Government Actuary's Department

Northern Ireland Civil Service Pension Scheme

McCloud guidance examples – applying McCloud remedy to incoming non-Club transfers

These examples have been prepared for use by the scheme administrator to demonstrate the calculations set out in the *Guidance for applying McCloud remedy to incoming non-Club transfers*, dated 12 June 2024 (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 incoming non-Club transfers depend on calculating the benefits awards for incoming non-Club transfers to the legacy schemes and the reformed scheme. Guidance and examples on these calculations are set out in incoming non-Club transfers guidance notes for those schemes, as referenced in the McCloud guidance note.

This document includes:

- Example 1 – Pre-1 October 2023 transfer in to alpha, convert to Classic
- Example 2 – Pre-1 October 2023 transfer in to alpha, convert to Nuvos
- Example 3 – Pre-1 October 2023 transfer in to Classic, convert to alpha on election
- Example 4 – Additional payment received for remediable transfer value

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 (the Scheme) for the purpose of applying the McCloud remedy to incoming non-Club transfers received by the Scheme. They were commissioned by the scheme manager, and were prepared by GAD in our role advising the scheme manager on the 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 – Pre-1 October 2023 transfer in to alpha, convert to Classic on rollback

Data from original calculations

Age last birthday	42
Sex	Female
Calculation date	15 April 2020
Original scheme for transfer	alpha
Amount of CETV received	£50,000.00
Pension received in original scheme (p.a.)	£4,700.10

Other data required

Alternative scheme	Classic
Normal Pension Age in alternative scheme	60
Pensionable earnings (p.a.) at Calculation date	£25,000.00

Factors required for alternative scheme

Factor guidance note	Classic, classic plus, premium and nuvos schemes - Non-club transfers in - Factors and guidance, dated 7 November 2019
Factor table	P1TVIN60
Member's pension factor	20.64
Partner's pension factor	2.30
Lump sum factor	1.00

Alternative scheme transfer in benefit

The equivalent Classic service credit for the transfer value received is calculated as:

$$\textit{Service credit} = \frac{£50{,}000.00}{\left(\frac{1}{80} \times £25{,}000.00 \times 20.64 + \frac{3}{80} \times £25{,}000.00 \times 1.00 + \frac{1}{160} \times £25{,}000.00 \times 2.30\right)}$$

= 6 years 166 days

The formula above is based on that set out in the alternative scheme factor guidance note for calculating the service credit to be awarded on an incoming non-Club transfer.

Example 2 – Pre-1 October 2023 transfer in to alpha, convert to Nuvos on rollback

Data from original calculations

Age last birthday	38
Sex	Female
Calculation date	15 April 2016
Original scheme for transfer	alpha
Amount of CETV received	£50,000.00
Amount of pre 88 GMP	£150.00
Amount of post 88 GMP	£350.00
Pension received in original scheme (p.a.)	£5,776.21

Other data required

Alternative scheme	Nuvos
Normal Pension Age in alternative scheme	65

Factors required for alternative scheme

Factor guidance note	Factors for transfers in for classic, classic plus, premium and nuvos members, dated 9 October 2015
Factor table	P1TVINN
Member's pension factor	5.01
Partner's pension factor	0.15
Pre 88 GMP Factor	-1.04
Post 88 GMP Factor	-3.55
Revaluation factor	1.67

Alternative scheme transfer in benefit

The equivalent Nuvos scheme pension for the transfer value received is calculated as:

$$\boldsymbol{Transferred\ pension} = \frac{£50{,}000.00 + (£150.00 \times -1.04\ + £350.00 \times -3.55\ )}{(5.01 + 0.15) \times 1.67}$$

= £5,640.06

This amount is as at the original calculation date.

The formula above is based on that set out in the alternative scheme factor guidance note for calculating the pension to be awarded on an incoming non-Club transfer.

Example 3 – Pre-1 October 2023 transfer in to Classic, convert to alpha on election

Data from original calculations

Age last birthday	59
Sex	Male
Calculation date	1 December 2020
Original scheme for transfer	Classic
Amount of CETV received	£50,000.00
Service credit received in original scheme	5 years 223 days

Other data required

Alternative scheme	alpha
Normal Pension Age in alternative scheme	67

Factors required

Factor guidance note	Alpha Scheme - Non-Club transfers in - Factors and guidance, dated 7 November 2019
Factor table	P2TVIN67
Member's pension factor	11.97
Partner's pension factor	0.60
Revaluation factor	1.17

Alternative scheme transfer in benefit

The equivalent alpha scheme pension for the transfer value received is calculated as:

$$\mathit{Transferred\ pension} = \frac{\pounds 50{,}000.00}{(11.97 + 0.60) \times 1.17}$$

= £3,399.76

This amount is as at the original calculation date.

The formula above is based on that set out in the alternative scheme factor guidance note for calculating the pension to be awarded on an incoming non-Club transfer.

Example 4 – Additional payment received for remediable transfer value

Where the non-Club incoming transfer was sent from another public service pension scheme, the scheme manager may accept an additional payment as a result of the sending scheme's McCloud remedy.

Data from original calculations

Age last birthday	58
Sex	Male
Calculation date	15 April 2020
Pensionable earnings (p.a.)	£30,000.00
Original scheme for transfer	Classic
Normal Pension Age	60

Other data required

Top up CETV amount received	£5,000.00

Factors required (in line with factors used for original calculation)

Factor guidance note	Classic, classic plus, premium and nuvos schemes - Non-club transfers in - Factors and guidance, dated 7 November 2019
Factor table	P1TVIN60
Member's pension factor	19.70
Partner's pension factor	2.04
Lump sum Factor	0.99

Additional transfer in benefit

The additional Classic service credit for the top up CETV amount is calculated as:

$$Service\ credit = \frac{£5{,}000.00}{\left(\frac{1}{80} \times £30{,}000.00 \times 19.70 + \frac{3}{80} \times £30{,}000.00 \times 0.99 + \frac{1}{160} \times £30{,}000.00 \times 2.04\right)}$$

= 0 years 206 days

The formula above is based on that set out in the scheme factor guidance note for calculating the service credit to be awarded on an incoming non-Club transfer.

This additional service credit should be treated consistently with the original remediable service credit awarded, and converted to alternative scheme benefits as required in line with the McCloud guidance note (in this case, potential conversion to the reformed scheme on election).