



Government Actuary's
Department

The Firefighters' Pension Scheme (England)

McCloud guidance examples – applying McCloud remedy to retrospective divorce cases for pensioners

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Navigating risk | Cutting through complexity

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Contents

Introduction	3
Example 1 – Protected member, legacy annex only, negative Alt_UpayAdj, no RCredAdj	6
Example 2 – Unprotected member, reformed annex only, positive Alt_UpayAdj, RCredAdj required	11
Example 3 – Tapered member, legacy and reformed annexes, same PSO%, Alt_UpayAdj required, positive RCredAdj required	17
Example 4 – Tapered member, legacy and reformed annexes, different PSO%, Alt_UpayAdj required, positive RCredAdj required	26



Introduction

These examples have been prepared for use by the scheme administrators to demonstrate the calculations set out in the guidance notes:

- The Firefighters' Pension Scheme (England) Pension Sharing on Divorce for McCloud members: Transfer day before 1 October 2023 – “Retrospective full guidance” Introductory note dated 8 July 2025
- The Firefighters' Pension Scheme (England) Pension Sharing on Divorce for McCloud members: Transfer day before 1 October 2023 – “Retrospective full guidance L” dated 28 July 2025
- The Firefighters' Pension Scheme (England) Pension Sharing on Divorce for McCloud members: Transfer day before 1 October 2023 – “Retrospective full guidance R” dated 28 July 2025
- The Firefighters' Pension Scheme (England) Pension Sharing on Divorce for McCloud members: Transfer day before 1 October 2023 – “Retrospective full guidance M” dated 28 July 2025

These examples should be read in conjunction with those guidance notes.

The examples in this note relate to members who were pensioners on transfer day. Separate examples have been provided for members who were active or deferred on transfer day.

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 McCloud guidance notes.

These examples cover Tranche 2 benefits only (as defined in the McCloud guidance notes). 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 notes:

Protected members, Unprotected members & Tapered members (with PSO which relates to legacy or reformed scheme only)

For shareable 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

Mixed service members i.e. Tapered members with PSO containing both a legacy scheme annex and a reformed scheme annex

For shareable remediable service		
	Stands for	Relates to
Init_CEV	Initial Cash Equivalent Value = Init_CEV _L + Init_CEV _R	PDM
Init_CEV _L	Initial Cash Equivalent Value Legacy	
Init_CEV _R	Initial Cash Equivalent Value Reformed	
Init_PCEV	Initial Ex-Partner Cash Equivalent Value	PCM
MRBL	Member's Remediable Benefits Legacy = MRBL ₁ + MRBL ₂	PDM
MRBL ₁	Member's Remediable Benefits Legacy Part 1	
MRBL ₂	Member's Remediable Benefits Legacy Part 2	
CEVL	Cash Equivalent Value Legacy = CEVL ₁ + CEVL ₂	PDM
CEVL ₁	Cash Equivalent Value Legacy Part 1	
CEVL ₂	Cash Equivalent Value Legacy Part 2	
MRBR	Member's Remediable Benefits Reformed = MRBR ₁ + MRBR ₂	PDM
MRBR ₁	Member's Remediable Benefits Reformed Part 1	
MRBR ₂	Member's Remediable Benefits Reformed Part 2	
CEVR	Cash Equivalent Value Reformed = CEVR ₁ + CEVR ₂	PDM
CEVR ₁	Cash Equivalent Value Reformed Part 1	
CEVR ₂	Cash Equivalent Value Reformed Part 2	
ACTpayment	Actual payments = ACTpayment ₁ + ACTpayment ₂	PDM*
ACTpayment ₁	Actual payments Part 1	
ACTpayment ₂	Actual payments Part 2	
Lpayment	Legacy payments = Lpayment ₁ + Lpayment ₂	PDM*
Lpayment ₁	Legacy payments Part 1	
Lpayment ₂	Legacy payments Part 2	
UpayAdjL	Underpayment Adjustment Legacy = UpayAdjL ₁ + UpayAdjL ₂	PDM*
UpayAdjL ₁	Underpayment Adjustment Legacy Part 1	
UpayAdjL ₂	Underpayment Adjustment Legacy Part 2	
Rpayment	Reformed payments = Rpayment ₁ + Rpayment ₂	PDM*
Rpayment ₁	Reformed payments Part 1	
Rpayment ₂	Reformed payments Part 2	
UpayAdjR	Underpayment Adjustment Reformed = UpayAdjR ₁ + UpayAdjR ₂	PDM*
UpayAdjR ₁	Underpayment Adjustment Reformed Part 1	
UpayAdjR ₂	Underpayment Adjustment Reformed Part 2	
INITcont	Initial contributions = INITcont ₁ + INITcont ₂	PDM
INITcont ₁	Initial contributions Part 1	
INITcont ₂	Initial contributions Part 2	
Lcont	Legacy contributions = Lcont ₁ + Lcont ₂	PDM
Lcont ₁	Legacy contributions Part 1	
Lcont ₂	Legacy contributions Part 2	
ContAdjL	Contribution Adjustment Legacy = ContAdjL ₁ + ContAdjL ₂	PDM
ContAdjL ₁	Contribution Adjustment Legacy Part 1	
ContAdjL ₂	Contribution Adjustment Legacy Part 2	
Rcont	Reformed contributions = Rcont ₁ + Rcont ₂	PDM
Rcont ₁	Reformed contributions Part 1	

For shareable remediable service		
	Stands for	Relates to
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. If the PSO percentage for the legacy scheme and the reformed scheme is the same, then it is not necessary to calculate values for Part 1 and Part 2 separately.

* Only relevant for Group 2 members (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 managers and scheme administrators of the The Firefighters' Pension Scheme (England) for the purpose of applying the McCloud remedy to retrospective divorce cases. They were commissioned by the Ministry of Housing, Communities and Local Government (MHCLG) and were prepared by GAD in our role advising MHCLG on the The Firefighters' Pension Scheme (England). 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 MHCLG, LGA, and scheme administrators’ websites.

Other than MHCLG, LGA, 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, negative Alt_UpayAdj, no RCredAdj

The following scenario is considered in this example:

Status at transfer day:	Pensioner
Protection status:	Protected
Age at retirement:	Would be entitled to immediate retirement benefits from the alternative scheme
Contribution adjustment:	Required
PSO received:	Legacy annex only (Scottish divorce case)

Member data required

Date of birth	1 April 1967
Sex	Male
Transfer day	1 July 2023
Valuation day	1 September 2023
Settlement date	1 January 2024
Member's age at transfer day	56
Member's age at retirement	55
Ex-spouse's date of birth	1 January 1969
Ex-spouse's age at transfer day	54
Ex-spouse's sex	Female
Details of PSO annex	<p>Legacy annex amount to be shared: £32,000.00</p> <p>Total legacy CEV: £160,000.00</p> <p>As this is a Scottish divorce case, the implied percentage to be shared from the legacy scheme should be calculated based on the</p>



	<p>monetary amount specified by the legacy scheme PSO:</p> <p>Legacy scheme PSO% = £32,000.00 / £160,000.00 = 20.00%</p>
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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	1992 Scheme	2015 Scheme
Pension	£4,100.00	£3,100.00
Survivor pension	£2,050.00	£2,066.67
Contribution adjustment	Nil	£3,876.17

Benefit amounts are as at the transfer day. In this case, the member retired before the transfer day (and could also have taken immediate retirement benefits in the alternative scheme), and so pension amounts are the pension in payment, including pension increases up to transfer day. Any retirement lump sum was paid before transfer day and is allowed for in the Calculation of Alternative Underpayment Adjustment below.

The contribution adjustment is net of tax and with interest applied to transfer day. Figures can be calculated using the GAD's McCloud tax and contributions calculator – see in particular “Pension sharing on divorce instructions” in the user guide. The scheme owes the contribution adjustment to the member, and so the sign is positive.

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 1992 Scheme style benefits.

Therefore **Init_CEV** is:

Service period	Scheme	Calculation method	Value (Init_CEV)
Tranche 2 (up to transfer day)	1992 Scheme	<p>Legacy scheme guidance</p> <p>1992 Scheme: Pensioner cash equivalents on divorce, pension credits and pension debits: Factors and guidance dated 6 March 2020</p>	£100,921.50



		Table F1 (Table 301 in consolidated factors spreadsheet)	
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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:

$$\begin{aligned} \text{Init_PCEV} &= \text{Init_CEV} \times \text{legacy scheme PSO\%} \\ &= £100,921.50 \times 20.00\% \\ &= £20,184.30 \end{aligned}$$

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 2015 Scheme: Pension Sharing on Divorce: Factors and guidance dated 30 January 2020 Table A1 (Table 309 in consolidated factors spreadsheet)	£78,884.67

Step 4 – Calculation of Alternative Underpayment Adjustment (Alt_UpayAdj)

As this member was a pensioner at transfer day, any over/underpayments should be calculated.

Rpayment Reformed benefit payments the member would have received between retirement and transfer day, in relation to shareable remediable service, had they been accruing reformed benefits.

ACTpayment Actual benefit payments received between retirement and transfer day, in relation to shareable remediable service.

$$\text{Alt_UpayAdj} = (\text{Rpayment} - \text{ACTpayment}) \text{ with interest applied to transfer day}$$

$$= - £1,265.57 \text{ (i.e. an overpayment)}$$

The interest calculation for Alt_UpayAdj is done separately for lump sum and pension payments and then the results are added together. The applicable interest rates for each type of benefit depend on whether there has been an overpayment or underpayment (in this case, an overpayment of pension).



Step 5 – Calculation of Alternative Contribution Adjustment (Alt_ContAdj)

In this example, Alt_ContAdj is £3,876.17

Step 6 – 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:

$$\begin{aligned} \text{Alt_PCEV} &= (\text{Alt_CEV} + \text{Alt_UpayAdj} + \text{Alt_ContAdj}) \times \text{legacy scheme PSO\%} \\ &= (£78,884.67 - £1,265.57 + £3,876.17) \times 20.00\% \\ &= £16,299.05 \end{aligned}$$

Step 7 – Calculation of Remediable Credit Adjustment (RCredAdj)

$$\begin{aligned} \text{RCredAdj} &= \text{Maximum} (\text{Alt_PCEV} - \text{Init_PCEV}, 0) \\ &= \text{Maximum} (£16,299.05 - £20,184.30, 0) \\ &= £0.00 \end{aligned}$$

Step 8 – 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 9 – 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)	<ul style="list-style-type: none"> Member’s pension debit = 20.00% x £4,100.00 = £820.00 p.a. Survivor’s pension debit = 20.00% x £2,050.00 = £410.00 p.a.
Tranche 2 (up to transfer day) (reformed scheme)	<ul style="list-style-type: none"> Member’s pension debit = 20.00% x £3,100.00 = £620.00 p.a. Survivor’s pension debit = 20.00% x £2,066.67 = £413.33 p.a.

The pension debits are revalued as usual for each option.

The contribution adjustment needs to be shared with the ex-spouse in line with the PSO. This means that if the member chooses to receive reformed scheme benefits, a contribution adjustment



debit (Deb_AltContAdj) should apply to reduce the amount of pre-transfer day money owed, either from the scheme to the member or from the member to the scheme, by the legacy PSO%.

$$\begin{aligned}\text{Deb_AltContAdj} &= (\text{INITcont} - \text{Rcont}), \text{ net of tax, with interest applied to settlement} \\ &\text{ date x legacy scheme PSO percentage} \\ &= \text{£}3,914.74 \times 20.00\% \\ &= \text{£}782.95\end{aligned}$$

Note that $\text{INITcont} - \text{Rcont}$ differs from that calculated in step 5 as a result of interest from transfer day to settlement date.

As the member was a pensioner on the transfer day, the over/underpayments pre-transfer day need to be shared with the ex-spouse in line with the PSO. This means that if the member chooses to receive reformed scheme benefits, an underpayment adjustment debit (Deb_AltUpayAdj) should apply to reduce the amount of pre-transfer day money owed, either from the scheme to the member or from the member to the scheme, by the legacy PSO%.

The calculations for Deb_AltUpayAdj use payments which reflect the member's actual commutation choice.

$$\begin{aligned}\text{Deb_AltUpayAdj} &= (\text{Rpayment} - \text{ACTpayment}), \text{ with payments calculated up to transfer} \\ &\text{ day and interest applied to settlement date x legacy scheme PSO} \\ &\text{ percentage} \\ &= - \text{£}1,278.16 \times 20.00\% \\ &= - \text{£}255.63\end{aligned}$$

Note that $\text{Rpayment} - \text{ACTpayment}$ differs from that calculated in step 4 as a result of interest from transfer day to settlement date, and may also differ due to the member's commutation choice being different to that assumed in step 4.

Example 2 – Unprotected member, reformed annex only, positive Alt_UpayAdj, RCredAdj required

The following scenario is considered in this example:

Status at transfer day:	Ill health Pensioner
Protection status:	Unprotected
Age at retirement:	Would be entitled to immediate retirement benefits from the alternative scheme
Contribution adjustment:	Required
PSO received:	Reformed annex only

Member data required

Date of birth	1 October 1985
Sex	Male
Transfer day	1 July 2023
Valuation day	1 September 2023
Settlement date	1 January 2024
Member's age at transfer day	37
Member's age at retirement	37
Ex-spouse's date of birth	1 January 1984
Ex-spouse's age at transfer day	39
Ex-spouse's sex	Female
Details of PSO annex	Reformed annex: 20.00%



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	2006 Scheme (Standard)	2015 Scheme
Pension	£4,670.00	£4,690.00
Survivor pension	£2,335.00	£2,345.00
Contribution adjustment	£4,922.13	Nil

Benefit amounts are as at the transfer day. In this case, the member retired before the transfer day (and would also have been entitled to immediate retirement benefits in the alternative scheme), and so pension amounts are the pension in payment, including pension increases up to transfer day. Any retirement lump sum was paid before transfer day and is allowed for in the Calculation of Alternative Underpayment Adjustment below.

The contribution adjustment is net of tax and with interest applied to transfer day. Figures can be calculated using the GAD's McCloud tax and contributions calculator – see in particular “Pension sharing on divorce instructions” in the user guide. The scheme owes the contribution adjustment to the member, and so the sign is positive.

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

As the member was an unprotected member, we know the CEV used to implement the PSO for remediable service relates only to 2015 Scheme style benefits.

Therefore **Init_CEV** is:

Service period	Scheme	Calculation method	Value (CEV)
Tranche 2 (up to transfer day)	2015 Scheme	Reformed scheme guidance 2015 Scheme: Pension Sharing on Divorce: Factors and guidance dated 30 January 2020 Table B1 (Table 311 in consolidated factors spreadsheet)	£161,265.65

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:

$$\begin{aligned} \text{Init_PCEV} &= \text{Init_CEV} \times \text{reformed scheme PSO\%} \\ &= £161,265.65 \times 20.00\% \\ &= £32,253.13 \end{aligned}$$

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 legacy scheme, **Alt_CEV** is as follows:

Service period	Scheme	Calculation method	Value (Init_CEV)
Tranche 2 (up to transfer day)	2006 Scheme	Legacy scheme guidance NFPS 2006: Pensioner cash equivalents on divorce, pension credits and pension debits: Factors and guidance dated 6 March 2020 Table G1 (Table 307 in consolidated factors spreadsheet)	£160,577.95

Step 4 – Calculation of Alternative Underpayment Adjustment (Alt_UpayAdj)

As this member was a pensioner at transfer day, any over/underpayments should be calculated.

Lpayment Legacy benefit payments the member would have received between retirement and transfer day, in relation to shareable remediable service, had they been accruing legacy benefits.

ACTpayment Actual benefit payments received between retirement and transfer day, in relation to shareable remediable service.

$$\text{Alt_UpayAdj} = (\text{Lpayment} - \text{ACTpayment}) \text{ with interest applied to transfer day}$$

$$= -£5.01 \text{ (i.e. an overpayment)}$$

The interest calculation for Alt_UpayAdj is done separately for lump sum and pension payments and then the results are added together. The applicable interest rates for each type of benefit depend on whether there has been an overpayment or underpayment (in this case, an overpayment of pension).

Step 5 – Calculation of Alternative Contribution Adjustment (Alt_ContAdj)

In this example, Alt_ContAdj is £4,922.13



Step 6 – 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 legacy scheme is as follows:

$$\begin{aligned} \text{Alt_PCEV} &= (\text{Alt_CEV} + \text{Alt_UpayAdj} + \text{Alt_ContAdj}) \times \text{reformed scheme PSO\%} \\ &= (£160,577.95 - £5.01 + £4,922.13) \times 20.00\% \\ &= £33,099.01 \end{aligned}$$

Step 7 – Calculation of Remediable Credit Adjustment (RCredAdj)

$$\begin{aligned} \text{RCredAdj} &= \text{Maximum} (\text{Alt_PCEV} - \text{Init_PCEV}, 0) \\ &= \text{Maximum} (£33,099.01 - £32,253.13, 0) \\ &= £845.88 \end{aligned}$$

Step 8 – 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 reformed scheme annex only, the pension credit based on RCredAdj will be transferred into the ex-partner’s pension credit account in the reformed scheme, calculated using the relevant reformed 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 (Reformed scheme basis)	2015 Scheme	Using RCredAdj as the ex-partner’s cash equivalent (ESCE) in applying the reformed scheme pension credit guidance. 2015 Scheme: Pension Sharing on Divorce: Factors and guidance dated 30 January 2020 Table C1 (Table 316 in consolidated factors spreadsheet)	<ul style="list-style-type: none"> Pension of £80.18 p.a.

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



Step 9 – Re-calculation of member’s pension debit

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

Service period	Member debit amounts
Tranche 2 (up to transfer day) (legacy scheme)	<ul style="list-style-type: none"> Member’s pension debit = 20.00% x £4,670.00 = £934.00 p.a. Survivor’s pension debit = 20.00% x £2,335.00 = £467.00 p.a.
Tranche 2 (up to transfer day) (reformed scheme)	<ul style="list-style-type: none"> Member’s pension debit = 20.00% x £4,690.00 = £938.00 p.a. Survivor’s pension debit = 20.00% x £2,345.00 = £469.00 p.a.

The pension debits are revalued as usual for each option.

The contribution adjustment needs to be shared with the ex-spouse in line with the PSO. This means that if the member chooses to receive legacy scheme benefits, a contribution adjustment debit (Deb_AltContAdj) should apply to reduce the amount of pre-transfer day money owed, either from the scheme to the member or from the member to the scheme, by the legacy PSO%.

$$\begin{aligned} \text{Deb_AltContAdj} &= (\text{INITcont} - \text{Lcont}), \text{ net of tax, with interest applied to settlement} \\ &\text{date x reformed scheme PSO percentage} \\ &= £4,971.10 \times 20.00\% \\ &= £994.22 \end{aligned}$$

Note that $\text{INITcont} - \text{Lcont}$ differs from that calculated in step 5 as a result of interest from transfer day to settlement date.

As the member was a pensioner on the transfer day, the over/underpayments pre-transfer day need to be shared with the ex-spouse in line with the PSO. This means that if the member chooses to receive legacy scheme benefits, an underpayment adjustment debit (Deb_AltUpayAdj) should apply to reduce the amount of pre-transfer day money owed, either from the scheme to the member or from the member to the scheme, by the legacy PSO%.

The calculations for Deb_AltUpayAdj use payments which reflect the member’s actual commutation choice.

$$\begin{aligned} \text{Deb_AltUpayAdj} &= (\text{Lpayment} - \text{ACTpayment}), \text{ with payments calculated up to transfer} \\ &\text{day and interest applied to settlement date x reformed scheme PSO} \\ &\text{percentage} \\ &= - £5.06 \times 20.00\% \end{aligned}$$

= - £1.01

Note that Lpayment - ACTpayment differs from that calculated in step 4 as a result of interest from transfer day to settlement date, and may also differ due to the member's commutation choice being different to that assumed in step 4.

Example 3 – Tapered member, legacy and reformed annexes, same PSO%, Alt_UpayAdj required, positive RCredAdj required

The following scenario is considered in this example:

Status at transfer day:	Pensioner
Protection status:	Tapered
Age at retirement:	Would be entitled to immediate retirement benefits from the alternative scheme
Contribution adjustment:	Required
PSO received:	Legacy annex and reformed annex (same PSO% across both)

Member data required

Date of birth	1 May 1968
Sex	Male
Transfer day	1 August 2023
Valuation day	1 December 2023
Settlement date	1 March 2024
Member's age at transfer day	55
Member's age at retirement	55
Ex-spouse's date of birth	1 January 1971
Ex-spouse's age at transfer day	52
Ex-spouse's sex	Female
Details of PSO annex	Legacy annex: 20.00% Reformed annex: 20.00%

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	Before taper date	After taper date
1992 Scheme	<p>MRBL1</p> <ul style="list-style-type: none"> Member pension: £2,600.00 p.a. Survivor's pension: £1,300.00 p.a. <p>These are the benefits actually earned by the member before the taper date.</p>	<p>MRBL2</p> <ul style="list-style-type: none"> Member pension: £900.00 p.a. Survivor's pension: £450.00 p.a. <p>These are the alternative benefits the member would have earned in the legacy scheme after the taper date.</p> <p>Contribution adjustment - £650.58 (negative as the member would owe the scheme).</p>
2015 Scheme	<p>MRBR1</p> <ul style="list-style-type: none"> Member pension: £2,000.00 p.a. Survivor's pension: £1,333.00 p.a. <p>These are the alternative benefits the member would have earned in the reformed scheme before the taper date.</p> <p>Contribution adjustment £1,830.35 (positive as the scheme would owe the member).</p>	<p>MRBR2</p> <ul style="list-style-type: none"> Member pension: £700.00 p.a. Survivor's pension: £467.00 p.a. <p>These are the benefits actually earned by the member after the taper date.</p>

MRBL is the total of MRBL1 and MRBL2.

MRBR is the total of MRBR1 and MRBR2.

Benefit amounts are as at the transfer day. In this case, the member retired before the transfer day (and could also have taken immediate retirement benefits in the alternative schemes), and so pension amounts are the pension in payment, including pension increases up to transfer day. Any retirement lump sum was paid before transfer day and is allowed for in the Calculation of Underpayment Adjustments below.

The contribution adjustment is net of tax and with interest applied to transfer day. Figures can be calculated using the GAD's McCloud tax and contributions calculator – see in particular “Pension sharing on divorce instructions” in the user guide.

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 1992 Scheme style benefits before the member’s taper date and 2015 Scheme style benefits after the taper date.

Init_CEV_L and Init_CEV_R first need to be calculated:

Service period	Calculation of	Scheme	Calculation method	Value
Tranche 2	Init_CEV_L	1992 Scheme	Using MRBL1 as the benefits in applying the legacy scheme guidance 1992 Scheme: Pensioner cash equivalents on divorce, pension credits and pension debits: Factors and guidance dated 6 March 2020 Table F1 (Table 301 in consolidated factors spreadsheet)	£65,494.00
Tranche 2	Init_CEV_R	2015 Scheme	Using MRBR2 as the benefits in applying the reformed scheme guidance 2015 Scheme: Pension Sharing on Divorce: Factors and guidance dated 30 January 2020 Table A1 (Table 309 in consolidated factors spreadsheet)	£18,212.99

Init_CEV is then calculated as follows:

$$\begin{aligned}
 \text{Init_CEV} &= \text{Init_CEV_L} + \text{Init_CEV_R} \\
 &= £65,494.00 + £18,212.99 \\
 &= £83,706.99
 \end{aligned}$$



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:

$$\begin{aligned} \text{Init_PCEV} &= \text{Init_CEVL} \times \text{legacy scheme PSO\%} + \text{Init_CEVR} \times \text{reformed scheme PSO\%} \\ &= £65,494.00 \times 20.00\% + £18,212.99 \times 20.00\% \\ &= £16,741.40 \end{aligned}$$

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	1992 Scheme	Using MRBL as the benefits in applying the legacy scheme guidance 1992 Scheme: Pensioner cash equivalents on divorce, pension credits and pension debits: Factors and guidance dated 6 March 2020 Table F1 (Table 301 in consolidated factors spreadsheet)	£88,165.00



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	2015 Scheme	Using MRBR as the benefits in applying the reformed scheme guidance 2015 Scheme: Pension Sharing on Divorce: Factors and guidance dated 30 January 2020 Table A1 (Table 309 in consolidated factors spreadsheet)	£70,245.00

Step 5 – Calculation of Underpayment Adjustment Legacy (UpayAdjL)

As this member was a pensioner at transfer day, any over/underpayments should be calculated.

As PSO% is the same for both legacy and reformed schemes, there is no need to calculate the components (ACTpayment1, ACTpayment2, Lpayment1, Lpayment2, UpayAdjL1 and UpayAdjL2).

$$\begin{aligned} \text{UpayAdjL} &= (\text{Lpayment} - \text{ACTpayment}) \text{ based on payments up to transfer day, with} \\ &\quad \text{interest applied to transfer day} \\ &= \text{£}50.48 \end{aligned}$$

Step 6 – Calculation of Underpayment Adjustment Reformed (UpayAdjR)

As this member was a pensioner at transfer day, any over/underpayments should be calculated.

As PSO% is the same for both legacy and reformed schemes, there is no need to calculate the components (ACTpayment1, ACTpayment2, Rpayment1, Rpayment2, UpayAdjR1 and UpayAdjR2).

$$\begin{aligned} \text{UpayAdjR} &= (\text{Rpayment} - \text{ACTpayment}) \text{ based on payments up to transfer day, with} \\ &\quad \text{interest applied to transfer day} \\ &= - \text{£}150.37 \end{aligned}$$

Step 7 – Calculation of Contribution Adjustment Legacy (ContAdjL)

In this example, a contribution adjustment is required and so ContAdjL = - £650.58.

Step 8 – Calculation of Contribution Adjustment Reformed (ContAdjR)

In this example, a contribution adjustment is required and so ContAdjR = £1,830.35.

Step 9 – Calculation of the Alternative Ex-Partner Cash Equivalent Value (Alt_PCEV)

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

$$\begin{aligned}\text{Alt_PCEV} &= \text{Maximum} ((\text{CEVL} + \text{UpayAdjL} + \text{ContAdjL}) \times \text{PSO}\%, (\text{CEVR} + \text{UpayAdjR} + \\ &\quad \text{ContAdjR}) \times \text{PSO}\%) \\ &= \text{Maximum} ((£88,165.00 + £50.48 - £650.58) \times 20.00\%, \\ &\quad (£70,245.00 - £150.37 + £1,830.35) \times 20.00\%) \\ &= £17,512.98\end{aligned}$$

Step 10 – Calculation of Remediable Credit Adjustment (RCredAdj)

$$\begin{aligned}\text{RCredAdj} &= \text{Alt_PCEV} - \text{Init_PCEV} \\ &= £17,512.98 - £16,741.40 \\ &= £771.58\end{aligned}$$

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

Step 11 – 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)	1992 Scheme	Using RCredAdj as the ex-partner's cash equivalent (ESCE) in applying the legacy scheme pension credit guidance. 1992 Scheme: Pensioner cash equivalents on divorce, pension credits and pension debits: Factors and guidance dated 6 March 2020 Table J (Table 313 in consolidated factors spreadsheet)	• Pension of £40.61 p.a.
Tranche 2 (up to transfer day) (Reformed scheme basis)	2015 Scheme	Using RCredAdj as the ex-partner's cash equivalent (ESCE) in applying the reformed scheme pension credit guidance. 2015 Scheme: Pension Sharing on Divorce: Factors and guidance dated 30 January 2020 Table C1 (Table 316 in consolidated factors spreadsheet)	• Pension of £57.15 p.a.

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

Step 12 – 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: <ul style="list-style-type: none"> Member’s pension debit = 20.00% x £3,500.00 = £700.00 p.a. Survivor’s pension debit = 20.00% x £1,750.00 = £350.00 p.a.
Tranche 2 (up to transfer day) (reformed scheme)	Based on MRBR: <ul style="list-style-type: none"> Member’s pension debit = 20.00% x £2,700.00 = £540.00 p.a. Survivor’s pension debit = 20.00% x £1,800.00 = £360.00 p.a.

The pension debits are revalued as usual for each option.

The contribution adjustment needs to be shared with the ex-spouse in line with the PSO. This means that contribution adjustment debit (Deb_AltContAdj) should apply to reduce the amount of pre-transfer day money owed, either from the scheme to the member or from the member to the scheme, by the legacy PSO%.

As the member was a pensioner on the transfer day, the over/underpayments pre-transfer day need to be shared with the ex-spouse in line with the PSO. This means that an underpayment adjustment debit (Deb_AltUpayAdj) should apply to reduce the amount of pre-transfer day money owed, either from the scheme to the member or from the member to the scheme, by the PSO%.

As the PSO% is the same for both legacy and reformed schemes, Deb_AltContAdj and Deb_AltUpayAdj can be calculated with the formula in the guidance using only one PSO% (please see the next example for a case where the PSO% is different for legacy and reformed schemes). The calculations for Deb_AltUpayAdj use payments which reflect the member’s actual commutation choice.

If the member elects for legacy scheme benefits for remediable service:

$$\begin{aligned}
 \text{Deb_AltContAdj} &= (\text{INITcont} - \text{Lcont}), \text{ net of tax, with interest applied to settlement date} \times \text{PSO percentage} \\
 &= -£680.45 \times 20.00\% \\
 &= -£136.09
 \end{aligned}$$

Deb_AltUpayAdj = (L_{payment} – ACT_{payment}) based on payments to transfer day, with interest applied to settlement date x PSO percentage

$$= £52.80 \times 20.00\%$$
$$= £10.56$$

If the member elects for reformed scheme benefits for remediable service:

Deb_AltContAdj = (INIT_{cont} – R_{cont}), net of tax, with interest applied to settlement date x PSO percentage

$$= £1,851.62 \times 20.00\%$$
$$= £370.32$$

Deb_AltUpayAdj = (R_{payment} – ACT_{payment}) based on payments to transfer day, with interest applied to settlement date x PSO percentage

$$= -£152.12 \times 20.00\%$$
$$= -£30.42$$

Note that (INIT_{cont} – L_{cont}), (L_{payment} – ACT_{payment}), (INIT_{cont} – R_{cont}) and (R_{payment} – ACT_{payment}) differ from those calculated in steps 5, 6, 7 and 8 as a result of interest from transfer day to settlement date, and may also differ due to the member's commutation choice being different to that assumed in steps 5 and 6.

Example 4 – Tapered member, legacy and reformed annexes, different PSO%, Alt_UpayAdj required, positive RCredAdj required

The following scenario is considered in this example:

Status at transfer day:	Pensioner
Protection status:	Tapered
Age at retirement:	Would be entitled to immediate retirement benefits from the alternative scheme
Contribution adjustment:	Required
PSO received:	Legacy annex and reformed annex (different PSO%s)

Member data required

Date of birth	1 May 1968
Sex	Female
Transfer day	1 August 2023
Valuation day	1 December 2023
Settlement date	1 March 2024
Member's age at transfer day	55
Member's age at retirement	55
Ex-spouse's date of birth	1 January 1971
Ex-spouse's age at transfer day	52
Ex-spouse's sex	Male
Details of PSO annex	Legacy annex: 50.00% Reformed annex: 20.00%



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	Before taper date	After taper date
1992 Scheme	<p>MRBL1</p> <ul style="list-style-type: none"> Member pension: £2,600.00 p.a. Survivor's pension: £1,300.00 p.a. <p>These are the benefits actually earned by the member before the taper date.</p>	<p>MRBL2</p> <ul style="list-style-type: none"> Member pension: £900.00 p.a. Survivor's pension: £450.00 p.a. <p>These are the alternative benefits the member would have earned in the legacy scheme after the taper date.</p> <p>Contribution adjustment - £650.58 (negative as the member would owe the scheme).</p>
2015 Scheme	<p>MRBR1</p> <ul style="list-style-type: none"> Member pension: £2,000.00 p.a. Survivor's pension: £1,333.00 p.a. <p>These are the alternative benefits the member would have earned in the reformed scheme before the taper date.</p> <p>Contribution adjustment £1,830.35 (positive as the scheme would owe the member).</p>	<p>MRBR2</p> <ul style="list-style-type: none"> Member pension: £700.00 p.a. Survivor's pension: £467.00 p.a. <p>These are the benefits actually earned by the member after the taper date.</p>

MRBL is the total of MRBL1 and MRBL2.

MRBR is the total of MRBR1 and MRBR2.

Benefit amounts are as at the transfer day. In this case, the member retired before the transfer day (and could also have taken immediate retirement benefits in the alternative schemes), and so pension amounts are the pension in payment, including pension increases up to transfer day. Any retirement lump sum was paid before transfer day and is allowed for in the Calculation of Underpayment Adjustments below.

The contribution adjustment is net of tax and with interest applied to transfer day. Figures can be calculated using the GAD's McCloud tax and contributions calculator – see in particular “Pension sharing on divorce instructions” in the user guide.

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 1992 Scheme style benefits before the member’s taper date and 2015 Scheme style benefits after the taper date.

Init_CEV_L and Init_CEV_R first need to be calculated:

Service period	Calculation of	Scheme	Calculation method	Value
Tranche 2	Init_CEV_L	1992 Scheme	Using MRBL1 as the benefits in applying the legacy scheme guidance 1992 Scheme: Pensioner cash equivalents on divorce, pension credits and pension debits: Factors and guidance dated 6 March 2020 Table F2 (Table 302 in consolidated factors spreadsheet)	£65,494.00
Tranche 2	Init_CEV_R	2015 Scheme	Using MRBR2 as the benefits in applying the reformed scheme guidance 2015 Scheme: Pension Sharing on Divorce: Factors and guidance dated 30 January 2020 Table A2 (Table 310 in consolidated factors spreadsheet)	£18,212.99



Init_CEV is then calculated as follows:

$$\begin{aligned} \text{Init_CEV} &= \text{Init_CEVL} + \text{Init_CEVR} \\ &= \text{£65,494.00} + \text{£18,212.99} = \text{£83,706.99} \end{aligned}$$

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:

$$\begin{aligned} \text{Init_PCEV} &= \text{Init_CEVL} \times \text{legacy scheme PSO\%} + \text{Init_CEVR} \times \text{reformed scheme PSO\%} \\ &= \text{£65,494.00} \times 50.00\% + \text{£18,212.99} \times 20.00\% \\ &= \text{£36,389.60} \end{aligned}$$

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	1992 Scheme	Equal to Init_CEV	£65,494.00
Tranche 2	CEVL2	1992 Scheme	Using MRBL2 as the benefits in applying the legacy scheme guidance 1992 Scheme: Pensioner cash equivalents on divorce, pension credits and pension debits: Factors and guidance dated 6 March 2020 Table F2 (Table 302 in consolidated factors spreadsheet)	£22,671.00

CEVL is then calculated as follows:

$$\begin{aligned} \text{CEVL} &= \text{CEVL1} + \text{CEVL2} \\ &= \text{£65,494.00} + \text{£22,671.00} \\ &= \text{£88,165.00} \end{aligned}$$



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	2015 Scheme	Using MRBR1 as the benefits in applying the reformed scheme guidance 2015 Scheme: Pension Sharing on Divorce: Factors and guidance dated 30 January 2020 Table A2 (Table 310 in consolidated factors spreadsheet)	£52,032.01
Tranche 2	CEVR2	2015 Scheme	Equal to Init_CEV	£18,212.99

CEVR is then calculated as follows:

$$\begin{aligned}
 \text{CEVR} &= \text{CEVR1} + \text{CEVR2} \\
 &= \text{£52,032.01} + \text{£18,212.99} \\
 &= \text{£70,245.00}
 \end{aligned}$$

Step 5 – Calculation of Underpayment Adjustment Legacy (UpayAdjL)

As this member was a pensioner at transfer day, any over/underpayments should be calculated.

As PSO% is different for legacy and reformed schemes, the following components should be calculated:

$$\text{ACTpayment} = \text{ACTpayment1} + \text{ACTpayment2}$$

Where:

ACTpayment1 = The member's actual payments received, up to transfer day, in relation to shareable remediable service before their tapered transition date

ACTpayment 2 = The member's actual payments received, up to transfer day, in relation to shareable remediable service on and after the member's tapered transition date

$$L_{\text{payment}} = L_{\text{payment1}} + L_{\text{payment2}}$$

Where:

L_{payment1} = The legacy benefit payments the member would have received, up to transfer day, in relation to shareable remediable service before their tapered transition date, had they been accruing legacy benefits

L_{payment2} = The legacy benefit payments the member would have received, up to transfer day, in relation to shareable remediable service on and after the member's tapered transition date, had they been accruing legacy benefits

$$U_{\text{payAdjL1}} = (L_{\text{payment1}} - \text{ACT}_{\text{payment1}}) \text{ based on payments up to transfer day, with interest applied to transfer day}$$

$$U_{\text{payAdjL2}} = (L_{\text{payment2}} - \text{ACT}_{\text{payment2}}) \text{ based on payments up to transfer day, with interest applied to transfer day}$$

$$\begin{aligned} U_{\text{payAdjL}} &= U_{\text{payAdjL1}} + U_{\text{payAdjL2}} \\ &= \text{£}0.00 + \text{£}50.48 \\ &= \text{£}50.48 \end{aligned}$$

U_{payAdjL1} is zero as the member has been receiving payments in respect of the legacy benefits in relation to shareable remediable service before their tapered transition date, so the legacy benefit payments and the actual benefit payments are the same in this case.

Step 6 – Calculation of Underpayment Adjustment Reformed (U_{payAdjR})

As this member was a pensioner at transfer day, any over/underpayments should be calculated.

As PSO% is different for legacy and reformed schemes, the following components should be calculated:

$$\text{ACT}_{\text{payment}} = \text{ACT}_{\text{payment1}} + \text{ACT}_{\text{payment2}}$$

Where:

$\text{ACT}_{\text{payment1}}$ = The member's actual payments received, up to transfer day, in relation to shareable remediable service before their tapered transition date

$\text{ACT}_{\text{payment2}}$ = The member's actual payments received, up to transfer day, in relation to shareable remediable service on and after the member's tapered transition date

$$R_{\text{payment}} = R_{\text{payment1}} + R_{\text{payment2}}$$

Where:

R_{payment1} = The reformed benefit payments the member would have received, up to transfer day, in relation to shareable remediable service before their tapered transition date, had they been accruing reformed benefits

Rpayment2 = The reformed benefit payments the member would have received, up to transfer day, in relation to shareable remediable service on and after the member's tapered transition date, had they been accruing reformed benefits

UpayAdjR1 = (Rpayment1 – ACTpayment1) based on payments up to transfer day, with interest applied to transfer day

UpayAdjR2 = (Rpayment2 – ACTpayment2) based on payments up to transfer day, with interest applied to transfer day

UpayAdjR = UpayAdjR1 + UpayAdjR2
 = - £150.37 + £0.00
 = - £150.37

UpayAdjR2 is zero as the member has been receiving payments in respect of the reformed benefits in relation to shareable remediable service after their tapered transition date, so the reformed benefit payments and the actual benefit payments are the same in this case.

Step 7 – Calculation of Contribution Adjustment Legacy (ContAdjL)

As PSO% is different for legacy and reformed schemes, the following components should be calculated:

$$\text{INITcont} = \text{INITcont1} + \text{INITcont2}$$

Where:

INITcont1 = The initial contributions paid by the member in relation to shareable remediable service before their tapered transition date

INITcont2 = The initial contributions paid by the member in relation to shareable remediable service on and after their tapered transition date

$$\text{Lcont} = \text{Lcont1} + \text{Lcont2}$$

Where:

Lcont1 = The legacy contributions the member would have paid in relation to shareable remediable service before their tapered transition date, had they been accruing legacy benefits

Lcont2 = The legacy contributions the member would have paid in relation to shareable remediable service on and after their tapered transition date, had they been accruing legacy benefits.

ContAdjL1 = (INITcont1 – Lcont1) net of tax, with interest applied to transfer day

ContAdjL2 = (INITcont2 – Lcont2) net of tax, with interest applied to transfer day

ContAdjL = ContAdjL1 + ContAdjL2
 = £0.00 - £650.58

$$= - £650.58$$

ContAdjL1 is zero as the member paid legacy scheme contributions before their tapered transition date, and so INITcont1 is equal to Lcont1.

Step 8 – Calculation of Contribution Adjustment Reformed (ContAdjR)

As PSO% is different for legacy and reformed schemes, the following components should be calculated:

$$\text{INITcont} = \text{INITcont1} + \text{INITcont2}$$

As in Step 7 above.

$$\text{Rcont} = \text{Rcont1} + \text{Rcont2}$$

Where:

Rcont1 = The reformed contributions the member would have paid in relation to shareable remediable service before their tapered transition date, had they been accruing reformed benefits

Rcont2 = The reformed contributions the member would have paid in relation to shareable remediable service on and after their tapered transition date, had they been accruing reformed benefits.

$$\text{ContAdjR1} = (\text{INITcont1} - \text{Rcont1}) \text{ net of tax, with interest applied to transfer day}$$

$$\text{ContAdjR2} = (\text{INITcont2} - \text{Rcont2}) \text{ net of tax, with interest applied to transfer day}$$

$$\text{ContAdjR} = \text{ContAdjR1} + \text{ContAdjR2}$$

$$= £1,830.35 + £0.00$$

$$= £1,830.35$$

ContAdjR2 is zero as the member paid reformed scheme contributions on and after their tapered transition date, and so INITcont2 is equal to Rcont2.

Step 9 – Calculation of the Alternative Ex-Partner Cash Equivalent Value (Alt_PCEV)

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

Alt_PCEV is the maximum of:

$$(\text{CEVL1} + \text{UpayAdjL1} + \text{ContAdjL1}) \times \text{legacy scheme PSO\%} +$$

$$(\text{CEVL2} + \text{UpayAdjL2} + \text{ContAdjL2}) \times \text{reformed scheme PSO\%}$$

and

$$(\text{CEVR1} + \text{UpayAdjR1} + \text{ContAdjR1}) \times \text{legacy scheme PSO\%} +$$

$$(\text{CEVR2} + \text{UpayAdjR2} + \text{ContAdjR2}) \times \text{reformed scheme PSO\%}$$



$$= \max [(\pounds65,494.00 + \pounds0 + \pounds0) \times 50.00\% + (\pounds22,671.00 + \pounds50.48 - \pounds650.58) \times 20.00\%, (\pounds52,032.01 - \pounds150.37 + \pounds1,830.35) \times 50.00\% + (\pounds18,212.99 + \pounds0 + \pounds0) \times 20.00\%]$$

$$= \pounds37,161.18$$

Step 10 – Calculation of Remediable Credit Adjustment (RCredAdj)

$$\text{RCredAdj} = \text{Alt_PCEV} - \text{Init_PCEV}$$

$$= \pounds37,161.18 - \pounds36,389.60$$

$$= \pounds771.58$$

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

Step 11 – 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)	1992 Scheme	Using RCredAdj as the ex-partner's cash equivalent (ESCE) in applying the legacy scheme pension credit guidance. 1992 Scheme: Pensioner cash equivalents on divorce, pension credits and pension debits: Factors and guidance dated 6 March 2020 Table J (Table 313 in consolidated factors spreadsheet)	• Pension of £40.61 p.a.
Tranche 2 (up to transfer day) (Reformed scheme basis)	2015 Scheme	Using RCredAdj as the ex-partner's cash equivalent (ESCE) in applying the reformed scheme pension credit guidance. 2015 Scheme: Pension Sharing on Divorce: Factors and guidance dated 30 January 2020 Table C2 (Table 317 in consolidated factors spreadsheet)	• Pension of £57.15 p.a.

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



Step 12 – 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: <ul style="list-style-type: none"> Member’s pension debit = 50.00% x £2,600.00 + 20.00% x £900.00 = £1,480.00 p.a. Survivor’s pension debit = 50.00% x £1,300.00 + 20.00% x £450.00 = £740.00 p.a.
Tranche 2 (up to transfer day) (reformed scheme)	Based on MRBR1 and MRBR2: <ul style="list-style-type: none"> Member’s pension debit = 50.00% x £2,000.00 + 20.00% x £700.00 = £1,140.00 p.a. Survivor’s pension debit = 50.00% x £1,333.00 + 20.00% x £467.00 = £759.90 p.a.

The pension debits are revalued as usual for each option.

The contribution adjustment needs to be shared with the ex-spouse in line with the PSO. This means that contribution adjustment debit (Deb_AltContAdj) should apply to reduce the amount of pre-transfer day money owed, either from the scheme to the member or from the member to the scheme, by the legacy PSO%s. As the PSO% differs for the legacy and reformed schemes, the Deb_AltContAdj is calculated using separate components for pre and post tapered transition date.

As the member was a pensioner on the transfer day, the over/underpayments pre-transfer day need to be shared with the ex-spouse in line with the PSO. This means that an underpayment adjustment debit (Deb_AltUpayAdj) should apply to reduce the amount of pre-transfer day money owed, either from the scheme to the member or from the member to the scheme, by the PSO%s. As the PSO% differs for the legacy and reformed schemes, the Deb_AltPayAdj is calculated using separate components for pre and post tapered transition date. The calculations for Deb_AltUpayAdj allow for payments in respect of the remedy period which are made up to transfer day, and the payments reflect the member’s actual commutation choice.

If member elects for legacy scheme benefits for remediable service:

$$\begin{aligned}
 \text{Deb_AltContAdj} &= (\text{INITcont1} - \text{Lcont1}) \text{ net of tax, with interest applied to settlement date x legacy scheme PSO\%} \\
 &+ (\text{INITcont2} - \text{Lcont2}) \text{ net of tax, with interest applied to settlement date x reformed scheme PSO\%} \\
 &= £0.00 \times 50.00\% - £680.45 \times 20.00\% \\
 &= - £136.09
 \end{aligned}$$

Deb_AltUpayAdj = (Lpayment1 – ACTpayment1) with interest applied to settlement date x legacy scheme PSO%
+ (Lpayment2 – ACTpayment2) with interest applied to settlement date x reformed scheme PSO%
= £0.00 x 50.00% + £52.80 x 20.00%
= £10.56

If member elects for reformed scheme benefits for remediable service:

Deb_AltContAdj = (INITcont1 – Rcont1) net of tax, with interest applied to settlement date x legacy scheme PSO%
+ (INITcont2 – Rcont2) net of tax, with interest applied to settlement date x reformed scheme PSO%
= £1,851.62 x 50.00% + £0.00 x 20.00%
= £925.81

Deb_AltUpayAdj = (Rpayment1 – ACTpayment1) with interest applied to settlement date x legacy scheme PSO%
+ (Rpayment2 – ACTpayment2) with interest applied to settlement date x reformed scheme PSO%
= - £152.12 x 50.00% + £0.00 x 20.00%
= - £76.06

Note that the payment figures calculated here will differ from those calculated in steps 5, 6, 7 and 8 as a result of interest from transfer day to settlement date, and may also differ due to the member's commutation choice being different to that assumed in steps 5 and 6.