

Police Pension Schemes

2023/03

Who should read:

- Chief Constable of Police Scotland
- Pensions Administrators
- Scheme members

Action:

For information

Subject:

Commutation Factors: Police Pension Scheme (Scotland) 1987

Date:

18 April 2023

- **The purpose of this circular is to advise on the introduction of revised factors prepared by the Government Actuary's Department for the purpose of calculating lump sums payable to retiring members under rule B7 of the Police Pensions Regulations 1987. These factors should be applied to retiring members with effect from 3 April 2023.**
- **This updates the previous guidance dated 1 November 2018 in Circular 2018/06**

On 30 March 2023 the UK Government announced changes to the SCAPE Discount Rate, which is used for financing purposes in public service pension schemes. The discount rate has been reduced from 2.4% above CPI per annum to 1.7% above CPI per annum, with a resulting impact on certain actuarial factors used in calculating officers' pensions.

Actuarial factors are the responsibility of the scheme actuary, the Government Actuary's Department (GAD). As a consequence of the reduction of the discount rate GAD has undertaken a review of the scheme lump sum commutation factors and has recommended the factors are revised with immediate effect.

The review has shown there should be an increase to all the lump sum retirement commutation factors at all ages, which will increase the benefits paid to members.

[SPPA Circular 2022/02](#) provided information on the underpin that exists for members of the scheme in Scotland, which means that the higher of either the English or Scottish Scheme factors are used for lump sums for officers. The underpin will continue to apply for the benefit of retiring officers.

The factors applicable in England have also been revised and should be used in all cases.

For ease of reference, the table of factors relevant to England are contained in Annex A of this circular, with the commutation guidance for Scotland, including all relevant formulae, available on the SPPA website here [Police Pension Scheme \(1987\) \(Scotland\) - Commutation on Retirement - Factors & Guidance](#)

Those retiring officers who have already received a lump sum quote but have not yet retired will receive a revised quote based on the new factors.

Any questions?

Please contact Mhairi.Kinnaird@gov.scot if you have any enquiries about this circular. If you have any queries relating to the administration of the scheme, please contact the Customer Services team via e-mail at sppapolicепensions@gov.scot.

Mhairi Kinnaird

Police Pensions Policy Manager

18 April 2023

Annex A

Table 1 – Factors for commutation of pension to lump sum (English underpin)

Factors **highlighted** should only be used for ill-health retirements. Normal health retirements at these ages should be referred to GAD.

Males and Females

Years	Age in years and completed months on day pension commences											
	0	1	2	3	4	5	6	7	8	9	10	11
Below 48	28.20											
48	28.20	28.20	28.20	28.20	28.20	28.20	27.50	27.47	27.43	27.40	27.37	27.33
49	27.30	27.27	27.23	27.20	27.17	27.13	27.10	27.07	27.03	27.00	26.97	26.93
50	26.90	26.86	26.82	26.78	26.73	26.69	26.65	26.61	26.57	26.53	26.48	26.44
51	26.40	26.36	26.32	26.28	26.23	26.19	26.15	26.11	26.07	26.03	25.98	25.94
52	25.90	25.86	25.82	25.78	25.73	25.69	25.65	25.61	25.57	25.53	25.48	25.44
53	25.40	25.36	25.32	25.28	25.23	25.19	25.15	25.11	25.07	25.03	24.98	24.94
54	24.90	24.85	24.80	24.75	24.70	24.65	24.60	24.55	24.50	24.45	24.40	24.35
55	24.30	24.25	24.20	24.15	24.10	24.05	24.00	23.95	23.90	23.85	23.80	23.75
56	23.70	23.65	23.60	23.55	23.50	23.45	23.40	23.35	23.30	23.25	23.20	23.15
57	23.10	23.05	23.00	22.95	22.90	22.85	22.80	22.75	22.70	22.65	22.60	22.55
58	22.50	22.45	22.40	22.35	22.30	22.25	22.20	22.15	22.10	22.05	22.00	21.95
59	21.90	21.86	21.82	21.78	21.73	21.69	21.65	21.61	21.57	21.53	21.48	21.44
60	21.40	21.34	21.28	21.23	21.17	21.11	21.05	20.99	20.93	20.88	20.82	20.76
61	20.70	20.65	20.60	20.55	20.50	20.45	20.40	20.35	20.30	20.25	20.20	20.15
62	20.10	20.05	20.00	19.95	19.90	19.85	19.80	19.75	19.70	19.65	19.60	19.55
63	19.50	19.44	19.38	19.33	19.27	19.21	19.15	19.09	19.03	18.98	18.92	18.86
64	18.80	18.75	18.70	18.65	18.60	18.55	18.50	18.45	18.40	18.35	18.30	18.25
65	18.20	18.15	18.10	18.05	18.00	17.95	17.90	17.85	17.80	17.75	17.70	17.65
66	17.60	17.54	17.48	17.43	17.37	17.31	17.25	17.19	17.13	17.08	17.02	16.96
67	16.90	16.85	16.80	16.75	16.70	16.65	16.60	16.55	16.50	16.45	16.40	16.35
68	16.30	16.24	16.18	16.13	16.07	16.01	15.95	15.89	15.83	15.78	15.72	15.66
69	15.60	15.55	15.50	15.45	15.40	15.35	15.30	15.25	15.20	15.15	15.10	15.05
70	15.00	14.94	14.88	14.83	14.77	14.71	14.65	14.59	14.53	14.48	14.42	14.36
71	14.30	14.25	14.20	14.15	14.10	14.05	14.00	13.95	13.90	13.85	13.80	13.75
72	13.70	13.64	13.58	13.53	13.47	13.41	13.35	13.29	13.23	13.18	13.12	13.06
73	13.00	12.95	12.90	12.85	12.80	12.75	12.70	12.65	12.60	12.55	12.50	12.45
74	12.40	12.35	12.30	12.25	12.20	12.15	12.10	12.05	12.00	11.95	11.90	11.85
75	11.80											