Government Actuary's Department

Northern Ireland Civil Service Pension Scheme

McCloud guidance examples – applying McCloud remedy to retrospective divorce cases using Retrospective guidance M

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Government Actuary's Department

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Introduction

These examples have been prepared for use by the scheme administrator to demonstrate the calculations set out in the *Pension Sharing on Divorce for McCloud members: Initial Cash Equivalent Value calculation before 1 October 2023 – "Retrospective guidance M"*, dated 31 July 2025 (referred to as the 'McCloud guidance note' in these examples). These examples should be read in conjunction with that guidance note.

These examples on applying McCloud remedy to retrospective divorce depend on carrying out divorce calculations in respect of benefits in the legacy schemes and the reformed scheme. Guidance and examples on these calculations are set out in divorce guidance notes for those schemes, as referenced in the *Pension Sharing on Divorce for McCloud members: Initial Cash Equivalent Value calculation before 1 October 2023 – "Retrospective guidance" - Introductory note*, dated 31 July 2025.

These examples cover Tranche 2 benefits only (as defined in the McCloud guidance note). Tranche 1 and Tranche 3 calculations should be carried out in addition as required.

The examples refer to the following terminology, in line with those set out in the McCloud guidance note:

For remediable service		
	Stands for	Relates to
Init_CEV	Initial Cash Equivalent Value = Init_CEVL + Init_CEVR	PDM
Init_CEVL	Initial Cash Equivalent Value Legacy	
Init_CEVR	Initial Cash Equivalent Value Reformed	
Init_PCEV	Initial Ex-Partner Cash Equivalent Value	PCM
MRBL	Member's Remediable Benefits Legacy = MRBL1 + MRBL2	PDM
MRBL1	Member's Remediable Benefits Legacy Part 1	
MRBL2	Member's Remediable Benefits Legacy Part 2	
CEVL	Cash Equivalent Value Legacy = CEVL1 + CEVL2	PDM
CEVL1	Cash Equivalent Value Legacy Part 1	
CEVL2	Cash Equivalent Value Legacy Part 2	
MRBR	Member's Remediable Benefits Reformed = MRBR1 + MRBR2	PDM
MRBR1	Member's Remediable Benefits Reformed Part 1	
MRBR2	Member's Remediable Benefits Reformed Part 2	
CEVR	Cash Equivalent Value Reformed = CEVR1 + CEVR2	PDM
CEVR1	Cash Equivalent Value Reformed Part 1	
CEVR2	Cash Equivalent Value Reformed Part 2	
ACTpayment	Actual payments = ACTpayment1 + ACTpayment2	PDM*
ACTpayment1	Actual payments Part 1	
ACTpayment2	Actual payments Part 2	
Lpayment	Legacy payments = Lpayment1 + Lpayment2	PDM*
Lpayment1	Legacy payments Part 1	
Lpayment2	Legacy payments Part 2	

UpayAdjL	Underpayment Adjustment Legacy = UpayAdjL1 + UpayAdjL2	PDM*
UpayAdjL1	Underpayment Adjustment Legacy Part 1	
UpayAdjL2	Underpayment Adjustment Legacy Part 2	
Rpayment	Reformed payments = Rpayment1 + Rpayment2	PDM*
Rpayment1	Reformed payments Part 1	
Rpayment2	Reformed payments Part 2	
UpayAdjR	Underpayment Adjustment Reformed = UpayAdjR1 + UpayAdjR2	PDM*
UpayAdjR1	Underpayment Adjustment Reformed Part 1	
UpayAdjR2	Underpayment Adjustment Reformed Part 2	
INITcont	Initial contributions = INITcont1 + INITcont2	PDM
INITcont1	Initial contributions Part 1	
INITcont2	Initial contributions Part 2	
Lcont	Legacy contributions = Lcont1 + Lcont2	PDM
Lcont1	Legacy contributions Part 1	
Lcont2	Legacy contributions Part 2	
ContAdjL	Contribution Adjustment Legacy = ContAdjL1 + ContAdjL2	PDM
ContAdjL1	Contribution Adjustment Legacy Part 1	
ContAdjL2	Contribution Adjustment Legacy Part 2	
Rcont	Reformed contributions = Rcont1 + Rcont2	PDM
Rcont1	Reformed contributions Part 1	
Rcont2	Reformed contributions Part 2	
ContAdjR	Contribution Adjustment Reformed = ContAdjR1 + ContAdjR2	PDM
ContAdjR1	Contribution Adjustment Reformed Part 1	
ContAdjR2	Contribution Adjustment Reformed Part 2	
Alt_PCEV	Alternative Ex-Partner Cash Equivalent Value	PCM
RCredAdj	Remediable Credit Adjustment	PCM

Note that “Part 1” refers to shareable remediable service before the member’s taper transition date, and “Part 2” refers to shareable remediable service on and after the member’s taper transition date. The taper transition date is referred to throughout these examples as the ‘taper date’.

* Only relevant for Group 2 members as set out in the McCloud guidance note (i.e. in-scope PDMs who were pensioners at the transfer day).

Compliance and limitations

These examples have been prepared for use by the scheme manager and scheme administrator of the Northern Ireland Civil Service Pension Scheme for the purpose of applying the McCloud remedy to retrospective divorce cases. They were commissioned by the scheme manager, and were prepared by GAD in our role advising the scheme manager on the Northern Ireland Civil Service Pension Scheme.

These examples may be published on the scheme manager and scheme administrator’s website.

Other than the scheme manager and scheme administrator, no person or third party is entitled to place any reliance on the contents of these examples, 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 these examples, whether or not GAD has agreed to the disclosure of its advice to the third party.

These examples have been prepared in accordance with the applicable Technical Actuarial Standard: TAS 100 issued by the Financial Reporting Council (FRC). The FRC sets technical standards for actuarial work in the UK.

Example 1 – Tapered member, same PSO% in legacy and reformed annexes, RCredAdj required

The following scenario is considered in this example:	
Status at transfer day:	**Active**
Protection status:	**Tapered**
Contribution adjustment:	**None required**
PSO received:	**Legacy annex and reformed annex (same PSO% across both)**

Member data required

Date of birth	1 April 1965
Sex	Male
Legacy scheme	Classic
Taper date	1 April 2016
Valuation day	30 September 2022
Transfer day	1 October 2021
Member's age at transfer day	56
Ex-spouse's date of birth	1 June 1966
Ex-spouse's age at transfer day	55
Ex-spouse's sex	Female
Details of PSO annex	Legacy annex: 20% Reformed annex: 20%

Data required for remedy calculations

Information on the shareable benefits in the remedy period which were actually earned before and after the taper date in the legacy and reformed schemes, and the shareable benefits they would have earned if they were earned in the alternative scheme in those periods is required:

Scheme	Normal pension age	Before taper date	After taper date
Classic	60	**MRBL1** • Member pension: **£375.00 p.a.** • Survivor's pension: **£187.50 p.a.** • Lump sum: **£1,125.00** These are the benefits actually earned by the member before the taper date.	**MRBL2** • Member pension: **£2,100.00 p.a.** • Survivor's pension: **£1,050.00 p.a.** • Lump sum: **£6,300.00** These are the alternative benefits the member would have earned in the legacy scheme after the taper date.
Alpha	67	**MRBR1** • Member pension: **£695.00 p.a.** • Survivor's pension: **£260.63 p.a.** These are the alternative benefits the member would have earned in the reformed scheme before the taper date.	**MRBR2** • Member pension: **£3,800.00 p.a.** • Survivor's pension: **£1,425.00 p.a.** These are the benefits actually earned by the member after the taper date.

MRBL is the total of MRBL1 and MRBL2.

MRBR is the total of MRBR1 and MRBR2.

Benefit amounts are as at the transfer day.

Calculations required

Step 1 – Calculation of Initial Cash Equivalent Value (Init_CEV)

As the member was a tapered member, we know the CEV used to implement the PSO reflects Classic style benefits before the member's taper date and Alpha style benefits after the taper date.

Init_CEVL and Init_CEVR first need to be calculated:

Service period	Calculation of	Scheme	Calculation method	Value
Tranche 2	**Init_CEVL**	Classic	Using MRBL1 as the benefits in applying the legacy scheme guidance Cash equivalents for pension sharing on divorce - Factors and guidance for classic, classic plus, premium and nuvos members dated 17 January 2020 Table P1CETV60 (Table 206 in consolidated factors spreadsheet)	£8,274.38
Tranche 2	**Init_CEVR**	Alpha	Using MRBR2 as the benefits in applying the reformed scheme guidance Cash equivalents for pension sharing on divorce - Factors and guidance for the alpha scheme dated 17 January 2020 Table P2CETV67 (Table 203 in consolidated factors spreadsheet) & Revaluation factors (Table 001 in the consolidated factors spreadsheet)	£50,977.95

Init_CEV is then calculated as follows:

Init_CEV = Init_CEVL + Init_CEVR

= £8,274.38 + £50,977.95

= £59,252.33

Step 2 – Calculation of Initial Ex-Partner Cash Equivalent Value (Init_PCEV)

The value of the shareable rights credited to the PCM which relates to the shareable remediable service only is as follows:

Init_PCEV = Init_CEVL x legacy scheme PSO% + Init_CEVR x reformed scheme PSO%

= £8,274.38 x 20% + £50,977.95 x 20%

= £11,850.47

Step 3 – Calculation of Cash Equivalent Value Legacy (CEVL)

As set out in the McCloud guidance note, as the PSO% is the same for the legacy and reformed schemes, only one CEVL calculation is needed for remediable service in relation to MRBL, meaning there is no need to calculate the components (CEVL1 and CEVL2).

Service period	**Calculation of**	**Scheme**	**Calculation method**	**Value**
Tranche 2 (up to transfer day)	**CEVL**	Classic	Using MRBL as the benefits in applying the legacy scheme guidance Cash equivalents for pension sharing on divorce - Factors and guidance for classic, classic plus, premium and nuvos members dated 17 January 2020 Table P1CETV60 (Table 206 in consolidated factors spreadsheet)	£54,610.88

Step 4 – Calculation of Cash Equivalent Value Reformed (CEVR)

Again, as the PSO% is the same for the legacy and reformed schemes, only one CEVR calculation is needed for remediable service in relation to MRBR, meaning there is no need to calculate the components (CEVR1 and CEVR2).

Service period	Calculation of	Scheme	Calculation method	Value
Tranche 2 (up to transfer day)	**CEVR**	Alpha	Using MRBR as the benefits in applying the reformed scheme guidance Cash equivalents for pension sharing on divorce - Factors and guidance for the alpha scheme dated 17 January 2020 Table P2CETV67 (Table 203 in consolidated factors spreadsheet) & Revaluation factors (Table 001 in the consolidated factors spreadsheet)	£60,301.55

Step 5 – Calculation of Contribution Adjustment Legacy (ContAdjL)

In this example, no contribution adjustment is required and so ContAdjL is zero.

Step 6 – Calculation of Contribution Adjustment Reformed (ContAdjR)

In this example, no contribution adjustment is required and so ContAdjR is zero.

Step 7 – Calculation of the Alternative Ex-Partner Cash Equivalent Value (Alt_PCEV)

Since the PSO% is the same for the legacy and reformed scheme:

Alt_PCEV = Maximum ((CEVL + ContAdjL) x legacy scheme PSO%, (CEVR + ContAdjR) x reformed scheme PSO%)

= Maximum ((£54,610.88 + £0.00) x 20%, (£60,301.55 + £0.00) x 20%)

= £12,060.31

Step 8 – Calculation of Remediable Credit Adjustment (RCredAdj)

RCredAdj = Alt_PCEV – Init_PCEV

= £12,060.31 - £11,850.47

= £209.84

As the RCredAdj is positive, further calculations are required in respect of the pension credit and pension debit amounts.

Step 9 – Calculation of the remediable pension credit in respect of RCredAdj

The pension credit member should be offered a choice of a pension credit adjustment in the legacy scheme or the reformed scheme. The pension credit adjustment calculations should be calculated using the relevant legacy scheme and reformed scheme guidance and factors in force at the **valuation day**.

Service period	Scheme	Calculation method	Value
Tranche 2 (up to transfer day) (Legacy scheme basis)	Classic	Using RCredAdj as the ex-partner's cash equivalent (ESCE) in applying the legacy scheme pension credit guidance. Converting pension credit into pension - Factors and guidance for classic, classic plus, premium and nuvos members dated 1 October 2019 Table P1PCCP1 (Table 307 in the consolidated factors spreadsheet)	• Pension of **£10.19 p.a.** • Lump sum of **£30.57**
Tranche 2 (up to transfer day) (Reformed scheme basis)	Alpha	Using RCredAdj as the ex-partner's cash equivalent (ESCE) in applying the reformed scheme pension credit guidance. Converting pension credit into pension - Factors and guidance for alpha members dated 1 October 2019 Table P2PCF1 (Table 306 in consolidated factors spreadsheet) & Revaluation factors (Table 001 in the consolidated factors spreadsheet)	• Pension of **£16.91 p.a.**

The additional pension credit is revalued from the transfer day as with the original pension credit.

Step 10 – Re-calculation of member's pension debit

Details of the pension debits as they apply under the legacy scheme and as they apply under the reformed scheme are required.

Service period	**Member debit amounts**
Tranche 2 (up to transfer day) (legacy scheme)	Based on MRBL: • Member's pension debit = 20% x £2,475.00 = **£495.00 p.a.** • Survivor's pension debit = 20% x £1,237.50 = **£247.50 p.a.** • Lump sum debit = 20% x £7,425.00 = **£1,485.00**
Tranche 2 (up to transfer day) (reformed scheme)	Based on MRBR: • Member's pension debit = 20% x £4,495.00 = **£899.00 p.a.** • Survivor's pension debit = 20% x £1,685.63 = **£337.13 p.a.**

The pension debits are revalued as usual for each option.

In this example, as no contribution adjustment is required and ContAdjL and ContAdjR are zero, no contribution adjustment debit is required.

Example 2 – Tapered member, different PSO% in legacy and reformed annexes, RCredAdj required

The following scenario is considered in this example:	
Status at transfer day:	**Deferred**
Protection status:	**Tapered**
Contribution adjustment:	**None required**
PSO received:	**Legacy annex and reformed annex (different PSO%s)**

In this example, the remedy is applied to a tapered deferred member whose PSO includes both legacy and remedy annexes where the PSO% is different between the two. RCredAdj is determined to be greater than zero.

Member data required

Date of birth	1 April 1960
Sex	Male
Legacy scheme	Nuvos
Taper date	1 April 2016
Valuation day	30 September 2022
Transfer day	1 October 2021
Member's age at transfer day	61
Ex-spouse's date of birth	1 October 1964
Ex-spouse's age at transfer day	57
Ex-spouse's sex	Female
Details of PSO annex	Legacy annex: 30%
	Reformed annex: 20%

Data required for remedy calculations

Information on the shareable benefits in the remedy period which were actually earned before and after the taper date in the legacy and reformed schemes, and the shareable benefits they would have earned if they were earned in the alternative scheme in those periods is required:

Scheme	Normal pension age	Before taper date	After taper date
Nuvos	65	**MRBL1** • Member pension: **£900.00 p.a.** • Survivor's pension: **£337.50 p.a.** These are the benefits actually earned by the member before the taper date.	**MRBL2** • Member pension: **£4,900.00 p.a.** • Survivor's pension: **£1,837.50 p.a.** These are the alternative benefits the member would have earned in the legacy scheme after the taper date.
Alpha	66	**MRBR1** • Member pension: **£880.00 p.a.** • Survivor's pension: **£330.00 p.a.** These are the alternative benefits the member would have earned in the reformed scheme before the taper date.	**MRBR2** • Member pension: **£4,905.00 p.a.** • Survivor's pension: **£1,839.38 p.a.** These are the benefits actually earned by the member after the taper date.

MRBL is the total of MRBL1 and MRBL2.

MRBR is the total of MRBR1 and MRBR2.

Benefit amounts are as at the transfer day.

Calculations required

Step 1 – Calculation of Initial Cash Equivalent Value (Init_CEV)

As the member was a tapered member, we know the CEV used to implement the PSO reflects Nuvos style benefits before the member's taper date and Alpha style benefits after the taper date.

Init_CEVL and Init_CEVR first need to be calculated:

Service period	Calculation of	Scheme	Calculation method	Value
Tranche 2 (up to transfer day)	**Init_CEVL**	Nuvos	Using MRBL1 as the benefits in applying the legacy scheme guidance Cash equivalents for pension sharing on divorce - Factors and guidance for classic, classic plus, premium and nuvos members dated 17 January 2020 Table P1CETVN (Table 208 in consolidated factors spreadsheet) & Revaluation factors (Table 001 in the consolidated factors spreadsheet)	£15,102.45
Tranche 2 (up to transfer day)	**Init_CEVR**	Alpha	Using MRBR2 as the benefits in applying the reformed scheme guidance Cash equivalents for pension sharing on divorce - Factors and guidance for the alpha scheme dated 17 January 2020 Table P2CETV66 (Table 202 in consolidated factors spreadsheet) & Revaluation factors (Table 001 in the consolidated factors spreadsheet)	£77,857.07

Init_CEV is then calculated as follows:

Init_CEV = Init_CEVL + Init_CEVR

= £15,102.45 + £77,857.07

= £92,959.52

Step 2 – Calculation of Initial Ex-Partner Cash Equivalent Value (Init_PCEV)

The value of the shareable rights credited to the PCM which relates to the shareable remediable service only is as follows:

Init_PCEV = Init_CEVL x legacy scheme PSO% + Init_CEVR x reformed scheme PSO%

= £15,102.45 x 30% + £77,857.07 x 20%

= £20,102.15

Step 3 – Calculation of Cash Equivalent Value Legacy (CEVL)

As set out in the McCloud guidance note, as the PSO% is different for the legacy and reformed schemes, we need to calculate the components of CEVL (CEVL1 and CEVL2).

Service period	Calculation of	Scheme	Calculation method	Value
Tranche 2	**CEVL1**	Nuvos	Equal to Init_CEVL	£15,102.45
Tranche 2	**CEVL2**	Nuvos	Using MRBL2 as the benefits in applying the legacy scheme guidance Cash equivalents for pension sharing on divorce - Factors and guidance for classic, classic plus, premium and nuvos members dated 17 January 2020 Table P1CETVN (Table 208 in consolidated factors spreadsheet) & Revaluation factors (Table 001 in the consolidated factors spreadsheet)	£82,224.45

CEVL is then calculated as follows:

CEVL = CEVL1 + CEVL2

= £15,102.45 + £82,224.45

= £97,326.90

Step 4 – Calculation of Cash Equivalent Value Reformed (CEVR)

Again, as the PSO% is different for the legacy and reformed schemes, we need to calculate the components of CEVR (CEVR1 and CEVR2).

Service period	Calculation of	Scheme	Calculation method	Value
Tranche 2	**CEVR1**	Alpha	Using MRBR1 as the benefits in applying the reformed scheme guidance Cash equivalents for pension sharing on divorce - Factors and guidance for the alpha scheme dated 17 January 2020 Table P2CETV66 (Table 202 in consolidated factors spreadsheet) & Revaluation factors (Table 001 in the consolidated factors spreadsheet)	£13,968.24
Tranche 2	**CEVR2**	Alpha	Equal to Init_CEVR	£77,857.07

CEVR is then calculated as follows:

CEVR = CEVR1 + CEVR2

= £13,968.24 + £77,857.07

= £91,825.31

Step 5 – Calculation of Contribution Adjustment Legacy (ContAdjL)

In this example, no contribution adjustment is required and so ContAdjL is zero.

Step 6 – Calculation of Contribution Adjustment Reformed (ContAdjR)

In this example, no contribution adjustment is required and so ContAdjR is zero.

Step 7 – Calculation of the Alternative Ex-Partner Cash Equivalent Value (Alt_PCEV)

Since the PSO% is different for the legacy and reformed scheme:

Alt_PCEV = Maximum ((CEVL1 + ContAdjL1) x legacy scheme PSO% + (CEVL2 + ContAdjL2) x reformed scheme PSO%, (CEVR1 + ContAdjR1) x legacy scheme PSO% + (CEVR2 + ContAdjR2) x reformed scheme PSO%)

= Maximum ((£15,102.45 + £0.00) x 30% + (£82,224.45 + £0.00) x 20%, (£13,968.24 + £0.00) x 30% + (£77,857.07 + £0.00) x 20%)

= Maximum (£20,975.63 , £19,761.89)

= £20,975.63

Step 8 – Calculation of Remediable Credit Adjustment (RCredAdj)

RCredAdj = Alt_PCEV – Init_PCEV

= £20,975.63 – £20,102.15

= £873.48

As the RCredAdj is positive, further calculations are required in respect of the pension credit and pension debit amounts.

Step 9 – Calculation of the remediable pension credit in respect of RCredAdj

The pension credit member should be offered a choice of a pension credit adjustment in the legacy scheme or the reformed scheme. The pension credit adjustment calculations should be calculated using the relevant legacy scheme and reformed scheme guidance and factors in force at the **valuation day**.

Service period	Scheme	Calculation method	Value
Tranche 2 (Legacy scheme basis)	Nuvos	Using RCredAdj as the ex-partner's cash equivalent (ESCE) in applying the legacy scheme pension credit guidance. Converting pension credit into pension - Factors and guidance for classic, classic plus, premium and nuvos members dated 1 October 2019 Table P1PCNU1 (Table 308 consolidated factors spreadsheet) & Revaluation factors (Table 001 in the consolidated factors spreadsheet)	• Pension of **£41.80 p.a.**
Tranche 2 (Reformed scheme basis)	Alpha	Using RCredAdj as the ex-partner's cash equivalent (ESCE) in applying the reformed scheme pension credit guidance. Converting pension credit into pension - Factors and guidance for alpha members dated 1 October 2019 Table P2PCF1 (Table 306 in consolidated factors spreadsheet) & Revaluation factors (Table 001 in the consolidated factors spreadsheet)	• Pension of **£67.29 p.a.**

The additional pension credit is revalued from the transfer day as with the original pension credit.

Step 10 – Re-calculation of member's pension debit

Details of the pension debits as they apply under the legacy scheme and as they apply under the reformed scheme are required.

Service period	**Member debit amounts**
Tranche 2 (up to transfer day) (legacy scheme)	Based on MRBL1 and MRBL2: • Member's pension debit = 30% x £900.00 + 20% x £4,900.00 = **£1,250.00 p.a.** • Survivor's pension debit = 30% x £337.50 + 20% x £1,837.50 = **£468.75 p.a.**
Tranche 2 (up to transfer day) (reformed scheme)	Based on MRBR1 and MRBR2: • Member's pension debit = 30% x £880.00 + 20% x £4,905.00 = **£1,245.00 p.a.** • Survivor's pension debit = 30% x £330.00 + 20% x £1,839.38 = **£466.88 p.a.**

The pension debits are revalued as usual for each option.

In this example, as no contribution adjustment is required and ContAdjL and ContAdjR are zero, no contribution adjustment debit is required.

Example 3 – Tapered member, different PSO% in legacy and reformed annexes, RCredAdj is less than zero

The following scenario is considered in this example:	
Status at transfer day:	**Deferred**
Protection status:	**Tapered**
Contribution adjustment:	**None required**
PSO received:	**Legacy annex and reformed annex (different PSO%s)**

Member data required

Date of birth	1 July 1962
Sex	Male
Legacy scheme	Premium
Taper date	1 October 2021
Valuation day	28 February 2023
Transfer day	1 June 2022
Member's age at transfer day	59
Ex-spouse's date of birth	1 December 1963
Ex-spouse's age at transfer day	58
Ex-spouse's sex	Female
Details of PSO annex	Legacy annex: 40%
	Reformed annex: 50%

Data required for remedy calculations

Information on the shareable benefits in the remedy period which were actually earned before and after the taper date in the legacy and reformed schemes, and the shareable benefits they would have earned if they were earned in the alternative scheme in those periods is required:

Scheme	Normal pension age	Before taper date	After taper date
Premium	60	**MRBL1** • Member pension: **£3,800.00 p.a.** • Survivor's pension: **£1,425.00 p.a.** • Lump sum: **£0.00** These are the benefits actually earned by the member before the taper date.	**MRBL2** • Member pension: **£290.00 p.a.** • Survivor's pension: **£108.75 p.a.** • Lump sum: **£0.00** These are the alternative benefits the member would have earned in the legacy scheme after the taper date.
Alpha	67	**MRBR1** • Member pension: **£5,300.00 p.a.** • Survivor's pension: **£1,987.50 p.a.** These are the alternative benefits the member would have earned in the reformed scheme before the taper date.	**MRBR2** • Member pension: **£500.00 p.a.** • Survivor's pension: **£187.50 p.a.** These are the benefits actually earned by the member after the taper date.

MRBL is the total of MRBL1 and MRBL2.

MRBR is the total of MRBR1 and MRBR2.

Benefit amounts are as at the transfer day.

Calculations required

Step 1 – Calculation of Initial Cash Equivalent Value (Init_CEV)

As the member was a tapered member, we know the CEV used to implement the PSO reflects Premium style benefits before the member's taper date and Alpha style benefits after the taper date.

Init_CEVL and Init_CEVR first need to be calculated:

Service period	Calculation of	Scheme	Calculation method	Value
Tranche 2 (up to transfer day)	**Init_CEVL**	Premium	Using MRBL1 as the benefits in applying the legacy scheme guidance Cash equivalents for pension sharing on divorce - Factors and guidance for classic, classic plus, premium and nuvos members dated 17 January 2020 Table P1CETV60 (Table 206 in consolidated factors spreadsheet)	£77,762.25
Tranche 2 (up to transfer day)	**Init_CEVR**	Alpha	Using MRBR2 as the benefits in applying the reformed scheme guidance Cash equivalents for pension sharing on divorce - Factors and guidance for the alpha scheme dated 17 January 2020 Table P2CETV67 (Table 203 in consolidated factors spreadsheet) & Revaluation factors (Table 001 in the consolidated factors spreadsheet)	£7,058.13

Init_CEV is then calculated as follows:

Init_CEV = Init_CEVL + Init_CEVR

= £77,762.25 + £7,058.13

= £84,820.38

Step 2 – Calculation of Initial Ex-Partner Cash Equivalent Value (Init_PCEV)

The value of the shareable rights credited to the PCM which relates to the shareable remediable service only is as follows:

Init_PCEV = Init_CEVL x legacy scheme PSO% + Init_CEVR x reformed scheme PSO%

= £77,762.25 x 40% + £7,058.13 x 50%

= £34,633.96

Step 3 – Calculation of Cash Equivalent Value Legacy (CEVL)

As set out in the McCloud guidance note, as the PSO% is different for the legacy and reformed schemes, we need to calculate the components of CEVL (CEVL1 and CEVL2).

Service period	**Calculation of**	**Scheme**	**Calculation method**	**Value**
Tranche 2	**CEVL1**	Premium	Equal to Init_CEVL	£77,762.25
Tranche 2	**CEVL2**	Premium	Using MRBL2 as the benefits in applying the legacy scheme guidance Cash equivalents for pension sharing on divorce - Factors and guidance for classic, classic plus, premium and nuvos members dated 17 January 2020 Table P1CETV60 (Table 206 in consolidated factors spreadsheet)	£5,934.49

CEVL is then calculated as follows:

CEVL = CEVL1 + CEVL2

= £77,762.25 + £5,934.49

= £83,696.74

Step 4 – Calculation of Cash Equivalent Value Reformed (CEVR)

Again, as the PSO% is different for the legacy and reformed schemes, we need to calculate the components of CEVR (CEVR1 and CEVR2).

Service period	Calculation of	Scheme	Calculation method	Value
Tranche 2	**CEVR1**	Alpha	Using MRBR1 as the benefits in applying the reformed scheme guidance Converting pension credit into pension - Factors and guidance for alpha members dated 1 October 2019 Table P2CETV67 (Table 203 in consolidated factors spreadsheet) & Revaluation factors (Table 001 in the consolidated factors spreadsheet)	£74,816.13
Tranche 2	**CEVR2**	Alpha	Equal to Init_CEVR	£7,058.13

CEVR is then calculated as follows:

CEVR = CEVR1 + CEVR2

= £74,816.13 + £7,058.13

= £81,874.25

Step 5 – Calculation of Contribution Adjustment Legacy (ContAdjL)

In this example, no contribution adjustment is required and so ContAdjL is zero.

Step 6 – Calculation of Contribution Adjustment Reformed (ContAdjR)

In this example, no contribution adjustment is required and so ContAdjR is zero.

Step 7 – Calculation of the Alternative Ex-Partner Cash Equivalent Value (Alt_PCEV)

Since the PSO% is different for the legacy and reformed scheme:

Alt_PCEV = Maximum ((CEVL1 + ContAdjL1) x legacy scheme PSO% + (CEVL2 + ContAdjL2) x reformed scheme PSO%, (CEVR1 + ContAdjR1) x legacy scheme PSO% + (CEVR2 + ContAdjR2) x reformed scheme PSO%)

= Maximum ((£77,762.25 + £0.00) x 40% + (£5,934.49 + £0.00) x 50%, (£74,816.13 + £0.00) x 40% + (£7,058.13 + £0.00) x 50%)

= Maximum (£34,072.14 , £33,455.51)

= £34,072.14

Step 8 – Calculation of Remediable Credit Adjustment (RCredAdj)

RCredAdj = Alt_PCEV – Init_PCEV

= £34,072.14 – £34,633.96

= -£561.82

As the RCredAdj is negative, further calculations are required in respect of the pension credit and pension debit amounts.

Step 9 – Calculation of the remediable pension credit in respect of RCredAdj

The pension credit member should be offered a choice of a pension credit adjustment in the legacy scheme or the reformed scheme. The pension credit adjustment calculations should be calculated using the relevant legacy scheme and reformed scheme guidance and factors in force at the **valuation day**.

Service period	**Scheme**	**Calculation method**	**Value**
Tranche 2 (Legacy scheme basis)	Premium	Using RCredAdj as the ex-partner's cash equivalent (ESCE) in applying the legacy scheme pension credit guidance. Converting pension credit into pension - Factors and guidance for classic, classic plus, premium and nuvos members dated 1 October 2019 Table P1PCCP1 (Table 307 in the consolidated factors spreadsheet)	• Reduction in pension of **£29.22 p.a.** • Reduction in lump sum of **£0.00**
Tranche 2 (Reformed scheme basis)	Alpha	Using RCredAdj as the ex-partner's cash equivalent (ESCE) in applying the reformed scheme pension credit guidance. Converting pension credit into pension - Factors and guidance for alpha members dated 1 October 2019 Table P2PCF1 (Table 306 in consolidated factors spreadsheet) & Revaluation factors (Table 001 in the consolidated factors spreadsheet)	• Reduction in pension of **43.22 p.a.**

The additional pension credit is revalued from the transfer day as with the original pension credit.

Step 10 – Re-calculation of member's pension debit

Details of the pension debits as they apply under the legacy scheme and as they apply under the reformed scheme are required.

Service period	**Member debit amounts**
Tranche 2 (up to transfer day) (legacy scheme)	Based on MRBL1 and MRBL2: • Member's pension debit = 40% x £3,800.00 + 50% x £290.00 = **£1,665.00 p.a.** • Survivor's pension debit = 40% x £1,425.00 + 50% x £108.75 = **£624.38 p.a.** • Lump sum debit = 40% x £0.00 + 50% x £0.00 = **£0.00**
Tranche 2 (up to transfer day) (reformed scheme)	Based on MRBR1 and MRBR2: • Member's pension debit = 40% x £5,300.00 + 50% x £500.00 = **£2,370.00 p.a.** • Survivor's pension debit = 40% x £1,987.50 + 50% x £187.50 = **£888.75 p.a.**

The pension debits are revalued as usual for each option.

In this example, as no contribution adjustment is required and ContAdjL and ContAdjR are zero, no contribution adjustment debit is required.