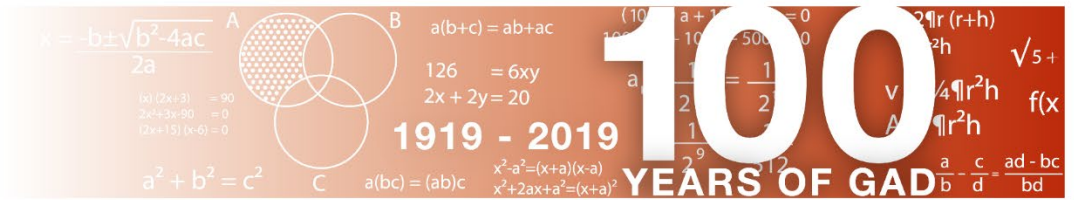




Government  
Actuary's  
Department



## New Judicial Pension Scheme 2015

Factors for transfers in

4 November 2019





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## 1 Introduction

- 1.1 This note is addressed to the Lord Chancellor in his capacity as the scheme manager of the New Judicial Pension Scheme 2015 (NJPS 2015), which came into force with effect from 1 April 2015 and was established under the Judicial Pension Regulations 2015 ("the Regulations").
- 1.2 The purpose of this note is to provide the Lord Chancellor with specific factors and accompanying guidance to demonstrate how transfers in should be calculated in the NJPS 2015.
- 1.3 A cash equivalent may be received by the NJPS 2015 from another pension scheme and used to provide additional benefits for a member in accordance with Regulations 139 to 143.
- 1.4 Regulation 143 (3) provides for a restriction on the maximum amount of transferred in pension that can be purchased by a transfer. This test must be made before the transfer is accepted.
- 1.5 If the transfer value includes the member's entitlement to a guaranteed minimum pension (GMP), then GAD should be consulted. A separate calculation to test the sufficiency of the transfer value under regulation 141(6) should be conducted before the transfer is accepted.
- 1.6 These tables should not be used to calculate the transferred in pension awarded on an incoming Club transfer. For Club transfers, please refer to the latest version of the Club Memorandum, which is produced by Cabinet Office.
- 1.7 The factors provided in this note have been prepared in light of our advice to the Ministry of Justice (MoJ) dated 30 October 2018 and its instructions following that advice.
- 1.8 This guidance note is intended to supersede any factors or advice previously issued, for the purposes of non-club incoming transfer calculations, which rely on input from the Scheme Actuary. In particular, this guidance supersedes:  
  
"New Judicial Pension Scheme 2015: Factors for transfers in" dated 3 June 2015  
  
and  
  
Addendum to GAD guidance note "New Judicial Pension Scheme 2015: Factors for transfers in" dated 15 April 2016
- 1.9 The tables in Appendix A should be used to calculate the amount of extra pension ('transferred pension') to be awarded when a member transfers into the NJPS 2015 with a transfer payment.
- 1.10 Appendix B sets out the principal assumptions underlying the factors contained in this guidance note. Some important limitations can be found in Appendix C.



## **Implementation and Review**

- 1.11 The factors contained in this guidance will apply from 29 October 2018. This implementation date has been determined by MoJ. This guidance will apply from the date issued on the cover.
- 1.12 This guidance has been written for pension administrators and assumes some knowledge of general pension terminology, and some familiarity with calculations for the NJPS 2015. Any questions concerning the application of the guidance should, in the first instance, be referred to MoJ.
- 1.13 In line with best practice and in order to make sure that factors are being used as intended and the instructions are fit for purpose, we suggest that some example calculations are sent to GAD for review.
- 1.14 The factors contained in this guidance will be subject to review periodically. This will depend on external circumstances, for example whenever there is a change in the SCAPE basis; when changes in the actuarial assumptions adopted for other scheme factors take place; or following each future actuarial valuation where mortality and other relevant experience is reviewed or if other credible and material information comes to light.

## **Third party reliance**

- 1.15 This guidance has been prepared for the use of MoJ and the scheme administrators for the purposes of demonstrating the application of the factors covered by this guidance only. This guidance may be published on MoJ and the scheme administrator's websites but must not otherwise be reproduced, distributed or communicated in whole or in part to any other person without GAD's prior written permission.
- 1.16 Other than MoJ and the scheme administrators, no person or third party is entitled to place any reliance on the contents of this guidance, except to any extent explicitly stated herein. GAD has no liability to any person or third party for any action taken or for any failure to act, either in whole or in part, on the basis of this guidance, whether or not GAD has agreed to the disclosure of its advice to the third party.



## 2 Instructions

- 2.1 The formula for calculating the additional benefit (transferred pension) to be awarded in respect of a transfer value received by the scheme from a pension scheme is set out in paragraph 2.5.
- 2.2 Transferred pension awarded in respect of a transfer value is payable on the same terms as pension accrued as a member of the scheme, from the member's normal pension age (NPA) and includes attaching benefits such as 37.5% partner's pension. We have assumed that any transferred in pension is not affected by the purchase of an EPA option and the transferred in pension retains the original NPA.
- 2.3 The factors should be selected according to the member's age last birthday, NPA and for the revaluation factor the number of 1 Aprils falling between the calculation date and NPA. If a member has a non-integer NPA then more than one factor is required and these factors are interpolated to obtain the actual factor to use (see example in section 3).
- 2.4 To calculate the amount of transferred pension, the amount of the transfer payment is required. If the member has GMP to transfer in, please refer the calculation to GAD.
- 2.5 If a member wishes to transfer in, the transferred pension to be awarded to the member in respect of the transfer payment should be calculated as:

$$\text{transferred pension} = \frac{[CETV]}{[F_x^P + spsfrac \times F_x^S] \times F_y^{Reval}}$$

where

$CETV$  = the member's incoming transfer value

$F_x^P$  = relevant member's pension factor for a member aged x, taken from the appropriate table of Tables 1 to 4

$spsfrac$  = proportion of partner's pension awarded to the dependant on the member's death. For most members this will be 37.5%

$F_x^S$  = relevant partner's pension factor for a member aged x, taken from the appropriate table of Tables 1 to 4

$F_y^{Reval}$  = relevant revaluation factor for a member with y number of 1 Aprils between the calculation date and NPA, taken from Table 5.

- 2.6 The 2015 Regulations provide for a pension to be payable without reduction for early payment from the higher of age 65 and the member's State Pension Age



- 2.7 The Lord Chancellor has confirmed that State Pension Age for the purpose of calculating transfer credits should be as set out in HM Treasury Directions made in exercise of the powers conferred on them by sections 11(2) and 12(3) of the Public Service Pensions Act 2013<sup>1</sup>, and not legislation in force at the time of the transfer. Factors are provided to accommodate the range of pension ages members will have in relation to service on and after 1 April 2015 in accordance with the HM Treasury Directions.
- 2.8 After calculating the amount of transferred pension that the transfer payment is sufficient to purchase, the result should be tested as set out in Regulation 143 (3) to ensure that it does not exceed the maximum amount permitted.

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<sup>1</sup> A consolidated version of HM Treasury Directions dated 11 March 2014, including amendments made up to and including 3 March 2015, is found in the following link; SPA assumptions are set out at direction 18.  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/411287/HMT\\_Directions\\_9\\_Mar\\_2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/411287/HMT_Directions_9_Mar_2015.pdf)  
As at the date of this guidance note, there have been no changes made to Paragraph 18 of the HMT directions which set out the State Pension Age assumptions.



### 3 Example

#### Example: Member with a non-integer NPA

- Normal Pension Age (NPA) 67 years 1 month
- Amount of CETV £50,000
- Calculation date 15/04/2020
- Age last birthday at calculation date 43
- Number of 1 Aprils between calculation date and NPA 24
- Member's pension factor ( $F_x^P$ ) 6.401 (interpolated)
- Partner's pension factor ( $F_x^S$ ) 1.468 (interpolated)
- Revaluation factor ( $F_y^{\text{Reval}}$ ) 1.61
- Partner's proportion (spsfrac) 0.375
- Transferred pension 
$$= \frac{£50,000}{(6.401 + 0.375 \times 1.468) \times 1.61}$$
  
= £4,467.51 pa

The factors used above were interpolated for non-integer NPA as shown below:

Factor at NPA 67 years 1 month

$$= \left(\frac{11}{12}\right) \times \text{Factor at NPA 67} + \left(\frac{1}{12}\right) \times \text{Factor at NPA 68}$$

e.g. for the Pension factor ( $F_x^P$ );

$$= \left(\frac{11}{12}\right) \times 6.439 + \left(\frac{1}{12}\right) \times 5.980 = 6.401$$



## Appendix A: Factor tables

### List of Tables

- > Table 1 (Table 206 in consolidated factors spreadsheet): TVIN65 - transfers in factors for NPA of 65.
- > Table 2 (Table 207 in consolidated factors spreadsheet: TVIN66 - transfers in factors for NPA of 66.
- > Table 3 (Table 208 in consolidated factors spreadsheet: TVIN67 - transfers in factors for NPA of 67.
- > Table 4 (Table 209 in consolidated factors spreadsheet: TVIN68 - transfers in factors for NPA of 68.
- > Table 5 (Table 211 in consolidated factors spreadsheet: TVINREVAL - revaluation factors





**Table 1 (Table 206 in consolidated factors spreadsheet): TVIN65 - transfer in factors for NPA of 65**

| Unisex factors |                            |                             |
|----------------|----------------------------|-----------------------------|
| Age            | Member's<br>pension factor | Partner's<br>pension factor |
| 21             | 3.011                      | 0.608                       |
| 22             | 3.137                      | 0.635                       |
| 23             | 3.268                      | 0.664                       |
| 24             | 3.404                      | 0.693                       |
| 25             | 3.547                      | 0.724                       |
| 26             | 3.695                      | 0.756                       |
| 27             | 3.849                      | 0.789                       |
| 28             | 4.011                      | 0.824                       |
| 29             | 4.178                      | 0.860                       |
| 30             | 4.353                      | 0.897                       |
| 31             | 4.536                      | 0.936                       |
| 32             | 4.725                      | 0.977                       |
| 33             | 4.924                      | 1.018                       |
| 34             | 5.130                      | 1.062                       |
| 35             | 5.345                      | 1.107                       |
| 36             | 5.570                      | 1.153                       |
| 37             | 5.804                      | 1.201                       |
| 38             | 6.048                      | 1.250                       |
| 39             | 6.302                      | 1.301                       |
| 40             | 6.568                      | 1.353                       |
| 41             | 6.845                      | 1.407                       |
| 42             | 7.134                      | 1.463                       |
| 43             | 7.436                      | 1.521                       |
| 44             | 7.750                      | 1.580                       |
| 45             | 8.078                      | 1.642                       |
| 46             | 8.421                      | 1.705                       |
| 47             | 8.779                      | 1.771                       |
| 48             | 9.152                      | 1.838                       |
| 49             | 9.541                      | 1.908                       |
| 50             | 9.948                      | 1.980                       |
| 51             | 10.373                     | 2.053                       |
| 52             | 10.817                     | 2.129                       |
| 53             | 11.282                     | 2.206                       |
| 54             | 11.768                     | 2.285                       |
| 55             | 12.276                     | 2.366                       |
| 56             | 12.808                     | 2.447                       |
| 57             | 13.367                     | 2.530                       |
| 58             | 13.952                     | 2.612                       |
| 59             | 14.566                     | 2.696                       |
| 60             | 15.211                     | 2.780                       |
| 61             | 15.888                     | 2.865                       |
| 62             | 16.600                     | 2.950                       |
| 63             | 17.349                     | 3.035                       |
| 64             | 18.138                     | 3.119                       |
| 65             | 18.264                     | 3.177                       |
| 66             | 17.702                     | 3.207                       |



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|    |        |       |
|----|--------|-------|
| 67 | 17.134 | 3.235 |
| 68 | 16.562 | 3.259 |
| 69 | 15.988 | 3.279 |
| 70 | 15.411 | 3.297 |

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**Table 2 (Table 207 in consolidated factors spreadsheet): TVIN66 - transfer in factors for NPA of 66**

| Age | Unisex factors          |                          |
|-----|-------------------------|--------------------------|
|     | Member's pension factor | Partner's pension factor |
| 21  | 2.811                   | 0.597                    |
| 22  | 2.928                   | 0.624                    |
| 23  | 3.050                   | 0.652                    |
| 24  | 3.177                   | 0.681                    |
| 25  | 3.310                   | 0.711                    |
| 26  | 3.448                   | 0.743                    |
| 27  | 3.592                   | 0.776                    |
| 28  | 3.741                   | 0.810                    |
| 29  | 3.897                   | 0.845                    |
| 30  | 4.060                   | 0.882                    |
| 31  | 4.230                   | 0.920                    |
| 32  | 4.406                   | 0.960                    |
| 33  | 4.590                   | 1.001                    |
| 34  | 4.782                   | 1.043                    |
| 35  | 4.982                   | 1.087                    |
| 36  | 5.191                   | 1.133                    |
| 37  | 5.408                   | 1.180                    |
| 38  | 5.635                   | 1.229                    |
| 39  | 5.871                   | 1.279                    |
| 40  | 6.118                   | 1.330                    |
| 41  | 6.375                   | 1.383                    |
| 42  | 6.644                   | 1.438                    |
| 43  | 6.924                   | 1.495                    |
| 44  | 7.216                   | 1.553                    |
| 45  | 7.520                   | 1.614                    |
| 46  | 7.838                   | 1.676                    |
| 47  | 8.170                   | 1.741                    |
| 48  | 8.516                   | 1.807                    |
| 49  | 8.878                   | 1.876                    |
| 50  | 9.255                   | 1.946                    |
| 51  | 9.649                   | 2.019                    |
| 52  | 10.061                  | 2.093                    |
| 53  | 10.492                  | 2.169                    |
| 54  | 10.942                  | 2.247                    |
| 55  | 11.413                  | 2.326                    |
| 56  | 11.906                  | 2.406                    |
| 57  | 12.423                  | 2.488                    |
| 58  | 12.966                  | 2.569                    |
| 59  | 13.535                  | 2.651                    |
| 60  | 14.132                  | 2.734                    |
| 61  | 14.759                  | 2.818                    |
| 62  | 15.418                  | 2.901                    |
| 63  | 16.111                  | 2.985                    |
| 64  | 16.841                  | 3.069                    |
| 65  | 17.611                  | 3.151                    |
| 66  | 17.722                  | 3.207                    |



**Table 3 (Table 208 in consolidated factors spreadsheet): TVIN67 - transfer in factors for NPA of 67**

| Unisex factors |                            |                             |
|----------------|----------------------------|-----------------------------|
| Age            | Member's<br>pension factor | Partner's<br>pension factor |
| 21             | 2.621                      | 0.587                       |
| 22             | 2.730                      | 0.613                       |
| 23             | 2.844                      | 0.641                       |
| 24             | 2.962                      | 0.669                       |
| 25             | 3.085                      | 0.699                       |
| 26             | 3.213                      | 0.730                       |
| 27             | 3.347                      | 0.762                       |
| 28             | 3.486                      | 0.796                       |
| 29             | 3.631                      | 0.830                       |
| 30             | 3.782                      | 0.867                       |
| 31             | 3.940                      | 0.904                       |
| 32             | 4.104                      | 0.943                       |
| 33             | 4.274                      | 0.984                       |
| 34             | 4.453                      | 1.025                       |
| 35             | 4.638                      | 1.069                       |
| 36             | 4.832                      | 1.114                       |
| 37             | 5.033                      | 1.160                       |
| 38             | 5.244                      | 1.208                       |
| 39             | 5.463                      | 1.257                       |
| 40             | 5.692                      | 1.308                       |
| 41             | 5.931                      | 1.360                       |
| 42             | 6.179                      | 1.414                       |
| 43             | 6.439                      | 1.470                       |
| 44             | 6.710                      | 1.527                       |
| 45             | 6.992                      | 1.587                       |
| 46             | 7.287                      | 1.648                       |
| 47             | 7.594                      | 1.711                       |
| 48             | 7.915                      | 1.777                       |
| 49             | 8.249                      | 1.844                       |
| 50             | 8.599                      | 1.914                       |
| 51             | 8.964                      | 1.985                       |
| 52             | 9.345                      | 2.058                       |
| 53             | 9.744                      | 2.133                       |
| 54             | 10.160                     | 2.210                       |
| 55             | 10.596                     | 2.288                       |
| 56             | 11.053                     | 2.367                       |
| 57             | 11.531                     | 2.447                       |
| 58             | 12.033                     | 2.527                       |
| 59             | 12.559                     | 2.608                       |
| 60             | 13.111                     | 2.690                       |
| 61             | 13.690                     | 2.772                       |
| 62             | 14.299                     | 2.855                       |
| 63             | 14.940                     | 2.937                       |
| 64             | 15.614                     | 3.019                       |
| 65             | 16.326                     | 3.101                       |
| 66             | 17.077                     | 3.182                       |
| 67             | 17.174                     | 3.235                       |



**Table 4 (Table 209 in consolidated factors spreadsheet): TVIN68 - transfer in factors for NPA of 68**

| Age | Unisex factors             |                             |
|-----|----------------------------|-----------------------------|
|     | Member's<br>pension factor | Partner's<br>pension factor |
| 21  | 2.442                      | 0.577                       |
| 22  | 2.543                      | 0.603                       |
| 23  | 2.648                      | 0.629                       |
| 24  | 2.758                      | 0.658                       |
| 25  | 2.872                      | 0.687                       |
| 26  | 2.991                      | 0.717                       |
| 27  | 3.115                      | 0.749                       |
| 28  | 3.244                      | 0.782                       |
| 29  | 3.379                      | 0.816                       |
| 30  | 3.519                      | 0.852                       |
| 31  | 3.665                      | 0.889                       |
| 32  | 3.817                      | 0.927                       |
| 33  | 3.975                      | 0.967                       |
| 34  | 4.140                      | 1.008                       |
| 35  | 4.312                      | 1.051                       |
| 36  | 4.492                      | 1.095                       |
| 37  | 4.679                      | 1.140                       |
| 38  | 4.873                      | 1.187                       |
| 39  | 5.077                      | 1.236                       |
| 40  | 5.288                      | 1.286                       |
| 41  | 5.509                      | 1.337                       |
| 42  | 5.740                      | 1.390                       |
| 43  | 5.980                      | 1.445                       |
| 44  | 6.230                      | 1.502                       |
| 45  | 6.492                      | 1.560                       |
| 46  | 6.764                      | 1.621                       |
| 47  | 7.049                      | 1.683                       |
| 48  | 7.345                      | 1.748                       |
| 49  | 7.655                      | 1.814                       |
| 50  | 7.978                      | 1.882                       |
| 51  | 8.315                      | 1.953                       |
| 52  | 8.667                      | 2.025                       |
| 53  | 9.036                      | 2.099                       |
| 54  | 9.421                      | 2.174                       |
| 55  | 9.823                      | 2.251                       |
| 56  | 10.245                     | 2.329                       |
| 57  | 10.687                     | 2.407                       |
| 58  | 11.150                     | 2.487                       |
| 59  | 11.636                     | 2.566                       |
| 60  | 12.145                     | 2.647                       |
| 61  | 12.680                     | 2.728                       |
| 62  | 13.241                     | 2.809                       |
| 63  | 13.832                     | 2.890                       |
| 64  | 14.455                     | 2.972                       |
| 65  | 15.111                     | 3.052                       |
| 66  | 15.803                     | 3.132                       |
| 67  | 16.536                     | 3.209                       |
| 68  | 16.620                     | 3.259                       |



**Table 5 (Table 210 in consolidated factors spreadsheet): Pension revaluation factors**

| Number of<br>1 Aprils | Factor | Number of<br>1 Aprils | Factor |
|-----------------------|--------|-----------------------|--------|
| 0                     | 1.00   | 31                    | 1.85   |
| 1                     | 1.02   | 32                    | 1.88   |
| 2                     | 1.04   | 33                    | 1.92   |
| 3                     | 1.06   | 34                    | 1.96   |
| 4                     | 1.08   | 35                    | 2.00   |
| 5                     | 1.10   | 36                    | 2.04   |
| 6                     | 1.13   | 37                    | 2.08   |
| 7                     | 1.15   | 38                    | 2.12   |
| 8                     | 1.17   | 39                    | 2.16   |
| 9                     | 1.20   | 40                    | 2.21   |
| 10                    | 1.22   |                       |        |
| 11                    | 1.24   |                       |        |
| 12                    | 1.27   |                       |        |
| 13                    | 1.29   |                       |        |
| 14                    | 1.32   |                       |        |
| 15                    | 1.35   |                       |        |
| 16                    | 1.37   |                       |        |
| 17                    | 1.40   |                       |        |
| 18                    | 1.43   |                       |        |
| 19                    | 1.46   |                       |        |
| 20                    | 1.49   |                       |        |
| 21                    | 1.52   |                       |        |
| 22                    | 1.55   |                       |        |
| 23                    | 1.58   |                       |        |
| 24                    | 1.61   |                       |        |
| 25                    | 1.64   |                       |        |
| 26                    | 1.67   |                       |        |
| 27                    | 1.71   |                       |        |
| 28                    | 1.74   |                       |        |
| 29                    | 1.78   |                       |        |
| 30                    | 1.81   |                       |        |



## Appendix B: Assumptions underlying factors

### Financial assumptions

|                                       |           |
|---------------------------------------|-----------|
| Nominal discount rate                 | 4.448% pa |
| CPI                                   | 2.00% pa  |
| Real discount rate (in excess of CPI) | 2.40% pa  |

### Mortality assumptions for members and dependants

|                                       |                                                       |
|---------------------------------------|-------------------------------------------------------|
| Base mortality tables and adjustments | Males: 92% of S2NMA_L<br>Females: 80% of S2NFA        |
| Future mortality improvements         | Based on ONS principal UK population projections 2016 |
| Year of Use                           | 2020                                                  |

### Other assumptions

|                                               |                                                                                                                |
|-----------------------------------------------|----------------------------------------------------------------------------------------------------------------|
| Proportion of male members for unisex factors | 70%                                                                                                            |
| Proportion married/partnered                  | 90% of men and 80% of women are assumed to be married or have a qualifying partner                             |
| Age difference between member and partner     | Males assumed 3 years older than their partners and female members assumed 2 years younger than their partners |
| Allowance for commutation                     | Nil                                                                                                            |



## Appendix C: Limitations

- C.1 This guidance should not be used for any purpose other than those set out in this guidance.
- C.2 The factors contained in this guidance are subject to regular review. Scheme managers and administrators need to ensure that they are using the latest factors, as relevant, when processing cases.
- C.3 Advice provided by GAD must be taken in context and is intended to be considered in its entirety. Individual sections, if considered in isolation, may be misleading, and conclusions reached by a review of some sections on their own may be incorrect. 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.
- C.4 This guidance only covers the actuarial principles around the calculation and application of non-Club transfer in factors. Any legal advice in this area should be sought from an appropriately qualified person or source.
- C.5 Scheme managers and administrators should satisfy themselves that non-Club transfer in and benefit awards comply with all legislative requirements including, but not limited to, tax and contracting-out requirements.
- C.6 This guidance is based on the Regulations in force at the time of writing. It is possible that future changes to the Regulations might create inconsistencies between this guidance and the Regulations. If users of this guidance believe there to be any such inconsistencies, they should bring this to the attention of MoJ and GAD. Under no circumstances should this guidance take precedence over the Regulations. Administrators should ensure that they comply with all relevant Regulations.