



Government  
Actuary's  
Department

# The Firefighters' Pension Scheme (Scotland) 1992

Addendum to GAD guidance note:  
“Statutory Cash Equivalent Transfer  
Values and Club Transfers Out” dated  
3 May 2020

9 August 2024

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# 1. Introduction

1.1 This note is provided for the Scottish Public Pensions Agency (SPPA) as the scheme manager of the Firefighters' Pension Scheme 1992 (FPS) in Scotland.

1.2 This addendum amends the following guidance note:

- "The Firefighters' Pension Scheme (Scotland) 1992: Statutory Cash Equivalent Transfer Values and Club Transfers Out: Factors and guidance" dated 3 May 2020 ("the guidance")

This addendum should be read in conjunction with that guidance note, which contains the full guidance for the calculation of transfers out, including the factors in force between 29 October 2018 and 29 March 2023.

Calculations should use the factors in force at the date of the calculation. Revised factors were provided by GAD on 24 May 2023. These revised factors should be used for all cases with a calculation date on or after 30 March 2023.

1.3 The Club Memorandum states that a club transfer should be calculated in two parts for a member who has both a final salary pension (linked to service and salary) and additional pension, such that:

- The final salary element is calculated on club terms; and
- The additional pension element is calculated on non-club terms

1.4 The Long Service Increment (LSI) and Continual Professional Development (CPD) elements of the FPS are both classed as additional pension in the context of the Club Memorandum as they provide benefits that are unrelated to the salary and service of the member.

1.5 In this note:

- Section 2 sets out a revised formula for the calculation of Club transfers out
- Section 3 sets out some example calculations using the revised formula

1.6 If further information is required concerning the application of the guidance, this should be referred to SPPA.

## Third Party Reliance

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## 2. Revised formula for calculation of Club transfer values

### Club transfers out

- 2.1 The formulae stated below replace the formula set out in paragraph 2.8 of the guidance dated 3 May 2020.

For active and deferred members entitled to deferred benefits from age 60 the transfer value should be calculated using the following formulae:

#### Club element

$$CP \times F_P + SUR \times F_{SUR}$$

Where:

CP member's pension

SUR pension payable on the death of a member to their spouse or partner

F<sub>P</sub> factor for member's pension – from Table 2 of the Club Memorandum

F<sub>SUR</sub> factor for survivor's pension – from Table 2 of the Club Memorandum

#### Non-Club element

$$APB_{Pen} \times G_P + APB_{SUR} \times G_{SUR}$$

Where:

APB<sub>Pen</sub> Additional pension from CPD contributions or LSI

APB<sub>SUR</sub> Additional pension payable on the death of the member to their spouse or partner from CPD contributions or LSI

G<sub>P</sub> Non-Club factor for member's pension – from Table A1 or A2 of the guidance

G<sub>SUR</sub> Non-Club factor for survivor's pension – from Table A1 or A2 of the guidance

## 3. Example calculations

- 3.1 This section provides a revised example of the calculations described by this note.
- 3.2 The factors used in the example are those in force at the date of the guidance. Administrators should take care to ensure they use the appropriate factors in force according to the date of the calculation.
- 3.3 Figures in these example calculations are rounded to a suitable level of accuracy. Where a figure is shown as an intermediate step in the calculation, subsequent steps will use this rounded figure as written on the page. It is also perfectly acceptable to perform these calculations on a computer spreadsheet, such as MS Excel. In this case the figures calculated in the intermediate steps will usually not be rounded, so the final answer may be slightly different to that shown in these examples. The difference will not be significant and both methods are valid. However, when performing calculations for paper-based calculations, the figures calculated as intermediate steps should not be rounded to a lower level of accuracy than used in these examples.

### 3.4 Club transfer out

This example replaces the example given in paragraph 3.3 of the guidance.

The following information is needed for this calculation:

|                                                     |                 |
|-----------------------------------------------------|-----------------|
| A. Member date of birth                             | 25 May 1966     |
| B. Last date of service                             | 10 August 2020  |
| C. Guarantee date                                   | 11 August 2020  |
| D. Member age as at calculation date                | 54              |
| E. Marital status                                   | Not required    |
| F. Member's pension                                 | £10,973.15 p.a. |
| G. Contingent spouse's pension                      | £5,486.58 p.a.  |
| H. Additional pension from CPD contributions or LSI | £100.00 p.a.    |

#### Formula

From Section 2, the formula to calculate the Club transfer value is:

Club element

$$CP \times F_P + SUR \times F_{SUR}$$

Non-Club element

$$APB_{Pen} \times G_P + APB_{SUR} \times G_{SUR}$$

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### Inputs

CP = £10,973.15 p.a.

SUR = £5,486.58 p.a.

APB<sub>Pen</sub> = £100.00

APB<sub>SUR</sub> = 0.5 x £100.00 = £50.00

F<sub>P</sub> = 18.100 (from Table 2 of the Club Memorandum)

F<sub>SUR</sub> = 1.740 (from Table 2 of the Club Memorandum)

G<sub>P</sub> = 16.32 (from Table A1 of Appendix B)

G<sub>SUR</sub> = 3.10 (from Table A1 of Appendix B)

### Calculation

Substituting these values into the formula we get:

Club TV = (£10,973.15 x 18.100) + (£5,486.58 x 1.740)

= £198,614.01 + £9,546.65

= £208,160.66

Non-Club TV = (£100.00 x 16.32) + (£50.00 x 3.10)

=£1,632.00 + £155.00

= £1,787.00

Therefore, the Transfer Value is:

Club element: £208,160.66

Non-Club element: £1,787.00

**Total transfer value: £209,947.66**