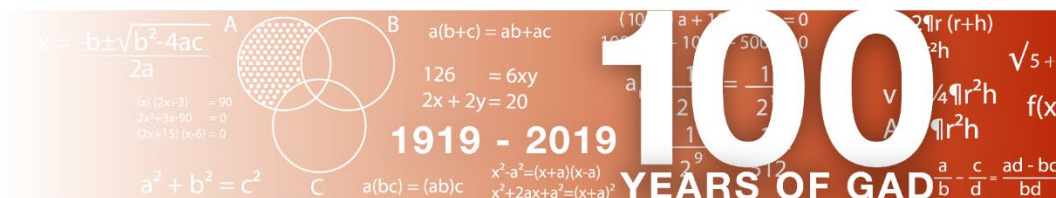




Government
Actuary's
Department



National Health Service Pension Scheme (Scotland)

Commutation

Factors and guidance

Date: 25 October 2019





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1 Introduction

- 1.1 This Note is addressed to the Scottish Public Pensions Agency ('SPPA') as administrator of the National Health Service Pension Scheme (Scotland) ('NHSPSS') 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	SSI 2011/117 E17(3) SSI 2013/174 2.D.14(2)/3.D.10(2)	2
Mandatory Lump Sum for 2008 Choice Optants	SSI 2013/174 2.K.12(2)/3.K.10(2)	3
Option for members in serious ill-health to exchange whole pension for lump sum	SSI 2011/117 E1(6), E2(11), E3(10) SSI 2013/174 2.D.15/3.D.11	4
Commutation of small/trivial pensions	SSI 2011/117 T8 SSI 2013/174 2.J.6/3.J.6	5
Inverse commutation	SSI 2011/117 E13(4)	6
Deduction of tax: further provisions cover benefit reductions due to annual allowance or lifetime allowance	SSI 2011/117 T3 SSI 2013/174 2.J.9/3.J.9	Covered in separate guidance

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.

Implementation and review

- 1.3 The factors provided in this Note have been prepared in light of our advice to the SPPA dated 30 October 2018 and its instructions following that advice.
- 1.4 The factors contained in this guidance apply from 29 October 2018. This implementation date has been determined by SPPA.



- 1.5 This guidance is intended to supersede any factors or advice previously issued, for the purposes of commutation calculations. In particular, this guidance supersedes the following guidance note:
- “National Health Service Superannuation Scheme for Scotland: Commutation. Factors and guidance”* dated 27 March 2015.
- 1.6 No advice or factors issued for the NHS Pension Scheme (Scotland) 2015 ('NHSPSS 2015') should be used for commutation calculations in respect of NHSPSS benefits. Where members have benefits in both the NHSPS Scotland 2015 and the NHSPS Scotland, 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 NHS Pension Scheme (Scotland). Any questions concerning the application of the guidance should, in the first instance, be referred to SPPA.
- 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 SPPA 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 SPPA'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 SPPA 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 credit¹.
- 2.2 This section refers to benefits payable in accordance with Regulations SSI 2011/117 – E17(3) and SSI 2013/174 – 2.D.14(2) and 3.D.10(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:

$$\text{Lump sum} = \text{Pension (£x pa)} \times 12$$

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

$$\text{Reduction to annual pension} = \text{Additional lump sum (£y)} \div 12$$

- 2.5 For any member retiring early on actuarially reduced benefits², 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 Subject to meeting certain conditions, members liable to an Annual Allowance charge can make an election requiring the Scheme to pay an amount of the charge on their behalf out of their pension benefits (referred to as 'Scheme Pays'). Some members may have previously elected for tax charges to be met by Scheme Pays. In this case a reduction to the pension benefits should be made. The reduction (debit) must be applied to the pension benefit before any commutation for additional lump sum is made.

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 Section³, must not exceed HMRC limits.

¹ For the purposes of paragraph 2 of Schedule 29 of the Finance Act 2004

² Under regulation E11 of SSI 2011/117 or regulation 2.D.4 or 3.D.4 of SSI 2013/174

³ Under regulation E13 of SSI 2011/117



- > 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. SPPA 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 allowance⁴).

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):

$$A = \text{Final Pensionable Pay} \times \text{Reckonable Service} \div 80$$

(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:

$$B = A \times \text{ERF1 or ERF2 or } (\text{ERF3} \div \text{PI} + 1.257)^5 \text{ as relevant}$$

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

$$D = \text{Revalued GMP at retirement date} \times [1 + 2.20\% \times (\text{period to date GMP payable})]$$

- 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.

⁴ Under regulation E17(6) of SSI 2011/117 and regulations 2.D.14(5) and 3.D.10(5) of SSI 2013/174

⁵ Available in 'NHSPS Scotland – Voluntary Early and Late retirements in normal health – Factors and Guidance'



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:

$$C = \text{Total pension} * (B) - ([\text{additional}] \text{ lump sum} \div 12)$$

**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 $12 \times (B - D)$, 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 SSI 2013/174 – 2.K.12(2) and 3.K.10(2). That is those Regulations relating to the 'mandatory lump sum' payable to a 2008 Section Optant. The 'mandatory lump sum' is equal to $\frac{3}{80}$ multiplied by pensionable pay, multiplied by the 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 SSI 2011/117 – E1(6), E2(11) and E3(11) and SSI 2013/174 – 2.D.15 and 3.D.11. 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 reduction (debit) applied to their pension benefit (and lump sum where applicable) before exchange of the whole pension for a lump sum due to serious ill health is made.



5 Trivial commutation

- 5.1 Various restrictions on trivial pension commutation are imposed by HMRC. SPPA should ensure that the payment of a lump sum in lieu of a small pension is compliant with these as well as with the NHSPSS 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 (debit) due to Scheme Pays⁶ or due to commutation for tax free cash if relevant. Any automatic tax free cash (SSI 2011/117 E13) 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 NHSPSS 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 (debit) is due on retirement.



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 SSI 2011/117 – E13(4), 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:

$$\text{Pension} = \text{Lump sum amount} / \text{Factor}$$

- 6.4 The 'Lump sum amount' is the amount that would otherwise be payable to the member if Regulation E13 (4) 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 = 0.831 Lump sum = 0.909
Reduced pension at retirement	= £22,000 x 0.831 = £18,282 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	= £18,282 - (£24,000÷12)= £16,282 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	= £4,030
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Revalued GMP at date of retirement	= £1,800
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Early retirement pension reduction factor at 55:	= 0.796
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Additional lump sum required	= £6,000
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Step 1 – eligibility for early retirement:

Amount A = £5,063

- Apply the relevant reduction factor (ERF1 or ERF2 or $(ERF3 \div PI + 1.257)$) to the pension figure calculated in Step 1 to give amount B.

Amount B = $£5,063 \times 0.796 = £4,030$

- 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 = $£1,800.00 \times (1 + 2.20\% \times 5 \text{ years}) = £1,800 \times 1.11 = £1,998$

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 = $£4,030 - (£6,000 \div 12) = £3,530$

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	= £5,048
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Revalued GMP at date of retirement	= £2,000
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Early retirement pension reduction factor at 60:	= 0.775
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Additional lump sum required	= £6,000
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Step 1 – eligibility for early retirement:

Amount A = £6,513

- Apply the relevant reduction factor (ERF1 or ERF2 or (ERF3 ÷ PI + 1.257)) to the pension figure calculated in Step 1 to give amount B.

Amount B = £6,513 x 0.775 = £5,048

- 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 × 1.11 = £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:

$$\text{Amount C} = £5,048 - (£6,000 \div 12) = £4,548$$

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*

$$\text{Amount C} = £2,500 - (£6,000 \div 12) = £2,000$$

C is less than D so commutation is restricted.

$$\text{Amount of additional lump sum allowed is } 12 \times (£2,500 - £2,220) = £3,360$$

$$\text{Residual pension} = £2,220 \text{ pa}$$

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 additional tax-free lump sum	= £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:	$£500 \times 16.862 = £8,431$

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:	$£500 \times 9.478 = £4,739$

Example for Section 6 – Inverse commutation

J. Member aged over 75

Date of birth:	8 September 1940
Effective commutation date:	9 September 2019
Total lump sum payable:	£5,000 pa
Age (complete years) on commutation date:	79
Additional pension payable:	$£5,000.00 / 9.731 = £513.82$



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	95.5% of S2NMA (Males) and 97.5% 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)	A 1.5% loading is applied to joint-life factors to allow for short-term spouses' pensions
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Appendix B: Trivial Commutation Factors

TRIV1_NHSPSS_1995 Section

Factor consolidation spreadsheet table number 501

Age	Former contributing member	Dependant	Age	Former contributing member	Dependant
20	N/A	33.963	60	21.111	20.068
21	N/A	33.747	61	20.610	19.554
22	N/A	33.526	62	20.101	19.034
23	N/A	33.300	63	19.584	18.508
24	N/A	33.068	64	19.056	17.974
25	N/A	32.830	65	18.519	17.432
26	N/A	32.586	66	17.975	16.883
27	N/A	32.336	67	17.422	16.328
28	N/A	32.080	68	16.862	15.767
29	N/A	31.818	69	16.268	15.201
30	N/A	31.550	70	15.667	14.630
31	N/A	31.276	71	15.087	14.055
32	N/A	30.995	72	14.502	13.477
33	N/A	30.707	73	13.913	12.898
34	N/A	30.413	74	13.278	12.319
35	N/A	30.112	75	12.644	11.741
36	N/A	29.805	76	12.055	11.168
37	N/A	29.491	77	11.469	10.599
38	N/A	29.169	78	10.887	10.036
39	N/A	28.841	79	10.257	9.478
40	N/A	28.506	80	9.633	8.929
41	N/A	28.164	81	9.070	8.387
42	N/A	27.813	82	8.516	7.857
43	N/A	27.456	83	7.973	7.339
44	N/A	27.090	84	7.398	6.835
45	N/A	26.715	85	6.843	6.350
46	N/A	26.333	86	6.356	5.888
47	N/A	25.942	87	5.896	5.451
48	N/A	25.542	88	5.462	5.043
49	N/A	25.133	89	5.018	4.662
50	N/A	24.715	90	4.603	4.308
51	N/A	24.289	91	4.253	3.977
52	N/A	23.853	92	3.927	3.671
53	N/A	23.409	93	3.624	3.389
54	N/A	22.957	94	3.346	3.132
55	23.462	22.496	95	3.095	2.902
56	23.010	22.026	96	2.871	2.697
57	22.550	21.549	97	2.675	2.518
58	22.080	21.065	98	2.505	2.364
59	21.602	20.572	99	2.356	2.229
			100	2.220	2.108



TRIV2_NHSPSS_2008 Section

Factor consolidation spreadsheet table number 502

Age	Former contributing member	Dependant	Age	Former contributing member	Dependant
20	N/A	33.964	60	20.957	20.109
21	N/A	33.749	61	20.460	19.603
22	N/A	33.528	62	19.955	19.089
23	N/A	33.301	63	19.442	18.568
24	N/A	33.069	64	18.919	18.040
25	N/A	32.832	65	18.375	17.492
26	N/A	32.588	66	17.812	16.923
27	N/A	32.338	67	17.243	16.351
28	N/A	32.083	68	16.671	15.777
29	N/A	31.821	69	16.077	15.203
30	N/A	31.553	70	15.482	14.630
31	N/A	31.279	71	14.903	14.055
32	N/A	30.999	72	14.319	13.477
33	N/A	30.711	73	13.731	12.898
34	N/A	30.418	74	13.109	12.319
35	N/A	30.117	75	12.488	11.741
36	N/A	29.810	76	11.902	11.168
37	N/A	29.497	77	11.319	10.599
38	N/A	29.176	78	10.739	10.036
39	N/A	28.849	79	10.125	9.478
40	N/A	28.514	80	9.518	8.929
41	N/A	28.172	81	8.958	8.387
42	N/A	27.823	82	8.407	7.857
43	N/A	27.465	83	7.868	7.339
44	N/A	27.100	84	7.308	6.835
45	N/A	26.726	85	6.768	6.350
46	N/A	26.345	86	6.285	5.888
47	N/A	25.954	87	5.828	5.451
48	N/A	25.555	88	5.398	5.043
49	N/A	25.147	89	4.967	4.662
50	N/A	24.731	90	4.565	4.308
51	N/A	24.306	91	4.217	3.977
52	N/A	23.872	92	3.893	3.671
53	N/A	23.430	93	3.593	3.389
54	N/A	22.979	94	3.317	3.132
55	23.302	22.521	95	3.068	2.902
56	22.850	22.054	96	2.846	2.697
57	22.390	21.579	97	2.652	2.518
58	21.921	21.097	98	2.484	2.364
59	21.444	20.608	99	2.336	2.229
			100	2.202	2.108



Appendix C: Inverse Commutation Factors

INVCOMM1_NHSPSS

Factor consolidation spreadsheet table number 504

Age	Factor
75	12.021
76	11.442
77	10.867
78	10.296
79	9.731
80	9.173
81	8.622
82	8.081
83	7.553
84	7.039
85	6.544
86	6.071
87	5.624
88	5.205
89	4.814
90	4.450
91	4.110
92	3.793
93	3.499
94	3.230
95	2.987
96	2.771
97	2.583
98	2.421
99	2.278
100	2.149



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