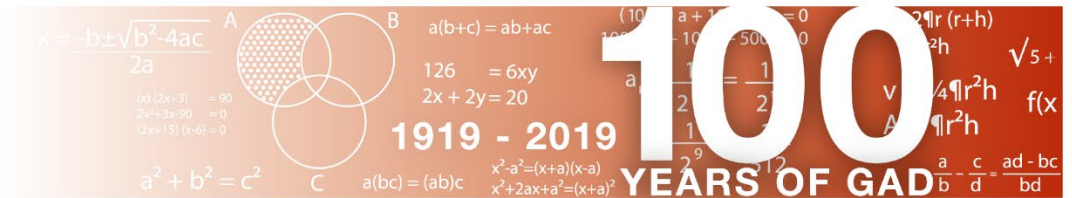




Government  
Actuary's  
Department



## UK Atomic Energy Authority Pension Schemes

Pensioner Cash Equivalents on Divorce

Factor guidance

Date: 17 October 2019



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## 1 Introduction

- 1.1 This note is provided for the UK Atomic Energy Authority (UKAEA or the Authority) in its role as manager of the UK Atomic Energy Authority Pension Schemes ("the UKAEA Schemes"), and sets out the method and instructions for calculating the Cash Equivalent (CE) of a member's UKAEA benefits for divorce purposes.
- 1.2 The purpose of the note is to provide the Authority with factors and guidance to be used when calculating the Cash Equivalent (CE) of a member's UKAEA benefits for divorce purposes.
- 1.3 This guidance should be used both when a member applies for a quotation of the value of the benefits during the divorce proceedings, and after a pension sharing order has been made. Separate instructions cover the calculation of the pension debit to the member and the pension credit to the ex-partner.
- 1.4 The factors and the calculation methodology in this note have been updated from the previous iteration. The change in calculation methodology follows from the requirement to equalise GMPs, and full details of the change are set out in Section 2.
- 1.5 Details of the assumptions underlying the factor tables in this guidance are set out in Appendix B.
- 1.6 Paragraphs 4.8, 4.13, 4.17, 6.2 and 6.3 give details of special cases which should be referred to GAD. We do not envisage any other special cases not covered by this note. However, if any do occur they should also be referred to GAD.

### Implementation and Review

- 1.7 The factors provided in this note have been prepared in light of the advice on assumptions in our letter dated 30 October 2018. The factors were provided to the Authority on 27 November 2018.
- 1.8 The factors contained in this Note should be used with effect from 29 October 2018. This guidance comes into effect immediately.
- 1.9 This guidance is intended to supersede any advice previously issued, for the purposes of pensioner cash equivalent on divorce calculations. No advice or factors issued in the past should be used for cases after this date. In particular, this guidance supersedes:  
  
*UK Atomic Energy Authority Pension Schemes: Factors for Pensioner Cash Equivalents on Divorce*, dated 5 April 2016.
- 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 UKAEA Pension Scheme. Any questions concerning the application of the guidance should, in the first instance, be referred to the Authority.



- 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, we suggest that some example calculations are sent 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 UKAEA and the scheme administrators for the purposes of demonstrating the application of the factors covered by this guidance only. This guidance may be published on UKAEA's 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.
- 1.14 Other than UKAEA and 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 Adjustments for Guaranteed Minimum Pension

### GMP equalisation: impact on calculations

- 2.1 The calculations and formulae in this guidance contain adjustments to reflect the inflationary increases on a member's Guaranteed Minimum Pension (GMP), which have historically been the responsibility of the State Scheme after GMP Payment Age.
- 2.2 In previous versions of this guidance this GMP adjustment was applied to all cash equivalent calculations, except for the cohort of members who reached State Pension age between 6 April 2016 and 5 April 2021 inclusive.
- 2.3 However, following the requirement to equalise GMPs, as set out in our letter "*GMP Equalisation: Calculations involving actuarial factors*" dated 6 August 2019:

**GMP adjustment factors should no longer be applied in calculations for members who reach State Pension age (SPA) on or after 6 April 2016**

- 2.4 The cohorts of members whom this affects are:
- Males with a date of birth on or after 6 April 1951 **and** an accrued GMP
  - Females with a date of birth on or after 6 April 1953 **and** an accrued GMP
- 2.5 For affected members listed above, calculations should be undertaken using the methodology set out in this guidance note but with any GMP (pre or post 1988) set to zero.
- 2.6 For the majority of affected calculations the difference between the original and revised quotation is expected to be small, relative to the total transfer value. Not applying the GMP adjustment factors will increase the total transfer value.
- 2.7 There is no change in approach for the following cohorts of members:
- Males and Females who reached (or will reach) State Pension age between 6 April 2016 and 5 April 2021 inclusive. In line with the previous iteration of this guidance note and the approach set out above, GMP (pre or post 1988) should continue to be set to zero for these members.
  - Males and Females who reached State Pension age on or before 5 April 2016. The original methodology should be followed for these members, as set out in Sections 5, 6 and 7.



### Transitional arrangements

2.8 We understand that the following transitional arrangements will apply to the affected members listed above.

- New requests for a quotation as part of divorce proceedings, or new calculations after a pension sharing order has been made

GMP adjustment factors will no longer be applied.

- For existing requests for a quotation as part of divorce proceedings, but where final determination is yet to be made

Where possible to do so, the scheme administrator will identify any cases where GMP adjustment factors have been applied and provide a revised quotation. This mitigates the risk of challenge due to a failure to notify the court of a change in valuation.

- Existing requests where a pension sharing order has been made, but calculations have not yet been provided to the member

GMP adjustment factors will no longer be applied. This is the case even when the date of the calculation is prior to the effective date of this change.

- Existing requests where a pension sharing order has been made, and results were provided to the member before the effective date of this change.

No changes will be made to existing calculations where the member and/or ex-partner has already been provided with the results. This includes cases where a pension sharing order has already been implemented.



### 3 Cash equivalents on divorce: general considerations

- 3.1 In any divorce proceedings dealing with the division of matrimonial assets, the parties are required to disclose to each other and to the Court, all their financial interests. This will include details relating to pension benefits that are shareable regardless of whether a pension sharing order will eventually be made.
- 3.2 The calculations set out in this note determine the value of pension rights for a member of the UKAEA, as required for the divorce proceedings. If the other party in the divorce proceedings also has UKAEA benefits, then separate valuations are required in respect of those pension rights.
- 3.3 The calculations required and the factor tables used depend on the status of the member at the calculation date, including their age, gender, normal pension age and the date on which they will reach (or did reach) State Pension age.

#### Calculation Date

- 3.4 The **calculation date** will depend on the stage of the divorce:
- If a quotation is required for part of the proceedings, in Scottish cases, the calculation date will usually be specified by the court. For divorces in England, Wales and Northern Ireland, the calculation date used should be consistent with the date used for normal transfer value calculations (i.e. the guarantee date).
  - If the calculation is being done after a pension sharing order has been made, the calculation date should be the day on which the relevant order or provision takes effect. This is often referred to as the “transfer day”, as defined in section 29 of the Welfare Reform and Pensions Act 1999<sup>1</sup> (the 1999 Act).

#### Selection of factors

- 3.5 Factors should be selected with reference to the member's status and age last birthday at the **calculation date**, which should be determined in line with the section above.
- 3.6 For calculations being completed after a pension sharing order has been made, there may be some time between the **calculation date** (which should be the day on which the relevant order or provision takes effect) and the date on which administrators process the calculation (sometimes referred to as the “valuation day”, as defined in section 29 of the 1999 Act). In some cases, it's possible that different sets of factors will be in force on the two dates. In these circumstances, the set of factors that are in force on the day administrators process the calculation should be used. Individual factors should be selected from this factor set with reference to the member's or ex-partner's status and age last birthday at the **calculation date**, in the normal way.

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<sup>1</sup> The Welfare Reform and Pensions Act 1999 ([1999 c. 30](#)) applies in England, Wales and Scotland. The corresponding legislation in Northern Ireland is Article 26 of The Welfare Reform and Pensions (Northern Ireland) Order 1999 ([1999 No. 3147](#)).



### Benefits to be valued

- 3.7 Full details of the benefits to be included in the calculation of cash equivalents for divorce purposes are set out in section 4, for members in receipt of scheme benefits, and in the latest version of our guidance note entitled *UK Atomic Energy Authority Pension Schemes: Factors for calculating cash equivalent transfer values (CETVs)*, for active and deferred members.

- 3.8 It is important that the amount of all relevant benefits used in the calculation should be the amount taken immediately before the **calculation date**. This is consistent with the requirements set out in section 29 of the 1999 Act:

*“Where the [pension scheme member] is in pensionable service under the scheme on the transfer day, the relevant benefits ... are the benefits or future benefits to which he would be entitled under the scheme by virtue of his shareable rights under it had his pensionable service terminated immediately before that day. Otherwise, the relevant benefits ... are the benefits or future benefits to which, immediately before the transfer day, the [member] is entitled...”*





## 4 Members already in receipt of benefits: Instructions

4.1 Those in receipt of benefits do not have an entitlement to a CETV. The pensioner cash equivalent can be calculated using the method and factors in this note, but **should be used for divorce purposes only**.

4.2 There are three sets of tables:

- Tables 703 and 713 – Pensioners who retired on grounds other than ill health
- Tables 723 and 733 – Pensioners who retired on ill health grounds
- Table 743 – Adjustment factors for certain pensioners under 55

The main differences between the two sets of tables are that the normal health tables allow for the pension increases being deferred to age 55, whereas the ill health tables allow for immediate pension increases, and also for the heavier mortality experienced by those who retire due to ill health.

### Calculation date

4.3 The calculation date should be selected in line with Section 3 of this guidance note.

4.4 The status of the member, the member's age last birthday and the benefits to be valued should all be taken at the calculation date. Further details on the benefits to be used are set out below.

### Guaranteed Minimum Pension

4.5 In line with Section 2 of the guidance note, GMP adjustments should not be applied to calculations for members who reach State Pension age on or after 6 April 2016.

4.6 For these members, calculations should be undertaken using the methodology set out below, but with any GMP (pre or post 1988) set to zero.



## Calculation

4.7 The pensioner cash equivalent should be calculated as:

$$CE = P \times F_x^P + S \times F_x^S - (G^{pre} + F^{post88gmp} \times G^{post}) \times F_x^G - NI \times F_x^{NI} + Adj A + Adj B$$

where:

$P$	current member's pension – see paragraphs 4.9 to 4.15 below
$S$	'Survivor's pension' - pension payable on the death of the member to their spouse or civil partner, in respect of a post exit marriage (i.e. service after 6 April 1978 for a male member and after 6 April 1988 for a female member)
$G^{pre}$	annual GMP accrued before 6 April 1988, including revaluation to the calculation date
	<u>or</u>
	zero (for members who reached SPA on or after 6 April 2016)
$G^{post}$	annual GMP accrued after 6 April 1988, including revaluation to the calculation date
	<u>or</u>
	zero (for members who reached SPA on or after 6 April 2016)
$NI$	National Insurance modification, where applicable – see paragraphs 4.20 and 4.21
$Adj A$	see paragraph 4.22 below
$Adj B$	see paragraph 4.23 below
$F_x^P$	relevant gross pension factor for a member aged x
$F_x^S$	relevant survivor's pension factor for a member aged x
$F_x^{NI}$	relevant NI factor for National Insurance for a member aged x
$F_x^G$	relevant GMP factor for a member aged x
$F^{post88gmp}$	0.15 in all cases

4.8 The factors in the normal health tables run from age 50. Divorce cases where the member is under 50 and in receipt of benefits other than an ill-health pension should be referred to GAD.



### Pension Benefits

- 4.9 The member's pension should be the current annual rate of pension payable and the survivor's pension should be the annual rate which would payable if the member died on the calculation date (for this purpose, it should be assumed that an eligible survivor exists). The last increase should be that awarded up to and including the April increase immediately before the calculation date.
- 4.10 See section 6 for more guidance on Continuing Annual Payments (CAPs) and Optants in payment.
- 4.11 A member who is under age 55, who retired on grounds other than ill health, does not receive index linking until age 55. In these cases, the pension used for the calculation of P above should **exclude** pension increases for the period between exit and April immediately before the calculation date inclusive. Allowance is made for this increase in Adjustment B.
- 4.12 If the member is over state pension age and has a National Insurance modification, the pension used should be that after the deduction of the modification. In such cases, the NI factor ( $F_x^{NI}$ ) should be set to zero, in the formula in paragraph 4.7.
- 4.13 If the member's pension is reduced because an option to allocate additional pension to the spouse was taken out, then the case should be referred to GAD.
- 4.14 A member might have exchanged lump sum for extra pension at retirement by inverse commuting or have bought added years. This extra pension should be taken into account in the cash equivalent calculation.
- 4.15 If the member's pension is reduced due to abatement, then the abatement reduction should be ignored for the purpose of this calculation. Benefits should be calculated as though the member had ceased re-employment on the date of calculation, and valued accordingly.

### Guaranteed Minimum Pension

- 4.16 For members who reached State Pension age before 6 April 2016, the cash equivalent must be adjusted to reflect increases on the Guaranteed Minimum Pension (GMP) that are the responsibility of the State. Separate pre and post 1988 GMP figures need to be used.
- 4.17 Where the member has passed GMP payment age, the pre and post 1988 GMP amounts to use are the current annual amounts of GMP in payment. If the member has passed GMP payment age, and their GMP is not yet in payment, then the case should be referred to GAD.
- 4.18 Where needed, annual GMP figures can be obtained by multiplying the weekly GMP figures by 52. The sum of the GMP in respect of service up to 5 April 1988 and 15% of the GMP in respect of service after that date should be multiplied by the appropriate factor in the tables and the resulting figure used in the cash equivalent calculation.



4.19 In line with Section 2 of this guidance note, the pre-88 GMP ( $G^{pre}$ ) and post-88 GMP ( $G^{post}$ ) should be set to zero when using the formula in paragraph 4.7 to calculate the CETV for a member who reached State Pension Age on or after 6 April 2016. This will affect the following groups of members:

- Males with a date of birth on or after 6 April 1951.
- Females with a date of birth on or after 6 April 1953.

#### National Insurance modification

4.20 An adjustment may be needed for National Insurance modification. This will apply where a member is under state pension age.

4.21 The amount of National Insurance modification should be expressed as an annual rate, and increased in line with the pension increases awarded between leaving and the April prior to the date of calculation inclusive. The relevant factor should be applied to that amount.

#### Adjustment A

4.22 This applies to

- i. deferred members who took retirement on compassionate grounds and are aged less than 55. Such pensioners will be entitled to a supplementary lump sum at age 55 representing the pension increases on the lump sum between date of leaving and date of retirement.
- ii. members who retired prematurely below the age of 50 and who received part of their lump sum at retirement and asked to receive the remainder at age 50. Such pensioners will be entitled to a supplementary lump sum at age 55 representing the pension increases on the lump sum between date of retirement and age 50.
- iii. members who retired prematurely who received part of their lump sum at retirement and who will receive the remainder of their lump sum at age 55.

For cases i) and ii), *Increases on the lump sum to be paid at age 55* below, represents the extra lump sum the member will receive, not the lump sum already paid:

$$\text{Adjustment A} = \text{increases on the lump sum to be paid at age 55} \times f_{LS-A}$$

For case iii):

$$\text{Adjustment A} = \text{lump sum to be paid at age 55} \times f_{LS-A}$$

where:

$f_{LS-A}$  comes from table 743 found in Appendix A, and is the same for males and females.



In practice, we expect that most cases where Adjustment A applies will fall under paragraph 6.2 and be referred to GAD.

### **Adjustment B**

- 4.23 This only applies to pensioners aged under 55 where the pension increases are deferred until age 55. (This will normally be the case for all pensioners under age 55, except those who have retired due to ill health.) At age 55, the pension will increase up to the level it would have been if it had been index linked since retirement.

$$\text{Adjustment B} = PI \times f_{P-B}$$

where:

PI represents the increase to the pension in £ for the period since exit, including the increase applied in the April prior to the calculation date. (NB use the monetary amount of increase in pension, not the percentage increase).

$f_{P-B}$  comes from table 743 found in Appendix A:

In practice, we expect that most cases where Adjustment A applies will fall under paragraph 6.2 and be referred to GAD.

### **Adjustment for Market Conditions**

- 4.24 No adjustment for market conditions ("AMC") should be applied. Dummy values of 1.00 can be used for all AMCs to minimize any alternations to software.



## 5 Active or deferred members: Instructions

### Active or deferred member aged under NPA

- 5.1 Where the member is under their normal pension age (NPA), and the benefits have not yet come into payment, the Cash Equivalent Transfer Value (CETV) should be quoted. This should be calculated using the same approach as would apply to a normal CETV (i.e. non-Club transfer out), even if the member is not normally entitled to a transfer value. Please refer to the separate guidance which has been provided for calculating CETVs.
- 5.2 For guidance on optants, see section 6.
- 5.3 The cash equivalent transfer value is subject to an underpin. This is equal to any transfer payments previously received which have increased the member's reckonable service, plus the member's contributions since joining. If this amount is greater than the CETV, then it should be used as the cash equivalent of the member's benefits for divorce purposes. The application of this underpin is described in more detail in Rule 9.06 of the Scheme's Rules.

### Active members aged over NPA

- 5.4 These should be valued as though they were immediate pensioners. However, the retirement lump sum should be added to the value obtained, i.e. the calculation should be:

$$CE = P \times F_x^P + S \times F_x^S - (G^{pre} + F^{post88gmp} \times G^{post}) \times F_x^G - NI \times F_x^{NI} + LS$$

where all items above are defined as those in paragraph 4.7, and LS is the retirement lump sum that would be paid if the member had retired on the calculation date.



## 6 Unusual cases

- 6.1 The instructions in this document should be sufficient for the majority of divorce calculations. However, there may be some cases that need different treatment, as described in this section. If other cases arise which are not covered by this guidance, these should be referred to GAD.

### **Optants and CAPs**

- 6.2 Cases where the member has or will have any “non-scheme” or “non-charged” benefits that are financed by the employer when they fall due should be referred to GAD. These members may be optants (i.e. members who have had their pension age reduced to 60) or members with Continuing Annual Payments (CAPs) resulting from premature retirement.

### **Partial retirements**

- 6.3 Cases where the member has partially retired should be referred to GAD.

### **Members with one or more existing pension debits**

- 6.4 Where a member has one or more pension debits (either in respect of a previous divorce or one or more annual allowance tax charges), the cash equivalent should be calculated in two stages.
1. The gross cash equivalent should be calculated ignoring all pension debits.
  2. The value of each pension debit (revalued to the calculation date) should be calculated as the cash equivalent of a deferred pension of the same amount as the debit.
- 6.5 The final cash equivalent to be used for divorce purposes is the gross cash equivalent calculated in stage one, less the value of all pension debits calculated in stage two.



## 7 Examples

7.1 This section illustrates how a cash equivalent of a member's benefits should be calculated for divorce purposes.

### Example 1 – Male Member who has retired not on grounds of ill-health

Member's date of birth	18/08/1956
Date member reaches State Pension age	18/08/2022
Calculation Date	15/04/2020
Sex	Male
Age last birthday at calculation date	63
Member's current pension	£7,000 pa
Survivor's pension	£4,000 pa
Pre-88 GMP	N/A*
Post-88 GMP	N/A*
National Insurance modification	£10 pa

*\* This member will reach State Pension Age on or after 6 April 2016. In line with section 2 of this guidance, pre-88 GMP and post-88 GMP should be set to zero*

#### Factors and adjustments

Relevant Table	703
$F_{63}^P$	18.40
$F_{63}^S$	2.59
$F_{63}^G$	3.72
$F_{63}^{NI}$	16.40
$AdjA$	0.00
$AdjB$	0.00

#### Cash Equivalent

$$CE = £7,000.00 \times 18.40 + £4,000.00 \times 2.59 - (0 + 0.15 \times 0) \times 3.72 - £10.00 \times 16.40 + 0 + 0$$

$$= £138,996.00$$





### Example 2 – Female Member who has retired not on compassionate (non ill-health) grounds

Member's date of birth	18/08/1967
Date member reaches State Pension age	18/08/2034
Calculation Date	15/04/2020
Sex	Female
Age last birthday at calculation date	52
Member's current pension	£7,000 (excludes accrued pension increase)
Survivor's pension	£4,160 (value that would be paid if member were to die on the calculation date)
Pre-88 GMP	N/A*
Post-88 GMP	N/A*
National Insurance modification	£10
Increases on lump sum to be paid at age 55	£1,000 (not the lump sum already paid)
Accrued pension increase	£280

\* This member will reach State Pension Age on or after 6 April 2016. In line with section 2 of this guidance, pre-88 GMP and post-88 GMP should be set to zero

### Factors and adjustments

Relevant Table	713
$F_{52}^P$	23.78
$F_{52}^S$	2.24
$F_{52}^G$	2.97
$F_{52}^{NI}$	12.59
Adjustment A (from table 743 in Appendix A)	
	= increases on the lump sum to be paid at age 55 x $f_{LS-A}$
	= £1,000.00 x 0.90
	= £900.00
Adjustment B (from table 743 in Appendix A)	
	= PI x $f_{P-B}$
	= £280.00 x 21.36
	= £5,980.80

### Cash Equivalent

$$\begin{aligned}
 CE &= £7,000.00 \times 23.78 + £4,160.00 \times 2.24 - (0 + 0.15 \times 0) \times 2.97 - (£10.00 \times 12.59) \\
 &\quad + £900.00 + £5,980.80 \\
 &= £182,533.30
 \end{aligned}$$



### Example 3 – Active Male Member aged above NRA

Member should be treated as an immediate pensioner for divorce purposes

Member's date of birth	18/08/1957
Date member reaches State Pension age	18/08/2023
Calculation Date	15/04/2020
Sex	Male
Age last birthday at calculation date	62
Member's current pension	£7,000
Member's lump sum	£21,000
Current survivor's pension	£4,000
Pre-88 GMP	N/A*
Post-88 GMP	N/A*
National Insurance modification	£10

*\* This member will reach State Pension Age on or after 6 April 2016. In line with section 2 of this guidance, pre-88 GMP and post-88 GMP should be set to zero*

#### Factors and adjustments

Relevant Table	703
$F_{62}^P$	18.93
$F_{62}^S$	2.57
$F_{62}^G$	3.71
$F_{62}^{NI}$	15.95

#### Cash Equivalent

$$\begin{aligned}
 \text{CE} &= £7,000.00 \times 18.93 + £4,000.00 \times 2.57 - (0 + 0.15 \times 0) \times 3.71 - £10.00 \times 15.95 \\
 &\quad + £21,000.00 \\
 &= £163,630.50
 \end{aligned}$$



## **8 Limitations of this guidance**

- 8.1 This guidance should not be used for any purpose other than those set out in this guidance.
- 8.2 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.
- 8.3 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.
- 8.4 This guidance only covers the actuarial principles around the calculation and application of cash equivalent factors for pension sharing on divorce. Any legal advice in this area should be sought from an appropriately qualified person or source.
- 8.5 Scheme managers and administrators should satisfy themselves that cash equivalent calculations and benefit awards comply with all legislative requirements including, but not limited to, tax and contracting-out requirements.
- 8.6 This guidance is based on the scheme rules in force at the time of writing. It is possible that future changes to the scheme rules might create inconsistencies between this guidance and the scheme rules. If users of this guidance believe there to be any such inconsistencies, they should bring this to the attention of UKAEA and GAD. Under no circumstances should this guidance take precedence over the scheme rules. Administrators should ensure that they comply with the scheme rules and all relevant Regulations.



## Appendix A: Factor Tables

### List of Tables

- Table 703: Factors to calculate pensioner cash equivalents on divorce – retirement not on grounds of ill health – males (Table 301 in consolidated factors spreadsheet)
- Table 713: Factors to calculate pensioner cash equivalents on divorce – retirement not on grounds of ill health – females (Table 302 in consolidated factors spreadsheet)
- Table 723: Factors to calculate pensioner cash equivalents on divorce – retirement on grounds of ill health – males (Table 303 in consolidated factors spreadsheet)
- Table 733: Factors to calculate pensioner cash equivalents on divorce – retirement on grounds of ill health – females (Table 304 in consolidated factors spreadsheet)
- Table 743: Adjustment factors for pensioners under age 55 - Adjustment Factor A and B (Table 305 in consolidated factors spreadsheet)



**Table 703: Factors to calculate pensioner cash equivalents on divorce –  
retirement not on grounds of ill health – males  
(Table 301 in consolidated factors spreadsheet)**

Age last birthday at relevant date	Member's Pension of £1 per annum	Survivor's Pension of £1 pa	Deduction for GMP of £1 pa	Deduction for NI modification of £1 pa.
50	24.65	2.16	3.68	11.57
51	24.22	2.20	3.68	11.88
52	23.78	2.24	3.68	12.19
53	23.34	2.28	3.68	12.52
54	22.88	2.31	3.68	12.85
55	22.42	2.35	3.68	13.19
56	21.94	2.39	3.68	13.55
57	21.46	2.42	3.68	13.92
58	20.97	2.45	3.68	14.30
59	20.48	2.48	3.69	14.69
60	19.97	2.51	3.69	15.09
61	19.45	2.54	3.70	15.51
62	18.93	2.57	3.71	15.95
63	18.40	2.59	3.72	16.40
64	17.87	2.60	3.81	16.86
65	17.33	2.62	3.81	
66	16.78	2.63	3.62	
67	16.22	2.65	3.43	
68	15.66	2.66	3.24	
69	15.09	2.65	3.06	
70	14.52	2.64	2.88	
71	13.95	2.64	2.71	
72	13.37	2.64	2.54	
73	12.79	2.63	2.37	
74	12.22	2.52	2.21	
75	11.64	2.40	2.05	
76	11.07	2.38	1.90	
77	10.50	2.35	1.75	
78	9.94	2.32	1.61	
79	9.39	2.18	1.48	
80	8.84	2.04	1.34	
81	8.30	2.00	1.22	
82	7.78	1.95	1.10	
83	7.26	1.89	0.98	
84	6.76	1.61	0.88	
85	6.28	1.34	0.78	
86	5.82	1.28	0.69	
87	5.39	1.23	0.60	
88	4.98	1.16	0.53	
89	4.61	0.94	0.46	
90	4.26	0.72	0.40	
91	3.93	0.67	0.35	
92	3.63	0.63	0.30	
93	3.35	0.58	0.26	
94	3.10	0.54	0.22	
95	2.87	0.50	0.19	

**Notes:**

1. When calculating the deduction for GMP, 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.



**Table 713: Factors to calculate pensioner cash equivalents on divorce –  
retirement not on grounds of ill health – females  
(Table 302 in consolidated factors spreadsheet)**

Age last birthday at relevant date	Member's Pension of £1 per annum	Survivor's Pension of £1 pa	Deduction for GMP of £1 pa	Deduction for NI modification of £1 pa.
50	24.65	2.16	2.97	11.95
51	24.22	2.20	2.97	12.26
52	23.78	2.24	2.97	12.59
53	23.34	2.28	2.97	12.92
54	22.88	2.31	2.97	13.26
55	22.42	2.35	2.97	13.61
56	21.94	2.39	2.97	13.97
57	21.46	2.42	2.98	14.34
58	20.97	2.45	2.98	14.73
59	20.48	2.48	3.05	15.12
60	19.97	2.51	3.16	15.53
61	19.45	2.54	3.24	15.96
62	18.93	2.57	3.33	16.39
63	18.40	2.59	3.42	16.84
64	17.87	2.60	3.51	17.30
65	17.33	2.62	3.47	
66	16.78	2.63	3.29	
67	16.22	2.65	3.11	
68	15.66	2.66	2.93	
69	15.09	2.65	2.76	
70	14.52	2.64	2.59	
71	13.95	2.64	2.42	
72	13.37	2.64	2.26	
73	12.79	2.63	2.10	
74	12.22	2.52	1.94	
75	11.64	2.40	1.79	
76	11.07	2.38	1.65	
77	10.50	2.35	1.51	
78	9.94	2.32	1.38	
79	9.39	2.18	1.25	
80	8.84	2.04	1.13	
81	8.30	2.00	1.02	
82	7.78	1.95	0.91	
83	7.26	1.89	0.81	
84	6.76	1.61	0.71	
85	6.28	1.34	0.62	
86	5.82	1.28	0.55	
87	5.39	1.23	0.48	
88	4.98	1.16	0.42	
89	4.61	0.94	0.36	
90	4.26	0.72	0.31	
91	3.93	0.67	0.27	
92	3.63	0.63	0.24	
93	3.35	0.58	0.21	
94	3.10	0.54	0.18	
95	2.87	0.50	0.15	

**Notes:**

1. When calculating the deduction for GMP, 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.



**Table 723: Factors to calculate pensioner cash equivalents on divorce –  
retirement on grounds of ill health – males  
(Table 303 in consolidated factors spreadsheet)**

Age last birthday at relevant date	Member's Pension of £1 per annum	Survivor's Pension of £1 pa	Deduction for GMP of £1 pa	Deduction for NI modification of £1 pa.
20	29.67	3.97	2.71	3.90
21	29.44	4.00	2.71	4.00
22	29.22	4.02	2.71	4.10
23	29.00	4.04	2.71	4.21
24	28.77	4.06	2.71	4.33
25	28.54	4.07	2.71	4.44
26	28.31	4.09	2.71	4.56
27	28.08	4.10	2.71	4.69
28	27.84	4.11	2.71	4.81
29	27.61	4.11	2.72	4.95
30	27.37	4.11	2.72	5.09
31	27.14	4.11	2.73	5.23
32	26.90	4.11	2.73	5.38
33	26.65	4.11	2.74	5.53
34	26.41	4.10	2.74	5.69
35	26.16	4.09	2.75	5.86
36	25.91	4.08	2.76	6.03
37	25.66	4.06	2.77	6.21
38	25.41	4.04	2.78	6.40
39	25.15	4.02	2.79	6.59
40	24.89	4.00	2.80	6.79
41	24.62	3.98	2.81	7.00
42	24.34	3.96	2.82	7.21
43	24.06	3.94	2.83	7.43
44	23.76	3.92	2.84	7.65
45	23.45	3.91	2.85	7.89
46	23.14	3.90	2.86	8.13
47	22.81	3.89	2.87	8.37
48	22.46	3.88	2.88	8.63
49	22.11	3.87	2.89	8.89
50	21.75	3.87	2.90	9.16
51	21.37	3.86	2.91	9.44
52	20.98	3.86	2.93	9.73
53	20.59	3.86	2.94	10.03
54	20.18	3.85	2.95	10.35

**Notes:**

1. When calculating the deduction for GMP, 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.



**Table 723: Factors to calculate pensioner cash equivalents on divorce – retirement on grounds of ill health – males (continued)**  
(Table 303 in consolidated factors spreadsheet)

Age last birthday at relevant date	Member's Pension of £1 per annum	Survivor's Pension of £1 pa	Deduction for GMP of £1 pa	Deduction for NI modification of £1 pa.
55	19.77	3.85	2.97	10.68
56	19.35	3.85	2.99	11.02
57	18.92	3.84	3.01	11.39
58	18.49	3.83	3.03	11.77
59	18.05	3.82	3.05	12.17
60	17.60	3.81	3.07	12.60
61	17.14	3.80	3.10	13.04
62	16.67	3.78	3.13	13.51
63	16.20	3.77	3.16	14.00
64	15.71	3.74	3.26	14.52
65	15.22	3.71	3.27	
66	14.72	3.70	3.10	
67	14.22	3.68	2.93	
68	13.71	3.65	2.76	
69	13.19	3.60	2.60	
70	12.68	3.55	2.44	
71	12.16	3.51	2.29	
72	11.64	3.47	2.14	
73	11.12	3.43	2.00	
74	10.61	3.25	1.86	
75	10.10	3.07	1.73	
76	9.59	3.01	1.60	
77	9.09	2.95	1.47	
78	8.60	2.87	1.35	
79	8.12	2.68	1.24	
80	7.65	2.48	1.13	
81	7.19	2.40	1.02	
82	6.74	2.32	0.92	
83	6.30	2.23	0.82	
84	5.88	1.88	0.73	
85	5.48	1.55	0.65	
86	5.10	1.47	0.58	
87	4.74	1.39	0.51	
88	4.41	1.30	0.44	
89	4.10	1.04	0.39	
90	3.81	0.79	0.34	
91	3.54	0.74	0.29	
92	3.29	0.68	0.25	
93	3.06	0.63	0.22	
94	2.85	0.58	0.19	
95	2.66	0.53	0.16	

**Notes:**

1. When calculating the deduction for GMP, 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.





**Table 733: Factors to calculate pensioner cash equivalents on divorce –  
retirement on grounds of ill health – females  
(Table 304 in consolidated factors spreadsheet)**

Age last birthday at relevant date	Member's Pension of £1 per annum	Survivor's Pension of £1 pa	Deduction for GMP of £1 pa	Deduction for NI modification of £1 pa.
20	29.67	3.97	2.21	4.05
21	29.44	4.00	2.21	4.17
22	29.22	4.02	2.22	4.29
23	29.00	4.04	2.23	4.42
24	28.77	4.06	2.23	4.56
25	28.54	4.07	2.24	4.69
26	28.31	4.09	2.25	4.84
27	28.08	4.10	2.26	4.99
28	27.84	4.11	2.26	5.14
29	27.61	4.11	2.27	5.30
30	27.37	4.11	2.28	5.47
31	27.14	4.11	2.30	5.65
32	26.90	4.11	2.31	5.83
33	26.65	4.11	2.32	6.01
34	26.41	4.10	2.33	6.20
35	26.16	4.09	2.34	6.40
36	25.91	4.08	2.35	6.60
37	25.66	4.06	2.36	6.81
38	25.41	4.04	2.37	7.03
39	25.15	4.02	2.38	7.25
40	24.89	4.00	2.39	7.48
41	24.62	3.98	2.40	7.72
42	24.34	3.96	2.41	7.97
43	24.06	3.94	2.42	8.22
44	23.76	3.92	2.43	8.48
45	23.45	3.91	2.44	8.74
46	23.14	3.90	2.45	9.02
47	22.81	3.89	2.46	9.30
48	22.46	3.88	2.47	9.59
49	22.11	3.87	2.48	9.90
50	21.75	3.87	2.49	10.21
51	21.37	3.86	2.51	10.53
52	20.98	3.86	2.52	10.87
53	20.59	3.86	2.53	11.22
54	20.18	3.85	2.54	11.58

**Notes:**

1. When calculating the deduction for GMP, 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.



**Table 733: Factors to calculate pensioner cash equivalents on divorce – retirement on grounds of ill health – females (continued)**  
(Table 304 in consolidated factors spreadsheet)

Age last birthday at relevant date	Member's Pension of £1 per annum	Survivor's Pension of £1 pa	Deduction for GMP of £1 pa	Deduction for NI modification of £1 pa.
55	19.77	3.85	2.55	11.95
56	19.35	3.85	2.57	12.34
57	18.92	3.84	2.58	12.75
58	18.49	3.83	2.59	13.17
59	18.05	3.82	2.67	13.61
60	17.60	3.81	2.78	14.06
61	17.14	3.80	2.86	14.54
62	16.67	3.78	2.95	15.03
63	16.20	3.77	3.04	15.54
64	15.71	3.74	3.14	16.07
65	15.22	3.71	3.10	
66	14.72	3.70	2.94	
67	14.22	3.68	2.78	
68	13.71	3.65	2.62	
69	13.19	3.60	2.46	
70	12.68	3.55	2.31	
71	12.16	3.51	2.16	
72	11.64	3.47	2.01	
73	11.12	3.43	1.86	
74	10.61	3.25	1.72	
75	10.10	3.07	1.59	
76	9.59	3.01	1.46	
77	9.09	2.95	1.34	
78	8.60	2.87	1.22	
79	8.12	2.68	1.11	
80	7.65	2.48	1.00	
81	7.19	2.40	0.90	
82	6.74	2.32	0.81	
83	6.30	2.23	0.72	
84	5.88	1.88	0.64	
85	5.48	1.55	0.57	
86	5.10	1.47	0.50	
87	4.74	1.39	0.44	
88	4.41	1.30	0.39	
89	4.10	1.04	0.35	
90	3.81	0.79	0.31	
91	3.54	0.74	0.27	
92	3.29	0.68	0.24	
93	3.06	0.63	0.21	
94	2.85	0.58	0.19	
95	2.66	0.53	0.17	

**Notes:**

1. When calculating the deduction for GMP, 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.



**Table 743: Adjustment factors for pensioners under age 55**  
(Table 305 in consolidated factors spreadsheet)

**Adjustment Factor A**

Age last birthday	$f_{LS-A}$
50	0.82
51	0.86
52	0.90
53	0.94
54	0.98

**Adjustment Factor B**

Age last birthday	$f_{P-B}$	
	Males	Females
50	20.40	20.40
51	20.88	20.88
52	21.36	21.36
53	21.87	21.87
54	22.39	22.39



## Appendix B: Assumptions underlying factors

### Financial assumptions

Nominal discount rate	4.448% pa
Real discount rate (in excess of CPI)	2.40% pa
Real discount rate (in excess of Post 88 GMP increases in payment)	2.60% pa

### Mortality assumptions

Base mortality tables and adjustments	
Normal health:	95% of S2NMA* (Males) and 99% of S2NFA (Females)
Ill health:	100% of S2INA (Males) and 100% of S2IFA (Females)
Future mortality improvement	Based on ONS principal UK population projections 2016
Year of Use	2020

*\* This is based on 35% BNFL male mortality (101% S2NMA) and 65% non-BNFL male mortality (92% S2NMA). The underlying mortality rates are those agreed as part of the recent experience analysis.*

### Other assumptions

Proportion of male members for unisex factors	80%
Proportion partnered	As agreed as part of the recent experience analysis work. Broadly in line with ONS estimates of marital status (as at mid-2008) rounded to the nearest 5%
Age difference between member and partner	Males assumed 3 years older than their partners and female members assumed 3 years younger than their partners