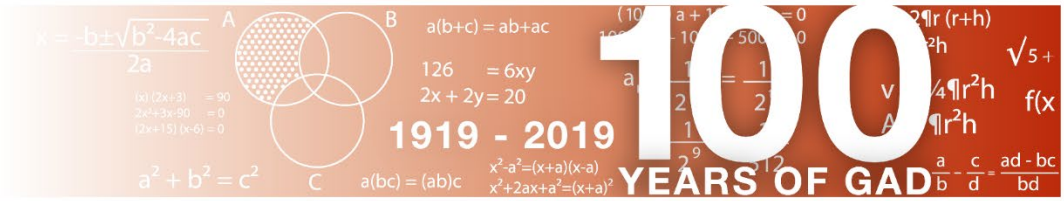
Government Actuary's Department



HSC Pension Scheme

Commutation

Factors and guidance

Date: 25 October 2019

Contents

1 Introduction

1.1 This Note is addressed to HSC as administrator of the Health and Social Care Pension Scheme ('HSCPS') and identifies the various circumstances under which scheme pension may be commuted for a lump sum (or vice versa). It sets out the factors to be used in each case and specifies how they should be applied.

1.2 The Regulations which include an option allowing a member to commute part of their pension for a lump sum (or vice versa) are shown in the tables below.

Provision	Statutory Reference	Section
General option to exchange part of pension for lump sum	SR 1995/95 17A (as inserted by SR 2008/163 14) SR 2008/256 58(2)/185(2)	**2**
Mandatory Lump Sum for 2008 Choice Optants	SR 2008/256 136L(2)/260K(2) (as inserted by SR 2010/22 55/96 respectively)	**3**
Option for members in serious ill-health to exchange whole pension for lump sum	SR 1995/95 12(7), 13(10), 13A(10) (as amended by SR 2008/163 9/11) SR 2008/256 59/186	**4**
Commutation of small/trivial pensions	SR 1995/95 94 SR 2008/256 128/252	**5**
Inverse commutation	SR 1995/95 17(8) (as amended by SR 2006/410 9 & SR 2012/42 5)	**6**
Deduction of tax: further provisions cover benefit reductions due to annual allowance or lifetime allowance	SR 1995/95 89A (as inserted by SR 2006/410 16, and amended by SR 2008/163 62) SR 2008/256 131/255	Covered in separate guidance

1.3 The scope of cases under each scenario which are covered by this guidance are detailed later in this note. Cases which are not covered by this guidance should be referred to GAD.

The factors provided in this Note have been prepared in light of our advice to the Department of Health Northern Ireland (DoH NI) dated 30 October 2018 and its instructions following that advice.

Implementation and review

1.4 The factors contained in this guidance are now in force and the implementation date has been determined by HSC.

1.5 This guidance is intended to supersede any factors or advice previously issued and reflects the factors issued on 14 January 2019 for the purposes of commutation calculations. In particular, this guidance supersedes the following guidance note:

"*HSC Pension Scheme: Commutation. Factors and guidance"* dated 31 March 2015.

1.6 No advice or factors issued for the HSCPS 2015 should be used for commutation calculations in respect of HSCPS benefits. Where members have benefits in both the HSCPS 2015 and the HSCPS benefits in each scheme must be treated separately.

1.7 This guidance has been written for pension administrators and assumes some knowledge of general pension terminology, and some familiarity with retirement calculations for the HSCPS. Any questions concerning the application of the guidance should, in the first instance, be referred to HSC.

1.8 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.

1.9 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.

1.10 The remainder of this Note covers the factor tables, guidance on their use and worked examples.

1.11 A summary of the assumptions underlying the factors covered in Section 5 and 6 above is listed in Appendix A. The factors are provided in Appendices B and C.

Third party reliance

1.12 This guidance has been prepared for the use of the Department of Health and HSC as the scheme administrators for the purposes of demonstrating the application of the factors covered by this guidance only. This guidance may be published on Department of Health and the scheme administrator's website but must not otherwise be reproduced, distributed or communicated in whole or in part to any other person without GAD's prior written permission.

1.13 Other than the Department of Health and HSC as 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 Exchange part of retirement pension for lump sum

2.1 The scheme regulations give any member who ceases pensionable employment and retires from the scheme after 31 March 2008 the option to commute part of their pension to a lump sum. This right also applies to pension credit members, except those with a disqualifying pension credit[1].

2.2 This section refers to benefits payable in accordance with Regulations SR 1995/95 – 17A and SR 2008/256 – 58(2) and 185(2). That is, those regulations relating to the lump sum available by commutation at retirement for whatever reason except serious ill health, regardless of the member's age or sex, but subject to the restrictions as set out below.

2.3 A factor of 12 is prescribed in the Regulations and should be used to calculate the amount of lump sum by commutation of a member's pension (and the corresponding reduction in pension).

2.4 The relevant calculations are:

For a specified reduction of £x pa of pension, the amount of lump sum available is:

Lump sum = Pension (£x pa) x 12

To receive a specified lump sum of £y, the reduction in pension required is:

Reduction to annual pension = Additional lump sum (£y) ÷ 12

2.5 For any member retiring early on actuarially reduced benefits[2], the additional lump sum is available by commutation of the actuarially reduced pension. The same £12 lump sum: £1 pa pension factor as above is applied to the actuarially reduced pension.

2.6 Any member who has previously elected for Scheme Pays will have a negative DC balance at retirement. This balance must be converted into a benefit reduction at retirement and the resultant pension debit applied to the pension benefit before any commutation for additional lump sum is made. Please refer to the guidance 'HSCPS - Reduction to benefits due to Scheme Pays Annual Allowance and Lifetime Allowance Tax Charges' for more details and the factors required to calculate this benefit reduction.

Restrictions

2.7 Commutation is subject to certain restrictions:

> HMRC limits – The total lump sum, including that payable automatically to the members of the 1995 Section[3], must not exceed HMRC limits.

[1] For the purposes of paragraph 2 of Schedule 29 of the Finance Act 2004
[2] Under Regulation 16 of SR 1995/95 or Regulation 48 or 179 of SR 2008/256.
[3] Under Regulation 17 of SR 1995/95.

> GMP restrictions – Members are only allowed to exchange that part of their pension in excess of any guaranteed minimum pensions (GMPs) for a lump sum.

HMRC limits

2.8 This Note does not describe the tests to be carried out to check the maximum amount of tax free lump sum available. HSC should ensure that the proposed lump sum is within the applicable limits. Typically a member is permitted to take a lump sum of up to 25% of the capital value of the benefits to be paid. However, this can be restricted further in certain circumstances (for example, if the member exceeds their standard lifetime allowance[4]).

GMP restriction

2.9 Early retirement and commutation may be restricted if the main scheme pension, subject to any reduction for early retirement, will be less than a member's guaranteed minimum pension (GMP) at GMP payment age (currently 65 for males and 60 for females). The following test should be applied to check whether a member is eligible for early retirement and/or commutation.

2.10 The GMP test is set out below:

Step 1 – eligibility for early retirement

- Calculate the member's pension excluding any Added Years but including any transferred-in service (and before any commutation option):

  A = Final Pensionable Pay x Reckonable Service ÷ 80
  (Note: For 2008 Section members (incl Choice Optants), an accrual rate of 60ths should be used instead)

- Apply the relevant early retirement factor if any:

  B = **A** x ERF1 or ERF2 or (ERF3 ÷ PI + 1.250)[5] as relevant

- Take revalued annual GMP at date of retirement and add 2.20% for each complete year to GMP payment age:

  D = Revalued GMP at retirement date × [1 + 2.20% x (period to date GMP payable)]

[4] Under regulation 17A(6) of SR 1995/95 and regulations 58(5) and 185(5) of SR 2008/256
[5] Available in 'HSC Pension Scheme – Voluntary Early and Late retirements in normal health – Factors and Guidance.'

- Check if B is greater than D. If yes, the member is eligible to retire on actuarially reduced benefits at the relevant age. Otherwise, voluntary early retirement at the relevant age is not permitted.

Step 2 – scope for commutation

- Apply the commutation factor to the [additional] lump sum required (total lump sum for 2008 section members) and calculate the residual pension:

  C = Total pension* **(B)** – ([additional] lump sum ÷ 12)
  **after application of ERF if applicable*

- Check if C is greater than D. If yes, the member is eligible to benefit C, i.e. commutation up to the relevant [additional] lump sum.

- Otherwise the member is only permitted to exchange a smaller proportion of pension for a lump sum of up to 12 x (B - D), with corresponding reduction in pension of (B - D).

- Note both steps 1 and 2 must be satisfied for voluntary early retirement.

2.11 Worked examples are provided in Section 7.

3 Mandatory lump sum payable to a 2008 Section Optant

3.1 This section refers to benefits payable in accordance with Regulations SR 2008/256 – 136L(2) and 260K(2). That is those Regulations relating to the 'mandatory lump sum' payable to a 2008 Section Optant.

The 'mandatory lump sum' is equal to 3/80 multiplied by pensionable pay multiplied by number of years of service in the 1995 Section (multiplied by an early retirement factor if applicable).

3.2 A 'mandatory lump sum' and a reduced pension, based on service up to 31 March 2008, are payable to 2008 Section Optants at retirement. The same £12 lump sum: £1 pa pension factor is used to calculate the reduction to pension following commutation for the 'mandatory lump sum', i.e. reduction to pension = 'mandatory lump sum' divided by 12.

3.3 An example is given in Section 7.

4 Exchange whole pension for lump sum due to serious ill health

4.1 This section refers to benefits payable in accordance with Regulations SR 1995/95 – 12(7), 13(10) and 13A(10) and SR 2008/256 – 59 and 186. These Regulations give members in serious ill-health the option to exchange their entire pension for a lump sum.

4.2 For members retiring in serious ill-health, the £12 lump sum: £1 pa pension factor should be applied, subject to the modification set out below.

The lump sum payment from commuting the entire pension should be determined as follows:

1) Calculate the maximum [additional] amount of lump sum (total lump sum for 2008 section members) the member would be entitled to commute tax free in normal health, which is the limit set by HMRC (see paragraph 2.7).

2) Commute this at the rate of £12 lump sum: £1 pension pa to give the residual pension as follows:

   Residual pension = Pension to be put into payment ignoring commutation – maximum [additional] lump sum ÷ 12

3) The residual pension should then be converted to lump sum using a factor of £5 lump sum: £1 pension pa as follows:

   Lump sum from residual pension = Residual pension x 5

4) Total lump sum payable = main scheme benefit lump sum (if applicable) + maximum [additional] tax free lump sum allowed by commutation + lump sum from residual pension

4.3 Any member who has previously elected for Scheme Pays will have a negative DC balance at retirement. This balance must be converted into a benefit reduction at retirement and then applied to the pension benefit (and lump sum where applicable) before exchange of the whole pension for a lump sum due to serious ill health is made. Please refer to the guidance 'Health and Social Care Pension Scheme - Reduction to benefits due to Scheme Pays Annual Allowance and Lifetime Tax Charge' for more details and the factors required to calculate this benefit reduction.

5 Trivial commutation

5.1 Various restrictions on trivial pension commutation are imposed by HMRC. HSC should ensure that the payment of a lump sum in lieu of a small pension is compliant with these as well as with the HSCPS regulations.

5.2 The lump sum payable in respect of commutation of a trivial pension (in addition to any other lump sum due) should be determined as follows:

Total annual pension amount x factor (from TRIV1 for 1995 Section members or TRIV2 for 2008 Section members)

5.3 The 'Total annual pension amount' is the annual pension that would otherwise be put into payment if trivial commutation were not to proceed. Therefore, this pension is the pension after any reduction due to Scheme Pays[6] or due to commutation for tax free cash if relevant. Any automatic tax free cash (SR 1995/95 17) taken would be payable in addition to the lump sum calculated above.

5.4 Total benefits must be considered when assessing whether trivial commutation may be allowed under HMRC limits. Different limits apply depending on whether just HSCPS benefits are considered or whether pension savings from all sources are taken into consideration.

5.5 The 'factor' should be determined from the Tables in Appendix B as applicable for the member's age (age attained in complete years), Section (1995 or 2008) and status at the date of commutation. Status refers to either 'former contributing member' or 'dependant'.

5.6 For 'former contributing members' it is assumed that trivial commutation is in lieu of retirement, that is, that the member's pension has not come into payment. By electing for commutation the right to contingent benefit following the member's death lapses.

[6] Although unlikely in trivial commutation cases, if a member has previously elected for Scheme Pays a benefit reduction is due on retirement. Please refer to the relevant guidance 'Health and Social Care Pension Scheme – Reduction to benefits due to Scheme Pays Annual Allowance and Lifetime Allowance Tax Charge' for more details and the factors required to calculate this benefit reduction.

6 Inverse Commutation

6.1 Various restrictions on lump sum payments are imposed by HMRC. Prior to 5 April 2011, lump sum payments to members over age 75 were deemed unauthorised under the Finance Act 2004. From 5 April 2011, HMRC no longer classes such payments as unauthorised.

6.2 Regulation 17(8) of SR 1995/95, however, states that members who reached age 75 before 5 April 2011 cannot take their lump sum and must convert it into additional pension. In practice, for those members in NHS employment, a pension and lump sum automatically go into payment at age 75, regardless of whether the member continues in employment. This regulation therefore only applies to deferred members who meet the age criterion and whose benefits have not yet been put into payment. In reality, the number of these types of 'lost' deferred members is likely to be very small.

6.3 The annual pension amount payable in respect of conversion of a lump sum (in addition to any other pension in payment) should be determined as follows:

Pension = Lump sum amount / Factor

6.4 The 'Lump sum amount' is the amount that would otherwise be payable to the member if Regulation 17(8) did not apply.

6.5 The 'Factor' should be taken from the table in Appendix C as applicable for the member's age (last birthday).

6.6 The factors are based on a single life pension (with no guarantee period). This means there will be no adjustment required to any dependants' benefits payable following the member's death.

7 Examples

7.1 This Section sets out a number of worked examples to help illustrate the types of commutation covered in sections 2 – 6.

7.2 Except as regards the commutation of trivial pensions, commutation does not affect the amount of the survivor's pension. That is, only the member's pension is commuted. (When a member's trivial pension is commuted the survivor's pension is also extinguished.)

Examples for Section 2 – General commutation option

7.3 These examples show how the standard £12: £1 pa factors should be applied on retirement.

A. Normal retirement

Section	= 1995 Section
Age at retirement	= 60
NPA	= 60
Accrued pension at retirement	= £10,000 pa
Accrued retirement lump sum	= £30,000
Accrued survivor's pension	= £5,000 pa
Additional lump sum required	= £12,000
Residual pension	= £10,000 - (£12,000 ÷ 12) = £9,000 pa
Total lump sum	= £30,000 + £12,000 = £42,000
Survivor's pension	= £5,000 pa

B. Early retirement

Section	= 1995 Section
Age at retirement	= 56 years
NPA	= 60
Accrued pension at retirement	= £22,000 pa
Accrued retirement lump sum	= £66,000
Accrued survivor's pension	= £11,000 pa
Early retirement reduction factors at 56	Pension = 0.835 Lump sum = 0.909
Reduced pension at retirement	= £22,000 x 0.835 = £18,370 pa
Reduced retirement lump sum	= £66,000 x 0.909 = £59,994
Survivor's pension	= £11,000 pa

Additional lump sum required	= £24,000
Residual pension	= £18,370 - (£24,000 ÷ 12) = £16,370 pa
Total lump sum	= £59,994 + £24,000 = £83,994
Survivor's pension	= £11,000 pa

C. Early retirement with GMP test (Female member)

Age at retirement	= 55 years
NPA	= 60
Sex	= Female

Total accrued pension at retirement (before reduction) = £5,063

Total pension after application of early retirement reduction factor at 55	= £4,050
Revalued GMP at date of retirement	= £1,800
Early retirement pension reduction factor at 55:	= 0.800
Additional lump sum required	= £6,000

Step 1 – eligibility for early retirement:

Amount A = £5,063

- Apply the relevant reduction factor (ERF1 or ERF2 or (ERF3 ÷ PI + 1.250)) to the pension figure calculated in Step 1 to give amount B.

Amount B = £5,063 x 0.800 = £4,050

- Take revalued annual GMP at date of retirement and add 2.20% for each complete year and days (pro-rata) to GMP payment age (currently 60 for females)

Amount D = £1,800 × (1 + 2.20% x 5 years) = £1,800 × 1.1100 = £1,998

B is greater than D; therefore the member is eligible for early retirement aged 55.

Step 2 – scope for commutation

- Apply the commutation factor to the additional lump sum required and calculate the residual pension:

Amount C = £4,050 - (£6,000 ÷ 12) = £3,550

C is greater than D therefore commutation is allowed.

C1. Example C with different total pension

Total pension after application of early retirement reduction factor at 55 = £2,300

- *Step 1 – as above (early retirement allowed)*
- *Step 2 – scope for commutation*

Amount C = £2,300 - (£6,000 ÷ 12) = £1,800
C is less than D so commutation is restricted.
Amount of additional lump sum allowed is 12 x (2,300 – 1,998) = £3,624
Residual pension = £1,998 pa

HMRC limits and GMP restrictions should be tested in all cases.

D. Early retirement with GMP test (Male member)

Age at retirement	= 60 years
NPA	= 65
Sex	= male

Total accrued pension at retirement (before reduction)= £6,513

Total pension after application of early retirement reduction factor at 60	= £5,087
Revalued GMP at date of retirement	= £2,000
Early retirement pension reduction factor at 60:	= 0.781
Additional lump sum required	= £6,000

Step 1 – eligibility for early retirement:

Amount A = £6,513

- Apply the relevant reduction factor (ERF1 or ERF2 or (ERF3 ÷ PI + 1.250)) to the pension figure calculated in Step 1 to give amount B.

Amount B = £6,513.00 x 0.781 = £5,087

- Take revalued annual GMP at date of retirement and add 2.20% for each complete year and days (pro-rata) to GMP payment age (currently 65 for males)

Amount D = £2,000 × (1 + 2.20% x 5 years) = £2,000 × 1.1100 = £2,220

B is greater than D; therefore the member is eligible for early retirement aged 55.

Step 2 – scope for commutation

- Apply the commutation factor to the additional lump sum required and calculate the residual pension:

Amount C = £5,087 - (£6,000 ÷ 12) = £4,587

C is greater than D therefore commutation is allowed.

D1. Example D with different total pension

Total pension after application of early retirement reduction factor at 60 = £2,500

- *Step 1 – as above (early retirement allowed)*
- *Step 2 – scope for commutation*

Amount C = £2,500 - (£6,000 ÷ 12) = £2,000
C is less than D so commutation is restricted.
Amount of additional lump sum allowed is 12 x (£2,500 – £2,220) = £3,360
Residual pension = £2,220 pa

HMRC limits and GMP restrictions should be tested in all cases.

Example for Section 3 – Choice Optants

E. Choice Optant with Mandatory Lump Sum

Section	= 2008 Section
Age at retirement	= 65
NPA	= 65
Total service	= 14 years
Service to 31 March 2008	= 3 years
Reckonable pay at retirement	= £50,000
Accrued pension at retirement	= £8,333 pa
Mandatory Lump sum	= (3 x service to 31 March 2008 x reckonable pay) / 80 = £5,625
Residual pension	= £8,333 - (£5,625 ÷ 12) = £7,864 pa

Examples for Section 4 – Retirement due to ill health

F. Serious ill health (not life limiting)

Member in the 2008 Section

Age at retirement	= 55 years and 0 months
NPA	= 65
Ill-health pension at retirement	= £11,000 pa
Accrued survivor's pension	= £4,125 pa
Lump sum required	= £12,000
Residual pension	= £11,000 – (£12,000 ÷ 12) = £10,000
Lump sum	= £12,000
Survivor's pension	= £4,125 pa

G. Serious ill health (life limiting)

Member in the 1995 Section

Ill-health pension at retirement	= £25,000 pa
Ill-health lump sum	= £75,000
Survivor's pension	= £12,500 pa
Maximum lump sum allowance	= £58,920
Residual pension	= £25,000 - (£58,920 ÷ 12) = £20,090 pa
Cash value of residual pension	= £20,090 x 5 = £100,450
Pension payable	= Nil
Total lump sum	= £75,000 + £58,920 + £100,450 = £234,370
Survivor's pension	= £12,500 pa

HMRC limits apply

Examples for section 5 – Trivial commutation

H. Former contributing member

Member in the 1995 section

Date of birth:	1 September 1952
Retirement date:	1 September 2020
Total pension payable:	£500 pa
Age (complete years) on commutation date:	68
Lump sum payable:	£500 x 17.467 = £8,734

I. Widow (dependant)

Date of birth:	8 September 1941
Effective commutation date:	9 September 2020
Age (complete years) on commutation date:	79
Lump sum payable:	£500 x 10.095 = £5,048

Example for Section 6 – Inverse commutation

J. Member aged over 75

Date of birth:	8 September 1941
Effective commutation date:	9 September 2020
Total lump sum payable:	£5,000 pa
Age (complete years) on commutation date:	79
Additional pension payable:	£5,000 / 10.342 = £483

Appendix A: Assumptions underlying actuarially set factors

Financial assumptions

Nominal discount rate	4.448%
Real discount rate (in excess of CPI)	2.40%

Mortality assumptions

Base mortality tables	S2NMA and S2NFA
Base table adjustment	83% of S2NMA (Males) and 85% of S2NFA (Females). As per 2016 valuation.
Future mortality improvement	Based on ONS principal UK population projections 2016
Year of Use	2020

Other assumptions

Proportion of male members for the purpose of unisexing factors	33.3% (reducing to zero for factors used to commute trivial dependant pensions)
Age difference between member and partner	Males assumed to be 3 years older than partner. Females assumed to be 3 years younger than partner.
Proportions partnered	As assumed for the 2016 valuation Sample rates:

Age	Males	Females
50	0.76	0.54
60	0.76	0.54
70	0.74	0.46
80	0.61	0.23
90	0.34	0.07

Allowance for short-term spouses pensions (where relevant)	1.5% loading is applied to joint-life factors to allow for short-term spouses' pensions

Appendix B: Trivial Commutation Factors

TRIV1_HSCPS_1995 Section
Factor consolidation spreadsheet table number 501

Age	Former contributing member	Dependant	Age	Former contributing member	Dependant
20	N/a	34.228	60	21.661	20.652
21	N/a	34.019	61	21.167	20.145
22	N/a	33.804	62	20.666	19.633
23	N/a	33.585	63	20.156	19.113
24	N/a	33.359	64	19.636	18.585
25	N/a	33.128	65	19.106	18.049
26	N/a	32.892	66	18.568	17.505
27	N/a	32.649	67	18.022	16.955
28	N/a	32.401	68	17.467	16.398
29	N/a	32.146	69	16.879	15.836
30	N/a	31.886	70	16.283	15.268
31	N/a	31.619	71	15.707	14.695
32	N/a	31.346	72	15.126	14.118
33	N/a	31.066	73	14.539	13.539
34	N/a	30.780	74	13.906	12.958
35	N/a	30.487	75	13.271	12.379
36	N/a	30.187	76	12.682	11.802
37	N/a	29.881	77	12.094	11.228
38	N/a	29.568	78	11.508	10.659
39	N/a	29.249	79	10.872	10.095
40	N/a	28.922	80	10.242	9.537
41	N/a	28.587	81	9.672	8.987
42	N/a	28.245	82	9.109	8.445
43	N/a	27.896	83	8.557	7.916
44	N/a	27.538	84	7.969	7.400
45	N/a	27.173	85	7.400	6.901
46	N/a	26.799	86	6.900	6.423
47	N/a	26.416	87	6.424	5.970
48	N/a	26.025	88	5.975	5.545
49	N/a	25.625	89	5.513	5.147
50	N/a	25.216	90	5.078	4.774
51	N/a	24.798	91	4.711	4.427
52	N/a	24.372	92	4.368	4.103
53	N/a	23.936	93	4.049	3.805
54	N/a	23.492	94	3.756	3.533
55	23.972	23.040	95	3.490	3.288
56	23.528	22.579	96	3.252	3.069
57	23.075	22.110	97	3.043	2.877
58	22.614	21.633	98	2.862	2.712
59	22.143	21.148	99	2.700	2.566
			100	2.554	2.434

TRIV2_HSCPS_2008 Section
Factor consolidation spreadsheet table number 502

Age	Former contributing member	Dependant	Age	Former contributing member	Dependant
20	N/a	34.229	60	21.506	20.688
21	N/a	34.020	61	21.017	20.188
22	N/a	33.806	62	20.518	19.680
23	N/a	33.586	63	20.011	19.165
24	N/a	33.361	64	19.495	18.643
25	N/a	33.130	65	18.958	18.101
26	N/a	32.893	66	18.404	17.540
27	N/a	32.651	67	17.843	16.975
28	N/a	32.403	68	17.278	16.407
29	N/a	32.149	69	16.690	15.838
30	N/a	31.888	70	16.100	15.268
31	N/a	31.622	71	15.524	14.695
32	N/a	31.349	72	14.943	14.118
33	N/a	31.069	73	14.358	13.539
34	N/a	30.784	74	13.737	12.958
35	N/a	30.491	75	13.115	12.379
36	N/a	30.192	76	12.528	11.802
37	N/a	29.887	77	11.942	11.228
38	N/a	29.574	78	11.359	10.659
39	N/a	29.255	79	10.740	10.095
40	N/a	28.928	80	10.126	9.537
41	N/a	28.595	81	9.558	8.987
42	N/a	28.253	82	8.998	8.445
43	N/a	27.904	83	8.449	7.916
44	N/a	27.547	84	7.877	7.400
45	N/a	27.182	85	7.323	6.901
46	N/a	26.809	86	6.826	6.423
47	N/a	26.427	87	6.354	5.970
48	N/a	26.037	88	5.908	5.545
49	N/a	25.638	89	5.459	5.147
50	N/a	25.230	90	5.038	4.774
51	N/a	24.813	91	4.673	4.427
52	N/a	24.388	92	4.333	4.103
53	N/a	23.954	93	4.016	3.805
54	N/a	23.512	94	3.725	3.533
55	23.814	23.062	95	3.461	3.288
56	23.370	22.603	96	3.225	3.069
57	22.917	22.136	97	3.018	2.877
58	22.456	21.662	98	2.839	2.712
59	21.986	21.179	99	2.679	2.566
			100	2.534	2.434

Appendix C: Inverse Commutation Factors

INVCOMM1_HSCPS
Factor consolidation spreadsheet table number 504

Age	Factor
75	12.648
76	12.067
77	11.488
78	10.913
79	10.342
80	9.776
81	9.217
82	8.666
83	8.127
84	7.601
85	7.093
86	6.605
87	6.143
88	5.707
89	5.300
90	4.918
91	4.560
92	4.226
93	3.916
94	3.631
95	3.374
96	3.145
97	2.943
98	2.769
99	2.615
100	2.475

Appendix D: Limitations

D.1 This guidance should not be used for any purpose other than those set out in this guidance.

D.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.

D.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.

D.4 This guidance only covers the actuarial principles around the calculation and application of commutation factors. Any legal advice in this area should be sought from an appropriately qualified person or source.

D.5 Scheme managers and administrators should satisfy themselves that commutation calculations and benefit awards comply with all legislative requirements including, but not limited to, tax and contracting-out requirements.

D.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 HSC and GAD. Under no circumstances should this guidance take precedence over the Regulations. Administrators should ensure that they comply with all relevant Regulations.