

Part 2

Government Actuary's Guidance
Notes and Factor Tables

EARLY RETIREMENT - REGULATION 33**(IMMEDIATE ELECTIONS)**

- A.1. **Purpose** Regulation 33 of the Local Government Pension Scheme Regulations (Northern Ireland) 2002 (SR 2002 No. 352) makes provision for members of the Local Government Pension Scheme (Northern Ireland) to elect to retire early on reduced benefits. In accordance with Regulation 33(4), the Government Actuary is required to provide guidance on the appropriate amounts of reduction in retirement pension and retirement grant in respect of early payment. The purpose of this note is to provide the guidance required by Regulation 33(4). This note has been prepared by the Government Actuary's Department at the request of the Department of the Environment and is issued to them for onward transmission to the Committee and local government employers.
- A.2. **Early Leavers** Under Regulation 33(1), a member who has attained age 50, but who is not entitled to immediate payment of retirement benefits, may elect to receive early payment of his retirement benefits immediately from the date of his election (or date of leaving service, if later). This Guidance Note deals only with those cases where a reduction in the level of accrued benefits is appropriate under Regulation 33, and is not relevant to those who are entitled to unreduced benefits because of retirement on ill-health grounds, or for reasons of redundancy.
- A.3. **Immediate Elections** This Guidance Note and the attached table is applicable only to members who elect for early payment of benefits immediately at the time of leaving service. Where there is a gap between the date of leaving service and the effective date of the election for early payment of benefits, an alternative approach will be appropriate for members under age 55, because of the restrictions relating to the payment of pensions increases on benefits coming into payment before age 55. In broad terms, pensions increases which have accrued following the date of cessation of service do not come into payment until the member attains age 55. A separate note, and factors, has been prepared for this category.
- A.4. **Employer Consent** In accordance with Regulation 33(2), a member who makes an election below the age of 60 is not entitled to immediate payment of his retirement benefits, unless the employing authority or former employing authority gives consent to the early payment. Employer consent is not required for members over age 60, and the member therefore has an unfettered entitlement to a reduced early retirement pension if the election is made after the member attains age 60.
- A.5. **Reduction in Benefits** A member is entitled to unreduced benefits on attaining his Normal Retirement Date (NRD), or on satisfying the Rule of 85 before NRD. To satisfy the Rule of 85 the member's age (in whole years), plus his total membership (in whole years) including any period between the end of his local government employment and the effective date of the election for the early payment of benefits, must be at least 85. The employer's consent to early payment of benefits is required if the member would satisfy the rule of 85 prior to age 60.

- A.6. The extent of the reduction in accrued benefits for a member who elects for early immediate payment will depend on the period between the date of election and the date on which the member would be entitled to unreduced benefits (assuming the employer consents to the early payment of benefits for a member under age 60). The table attached with this note shows the percentage reduction that is applicable for each 'year early' from 1 year to 15 years. Separate factors are shown for the reduction in pension for men, the reduction in pension for women, and the reduction in lump sum retirement grant. The factors should be interpolated for part years, when the number of 'years early' is not an exact whole number.
- A.7. **Examples** Two simple examples are described to illustrate the application of the factors. The first example is a female local government employee, whose service with the local government commenced at exact age 45, who serves continuously until exact age 58, and who then elects for early payment of her retirement benefits. The employer's consent would be required as age is below 60. Since the earliest age at which unreduced benefits would be applicable in this example is age 65, the period of years between the date of election and the date of entitlement to unreduced benefits is 7 years (the difference between age 65 and age 58). Taking the factors in the table, the accrued pension benefit would be reduced by 35%, resulting in pension payment of 65% of the accrued pension, but subject to the underpinning minimum of the requisite benefit test (Regulation 39(5)) and the potential impact of the Guaranteed Minimum Pension. The lump sum retirement grant would be reduced by 18%, resulting in a payment of 82% of the accrued retirement grant.
- A.8. The second example relates to a male employee who commences work at exact age 27, and who serves continuously until age 56, which is the earliest age at which this member would satisfy the Rule of 85 requirement. (The Rule of 85 is satisfied because the member's age of 56, plus his total membership of 29 years, would be equal to 85.) If the employer does not give consent to the payment of immediate benefits at age 56, then the earliest age at which unreduced benefits could be payable would be on attainment of age 60.
- A.9. If the employer were to give his consent to the immediate payment of benefits from age 56, then there would be no reduction in accrued benefits payable, because the member satisfies the Rule of 85. However, the reduction factors for converting benefits payable from age 60 to their equivalent payments from age 56 (namely 28% for pension and 9% for lump sum) give an indication of the extra cost being incurred through the exercise of this discretion.
- A.10. If the same member were to apply for immediate early payment of benefits from age 54, and if the employer gave his consent, then the period of years between the date of election and the date of entitlement to unreduced benefits would be two years (the difference between age 56 and age 54). In those circumstances, the accrued pension should be reduced by 15%, and the accrued lump sum retirement grant by 5%.
- A.11. **Transfer Credits** In cases where a member's service includes a transfer credit acquired under Regulation 68(1)(d) and 68(5), the retirement pension in respect of this transfer credit should first be reduced in accordance with Regulation 68(7), and then further reduced in accordance with Regulation 33(4), if the member does not satisfy the Rule 85. In such cases, the percentage reduction in the retirement pension in respect of the reduced transfer credit should be determined using the factor for the

period from the last day of service to the date used in calculating the reduction in the transfer credit under Regulation 68(7), effectively the earliest date on which the Rule of 85 would be satisfied.

- A.12. **GMP Test** Because the Local Government Pension Scheme (Northern Ireland) is contracted out of the Second State Pension, it must satisfy the various requirements of the preservation and revaluation legislation applying to occupational pension schemes. One of these requirements is that the pension payable to a member from State pension age should not be less than the Guaranteed Minimum Pension (GMP) in relation to service before 6 April 1997. Where a member retires early with a reduced pension entitlement, it is possible that the reduction in pension might result in the pension payable from State pension age falling short of the minimum legislative requirements. In considering whether to give consent to a request for an immediate payment of reduced benefits from a member under age 60, the employing authority may wish to take into account whether there is a risk that the pension will have to be increased at State pension age. In order to leave a reasonable margin between the reduced pension and the minimum requirements effective from State pension age, a reasonable test would be to check whether the reduced pension would exceed the current level of the GMP by at least 2% a year for each year between the date of election and the date of attaining State pension age.

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LOCAL GOVERNMENT PENSION SCHEME (NORTHERN IRELAND)

EARLY RETIREMENT UNDER REGULATION 33(4)

Table A.1 - Percentage Reduction in Accrued Retirement Benefits
(Elections applicable immediately on cessation of membership)

Years early	Pension reduction (%)		Lump Sum reduction (%) Males and Females
	Males	Females	
0	0	0	0
1	8	7	2
2	15	13	5
3	22	18	7
4	28	23	9
5	33	27	11
6	37	31	14
7	40	35	18
8	43	39	21
9	46	42	24
10	48	45	26
11	50	47	28
12	52	49	30
13	54	51	32
14	56	53	34
15	58	55	36

Notes:

- (1) The number of 'years early' is the period between the dates (a) and (b) below, where:
 - (a) is the date from which the member has elected to receive his retirement benefits immediately under Regulation 33(1), and
 - (b) is the date on which the member would be entitled to unreduced benefits (assuming the employer consents to the early payment of benefits for a member under age 60) i.e. the earlier of the date the member satisfies the Rule of 85 and his NRD.
- (2) The member satisfies the Rule of 85 if his age (in whole years) plus his total membership (in whole years), plus the period between termination of local government employment and the date he elects, equals 85.
- (3) Where the number of 'years early' is not a whole number of years, reduction factors should be interpolated for part years.

EARLY RETIREMENT - REGULATION 33**(CASES WHERE THERE IS A GAP BETWEEN LEAVING MEMBERSHIP
AND ELECTION FOR EARLY PAYMENT)**

- B.1. **Purpose** Regulation 33(4) of the Local Government Pension Scheme Regulations (Northern Ireland) 2002 (SR 2002 No. 352) (the LGPS(NI) Regulations) requires the Government Actuary to provide guidance on the appropriate amounts of reduction in retirement pension and retirement grant on the early retirement of a member under Regulation 33. A note has been prepared by the Government Actuary's Department at the request of the Department of the Environment to provide the guidance applicable to members who elect for early payment of benefits immediately at the time of leaving service. The purpose of this note, which has also been prepared by Government Actuary's Department at the request of Department of Environment, and is issued to them for onward transmission to the Committee and local government employers, is to provide guidance which is applicable to members who do not elect for early payment of benefits immediately at the time of leaving service but do so later.
- B.2. **Early leavers** Under Regulation 33(1), a member who has left service and who is entitled to preserved retirement benefits under the Local Government Pension Scheme (Northern Ireland) (LGPS(NI)) may elect to receive early payment of his retirement benefits at any time after attaining age 50.
- B.3. **Employer consent** In accordance with Regulation 33(2), a member who is under age 60 when he makes the election is not entitled to immediate payment of his retirement benefits, unless the former employing authority gives consent to the early payment.
- B.4. **Unreduced benefits** The benefits of a member who elects for early payment will normally be reduced by the application of the factors described in this note. However, a member is entitled to unreduced benefits if he satisfies the Rule of 85. To satisfy the Rule of 85, the member's age (in whole years), plus his total membership (in whole years), including the period between the end of his local government employment and the effective date of the election for the early payment of benefits, must be at least 85. The employer's consent to early payment of benefits is required, however, if the member satisfies the Rule of 85, but has not attained age 60.
- B.5. **Accrued pension increases** The guidance to be provided on the extent of the reduction in accrued benefits for members who elect for early immediate payment of benefits is more complicated where there is a gap between the date of the leaving service and the effective date of the election. This is because the pension increases which have accrued since leaving service vary according to the time interval between leaving service and early payment. For the LGPS(NI), the Committee use factors known as pensions increase multipliers to adjust preserved pensions and lump sums for pension increases since the date of leaving service.
- B.6. **Example (1)** For example, the 8 April 2002 pensions increase multiplier for a preserved pension with a beginning date between 7 December 1981 and 6 January 1982 is 2.3588.

Thus, if a preserved pension, before pension increases, were £1,000 and the pension were due to commence in October 2002, the initial rate, including pension increases, would be £2,358.80 (i.e. £1,000 x 2.3588). If the preserved lump sum were £3,000, and no deductions from it were to be made, the lump sum would be £7,076.40 (i.e. £3,000 x 2.3588). There would then be a further increase in the lump sum payable on 7 April 2003 expressed as a percentage of £7,076.40 according to the period between 8 April 2002 and the date on which £7,076.40 was paid.

- B.7. **Basic preserved pension and basic preserved lump sum** For the purpose of this note, the amounts of the preserved pension and lump sum calculated as at the date of leaving service *before adjustment for pension increases* are described as basic preserved pensions and basic preserved lump sum. Percentage reductions in accrued preserved pensions and preserved lump sums for early payment should be applied to the basic preserved pension and lump sum *before* the application of the pension increase multiplier.
- B.8. **Percentage reductions** The extent of the reduction in accrued benefits for a member who elects for early immediate payment at age 55 or over will depend on the period between the date of election and the date on which the member would be entitled to unreduced benefits (assuming the employer consents to the early payment of benefits for a member under age 60). The same percentage reductions should be applied to the basic preserved pension and basic preserved lump sum as would be applied if there were no gap between the date of leaving service and the effective date of the election. For convenience, these percentage reductions for each 'year early' from one to fifteen years are attached at Table 1.
- B.9. **Adjustment for pension increases** For members who have attained age 55 at the date of election to retire early, there is no requirement to defer payment of pension increases. Thus the immediate pension and lump sum are obtained by applying the pension increase multiplier to the reduced basic preserved pension and reduced basic lump sum calculated using the factors in Table 1.
- B.10. **Example (2)** For the purpose of this example, it is assumed that the option to retire early with a reduced pension under Regulation 33 applies to members who left service before 1 February 2003. This assumption is made in order to use rates of pension increases awarded in the past, rather than making assumptions about future rates of inflation. Consider a female member who left service on 1 October 1996 with a basic preserved pension of £1,000 and a basic preserved lump sum of £3,000. She was aged 45 exactly when she commenced local government employment on 1 October 1990. She elects for early payment of benefits on 1 October 2002, her 57th birthday. The employer's consent would be required as her age is below 60. Since the earliest age at which unreduced benefits would be applicable in this example is age 65 (assuming she has no transferred-in service), the period between the date of election and the date of entitlement to unreduced benefits is 8 years (the difference between age 65 and age 57).
- B.11. Taking the factors for 8 years early in the table in Table 1, the basic preserved pension would be reduced by 39% to £610 and the basic preserved lump sum would be reduced by 21% to £2,370. Applying the pensions increase multiplier of 1.1475, the immediate pension would be £699.98 (i.e. 1.1475 x £610), and the immediate lump sum would be £2,719.58 (i.e. 1.1475 x £2,370). The pension payable would be subject to the

underpinning minimum of the requisite benefit test (Regulation 39(5)) and the potential impact of the Guaranteed Minimum Pension. There would be a further lump sum payment on 7 April 2003 of £23.12 (i.e. $(0.017 \times £2,719.58)$) in accordance with the April 2003 pension increase which is expected to be 1.7%.

Members under age 55

B.12. Members under age 55 Pensions increases cannot normally be paid before age 55 to members who are under age 55 when they elect for early immediate payment of benefits. The reduction in pension increases already accrued for which payment has to be deferred to age 55 depends mainly on the period (if any) between the 55th birthday and the date after the 55th birthday on which the member would be entitled to unreduced benefits (assuming the employer consents). The reduction in basic benefits, on the other hand, depends mainly on the longer period between the date of election and the date on which the member would be entitled to unreduced benefits. In order to be able to apply the pensions increase multiplier to the reduced pension in payment and the lump sum already paid once the member reaches age 55, it is appropriate to derive a single percentage reduction for early payment of benefit which is a combination of the reduction for early payment at the date of election and that for early payment at age 55.

B.13. Percentage reductions In order to maintain consistency with the early retirement factors applicable where there is no gap between date of leaving and date of election, it is appropriate to adopt the percentage reductions used in those circumstances (which are shown in Table 1) as the basis for producing “combined” reduction factors for members below age 55. The relevant reduction factors are as follows:

BPR is the Pension Reduction according to the total number of years early;

PIR is the Pension Reduction according to the number of years between the 55th birthday and the date on which the member would be entitled to unreduced benefits (or 0, if the 55th birthday is the later of the two dates);

BLSR is the Lump Sum Reduction according to the total number of years early;

PILSR is the Lump Sum Reduction according to the number of years between the 55th birthday and the date on which the member would be entitled to unreduced benefits (or 0, if the 55th birthday is the later of the two dates).

The formulae for deriving the combined reductions are

(a) Combined Pension Reduction (%) is 100 times:

$$1 - \frac{\left(1 - \frac{\text{BPR}}{100}\right) + ((P - 1) \times \left(1 - \frac{\text{PIR}}{100}\right) \times A)}{1 + (P - 1) \times A}$$

(b) Combined Lump Sum Reduction (%) is 100 times:

$$1 - \frac{\left(1 - \frac{\text{BLSR}}{100}\right) + ((P - 1) \times \left(1 - \frac{\text{PILSR}}{100}\right) \times B)}{1 + (P - 1) \times B}$$

where:

P is the pensions increase multiplier, and
A and B are the factors shown in Table 2.

- B.14. **Example (3)** For the purpose of this example, it is assumed that the option to retire early with a reduced pension under Regulation 33 applies to members who left service before 1 February 2003 (the commencement date LGPS(NI) Regulations). This assumption is made in order to use rates of pensions increases awarded in the past, rather than making assumptions about future rates of inflation. Consider a male member who commenced working for a local government employer on his 27th birthday on 1 October 1979 and left 13 years later with a basic preserved pension of £1,500 and a basic preserved lump sum of £4,500. He elects for early payment of benefits on 1 October 2002, his 50th birthday. The former employer's consent is required as he is under 60. The earliest age at which he could satisfy the Rule of 85 requirement would be his 56th birthday (when his age, plus his membership, plus the period since he left service, would equal 85). Thus the number of years between the date of election and the date of entitlement to unreduced benefits is 6 years (the difference between age 56 and age 50). The number of years between the 55th birthday and the date of entitlement to unreduced benefits is 1 year.
- B.15. **The calculation** The April 2002 pensions increase multiplier applicable at 1 October 2002 for a member who left service on 1 October 1992 is 1.2759. From Table 1, the percentage reductions to be combined are:

	%
Basic Pension Reduction (BPR)	37
Pensions Increase Reduction (PIR)	8
Basic Lump Sum Reduction (BLSR)	14
Pensions Increase Lump Sum Reduction (PILSR)	2

The values of the variables in the formulae for combining these reductions, based on the number of years to the member's 55th birthday, which is 5, are as follows, from Table 2:

$$\begin{aligned} A &= 0.759 \\ B &= 0.682 \end{aligned}$$

(If the time interval to age 55 were not an exact number of years, interpolation would be required to obtain factors A and B.)

- B.16. The fraction to be evaluated to give the Pension Reduction is:

$$1 - \frac{\left(1 - \frac{37}{100}\right) + \left((1.2759 - 1) \times \left(1 - \frac{8}{100}\right) \times 0.759\right)}{1 + (1.2759 - 1) \times 0.759}$$

$$1 - \frac{0.63 + (0.2759 \times 0.92 \times 0.759)}{1 + (0.2759 \times 0.759)}$$

$$= 1 - 0.6802 = 0.3198$$

giving a Combined Pension Reduction of 31.98%

B.17. The fraction to be evaluated to give the Lump Sum reduction is:

$$1 - \frac{\left(1 - \frac{14}{100}\right) + \left((1.2579 - 1) \times \left(1 - \frac{2}{100}\right) \times 0.682\right)}{1 + (1.2579 - 1) \times 0.682}$$

$$1 - \frac{0.86 + (0.2759 \times 0.98 \times 0.682)}{1 + (0.2579 \times 0.682)}$$

$$= 1 - 0.8790 = 0.1210$$

giving a Combined Lump Sum Reduction of 12.10%

B.18. **Benefits before age 55** The basic preserved pension of £1,500 would be reduced by 31.98% to £1,020.30. The pension would be paid at this rate until age 55 or the previous death of the member. The basic preserved lump sum of £4,500 would be reduced by 12.10% to £3,955.50 for payment at the date of election for early retirement (i.e. age 50 in this case).

B.19. **Benefits at age 55** The pension from age 55 would be the amount obtained by applying the April 2007 pensions increase multiplier on 1 October 2007 for someone who left service on 1 October 1992 to the reduced basic pension of £1,020.30. The April 2002 pensions increase multiplier for a member who left service on 1 October 1992 is 1.2759, and the April 2003 pension increase is expected to be 1.7%. If, for example, the April 2004, 2005, 2006 and 2007 pension increases are 2% each year, the pension at age 55 would be:

$$£1,020.30 \times 1.2759 \times 1.017 \times (1.02)^4 = £1,433.07$$

B.20. Also due for payment at age 55 is the pension increase element on the lump sum already accrued up to date of election (age 50 in this case). This should be calculated by multiplying the reduced basic lump sum (£3,955.50) by the factor (P - 1), where P is the pension increase multiplier at date of election and not at age 55. This gives a benefit of £1,091.32, which is derived from the calculation (1.2759 - 1) x £3,955.50. Also, the pension increase for the period from 8 April 2002 to the date the lump sum was taken in October 2002, would be due for payment at age 55; assuming 1.7% for the April 2003 pension increase this would be £42.90 (i.e. 1.2759 x £3,955.50 x (1/2 x 0.017)). No interest should be added for the period 1 October 2002 to 1 October 2007 to either of these amounts.

B.21. **Transfer credits** In cases where a member's service includes a transfer credit acquired under Regulation 68(1)(d) and 68(5) and adjusted under Regulation 68(8), the transfer credit should first be reduced in accordance with Regulation 68(7). The retirement pension in respect of the reduced transfer credit should then be reduced further in accordance with Regulation 33(4), if the member does not satisfy the Rule of 85. (For the purpose of determining whether the member does satisfy the Rule of 85 and, if not, when he will do so, total membership should include the transfer credit after reduction under Regulation 68(7) and not before such reduction.) In cases where the member does not satisfy the Rule of 85, the percentage reduction in the basic retirement pension in respect of the reduced transfer credit should be based on the period from the date of the

election for reduced benefits or from the 55th birthday, as appropriate, to the date used in calculating the reduction in the transfer credit under Regulation 68(7).

- B.22. **GMP test** Because the LGPS(NI) is contracted out of the State Second Pension, it must satisfy the various requirements of the preservation and revaluation legislation applying to occupational pension schemes. One of these requirements is that the pension payable to a member from State pension age should not be less than the Guaranteed Minimum Pension (GMP) in relation to service before 6 April 1997. Where a member retires early with a reduced pension entitlement, it is possible that the reduction in pension might result in the pension payable from State pension age falling short of the minimum legislative requirements. In considering whether to give consent to a request for an immediate payment of reduced benefits from a member under age 60, the employing authority may wish to take into account whether there is a risk that the pension will have to be increased at State pension age. In order to leave a reasonable margin between the reduced pension and the minimum requirements effective from State pension age, a reasonable test would be to check whether the reduced pension would exceed the current level of the GMP by at least 2% a year for each year between the date of election and the date of attaining State pension age. For this purpose the pension increase multiplier should be applied to the reduced pension for a member under age 55.

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EARLY RETIREMENT UNDER REGULATION 33(4)

Table B.1 - Percentage Reduction in Accrued Retirement Benefits
(To be used in the calculation of reduced benefits)

Years early	Pension reduction (%)		Lump Sum reduction (%) Males and Females
	Males	Females	
0	0	0	0
1	8	7	2
2	15	13	5
3	22	18	7
4	28	23	9
5	33	27	11
6	37	31	14
7	40	35	18
8	43	39	21
9	46	42	24
10	48	45	26
11	50	47	28
12	52	49	30
13	54	51	32
14	56	53	34
15	58	55	36

Notes:

- (1) The number of 'years early' is the period between the dates (a) and (b) below, where:
 - (a) is the date from which the member has elected to receive his retirement benefits immediately under Regulation 33(1), and
 - (b) is the date on which the member would be entitled to unreduced benefits (assuming the employer consents to the early payment of benefits for a member under age 60) i.e. the earlier of the date the member satisfies the Rule of 85 and his NRD.
- (2) The member satisfies the Rule of 85 if his age (in whole years) plus his total membership (in whole years), plus the period between termination of local government employment and the date he elects, equals 85.
- (3) Where the number of 'years early' is not a whole number of years, reduction factors should be interpolated for part years.

EARLY RETIREMENT UNDER REGULATION 33(4)

Table B.2 - Values of variables in the formulae to be used in the calculation of the reductions for members under age 55 at the date of the election

The values of the variables in the formulae shown in paragraph 13 of the Guidance Note are as follows.

No. of years to 55th birthday	A (Pension)		B (Lump Sum)
	Males	Females	Males and Females
0	1.000	1.000	1.000
1	0.941	0.945	0.926
2	0.888	0.896	0.858
3	0.840	0.851	0.794
4	0.798	0.811	0.736
5	0.759	0.774	0.682

Note:

Where the number of years between the effective date of the election for early payment of benefits and the 55th birthday is not an exact number of years, values of A and B should be obtained by interpolation

COMMUTATION OF SMALL PENSIONS - REGULATION 51

- C.1. Regulation 51 of the Local Government Pension Scheme Regulations (Northern Ireland) 2002 (SR 2002 No. 352) permits the Committee to pay a lump sum representing the capital value of a small pension to the member, or surviving spouse or children of a deceased member, as appropriate. Regulation 51(5) provides for the capital value of the pension to be calculated as shown in guidance issued by the Government Actuary. The purpose of this note prepared by the Government Actuary's Department for the Department of the Environment and issued to them for onward transmission to the Committee and employing authorities is to provide the guidance required by Regulation 51(5).

Commutation of a Member's Pension - Tables A and B

- C.2. Under Regulation 51(1), the Committee may commute the retirement pension of a member who has attained state pensionable age. Regulation 51(6) provides that, where a payment is made in respect of a retirement pension, a payment representing the capital value of any long-term pension, which would be payable to the member's spouse if that spouse were to survive the member, must also be made. Regulation 51(7) then discharges the Committee from their liability for any short-term or long-term pensions which may become payable on the member's death (which would include children's pensions), where they have made payment to a member in respect of a retirement pension.
- C.3. Table A attached shows, according to the age and sex of the member, the factor to be multiplied by the member's pension in order to obtain the capital value of that pension (including an allowance for the contingent pension of a future marriage). Table B gives the relevant factors to be multiplied by the amount of the contingent spouse's pension for a married member. The total capital value for a married member is the sum of the Table A and Table B values.
- C.4. **Pensions increases** It is important that the total pension to which the factors are applied is the current level at the date the pension is commuted including pension increases. The total Guaranteed Minimum Pension (GMP) should include revaluations up to state pensionable age, and any increments where payment of the GMP was deferred past state pensionable age. The post 5-April 1988 element of the GMP should include any pension increases applicable since state pensionable age for which the Scheme is responsible.
- C.5. **Tables A** These tables are for use for a member who has attained state pensionable age. It is necessary to apply separate factors to the pre-6 April 1988 GMP to the post-5 April 1988 GMP and to the excess of the member's pension over the combined total of the GMPs. The reason for this is that pensions increases on the GMP elements are not normally paid by the Scheme (in the case of the pre-6 April 1988 GMP), or are normally paid only up to 3% each year in the case of the post-6 April 1988 element. In any case where the Scheme is paying pension increases on the whole of the pre-6 April 1988 GMP or paying pension increases in excess of 3% on the post-5 April 1988 GMP, the capital value of that part of the GMP, or the

whole of it, as appropriate, should be calculated using the factor for the excess of the member's pension over the GMP.

- C.6. **Tables B** These tables are to be used only for married members in order to value the contingent spouse's and children's pensions to the extent that the value was not included in the value of the member's pension. Again, different factors should be applied to the contingent spouse's GMP (or post-5 April 1988 GMP in the case of a woman) and the excess of the total contingent spouse's pension over the contingent spouse's total GMP.
- C.7. **Surrender of pension** The factors in Tables B are not suitable for valuing the contingent pension for a member's spouse or other dependant secured by a member surrendering part of his retirement pension under Regulation 36. Any such cases should be referred to the Government Actuary's Department together with details of the contingent pension including the amount, the dates of birth of the member and the beneficiary, the date of retirement and the amount of pension surrendered by the member if it is to be restored in the event of the beneficiary dying before the member, under Regulation 36(10).

Commutation of a surviving spouse's pension or a children's pension
Tables C and D

- C.8. Under Regulation 51(2), the Committee may commute the long-term pension which is payable to any surviving spouse or to (or in respect of) an eligible child or children, provided the annual rate does not exceed £260.
- C.9. Tables C show, according to the age and sex of the surviving spouse, the factors to be multiplied by the spouse's long-term pension. Table D shows the factors to be multiplied by the long-term pension payable to or in respect of the child or to or in respect of each of two children according to their age or ages. Where the Committee has not apportioned a children's long-term pension among the eligible children, it should be assumed that it is apportioned equally between the two youngest eligible children.
- C.10. **Pensions increases** It is important that the total spouse's pension or children's pension to which the factors are to be applied is the current level at the date the pension is commuted. In some circumstances, a widow does not inherit half her late husband's GMP, and a widower does not inherit half his late wife's post-5 April 1988 GMP. It is therefore important that a statement or notification has been received by the Scheme from the Inland Revenue National Insurance Contributions Office as to the liability for a widow(er)'s GMP and its amount. It is also important that the factors are applied to the notified widow(er)'s GMP including any inflation proofing since the death of the member for which the Scheme is liable.
- C.11. **Tables C** These tables are for use in valuing a surviving spouse's pension. Separate factors are appropriate for valuing the pre-6 April 1988 widow's GMP and the post-5 April 1988 widow's GMP, because pension increases on the pre-6 April 1988 GMP and pension increases in excess of 3% on the post-5 April 1988 GMP would not normally be paid by the Scheme. If, in any case the scheme is paying pension increases on the whole of a widow's pre-6 April

1988 GMP (or paying increases in excess of 3% on the post-1988 widow's GMP), the capital value of that part of the GMP, or the whole of it (as appropriate), should be calculated using the factor for the excess of the woman's pension over the GMP.

- C.12. Separate factors are not provided for valuing the post-5 April 1988 GMP of widowers under age 65, because we understand that full increases are paid by the Scheme on this element of the pension until the widower attains age 65, and also after that age in most cases. If, in any case, the Scheme is paying pension increases in excess of 3% on the post-5 April 1988 widower's GMP of a man over age 65, the capital value of the post-5 April 1988 widower's GMP should be calculated using the factor for the excess of the man's pension over the post-5 April 1988 GMP.
- C.13. **Table D** This table is for use in valuing a long-term pension which is payable to, or in respect of, an eligible child or children. Factors have not been included to value a pension to, or in respect of, a child over age 15, because the value depends very much on how long the child is assumed to remain in full-time education. One possibility is that the children's long-term pension is not commuted where one of the children in the family is over 15 - commutation of the children's pension could be deferred until this is no longer the case. Alternatively, the Government Actuary's Department should be supplied with an assessment of the expected duration of the child's pension in appropriate cases.
- C.14. No factors are provided to value a pension to a child who is incapacitated. One possibility is that a children's long-term pension should not be commuted where one of the children in the family who is receiving a pension is under age 17 and incapacitated. A case involving a child over age 17 who is not in full-time education but is still an eligible child because he is incapacitated should be referred to the Government Actuary's Department with full details.

Period for which factors apply

- C.15. The factors are not subject to market conditions at the date the capital value of a small pension is to be calculated, but have been derived using assumptions which are expected to be appropriate over the next few years. The factors should be subject to periodic review.

Peter Noonan
Government Actuary's Department

COMMUTATION OF SMALL PENSIONS UNDER REGULATION 51

Table A - Factors for member's pension - Male members

Capital value of an annual pension of £1 to the member (including an allowance for the contingent pensions in respect of a member who is not married)

Member's age last birthday at the date of commutation	Pre-6 April 1988 GMP	Post-5 April 1988 GMP	Excess over the GMP
	£	£	£
65	8.79	10.71	11.89
66	8.55	10.37	11.47
67	8.31	10.02	11.04
68	8.07	9.67	10.63
69	7.83	9.32	10.21
70	7.58	8.98	9.80
71	7.33	8.63	9.39
72	7.08	8.29	8.99
73	6.83	7.95	8.60
74	6.58	7.62	8.21
75	6.33	7.29	7.84
76	6.08	6.97	7.47
77	5.84	6.66	7.11
78	5.60	6.35	6.77
79	5.36	6.05	6.43
80	5.13	5.76	6.11
81	4.91	5.49	5.80
82	4.69	5.22	5.50
83	4.48	4.96	5.22
84	4.27	4.71	4.95
85	4.08	4.47	4.69
86	3.89	4.25	4.44
87	3.70	4.03	4.21
88	3.53	3.82	3.98
89	3.36	3.63	3.77
90	3.20	3.44	3.57
91	3.04	3.27	3.38
92	2.90	3.10	3.20
93	2.75	2.94	3.03
94	2.62	2.78	2.87
95	2.49	2.63	2.71
96	2.36	2.49	2.56
97	2.24	2.36	2.42
98	2.13	2.23	2.29
99	2.02	2.11	2.16
100	1.92	2.00	2.04

Note:

For a married member, the aggregate capital value should include the value of a contingent spouse's pension using the Table B factors.

COMMUTATION OF SMALL PENSIONS UNDER REGULATION 51

Table A - Factors for member's pension - Female members

Capital value of an annual pension of £1 to the member (including, where appropriate, an allowance for the contingent pensions in respect of a member who is not married).

Member's age last birthday at the date of commutation	Pre-6 April 1988 GMP	Post-5 April 1988 GMP	Excess over the GMP
	£	£	£
60	10.18	13.11	14.98
61	10.01	12.83	14.60
62	9.84	12.53	14.21
63	9.66	12.23	13.82
64	9.47	11.91	13.42
65	9.27	11.59	13.01
66	9.06	11.27	12.60
67	8.84	10.93	12.19
68	8.62	10.59	11.76
69	8.38	10.24	11.34
70	8.14	9.89	10.91
71	7.90	9.53	10.48
72	7.65	9.17	10.06
73	7.39	8.82	9.63
74	7.14	8.46	9.22
75	6.88	8.11	8.80
76	6.62	7.76	8.40
77	6.37	7.42	8.01
78	6.11	7.09	7.62
79	5.86	6.76	7.26
80	5.62	6.45	6.90
81	5.39	6.15	6.56
82	5.16	5.86	6.24
83	4.94	5.58	5.93
84	4.73	5.32	5.64
85	4.53	5.07	5.36
86	4.34	4.84	5.10
87	4.16	4.62	4.86
88	3.99	4.41	4.64
89	3.83	4.22	4.43

Note:

For a married member, the aggregate capital value should include the value of a contingent spouse's pension using the Table B factors.

COMMUTATION OF SMALL PENSIONS UNDER REGULATION 51

Table A - Factors for member's pension Female members - continued

Capital value of an annual pension of £1 to the member (including, where appropriate, an allowance for the contingent pensions in respect of a member who is not married).

Member's age last birthday at the date of commutation	Pre-6 April 1988 GMP £	Post-5 April 1988 GMP £	Excess over the GMP £
90	3.68	4.04	4.23
91	3.53	3.87	4.05
92	3.40	3.71	3.87
93	3.27	3.56	3.71
94	3.15	3.41	3.55
95	3.02	3.27	3.39
96	2.90	3.13	3.24
97	2.78	2.99	3.09
98	2.66	2.85	2.95
99	2.55	2.72	2.81
100	2.43	2.59	2.67

Note:

For a married member, the aggregate capital value should include the value of a contingent spouse's pension using the Table B factors.

COMMUTATION OF SMALL PENSIONS UNDER REGULATION 51

Table B - Factors for contingent spouse's pension - Male members

Capital value of a contingent widow's long-term annual pension of £1 for a married male member (including allowance for contingent children's pensions).

Member's age last birthday at the date of commutation	Pre-6 April 1988 GMP £	Post-5 April 1988 GMP £	Excess over the GMP £
65	1.46	2.46	3.17
66	1.54	2.53	3.22
67	1.62	2.59	3.27
68	1.69	2.65	3.31
69	1.76	2.70	3.33
70	1.82	2.74	3.35
71	1.88	2.77	3.35
72	1.92	2.79	3.35
73	1.96	2.80	3.33
74	1.99	2.79	3.30
75	2.02	2.78	3.27
76	2.03	2.76	3.22
77	2.04	2.74	3.17
78	2.04	2.70	3.10
79	2.03	2.66	3.03
80	2.02	2.61	2.96
81	2.00	2.55	2.88
82	1.97	2.49	2.80
83	1.94	2.43	2.72
84	1.91	2.37	2.63
85	1.87	2.30	2.55
86	1.84	2.23	2.46
87	1.80	2.17	2.38
88	1.76	2.10	2.30
89	1.72	2.00	2.22
90	1.68	1.91	2.15
91	1.64	1.85	2.08
92	1.60	1.80	2.01
93	1.57	1.75	1.95
94	1.53	1.70	1.89
95	1.50	1.66	1.83
96	1.47	1.61	1.78
97	1.43	1.56	1.72
98	1.40	1.51	1.66
99	1.36	1.45	1.60
100	1.31	1.40	1.54

COMMUTATION OF SMALL PENSIONS UNDER REGULATION 51

Table B - Factors for contingent spouse's pension - Female members

Capital value of a contingent widower's long-term annual pension of £1 for a married female member (including allowance for contingent children's pensions).

Member's age last birthday at the date of commutation	Pre-5 April 1988 GMP £	Excess over the post 5-April 1988 GMP £
60	0.98	1.23
61	1.00	1.24
62	1.02	1.26
63	1.04	1.27
64	1.05	1.28
65	1.07	1.29
66	1.08	1.29
67	1.10	1.30
68	1.11	1.31
69	1.12	1.31
70	1.13	1.32
71	1.14	1.32
72	1.15	1.32
73	1.16	1.31
74	1.16	1.31
75	1.16	1.30
76	1.16	1.29
77	1.15	1.28
78	1.14	1.26
79	1.13	1.24
80	1.11	1.21
81	1.09	1.19
82	1.07	1.16
83	1.04	1.13
84	1.02	1.09
85	0.99	1.06
86	0.95	1.02
87	0.92	0.98
88	0.88	0.94
89	0.85	0.90
90	0.81	0.85
91	0.77	0.81
92	0.73	0.76
93	0.69	0.72
94	0.65	0.68
95	0.61	0.64
96	0.57	0.60
97	0.54	0.56
98	0.51	0.53
99	0.48	0.49
100	0.45	0.46

COMMUTATION OF SMALL PENSIONS UNDER REGULATION 51

Table C - Factors for surviving spouse's pension - Women

Capital value of a long-term annual pension of £1 payable to a female surviving spouse

Age last birthday of woman	Pre-6 April 1988 widow's GMP £	Post-5 April 1988 widow's GMP £	Excess over widow's GMP £
16	20.89	22.91	24.43
17	20.65	22.75	24.34
18	20.40	22.58	24.24
19	20.13	22.41	24.13
20	19.85	22.22	24.02
21	19.54	22.02	23.91
22	19.23	21.81	23.79
23	18.91	21.61	23.67
24	18.60	21.40	23.54
25	18.29	21.19	23.41
26	17.98	20.98	23.28
27	17.68	20.77	23.14
28	17.37	20.56	22.99
29	17.08	20.35	22.84
30	16.78	20.13	22.68
31	16.50	19.92	22.52
32	16.21	19.71	22.36
33	15.93	19.49	22.18
34	15.64	19.27	22.01
35	15.36	19.05	21.82
36	15.08	18.83	21.63
37	14.82	18.61	21.43
38	14.55	18.39	21.23
39	14.30	18.16	21.02
40	14.05	17.94	20.81
41	13.80	17.72	20.58
42	13.57	17.49	20.35
43	13.33	17.27	20.11
44	13.11	17.04	19.87
45	12.90	16.81	19.62
46	12.69	16.59	19.36
47	12.49	16.36	19.09
48	12.30	16.13	18.82
49	12.11	15.89	18.53
50	11.93	15.66	18.24
51	11.75	15.42	17.95
52	11.58	15.18	17.64
53	11.40	14.93	17.33
54	11.23	14.68	17.00
55	11.05	14.42	16.67
56	10.88	14.15	16.34
57	10.70	13.89	15.99
58	10.53	13.61	15.63
59	10.35	13.33	15.27
60	10.18	13.05	14.90

COMMUTATION OF SMALL PENSIONS UNDER REGULATION 51

Table C - Factors for surviving spouse's pension

Part 1 - Women - continued

Capital value of a long-term annual pension of £1 payable to a female surviving spouse

Age last birthday of woman	Pre-6 April 1988 widow's GMP £	Post-5 April 1988 widow's GMP £	Excess over widow's GMP £
61	10.01	12.76	14.53
62	9.84	12.47	14.14
63	9.66	12.16	13.75
64	9.47	11.85	13.35
65	9.27	11.54	12.95
66	9.06	11.21	12.54
67	8.84	10.88	12.13
68	8.62	10.54	11.71
69	8.38	10.19	11.28
70	8.14	9.84	10.86
71	7.90	9.48	10.43
72	7.65	9.13	10.01
73	7.39	8.77	9.59
74	7.14	8.42	9.17
75	6.88	8.07	8.76
76	6.62	7.72	8.36
77	6.37	7.38	7.97
78	6.11	7.05	7.59
79	5.86	6.73	7.22
80	5.62	6.42	6.87
81	5.39	6.12	6.53
82	5.16	5.83	6.20
83	4.94	5.56	5.90
84	4.73	5.30	5.61
85	4.53	5.05	5.33
86	4.34	4.82	5.08
87	4.16	4.60	4.84
88	3.99	4.39	4.61
89	3.83	4.20	4.40
90	3.68	4.02	4.21
91	3.53	3.85	4.03
92	3.40	3.70	3.85
93	3.27	3.54	3.69
94	3.14	3.40	3.53
95	3.02	3.25	3.37
96	2.90	3.11	3.22
97	2.78	2.97	3.08
98	2.66	2.84	2.93
99	2.55	2.71	2.79
100	2.43	2.58	2.66

COMMUTATION OF SMALL PENSIONS UNDER REGULATION 51

Table C - Factors for surviving spouse's pension - Men

Capital value of a long-term annual pension of £1 payable to a male surviving spouse

Age last birthday of man	Post-5 April 1988 widower's GMP for widower's who have attained age 65 £	Excess over the post-5 April 1988 widower's GMP (or whole pension for men aged less than 65) £
16	-	23.99
17	-	23.88
18	-	23.77
19	-	23.66
20	-	23.54
21	-	23.42
22	-	23.29
23	-	23.16
24	-	23.02
25	-	22.87
26	-	22.72
27	-	22.56
28	-	22.40
29	-	22.23
30	-	22.06
31	-	21.87
32	-	21.68
33	-	21.49
34	-	21.28
35	-	21.07
36	-	20.86
37	-	20.63
38	-	20.40
39	-	20.16
40	-	19.91
41	-	19.66
42	-	19.40
43	-	19.13
44	-	18.85
45	-	18.57
46	-	18.27
47	-	17.97
48	-	17.66
49	-	17.35
50	-	17.03
51	-	16.70
52	-	16.36
53	-	16.01
54	-	15.66
55	-	15.30
56	-	14.94
57	-	14.57
58	-	14.19
59	-	13.80
60	-	13.41

COMMUTATION OF SMALL PENSIONS UNDER REGULATION 51

Table C - Factors for surviving spouse's pension - Men - continued

Capital value of a long-term annual pension of £1 payable to a male surviving spouse

Age last birthday	Post-5 April 1988 widower's GMP for widower's who have attained age 65	Excess over the post-5 April 1988 widower's GMP (or whole pension for men aged less than 65)
61	-	13.01
62	-	12.61
63	-	12.21
64	-	11.81
65	10.28	11.40
66	9.95	11.00
67	9.61	10.59
68	9.28	10.19
69	8.94	9.79
70	8.61	9.40
71	8.28	9.01
72	7.95	8.63
73	7.63	8.25
74	7.31	7.88
75	6.99	7.52
76	6.69	7.17
77	6.38	6.82
78	6.09	6.49
79	5.81	6.17
80	5.53	5.86
81	5.26	5.57
82	5.00	5.28
83	4.76	5.01
84	4.52	4.75
85	4.29	4.50
86	4.07	4.26
87	3.87	4.03
88	3.67	3.82
89	3.48	3.62
90	3.30	3.43
91	3.13	3.24
92	2.97	3.07
93	2.82	2.91
94	2.67	2.75
95	2.53	2.60
96	2.39	2.46
97	2.27	2.32
98	2.14	2.20
99	2.03	2.07
100	1.92	1.96

COMMUTATION OF SMALL PENSIONS UNDER REGULATION 51

Table D - Factors for children's pension

Capital value of an annual payment of pension of £1 payable to a child other than an incapacitated child

Age last birthday of child	Capital value of £1 per annum to a child £
0	13.47
1	12.95
2	12.42
3	11.87
4	11.29
5	10.70
6	10.08
7	9.44
8	8.78
9	8.09
10	7.37
11	6.63
12	5.86
13	5.06
14	4.23
15	3.37

AUGMENTATION OF MEMBERSHIP - REGULATIONS 54, 80 AND 130

- D.1. Under Regulation 54 or Regulation 130 of the Local Government Pension Scheme Regulations (Northern Ireland) 2002 (SR 2002 No. 352) (the LGPS(NI) Regulations) an employing authority may pass a resolution to augment a current or past leaver's membership. If a rate of additional contributions to the fund is not agreed with the employer, Regulation 80 of the LGPS(NI) Regulations provides for payment to the fund of the appropriate sum shown in guidance issued by the Government Actuary. The purpose of this note prepared by the Government Actuary's Department is to provide the guidance required by Regulation 80(3). The note has been prepared for the Department of the Environment and issued to them for onward transmission to the Committee and employing authorities.
- D.2. Four sets of factors are attached to this Guidance Note, as summarised below. The detailed application of these factors, according to the circumstances of the augmentation, is explained in subsequent paragraphs.

Table 1	Factors to calculate costs for member's pension and contingent spouse's pension in respect of current and past leavers.
Table 2	Factors for spouse's pension in payment, in respect of deceased members.
Table 3	Factors for children's pension in payment, in respect of deceased members.
Table 4	Factors to allow for the effect of deferment of pension increases to age 55, for past leavers under age 55.

Augmentation under Regulation 54

- D.3. Under Regulation 54(1) an employing authority may resolve to increase the total membership (i.e. the total period of reckonable service) of a member who leaves his employment on or after his 50th birthday. Such a resolution may only be passed within the period commencing one month before the date of leaving service and ending 6 months after the date of leaving service.
- D.4. Members whose total membership is increased will normally be in receipt of a pension at the date of the resolution, or be due to receive a pension immediately from the date (subsequent to the date of the resolution) when they leave service. However, in some cases the member would not have been, or be, entitled to an immediate pension on leaving service and would not have applied, successfully, for early payment of the deferred benefits to which he was entitled on leaving service. Also, in a few cases, the member's spouse or children would be in receipt of pension at the date of the resolution, because the member had died.

D.5. Members in receipt of pension, or due an immediate pension when they leave service

The increase in annual pension with effect from the date of the resolution (or subsequent leaving service) as a consequence of the additional period of membership awarded by the employer should be determined. The increase in the annual contingent spouse's long-term pension due to the resolution, which would normally be half the increase in the member's pension, should also be

determined. (For entrants over age 45, the increase in the contingent spouse's pension would be 3/8ths of the increase in the member's pension because of Regulation 56.)

D.6. The appropriate sum to be paid by the employing authority in these circumstances is the total of:

- (a) the increase in annual pension due to the resolution multiplied by the personal pension factor specified in Table 1 according to the member's age on his next birthday after the date of the resolution or, after the date of leaving service, if the date of leaving service is after the date of the resolution;
- (b) the increase in annual contingent spouse's long-term pension multiplied by the contingent spouse's pension factor specified in Table 1 according to the member's age as described in sub-paragraph (a) above, whether or not the member is married;
- (c) any increase in retirement grant due to the resolution; and
- (d) any increase in pension paid due to the resolution for a period between the date of leaving service and the subsequent date of the resolution.

D.7. **Members no longer in service who are not in receipt of a pension and members still in service who are not entitled to an immediate pension when they leave** The increase in deferred benefits due to the resolution should be determined. Where the member had insufficient service to qualify for deferred benefits before the resolution to augment his service, the increase in deferred benefits due to the resolution should be calculated as though the qualifying conditions did not exist.

D.8. The appropriate sum is the cash equivalent transfer value of the increase in deferred benefits as at the date of the resolution, or, if the resolution were made before the member left service and was conditional on the satisfaction on the date of leaving service of the conditions for its making, as at the date the member left service. It should be noted that determining the appropriate sum in this way makes no allowance for any extra cost involved in a subsequent award of early retirement benefits - see paragraph 11 below.

D.9. **Spouses and children in receipt of pension at the date of the resolution** The increase in annual spouse's long-term pension and/or annual children's long-term pension from the date of the resolution which is due to the resolution should be determined. Where the Committee has not apportioned the increase in children's long-term pension among the eligible children, it should be assumed that the increase in the children's long-term pension is apportioned equally between the two youngest eligible children.

D.10. The appropriate sum is the total of:

- (a) the increase in annual spouse's long-term pension due to the resolution multiplied by the widower's or widow's pension factor specified in Table 2 according to the widow(er)'s age on the next birthday after the date of the resolution;
- (b) the increase in annual children's long-term pension due to the resolution (as apportioned between eligible children, if there is more than one), multiplied by the factor or factors

for children's pensions specified in Table 3 according to the ages of the children on the birthday or birthdays next after the date of the resolution; and

- (c) any increase in pension paid due to the resolution for a period before the date of the resolution and any increase in the retirement grant paid due to the resolution.

D.11. **Caveat** One potential side effect of augmenting a member's service could be an increase in the amount or value of benefits for other service. In the case of members in receipt of pension or due an immediate pension when they leave, and for spouses and children of deceased members, the appropriate sum will normally include the cost of increasing the benefits for other service. This is because it will have been based on the increase in pension due to the resolution derived by comparing the amount of the pension before and after the resolution. However, in the case of members not in receipt of a pension and members still in service who are not entitled to an immediate pension when they leave, the appropriate sum will not include the value of the increase in pension in respect of other service if the member were subsequently to elect to receive early payment of his retirement benefits under Regulation 33 (and the employer were to consent if the member were under age 60). This is because an augmentation of service under Regulation 54 will normally have the effect of bringing forward the age at which a member can retire with an unreduced pension under Regulation 33. Employers should be aware of the side effects, and of the potentially significant extra cost, when augmenting a member's service and also in considering whether to consent to a request for immediate payment of benefits from a member under age 60 whose service has been augmented.

Augmentation under Regulation 130

D.12. Under Regulation 130(1), an employing authority may, by resolving to increase the total membership of a past leaver, convert periods of service credited under the Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001 (SR 2001 No. 279) into Scheme membership.

D.13. Members whose total membership is increased by a resolution under Regulation 130 will either themselves be in receipt of a pension under the LGPS(NI) Regulations at the date of the resolution or, if they have died, their spouses and/or children will be in receipt of a pension under the LGPS(NI) Regulations.

D.14. **Members in receipt of a pension** The increase in annual pension with effect from the date of the resolution, which is due to the resolution should be determined. Also, the increase in annual pension from the 55th birthday should be determined, if different, for those not yet age 55, because of pension increases which have accrued since the date of leaving service. (The increase in annual pension from the date of the resolution should be the same as the annual payment under the Discretionary Payments Regulations.) The increase in annual contingent spouse's long-term pension due to the resolution, which would normally be half the increase in the member's pension or that due from the 55th birthday for those not yet 55 (but, for entrants over 45, it could be 3/8ths), should also be determined.

D.15. The appropriate sum is the total of:

- (a) the increase in annual pension, or the increase in annual pension after age 55, if more, due to the resolution, multiplied by the personal pension factor specified in

Table 1 according to the member's age on his next birthday after the date of the resolution; and

- (b) the increase in annual contingent spouse's long-term pension multiplied by the contingent spouse's pension factor specified in Table 1 according to the member's age on his next birthday after the date of the resolution whether or not the member is married;

as reduced, if appropriate, in accordance with paragraph 17.

- D.16. If, as a result of the resolution, a member's retirement grant under the LGPS(NI) Regulations is increased retrospectively, the appropriate sum should be increased by the amount of the increase in the Retirement Grant due to the resolution.
- D.17. If a member is under 55 at the date of the resolution and the increase in his annual pension due to the resolution is less than the increase in his annual pension after age 55 due to the resolution, because pension increases since he left service are not due to take effect until he reaches aged 55, the appropriate sum should be reduced by the annual accrued pension increases (i.e. the difference between the increase in annual pension after age 55 due to the resolution and the increase in annual pension before then) multiplied by the factor for increases in personal pension not paid before 55 specified in Table 4 according to the period between the date of the resolution and the member's 55th birthday.
- D.18. **Spouses and children of deceased members in receipt of pension** The increase in annual spouse's long-term pension and/or annual children's long-term pension from the date of the resolution which is due to the resolution should be determined. (These amounts should be the same as the corresponding annual payments under the Discretionary Payments Regulations.) When the Committee has not apportioned the children's long-term pension among the eligible children it should be assumed that the increase in the children's long-term pension is apportioned equally between the two youngest eligible children.
- D.19. The appropriate sum is the total of:
 - (a) the increase in annual spouse's long-term pension due to the resolution multiplied by the widower's or widow's pension factor specified in Table 2 according to the widow(er)'s age on the birthday after the date of the resolution;
 - (b) the increase in annual children's long-term pension due to the resolution, as apportioned between eligible children if there is more than one, multiplied by the factor or factors for children's pensions specified in Table 3 according to the ages of the children on the birthday or birthdays next after the date of the resolution.

Period for which factors apply

- D.20. As the factors are not subject to market conditions at the date the appropriate sum is to be determined, it is appropriate that they should be subject to periodic review.

Peter Noonan
Government Actuary's Department

AUGMENTATION OF MEMBERSHIP - REGULATIONS 54, 80 AND 130

Table 1 - Member's Pension and Contingent Spouse's Pension

Augmentation of Membership for Current and Past Leavers

The factors below are to be used for calculating the appropriate sum to be paid where an employing authority augments the membership of a current or past leaver under Regulation 54 or Regulation 130.

Age next birthday of member	Male Members		Female Members	
	Factor for personal pension of £1 p.a.	Factor for contingent spouse's pension of £1 p.a.	Factor for personal pension of 1 p.a.	Factor for contingent spouse's pension of £1 p.a.
51	16.01	2.40	17.11	0.80
52	15.81	2.47	16.94	0.82
53	15.58	2.53	16.74	0.83
54	15.31	2.59	16.51	0.85
55	15.01	2.65	16.23	0.86
56	14.69	2.71	15.94	0.87
57	14.36	2.77	15.63	0.89
58	14.02	2.83	15.32	0.90
59	13.68	2.88	14.99	0.91
60	13.33	2.94	14.66	0.92
61	12.98	2.99	14.33	0.92
62	12.62	3.03	13.99	0.92
63	12.26	3.08	13.64	0.91
64	11.90	3.11	13.28	0.90
65	11.54	3.15	12.92	0.89
66	11.19	3.17	12.56	0.88
67	10.83	3.16	12.19	0.86
68	10.48	3.15	11.81	0.84
69	10.13	3.13	11.44	0.82
70	9.79	3.10	11.06	0.79

Notes:

- (1) The calculation of the appropriate sum for cases under Regulation 54 is described in paragraph 6 of the Guidance Note.
- (2) For cases under Regulation 130, the calculation is similar, as described in paragraphs 15 and 16 of the Guidance Note. However, a deduction may be appropriate using the factors in Table 4 as described in paragraph 17.

AUGMENTATION OF MEMBERSHIP - REGULATIONS 54, 80 AND 130

Table 2 - Spouse's Pension

Augmentation of Membership for Deceased Members

The factors below are to be used for calculating the appropriate sum to be paid where an employing authority augments the membership of a deceased member under Regulation 54 or Regulation 130.

Age next birthday of spouse of deceased member	Factor for surviving widower's pension of £1 p.a.	Factor for surviving widow's pension of £1 p.a.
21	22.31	22.73
22	22.21	22.63
23	22.10	22.53
24	21.98	22.43
25	21.86	22.32
26	21.73	22.20
27	21.60	22.09
28	21.46	21.96
29	21.32	21.84
30	21.17	21.70
31	21.01	21.57
32	20.85	21.43
33	20.69	21.28
34	20.51	21.13
35	20.33	20.97
36	20.14	20.81
37	19.95	20.64
38	19.75	20.46
39	19.54	20.28
40	19.32	20.10
41	19.10	19.90
42	18.87	19.70
43	18.63	19.50
44	18.39	19.28
45	18.14	19.06
46	17.88	18.83
47	17.61	18.60
48	17.34	18.36
49	17.05	18.11
50	16.76	17.85
51	16.47	17.59
52	16.16	17.31
53	15.85	17.03
54	15.53	16.75
55	15.21	16.45
56	14.88	16.14
57	14.54	15.83
58	14.19	15.51
59	13.84	15.18

AUGMENTATION OF MEMBERSHIP - REGULATIONS 54, 80 AND 130

Table 2 - Spouse's Pension - continued

Augmentation of Membership for Deceased Members

The factors below are to be used for calculating the appropriate sum to be paid where an employing authority augments the membership of a deceased member under Regulation 54 or Regulation 130.

Age next birthday of spouse of deceased member	Factor for surviving widower's pension of £1 p.a.	Factor for surviving widow's pension of £1 p.a.
60	13.47	14.85
61	13.11	14.50
62	12.74	14.15
63	12.36	13.80
64	11.98	13.43
65	11.60	13.06
66	11.22	12.68
67	10.84	12.30
68	10.46	11.90
69	10.08	11.51
70	9.70	11.11
71	9.32	10.71
72	8.95	10.30
73	8.59	9.90
74	8.23	9.50
75	7.88	9.11
76	7.53	8.72
77	7.19	8.33
78	6.87	7.96
79	6.55	7.60
80	6.24	7.24
81	5.95	6.91
82	5.66	6.58
83	5.39	6.27
84	5.12	5.98
85	4.87	5.70
86	4.63	5.44
87	4.40	5.19
88	4.18	4.96
89	3.98	4.74
90	3.78	4.54

Notes:

- (1) The calculation of the appropriate sum for cases under Regulation 54 is described in paragraph 10 of the Guidance Note.
- (2) For cases under Regulation 130, the calculation of the appropriate sum is described in paragraph 19 of the Guidance Note.

AUGMENTATION OF MEMBERSHIP - REGULATIONS 54, 80 AND 130

Table 3 - Children's pension

Augmentation of Membership for Deceased Members

The factors below are to be used for calculating the appropriate sum to be paid where an employing authority augments the membership of a deceased member under Regulation 54 or Regulation 130.

Age next birthday of child	Factor for children's pension or part of children's pension of £1 p.a.
1	13.20
2	12.71
3	12.20
4	11.67
5	11.12
6	10.54
7	9.94
8	9.32
9	8.67
10	8.00
11	7.30
12	6.57
13	5.81
14	5.03
15	4.21
16	3.36
17	2.47
18	2.83
19	2.38
20	1.92
21	0.98
22	0.25

Notes:

- (1) The calculation of the appropriate sum for cases under Regulation 54 is described in paragraph 10 of the Guidance Note.
- (2) For cases under Regulation 130, the calculation of the appropriate sum is described in paragraph 19.

AUGMENTATION OF MEMBERSHIP - REGULATIONS 54, 80 AND 130

Table 4 - Past Leavers

Deduction for Pension Increases before age 55

The factors below are to be used for calculating the reduction in the appropriate sum for accrued pension increases not to be paid until age 55 where an employing authority augments the membership of a past leaver under age 55 under Regulation 130.

Period from date of resolution to 55th birthday (years)	Factor for increases in personal pension of £1 p.a. not paid before age 55
5	4.12
4	3.42
3	2.67
2	1.85
1	0.96
0	0.00

Notes:

- (1) The calculation of the deduction is described in paragraph 17 of the Guidance Note.
- (2) When the period to the 55th birthday during which pension increases are not paid is not an exact number of years, factors should be interpolated for part years.

AUGMENTATION OF MEMBERSHIP - REGULATION 130

Table 5 - Member's Pension and Contingent Spouse's Pension

Augmentation of Membership for Past Leavers

Extension to ages over 70 of the factors in Table 1

The factors below are to be used for calculating the appropriate sum to be paid where an employing authority augments the membership of a past leaver under Regulation 130.

Age next birthday of member	Male Members		Female Members	
	Factor for personal pension of £1 p.a.	Factor for contingent spouse's pension of £1 p.a.	Factor for personal pension of £1 p.a.	Factor for contingent spouse's pension of £1 p.a.
71	9.24	3.06	10.65	0.76
72	8.87	3.01	10.24	0.73
73	8.49	2.95	9.83	0.70
74	8.13	2.87	9.43	0.66
75	7.77	2.78	9.02	0.62
76	7.42	2.69	8.62	0.58
77	7.07	2.58	8.23	0.53
78	6.74	2.46	7.85	0.49
79	6.41	2.34	7.48	0.44
80	6.10	2.20	7.12	0.39

Notes:

- (1) The calculation of the appropriate sum for cases under Regulation 130 is described in paragraphs 15 and 16 of the Guidance Note.
- (2) Different, higher, factors would be appropriate for calculating the appropriate sum in respect of the personal pension of a member over age 70 whose membership is augmented under Regulation 54.

Peter Noonan
Government Actuary's Department

PURCHASE OF ADDED YEARS - REGULATION 57

- E.1. Under Regulation 57 of the Local Government Pension Scheme Regulations (Northern Ireland) 2002 (SR 2002 No. 352), an active member may elect to make additional contributions to the Scheme to increase his total membership by an additional period. This additional period is generally referred to as 'added years', though it does not have to be a whole number. Regulation 57(5) provides that the amounts of the additional contributions must be such percentage of the member's pay for the time being as is shown in guidance issued by the Government Actuary. The purpose of this note prepared by the Government Actuary's Department for the Department of the Environment and issued to them for onward transmission to the Committee and employing authorities, is to provide the guidance required by Regulation 57(5).
- E.2. **Disclaimer** The provisions of Regulation 33 create the opportunity for most members to receive unreduced immediate retirement benefits before their Normal Retirement Dates (NRDs). The way the provisions have been drafted produces a situation in which it is difficult to derive reasonable contribution rates for added years which do not, overall, cause a loss to the funds maintained by the Committee, so leading ultimately to higher contributions by employing authorities. This is because added years are (we are advised) included in the period of total membership which is used to determine whether retirement benefits commencing before NRD under Regulation 33 have to be reduced under Regulation 33(4). Thus, it would appear that, by the purchase of added years, a member is able to bring forward the date on which he can retire early with unreduced benefits under Regulation 33, so increasing the value of the benefits he receives for his actual service and for any other period which is included in the definition of total membership. It is not possible to make an allowance for the increase in the value of benefits for other service in contributions for added years to be derived from a simple table of rates based only on the member's NRD, sex and age at which contributions commence. As the determination of contributions on a case by case basis is hardly practicable, no allowance has been made for the effect on the value of other benefits in the contribution rates for added years which are the subject of this Guidance Note.
- E.3. **Additional actuarial assumptions** A range of assumptions has to be made in deriving additional contributions for added years, both for elections to purchase added years which are made before, and after, 1 February 2003. Whereas, though, in determining contribution rates for added years where the election to purchase added years was made under the previous regulations, the age at which a member could retire with unreduced immediate benefits was known for certain to be his NRD, this is not now the case. Under Regulation 33, a member can in almost all cases receive unreduced benefits before his NRD. Thus an assumption has to be made as to the average numbers of years early, i.e. before his NRD, that a member will retire with unreduced immediate benefits. This period is likely to be greater for new entrants after 31 January 2003 than for those entering before, because all new entrants after this date have a NRD of 65 whereas only existing members who could not complete 25 years' service by age 65 have a NRD as late as age 65. Necessarily, therefore, contribution rates for added years which are calculated on the assumption that members will retire with unreduced benefits at an average age earlier than NRD will be less attractive to those who do not take their benefits until NRD than to those who retire earlier.
- E.4. **The Tables** Four sets of tables, as summarised below, are attached to this Guidance Note, in order to determine the additional contributions, expressed as a percentage of the member's pay, for an increase in total membership of one year.

Table A - Males under age 45 on their first day of membership of the Scheme, with different rates for entrants before 1 February 2003, depending on their NRD, than for more recent entrants.

- Table B - As for Table A, but for Females.
- Table C - Males aged at least 45 on their first day of membership of the Scheme, who have a higher rate of *personal* pension than younger entrants but no separate lump sum, but otherwise as for Table A.
- Table D - As for Table C, but for Females.

In order that the whole year may be counted as part of total membership, other than on death in service or on retirement on grounds of permanent incapacity, the member must continue paying additional contributions until his last birthday before NRD (or until his NRD if that is a birthday).

- E.5. Care should be taken to use the figures from the correct column of the tables for members with a NRD of 65 according to whether or not they were members immediately before 1 February 2003. The lower rates in the penultimate column apply only to those who were members immediately before 1 February 2003. They are lower than the rates in the final column applicable to entrants after 31 January 2003 because of the assumption that, on average, post-31 January 2003 entrants will retire with an unreduced immediate pension at an earlier age than those with a NRD of 65 who were members immediately before 1 February 2003.
- E.6. Members intending to retire before their NRD but at an age when they would be entitled to immediate retirement benefits without reduction under Regulation 33(4) need to be aware that the additional period for which they have elected to make additional contributions would be reduced in accordance with Regulations 57(9) and 84(8), to reflect the contributions not to be paid for the remaining period to the NRD. Thus a post 31 January 2003 entrant with 5 years' transferred in service who commenced additional contributions at age 40 and intended to retire at 60 having purchased 4 added years would need to elect to purchase 5 added years in order to receive 4 added years on retirement at 60 under Regulation 33. This is because the 5 added years would be scaled down in the proportion of years' contributions paid to years' contributions due by NRD of 65, i.e.:

$$5 \text{ added years applied for } \times \frac{20}{25} = 4 \text{ added years purchased}$$

- E.7. **Review of factors** The factors will be reviewed from time to time. They would in any event be reviewed if the Regulations were amended to provide that, in the event of retirement under Regulation 33, the added years would be reduced for early payment by reference to the whole period between the date of retirement and the NRD as well as being reduced for contributions not paid, under Regulation 84(8).

Peter Noonan
Government Actuary's Department

PURCHASE OF ADDED YEARS - REGULATION 57

**Table A - Added years for males on $\frac{1}{80}$ th accrual
(Members to whom Regulation 56(1) does not apply)**

Additional contributions, of the percentage of pay, to be made by an active member who has elected to make additional contributions to the Scheme to increase his total membership

Age on next birthday after election	Percentage for an increase in total membership of 1 year to be used by reference to the normal retirement date below of a member who was a member immediately before 1 February 2003							Percentage for an increase in total membership of 1 year to be used for a member with a NRD of 65 who was not a member immediately before 1 February 2003
	60	Over 60 and under 61	61 and under 62	62 and under 63	63 and under 64	64 and under 65	65	
26	0.54	-	-	-	-	-	-	0.46
27	0.56	-	-	-	-	-	-	0.48
28	0.59	-	-	-	-	-	-	0.50
29	0.61	-	-	-	-	-	-	0.52
30	0.64	-	-	-	-	-	-	0.54
31	0.67	-	-	-	-	-	-	0.56
32	0.70	-	-	-	-	-	-	0.58
33	0.73	-	-	-	-	-	-	0.60
34	0.76	-	-	-	-	-	-	0.63
35	0.80	-	-	-	-	-	-	0.66
36	0.84	0.83	-	-	-	-	-	0.69
37	0.89	0.88	0.82	-	-	-	-	0.72
38	0.94	0.93	0.87	0.82	-	-	-	0.76
39	0.99	0.98	0.92	0.87	0.81	-	-	0.79
40	1.05	1.04	0.97	0.91	0.86	0.80	-	0.83
41	1.12	1.10	1.03	0.97	0.90	0.85	0.81	0.88
42	1.19	1.18	1.09	1.02	0.96	0.89	0.85	0.93
43	1.27	1.26	1.17	1.09	1.01	0.95	0.90	0.98
44	1.37	1.35	1.25	1.16	1.08	1.00	0.96	1.04
45	1.47	1.45	1.34	1.24	1.15	1.07	1.01	1.10
46	1.59	1.57	1.44	1.33	1.23	1.14	1.08	1.17
47	1.73	1.70	1.56	1.43	1.31	1.22	1.15	1.25
48	1.89	1.86	1.69	1.55	1.41	1.30	1.23	1.34
49	2.08	2.05	1.84	1.68	1.53	1.40	1.32	1.44
50	2.30	2.27	2.03	1.83	1.66	1.52	1.42	1.55
51	2.58	2.54	2.25	2.01	1.81	1.65	1.53	1.68
52	2.92	2.88	2.51	2.23	1.99	1.79	1.66	1.82
53	3.35	3.31	2.85	2.49	2.20	1.97	1.82	1.99
54	3.93	3.88	3.27	2.82	2.46	2.18	1.99	2.19
55	4.74	4.68	3.83	3.24	2.78	2.43	2.20	2.42
56	5.87	5.78	4.62	3.79	3.20	2.75	2.45	2.66
57	7.74	7.61	5.70	4.56	3.74	3.16	2.77	2.95
58	11.46	11.26	7.49	5.62	4.50	3.69	3.17	3.31
59	22.63	22.18	11.06	7.37	5.53	4.44	3.71	3.80
60	-	-	21.76	10.87	7.25	5.45	4.46	4.47
61	-	-	-	21.35	10.67	7.13	5.47	5.48
62	-	-	-	-	20.93	10.47	7.15	7.16
63	-	-	-	-	-	20.51	10.51	10.52
64	-	-	-	-	-	-	20.58	20.60

PURCHASE OF ADDED YEARS - REGULATION 57

**Table B - Added Years for females on $\frac{1}{80}$ th accrual
(Members to whom Regulation 56(1) does not apply)**

Additional contributions, of the percentage of pay, to be made by an active member who has elected to make additional contributions to the Scheme to increase his total membership

Age on next birthday after election	Percentage for an increase in total membership of 1 year to be used by reference to the normal retirement date below of a member who was a member immediately before 1 February 2003							Percentage for an increase in total membership of 1 year to be used for a member with a NRD of 65 who was not a member immediately before 1 February 2003
	60	Over 60 and under 61	61 and under 62	62 and under 63	63 and under 64	64 and under 65	65	
26	0.56	-	-	-	-	-	-	0.48
27	0.58	-	-	-	-	-	-	0.50
28	0.61	-	-	-	-	-	-	0.52
29	0.63	-	-	-	-	-	-	0.54
30	0.66	-	-	-	-	-	-	0.56
31	0.69	-	-	-	-	-	-	0.58
32	0.72	-	-	-	-	-	-	0.61
33	0.76	-	-	-	-	-	-	0.63
34	0.79	-	-	-	-	-	-	0.66
35	0.83	-	-	-	-	-	-	0.69
36	0.87	0.86	-	-	-	-	-	0.72
37	0.92	0.91	0.86	-	-	-	-	0.75
38	0.97	0.96	0.91	0.85	-	-	-	0.79
39	1.03	1.01	0.96	0.90	0.85	-	-	0.83
40	1.09	1.07	1.01	0.95	0.90	0.84	-	0.87
41	1.16	1.14	1.07	1.00	0.95	0.89	0.85	0.92
42	1.23	1.22	1.14	1.06	1.00	0.94	0.90	0.97
43	1.31	1.30	1.21	1.13	1.06	0.99	0.95	1.02
44	1.41	1.39	1.29	1.21	1.13	1.05	1.00	1.08
45	1.52	1.50	1.38	1.29	1.20	1.12	1.06	1.15
46	1.64	1.62	1.49	1.38	1.28	1.19	1.13	1.22
47	1.78	1.76	1.61	1.49	1.37	1.27	1.20	1.30
48	1.94	1.92	1.75	1.61	1.48	1.36	1.29	1.39
49	2.14	2.11	1.91	1.74	1.60	1.47	1.38	1.50
50	2.37	2.34	2.10	1.90	1.73	1.59	1.49	1.62
51	2.65	2.62	2.32	2.09	1.89	1.72	1.60	1.75
52	3.00	2.96	2.60	2.31	2.07	1.88	1.74	1.90
53	3.45	3.40	2.94	2.58	2.29	2.06	1.90	2.07
54	4.04	3.99	3.37	2.92	2.56	2.27	2.08	2.28
55	4.87	4.81	3.95	3.34	2.89	2.54	2.30	2.52
56	6.02	5.93	4.76	3.92	3.31	2.87	2.56	2.77
57	7.92	7.80	5.86	4.71	3.88	3.28	2.89	3.06
58	11.71	11.51	7.69	5.79	4.66	3.84	3.31	3.44
59	23.07	22.64	11.32	7.57	5.71	4.61	3.86	3.94
60	-	-	22.22	11.13	7.46	5.64	4.63	4.63
61	-	-	-	21.81	10.94	7.34	5.66	5.66
62	-	-	-	-	21.39	10.75	7.36	7.36
63	-	-	-	-	-	20.97	10.77	10.77
64	-	-	-	-	-	-	21.00	21.00

PURCHASE OF ADDED YEARS - REGULATION 57

**Table C - Added Years for males on $\frac{1}{60}$ th accrual
(Members to whom Regulation 56(1) does not apply)**

Additional contributions, of the percentage of pay, to be made by an active member who has elected to make additional contributions to the Scheme to increase his total membership

Age on next birthday after election	Percentage for an increase in total membership of 1 year to be used by reference to the normal retirement date below of a member who was a member immediately before 1 February 2003							Percentage for an increase in total membership of 1 year to be used for a member with a NRD of 65 who was not a member immediately before 1 February 2003
	60	Over 60 and under 61	61 and under 62	62 and under 63	63 and under 64	64 and under 65	65	
46	1.74	1.71	1.56	1.43	1.32	1.22	1.15	1.27
47	1.89	1.86	1.69	1.54	1.41	1.30	1.23	1.36
48	2.06	2.03	1.84	1.67	1.52	1.39	1.31	1.45
49	2.27	2.23	2.00	1.81	1.64	1.50	1.40	1.56
50	2.51	2.47	2.20	1.98	1.79	1.62	1.51	1.68
51	2.81	2.77	2.44	2.17	1.95	1.76	1.63	1.81
52	3.19	3.14	2.73	2.40	2.14	1.92	1.77	1.97
53	3.67	3.61	3.09	2.69	2.37	2.11	1.93	2.15
54	4.30	4.23	3.55	3.04	2.64	2.33	2.12	2.37
55	5.19	5.11	4.16	3.50	2.99	2.60	2.34	2.62
56	6.41	6.30	5.02	4.09	3.44	2.94	2.61	2.87
57	8.44	8.28	6.18	4.93	4.02	3.38	2.95	3.17
58	12.49	12.24	8.11	6.06	4.84	3.95	3.38	3.56
59	24.63	24.08	11.97	7.94	5.94	4.75	3.96	4.07
60	-	-	23.51	11.07	7.77	5.82	4.76	4.79
61	-	-	-	22.95	11.42	7.60	5.82	5.85
62	-	-	-	-	22.38	11.15	7.60	7.63
63	-	-	-	-	-	21.81	11.16	11.19
64	-	-	-	-	-	-	21.83	21.86

PURCHASE OF ADDED YEARS - REGULATION 57

**Table D - Added Years for females on $\frac{1}{60}$ th accrual
(Members to whom Regulation 56(1) does not apply)**

Additional contributions, of the percentage of pay, to be made by an active member who has elected to make additional contributions to the Scheme to increase his total membership

Age on next birthday after election	Percentage for an increase in total membership of 1 year to be used by reference to the normal retirement date below of a member who was a member immediately before 1 February 2003							Percentage for an increase in total membership of 1 year to be used for a member with a NRD of 65 who was not a member immediately before 1 February 2003
	60	Over 60 and under 61	61 and under 62	62 and under 63	63 and under 64	64 and under 65	65	
46	1.83	1.80	1.66	1.52	1.41	1.30	1.23	1.35
47	1.98	1.95	1.79	1.64	1.51	1.39	1.32	1.44
48	2.17	2.14	1.93	1.77	1.63	1.49	1.41	1.54
49	2.39	2.35	2.12	1.92	1.76	1.61	1.51	1.66
50	2.65	2.61	2.33	2.10	1.90	1.74	1.62	1.79
51	2.96	2.91	2.58	2.30	2.07	1.88	1.75	1.93
52	3.35	3.30	2.88	2.55	2.28	2.05	1.90	2.10
53	3.85	3.79	3.26	2.85	2.52	2.25	2.07	2.29
54	4.51	4.44	3.74	3.22	2.81	2.49	2.27	2.52
55	5.43	5.36	4.38	3.69	3.18	2.78	2.51	2.79
56	6.71	6.60	5.28	4.32	3.64	3.14	2.80	3.05
57	8.82	8.66	6.49	5.21	4.26	3.59	3.16	3.37
58	13.03	12.78	8.50	6.38	5.13	4.20	3.62	3.78
59	25.64	25.11	12.52	8.34	6.27	5.05	4.22	4.32
60	-	-	24.55	12.25	8.18	6.16	5.06	5.07
61	-	-	-	23.98	11.99	8.02	6.17	6.18
62	-	-	-	-	23.42	11.72	8.02	8.03
63	-	-	-	-	-	22.84	11.73	11.74
64	-	-	-	-	-	-	22.84	22.85

CONVERSION OF LUMP SUM INTO PENSION - REGULATION 60

- F.1. Regulation 60(1) of the Local Government Pension Scheme Regulations (Northern Ireland) 2002 (SR 2002 No. 352) (the LGPS(NI) Regulations) provides an opportunity for members to convert a lump sum benefit into pension. A member of any age who has become entitled to an immediate payment of a pension may elect for the whole or a part of the retirement grant or ill-health retirement grant, as appropriate, to be used instead to provide additional pension. Regulation 60(4) provides that a member who has made such an election becomes entitled to such additional pension as is shown in guidance issued by the Government Actuary.
- F.2. The purpose of this note is to provide the guidance required by Regulation 60(4). This note has been prepared by the Government Actuary's Department at the request of the Department of the Environment and is issued to them for onward transmission to the Committee and local government employers.
- F.3. The tables attached to this note provide factors which show the additional pension to the member for each £100 of lump sum given up, according to age at the date the member becomes entitled to immediate payment of pension. Separate factors are provided for men and women, and for married and unmarried members. Factors for members over age 70 and under age 30 will be provided by the Government Actuary's Department on request.
- F.4. **Allowance for spouses** It is not possible, under the LGPS(NI) Regulations, for the additional pension to be payable just to the member, with no additional pension to the spouse and children after the member's death. As the long-term pension to a member's spouse is normally half the member's pension, and the children's pension is a fraction of the member's, the contingent pension to a member's spouse and children will be increased as a result of an election that part or the whole of the lump sum should be used to secure additional pension.
- F.5. Members who are not married when they retire are, on average, less likely to be survived by a spouse and/or children entitled to a pension under the LGPS(NI) Regulations than members who are married. Also the spouse's pension is likely to be less than half the member's due to a provision in the LGPS(NI) Regulations that benefits attributed to service before 6 April 1978 (men), and before 6 April 1988 (women), should not include benefits for the spouse of a post-retirement marriage. Accordingly, the tables attached show a somewhat higher pension for a member who is not married when he retires than for a member who is married. The more favourable terms applicable to single members should be used only when the Committee is satisfied that the member is not married.

Period for which factors apply

- F.6. As the factors are not subject to market conditions at the date the appropriate sum is to be determined, it is appropriate that they should be subject to periodic review.

Peter Noonan
Government Actuary's Department

**CONVERSION OF LUMP SUM INTO PENSION UNDER
REGULATION 60**

Amount of additional pension for every £100 of lump sum

Ages 30 to 44

Age at date member becomes entitled to an immediate pension <i>in years and complete months</i>		Pension (£) for a member who is married		Pension (£) for a member who is not married	
from	to	Male	Female	Male	Female
30 years and 0 months	30 years and 5 months	3.49	3.47	3.49	3.47
<i>30 years and 6 months</i>	<i>30 years and 11 months</i>	3.50	3.48	3.50	3.48
31 years and 0 months	31 years and 5 months	3.52	3.50	3.52	3.50
<i>31 years and 6 months</i>	<i>31 years and 11 months</i>	3.54	3.52	3.54	3.52
32 years and 0 months	32 years and 5 months	3.56	3.54	3.56	3.54
<i>32 years and 6 months</i>	<i>32 years and 11 months</i>	3.58	3.55	3.58	3.55
33 years and 0 months	33 years and 5 months	3.59	3.57	3.59	3.57
<i>33 years and 6 months</i>	<i>33 years and 11 months</i>	3.61	3.59	3.61	3.59
34 years and 0 months	34 years and 5 months	3.63	3.61	3.63	3.61
<i>34 years and 6 months</i>	<i>34 years and 11 months</i>	3.65	3.63	3.65	3.63
35 years and 0 months	35 years and 5 months	3.67	3.65	3.67	3.65
<i>35 years and 6 months</i>	<i>35 years and 11 months</i>	3.69	3.67	3.69	3.67
36 years and 0 months	36 years and 5 months	3.71	3.69	3.71	3.70
<i>36 years and 6 months</i>	<i>36 years and 11 months</i>	3.74	3.71	3.74	3.72
37 years and 0 months	37 years and 5 months	3.76	3.73	3.76	3.75
<i>37 years and 6 months</i>	<i>37 years and 11 months</i>	3.78	3.75	3.78	3.77
38 years and 0 months	38 years and 5 months	3.81	3.78	3.81	3.80
<i>38 years and 6 months</i>	<i>38 years and 11 months</i>	3.83	3.80	3.83	3.82
39 years and 0 months	39 years and 5 months	3.85	3.82	3.86	3.85
<i>39 years and 6 months</i>	<i>39 years and 11 months</i>	3.88	3.85	3.88	3.88
40 years and 0 months	40 years and 5 months	3.90	3.87	3.91	3.91
<i>40 years and 6 months</i>	<i>40 years and 11 months</i>	3.93	3.90	3.95	3.94
41 years and 0 months	41 years and 5 months	3.96	3.92	3.98	3.97
<i>41 years and 6 months</i>	<i>41 years and 11 months</i>	3.98	3.95	4.02	4.00
42 years and 0 months	42 years and 5 months	4.01	3.98	4.06	4.03
<i>42 years and 6 months</i>	<i>42 years and 11 months</i>	4.04	4.01	4.09	4.06
43 years and 0 months	43 years and 5 months	4.07	4.04	4.13	4.10
<i>43 years and 6 months</i>	<i>43 years and 11 months</i>	4.10	4.07	4.17	4.13
44 years and 0 months	44 years and 5 months	4.13	4.10	4.22	4.16
<i>44 years and 6 months</i>	<i>44 years and 11 months</i>	4.16	4.13	4.26	4.20

**CONVERSION OF LUMP SUM INTO PENSION UNDER
REGULATION 60**

Amount of additional pension for every £100 of lump sum

Ages 45 to 59

Age at date member becomes entitled to an immediate pension <i>in years and complete months</i>		Pension (£) for a member who is married		Pension (£) for a member who is not married	
from	to	Male	Female	Male	Female
45 years and 0 months	45 years and 5 months	4.20	4.16	4.31	4.24
45 years and 6 months	45 years and 11 months	4.23	4.19	4.36	4.27
46 years and 0 months	46 years and 5 months	4.27	4.22	4.41	4.31
46 years and 6 months	46 years and 11 months	4.30	4.26	4.46	4.35
47 years and 0 months	47 years and 5 months	4.34	4.29	4.51	4.39
47 years and 6 months	47 years and 11 months	4.37	4.33	4.57	4.43
48 years and 0 months	48 years and 5 months	4.41	4.37	4.63	4.48
48 years and 6 months	48 years and 11 months	4.45	4.41	4.68	4.52
49 years and 0 months	49 years and 5 months	4.49	4.45	4.74	4.56
49 years and 6 months	49 years and 11 months	4.53	4.49	4.80	4.61
50 years and 0 months	50 years and 5 months	4.57	4.52	4.85	4.65
50 years and 6 months	50 years and 11 months	4.60	4.55	4.90	4.69
51 years and 0 months	51 years and 5 months	4.64	4.59	4.95	4.73
51 years and 6 months	51 years and 11 months	4.67	4.62	5.00	4.77
52 years and 0 months	52 years and 5 months	4.71	4.66	5.05	4.81
52 years and 6 months	52 years and 11 months	4.75	4.70	5.11	4.86
53 years and 0 months	53 years and 5 months	4.80	4.75	5.17	4.90
53 years and 6 months	53 years and 11 months	4.84	4.79	5.23	4.96
54 years and 0 months	54 years and 5 months	4.89	4.84	5.30	5.01
54 years and 6 months	54 years and 11 months	4.94	4.89	5.37	5.07
55 years and 0 months	55 years and 5 months	5.00	4.94	5.44	5.13
55 years and 6 months	55 years and 11 months	5.05	5.00	5.52	5.19
56 years and 0 months	56 years and 5 months	5.11	5.05	5.60	5.25
56 years and 6 months	56 years and 11 months	5.17	5.11	5.68	5.32
57 years and 0 months	57 years and 5 months	5.23	5.17	5.76	5.39
57 years and 6 months	57 years and 11 months	5.29	5.24	5.85	5.46
58 years and 0 months	58 years and 5 months	5.36	5.30	5.94	5.53
58 years and 6 months	58 years and 11 months	5.42	5.37	6.03	5.60
59 years and 0 months	59 years and 5 months	5.49	5.43	6.12	5.68
59 years and 6 months	59 years and 11 months	5.56	5.50	6.22	5.76

**CONVERSION OF LUMP SUM INTO PENSION UNDER
REGULATION 60**

Amount of additional pension for every £100 of lump sum

Ages 60 to 70

Age at date member becomes entitled to an immediate pension <i>in years and complete months</i>		Pension (£) for a member who is married		Pension (£) for a member who is not married	
from	to	Male	Female	Male	Female
60 years and 0 months	60 years and 5 months	5.63	5.58	6.32	5.84
<i>60 years and 6 months</i>	<i>60 years and 11 months</i>	5.71	5.65	6.42	5.92
61 years and 0 months	61 years and 5 months	5.78	5.73	6.53	6.00
<i>61 years and 6 months</i>	<i>61 years and 11 months</i>	5.86	5.81	6.64	6.09
62 years and 0 months	62 years and 5 months	5.94	5.89	6.76	6.18
<i>62 years and 6 months</i>	<i>62 years and 11 months</i>	6.03	5.97	6.87	6.28
63 years and 0 months	63 years and 5 months	6.11	6.06	7.00	6.37
<i>63 years and 6 months</i>	<i>63 years and 11 months</i>	6.20	6.15	7.12	6.48
64 years and 0 months	64 years and 5 months	6.29	6.25	7.25	6.58
<i>64 years and 6 months</i>	<i>64 years and 11 months</i>	6.39	6.34	7.38	6.69
65 years and 0 months	65 years and 5 months	6.48	6.44	7.52	6.80
<i>65 years and 6 months</i>	<i>65 years and 11 months</i>	6.58	6.55	7.66	6.92
66 years and 0 months	66 years and 5 months	6.68	6.66	7.81	7.04
<i>66 years and 6 months</i>	<i>66 years and 11 months</i>	6.79	6.77	7.96	7.16
67 years and 0 months	67 years and 5 months	6.90	6.88	8.12	7.29
<i>67 years and 6 months</i>	<i>67 years and 11 months</i>	7.01	7.00	8.28	7.42
68 years and 0 months	68 years and 5 months	7.12	7.12	8.45	7.56
<i>68 years and 6 months</i>	<i>68 years and 11 months</i>	7.24	7.25	8.62	7.70
69 years and 0 months	69 years and 5 months	7.36	7.38	8.79	7.85
<i>69 years and 6 months</i>	<i>69 years and 11 months</i>	7.49	7.52	8.98	8.00
70 years and 0 months	70 years and 5 months	7.62	7.66	9.16	8.16

USE OF ACCUMULATED AVCS TO PROVIDE ADDITIONAL PENSION UNDER THE SCHEME – REGULATION 68(5)

- G.1 Regulation 68 of the Local Government Pension Scheme Regulations (Northern Ireland) 2002 (SR 2002 No. 352) (the LGPS(NI) Regulations) provides an opportunity for a member to use the accumulated value of his AVCs to provide a pension under the Scheme. A member who leaves his employment with entitlement to the immediate payment of retirement benefits may elect for the accumulated value of his AVCs to be used to provide additional pension under the Scheme. Regulation 68(5) provides that a member who has made such an election shall become entitled to such additional pension as is shown in guidance issued by the Government Actuary. The purpose of this note prepared by the Government Actuary's Department is to provide the guidance required by Regulation 68(5). The note has been prepared for the Department of Environment and is issued to them for onward transmission to the Committee and employing authorities.
- G.2. The tables attached to this note provide factors which show the additional pension to the member for each £100 of accumulated AVCs, according to age at the date the member becomes entitled to the immediate payment of retirement benefits. Table 1 applies to members who become entitled to the immediate payment of retirement benefits under Regulation 26 (normal retirement), Regulation 28 (redundancy etc) or by virtue of an election under Regulation 33 (early payment). Table 2 applies to members who become entitled to an ill-health pension under Regulation 29. Separate factors are provided for men and women, and for married and unmarried members. Table 1 factors for members over age 70 and Table 2 factors for members under age 30 will be provided by the Government Actuary's Department on request.
- G.3. Under the LGPS(NI) Regulations, the pension to a member's spouse and children after his death are stated as fractions of his pension. Thus the contingent pension to a member's spouse, for example, will be increased by half the additional pension provided for the member who elects for the accumulated value of his AVCs to be used in this way. Members who are not married when they retire are, on average, less likely to be survived by a spouse and/or children entitled to a pension under the LGPS(NI) Regulations than members who are married. Accordingly, the tables attached show somewhat higher pensions for members aged over 39 who are not married when they retire than for members who are married. The more favourable terms applicable to single members should be used only when the Committee is satisfied that the member is not married.

Period for which factors apply

- G.4. The factors are calculated in accordance with assumptions which are consistent with market conditions appropriate to December 2001. If and when market conditions alter significantly from these, it will be necessary to issue revised factors.

Peter Noonan
Government Actuary's Department

**USE OF ACCUMULATED AVCS TO PROVIDE ADDITIONAL PENSION
UNDER THE SCHEME – REGULATION 68(5)**

**(a) Table 1 – All retirements except on grounds of ill health (ages 50 to 64)
Amount of additional annual pension for every £100 of accumulated AVCs**

Age at date member becomes entitled to an immediate pension <i>in years and complete months</i>		Pension (£) for a member who is married		Pension (£) for a member who is not married	
from	to	Male	Female	Male	Female
50 years and 0 months	50 years and 5 months	4.57	4.52	4.79	4.60
<i>50 years and 6 months</i>	<i>50 years and 11 months</i>	4.60	4.55	4.84	4.64
51 years and 0 months	51 years and 5 months	4.64	4.59	4.89	4.68
<i>51 years and 6 months</i>	<i>51 years and 11 months</i>	4.67	4.62	4.94	4.72
52 years and 0 months	52 years and 5 months	4.71	4.66	4.99	4.77
<i>52 years and 6 months</i>	<i>52 years and 11 months</i>	4.75	4.70	5.05	4.81
53 years and 0 months	53 years and 5 months	4.80	4.75	5.10	4.86
<i>53 years and 6 months</i>	<i>53 years and 11 months</i>	4.84	4.79	5.17	4.92
54 years and 0 months	54 years and 5 months	4.89	4.84	5.23	4.97
<i>54 years and 6 months</i>	<i>54 years and 11 months</i>	4.94	4.89	5.30	5.03
55 years and 0 months	55 years and 5 months	5.00	4.94	5.37	5.09
<i>55 years and 6 months</i>	<i>55 years and 11 months</i>	5.05	5.00	5.45	5.15
56 years and 0 months	56 years and 5 months	5.11	5.05	5.52	5.22
<i>56 years and 6 months</i>	<i>56 years and 11 months</i>	5.17	5.11	5.60	5.29
57 years and 0 months	57 years and 5 months	5.23	5.17	5.68	5.36
<i>57 years and 6 months</i>	<i>57 years and 11 months</i>	5.29	5.24	5.77	5.43
58 years and 0 months	58 years and 5 months	5.36	5.30	5.85	5.50
<i>58 years and 6 months</i>	<i>58 years and 11 months</i>	5.42	5.37	5.94	5.58
59 years and 0 months	59 years and 5 months	5.49	5.43	6.04	5.65
<i>59 years and 6 months</i>	<i>59 years and 11 months</i>	5.56	5.50	6.13	5.73
60 years and 0 months	60 years and 5 months	5.63	5.58	6.23	5.81
<i>60 years and 6 months</i>	<i>60 years and 11 months</i>	5.71	5.65	6.33	5.90
61 years and 0 months	61 years and 5 months	5.78	5.73	6.44	5.98
<i>61 years and 6 months</i>	<i>61 years and 11 months</i>	5.86	5.81	6.54	6.07
62 years and 0 months	62 years and 5 months	5.94	5.89	6.66	6.16
<i>62 years and 6 months</i>	<i>62 years and 11 months</i>	6.03	5.97	6.77	6.26
63 years and 0 months	63 years and 5 months	6.11	6.06	6.89	6.35
<i>63 years and 6 months</i>	<i>63 years and 11 months</i>	6.20	6.15	7.01	6.46
64 years and 0 months	64 years and 5 months	6.29	6.25	7.14	6.56
<i>64 years and 6 months</i>	<i>64 years and 11 months</i>	6.39	6.34	7.27	6.67

**USE OF ACCUMULATED AVCS TO PROVIDE ADDITIONAL PENSION UNDER THE
SCHEME – REGULATION 68(5)**

**(a) Table 1 – All retirements except on grounds of ill health (ages 65 to 70)
Amount of additional annual pension for every £100 of accumulated AVCs**

Age at date member becomes entitled to an immediate pension <i>in years and complete months</i>		Pension (£) for a member who is married		Pension (£) for a member who is not married	
from	to	Male	Female	Male	Female
65 years and 0 months	65 years and 5 months	6.48	6.44	7.40	6.78
<i>65 years and 6 months</i>	<i>65 years and 11 months</i>	6.58	6.55	7.54	6.90
66 years and 0 months	66 years and 5 months	6.68	6.66	7.69	7.02
<i>66 years and 6 months</i>	<i>66 years and 11 months</i>	6.79	6.77	7.84	7.14
67 years and 0 months	67 years and 5 months	6.90	6.88	7.99	7.27
<i>67 years and 6 months</i>	<i>67 years and 11 months</i>	7.01	7.00	8.15	7.40
68 years and 0 months	68 years and 5 months	7.12	7.12	8.32	7.54
<i>68 years and 6 months</i>	<i>68 years and 11 months</i>	7.24	7.25	8.49	7.69
69 years and 0 months	69 years and 5 months	7.36	7.38	8.67	7.83
<i>69 years and 6 months</i>	<i>69 years and 11 months</i>	7.49	7.52	8.85	7.99
70 years and 0 months	70 years and 5 months	7.62	7.66	9.04	8.15

**USE OF ACCUMULATED AVCS TO PROVIDE ADDITIONAL PENSION
UNDER THE SCHEME – REGULATION 68(5)**

Table 2 –Retirements on grounds of ill health (ages 30 to 44)

Amount of additional annual pension for every £100 of accumulated AVCs

Age at date member becomes entitled to an immediate pension <i>in years and complete months</i>		Pension (£) for a member who is married		Pension (£) for a member who is not married	
from	to	Male	Female	Male	Female
30 years and 0 months	30 years and 5 months	3.54	3.56	3.54	3.56
<i>30 years and 6 months</i>	<i>30 years and 11 months</i>	3.56	3.58	3.56	3.58
31 years and 0 months	31 years and 5 months	3.57	3.59	3.57	3.59
<i>31 years and 6 months</i>	<i>31 years and 11 months</i>	3.59	3.61	3.59	3.61
32 years and 0 months	32 years and 5 months	3.61	3.63	3.61	3.63
<i>32 years and 6 months</i>	<i>32 years and 11 months</i>	3.63	3.65	3.63	3.65
33 years and 0 months	33 years and 5 months	3.65	3.67	3.65	3.67
<i>33 years and 6 months</i>	<i>33 years and 11 months</i>	3.67	3.69	3.67	3.69
34 years and 0 months	34 years and 5 months	3.69	3.71	3.69	3.71
<i>34 years and 6 months</i>	<i>34 years and 11 months</i>	3.71	3.74	3.71	3.74
35 years and 0 months	35 years and 5 months	3.73	3.76	3.73	3.76
<i>35 years and 6 months</i>	<i>35 years and 11 months</i>	3.76	3.78	3.76	3.78
36 years and 0 months	36 years and 5 months	3.78	3.81	3.78	3.81
<i>36 years and 6 months</i>	<i>36 years and 11 months</i>	3.80	3.83	3.80	3.83
37 years and 0 months	37 years and 5 months	3.83	3.85	3.83	3.85
<i>37 years and 6 months</i>	<i>37 years and 11 months</i>	3.85	3.88	3.85	3.88
38 years and 0 months	38 years and 5 months	3.88	3.90	3.88	3.90
<i>38 years and 6 months</i>	<i>38 years and 11 months</i>	3.90	3.93	3.90	3.93
39 years and 0 months	39 years and 5 months	3.93	3.96	3.93	3.96
<i>39 years and 6 months</i>	<i>39 years and 11 months</i>	3.95	3.98	3.96	3.99
40 years and 0 months	40 years and 5 months	3.98	4.01	3.99	4.02
<i>40 years and 6 months</i>	<i>40 years and 11 months</i>	4.01	4.04	4.03	4.05
41 years and 0 months	41 years and 5 months	4.04	4.07	4.07	4.08
<i>41 years and 6 months</i>	<i>41 years and 11 months</i>	4.07	4.10	4.11	4.12
42 years and 0 months	42 years and 5 months	4.10	4.13	4.15	4.15
<i>42 years and 6 months</i>	<i>42 years and 11 months</i>	4.13	4.17	4.19	4.19
43 years and 0 months	43 years and 5 months	4.16	4.20	4.24	4.23
<i>43 years and 6 months</i>	<i>43 years and 11 months</i>	4.19	4.23	4.28	4.27
44 years and 0 months	44 years and 5 months	4.23	4.27	4.33	4.31
<i>44 years and 6 months</i>	<i>44 years and 11 months</i>	4.26	4.30	4.38	4.35

**USE OF ACCUMULATED AVCS TO PROVIDE ADDITIONAL PENSION
UNDER THE SCHEME REGULATION 68(5)**

Table 2 –Retirements on grounds of ill health (ages 45 to 59)

Amount of additional annual pension for every £100 of accumulated AVCs

Age at date member becomes entitled to an immediate pension <i>in years and complete months</i>		Pension (£) for a member who is married		Pension (£) for a member who is not married	
from	to	Male	Female	Male	Female
45 years and 0 months	45 years and 5 months	4.30	4.34	4.43	4.39
<i>45 years and 6 months</i>	<i>45 years and 11 months</i>	4.33	4.38	4.48	4.43
46 years and 0 months	46 years and 5 months	4.37	4.41	4.53	4.48
<i>46 years and 6 months</i>	<i>46 years and 11 months</i>	4.41	4.45	4.58	4.53
47 years and 0 months	47 years and 5 months	4.44	4.49	4.64	4.58
<i>47 years and 6 months</i>	<i>47 years and 11 months</i>	4.48	4.54	4.69	4.63
48 years and 0 months	48 years and 5 months	4.52	4.58	4.75	4.68
<i>48 years and 6 months</i>	<i>48 years and 11 months</i>	4.57	4.62	4.81	4.73
49 years and 0 months	49 years and 5 months	4.61	4.67	4.87	4.78
<i>49 years and 6 months</i>	<i>49 years and 11 months</i>	4.65	4.72	4.93	4.84
50 years and 0 months	50 years and 5 months	4.70	4.76	5.00	4.90
<i>50 years and 6 months</i>	<i>50 years and 11 months</i>	4.75	4.81	5.06	4.96
51 years and 0 months	51 years and 5 months	4.79	4.86	5.13	5.02
<i>51 years and 6 months</i>	<i>51 years and 11 months</i>	4.84	4.92	5.20	5.08
52 years and 0 months	52 years and 5 months	4.89	4.97	5.27	5.14
<i>52 years and 6 months</i>	<i>52 years and 11 months</i>	4.95	5.03	5.34	5.21
53 years and 0 months	53 years and 5 months	5.00	5.08	5.42	5.28
<i>53 years and 6 months</i>	<i>53 years and 11 months</i>	5.05	5.14	5.49	5.35
54 years and 0 months	54 years and 5 months	5.11	5.20	5.57	5.42
<i>54 years and 6 months</i>	<i>54 years and 11 months</i>	5.17	5.27	5.66	5.50
55 years and 0 months	55 years and 5 months	5.23	5.33	5.74	5.58
<i>55 years and 6 months</i>	<i>55 years and 11 months</i>	5.29	5.40	5.83	5.66
56 years and 0 months	56 years and 5 months	5.35	5.47	5.92	5.75
<i>56 years and 6 months</i>	<i>56 years and 11 months</i>	5.42	5.54	6.01	5.84
57 years and 0 months	57 years and 5 months	5.49	5.61	6.11	5.93
<i>57 years and 6 months</i>	<i>57 years and 11 months</i>	5.56	5.69	6.21	6.02
58 years and 0 months	58 years and 5 months	5.63	5.76	6.31	6.12
<i>58 years and 6 months</i>	<i>58 years and 11 months</i>	5.70	5.84	6.42	6.22
59 years and 0 months	59 years and 5 months	5.77	5.93	6.53	6.32
<i>59 years and 6 months</i>	<i>59 years and 11 months</i>	5.85	6.01	6.64	6.42

**USE OF ACCUMULATED AVCS TO PROVIDE ADDITIONAL PENSION
UNDER THE SCHEME – REGULATION 68(5)**

Table 2 –Retirements on grounds of ill health (ages 60 to 69)

Amount of additional annual pension for every £100 of accumulated AVCs

Age at date member becomes entitled to an immediate pension <i>in years and complete months</i>		Pension (£) for a member who is married		Pension (£) for a member who is not married	
from	to	Male	Female	Male	Female
60 years and 0 months	60 years and 5 months	5.93	6.10	6.76	6.53
<i>60 years and 6 months</i>	<i>60 years and 11 months</i>	6.01	6.20	6.88	6.64
61 years and 0 months	61 years and 5 months	6.10	6.29	7.01	6.75
<i>61 years and 6 months</i>	<i>61 years and 11 months</i>	6.18	6.39	7.14	6.86
62 years and 0 months	62 years and 5 months	6.27	6.49	7.27	6.98
<i>62 years and 6 months</i>	<i>62 years and 11 months</i>	6.37	6.60	7.41	7.11
63 years and 0 months	63 years and 5 months	6.46	6.71	7.55	7.24
<i>63 years and 6 months</i>	<i>63 years and 11 months</i>	6.56	6.82	7.69	7.37
64 years and 0 months	64 years and 5 months	6.66	6.93	7.84	7.51
<i>64 years and 6 months</i>	<i>64 years and 11 months</i>	6.76	7.05	8.00	7.65
65 years and 0 months	65 years and 5 months	6.86	7.18	8.15	7.80
<i>65 years and 6 months</i>	<i>65 years and 11 months</i>	6.97	7.31	8.32	7.95
66 years and 0 months	66 years and 5 months	7.08	7.44	8.49	8.11
<i>66 years and 6 months</i>	<i>66 years and 11 months</i>	7.20	7.57	8.67	8.27
67 years and 0 months	67 years and 5 months	7.31	7.71	8.85	8.44
<i>67 years and 6 months</i>	<i>67 years and 11 months</i>	7.43	7.86	9.04	8.62
68 years and 0 months	68 years and 5 months	7.56	8.01	9.23	8.80
<i>68 years and 6 months</i>	<i>68 years and 11 months</i>	7.68	8.16	9.43	8.98
69 years and 0 months	69 years and 5 months	7.81	8.32	9.64	9.17
<i>69 years and 6 months</i>	<i>69 years and 11 months</i>	7.95	8.48	9.85	9.37

COST OF EARLY PAYMENT OF BENEFITS - REGULATIONS 28 AND 33**H.1. Early Payment of Accrued Pension and Lump Sum**

The actuarial determination of employers' contribution rates does not anticipate any retirement before age 60 except on the grounds of ill health. Therefore, when an employee retires early due to redundancy, in the interests of the efficiency of the service, or on a voluntary basis and receives immediate payment of his/her benefits, a capital cost is incurred by the employing authority.

The formula for determining the capital cost is:

$$\text{Pension} \times \text{Early Retirement Reduction Factor (Section H Table 1)} \times \text{Member's Pension Augmentation Factor (Section D Table 1)} + \text{Lump Sum} \times \text{Early Retirement Reduction Factor} / 2 \text{ (Section H Table 1)}.$$
H.2. Added Years Benefits

When an employee is retiring early, an employing authority may wish to award additional years of membership either under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (Northern Ireland) 2003 (see Part 4) or under Regulation 54 of the Local Government Pension Scheme Regulations (Northern Ireland) 2002 (see Part 1 Section 12). Additional benefits awarded under the Compensation Regulations are paid for by recharging the additional pension payable to the employing authority on an ongoing basis. The cost of awarding additional benefits under Regulation 54 is capitalised and is known as the augmentation cost.

The formula for determining the augmentation cost is:

$$\text{Additional Pension} \times \text{Member's Pension Augmentation Factor} + \text{Additional Pension} / 2 \times \text{Spouse's Augmentation Factor (Section D Table 2)} + \text{Additional Lump Sum}$$
H.3. Voluntary Retirement over Age 50

Where an individual is retiring on a voluntary basis over the age of 50, then if (s)he has satisfied the 85 year rule, the early retirement costs can be assessed in the same way as early retirements on the grounds of redundancy or efficiency of the service. From the Fund's point of view accrued unreduced benefits are being paid early.

Where, however, the individual is retiring on a voluntary basis and is receiving actuarially reduced benefits, then generally speaking there is no cost provided that the age when the retiring employee would have satisfied the Rule of 85 is at or after age 60.

If an individual is retiring with actuarially reduced benefits but would have satisfied the Rule of 85 before age 60, then there may be potential costs depending on the individual's age and membership. In order to determine the costs the approach to be adopted is to assume that the individual is retiring with unreduced benefits but treat the actual reduction in benefits as a *negative augmentation*. See example .

H.4. Paying by Instalments

Employing authorities may, especially at times when substantial numbers of early retirements are occurring, wish to spread capital costs and augmentation costs over a period of years. NILGOSC will normally permit authorities to pay by three annual instalments. In exceptional

circumstances, a longer period may be allowed. A table of factors for annualising capital and augmentation costs is at Table 2.

Table 1 - Early Retirement Reduction Factors

Years to Eligible Retirement Age	ERR factor %	Years to Eligible Retirement Age	ERR factor %
1	4.50	16	52.18
2	8.80	17	54.29
3	12.90	18	56.34
4	16.82	19	58.31
5	20.56	20	60.18
6	24.14	21	61.97
7	27.55	22	63.69
8	30.81	23	65.82
9	33.93	24	66.88
10	36.90	25	68.37
11	39.74	26	69.79
12	42.45	27	71.15
13	45.04	28	72.45
14	47.51	29	73.69
15	49.88	30	74.88

Note: When the period to the Eligible Retirement Age is not an exact number of years, factors should be interpolated for part years.

Table 2 – Annualising Factors

Years over which payment will be made	Cost Annualising Factor
1	1.00
2	1.98
3	2.94
4	3.88
5	4.81
6	5.71
7	6.60
8	7.47
9	8.33
10	9.16
11	9.98
12	10.79
13	11.58
14	12.35
15	13.11

EXAMPLES

Example 1 – Redundancy Retirement

Married Male	Date of Joining	18 September 1978
Date of Birth 1 December 1951	Total Membership	25 years 25 days
Date of Leaving 12 October 2003	Eligible Retirement Date (age 60)	1 December 2011

Age at Leaving 51 years 316 days	Rule of 85 date	1 December 2007
Pensionable pay £20,000	Rule of 85 age	56
Period from date of Leaving to Rule of 85 date		4 years 49 days
Period from date of Leaving to age 60		8 years 49 days

Pension accrued to 12 October 2003	£6267.12
Lump Sum accrued to 12 October 2003	£18801.37

Capital cost calculation

£6,267.12 X 31.2288% X 15.81 = £30,942.48 PLUS
£18,801.37 X 31.2288%/2 = £ 2,935.72
Capital cost £33,878.20

Example 2 – Voluntary Early Retirement

Married Male	Date of Joining	7 November 1982
Date of Birth 1 December 1951	Total Membership	25 years 25 days
Date of Leaving 1 December 2007	Eligible Retirement Date (age 60)	1 December 2011

Age at Leaving 56	Rule of 85 date	1 December 2009
Pensionable pay £20,000	Rule of 85 age	58
Period from date of Leaving to Rule of 85 date		2 years
Period from date of Leaving to age 60		4 years

Pension accrued to 1 December 2007 £6,267.12 reduced by 15% = £5,327.05

Lump Sum accrued to 1 December 2007 £18,801.37 reduced by 5% = £17,861.30

Capital cost calculation

£6,267.12 X 16.82% X 14.36 = £15,137.30 PLUS
£18,801.37 X 16.82%/2 = £ 1,581.20
£16,718.50

Less Benefit Reduction Saving:

£6,267.12 X 15% X 14.36 = £13,499.38
£18,801.37 X 5% = £ 940.07
£14,439.45

Net capital cost (£16,718.50 - £14,439.45) = £2,279.05