



Government Actuary's Department

Health and Social Care Pension Scheme

Incoming non-Club transfer

Factors and guidance

Version 1.0

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1 Introduction

- 1.1 This Note is provided for the use of the HSC as administrator of the Health and Social Care Pension Scheme ('HSCPS'). It sets out how to determine the appropriate service credits or pensionable earnings increase on non-Club transfers into the HSCPS for Officer and Practitioner members respectively in accordance with SR 1995/95 Regulation 60 (1995 Section members) and Schedule 2 (18) and SR 2008/256 Regulations 100 and 227 (2008 Section members).
- 1.2 The effective date for this guidance is 1 April 2015. The version number for this guidance is 1.0.
- 1.3 This guidance is intended to supersede any factors or advice previously issued for the purposes of calculating service credits for incoming non-Club transfers. No advice or factors issued in the past should be used for cases processed after 31 March 2015. In line with previously agreed transitional provisions service credit/earnings increase quotations provided before 31 March 2015 remain valid where monies are received within one year of a member's starting date. In conjunction with this principle it has been agreed that any 'in progress' transfer instigated before a member transferred to the HSCPS 2015 should result in a credit in the HSCPS should it be completed in accordance with the normal provisions, regardless of whether the member has already transferred to the HSCPS 2015 before the transfer in process is finalised.
- 1.4 The factors provided in this note have been prepared in light of our advice to the DHSSPS dated 27 March 2015 and its instructions following that advice.

Exclusions

- 1.5 This Note only covers non-Club incoming transfers to the HSCPS. Different instructions and factors should be used to calculate credits for transfers into the HSCPS 2015 or made in accordance with the Public Sector Transfer Club (under Regulation 61 of SR 1995/95 or 105 and 232 of SR 2008/256).
- 1.6 Factors are provided up to members' NPA. If a transfer in is being accepted after a member has reached NPA, please refer to GAD.
- 1.7 These factors are not appropriate for bulk transfer in cases (in accordance with Regulation 63 of SR 1995/95 or 107 and 234 of SR 2008/256).
- 1.8 This Note does not apply for transfers from 'corresponding schemes¹' in which case the member is treated as if pensionable service/earnings in the corresponding scheme were service/earnings in the HSCPS.

¹ A corresponding health service scheme the provisions of which DHSSPS has determined correspond to the provisions of the HSCPS regulations.



Implementation

- 1.9 The factors contained in this Note should be used with effect from 1 April 2015
- 1.10 The remainder of this Note covers the factor tables, guidance on their use and worked examples.
- 1.11 Factors provided in this note are subject to review following any review of the SCAPE basis (due every 4 years). The factors should also be reconsidered following each actuarial valuation where mortality, and other recent experience, is reviewed. There may also be other reasons which will trigger a review of factors.
- 1.12 In line with best practice, GAD should review a number of sample cases to ensure factors are used as intended.



2 General information

- 2.1 The factors provided in this Note are used to calculate the service to be credited to an officer member or the pensionable earnings to be credited to a practitioner member should they wish to bring a transfer value into the HSCPS from a scheme which does not participate in the Public Sector Transfer club.
- 2.2 For Practitioners an 'earnings credit' is calculated and added to the actual pensionable pay in the year the transfer-in is received. This earnings credit is then treated in the same way as other pensionable pay earned within the period the transfer in is received, and revalues in the same way as other pensionable pay earned in that period.
- 2.3 For the purposes of Annual Allowance calculations, it may be necessary to record the service or earnings credit provided due to an incoming transfer separately to other benefits earned in any particular year.
- 2.4 Members are subject to certain restrictions on bringing a transfer value into the scheme. These conditions are covered in SR 1995/95 60, and SR 2008/256 100, 101 & 102, and 227, 228 & 229.
- 2.5 In general, a member wishing to bring a transfer value into either the 1995 or 2008 Section of the Scheme must apply within 12 months of joining the Scheme and before reaching Normal Pension Age (NPA).
- 2.6 This guidance refers to the calculation of service credits (for officer members) and pensionable earnings increase (for practitioner members) in accordance with Regulations SR 1995/95 62 and Schedule 2 (18) and SR 2008/256 103 and 230.
- 2.7 The factors set out in Appendix B cover:
- Factors to calculate service credits for male members with an NPA of 60
 - Factors to calculate service credits for female members with an NPA of 60
 - Factors to calculate service credits for male members with an NPA of 65
 - Factors to calculate service credits for female members with an NPA of 65
- The factors provided are the same for male and female members except for those used to adjust for increases on any Guaranteed Minimum Pension (GMP) being transferred to the HSCPS.
- 2.8 Worked examples are provided in Section 3.



Guaranteed Minimum Pension (GMP) coverage test

- 2.9 If a transfer payment relates to any right accrued in a contracted out scheme before 6 April 1997 a check must be carried out to ensure that any transfer value is adequate to cover the GMP being transferred.
- 2.10 The test to be applied is as set out below:

Pre 97 Transfer Value is equal to or greater than Annual amount of GMP revalued up to the calculation date x appropriate factor
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Where the appropriate factor is specified in the table below:

Member's age next birthday at calculation date (complete years)	Appropriate factor
29 or under	8
30 – 39	9
40 – 49	10
50 or over	12

- 2.11 If this test is not satisfied, the transfer cannot be accepted by the HSCPS.



3 Determination of service and earnings credits

1995 Section members

3.1 Adjusted transfer value =

Transfer payment received from transferring scheme
+ (Pre 88 GMP + 0.15 x Post 88 GMP) x Factor TVIN1B (male) or TVIN2B (female)

3.2 **(A) Officers: Service credit to be provided =**

Adjusted transfer value ÷ (Member's pensionable pay x Factor TVIN1A or TVIN2A)

(B) Practitioners: Pensionable earnings increase to be provided =

Adjusted transfer value ÷ (Factor TVIN1A or TVIN2A)

2008 Section members

3.3 Adjusted transfer value =

Transfer payment received from transferring scheme
+ (Pre 88 GMP + 0.15 x Post 88 GMP) x Factor TVIN3B (male)
or + (Pre 88 GMP + 3.5 x Post 88 GMP) x Factor TVIN4B (female < age 60)
or + (Pre 88 GMP x Factor TVIN5B + Post 88 GMP x Factor TVIN5C) (female ≥ age 60)

3.4 **(A) Officers: Service credit to be provided =**

Adjusted transfer value ÷ (Member's pensionable pay x Factor TVIN3A (male) or TVIN4A (female < age 60) or TVIN5A (female ≥ age 60))

(B) Practitioners: Pensionable earnings increase to be provided

Adjusted transfer value ÷ (Factor TVIN3A (male) or TVIN4A (female < age 60) or TVIN5A (female ≥ age 60))



3.5 Points to note in using factors:

- > Factor should be selected based on the member's age in complete years at the relevant calculation date.
- > Factors TVIN1B, 2B, 3B, 4B, 5B and 5C are sex specific.
- > GMP should be an annual amount and it should be revalued to the relevant date.
- > In general, pensionable pay should be the amount of pay as at the day on which the member's pensionable service begins, unless the transfer payment is received more than 12 months after the starting day as covered by SR 1995/95 62 or SR 2008/256 103.
- > For Officers transferred-in service is counted within the 45 year maximum service limit.

3.6 The earnings credit should be recalculated if the transfer amount received is different to that on which the quotation was based

Section 9(2B) rights

3.7 If the transfer value received includes benefits in respect of service on/after 6 April 1997 in a contracted-out pension scheme, the HSCPS service credits/pensionable earnings increase in respect of benefits identified by the former scheme as post-97 contracted-out rights must be recorded as section 9(2B) rights.

3.8 Service credit that counts as section 9(2B) rights for officer members =

Post 97 Transfer Value ÷ (Member's pensionable pay x relevant Accrued TV factor from the appendix (Factor TVIN1A, TVIN2A, TVIN3A, TVIN4A or TVIN5A))

3.9 Pensionable earnings increase that counts as section 9(2B) rights for practitioner members =

Post 97 Transfer Value ÷ (relevant Accrued TV factor from the appendix (Factor TVIN1A, TVIN2A, TVIN3A, TVIN4A or TVIN5A))



4 Examples

A) Officer member

Individual Data

Section	2008 section
Normal retirement age	65
Gender	Male
Date of birth	1 June 1964
Date of joining/transfer date	1 April 2015
Age last birthday at Transfer date	50
Pensionable pay at date of joining	£30,000
Transfer value	£40,000
Pre 97 transfer value	£10,000
Pre 88 GMP revalued to transfer date	£52
Post 88 GMP revalued to transfer date	£104

Factors for a male member aged 50 last birthday

Factor TVIN3A (Accrued TV factor)	0.34
Factor TVIN3B (Adjustment for GMP factor)	3.72

Check TV is sufficient to cover GMP liability

GMP test factor for a member aged 50 last birthday	= 12
Annual amount of GMP x Appropriate factor	= £156 x 12
	= £1,872

Pre 97 Transfer value (£10,000) is greater than £1,872. Therefore can accept transfer payment.

TV in Service Credit

Adjusted transfer value	=	Transfer payment received from transferring scheme + (Pre 88 GMP + Post 88 GMP x 0.15) x Factor TVIN3B
	=	£40,000 + (£52 + £104 x 0.15) x 3.72
	=	£40,251
Service credit to be provided	=	Adjusted transfer value ÷ (Member's Pensionable pay x Factor TVIN3A)
	=	£40,251 ÷ (£30,000 x 0.34)
	=	3.946
	=	<u>3 years and 346 days</u>

Service credit that counts as section 9(2B) rights

Section 9(2B) rights	=	Post 97 transfer value ÷ (Member's pensionable pay x Accrued TV factor)
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$$\begin{aligned}
 &= £30,000 \div (£30,000 \times 0.34) \\
 &= 2.941 \\
 &= 2 \text{ years and } 344 \text{ days}
 \end{aligned}$$

B) Practitioner member

Individual Data

Section	2008 section
Normal retirement age	65
Gender	Female
Date of birth	1 May 1970
Date of joining/transfer date	1 April 2015
Age last birthday at Transfer date	44
Pensionable pay at date of joining	£50,000
Transfer value	£70,000
Pre 97 Transfer value	£15,000
Pre 88 GMP revalued to transfer date	£45
Post 88 GMP revalued to transfer date	£90

Factors for a female member aged 44 last birthday

Factor TVIN4A (Accrued TV factor)	0.35
Factor TVIN4B (Adjustment for GMP factor)	-0.93

Check TV is sufficient to cover GMP liability

Pre 97 Transfer value	= £15,000
Appropriate factor for a member aged 44 last birthday	= 10
Annual amount of GMP x Appropriate factor	= £135 x 10
	= £1,350

Pre 97 Transfer value (£15,000) is greater than £1,350. Therefore can accept transfer payment.

TV in pensionable earnings increase

$$\begin{aligned}
 \text{Adjusted transfer value} &= \text{Transfer payment received from transferring} \\
 &\quad \text{scheme} + (\text{Pre 88 GMP} + \text{Post 88 GMP} \times 3.5) \times \\
 &\quad \text{Factor TVIN4B} \\
 &= £70,000 + (£45 + £90 \times 3.5) \times -0.93 \\
 &= £69,665
 \end{aligned}$$

Pensionable earnings increase to be provided

$$\begin{aligned}
 &= \text{Adjusted transfer value} \div (\text{Factor TVIN4A}) \\
 &= £69,665 \div 0.35 \\
 &= \underline{\underline{£199,043}}
 \end{aligned}$$

Pensionable earnings increase that counts as section 9(2B) rights

$$\begin{aligned}
 \text{Section 9(2B) rights} &= \text{Post 97 transfer value} \div (\text{Accrued TV factor}) \\
 &= £55,000 \div 0.35 \\
 &= £157,143
 \end{aligned}$$



Appendix A: Assumptions

Financial assumptions

Nominal discount rate	5.06% pa
Real discount rate (in excess of CPI)	3.00% pa
Pay inflation ²	4.75% pa

Mortality assumptions

Base mortality tables	S1NMA and S1NFA
Base table adjustment	Adjustments applied so that 20% fewer deaths at each age are assumed for male members and 15% fewer deaths at each age are assumed for female members than implied by the standard tables. (As per 2012 valuation.)
Future mortality improvement	Based on ONS principal UK population projections 2012
Year of Use	2016

In-service decrement rates

Withdrawal	Nil
Death in service	Rates used for 2012 valuation
Retirements in ill health	Rates used for 2012 valuation
Age retirement	Nil before NPA, 100% at NPA

Other assumptions

Proportion of male members for unisex factors	33.3%
Age difference between member and partner	Males assumed 3 years older than females
Proportions partnered	As assumed for the 2012 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 commutation	Nil
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² Additionally, we've allowed for a promotional scale in line with the assumptions used for the 2012 valuation but slightly steeper at older ages, with capped impact for transfers in below age 35.



Appendix B: Factors to calculate credits for non-Club incoming transfers

Factors to calculate service credits for officer members or earnings credits for practitioner members with an NPA of 60

NPA 60	Table TVIN1 – male officers		Table TVIN2 – female officers	
	Factor A	Factor B	Factor A	Factor B
Age last birthday at relevant date	Accrued TV factor	Adjustment for GMP of £1	Accrued TV factor	Adjustment for GMP of £1
16	0.42	3.88	0.42	3.31
17	0.42	3.88	0.42	3.30
18	0.42	3.87	0.42	3.29
19	0.42	3.87	0.42	3.29
20	0.42	3.86	0.42	3.28
21	0.42	3.86	0.42	3.28
22	0.42	3.85	0.42	3.27
23	0.42	3.84	0.42	3.27
24	0.42	3.84	0.42	3.26
25	0.42	3.83	0.42	3.26
26	0.42	3.83	0.42	3.25
27	0.42	3.82	0.42	3.25
28	0.42	3.82	0.42	3.24
29	0.42	3.81	0.42	3.24
30	0.42	3.81	0.42	3.23
31	0.42	3.80	0.42	3.23
32	0.42	3.79	0.42	3.23
33	0.42	3.79	0.42	3.22
34	0.42	3.78	0.42	3.22
35	0.42	3.78	0.42	3.21
36	0.41	3.77	0.41	3.21
37	0.41	3.77	0.41	3.20
38	0.40	3.76	0.40	3.20
39	0.40	3.76	0.40	3.19
40	0.39	3.76	0.39	3.19
41	0.39	3.75	0.39	3.19



42	0.38	3.75	0.38	3.18
43	0.38	3.74	0.38	3.18
44	0.38	3.74	0.38	3.18
45	0.37	3.74	0.37	3.17
46	0.37	3.73	0.37	3.17
47	0.37	3.73	0.37	3.17
48	0.37	3.72	0.37	3.16
49	0.36	3.72	0.36	3.16
50	0.36	3.72	0.36	3.16
51	0.36	3.71	0.36	3.16
52	0.36	3.71	0.36	3.15
53	0.35	3.71	0.35	3.15
54	0.35	3.71	0.35	3.15
55	0.35	3.70	0.35	3.15
56	0.35	3.70	0.35	3.15
57	0.35	3.70	0.35	3.16
58	0.35	3.71	0.35	3.16
59	0.35	3.71	0.35	3.23

Notes:

1. Factor B should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and **15%** of the GMP amount in respect of service after that date.



Factors to calculate service credits for officer members or earnings credits for practitioner members with an NPA of 65

NPA 65	Table TVIN3 – male officers		Table TVIN4 – female officers	
	Factor A	Factor B¹	Factor A	Factor B²
Age last birthday at relevant date	Accrued TV factor	Adjustment for GMP of £1	Accrued TV factor	Adjustment for GMP of £1
16	0.39	3.88	0.39	-0.47
17	0.39	3.88	0.39	-0.49
18	0.39	3.87	0.39	-0.51
19	0.39	3.87	0.39	-0.52
20	0.39	3.86	0.39	-0.54
21	0.39	3.86	0.39	-0.55
22	0.39	3.85	0.39	-0.57
23	0.39	3.84	0.39	-0.58
24	0.39	3.84	0.39	-0.60
25	0.39	3.83	0.39	-0.62
26	0.39	3.83	0.39	-0.63
27	0.39	3.82	0.39	-0.65
28	0.39	3.82	0.39	-0.66
29	0.39	3.81	0.39	-0.68
30	0.39	3.81	0.39	-0.70
31	0.39	3.80	0.39	-0.71
32	0.39	3.79	0.39	-0.73
33	0.39	3.79	0.39	-0.74
34	0.39	3.78	0.39	-0.76
35	0.39	3.78	0.39	-0.78
36	0.39	3.77	0.39	-0.79
37	0.38	3.77	0.38	-0.81
38	0.38	3.76	0.38	-0.83
39	0.37	3.76	0.37	-0.84
40	0.36	3.76	0.36	-0.86
41	0.36	3.75	0.36	-0.88
42	0.36	3.75	0.36	-0.90
43	0.35	3.74	0.35	-0.91
44	0.35	3.74	0.35	-0.93



45	0.35	3.74	0.35	-0.95
46	0.34	3.73	0.34	-0.97
47	0.34	3.73	0.34	-0.98
48	0.34	3.72	0.34	-1.00
49	0.34	3.72	0.34	-1.02
50	0.34	3.72	0.34	-1.04
51	0.34	3.71	0.34	-1.06
52	0.33	3.71	0.33	-1.08
53	0.33	3.71	0.33	-1.10
54	0.33	3.71	0.33	-1.12
55	0.33	3.70	0.33	-1.14
56	0.33	3.70	0.33	-1.16
57	0.33	3.70	0.33	-1.18
58	0.33	3.71	0.33	-1.21
59	0.33	3.71	0.33	-1.26
60	0.33	3.71		
61	0.33	3.72		
62	0.33	3.72		
63	0.33	3.73		
64	0.33	3.83		

Notes:

1. When calculating the adjustment for GMP for males, the factor given should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and **15%** of the GMP amount in respect of service after that date.
2. When calculating the adjustment for GMP for females aged under 60, the factor given should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and **350%** of the GMP amount in respect of service after that date.



Factors to calculate service credits for officer members or earnings credits for practitioner members for female members with NPA of 65 over age 60

NPA 65	Table TVIN5 – females		
	Factor A	Factor B	Factor C
Age last birthday at relevant date	Accrued TV factor	Adjustment factor for Pre88 GMP	Adjustment factor for Post88 GMP
60	0.33	-0.82	-3.68
61	0.33	0.15	-2.79
62	0.33	1.15	-1.87
63	0.33	2.19	-0.92
64	0.33	3.27	0.06

Notes:

1. When calculating the adjustment for GMP for females age 60 and above, 'Pre-88' GMP factor B should be applied to the GMP amount in respect of service up to 5 April 1988, and the 'Post-88' GMP factor C applied to the GMP amount in respect of service after that date.
2. The GMP figures should be the annual amounts, including revaluation and late retirement increase.