



# Government Actuary's Department

## **Health and Social Care Pension Scheme 2015**

### **Club transfers (supplement to club memorandum)**

Version 1.0

Date: 16 March 2015

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## 1 General information

- 1.1 This Note is provided for the use of HSC as administrator of the Health and Social Care Pension Scheme 2015 ('HSCPS 2015') and is intended to supplement the Public Sector Transfer Club (the 'Club') memorandum<sup>1</sup> as it relates to CARE benefits ie 'inner club' transfers in the terminology of the Club memorandum. This note does not refer to Club transfers of final salary benefits.
- 1.2 This note covers inwards Club transfers from the schemes listed in paragraph 1.4 but should not be used if the member is over NPA at the relevant date (please refer any cases arising to GAD). Section 3 also covers outward Club transfers for members who paid ERRBO contributions during their membership. Outward Club transfers for members without an ERRBO contract should be calculated using the approach set out in the Club memorandum.
- 1.3 On receipt of a Club transfer into the HSCPS 2015 a member is provided with a pension credit (referred to in the Club memorandum as "pension pot"). This qualifies for revaluation whilst the member remains in active pensionable service in the HSCPS 2015 in line with the transferring scheme's provisions for in service revaluation (including any period between leaving the transferring scheme and joining the HSCPS 2015). The revaluation provisions are as shown below.
- 1.4 This note covers transfers received from the following schemes. The in service revaluation provisions and dependant's proportions for each scheme are also shown.

Scheme <sup>2</sup>	In service revaluation provision	Dependant's proportion
Teachers' Pension Scheme 2015 ('TPS 2015')	CPI + 1.6%	37.5%
Principal Civil Service Pension Scheme 2015 ('PCSPS 2015')	CPI	37.5%
Local Government Pension Scheme 2014 ('LGPS 2014')	CPI	30.625%
Armed Forces Pension Scheme 2015 ('AFPS 15')	Earnings	62.5%
Police Pension Scheme 2015 ('PPS 2015')	CPI + 1.25%	50.0%
Firefighters' Pension Scheme 2015 ('FPS 2015')	Earnings	50.0%

<sup>1</sup> <http://www.civilservicepensionscheme.org.uk/media/95083/club-memorandum-march-2015.pdf>

<sup>2</sup> And Welsh/Scottish/NI equivalents if the scheme design mirrors the E&W scheme design (as regards NPA, in service revaluation and dependant %). Note the NI scheme for firefighters has a lower NPA than the England fire scheme and the factors in this guidance should not be used for transfers from the NI firefighters scheme.



- 1.5 Some inner club schemes base dependant provision on post-commutation pension. The club memorandum implicitly suggests that commutation should be ignored and this guidance assumes that approach will be applied.
- 1.6 If a member has paid contributions to the transferring scheme to secure unreduced terms on retirement before NPA, or additionally the transferring scheme has enhanced early retirement terms for members retiring from active service (eg the teachers schemes), the Club transfer amount will include allowance for such contributions/provisions. On Club transfer such entitlement is converted into additional pension payable from the receiving scheme's NPA. The earlier retirement provisions are not carried across to the receiving scheme. In accordance with paragraph 4.7a(f) of the PSTC memorandum the transferring scheme will provide details of the element of the transfer for which the member has paid for an earlier pension age (or in relation to special early retirement provisions). This will be in the form of a stated addition included within the total transfer amount. The pension amounts quoted in accordance with (a) and (b) of paragraph 4.7a will separately identify the additional amounts of pension resulting from the early retirement provisions. For the purpose of this document the uplifted amounts should be taken into account for all calculation purposes. The analogous requirement for club transfers out of the HSCPS 2015 is covered in section 3 of this note.
- 1.7 The effective date of this document is 1 April 2015. The version number for this guidance is 1.0.
- 1.8 In line with best practice, GAD should review a number of sample cases to ensure factors are used as intended.



## 2 Calculation of the pension credit in the HSCPS 2015

- 2.1 The transferring scheme will provide the “Accrued Pension Rejoins”. This is the pension accrued in the transferring scheme revalued to the April immediately preceding the calculation date (for the purposes of determining the amount of the club transfer), or date of leaving the transferring scheme if later, in line with in-service revaluation from the date of leaving the transferring scheme. This is the amount to be provided in accordance with paragraph 4.7a(a) of the club memorandum. For members transferring from schemes with special early retirement provisions (see paragraph 1.5) the uplifted amount of pension should be used for all calculations.
- 2.2 The pension pot to be credited in the HSCPS 2015 is determined by multiplying the Accrued Pension Rejoins (uplifted if applicable) by the appropriate scheme/age/sex factor based on age in complete years at the calculation date used by the transferring scheme. This credit is as at the calculation date used by the transferring scheme and that scheme’s revaluation basis applies whilst the member remains an active member of the HSCPS 2015. Normal HSCPS 2015 dependant terms apply after transfer.
- 2.3 Example calculations are provided in section 4.
- 2.4 Benefits accrued in the pre-reformed schemes are transferred into the HPSSSS/HSCPS and the club credit remains in the form of service. The determination of service credit is covered in the club memorandum.



### 3 Outgoing club transfers for members with an ERRBO contract

- 3.1 If a member has paid ERRBO contributions the Club transfer amount should include an allowance for these. The receiving scheme will convert the value of the entitlement into additional pension payable from the receiving scheme's NPA as the ERRBO provisions are not carried across to the receiving scheme. In accordance with paragraph 4.7a (f) of the PSTC memorandum the element of the transfer relating to ERRBO should be identified. This should be calculated as set out in paragraph 3.3.
- 3.2 The pension amounts required for the calculation in paragraph 3.3 should be determined as below and both unadjusted and adjusted figures should be quoted for the purposes of 4.7a (a) and (b). The uplifted amounts will be taken into account for the purposes of determining the pension credit payable from the receiving scheme's NPA.

- (a) Pension in HSCPS 2015 including revaluation at in-service rate to date of calculation (before adjustment) = £PENS pa

Uplifted pension in HSCPS 2015 including revaluation at in-service rate to date of calculation =  $\text{£PENS} \div \text{ERF1}^3 = \text{£PENS}(\text{adj})$  pa

- (b) Pension in HSCPS 2015 including revaluation at in-deferment rate to date of calculation (before adjustment) = £PEND pa

Uplifted pension in HSCPS 2015 including revaluation at in-deferment rate to date of calculation =  $\text{£PEND} \div \text{ERF1}^4 = \text{£PEND}(\text{adj})$  pa

Where:

ERF1 is that applicable for the period between the members prospective NPA at the date of calculation and RRA<sup>5</sup>, rounded up to the next month.

Where an ERRBO agreement was not in place for all membership, or if the agreement was subject to an increase at any time, pension for each NPA or RRA should be adjusted separately. For the period no ERRBO was in place  $\text{ERF1} = 1$ .

- 3.3 The total club transfer should be determined using  $\text{PEND}(\text{adj})$  as determined above. The formula to be used is as set out in paragraph 4.28 of the club memorandum ie

$$(\text{MP} \times \text{Fp} + \text{CWP} \times \text{Fwid}) \times \text{Fcareadj}$$

Where:

$$\text{MP} = \text{PEND}(\text{adj})$$

<sup>3</sup> From 'HSCPS 2015 : Voluntary Early and Late retirements in normal health : Guidance and factors'

<sup>4</sup> From 'HSCPS 2015 : Voluntary Early and Late retirements in normal health : Guidance and factors'

<sup>5</sup> See 'HSCPS 2015 : Early retirement reduction buy-out (ERRBO) : Guidance and factors'



CWP = Pension payable to a surviving dependant on the member's death (regardless of partnered status) including in-deferment revaluation to the date of calculation

Fp = As taken from tables 1 - 10 of the club memorandum as applicable for the member's age, sex and NPA at date of calculation.

Fwid = As taken from tables 1- 10 of the club memorandum as above.

Fcareadj = As taken from table 11 of the club memorandum for CARE revaluation CPI+ 1.5%, based on complete years to NPA

To identify the amount attributable to the ERRBO determine the above with

MP = PEND

And take the difference between the two amounts calculated. This is the amount to be provided in accordance with paragraph 4.7a (f) of the club memorandum.

3.4 Example 4 in section 4 shows the calculations in practice.



## 5 Examples

### **Example 1 – Transfer from TPS 2015**

Date of birth	: 4 April 1983
Date of leaving TPS 2015	: 30 November 2018
Date of calculation of club transfer amount	: 1 December 2021
Accrued Pension rejoins (at 1/12/21) *	: £2,000 pa
Age last birthday at date of calculation	: 38
Sex	: F
Conversion factor female aged 38 transferring from TPS 2015	: 1.006

\* Includes in service revaluation from the date of leaving TPS 2015 until the 1 April before the date of calculation used to determine the club transfer amount (or date of leaving TPS 2015 if later).

Pension credit in HSCPS 2015 = £2,000 x 1.006 = **£2,012.00 pa**

Including revaluation to April 2021 and revaluing at the TPS 2015 rate whilst in NHS service.

### **Example 2 – Transfer from LGPS 2014**

Date of birth	: 14 March 1968
Date of leaving LGPS 2014	: 30 June 2018
Date of calculation of club transfer amount	: 30 September 2021
Accrued Pension rejoins (at 1/12/21) *	: £3,500 pa
Age last birthday at date of calculation	: 53
Sex	: M
Conversion factor male aged 53 transferring from LGPS 2014	: 0.991

\* Includes in service revaluation from the date of leaving LGPS 2014 until the 1 April before the date of calculation used to determine the club transfer amount (or date of leaving LGPS 2014 if later).

Pension credit in HSCPS 2015 = £3,500 x 0.991 = **£3,468.50 pa**

Including revaluation to April 2021 and revaluing at the LGPS 2014 rate whilst in NHS service.

### **Example 3 – Transfer from FPS 2015**

Date of birth	: 5 July 1981
Date of leaving FPS 2015	: 30 November 2018
Date of calculation of club transfer amount	: 30 September 2022
Accrued Pension rejoins (at 1/12/22) *	: £3,000 pa
Age last birthday at date of calculation	: 41
Sex	: M
Conversion factor male aged 41 from FPS 2015	: 1.049

\* Includes in service revaluation from the date of leaving FPS 2015 until the 1 April before the date of calculation used to determine the club transfer amount (or date of leaving FPS 2015 if later).

Pension credit in HSCPS 2015 = £3,000 x 1.049 = **£3,147.00 pa**

Including revaluation to April 2022 and revaluing at the FPS 2015 rate whilst in NHS service.





#### **Example 4 – Club transfer out with ERRBO**

##### **Individual Data**

Gender	Male
Date of birth	3 July 1979
Calculation date (DOC)	1 December 2021
PNPA	3 July 2047 (age 68)
Age (complete years at calculation date)	42

ERRBO 1 : RRA 1	67
ERRBO 2 : RRA 2	65
Total pension at date of leaving	£10,500 pa
Survivor's pension at DoL (33.75%)	£ 3,543.75
Pension earned when no ERRBO contributions paid (at DoL)	£ 2,000 pa
Pension earned when ERRBO 1 in force (at DoL)	£ 3,000 pa
Pension earned when ERRBO 2 in force (at DoL)	£ 5,500 pa
Additional Pension at DoL	Nil
Pre 88 GMP at DoL	Nil
Post 88 GMP at DoL	Nil

Revaluation factor (RFS) (in-service rate)	1.045
Revaluation factor (RFD) (in-deferment rate)	1.03

Revalued pension (in-service revaluation)	
Total pension at date of calculation (PENS)	£10,973 pa
Survivor's pension at DoC (33.75%)	£ 3,703
Pension earned when no ERRBO contributions paid (at DoC)	£ 2,090 pa
Pension earned when ERRBO 1 in force (at DoC)	£ 3,135 pa
Pension earned when ERRBO 2 in force (at DoC)	£ 5,748 pa
Revalued pension (in-deferment revaluation)	
Total pension at date of calculation (PEND)	£10,815 pa
Survivor's pension at DOC (33.75%)	£ 3,650.06 (CWP)
Pension earned when no ERRBO contributions paid (at DoC)	£ 2,060 pa
Pension earned when ERRBO 1 in force (at DoC)	£ 3,090 pa
Pension earned when ERRBO 2 in force (at DoC)	£ 5,665 pa

##### **Factors**

ERF1 (RRA 1)	0.946
ERF 2 (RRA 2)	0.896
Fp (age 42, male, PNPA 68)	7.32
Fwid (age 42, male, PNPA 68)	2.60
Fcareadj (25 complete years to NPA, CPI + 1.5%)	1.209

##### **Club calculation**

- (a) Determine unadjusted pension in HSCPS 2015 (in-service revaluation) at DOC = **£10,973 pa (PENS)**



Determine uplifted pension in HSCPS 2015 (in-service revaluation) at DOC =

Pension earned when no ERRBO contributions paid (at DoC)	2,090 / 1
+ Pension earned when ERRBO 1 in force (at DoC)	+ 3,135 / 0.946
+ Pension earned when ERRBO 2 in force (at DoC)	+ 5,748 / 0.896
<b>= £ 11,819 pa (PENS(adj))</b>	

- (b) Determine unadjusted pension in HSCPS 2015 (in-deferment revaluation) at DOC = **£10,815 pa (PEND)**

Determine uplifted pension in HSCPS 2015 (in-deferment revaluation) at DOC =

Pension earned when no ERRBO contributions paid (at DoC)	2,060 / 1
+ Pension earned when ERRBO 1 in force (at DoC)	+ 3,090 / 0.946
+ Pension earned when ERRBO 2 in force (at DoC)	+ 5,665 / 0.896
<b>= £ 11,649 pa (PEND(adj))</b>	

Determine club transfer (and amount attributable to ERRBO)

$$\begin{aligned}
 \text{Total club transfer amount} &= (\text{MP} \times \text{Fp} + \text{CWP} \times \text{Fwid}) \times \text{Fcareadj} \\
 &= (\text{PEND}(\text{adj}) \times \text{Fp} + \text{CWP} \times \text{Fwid}) \times \text{Fcareadj} \\
 &= (11,649 \times 7.32 + 3,650.06 \times 2.60) \times 1.209 \\
 &= \mathbf{£114,566}
 \end{aligned}$$

$$\begin{aligned}
 \text{Unadjusted club transfer} &= (\text{MP} \times \text{Fp} + \text{CWP} \times \text{Fwid}) \times \text{Fcareadj} \\
 &= (\text{PEND} \times \text{Fp} + \text{CWP} \times \text{Fwid}) \times \text{Fcareadj} \\
 &= (10,815 \times 7.32 + 3,650.06 \times 2.60) \times 1.209 \\
 &= \mathbf{£107,185}
 \end{aligned}$$

$$\begin{aligned}
 \text{Amount of club transfer attributable to ERRBO (for 4.7a (f))} &= £114,566 - £107,185 \\
 &= \mathbf{£7,381}
 \end{aligned}$$

**The credit provided in the receiving scheme will be based on PENS(adj). This is the amount as at the date of calculation, is subject to adjustment by the receiving scheme for benefit design differences and payable from the receiving scheme's NPA.**



## Appendix A: CARE Benefit Adjustment Factors

Table A1. Transferring scheme: TPS 2015 or PCSPS 2015

Age last birthday	Male factor	Female factor
16	1.012	1.006
17	1.012	1.006
18	1.012	1.006
19	1.012	1.006
20	1.012	1.006
21	1.012	1.006
22	1.012	1.006
23	1.012	1.006
24	1.012	1.006
25	1.012	1.006
26	1.012	1.006
27	1.012	1.006
28	1.012	1.006
29	1.012	1.006
30	1.012	1.006
31	1.012	1.006
32	1.012	1.006
33	1.012	1.006
34	1.012	1.006
35	1.012	1.006
36	1.012	1.006
37	1.012	1.006
38	1.012	1.006
39	1.012	1.006
40	1.012	1.006
41	1.011	1.006
42	1.011	1.006
43	1.011	1.005
44	1.011	1.005
45	1.011	1.005
46	1.011	1.005
47	1.011	1.005
48	1.011	1.005
49	1.011	1.005
50	1.011	1.005
51	1.011	1.005
52	1.011	1.005
53	1.011	1.005
54	1.011	1.005
55	1.010	1.005



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<b>56</b>	1.010	1.004
<b>57</b>	1.010	1.004
<b>58</b>	1.010	1.004
<b>59</b>	1.010	1.004
<b>60</b>	1.009	1.004
<b>61</b>	1.009	1.004
<b>62</b>	1.009	1.004
<b>63</b>	1.009	1.003
<b>64</b>	1.008	1.003
<b>65</b>	1.008	1.003
<b>66</b>	1.008	1.003
<b>67</b>	1.008	1.003



**Table A2. Transferring scheme: LGPS 2014**

<b>Age last birthday</b>	<b>Male factor</b>	<b>Female factor</b>
16	0.990	0.995
17	0.990	0.995
18	0.990	0.995
19	0.990	0.995
20	0.990	0.995
21	0.990	0.995
22	0.990	0.995
23	0.990	0.995
24	0.990	0.995
25	0.990	0.995
26	0.990	0.995
27	0.990	0.995
28	0.990	0.995
29	0.990	0.995
30	0.990	0.995
31	0.990	0.995
32	0.990	0.995
33	0.990	0.995
34	0.990	0.995
35	0.990	0.995
36	0.990	0.995
37	0.990	0.995
38	0.990	0.995
39	0.990	0.995
40	0.990	0.995
41	0.991	0.995
42	0.991	0.995
43	0.991	0.995
44	0.991	0.995
45	0.991	0.995
46	0.991	0.996
47	0.991	0.996
48	0.991	0.996
49	0.991	0.996
50	0.991	0.996
51	0.991	0.996
52	0.991	0.996
53	0.991	0.996
54	0.991	0.996
55	0.991	0.996
56	0.991	0.996
57	0.992	0.996
58	0.992	0.997



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<b>59</b>	0.992	0.997
<b>60</b>	0.992	0.997
<b>61</b>	0.992	0.997
<b>62</b>	0.993	0.997
<b>63</b>	0.993	0.997
<b>64</b>	0.993	0.997
<b>65</b>	0.993	0.997
<b>66</b>	0.993	0.997
<b>67</b>	0.993	0.997



**Table A3. Transferring scheme: AFPS 15**

<b>Age last birthday</b>	<b>Male factor</b>	<b>Female factor</b>
16	1.089	1.046
17	1.090	1.046
18	1.090	1.046
19	1.090	1.046
20	1.090	1.046
21	1.091	1.046
22	1.091	1.046
23	1.092	1.046
24	1.092	1.046
25	1.092	1.046
26	1.092	1.047
27	1.092	1.046
28	1.093	1.047
29	1.093	1.046
30	1.093	1.047
31	1.093	1.047
32	1.093	1.046
33	1.093	1.047
34	1.093	1.047
35	1.093	1.046
36	1.093	1.046
37	1.093	1.046
38	1.091	1.045
39	1.090	1.044
40	1.088	1.043
41	1.087	1.043
42	1.087	1.043
43	1.086	1.042
44	1.086	1.042
45	1.086	1.041
46	1.085	1.041
47	1.085	1.041
48	1.085	1.040
49	1.084	1.040
50	1.084	1.039
51	1.084	1.039
52	1.083	1.038
53	1.083	1.037
54	1.082	1.037
55	1.080	1.035
56	1.078	1.034
57	1.077	1.033
58	1.075	1.032



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<b>59</b>	1.074	1.031
<b>60</b>	1.073	1.030
<b>61</b>	1.070	1.029
<b>62</b>	1.068	1.027
<b>63</b>	1.066	1.026
<b>64</b>	1.064	1.025
<b>65</b>	1.064	1.025
<b>66</b>	1.064	1.025
<b>67</b>	1.064	1.025





**Table A4. Transferring scheme: PPS 2015 or FPS 2015**

<b>Age last birthday</b>	<b>Male factor</b>	<b>Female factor</b>
16	1.051	1.026
17	1.051	1.026
18	1.051	1.026
19	1.051	1.026
20	1.051	1.026
21	1.051	1.026
22	1.052	1.026
23	1.052	1.026
24	1.052	1.026
25	1.052	1.026
26	1.052	1.026
27	1.052	1.026
28	1.052	1.026
29	1.053	1.026
30	1.053	1.026
31	1.053	1.026
32	1.053	1.026
33	1.053	1.026
34	1.053	1.026
35	1.052	1.026
36	1.053	1.026
37	1.052	1.026
38	1.052	1.026
39	1.051	1.025
40	1.050	1.025
41	1.049	1.024
42	1.049	1.024
43	1.049	1.024
44	1.049	1.024
45	1.048	1.023
46	1.048	1.023
47	1.048	1.023
48	1.048	1.023
49	1.048	1.022
50	1.048	1.022
51	1.047	1.022
52	1.047	1.021
53	1.047	1.021
54	1.046	1.021
55	1.045	1.020
56	1.044	1.019
57	1.043	1.019
58	1.042	1.018



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<b>59</b>	1.042	1.017
<b>60</b>	1.041	1.017
<b>61</b>	1.040	1.016
<b>62</b>	1.039	1.016
<b>63</b>	1.037	1.015
<b>64</b>	1.036	1.014
<b>65</b>	1.036	1.014
<b>66</b>	1.036	1.014
<b>67</b>	1.036	1.014