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GOVERNMENT ACTUARY'S DEPARTMENT

Firefighters' Pension Scheme
Adjustment factors for pension debits

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1   Introduction

1.1   Scope of this guidance note

1.1.1   Rule B12 of the Firefighters' Pension Scheme Order 1992 and rule B23 of Firefighters' Pension Scheme Order (Northern Ireland) 2007 states that where a member becomes subject to a pension debit, their benefit should be calculated in accordance with tables and guidance provided by the Government Actuary. 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 60 (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 to the Firefighters' Pension Scheme (England) may be taken to include its equivalents in Scotland, Wales and Northern Ireland.

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 60.

1.1.5   This note should be considered in its entirety and in conjunction with the previous guidance issued on 30th June 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.

1.2 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 Government Actuary if necessary.

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Government Actuary's Department

2   Note on this guidance

2.1.1   This guidance note should be used in conjunction with the guidance issued on the 30th June 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	50
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)	0.628

*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 60, 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 × PI × MEMERF]

[SURDEB × PI]

Member's pension debit = 2,400 x 1.81 x 0.628

= £2,728.03 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 – 2,728.03 = £32,271.97 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 60

Adjustment to pension – Males and Females

	Age of the member when benefits come into payment[1]									
months	50	51	52	53	54	55	56	57	58	59
0	0.628	0.654	0.682	0.713	0.746	0.782	0.821	0.861	0.905	0.952
1	0.630	0.657	0.685	0.716	0.749	0.785	0.824	0.865	0.909	0.956
2	0.632	0.659	0.688	0.718	0.752	0.789	0.827	0.869	0.913	0.960
3	0.634	0.661	0.690	0.721	0.755	0.792	0.831	0.872	0.917	0.965
4	0.637	0.664	0.693	0.724	0.758	0.795	0.834	0.876	0.921	0.969
5	0.639	0.666	0.695	0.727	0.761	0.798	0.838	0.880	0.925	0.973
6	0.641	0.668	0.698	0.729	0.764	0.801	0.841	0.883	0.929	0.977
7	0.643	0.671	0.700	0.732	0.767	0.804	0.844	0.887	0.932	0.981
8	0.645	0.673	0.703	0.735	0.770	0.808	0.848	0.891	0.936	0.985
9	0.648	0.675	0.705	0.737	0.773	0.811	0.851	0.894	0.940	0.990
10	0.650	0.678	0.708	0.740	0.776	0.814	0.855	0.898	0.944	0.994
11	0.652	0.680	0.710	0.743	0.779	0.817	0.858	0.901	0.948	0.998

Table L2: Increase to pension debit on retirement after age 60

Adjustment to pension – Males and Females

	Age of the member when benefits come into payment[1]					
months	60	61	62	63	64	65
0	1.002	1.056	1.114	1.177	1.244	1.317
1	1.007	1.061	1.119	1.182	1.250	1.324
2	1.011	1.066	1.125	1.188	1.256	1.331
3	1.016	1.071	1.130	1.193	1.262	1.337
4	1.020	1.075	1.135	1.199	1.268	1.344
5	1.025	1.080	1.140	1.205	1.275	1.350
6	1.029	1.085	1.145	1.210	1.281	1.357
7	1.034	1.090	1.150	1.216	1.287	1.363
8	1.038	1.095	1.156	1.222	1.293	1.370
9	1.043	1.099	1.161	1.227	1.299	1.377
10	1.047	1.104	1.166	1.233	1.305	1.383
11	1.051	1.109	1.171	1.238	1.311	1.390

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[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	0.174	0.180	0.187	0.193	0.200	0.207	0.215
1	0.175	0.181	0.187	0.194	0.201	0.208	0.216
2	0.175	0.181	0.188	0.194	0.201	0.209	0.216
3	0.176	0.182	0.188	0.195	0.202	0.209	0.217
4	0.176	0.182	0.189	0.196	0.203	0.210	0.218
5	0.177	0.183	0.189	0.196	0.203	0.211	0.218
6	0.177	0.183	0.190	0.197	0.204	0.211	0.219
7	0.178	0.184	0.191	0.197	0.204	0.212	0.220
8	0.178	0.185	0.191	0.198	0.205	0.213	0.220
9	0.179	0.185	0.192	0.199	0.206	0.213	0.221
10	0.179	0.186	0.192	0.199	0.206	0.214	0.222
11	0.180	0.186	0.193	0.200	0.207	0.214	0.222

	Age of the member when benefits come into payment[1]									
months	25	26	27	28	29	30	31	32	33	34
0	0.223	0.231	0.240	0.249	0.258	0.268	0.278	0.288	0.300	0.311
1	0.224	0.232	0.240	0.249	0.259	0.268	0.279	0.289	0.301	0.312
2	0.224	0.232	0.241	0.250	0.259	0.269	0.280	0.290	0.302	0.313
3	0.225	0.233	0.242	0.251	0.260	0.270	0.280	0.291	0.302	0.314
4	0.226	0.234	0.243	0.252	0.261	0.271	0.281	0.292	0.303	0.315
5	0.226	0.235	0.243	0.252	0.262	0.272	0.282	0.293	0.304	0.316
6	0.227	0.235	0.244	0.253	0.263	0.273	0.283	0.294	0.305	0.317
7	0.228	0.236	0.245	0.254	0.264	0.274	0.284	0.295	0.306	0.318
8	0.228	0.237	0.246	0.255	0.264	0.274	0.285	0.296	0.307	0.319
9	0.229	0.237	0.246	0.256	0.265	0.275	0.286	0.297	0.308	0.320
10	0.230	0.238	0.247	0.256	0.266	0.276	0.287	0.298	0.309	0.321
11	0.230	0.239	0.248	0.257	0.267	0.277	0.288	0.299	0.310	0.322

	Age of the member when benefits come into payment[1]									
months	35	36	37	38	39	40	41	42	43	44
0	0.323	0.336	0.350	0.364	0.379	0.394	0.411	0.428	0.446	0.466
1	0.325	0.337	0.351	0.365	0.380	0.396	0.412	0.430	0.448	0.467
2	0.326	0.339	0.352	0.366	0.381	0.397	0.414	0.431	0.450	0.469
3	0.327	0.340	0.353	0.368	0.383	0.398	0.415	0.433	0.451	0.471
4	0.328	0.341	0.354	0.369	0.384	0.400	0.417	0.434	0.453	0.472
5	0.329	0.342	0.356	0.370	0.385	0.401	0.418	0.436	0.454	0.474
6	0.330	0.343	0.357	0.371	0.387	0.403	0.419	0.437	0.456	0.476
7	0.331	0.344	0.358	0.373	0.388	0.404	0.421	0.439	0.458	0.477
8	0.332	0.345	0.359	0.374	0.389	0.405	0.422	0.440	0.459	0.479
9	0.333	0.346	0.360	0.375	0.390	0.407	0.424	0.442	0.461	0.481
10	0.334	0.347	0.362	0.376	0.392	0.408	0.425	0.443	0.462	0.482
11	0.335	0.349	0.363	0.377	0.393	0.409	0.427	0.445	0.464	0.484

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[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	0.486	0.507	0.530	0.554	0.580	0.607	0.636	0.666	0.699	0.734
1	0.488	0.509	0.532	0.556	0.582	0.609	0.638	0.669	0.702	0.737
2	0.489	0.511	0.534	0.558	0.584	0.612	0.641	0.672	0.705	0.740
3	0.491	0.513	0.536	0.561	0.586	0.614	0.643	0.674	0.708	0.743
4	0.493	0.515	0.538	0.563	0.589	0.616	0.646	0.677	0.711	0.746
5	0.495	0.517	0.540	0.565	0.591	0.619	0.648	0.680	0.713	0.749
6	0.497	0.519	0.542	0.567	0.593	0.621	0.651	0.683	0.716	0.752
7	0.498	0.521	0.544	0.569	0.595	0.624	0.653	0.685	0.719	0.756
8	0.500	0.522	0.546	0.571	0.598	0.626	0.656	0.688	0.722	0.759
9	0.502	0.524	0.548	0.573	0.600	0.628	0.659	0.691	0.725	0.762
10	0.504	0.526	0.550	0.575	0.602	0.631	0.661	0.693	0.728	0.765
11	0.506	0.528	0.552	0.578	0.604	0.633	0.664	0.696	0.731	0.768

	Age of the member when benefits come into payment[1]				
months	55	56	57	58	59
0	0.771	0.811	0.854	0.900	0.949
1	0.774	0.815	0.858	0.904	0.954
2	0.778	0.818	0.861	0.908	0.958
3	0.781	0.822	0.865	0.912	0.962
4	0.784	0.825	0.869	0.916	0.967
5	0.788	0.829	0.873	0.920	0.971
6	0.791	0.832	0.877	0.924	0.976
7	0.794	0.836	0.881	0.928	0.980
8	0.798	0.839	0.884	0.933	0.985
9	0.801	0.843	0.888	0.937	0.989
10	0.804	0.847	0.892	0.941	0.993
11	0.808	0.850	0.896	0.945	0.998

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