



Government Actuary's Department

Finlaison House
15-17 Furnival Street
London
EC4A 1AB

Simon Pearce
Armed Forces Pensions Team
Ministry of Defence

T 0207 211 2665
E Joanne.rigby@gad.gov.uk

By email only to: People-AFRem-AFPSPol3@mod.uk

www.gov.uk/gad

Copied to DBSVets-OPPT-D-30@mod.uk

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Dear Simon

Armed Forces Pension arrangements Update to Public Sector Transfer Club ("Club") factors

1. I am writing further to Colin Hennem's e-mail of 18 November advising of the revised Club transfer factors, my advice of 5 December 2016 on incoming final salary Club factors for AFPS05 and AFPS15 members, and our discussion with Claire Kelly and Cameron Gulline of DBS this morning.
2. I am attaching our factors spreadsheet which includes these factor updates. I have summarised the changes and then provided some commentary below:
 - (a) Tables 101-105 have been updated in line with the new Club factors.
 - (b) Tables 106-111 have been renamed so that 106 becomes 108, 107 becomes 109 etc.
 - (c) New tables 106 and 107 have been inserted to provide new Club factors for transfers where the Deferred Pension Age is 69 or 70.
 - (d) Table 109 (previously table 107) has been updated in line with my advice of 5 December 2016.
 - (e) Tables 108 (previously 106) and 111 (previously 109) have been changed to indicate that any cases should be referred to GAD.
 - (f) Table extensions and additional tables have been highlighted in blue.

Members eligible for immediate benefits

3. Table 108 (previously 106) provided Club factors for members entitled to immediate benefits. The Club has not provided updated factors for these cases. However, I understand from our discussion with DBS that these factors are not used in practice. I understand that you are therefore content for any future cases to be referred to GAD on an individual basis.

Table extensions

4. As we discussed, the Club has extended the age ranges of some of the factor tables. I understand that you do not plan to put the extended ranges on the administration system at this time, as DBS do not tend to get Club transfer cases at these ages. We have provided the extended ranges where appropriate, so that if a relevant case occurs then DBS does not need to refer cases to GAD, but can take the factor from the relevant part of the spreadsheet. These extended ranges are highlighted in blue.

Tables for additional Deferred Pension Ages (DPAs)

5. We also discussed that the Club has provided tables for additional Deferred Pension Ages. These additional DPAs are not currently part of the benefit structures of the Armed Forces pension arrangements. However, if members transfer in from schemes with these DPAs then the factors will be needed. (Please see our note of 6 January 2015 on AFPS15 Club transfers.) We have therefore included DPA 69 and DPA 70 in the factors spreadsheet, highlighted in blue as above.
6. I understand that you do not plan to put these additional tables on the administration system at the moment, as you are not expecting them to be required frequently, if at all. As above, if a relevant case occurs then DBS can use the factors provided. We note that if DBS requires any assistance with the methodology for AFPS15 Club transfers then we would be happy to check some sample cases.

GMPs and NI modifications

7. The Club has removed GMP deductions and NI modifications and so we have set the relevant factors to zero. We have also removed the factors in table 111 (previously 109) as we do not expect that these factors will be needed in future. However, if they are required then DBS should refer the cases to GAD.

Guidance

8. We note that you or DBS may also need to review any guidance which references the updated factors. We would be happy to assist with this if required.
9. As usual, I would be happy to discuss any aspect.

Yours sincerely



Joanne Rigby
Consulting Actuary