Scottish Teachers' Pension Scheme 2015

Faster accrual

Factors and guidance

Date: 18 February 2021

Contents

1   Introduction

1.1   This note is provided for the Scottish Public Pensions Agency (SPPA) as administrators of the Scottish Teachers' Pension Scheme 2015 (STPS).

1.2   A member may elect to pay contributions to accrue pension at a faster accrual rate in any financial year ("faster accrual election"). The purpose of this note is to provide the factors for determining the contributions required if a member makes a faster accrual election.

1.3   This note relates to Part 3 of Schedule 2 to *The Teachers' Pension Scheme (Scotland) (No 2) Regulations 2014* (SSI 2014/292).

1.4   Details on the member contributions required for faster accrual elections can be found in Section 2. The factors are set out in Appendix A. Illustrative example calculations of the monthly contributions required under a faster accrual election can be found in Section 4.

1.5   There is a limit on how much extra pension a member can purchase in the STPS. Section 3 sets out how to determine the value of the faster accrual election for the purpose of the extra pension limit. The required factors are set out in Appendix B. Illustrative examples of the faster accrual value calculations can be found in Section 4 also.

1.6   The principal assumptions underlying the factors contained in this guidance note can be found in Appendix C and some important limitations are set out in Appendix D.

Implementation and Review

1.7   The factors contained in this Note have been prepared in light of our advice to SPPA dated 30 October 2018 and its instructions following that advice.

1.8   SPPA have advised the Government Actuary's Department that the factors contained in this note applied from **29 October 2018**. These factors were issued to SPPA on 15 February 2019 and our understanding is that they have been implemented for all calculations with an effective date from 29 October 2018.

Since February 2019, the updated factors have been used in conjunction with the previous guidance issued.

1.9   This guidance will apply with immediate effect upon receipt.

This guidance is intended to supersede any factors or advice previously issued for the purposes of faster accrual calculations. In particular, this guidance supersedes:

"*Scottish Teachers' Pension Scheme 2015: Career Average section: Faster Accrual - Factors and guidance*" dated 16 February 2015.

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

1.11   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, you may wish to send some example calculations to GAD for review.

1.12   The factors contained in this guidance will be subject to review periodically. This will depend on external circumstances, for example whenever there is a change in the SCAPE basis; when changes in the actuarial assumptions adopted for other scheme factors take place; or following each future actuarial valuation where mortality and other relevant experience is reviewed or if other credible and material information comes to light.

Third party reliance

1.13   This guidance has been prepared for the use of SPPA for the purposes of demonstrating the application of the factors covered by this guidance only. This guidance may be published on the 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.

1.14   Other than the SPPA, 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   Faster accrual election

2.1   A member may elect to make a faster accrual election to accrue pension at a rate of 1/45, 1/50 or 1/55 in any financial year, compared with the standard accrual rate of 1/57.

2.2   This note sets out the factors to be used to determine the monthly contributions payable by a member who has made a faster accrual election, in line with paragraph 25 of Schedule 2 to *The Teachers' Pension Scheme (Scotland) (No 2) Regulations 2014* (SSI 2014/292).

2.3   Factors for calculating the cost of the faster accrual election should be selected with reference to:

- The chosen rate of faster accrual (i.e. 1/45, 1/50 or 1/55).

- The member's age (last birthday) at the date the faster accrual election takes effect.

- Whether a member has made a buy-out election. If a member has made a buy-out election and this election has not been revoked or been taken to be revoked, additional contributions are required on top of the standard faster accrual contribution rates. Further information is provided in paragraphs 2.6 – 2.9.

2.4   Factors for faster accrual elections, shown in Appendix A, are as follows:

- **Table FA45 (Table 724 in consolidated factors spreadsheet)** – contribution factors for a faster accrual rate of 1/45.

- **Table FA50 (Table 725 in consolidated factors spreadsheet)** – contribution factors for a faster accrual rate of 1/50.

- **Table FA55 (Table 726 in consolidated factors spreadsheet)** – contribution factors for a faster accrual rate of 1/55.

2.5   Example calculations showing how the factors should be used are set out in Section 4.

Interaction with buy-out elections

2.6   If a member has made a buy-out election and this election has not been revoked, or not been taken to be revoked, at the time of making a faster accrual election, then the buy-out election will also apply to the additional pension a member purchases through a faster accrual election. The same early retirement reduction will therefore apply to the additional pension purchased through the faster accrual election as applies to their main scheme benefits which are subject to the buy-out election.

2.7   The faster accrual contributions therefore need to be increased with reference to the number of years in respect of which the standard reduction is to be bought out under the member's buy-out election.

2.8   The total faster accrual contribution factor should be calculated using the formula below:

Total faster accrual contribution factor = *FA + N x BO*

where:

FA   =   standard faster accrual factor relating to the chosen accrual rate and the member's age

N   =   number of years bought out under the buy-out election

BO   =   additional contribution factor for each year being bought out, relating to the chosen accrual rate and the member's age

2.9   Example calculations for members who have an in-force buy-out election are set out in Section 4.

3 Limit on extra pension

3.1 There is a maximum overall amount of extra pension a member can purchase in the STPS. The maximum overall amount £7,000 for the 2019/20 financial year.

Any extra pension purchased through a buy-out election, faster accrual election or additional pension election will count against the extra pension limit.

3.2 When a member makes a faster accrual election, a check needs to be carried out to ensure the member has enough headroom within the overall extra pension limit to purchase the desired rate of faster accrual. The value of the extra pension purchased through a faster accrual election (the 'faster accrual value') therefore needs to be calculated at the time of the election.

3.3 The faster accrual value will depend on whether or not a member's buy-out election also applies to any additional pension purchased through the faster accrual election. A different formula is therefore used depending on the situation.

Faster accrual value - no buy-out election applies to the member's faster accrual election

3.4 The faster accrual value should be calculated using the formula below:

$$\text{Faster accrual value} = PE \times \frac{M}{12} \times F^Y$$

where:

PE = the member's actual rate of pensionable earnings at the date the faster accrual election takes effect

M = the number of complete months between the date the faster accrual election takes effect and the end of the financial year

F^Y = faster accrual value factor from Table FAV1, selected with reference to:

- the chosen rate of faster accrual; and

- the number of years between the member's age (last birthday) at the date the faster accrual election takes effect and the **member's expected NPA**[1]. For a member with a non-integer NPA, their expected NPA should be rounded down to the nearest whole number.

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[1] NPA is defined as a member's state pension age (or 65, if that is higher) in the STPS. For the purpose of this note, a member's expected NPA in the STPS is the same as their state pension age as set out in *The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014* - https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/357130/HMT_valuations_and_cost_cap_directions_reconsolidated_Sept_2014.pdf
As at the date of this guidance note, no changes have been made to paragraph 18 which sets out the assumptions relating to State Pension Age.

The relevant factors are set out in Appendix B.

3.5   For a member who is in part-time employment, *PE* is the rate of pensionable earnings the member is receiving at the time the faster accrual election takes effect, <u>not</u> the full-time equivalent rate.

3.6   Examples 1, 2 and 5 in Section 4 cover the faster accrual value calculation when a member does not have a buy-out election which applies to their faster accrual election.

Faster accrual value - a member's buy-out election applies to their faster accrual election

3.7   The faster accrual value should be calculated using the formula below:

Faster accrual value = *PE* x $\dfrac{M}{12}$ x F^Y x [1 + (0.062 x *N*)]

where:

PE   =   the member's actual rate of pensionable earnings at the date the faster accrual election takes effect

M   =   the number of complete months between the date the faster accrual election takes effect and the end of the financial year

F^Y =   faster accrual value factor from Table FAV1, selected with reference to:

- the chosen rate of faster accrual; and

- the number of years between the member's age (last birthday) at the date the faster accrual election takes effect and the member's '**buy-out retirement age**'. For a member with a non-integer NPA, their buy-out retirement age should be rounded down to the nearest whole number.

N   =   The number of years for which the standard reduction has been bought out under the buy-out election.

The relevant factors are set out in Appendix B.

3.8   For a member who is in part-time employment, *PE* is the rate of pensionable earnings the member is receiving at the time the faster accrual election takes effect, <u>not</u> the full-time equivalent rate.

3.9   A member's buy-out retirement age is equal to the member's expected NPA less the number of years for which the standard reduction has been bought out.

3.10   Examples 3 and 4 in Section 4 cover the faster accrual value calculation when a member does have a buy-out election which applies to their faster accrual election.

Member ceases paying faster accrual contributions early

3.11 It will be necessary to revisit the original faster accrual value calculation if a member revokes or is taken to revoke their faster accrual election, and does not receive a repayment of their contributions. In this instance, the original faster accrual value should be revised in a proportional manner based on the number of months the member actually paid their contributions.

Calculating the faster accrual value at a later date

3.12 If a member subsequently makes another faster accrual election or an additional pension election, the faster accrual value from any earlier elections needs to be compared with the extra pension limit, to determine the remaining headroom available to the member. The faster accrual value needs to be increased in line with inflation between the time the faster accrual election takes effect and the date of any subsequent faster accrual or additional pension election.

4   Examples

Example 1: Member who has not made a buy-out election

Determining cost of the faster accrual election

Member Details

Date of Birth	1 May 1976
Sex	Male
Normal Pension Date	1 May 2043
Normal Pension Age	67

Faster accrual election

Chosen faster accrual rate	1/50
Faster accrual election for financial year	2019-20
Date faster accrual election takes effect	1 April 2019

Buy-out election

Number of years bought out	0
Age (last birthday) at the date the faster accrual election takes effect	42
Factor FA – Table FA50, age 42	3.74

The member is required to pay regular contributions of **3.74% of his pensionable earnings** for a faster accrual rate of 1/50 during the 2019-20 financial year.

Determining the faster accrual value

As the member does not have a buy-out election which also applies to their faster accrual election the formula in paragraph 3.4 should be used:

Faster accrual value = *PE* x $\frac{M}{12}$ x *F*^Y

where:

PE = the member's actual rate of pensionable earnings at the date the faster accrual election takes effect

M = the number of complete months between the date the faster accrual election takes effect and the end of the financial year

F^Y = faster accrual value factor from Table FAV1, selected with reference to:

- the chosen rate of faster accrual; and

- the number of years between the member's age (last birthday) at the date the faster accrual election takes effect and the member's expected NPA.

Actual rate of pensionable earnings on 1 April 2019	£32,000
Number of complete months between the date the faster accrual election takes effect and the end of the financial year	12
Number of years between the member's age (last birthday) at the date the faster accrual election takes effect and the member's expected NPA	= 67 – 42 = 25
Factor F^Y – Table FAV1, 1/50 accrual rate, 25 years	0.0037

Faster accrual value = $PE \times \dfrac{M}{12} \times F^Y$

$$= £32{,}000.00 \times \frac{12}{12} \times 0.0037 = £118.40$$

Example 2: Member with a non-integer NPA who has not made a buy-out election

Determining cost of the faster accrual election

Member Details

Date of Birth	6 April 1977
Sex	Male
Normal Pension Date	6 May 2044
Normal Pension Age	67 years and 1 month
	(67 years (rounded down))

Faster accrual election

Chosen faster accrual rate	1/45
Faster accrual election for financial year	2019-20
Date faster accrual election takes effect	1 April 2019

Buy-out election

Number of years bought out	0
Age (last birthday) at the date the faster accrual election takes effect	41
Factor FA – Table FA45, age 41	7.03

The member is required to pay regular contributions of **7.03% of his pensionable earnings** for a faster accrual rate of 1/45 during the 2019-20 financial year.

Determining the faster accrual value

As the member does not have a buy-out election which also applies to their faster accrual election the formula in paragraph 3.4 should be used:

Faster accrual value = PE x $\dfrac{M}{12}$ x F^Y

where:

PE	=	the member's actual rate of pensionable earnings at the date the faster accrual election takes effect
M	=	the number of complete months between the date the faster accrual election takes effect and the end of the financial year
F^Y	=	• faster accrual value factor from Table FAV1, selected with reference to the chosen rate of faster accrual; and
		• the number of years between the member's age (last birthday) at the date the faster accrual election takes effect and the member's expected NPA. For a member with a non-integer NPA. Their expected NPA should be rounded down to the nearest whole number.

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Actual rate of pensionable earnings on 1 April 2019	£36,000
Number of complete months between the date the faster accrual election takes effect and the end of the financial year	12
Number of years between the member's age (last birthday) at the date the faster accrual election takes effect and the member's expected NPA (rounded down)	= 67 – 41 = 26
Factor F^Y – Table FAV1, 1/45 accrual rate, 26 years	0.0071

Faster accrual value = $PE \times \dfrac{M}{12} \times F^Y$

$$= £36,000.00 \times \frac{12}{12} \times 0.0071 = \underline{\textbf{£255.60}}$$

Example 3: Member who has made a buy-out election and has not revoked or been taken to revoke this option

Determining cost of the faster accrual election

Member Details

Date of Birth	6 June 1969
Sex	Female
Normal Pension Date	6 June 2036
Normal Pension Age	67 years

Faster accrual election

Chosen faster accrual rate	1/55
Faster accrual election for financial year	2019-20
Date faster accrual election takes effect	1 April 2019

Buy-out election

Number of years bought out	2 years
Has member revoked or been taken to revoke this option?	No
Age (last birthday) at the date the faster accrual election takes effect	49
Faster accrual factor FA – Table FA55, age 49	1.03
Buy-out factor BO – Table FA55, age 49	0.04

As the member has made a buy-out election, and has **not** revoked or been taken to revoke this election, the total faster accrual contribution factor needs to be calculated using the formula in paragraph 2.8.

Total contribution factor = *FA + N x BO*

where:

FA	=	standard faster accrual factor relating to the chosen accrual rate and the member's age	=	1.03
N	=	number of years bought out under the buy-out election	=	2
BO	=	additional contribution factor for each year being bought out, relating to the chosen accrual rate and the member's age	=	0.04

Total faster accrual contribution factor = 1.03 + 2 x 0.04 = 1.11

The member is required to pay regular contributions of **1.11% of her pensionable earnings** for a faster accrual rate of 1/55 during the 2019-20 financial year.

Determining the faster accrual value

As the member has a buy-out election which also applies to their faster accrual election the formula in paragraph 3.7 should be used:

Faster accrual value = $PE \times \dfrac{M}{12} \times F^Y \times [\, 1 + (0.062 \times N) \,]$

where:

PE = the member's actual rate of pensionable earnings at the date the faster accrual election takes effect

M = the number of complete months between the date the faster accrual election takes effect and the end of the financial year

F^Y = faster accrual value factor from Table FAV1, selected with reference to:

- the chosen rate of faster accrual; and

- the number of years between the member's age (last birthday) at the date the faster accrual election takes effect and the member's buy-out retirement age. For a member with a non-integer buy-out retirement age, their buy-out retirement age should be rounded down to the nearest whole number.

N = The number of years for which the standard reduction has been bought out under the buy-out election.

Actual rate of pensionable earnings on 1 April 2019	£45,000
Number of months worked by the member in the scheme year	12
Buy-out retirement age	= 67 – 2 = 65
Number of years between the member's age (last birthday) at the date the faster accrual election takes effect and the member's buy-out retirement age	= 65 – 49 = 16
Factor F^Y – Table FAV1, 1/55 accrual rate, 16 years	0.0008

Faster accrual value = $PE \times \dfrac{M}{12} \times F^Y \times [\, 1 + (0.062 \times N) \,]$

$$= £45,000.00 \times \frac{12}{12} \times 0.0008 \times [\, 1 + (0.062 \times 2) \,] = \underline{\textbf{£40.46}}$$

Example 4: Member with non-integer NPA who has made a buy-out election and has not revoked or been taken to revoke this option

Determining cost of the faster accrual election

Member Details

Date of Birth	6 May 1977
Sex	Female
Normal Pension Date	6 July 2044
Normal Pension Age	67 years 2 months

Faster accrual election

Chosen faster accrual rate	1/45
Faster accrual election for financial year	2019-20
Date faster accrual election takes effect	1 April 2019

Buy-out election

Number of years bought out	2 years 2 months
Has member revoked or been taken to revoke this option?	No
Age (last birthday) at the date the faster accrual election takes effect	41
Faster accrual factor FA – Table FA45, age 41	7.03
Buy-out factor BO – Table FA45, age 41	0.24

As the member has made a buy-out election, and has **not** revoked or been taken to revoke this election, the total faster accrual contribution factor needs to be calculated using the formula in paragraph 2.8.

Total contribution factor = *FA + N x BO*

where:

FA	=	standard faster accrual factor relating to the chosen accrual rate and the member's age	=	7.03
N	=	number of years bought out under the buy-out election	=	$2\,^2/_{12}$
BO	=	additional contribution factor for each year being bought out, relating to the chosen accrual rate and the member's age	=	0.24

Total faster accrual contribution factor = 7.03 + $2\,^2/_{12}$ x 0.24 = 7.55

The member is required to pay regular contributions of **7.55% of her pensionable earnings** for a faster accrual rate of 1/45 during the 2019-20 financial year.

Determining the faster accrual value

As the member has a buy-out election which also applies to their faster accrual election the formula in paragraph 3.7 should be used:

$$\text{Faster accrual value} = PE \times \frac{M}{12} \times F^Y \times [\ 1 + (0.062 \times N)\ ]$$

where:

PE	=	the member's actual rate of pensionable earnings at the date the faster accrual election takes effect
M	=	the number of complete months between the date the faster accrual election takes effect and the end of the financial year
F^Y	=	faster accrual value factor from Table FAV1, selected with reference to:

- the chosen rate of faster accrual; and

- the number of years between the member's age (last birthday) at the date the faster accrual election takes effect and the member's buy-out retirement age. For a member with a non-integer buy-out retirement age, their buy-out retirement age should be rounded down to the nearest whole number.

N	=	The number of years for which the standard reduction has been bought out under the buy-out election.

Actual rate of pensionable earnings on 1 April 2019	£35,000
Number of complete months between the date the faster accrual election takes effect and the end of the financial year	12
Buy-out retirement age	$= 67\ ^2/_{12} - 2\ ^2/_{12} = 65$
Number of years between the member's age (last birthday) at the date the faster accrual election takes effect and the member's buy-out retirement age	$= 65 - 41 = 24$
Factor F^Y – Table FAV1, 1/45 accrual rate, 24 years	0.0068

$$\text{Faster accrual value} = PE \times \frac{M}{12} \times F^Y \times [\ 1 + (0.062 \times N)\ ]$$

$$= \text{£35,000.00} \times \frac{12}{12} \times 0.0068 \times [\ 1 + (0.062 \times 2\ ^2/_{12})\ ] = \underline{\textbf{£269.97}}$$

Example 5: Member who has made a buy-out election but has revoked this option

Determining cost of the faster accrual election

Member Details

Date of Birth	5 November 1984
Sex	Male
Normal Pension Date	5 November 2050
Normal Pension Age	68 years

Faster accrual election

Chosen faster accrual rate	1/50
Faster accrual election for financial year	2019-20
Date faster accrual election takes effect	1 April 2019

Buy-out election

Number of years bought out	3 years
Has member revoked option?	Yes
Age (last birthday) at the date the faster accrual election takes effect	34
Factor – Table FA50, age 34	3.55

The member is required to pay regular contributions of **3.55% of his pensionable earnings** for a faster accrual rate of 1/50 during the 2019-20 financial year.

Determining the faster accrual value

As the member does not have a buy-out election which also applies to their faster accrual election the formula in paragraph 3.4 should be used:

Faster accrual value = $PE \times \dfrac{M}{12} \times F^Y$

where:

> PE =   the member's actual rate of pensionable earnings at the date the faster accrual election takes effect

> M   =   the number of complete months between the date the faster accrual election takes effect and the end of the financial year

F^Y = faster accrual value factor from Table FAV1, selected with reference to:

- the chosen rate of faster accrual; and

- the number of years between the member's age (last birthday) at the date the faster accrual election takes effect and the member's expected NPA. For a member with a non-integer NPA, their expected NPA should be rounded down to the nearest whole number.

Actual rate of pensionable earnings on 1 April 2019	£29,000
Number of complete months between the date the faster accrual election takes effect and the end of the financial year	12
Number of years between the member's age (last birthday) at the date the faster accrual election takes effect and the member's expected NPA	= 68 – 34 = 34
Factor F^Y – Table FAV1, 1/50 accrual rate, 34 years	0.0042

Faster accrual value = $PE \times \dfrac{M}{12} \times F^Y$

$$= £29,000.00 \times \frac{12}{12} \times 0.0042 = \underline{\textbf{£121.80}}$$

Appendix A: Faster accrual contribution factors

Table FA45 *(Table 724 in consolidated factors spreadsheet)*

Contribution factors for a faster accrual rate of 1/45

	Percentage of pensionable earnings payable	
Age at date election takes effect	Faster accrual factor (*FA*)	Additional buy-out factor, per year being bought out (*BO*)
16	6.09	0.19
17	6.13	0.19
18	6.18	0.19
19	6.22	0.20
20	6.25	0.20
21	6.29	0.20
22	6.32	0.20
23	6.36	0.20
24	6.40	0.20
25	6.43	0.21
26	6.47	0.21
27	6.51	0.21
28	6.54	0.21
29	6.58	0.21
30	6.62	0.21
31	6.65	0.22
32	6.69	0.22
33	6.73	0.22
34	6.76	0.22
35	6.80	0.22
36	6.84	0.23
37	6.88	0.23
38	6.92	0.23
39	6.95	0.23
40	6.99	0.23
41	7.03	0.24
42	7.13	0.24
43	7.23	0.24
44	7.33	0.25
45	7.43	0.25
46	7.47	0.25
47	7.51	0.25
48	7.55	0.26
49	7.59	0.26
50	7.62	0.26
51	7.66	0.26
52	7.70	0.27
53	7.74	0.27
54	7.78	0.27
55	7.82	0.28
56	7.85	0.28
57	7.89	0.29
58	7.93	0.29
59	8.05	0.29
60	8.17	0.30
61	8.29	0.31
62	8.42	0.31
63	8.48	0.32
64	8.54	0.32
65	8.60	Refer to GAD
66	Refer to GAD	Refer to GAD
67	Refer to GAD	Refer to GAD

Table FA50 *(Table 725 in consolidated factors spreadsheet)*
Contribution factors for a faster accrual rate of 1/50

	Percentage of pensionable earnings payable	
Age at date election takes effect	Faster accrual factor (*FA*)	Additional buy-out factor, per year being bought out (*BO*)
16	3.20	0.10
17	3.22	0.10
18	3.24	0.10
19	3.26	0.10
20	3.28	0.10
21	3.30	0.10
22	3.32	0.11
23	3.34	0.11
24	3.36	0.11
25	3.38	0.11
26	3.40	0.11
27	3.42	0.11
28	3.43	0.11
29	3.45	0.11
30	3.47	0.11
31	3.49	0.11
32	3.51	0.11
33	3.53	0.12
34	3.55	0.12
35	3.57	0.12
36	3.59	0.12
37	3.61	0.12
38	3.63	0.12
39	3.65	0.12
40	3.67	0.12
41	3.69	0.12
42	3.74	0.13
43	3.79	0.13
44	3.85	0.13
45	3.90	0.13
46	3.92	0.13
47	3.94	0.13
48	3.96	0.13
49	3.98	0.14
50	4.00	0.14
51	4.02	0.14
52	4.04	0.14
53	4.06	0.14
54	4.08	0.14
55	3.20	0.10
56	3.22	0.10
57	3.24	0.10
58	3.26	0.10
59	3.28	0.10
60	3.30	0.10
61	3.32	0.11
62	3.34	0.11
63	3.36	0.11
64	3.38	0.11
65	4.52	Refer to GAD
66	Refer to GAD	Refer to GAD
67	Refer to GAD	Refer to GAD

Table FA55 *(Table 726 in consolidated factors spreadsheet)*
Contribution factors for a faster accrual rate of 1/55

Age at date election takes effect	Percentage of pensionable earnings payable	
	Faster accrual factor (*FA*)	Additional buy-out factor, per year being bought out (*BO*)
16	0.83	0.03
17	0.84	0.03
18	0.84	0.03
19	0.85	0.03
20	0.85	0.03
21	0.86	0.03
22	0.86	0.03
23	0.87	0.03
24	0.87	0.03
25	0.88	0.03
26	0.88	0.03
27	0.89	0.03
28	0.89	0.03
29	0.90	0.03
30	0.90	0.03
31	0.91	0.03
32	0.91	0.03
33	0.92	0.03
34	0.92	0.03
35	0.93	0.03
36	0.93	0.03
37	0.94	0.03
38	0.94	0.03
39	0.95	0.03
40	0.95	0.03
41	0.96	0.03
42	0.97	0.03
43	0.99	0.03
44	1.00	0.03
45	1.01	0.03
46	1.02	0.03
47	1.02	0.03
48	1.03	0.03
49	1.03	0.04
50	1.04	0.04
51	1.04	0.04
52	1.05	0.04
53	1.06	0.04
54	1.06	0.04
55	1.07	0.04
56	1.07	0.04
57	1.08	0.04
58	1.08	0.04
59	1.10	0.04
60	1.11	0.04
61	1.13	0.04
62	1.15	0.04
63	1.16	0.04
64	1.16	0.04
65	1.17	Refer to GAD
66	Refer to GAD	Refer to GAD
67	Refer to GAD	Refer to GAD

Appendix B: Faster accrual value factors

Table FAV1 *(Table 727 in consolidated factors spreadsheet)*

Number of years between age and expected NPA/buy-out retirement age	Factor to determine faster accrual value (F^Y)		
	Faster accrual rate chosen		
	1/45	1/50	1/55
0	0.0000	0.0000	0.0000
1	0.0048	0.0025	0.0006
2	0.0048	0.0025	0.0007
3	0.0049	0.0026	0.0007
4	0.0050	0.0026	0.0007
5	0.0051	0.0027	0.0007
6	0.0051	0.0027	0.0007
7	0.0052	0.0027	0.0007
8	0.0053	0.0028	0.0007
9	0.0054	0.0028	0.0007
10	0.0055	0.0029	0.0007
11	0.0056	0.0029	0.0008
12	0.0057	0.0030	0.0008
13	0.0058	0.0030	0.0008
14	0.0058	0.0031	0.0008
15	0.0059	0.0031	0.0008
16	0.0060	0.0032	0.0008
17	0.0061	0.0032	0.0008
18	0.0062	0.0033	0.0008
19	0.0063	0.0033	0.0009
20	0.0064	0.0034	0.0009
21	0.0065	0.0034	0.0009
22	0.0066	0.0035	0.0009
23	0.0067	0.0035	0.0009
24	0.0068	0.0036	0.0009
25	0.0070	0.0037	0.0009
26	0.0071	0.0037	0.0010
27	0.0072	0.0038	0.0010
28	0.0073	0.0038	0.0010
29	0.0074	0.0039	0.0010
30	0.0075	0.0040	0.0010
31	0.0077	0.0040	0.0010
32	0.0078	0.0041	0.0011
33	0.0079	0.0041	0.0011
34	0.0080	0.0042	0.0011
35	0.0082	0.0043	0.0011
36	0.0083	0.0043	0.0011
37	0.0084	0.0044	0.0011
38	0.0086	0.0045	0.0012
39	0.0087	0.0046	0.0012
40	0.0088	0.0046	0.0012
41	0.0090	0.0047	0.0012
42	0.0091	0.0048	0.0012
43	0.0093	0.0049	0.0013
44	0.0094	0.0049	0.0013
45	0.0096	0.0050	0.0013
46	0.0097	0.0051	0.0013
47	0.0099	0.0052	0.0013
48	0.0100	0.0053	0.0014
49	0.0102	0.0053	0.0014
50	0.0103	0.0054	0.0014
51	0.0105	0.0055	0.0014
52	0.0107	0.0056	0.0015

Appendix C: Principal assumptions underlying factors

Financial assumptions

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

Mortality assumptions

Members in normal health

Male member: 119% S2NMA_L
Female:
Female member:
75% of S1NFA_L up to age 79, 86% at ages 80 to 84,
100% at ages 85 to 89,
108% from age 90

Future mortality improvements

Based on ONS principal UK population projections 2016

Year of Use

2020

Other assumptions

Proportion of male members for unisex factors   30%
Allowance for commutation   Nil other than for mandatory lump sum cases

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 faster accrual 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 faster accrual 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.