



# Government Actuary's Department

## **Civil Service and Others Pension Scheme (CSOPS)**

GMP tests for the alpha scheme

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Author: Sandra Bell and Brian Allan



## Contents

<b>1</b>	<b>Introduction</b>	<b>1</b>
<b>2</b>	<b>Instructions</b>	<b>2</b>
<b>3</b>	<b>Example</b>	<b>3</b>
<b>4</b>	<b>Limitations of this guidance</b>	<b>4</b>



## 1 Introduction

- 1.1 This note is addressed to The Pension Scheme Executive (TPSE) of the Cabinet Office as scheme manager of the Civil Service and Others Pension Scheme ('CSOPS' or **alpha** scheme). The **alpha** scheme was established by The Public Service (Civil Servants and Others) Pensions Regulations 2014 (SI 2014/1964) ("the Regulations") and came into force on 1 April 2015.
- 1.2 This guidance note provides the factors to be used to carry out the Guaranteed Minimum Pension (GMP) test before accepting a transfer value payment. The amount of a transfer value received by the **alpha** scheme from another pension scheme should be tested to ensure it is sufficient to cover the member's entitlement to a GMP in accordance with regulations 150 (6) of The Public Service (Civil Servants and Others) Pensions Regulations 2014 (SI 2014/1964).
- 1.3 The advice in this report is based on our letter *Alpha pension scheme GMP tests* dated 19 September 2014, as subsequently amended. The advice reflects the decisions made to strengthen the GMP test at transfer-in, and not to conduct the GMP tests on actuarially reduced retirement, cash commutation or allocation to a beneficiary.
- 1.4 This guidance only describes the test required before accepting a transfer in payment. It does not cover the statutory comparison of the GMP against the relevant portion of the members' scheme pension which should still be undertaken.
- 1.5 The factors provided in this note should be only used for **alpha** scheme incoming transfers. Factors to be used by **classic**, **classic plus**, **premium** and **nuvos** sections of the Principal Civil Service Pension Scheme are provided in a separate guidance.
- 1.6 The factors provided in this note have been prepared in accordance with our note *CSOPS: Advice on actuarial calculation factors* dated 19 September 2014, as subsequently amended.
- 1.7 We understand scheme pays reduction factors are the responsibility of the scheme manager. These factors came into force when the **alpha** scheme came into force on 1 April 2015.
- 1.8 Please contact Nick Horne (020 7211 2679) or Cody Shek (020 7211 2684) for further information on this note.



## 2 Instructions

- 2.1 To carry out the GMP test on transfer in, the amount of the transfer value in respect of the period over which the entitlement to GMP was earned (the pre 97 element) and the amount of any accrued GMP are required.
- 2.2 The annual total GMP should be revalued to the relevant date and multiplied by factors appropriate to the member's age last birthday.
- 2.3 The factors are:

**Table 1: GMP test factors**

<b>Age last birthday (at the relevant date)</b>	<b>Factor</b>
29 and under	18
30 – 39	18
40 – 49	18
50 and over	19

- 2.4 The transfer in only passes the test if:
- The pre 97 element of transfer value  $\geq$  Annual GMP x factor
- 2.5 No further tests are done on early retirement, late retirement, cash commutation or allocation of pension to a beneficiary.
- 2.6 The statutory comparison of the GMP against the relevant portion of the members' scheme pension should still be undertaken at the time that the GMP comes in to payment to ensure the member receives the correct level of benefits.



### 3 Example

> Sex	Male
> Normal Pension Age (NPA)	67 years
> Amount of pre 97 element of transfer value	£5,000
> Annual GMP	£150
> Calculation date	15/04/2016
> Age last birthday at calculation date	39
> GMP factor from table 1	18

Annual GMP x factor = £150 x 18 = £2,700

Pre 97 element of transfer value = £5,000

As the pre 97 element of transfer value is greater than £2,700 the transfer value passes the GMP test.



## 4 Limitations of this guidance

- 4.1 This note is intended for the use of the Cabinet Office and the scheme administrators for the purposes of demonstrating the application of the factors covered by this guidance only. The information and advice in this note should not be relied upon, or assumed to be appropriate, for any other purpose or by any other person. GAD does not accept any liability to third parties, whether or not GAD has agreed to the disclosure of its advice to the third party.
- 4.2 The factors contained in this note are subject to regular review. Administrators need to ensure that they are using the latest factors, as relevant, when processing cases.
- 4.3 Advice provided by GAD must be taken in context and is intended to be read and used as a whole, not in parts. GAD does not accept responsibility for advice that is altered or used selectively. Clarification should be sought if there is any doubt about the intention or scope of advice provided by GAD.
- 4.4 This note only covers the actuarial principles around the factors covered in this note. Any legal advice in this area should be sought from an appropriately qualified person or source. In no circumstances should this guidance take precedence over the scheme regulations. If users of this guidance believe it to contain any inconsistencies with the scheme regulations, they should bring this to the attention of Cabinet Office and GAD.

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