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Northern Ireland Teachers' Pension Scheme

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

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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: Transfer day before 1 October 2023 – “Retrospective full guidance L”*, dated 1 October 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: Transfer day before 1 October 2023 – “Retrospective full guidance” - Introductory note*, dated 1 October 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	PDM
Init_PCEV	Initial Ex-Partner Cash Equivalent Value	PCM
Alt_CEV	Alternative Cash Equivalent Value	PDM
Alt_UpayAdj	Alternative Underpayment Adjustment	PDM (Group 2 only)
Alt_ContAdj	Alternative Contribution Adjustment	PDM
Alt_PCEV	Alternative Ex-Partner Cash Equivalent Value	PCM
RCredAdj	Remediable Credit Adjustment	PCM

Compliance and limitations

These examples have been prepared for use by the scheme manager and scheme administrator of the Northern Ireland Teachers' 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 Teachers' Pension Scheme. These examples should be used for illustrative purposes, and represent simplified member examples. Administrators should continue to calculate legacy and reformed pension benefits for each member from first principles to feed into remedy calculations.

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 – Protected member, legacy annex only, no RCredAdj

The following scenario is considered in this example:

Status at transfer day:	Active
Protection status:	Protected
Contribution adjustment:	None required
PSO received:	Legacy annex only (Scottish)

Member data required

Date of birth	1 November 1961
Valuation day	30 September 2022
Transfer day	1 October 2021
Member's age at transfer day	59
Ex-spouse's date of birth	1 June 1966
Ex-spouse's age at transfer day	55
Details of PSO annex	Legacy annex amount to be shared: £32,000 Total legacy CEV: £160,000 As this is a Scottish divorce case, the implied percentage to be shared from the legacy scheme should be calculated based on the monetary amount specified by the legacy scheme PSO: Legacy scheme PSO% = £32,000 / £160,000 = 20%

Data required for remedy calculations

Information on the benefits earned by the member in the shareable remedy period as if they were earned only in the legacy scheme and only in the reformed scheme is required:

Shareable remedy period benefits	If accrued in legacy scheme	If accrued in reformed scheme
Scheme	NPA60 Section	2015 Scheme
Normal pension age	60	67
Pension	£2,400.00	£3,400.00
Survivor pension	£1,200.00	£1,275.00
Lump sum	£7,200.00	n/a

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 protected member, we know the CEV used to implement the PSO for remediable service relates only to NPA60 Section style benefits.

Therefore **Init_CEV** is:

Service period	Scheme	Calculation method	Value (Init_CEV)
Tranche 2 (up to transfer day)	NPA60 Section	Legacy scheme guidance Cash equivalents on divorce - Factors and Guidance dated 2 February 2020 Table 103 (Table 202 in the consolidated factors workbook) from the guidance note 'Cash equivalent transfer values (CETVs)' dated 2 February 2020	£58,800.00

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:

$$\begin{aligned}
 \text{Init_PCEV} &= \text{Init_CEV} \times \text{legacy scheme PSO\%} \\
 &= £58,800.00 \times 20\%
 \end{aligned}$$

$$= £11,760.00$$

Step 3 – Calculation of Alternative Cash Equivalent Value (Alt_CEV)

Based on the benefits the member would have accrued in the shareable remedy period in the reformed scheme, **Alt_CEV** is as follows:

Service period	Scheme	Calculation method	Value (CEV)
Tranche 2 (up to transfer day)	2015 Scheme	Reformed scheme guidance Cash equivalents on divorce - Factors and Guidance, dated 2 February 2020 Table 163 (Table 211 in the consolidated factors workbook) from the guidance note 'Cash equivalent transfer values (CETVs)' dated 2 February 2020	£51,263.50

Step 4 – Calculation of Alternative Contribution Adjustment (Alt_ContAdj)

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

Step 5 – Calculation of Alternative Ex-Partner Cash Equivalent Value (Alt_PCEV)

The value of the shareable rights that would have been credited to the PCM if the remedy period benefits were earned in the reformed scheme is as follows:

$$\begin{aligned}
 \text{Alt_PCEV} &= (\text{Alt_CEV} + \text{Alt_ContAdj}) \times \text{legacy scheme PSO\%} \\
 &= (£51,263.50 + £0.00) \times 20\% \\
 &= £10,252.70
 \end{aligned}$$

Step 6 – Calculation of Remediable Credit Adjustment (RCredAdj)

$$\begin{aligned}
 \text{RCredAdj} &= \text{Maximum} (\text{Alt_PCEV} - \text{Init_PCEV}, 0) \\
 &= \text{Maximum} (£10,252.70 - £11,760.00, 0) \\
 &= £0.00
 \end{aligned}$$

Step 7 – Calculation of the remediable pension credit in respect of RCredAdj

As the RCredAdj is zero, no further calculations or adjustments are necessary in respect of the pension credit, and the PCM should be presented with the necessary information.

Step 8 – 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)	- Member's pension debit = 20% x £2,400.00 = £480.00 p.a. - Survivor's pension debit = 20% x £1,200.00 = £240.00 p.a. - Lump sum debit = 20% x £7,200.00 = £1,440.00
Tranche 2 (up to transfer day) (reformed scheme)	- Member's pension debit = 20% x £3,400.00 = £680.00 p.a. - Survivor's pension debit = 20% x £1,275.00 = £255.00 p.a.

The pension debits are revalued as usual for each option.

In this example, as no contribution adjustment is required and Alt_ContAdj is zero, no contribution adjustment debit is required.

Example 2 – Protected member, legacy annex only, RCredAdj required

The following scenario is considered in this example:

Status at transfer day:	Deferred
Protection status:	Protected
Contribution adjustment:	None required
PSO received:	Legacy annex only

In this example, unlike in Example 1, RCredAdj is determined to be greater than zero.

This example only considers the steps required after having determined a positive RCredAdj. For an example on determining the RCredAdj, please see Example 1.

Member data required

Date of birth	1 November 1956
Valuation day	30 September 2022
Transfer day	1 October 2021 (deferred)
Member's age at transfer day	64
Ex-spouse's date of birth	1 June 1959
Ex-spouse's age at transfer day	62
Details of PSO annex	Legacy annex: 20%

Data required for remedy calculations

Information on the benefits earned by the member in the shareable remedy period as if they were earned only in the legacy scheme and only in the reformed scheme is required. As the member is deferred at transfer day, all of the remedy service is shareable:

Shareable remedy period benefits	If accrued in legacy scheme	If accrued in reformed scheme
Scheme	NPA65 Section	2015 Scheme
Normal pension age	65	66
Pension	£800.00	£900.00
Survivor pension	£300.00	£337.50
Lump sum	n/a	n/a

Benefit amounts are as at the transfer day.

Calculations required

In this example, **RCredAdj** has been determined to be £202.30.

Step 1 – Calculation of the remediable pension credit in respect of RCredAdj

As the RCredAdj is positive, it will need to be converted into an additional pension credit for the PCM. As the PSO contains a legacy scheme annex only, the pension credit based on RCredAdj will be transferred into the ex-partner's pension credit account in the legacy scheme, calculated using the relevant legacy scheme guidance and factors in force at the **valuation day**.

The additional pension credit member in respect of RCredAdj is as follows:

Service period	Scheme	Calculation method	Ex-partner additional pension credit amounts
Tranche 2 (Legacy scheme basis)	NPA65 Section	Using RCredAdj as the ex-partner's cash equivalent in applying the legacy scheme pension credit guidance. Pension credits on divorce - Factors and Guidance dated 2 February 2020 Table 433 (Table 318 in the consolidated factors workbook)	- Pension of £11.94 p.a. - Lump sum of £0.00

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

Step 2 – 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)	• Member's pension debit = 20% x £800.00 = £160.00 p.a. • Survivor's pension debit = 20% x £300.00 = £60.00 p.a.
Tranche 2 (up to transfer day) (reformed scheme)	• Member's pension debit = 20% x £900.00 = £180.00 p.a. • Survivor's pension debit = 20% x £337.50 = £67.50 p.a.

The pension debits are revalued as usual for each option.

In this example, as no contribution adjustment is required and Alt_ContAdj is zero, no contribution adjustment debit is required.