New Firefighters' Pension Scheme
Adjustment factors for pension debits

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1 Introduction

1.1 Scope of this guidance note

1.1.1 This note contains guidance and tables to be issued by the Scheme Actuary that is referred to in the following regulations:

Rule 12 of Part 3 of the Firefighters’ Pension Scheme (England) Order 2006

Rule 22 of Part 3 of the New Firefighters’ Pension Scheme (Northern Ireland) Order 2007

Rule 12 of Part 3 of the Firefighters’ Pension Scheme (Scotland) Order 2007

Rule 12 of Part 3 of the Firefighters’ Pension Scheme (Wales) Order 2007

The purpose of this note is to provide guidance in relation to the adjustment factors to be applied to pension debits where a member retires earlier or later than age 65 (the Normal Benefit Age).

1.1.2 The actuarial factors in this note come into immediate effect. This note updates the previous guidance issued by the Government Actuary’s Department.

1.1.3 References in this guidance apply to Firefighters’ Pension Scheme (England) and its equivalents in Northern Ireland, Wales and Scotland.

Caveat

1.1.4 This note should not be used for any purpose other than to determine the adjustment factors to be applied to the pension debit if the member retires earlier or later than age 65.

1.1.5 This note should be considered in its entirety and in conjunction with the previous guidance issued on 30th April 2009, as individual sections, if considered in isolation, may be misleading and conclusions reached by a review of some sections on their own may be incorrect.

1.1.6 This note only covers the actuarial principles around the calculation and application of pension debits. Any legal advice in this area should be sought from an appropriately qualified person or source.

Changes to the previous factors

1.1.7 The format of the revised factors is the same as the factors that were previously used.

1.1.8 In the Budget on 23 March 2011, the Chancellor announced a new SCAPE discount rate of 3% in excess of CPI indexation. The factors in this guidance are calculated consistently with the new SCAPE discount rate and assume that pension indexation is in line with CPI.

1.2 Questions about this guidance

1.2.1 If you have any questions about how to use this guidance, in the first instance administrators should consult published information or the Firefighter Pensions pages at:

http://www.communities.gov.uk/corporate/contact

1.2.2 If this does not help, administrators may contact the relevant Fire Pensions Team, by e-mail or writing to:

Firefighters' Pensions Team
WPP Division
Department for Communities and Local Government
Zone 5/F6
Eland House
Bressenden Place
London SW1E 5DU

Scottish Public Pensions Agency
7 Tweedside Park
Tweedbank
Galashiels TD1 3TE

Fire and Rescue Services Branch
Welsh Assembly Government
Merthyr Tydfil Office
Rhydycar
Merthyr Tydfil
CF48 1UZ

Department for Health, Social Services and Public Safety
Fire Division
Castle Buildings
Stormont
Belfast BT4 3SS

1.2.3 The Fire Pensions Teams will seek input from the Scheme Actuary if necessary.

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2 Note on this guidance and example calculation

2.1.1 This guidance note should be used in conjunction with the guidance issued on the 30th April 2009 (previous guidance). This note has been updated to allow for revised factors.

2.1.2 **Example calculation**

Pension sharing order for an active member

A.	Member's age at transfer date	35
B.	MEMDEB (debit applying to member's pension at transfer date)	£2,400
C.	SURDEB (debit applying to future spouse's pension at transfer date)	£1,200
D.	Member's age at retirement	55
E.	Member's pension at retirement	£35,000
F.	Future spouse's pension at retirement	£17,500
F.	Pension increases factor (PI)	1.81*
G.	Pre 88 GMP	Nil
H.	Post 88 GMP	Nil
I.	MEMERF (early retirement factor taken from table L1)	0.595

*1.81 is an illustrative figure

The pension debit should be revalued from the transfer date to retirement date.

As this member is retiring before age 65, the pension debit should be reduced because the debit will be applied over a longer period than was assumed in calculating the original amount of the debit.

The formulae used to calculate the debit to apply at retirement are:

[MEMDEB $\times$ PI $\times$ MEMERF]

[SURDEB $\times$ PI]

Member's pension debit = 2,400 x 1.81 x 0.595

= £2,584.68 pa

Survivor's pension debit = 1,200 x 1.81

= £2,172.00 pa

Therefore the member's actual entitlement to benefits at retirement after the application of the pension debit will be:

Actual member's pension = 35,000 – 2,584.68 = £32,415.32 pa

Actual future spouse's pension = 17,500 – 2,172.00 = £15,328.00 pa

3 Tables of factors

Table L1: Reduction to pension debit on retirement before age 65

Adjustment to pension – Males and Females

	Age of the member when benefits come into payment[1]									
months	**55**	**56**	**57**	**58**	**59**	**60**	**61**	**62**	**63**	**64**
0	0.595	0.624	0.656	0.689	0.725	0.763	0.804	0.848	0.895	0.947
1	0.598	0.627	0.658	0.692	0.728	0.766	0.807	0.852	0.900	0.951
2	0.600	0.630	0.661	0.695	0.731	0.770	0.811	0.856	0.904	0.956
3	0.602	0.632	0.664	0.698	0.734	0.773	0.815	0.860	0.908	0.961
4	0.605	0.635	0.667	0.701	0.737	0.776	0.818	0.864	0.913	0.965
5	0.607	0.637	0.669	0.704	0.740	0.780	0.822	0.868	0.917	0.970
6	0.610	0.640	0.672	0.707	0.744	0.783	0.826	0.872	0.921	0.975
7	0.612	0.643	0.675	0.710	0.747	0.787	0.829	0.876	0.925	0.979
8	0.615	0.645	0.678	0.713	0.750	0.790	0.833	0.879	0.930	0.984
9	0.617	0.648	0.680	0.716	0.753	0.793	0.837	0.883	0.934	0.988
10	0.619	0.650	0.683	0.718	0.756	0.797	0.840	0.887	0.938	0.993
11	0.622	0.653	0.686	0.721	0.759	0.800	0.844	0.891	0.942	0.998

Table L2: Increase to pension debit on retirement after age 65

Adjustment to pension – Males and Females

	Age of the member when benefits come into payment[1]									
months	**65**	**66**	**67**	**68**	**69**	**70**	**71**	**72**	**73**	**74**
0	1.003	1.063	1.129	1.200	1.278	1.364	1.457	1.561	1.675	1.802
1	1.008	1.068	1.134	1.206	1.285	1.371	1.466	1.570	1.686	1.813
2	1.013	1.074	1.140	1.213	1.292	1.379	1.475	1.580	1.696	1.825
3	1.018	1.079	1.146	1.219	1.299	1.387	1.483	1.589	1.707	1.837
4	1.023	1.085	1.152	1.226	1.306	1.395	1.492	1.599	1.717	1.848
5	1.028	1.090	1.158	1.232	1.314	1.403	1.500	1.608	1.728	1.860
6	1.033	1.096	1.164	1.239	1.321	1.410	1.509	1.618	1.738	1.872
7	1.038	1.101	1.170	1.245	1.328	1.418	1.518	1.627	1.749	1.883
8	1.043	1.106	1.176	1.252	1.335	1.426	1.526	1.637	1.759	1.895
9	1.048	1.112	1.182	1.258	1.342	1.434	1.535	1.646	1.770	1.907
10	1.053	1.117	1.188	1.265	1.349	1.441	1.543	1.656	1.780	1.918
11	1.058	1.123	1.194	1.271	1.356	1.449	1.552	1.665	1.791	1.930

[1] Calculate the member's age in years and complete months

Table M1: Reduction to pension debit on ill health retirement

Adjustment to pension – Males and Females

Age of the member when benefits come into payment[1]							
months	**18**	**19**	**20**	**21**	**22**	**23**	**24**
0	0.130	0.135	0.139	0.144	0.149	0.155	0.161
1	0.130	0.135	0.140	0.145	0.150	0.155	0.161
2	0.131	0.135	0.140	0.145	0.150	0.156	0.161
3	0.131	0.136	0.141	0.146	0.151	0.156	0.162
4	0.132	0.136	0.141	0.146	0.151	0.157	0.162
5	0.132	0.137	0.141	0.146	0.152	0.157	0.163
6	0.132	0.137	0.142	0.147	0.152	0.158	0.163
7	0.133	0.137	0.142	0.147	0.153	0.158	0.164
8	0.133	0.138	0.143	0.148	0.153	0.159	0.164
9	0.133	0.138	0.143	0.148	0.154	0.159	0.165
10	0.134	0.139	0.143	0.149	0.154	0.160	0.165
11	0.134	0.139	0.144	0.149	0.154	0.160	0.166

Age of the member when benefits come into payment[1]										
months	**25**	**26**	**27**	**28**	**29**	**30**	**31**	**32**	**33**	**34**
0	0.166	0.172	0.179	0.186	0.192	0.200	0.207	0.215	0.224	0.232
1	0.167	0.173	0.179	0.186	0.193	0.200	0.208	0.216	0.224	0.233
2	0.167	0.174	0.180	0.187	0.194	0.201	0.209	0.217	0.225	0.234
3	0.168	0.174	0.181	0.187	0.194	0.202	0.209	0.217	0.226	0.235
4	0.168	0.175	0.181	0.188	0.195	0.202	0.210	0.218	0.227	0.235
5	0.169	0.175	0.182	0.188	0.195	0.203	0.211	0.219	0.227	0.236
6	0.169	0.176	0.182	0.189	0.196	0.204	0.211	0.219	0.228	0.237
7	0.170	0.176	0.183	0.190	0.197	0.204	0.212	0.220	0.229	0.238
8	0.170	0.177	0.183	0.190	0.197	0.205	0.213	0.221	0.229	0.238
9	0.171	0.177	0.184	0.191	0.198	0.205	0.213	0.222	0.230	0.239
10	0.171	0.178	0.184	0.191	0.199	0.206	0.214	0.222	0.231	0.240
11	0.172	0.178	0.185	0.192	0.199	0.207	0.215	0.223	0.232	0.241

Age of the member when benefits come into payment[1]										
months	**35**	**36**	**37**	**38**	**39**	**40**	**41**	**42**	**43**	**44**
0	0.241	0.251	0.261	0.272	0.283	0.294	0.307	0.320	0.333	0.348
1	0.242	0.252	0.262	0.273	0.284	0.295	0.308	0.321	0.334	0.349
2	0.243	0.253	0.263	0.273	0.285	0.296	0.309	0.322	0.336	0.350
3	0.244	0.254	0.264	0.274	0.286	0.297	0.310	0.323	0.337	0.351
4	0.245	0.254	0.265	0.275	0.287	0.298	0.311	0.324	0.338	0.353
5	0.245	0.255	0.265	0.276	0.288	0.299	0.312	0.325	0.339	0.354
6	0.246	0.256	0.266	0.277	0.289	0.300	0.313	0.326	0.340	0.355
7	0.247	0.257	0.267	0.278	0.289	0.301	0.314	0.327	0.342	0.356
8	0.248	0.258	0.268	0.279	0.290	0.303	0.315	0.329	0.343	0.358
9	0.249	0.259	0.269	0.280	0.291	0.304	0.316	0.330	0.344	0.359
10	0.249	0.259	0.270	0.281	0.292	0.305	0.317	0.331	0.345	0.360
11	0.250	0.260	0.271	0.282	0.293	0.306	0.318	0.332	0.346	0.361

[1] Calculate the member's age in years and complete months

Table M1: Reduction to pension debit on ill health retirement *continued*

Adjustment to pension – Males and Females

	Age of the member when benefits come into payment[1]									
months	**45**	**46**	**47**	**48**	**49**	**50**	**51**	**52**	**53**	**54**
0	0.363	0.379	0.396	0.414	0.433	0.453	0.474	0.497	0.522	0.548
1	0.364	0.380	0.397	0.415	0.434	0.455	0.476	0.499	0.524	0.550
2	0.365	0.382	0.399	0.417	0.436	0.457	0.478	0.501	0.526	0.552
3	0.367	0.383	0.400	0.418	0.438	0.458	0.480	0.503	0.528	0.555
4	0.368	0.384	0.402	0.420	0.439	0.460	0.482	0.505	0.530	0.557
5	0.369	0.386	0.403	0.422	0.441	0.462	0.484	0.507	0.533	0.559
6	0.371	0.387	0.405	0.423	0.443	0.464	0.486	0.510	0.535	0.562
7	0.372	0.389	0.406	0.425	0.444	0.465	0.488	0.512	0.537	0.564
8	0.373	0.390	0.408	0.426	0.446	0.467	0.490	0.514	0.539	0.566
9	0.375	0.391	0.409	0.428	0.448	0.469	0.492	0.516	0.541	0.569
10	0.376	0.393	0.411	0.429	0.450	0.471	0.493	0.518	0.543	0.571
11	0.377	0.394	0.412	0.431	0.451	0.473	0.495	0.520	0.546	0.573

	Age of the member when benefits come into payment[1]									
months	**55**	**56**	**57**	**58**	**59**	**60**	**61**	**62**	**63**	**64**
0	0.576	0.605	0.637	0.672	0.708	0.748	0.791	0.838	0.888	0.943
1	0.578	0.608	0.640	0.675	0.712	0.752	0.795	0.842	0.893	0.948
2	0.581	0.611	0.643	0.678	0.715	0.755	0.799	0.846	0.897	0.953
3	0.583	0.613	0.646	0.681	0.718	0.759	0.803	0.850	0.902	0.958
4	0.586	0.616	0.649	0.684	0.722	0.762	0.807	0.854	0.906	0.963
5	0.588	0.619	0.652	0.687	0.725	0.766	0.810	0.859	0.911	0.968
6	0.590	0.621	0.654	0.690	0.728	0.770	0.814	0.863	0.915	0.973
7	0.593	0.624	0.657	0.693	0.732	0.773	0.818	0.867	0.920	0.978
8	0.595	0.627	0.660	0.696	0.735	0.777	0.822	0.871	0.925	0.983
9	0.598	0.629	0.663	0.699	0.738	0.780	0.826	0.875	0.929	0.988
10	0.600	0.632	0.666	0.702	0.741	0.784	0.830	0.880	0.934	0.993
11	0.603	0.635	0.669	0.705	0.745	0.787	0.834	0.884	0.938	0.998

[1] Calculate the member's age in years and complete months