.36
62	17.32		3.38	2.91	14.77
63	16.78		3.40	3.00	15.20
64	16.23		3.43	3.09	15.63
65	15.67		3.46	3.05	
66	15.11		3.48	2.89	
67	14.55		3.49	2.73	
68	13.98		3.50	2.57	
69	13.42		3.51	2.41	
70	12.85		3.51	2.25	
71	12.27		3.51	2.10	
72	11.70		3.50	1.95	
73	11.13		3.48	1.81	
74	10.57		3.37	1.67	
75	10.01		3.24	1.54	
76	9.45		3.21	1.42	
77	8.91		3.16	1.30	
78	8.38		3.11	1.18	
79	7.85		2.88	1.07	
80	7.34		2.64	0.97	
81	6.83		2.58	0.87	
82	6.34		2.51	0.77	
83	5.87		2.43	0.69	
84	5.41		2.13	0.60	
85	4.98		1.82	0.56	

<sup>5</sup> When calculating the saving for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5.4.1988 and 15% of the GMP amount in respect of service after that date.



**Table G1 (Table 303 in the consolidated factors spreadsheet): Ill health pensioner cash equivalent factors for divorce purposes**

**Retirement on grounds of ill health – Males**

Age last birthday at relevant date	Pension of £1 per annum	Survivor's pension of £1 per annum	Saving factor for GMP of £1 per annum <sup>6</sup>	Deduction for NI modification of £1 pa
20	33.23	1.51	2.17	3.60
21	33.00	1.55	2.18	3.70
22	32.76	1.59	2.18	3.80
23	32.51	1.62	2.19	3.91
24	32.26	1.66	2.20	4.02
25	32.00	1.70	2.21	4.13
26	31.74	1.74	2.22	4.25
27	31.47	1.78	2.23	4.37
28	31.20	1.82	2.24	4.49
29	30.91	1.86	2.25	4.63
30	30.62	1.91	2.26	4.76
31	30.33	1.95	2.27	4.90
32	30.02	1.99	2.28	5.05
33	29.71	2.04	2.29	5.20
34	29.40	2.08	2.31	5.36
35	29.07	2.13	2.32	5.53
36	28.74	2.17	2.34	5.71
37	28.41	2.22	2.36	5.89
38	28.06	2.26	2.37	6.08
39	27.71	2.31	2.39	6.28
40	27.35	2.36	2.41	6.48
41	26.99	2.40	2.43	6.70
42	26.61	2.45	2.45	6.92
43	26.23	2.50	2.47	7.14
44	25.84	2.55	2.49	7.37
45	25.44	2.60	2.51	7.61
46	25.03	2.65	2.52	7.85
47	24.61	2.70	2.54	8.10
48	24.19	2.75	2.56	8.35
49	23.75	2.80	2.57	8.60
50	23.30	2.85	2.59	8.87
51	22.85	2.90	2.60	9.15
52	22.39	2.95	2.62	9.44
53	21.91	3.00	2.64	9.74
54	21.43	3.05	2.66	10.05

<sup>6</sup> When calculating the saving for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5.4.1988 and 15% of the GMP amount in respect of service after that date.





**Table G1 (Table 303 in the consolidated factors spreadsheet): Ill health pensioner cash equivalent factors for divorce purposes *continued***

**Retirement on grounds of ill health – Males**

Age last birthday at relevant date	Pension of £1 per annum	Survivor's pension of £1 per annum	Saving factor for GMP of £1 per annum <sup>7</sup>	Deduction for NI modification of £1 pa
55	20.94	3.10	2.68	10.38
56	20.44	3.14	2.71	10.73
57	19.94	3.19	2.73	11.09
58	19.43	3.23	2.76	11.48
59	18.91	3.27	2.78	11.88
60	18.39	3.31	2.82	12.32
61	17.86	3.34	2.85	12.78
62	17.32	3.38	2.89	13.27
63	16.78	3.40	2.93	13.80
64	16.23	3.43	3.05	14.36
65	15.67	3.46	3.08	
66	15.11	3.48	2.94	
67	14.55	3.49	2.81	
68	13.98	3.50	2.68	
69	13.42	3.51	2.56	
70	12.85	3.51	2.43	
71	12.27	3.51	2.31	
72	11.70	3.50	2.20	
73	11.13	3.48	2.09	
74	10.57	3.37	1.98	
75	10.01	3.24	1.88	
76	9.45	3.21	1.78	
77	8.91	3.16	1.69	
78	8.38	3.11	1.60	
79	7.85	2.88	1.51	
80	7.34	2.64	1.43	
81	6.83	2.58	1.36	
82	6.34	2.51	1.29	
83	5.87	2.43	1.22	
84	5.41	2.13	1.15	
85	4.98	1.82	1.12	

<sup>7</sup> When calculating the saving for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5.4.1988 and 15% of the GMP amount in respect of service after that date.



**Table G2 (Table 304 in the consolidated factors spreadsheet): Ill health pensioner cash equivalent factors for divorce purposes**

**Retirement on grounds of ill health – Females**

Age last birthday at relevant date	Pension of £1 per annum	Survivor's pension of £1 per annum	Saving factor for GMP of £1 per annum <sup>8</sup>	Deduction for NI modification of £1 pa
20	33.23	1.51	2.09	4.20
21	33.00	1.55	2.09	4.31
22	32.76	1.59	2.10	4.43
23	32.51	1.62	2.11	4.55
24	32.26	1.66	2.11	4.68
25	32.00	1.70	2.12	4.81
26	31.74	1.74	2.13	4.95
27	31.47	1.78	2.13	5.09
28	31.20	1.82	2.14	5.23
29	30.91	1.86	2.15	5.39
30	30.62	1.91	2.16	5.54
31	30.33	1.95	2.17	5.71
32	30.02	1.99	2.18	5.88
33	29.71	2.04	2.19	6.06
34	29.40	2.08	2.20	6.24
35	29.07	2.13	2.21	6.43
36	28.74	2.17	2.22	6.62
37	28.41	2.22	2.24	6.83
38	28.06	2.26	2.25	7.04
39	27.71	2.31	2.26	7.25
40	27.35	2.36	2.27	7.48
41	26.99	2.40	2.29	7.71
42	26.61	2.45	2.30	7.95
43	26.23	2.50	2.31	8.20
44	25.84	2.55	2.33	8.45
45	25.44	2.60	2.34	8.71
46	25.03	2.65	2.35	8.98
47	24.61	2.70	2.37	9.26
48	24.19	2.75	2.38	9.55
49	23.75	2.80	2.39	9.84
50	23.30	2.85	2.41	10.15
51	22.85	2.90	2.42	10.47
52	22.39	2.95	2.44	10.81
53	21.91	3.00	2.45	11.16
54	21.43	3.05	2.47	11.52

<sup>8</sup> When calculating the saving for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5.4.1988 and 15% of the GMP amount in respect of service after that date.



**Table G2 (Table 304 in the consolidated factors spreadsheet): Ill health pensioner cash equivalent factors for divorce purposes *continued***

**Retirement on grounds of ill health – Females**

Age last birthday at relevant date	Pension of £1 per annum	Survivor's pension of £1 per annum	Saving factor for GMP of £1 per annum <sup>9</sup>	Deduction for NI modification of £1 pa
55	20.94	3.10	2.49	11.89
56	20.44	3.14	2.51	12.29
57	19.94	3.19	2.53	12.69
58	19.43	3.23	2.55	13.12
59	18.91	3.27	2.63	13.56
60	18.39	3.31	2.74	14.02
61	17.86	3.34	2.83	14.51
62	17.32	3.38	2.92	15.01
63	16.78	3.40	3.01	15.54
64	16.23	3.43	3.11	16.10
65	15.67	3.46	3.08	
66	15.11	3.48	2.93	
67	14.55	3.49	2.78	
68	13.98	3.50	2.63	
69	13.42	3.51	2.49	
70	12.85	3.51	2.34	
71	12.27	3.51	2.20	
72	11.70	3.50	2.06	
73	11.13	3.48	1.93	
74	10.57	3.37	1.80	
75	10.01	3.24	1.67	
76	9.45	3.21	1.56	
77	8.91	3.16	1.45	
78	8.38	3.11	1.34	
79	7.85	2.88	1.24	
80	7.34	2.64	1.14	
81	6.83	2.58	1.04	
82	6.34	2.51	0.95	
83	5.87	2.43	0.87	
84	5.41	2.13	0.79	
85	4.98	1.82	0.75	

<sup>9</sup> When calculating the saving for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5.4.1988 and 15% of the GMP amount in respect of service after that date.



**Table J (Table 313 in consolidated factors spreadsheet): Factors for calculating the pension credit**

Age last birthday at relevant date <sup>10</sup>	Males <sup>11</sup>	Females <sup>12</sup>
	Pension of £1 per annum	Pension of £1 per annum
16	7.38	7.38
17	7.54	7.54
18	7.70	7.70
19	7.86	7.86
20	8.03	8.03
21	8.20	8.20
22	8.37	8.37
23	8.55	8.55
24	8.73	8.73
25	8.92	8.92
26	9.11	9.11
27	9.30	9.30
28	9.50	9.50
29	9.71	9.71
30	9.92	9.92
31	10.13	10.13
32	10.36	10.36
33	10.58	10.58
34	10.82	10.82
35	11.06	11.06
36	11.31	11.31
37	11.56	11.56
38	11.83	11.83
39	12.10	12.10
40	12.38	12.38
41	12.66	12.66
42	12.96	12.96
43	13.26	13.26
44	13.57	13.57
45	13.88	13.88
46	14.21	14.21
47	14.54	14.54
48	14.88	14.88
49	15.23	15.23
50	15.59	15.59
51	15.97	15.97
52	16.35	16.35
53	16.74	16.74
54	17.15	17.15

<sup>10</sup> Use the age of the ex-partner, not the age of the member

<sup>11</sup> Use the gender of the ex-partner, not the gender of the member

<sup>12</sup> Use the gender of the ex-partner, not the gender of the member



**Table J: Factors for calculating the pension credit *continued***

Age last birthday at relevant date <sup>13</sup>	Males <sup>14</sup>	Females <sup>15</sup>
	Pension of £1 per annum	Pension of £1 per annum
55	17.57	17.57
56	18.01	18.01
57	18.46	18.46
58	18.93	18.93
59	19.42	19.42
60	19.42	19.42
61	18.92	18.92
62	18.41	18.41
63	17.90	17.90
64	17.38	17.38
65	16.86	16.86
66	16.32	16.32
67	15.78	15.78
68	15.24	15.24
69	14.69	14.69
70	14.14	14.14
71	13.58	13.58
72	13.03	13.03
73	12.47	12.47
74	11.91	11.91
75	11.35	11.35
76	10.79	10.79
77	10.24	10.24
78	9.70	9.70
79	9.15	9.15
80	8.61	8.61
81	8.08	8.08
82	7.56	7.56
83	7.04	7.04
84	6.54	6.54
85	6.06	6.06

<sup>13</sup> Use the age of the ex-partner, not the age of the member

<sup>14</sup> Use the gender of the ex-partner, not the gender of the member

<sup>15</sup> Use the gender of the ex-partner, not the gender of the member



**Table L1 (Table 321 in consolidated factors spreadsheet): Reduction to pension debit on retirement before age 60**

**Adjustment to pension – Males and Females**

Age of the member when benefits come into payment <sup>16</sup>										
months	50	51	52	53	54	55	56	57	58	59
0	0.633	0.658	0.685	0.714	0.746	0.780	0.818	0.858	0.902	0.949
1	0.635	0.660	0.687	0.717	0.749	0.783	0.821	0.862	0.906	0.953
2	0.637	0.662	0.690	0.719	0.751	0.787	0.825	0.865	0.910	0.957
3	0.639	0.665	0.692	0.722	0.754	0.790	0.828	0.869	0.914	0.962
4	0.641	0.667	0.695	0.725	0.757	0.793	0.831	0.873	0.917	0.966
5	0.643	0.669	0.697	0.727	0.760	0.796	0.835	0.876	0.921	0.970
6	0.645	0.671	0.699	0.730	0.763	0.799	0.838	0.880	0.925	0.974
7	0.647	0.674	0.702	0.732	0.766	0.802	0.841	0.884	0.929	0.979
8	0.650	0.676	0.704	0.735	0.769	0.805	0.845	0.887	0.933	0.983
9	0.652	0.678	0.707	0.738	0.772	0.808	0.848	0.891	0.937	0.987
10	0.654	0.680	0.709	0.740	0.775	0.812	0.851	0.894	0.941	0.991
11	0.656	0.683	0.712	0.743	0.777	0.815	0.855	0.898	0.945	0.996

**Table L2 (Table 322 in consolidated factors spreadsheet): Increase to pension debit on retirement after age 60**

**Adjustment to pension – Males and Females**

Age of the member when benefits come into payment <sup>17</sup>						
months	60	61	62	63	64	65
0	1.000	1.056	1.116	1.182	1.254	1.333
1	1.005	1.061	1.122	1.188	1.261	1.340
2	1.009	1.066	1.127	1.194	1.267	1.347
3	1.014	1.071	1.133	1.200	1.274	1.354
4	1.019	1.076	1.138	1.206	1.280	1.361
5	1.023	1.081	1.144	1.212	1.287	1.369
6	1.028	1.086	1.149	1.218	1.293	1.376
7	1.032	1.091	1.155	1.224	1.300	1.383
8	1.037	1.096	1.160	1.230	1.307	1.390
9	1.042	1.101	1.166	1.236	1.313	1.397
10	1.046	1.106	1.171	1.242	1.320	1.405
11	1.051	1.111	1.177	1.248	1.326	1.412

<sup>16</sup> Calculate the member's age in years and complete months

<sup>17</sup> Calculate the member's age in years and complete months



**Table M1 (Table 323 in consolidated factors spreadsheet): Reduction to pension debit on ill health retirement**

**Adjustment to pension – Males and Females**

Age of the member when benefits come into payment <sup>18</sup>							
months	18	19	20	21	22	23	24
0	0.220	0.226	0.232	0.239	0.246	0.253	0.260
1	0.220	0.226	0.233	0.239	0.246	0.253	0.261
2	0.221	0.227	0.233	0.240	0.247	0.254	0.261
3	0.221	0.227	0.234	0.240	0.247	0.254	0.262
4	0.222	0.228	0.234	0.241	0.248	0.255	0.263
5	0.222	0.228	0.235	0.242	0.248	0.256	0.263
6	0.223	0.229	0.235	0.242	0.249	0.256	0.264
7	0.223	0.229	0.236	0.243	0.250	0.257	0.264
8	0.224	0.230	0.236	0.243	0.250	0.258	0.265
9	0.224	0.230	0.237	0.244	0.251	0.258	0.266
10	0.225	0.231	0.238	0.244	0.251	0.259	0.266
11	0.225	0.232	0.238	0.245	0.252	0.259	0.267

Age of the member when benefits come into payment <sup>19</sup>										
months	25	26	27	28	29	30	31	32	33	34
0	0.268	0.276	0.284	0.292	0.301	0.311	0.320	0.331	0.341	0.352
1	0.268	0.276	0.285	0.293	0.302	0.311	0.321	0.331	0.342	0.353
2	0.269	0.277	0.285	0.294	0.303	0.312	0.322	0.332	0.343	0.354
3	0.270	0.278	0.286	0.295	0.304	0.313	0.323	0.333	0.344	0.355
4	0.270	0.278	0.287	0.295	0.304	0.314	0.324	0.334	0.345	0.356
5	0.271	0.279	0.287	0.296	0.305	0.315	0.325	0.335	0.346	0.357
6	0.272	0.280	0.288	0.297	0.306	0.316	0.325	0.336	0.347	0.358
7	0.272	0.280	0.289	0.298	0.307	0.316	0.326	0.337	0.348	0.359
8	0.273	0.281	0.290	0.298	0.308	0.317	0.327	0.338	0.348	0.360
9	0.274	0.282	0.290	0.299	0.308	0.318	0.328	0.338	0.349	0.361
10	0.274	0.282	0.291	0.300	0.309	0.319	0.329	0.339	0.350	0.362
11	0.275	0.283	0.292	0.301	0.310	0.320	0.330	0.340	0.351	0.363

<sup>18</sup> Calculate the member's age in years and complete months

<sup>19</sup> Calculate the member's age in years and complete months



**Table M1 (Table 323 in consolidated factors spreadsheet): Reduction to pension debit on ill health retirement *continued***

**Adjustment to pension – Males and Females**

Age of the member when benefits come into payment <sup>20</sup>										
months	35	36	37	38	39	40	41	42	43	44
0	0.364	0.376	0.388	0.402	0.415	0.430	0.445	0.461	0.478	0.496
1	0.365	0.377	0.389	0.403	0.417	0.431	0.447	0.463	0.480	0.498
2	0.366	0.378	0.391	0.404	0.418	0.433	0.448	0.464	0.481	0.499
3	0.367	0.379	0.392	0.405	0.419	0.434	0.449	0.466	0.483	0.501
4	0.368	0.380	0.393	0.406	0.420	0.435	0.451	0.467	0.484	0.502
5	0.369	0.381	0.394	0.407	0.421	0.436	0.452	0.468	0.486	0.504
6	0.370	0.382	0.395	0.408	0.423	0.438	0.453	0.470	0.487	0.506
7	0.371	0.383	0.396	0.410	0.424	0.439	0.455	0.471	0.489	0.507
8	0.372	0.384	0.397	0.411	0.425	0.440	0.456	0.473	0.490	0.509
9	0.373	0.385	0.398	0.412	0.426	0.441	0.457	0.474	0.492	0.510
10	0.374	0.386	0.399	0.413	0.428	0.443	0.459	0.475	0.493	0.512
11	0.375	0.387	0.400	0.414	0.429	0.444	0.460	0.477	0.495	0.513

Age of the member when benefits come into payment <sup>21</sup>										
months	45	46	47	48	49	50	51	52	53	54
0	0.515	0.535	0.556	0.578	0.602	0.627	0.654	0.682	0.713	0.745
1	0.517	0.537	0.558	0.580	0.604	0.629	0.656	0.685	0.716	0.748
2	0.518	0.538	0.560	0.582	0.606	0.632	0.659	0.687	0.718	0.751
3	0.520	0.540	0.562	0.584	0.608	0.634	0.661	0.690	0.721	0.754
4	0.522	0.542	0.563	0.586	0.610	0.636	0.663	0.692	0.724	0.757
5	0.523	0.544	0.565	0.588	0.612	0.638	0.666	0.695	0.726	0.760
6	0.525	0.545	0.567	0.590	0.614	0.640	0.668	0.698	0.729	0.763
7	0.527	0.547	0.569	0.592	0.617	0.643	0.670	0.700	0.732	0.766
8	0.528	0.549	0.571	0.594	0.619	0.645	0.673	0.703	0.735	0.769
9	0.530	0.551	0.573	0.596	0.621	0.647	0.675	0.705	0.737	0.772
10	0.532	0.552	0.575	0.598	0.623	0.649	0.678	0.708	0.740	0.774
11	0.533	0.554	0.576	0.600	0.625	0.652	0.680	0.710	0.743	0.777

<sup>20</sup> Calculate the member's age in years and complete months

<sup>21</sup> Calculate the member's age in years and complete months





**Table M1 (Table 323 in consolidated factors spreadsheet): Reduction to pension debit on ill health retirement *continued***

Age of the member when benefits come into payment <sup>22</sup>					
months	55	56	57	58	59
0	0.780	0.818	0.858	0.902	0.949
1	0.783	0.821	0.862	0.906	0.953
2	0.787	0.825	0.865	0.910	0.957
3	0.790	0.828	0.869	0.914	0.962
4	0.793	0.831	0.873	0.917	0.966
5	0.796	0.835	0.876	0.921	0.970
6	0.799	0.838	0.880	0.925	0.974
7	0.802	0.841	0.884	0.929	0.979
8	0.805	0.845	0.887	0.933	0.983
9	0.808	0.848	0.891	0.937	0.987
10	0.812	0.851	0.894	0.941	0.991
11	0.815	0.855	0.898	0.945	0.996

<sup>22</sup> Calculate the member's age in years and complete months



## Appendix C: Limitations of this guidance

- 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 cash equivalent, pension credit and pension debit factors for pension sharing on divorce. 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 cash equivalent, pension credit and pension debit calculations and benefit awards for pension sharing on divorce 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 SPPA and GAD. Under no circumstances should this guidance take precedence over the Regulations. Administrators should ensure that they comply with all relevant Regulations.