



Government  
Actuary's  
Department

# The Local Government Pension Scheme (Scotland)

Late Retirement

Guidance note

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## 1 Introduction

- 1.1 Scottish Ministers are required under the Local Government Pension Scheme (Scotland) Regulations 2018 ('the 2018 Regulations') (SSI 2018/141) to issue actuarial guidance on late retirement increases to benefits payable after normal pension age.
- 1.2 This guidance also applies to benefits accrued before 1 April 2015, including members who left active service before 1 April 2015, and to Councillor members.
- 1.3 The remainder of this introduction contains:
  - details of the implementation and future review of this guidance, and
  - statements about third party reliance and liability
- 1.4 In the remainder of this guidance:
  - the second section describes the increase to be applied on late retirement
  - the third section provides examples
  - Appendix A summarises the assumptions underlying the factors
  - Appendix B sets out some important limitations

### Implementation and Review

- 1.5 Scottish Ministers are required to consult the Scheme Actuary before issuing actuarial guidance under the Local Government Pension Scheme (Scotland) Regulations 2018 ('the 2018 Regulations') (SSI 2018/141) [Regulation 2(3) of the 2018 Regulations].
- 1.6 As part of this consultation, the Scottish Public Pensions Agency (SPPA) has asked the Government Actuary's Department (GAD), in its capacity as Scheme Actuary, to recommend actuarial guidance in respect of the regulations detailed above. This document forms GAD's recommendation for the actuarial guidance required by these regulations.
- 1.7 This note has effect only when it is issued by Scottish Ministers in accordance with Regulation 2(3) of the 2018 Regulations. It is subject to the implementation instructions provided at that time.
- 1.8 This guidance replaces the previous guidance titled "Local Government Pension Scheme (Scotland): Late Retirement" dated 10 September 2019.
- 1.9 The factors used in this note are from the latest consolidated factors workbook as at the date of this note. As determined by SPPA, the late retirement factors apply from 1 September 2023.
- 1.10 The factors used in this note are updated from the previous 10 September 2019 guidance note but the calculation methodology is unchanged. This new note contains updates in respect of McCloud remedy.



- 1.11 In certain cases administrators may still need to refer to the factors provided in previous guidance titled “Local Government Pension Scheme (Scotland): Late Retirement” dated 10 September 2019 and 23 January 2017.
- 1.12 This guidance has been written for pension administrators and assumes some knowledge of general pension terminology, and some familiarity with retirement calculations for the Local Government Pension Scheme. Any questions concerning the application of the guidance should, in the first instance, be referred to SPPA.
- 1.13 The factors used 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.

### **Relevant legislative references**

#### *Service in the 2015 scheme*

Scottish Ministers are required under the Local Government Pension Scheme (Scotland) Regulations 2018 (‘the 2018 Regulations’) (SSI 2018/141) to:

- (i) issue actuarial guidance on late retirement increases when a member receives their pension after normal pension age [regulation 29 (5)];
- (ii) issue actuarial guidance when a pension credit member defers receipt of their pension until after normal pension age [regulation 29 (12)]; and
- (iii) consult the Government Actuary’s Department (GAD) before issuing such guidance [regulation 2(3)].

Under The Local Government Pension Scheme (Transitional Provisions and Savings) (Scotland) Regulations 2014 (‘the 2015 Scheme Transitional Regulations’) (SSI 2014/233), actuarial guidance issued by Scottish Ministers is required to apply an enhancement to the final underpin amount where an eligible member first receives payment of their retirement pension after the day on which they attain the age of 65 [Regulation 4L(3)].

#### *Service accrued before 1 April 2015*

Regulation 3(5) of the 2015 Scheme Transitional Regulations also refers to actuarial adjustments in respect of retirement pensions and retirement grants accrued before 1 April 2015.



Where a person has not been a member of the 2015 scheme, benefits payable in respect of service before 1 April 2015 are payable in accordance with the 2009 Scheme [Regulation 3(8) of the 2015 Scheme Transitional Regulations]. Details of the requirements under the 2009 Scheme are listed in the following paragraphs (which reflect the change made from the Scheme Actuary or the Government Actuary to the Scottish Ministers as the person responsible for issuing guidance) [Regulation 3(10) of the 2015 Scheme Transitional Regulations].

In relation to Regulation 17(2) of the Local Government Pension Scheme (Benefits, Membership and Contributions) (Scotland) Regulations 2008 ('the 2008 Regulations') (SSI 2008/230), Scottish Ministers are required to issue guidance to determine the increase applicable to benefits when a member remains in employment or joins the LGPS after their 65<sup>th</sup> birthday.

In relation to Regulation 29(5) of the 2008 Regulations, Scottish Ministers are required to issue guidance to determine the increase applicable to accrued benefits when a member who has left service without immediate entitlement to benefits under any of regulations 16 to 20 chooses not to receive payment of those benefits immediately on attaining normal retirement age.

SPPA has previously confirmed similar increases should also be applied in respect of members who left service with immediate entitlement to benefits under regulations 16, 16A, 16B, 16C or 16D of the 2008 Regulations but who choose not to receive payment immediately.

In relation to Regulation 14(3) of the 2008 Regulations, Scottish Ministers are required to issue guidance on the increase to be applied to the additional pension where it is taken after normal retirement age.

### **Third party reliance**

- 1.14 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's and the scheme administrators' websites, but must not otherwise be reproduced, distributed or communicated in whole or in part to any other person without GAD's prior written permission.
- 1.15 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.
- 1.16 When issued by Scottish Ministers in accordance with paragraph 1.7 above, this note should be used as the actuarial guidance required under the regulations cited. Other than for this purpose, no person or third party is entitled to place any reliance on the contents of this note, except to any extent explicitly stated herein.



## 2 The increase in benefits

- 2.1 Benefits are increased if they are taken after the following normal pension ages (NPA):
- for service before 1 April 2015: age 65
  - for service on or after 1 April 2015: State Pension Age, or if higher, age 65.
- 2.2 SPPA has confirmed that, when calculating late retirement increases, State Pension age should be based on legislation in force at the point benefits are paid.
- 2.3 Where the member has different NPA for pre-1 April 2015 and post-31 March 2015 service and reached both prior to retirement, separate late retirement increases should be calculated for each of these periods of service.
- 2.4 Where a member has two distinct NPAs and retirement occurs between them, only pre-2015 benefits are increased, while the post-2015 benefits are reduced in accordance with the guidance document 'Early payment of pension'.
- 2.5 The process for calculating these increases is set out in paragraphs 2.8 to 2.12 below and is dependent on how the period from NPA to retirement falls relative to 1 October 2019 and 1 September 2023. If the member retired prior to 1 October 2019, then our previous guidance dated 23 January 2017, referred to in paragraph 1.8 above, should be used to determine the relevant increases. If the member retired between 1 October 2019 and 31 August 2023, then our previous guidance dated 10 September 2019 should be used to determine the relevant increases.
- 2.6 Subject to paragraph 2.18 below, the increase under this guidance for pre-2015 benefits should be applied to the total pre-April 2015 pension, including any Guaranteed Minimum Pension ("GMP") element of that pension. The increase should be applied to the benefits after Pensions Increases have been added in relation to a member leaving active service status based on pensionable pay from a period prior to retirement (under regulations 9 and 11 of the 2008 Regulations) and/or any period of deferment.
- 2.7 Any commutation of pension should be applied after the pension has been increased with reference to the pension factors. The retirement grant factors should only be applied to the automatic 3/80ths retirement grant (if any) deriving from pre-1 April 2009 service.



### Calculation of late retirement increases

- 2.8 If the member reached NPA on or after **1 September 2023** the total late retirement increase is calculated as follows:

$$\text{Pension increase} = \text{DAY}(1) \times \text{LRFP}(1) + \dots + \text{DAY}(N) \times \text{LRFP}(N)$$

$$\text{Retirement grant increase} = \text{DAY}(1) \times \text{LRFRG}(1) + \dots + \text{DAY}(N) \times \text{LRFRG}(N)$$

Where:

N = the number of years the member has deferred retirement, including any part year. (Equivalently, the number of anniversaries of NPA before retirement plus one)

DAY(i) = the number of days in each separate year worked after NPA(i). That is, the number of days on or after each anniversary of the NPA up to, but not including, the next anniversary of the NPA. Starting with the day the member reached NPA (or 1 September 2023 if later) and up to but not including the date of retirement.

LRFP(i) = the late retirement increase pension factor for each year worked after NPA(i) set out in table 402 in the consolidated factors workbook.

LRFRG(i) = the late retirement increase retirement grant factor for each year worked after NPA(i) set out in table 402 in the consolidated factors workbook.

### Members who reached NPA before 1 October 2019 and members who reached NPA from 1 October 2019 to 31 August 2023.

- 2.9 If the member reached NPA (as defined in 2.1 above) prior to 1 October 2019 for any part of their service, then additionally calculate the late retirement increases to pension and retirement grant for the period from the day the member reached NPA to 30 September 2019 inclusive, using the method and factors specified in the previous guidance titled "Local Government Pension Scheme (Scotland): Late Retirement" dated 23 January 2017.
- 2.10 If the member reached NPA (as defined in 2.1 above) between 1 October 2019 and 31 August 2023 for any part of their service, then additionally calculate the late retirement increases to pension and retirement grant for the period from the day the member reached NPA (or 1 October 2019 if later) to 31 August 2023 inclusive. Use the method and factors specified in the previous guidance titled "Local Government Pension Scheme (Scotland): Late Retirement" dated 10 September 2019.



- 2.11 The total late retirement increase for these members is the sum of the increases before 1 October 2019 (as set out in 2.9), increases between 1 October 2019 and 31 August 2023 (as set out in 2.10) and any applicable increases due on and after 1 September 2023 (as calculated in 2.8). See section 3 example 3 for an illustration calculation for such a member.





### **Member with multiple distinct NPAs**

- 2.12 Where a member has different NPAs for pre-1 April 2015 service and post-31 March 2015 service and has reached all of them prior to retiring, separate total late retirement increases should be determined and applied separately for each. If the member is retiring at or before their later NPA (post 2015) but after their earlier NPA (pre 2015), then the total late retirement increase should only be applied to their earlier NPA (pre 2015) benefits. See section 3 example 2 for an illustration calculation for such a member.

### **Statutory underpin**

- 2.13 Where a statutory underpin (Regulations 4A to 4P of the 2015 Scheme Transitional Regulations) applies to a member, late retirement factors may need to be applied to derive the 'final assumed benefits' and 'final underpin amount' (2015 Scheme Transitional Regulations 4K and 4L). This section sets out the ages to which late retirement additions are applied for the purpose of these calculations.
- 2.14 The appropriate late retirement factors and methodology remain otherwise the same and are as contained in the consolidated factor workbook and the remainder of this guidance note respectively.
- 2.14.1 In respect of the adjustment to apply to the provisional assumed benefit to determine the final assumed benefits under 4K of the 2015 Scheme Transitional Regulations as amended, the member's provisional assumed benefits are subject to an adjustment. This adjustment may be upwards for late payment in which case by reference to State Pension Age, or if higher, age 65, or downwards for early payment using the guidance note *The Local Government Pension Scheme (Scotland): Early payment of pension*.
- 2.14.2 In respect of the addition to apply to the provisional underpin amount to determine the final underpin amount under 4L (3) of the 2015 Scheme Transitional Regulations as amended, the member's provisional underpin amount must be increased for late payment by reference to age 65.
- 2.15 Where final underpin amount is greater than the final assumed benefit the difference is the final guarantee amount. No further actuarial adjustment to the final guarantee amount is required.



### Further considerations

- 2.16 Under regulations 25(7), 26(6) and 28(3) of the 2018 Regulations, once in payment, retirement pensions should be increased in accordance with the 'index rate adjustment' (i.e. under the Pensions Increase Acts). Any pension accrued under the 2009 and earlier schemes should also be increased under the Pensions Increase Acts.
- 2.17 Regulations 29(3) and 29(12) of the 2018 Regulations require that the pension must come into payment no later than the date when that member attains the age of 75.
- 2.18 Section 13 of the Pension Schemes Act 1993 requires member consent if GMPs are deferred by more than 5 years after GMP pension age (which is age 60 for females and age 65 for males). Where a member elects to draw the GMP element of their total benefits, only the excess pension (over the GMP) should be increased at retirement in accordance with paragraph 2.3. This also applies where a deferred pension has been postponed until after age 65 but where the GMPs have been brought into payment earlier (at or after GMP pension age).
- 2.19 The factors in this guidance have been provided in a format to provide a smooth transition for individual members when factors are updated as required at periodic reviews. They provide outcomes of broadly actuarial neutrality within the constraints of the format adopted.



### 3 Examples

#### Example 1: NPA reached before 1 October 2019

**Member data:**

Date of birth: 30 October 1952  
 Sex: Male  
 State Pension Age, or age 65 if higher (NPA): 65  
 Date reached state pension age: 30 October 2017  
 Chosen Late Retirement Date: 29 February 2020

Benefits at 29 February 2020 before late retirement increases:

2008 – 2009 NPA 65 Pension: £1,500.00 p.a.  
 2008 – 2009 NPA 65 Retirement Grant: £4,500.00  
 Post-2009 Pre-2015 NPA 65 Pension: £10,000.00 p.a.  
 Post-2015 NPA 65 Pension: £6,000.00 p.a.

As required to calculate the underpin amount, the Post-2015 pension in respect of the 2009 Scheme was £4,900.00 p.a.

The late retirement increases should be calculated as follows:

Late retirement factors for pre-2015 apply from the member's 65<sup>th</sup> birthday. All the member's pre-2015 pension will therefore receive the same late retirement increase.

In this instance, this will also be the same as the increase that should be applied to the post-2015 pension.

In this instance, the period worked after NPA (age 65) includes the date at which the previous factors came into force on 1 October 2019 but not the date at which the most recent factors came into force on 1 September 2023.

**Pre 1 October 2019 late retirement increase:**

Using the method and factors in the late retirement guidance dated 23 January 2017  
 Pension uplift: 6.90%  
 Grant uplift: 0.575%

**Post 1 October 2019 pre 1 September 2023 late retirement increase:**

Apply uplift for the pension from the period 1 October 2019 to retirement:

Period	Years late	Time elapsed	Increase per day
1 October 2019 to 67 <sup>th</sup> birthday	2	29 days	0.011%
67 <sup>th</sup> birthday to retirement	3	122 days	0.013%



Pension uplift =  $29 \times 0.011\% + 122 \times 0.013\% = 1.905\%$

Grant uplift =  $29 \times 0.001\% + 122 \times 0.001\% = 0.151\%$

**Total increase at date of retirement:**

Total pension increase =  $6.90\% + 1.905\% = 8.805\%$

Total grant increase =  $0.575\% + 0.151\% = 0.726\%$

Member's benefits payable from 29 February 2020:

Tranche	Calculation	Result
2008 – 2009 NPA 65 Pension	$\pounds 1,500.00 \times 1.08805$	$\pounds 1,632.08$ p.a.
2008 – 2009 NPA 65 Retirement Grant	$\pounds 4,500.00 \times 1.00726$	$\pounds 4,532.67$
Post-2009 Pre-2015 NPA 65 Pension	$\pounds 10,000.00 \times 1.08805$	$\pounds 10,880.50$ p.a.
Post-2015 NPA 65 Pension	$\pounds 6,000.00 \times 1.08805$	$\pounds 6,528.30$ p.a.

	Calculation	Result
Total Late Retirement Pension	$\pounds 1,632.08 + \pounds 10,880.50 + \pounds 6,528.30$	$\pounds 19,040.88$ p.a.
Total Late Retirement Grant		$\pounds 4,532.67$

The member could decide to commute part of his pension into an additional lump sum

Statutory Underpin:

This member meets the eligibility criteria for a statutory underpin. The late retirement increases applying to both assumed benefits and provisional underpin amount apply from SPA, or if higher, age 65 or age 65, respectively. In this example increases apply above age 65 for both amounts.

Underpin calculation of pension benefits after late retirement factors have been applied:

Tranche	Calculation (to determine final benefits and amounts)	Result
Provisional assumed benefits	$\pounds 6,000 \times 1.08805$	$\pounds 6,528.30$ p.a.
Provisional underpin amount	$\pounds 4,900 \times 1.08805$	$\pounds 5,331.45$ p.a.

The final underpin amount is less than the final assumed benefit. Therefore there is no final guarantee amount and no uplift to the pension is required. The pension benefits are unchanged as a result of the underpin, in this case, and are as follows:

- Total late retirement pension:  $\pounds 19,040.88$  p.a.
- Total late retirement grant:  $\pounds 4,532.67$



**Example 2: Two distinct NPAs, both after 1 October 2019 but before 1 September 2023**

**Member data:**

Date of birth: 6 October 1954

Sex: Female

Pre-2015 NPA Date (age 65 years): 6 October 2019

Post-2015 NPA Date (age 66 years, 0 months): 6 October 2020

Chosen Late Retirement Date: 28 February 2022

Benefits at 28 February 2022 before late retirement increases:

Pre-2015 NPA 65 Pension: £18,000.00 p.a.

Pre-2015 NPA 65 Retirement Grant: £54,000.00

Post-2015 NPA 66 Pension: £3,000.00 p.a.

As required to calculate the underpin amount, the Post-2015 pension in respect of the 2009 Scheme was £2,450.00 p.a.

The late retirement increases should be calculated as follows:

In this instance, the period worked after NPA (age 65) includes the date at which the previous factors came into force on 1 October 2019 but not the date at which the most recent factors came into force on 1 September 2023.

**Pre-2015 NPA 65 Pension:**

Apply uplift for the period between their 65<sup>th</sup> birthday and retirement i.e. 2 years 145 days:

Period	Years late	Time elapsed	Increase per day
65 <sup>th</sup> birthday to 66 <sup>th</sup> birthday	1	366 days	0.010%
66 <sup>th</sup> birthday to 67 <sup>th</sup> birthday	2	365 days	0.011%
67 <sup>th</sup> birthday to retirement	3	145 days	0.013%

Pension uplift =  $366 \times 0.010\% + 365 \times 0.011\% + 145 \times 0.013\% = 9.560\%$

Grant uplift =  $366 \times 0.001\% + 365 \times 0.001\% + 145 \times 0.001\% = 0.876\%$

**Post-2015 NPA 66 Pension:**

Apply uplift for the period between age 66<sup>th</sup> birthday and retirement:

Period	Years late	Time elapsed	Increase per day
66 <sup>th</sup> birthday to 67 <sup>th</sup> birthday	1	365 days	0.010%
67 <sup>th</sup> birthday to retirement	2	145 days	0.011%

Pension uplift =  $365 \times 0.010\% + 145 \times 0.011\% = 5.245\%$



Member's benefits payable from 28 February 2022:

Tranche	Calculation	Result
Pre-2015 NPA 65 Pension	£18,000.00 x 1.09560	£19,720.80 p.a.
Pre-2015 NPA 65 Retirement Grant	£54,000.00 x 1.00876	£54,473.04
Post-2015 NPA 66 Pension	£3,000.00 x 1.05245	£3,157.35 p.a.

The member could decide to commute part of his pension into an additional lump sum.

Statutory Underpin:

This member meets the eligibility criteria for a statutory underpin. The late retirement increases for the post-2015 pension apply from age 65. As a result, the factors calculated for the post-2015 tranche will need to be recalculated using an NPA of 65 – this will lead to the same factor as the **pre-2015** tranche calculated above.

Underpin calculation of pension benefits after late retirement factors have been applied:

Tranche	Calculation	Result
Provisional assumed benefits	£3,000.00 x 1.05245	£3,157.35 p.a.
Provisional underpin amount	£2,450.00 x 1.09560	£2,684.22 p.a.

The final underpin amount is less than the final assumed benefit. Therefore there is no financial guarantee amount and no uplift to the pension is required. The pension benefits are unchanged as a result of the underpin, in this case, and are as follows:

- Total late retirement pension: £22,878.15 p.a.
- Total late retirement grant: £54,473.04



### Example 3: Retiring after 1 September 2023

#### Member data:

Date of birth: 30 October 1952  
 Sex: Male  
 State pension Age, or age 65 if higher (NPA): 65  
 Date reached state pension age: 30 October 2017  
 Chosen Late Retirement Date: 1 March 2024

Benefits at 1 March 2024 before late retirement increases:

Pre-2008 CRA 62 Pension: £13,000.00 p.a.  
 Pre-2008 CRA 62 Retirement Grant: £39,000.00  
 2008 – 2009 CRA 62 Pension: £1,000.00 p.a.  
 2008 - 2009 CRA 62 Retirement Grant: £3,000.00  
 Post-2009 Pre-2015 CRA 62 Pension: £10,000.00 p.a.  
 Post-2015 CRA 62 Pension: £16,000.00 p.a.

For the purpose of this example only, it is assumed that this member is not entitled to an underpin.

#### The late retirement increases should be calculated as follows:

Late retirement factors for pre-2015 apply from the member's 65<sup>th</sup> birthday, including for the benefits for which the CRA applies. All the member's pre-2015 pension will therefore receive the same late retirement increase.

In this instance, this will also be the same as the increase that should be applied to the post-2015 pension.

In this instance, the period worked after NPA (age 65) includes the date at which the previous factors came into force on 1 October 2019 and it includes the date at which the most recent factors came into force on 1 September 2023.

#### **Pre 1 October 2019 late retirement increase:**

Using the method and factors in the late retirement guidance dated 23 January 2017  
 Pension uplift: 6.90%  
 Grant uplift: 0.575%

#### **Post 1 October 2019 pre 1 September 2023 late retirement increase:**

Apply uplift for the pension from the period 1 October 2019 to 1 September 2023:

Period	Years late	Time elapsed	Increase per day
1 October 2019 to 67 <sup>th</sup> birthday	2	29 days	0.011%
67 <sup>th</sup> birthday to 68 <sup>th</sup> birthday	3	366 days	0.013%
68 <sup>th</sup> birthday to 69 <sup>th</sup> birthday	4	365 days	0.014%



69 <sup>th</sup> birthday to 70 <sup>th</sup> birthday	5	365 days	0.015%
70 <sup>th</sup> birthday to 31 August 2023	6	305 days	0.017%

Pension uplift =  $29 \times 0.011\% + 366 \times 0.013\% + 365 \times 0.014\% + 365 \times 0.015\% + 305 \times 0.016\% = 20.847\%$

Grant uplift =  $29 \times 0.001\% + 366 \times 0.001\% + 365 \times 0.001\% + 365 \times 0.001\% + 305 \times 0.001\% = 1.430\%$

**Post 1 September 2023 late retirement increase:**

Apply uplift for the pension from the period 1 September 2023 to retirement:

Period	Years late	Time elapsed	Increase per day
1 September 2023 to 71 <sup>st</sup> birthday	6	58 days	0.017%
71 <sup>st</sup> birthday to retirement	7	123 days	0.019%

Pension uplift =  $58 \times 0.017\% + 123 \times 0.019\% = 3.323\%$

Grant uplift is 0% for post 1 September 2023

**Total increase at date of retirement:**

Total pension increase =  $6.90\% + 20.847\% + 3.323\% = 31.070\%$

Total grant increase =  $0.575\% + 1.430\% + 0\% = 2.005\%$

**Member's benefits payable from 29 February 2020:**

Tranche	Calculation	Result
Pre-2008 CRA 62 Pension	$\pounds 13,000.00 \times 1.31070$	$\pounds 17,039.10$ p.a.
Pre-2008 CRA 62 Retirement Grant	$\pounds 39,000.00 \times 1.02005$	$\pounds 39,781.95$
2008 – 2009 CRA 62 Pension	$\pounds 1,000.00 \times 1.31070$	$\pounds 1,310.70$ p.a.
2008 – 2009 CRA 62 Retirement Grant	$\pounds 3,000.00 \times 1.02005$	$\pounds 3,060.15$
Post-2009 Pre-2015 CRA 62 Pension	$\pounds 10,000.00 \times 1.31070$	$\pounds 13,107.00$ p.a.
Post-2015 CRA 62 Pension	$\pounds 16,000.00 \times 1.31070$	$\pounds 20,971.20$ p.a.

	Calculation	Result
Total Late Retirement Pension	$\pounds 17,039.10 + \pounds 1,310.70 + \pounds 13,107.00 + \pounds 20,971.20$	$\pounds 52,428.00$ p.a.
Total Late Retirement Grant	$\pounds 39,781.95 + \pounds 3,060.15$	$\pounds 42,842.10$

The member could decide to commute part of his pension into an additional lump sum.





## Appendix A: Assumptions underlying factors

Noted below are the main financial and demographic assumptions used to set the factors referred to in this document. Please note the factors used in this document are subject to change.

### Financial assumptions

Nominal discount rate	3.734% pa
CPI	2.00% pa
Real discount rate (in excess of CPI)	1.70% pa

### Mortality assumptions

	Males	Females
<b>Retirements in normal health</b>	113% of S3NMA_M	115% of S3NFA_M
<b>Retirements in ill-health</b>	148% of S3IMA	159% of S3IFA
<b>Dependants</b>	110% of S3DMA	114% of S3NFA_H

Future mortality improvement	Based on ONS principal UK population projections 2020
Year of Use	2024

### Other assumptions

Proportion of male members for unisex factors	40%
Proportion partnered	N/A
Allowance for commutation	Nil

More details of the above assumptions including explanation of any abbreviations used are set out in the 2020 actuarial valuation of the LGPS (Scotland) at:

<https://www.gov.uk/government/publications/2020-valuation-local-government-pension-scheme-scotland>



## Appendix B: Limitations

- B.1 This note should not be used for any purpose other than to determine benefits on late retirement in accordance with the regulations cited above.
- B.2 The factors contained in this note are subject to regular review. Administrators need to ensure that they are using the latest factors, as relevant, when processing cases.
- B.3 This note should 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.
- B.4 This note only covers the actuarial principles around the calculation and application of late retirement factors. Any legal advice in this area should be sought from an appropriately qualified person or source.
- B.5 Scheme managers and administrators should satisfy themselves that late retirement complies with all legislative requirements including, but not limited to, taxation and contracting-out requirements.
- B.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. In no circumstances should this guidance take precedence over the Regulations. Administrators should ensure that they comply with all relevant Regulations.