



Government Actuary's Department

The Firefighters' Pension Scheme 2015 (England)

Pension Sharing on Divorce

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1 Introduction

- 1.1 The Secretary of State, as responsible authority under Schedule 2 paragraph 6 of the Public Service Pension Act 2013 ('the responsible authority') is required under the Firefighters' Pension Scheme (England) Regulations 2014 ('the 2015 Scheme Regulations') (SI 2014/2848), to issue actuarial guidance relating to pension sharing on divorce (regulation 54 of the 2015 Scheme Regulations).
- 1.2 This guidance is based on our understanding of the relevant legislation and is designed to be consistent with the Welfare Reform and Pensions Act 1999 ("the 1999 Act") and associated regulations including the Pension Sharing (Valuation) Regulations 2000 (SI 2000/1052) (as amended).
- 1.3 The remainder of this introduction contains:
 - > Details of the implementation and future review of this guidance
 - > Statements about the use of this note and third party reliance
- 1.4 In the remainder of this note:
 - > Sections 2 - 4 describe the issues and set out the formulae
 - > Section 5 contains examples
 - > Section 6 sets out the factors to be used
 - > Appendix A sets out some important limitations
- 1.5 The Government Actuary's Department (GAD) seeks to achieve a high standard in all our work. Please go to our [website](#)¹ for details of the standards we apply.

Implementation and Review

- 1.6 The responsible authority is required to consult the scheme actuary before issuing actuarial guidance under the 2015 Scheme Regulations.
- 1.7 As part of this consultation the responsible authority has asked GAD, as scheme actuary, to recommend actuarial guidance in respect of the regulations detailed below. This document forms GAD's recommendation for the actuarial guidance required by these regulations.
- 1.8 This note has effect only when this guidance is issued by the responsible authority to scheme managers as defined in Regulation 4 of the 2015 Scheme Regulations, and is subject to the implementation instructions provided at that time.
- 1.9 This note relates to pension sharing on divorce in accordance with the 1999 Act and the 2015 Scheme Regulations. It sets out the general methods for:
 - > Cash equivalent valuation;
 - > Calculation of Pension Credits; and
 - > Calculation of Pension Debits.

¹ <https://www.gov.uk/government/organisations/government-actuarys-department/about/terms-of-reference>



- 1.10 This guidance relates only to benefits accrued under the 2015 Scheme Regulations. Some firefighters may also have benefits under the 1992 Scheme or the NFPS which should be dealt with separately according to relevant scheme guidance.
- 1.11 This guidance has been written for pension administrators and assumes some knowledge of general pension terminology, and some familiarity with retirement calculations for the Firefighters' Pension Scheme 2015 (England). Any questions concerning the application of the guidance should, in the first instance, be referred to the Firefighters' Pensions team at DCLG.
- 1.12 The factors contained in this note will be reviewed periodically. This will depend on external circumstances, for example when changes in the actuarial assumptions adopted for other scheme factors take place; or following each cycle of future valuations of the Firefighters' Pension Scheme 2015 (England).
- 1.13 Scheme managers and administrators should ensure that they use the latest factors in circulation.

Use of this note

- 1.14 This note has been prepared for the responsible authority and can be relied upon by them. We are content for this note to be released to third parties, provided that:
- > it is released in full;
 - > the advice is not quoted selectively or partially; and
 - > GAD is identified as the source of the note.
- 1.15 Third parties may wish to seek their own actuarial advice where appropriate. GAD has no liability to any person or third party for any act or omission taken, either in whole or in part, on the basis of this note.

Third party reliance

- 1.16 When issued by the responsible authority in accordance with paragraph 1.8 above, this note should be used as the actuarial guidance required under the regulations cited. Other than for this purpose, no person or third party is entitled to place any reliance on the contents of this note, except to any extent explicitly stated herein.



2 Cash Equivalent valuation

Background

- 2.1 In considering a couple's assets for division on a divorce, the Court will include each partner's pension rights. Where those rights are not yet in payment, the valuation method is prescribed by regulation 4 of the Pension Sharing (Valuation) Regulations 2000 as the cash equivalent transfer value of the member's pension rights, since in many circumstances the member could actually obtain a quotation of the value and effect a transfer of his or her rights to another pension arrangement. However where the pension rights being considered are already in payment, a cash equivalent transfer value is no longer a possibility, and instead the Pension Sharing (Valuation) Regulations 2000 specify the valuation to be made in accordance with regulations 7A to 7C and 7E(1) to (3) of the Occupational Pension Schemes (Transfer Values) Regulations 1996.

Calculation date

- 2.2 Section 29(8) of the 1999 Act defines the Transfer day as the day on which the pension sharing order takes effect. (The Transfer day is sometimes also referred to as the Effective date.)
- 2.3 For the purposes of a quotation, the calculation of the cash equivalent should be based on the age, gender, and benefits of the member or pensioner at the date specified by the Court or, if no date is specified, the date on which the quotation was requested.
- 2.4 For the purposes of implementing a Court order, a calculation should be made as at the Transfer day.

Active members and deferred pensioners

- 2.5 The calculation for an active or deferred member will depend upon whether or not the member could have retired without actuarial reduction or employer consent on the calculation date.
- 2.6 If the member could not have voluntarily retired with immediate payment of unreduced benefits at the Transfer day then the benefits should be valued in accordance with the current CETV guidance, based on the member's status, age and benefits at the calculation date. As at the date of this document, the current CETV guidance can be found in the guidance note '*The Firefighters' Pension Scheme 2015 (England) Individual Cash Equivalent Transfers*' issued on the 2 June 2015
- 2.7 If the member could have voluntarily retired on the calculation date with immediate payment of unreduced benefits i.e. with no actuarial reduction:
- 2.7.1 For both active and deferred members, the divorce cash equivalent (CE) is calculated as if that the member had retired on the day immediately before the calculation date and was therefore in receipt of retirement benefits from the calculation date. It should be assumed that no pension is commuted for a lump sum.
- 2.7.2 In 2.7.1 the member is therefore treated as if they were a pensioner member and the divorce CE should be calculated using the formula for a pensioner cash equivalent set out below. The actual future date of the member's (planned) retirement in practice is of no relevance to this calculation.



- 2.7.3 The calculation is based on the member's age, assumed status and benefits at the calculation date as determined above.
- 2.7.4 Benefits not yet in payment should be increased up to the calculation date in line with the current guidance.

Pensioners

- 2.8 The calculation for pensioners should be based on their pension in payment at the calculation date and the contingent survivor's pension that would be payable if the pensioner died on the calculation date.
- 2.9 There are two sets of tables:
- > Tables A1 and A2: Pensioners who retired on ordinary grounds;
 - > Tables B1 and B2: Pensioners who retired on ill-health grounds.
- 2.10 In a calculation for an ill health pensioner under the age of 55, Tables B1 and B2 should only be used where full pension increases are payable in the period up to age 55. If, for any reason, pension increases are not payable to an ill health pensioner before age 55 then the case should be referred to the Firefighters' Pensions Team as stated in paragraph 1.11 above
- 2.11 Adjustments should be made for any GMP which, under the 2015 Scheme Regulations, can only arise where a previous transfer in has been received.
- 2.12 The divorce CE should be calculated using the formula for a pensioner cash equivalent set out below

$$CE = (P \times F_x^P + SUR \times F_x^S) - (G^{pre} \times F_x^{Gpre} + G^{post} \times F_x^{Gpost})$$

where:

- P = member's current pension at the relevant date
- SUR = survivor's pension payable on the member's death at the relevant date
- G^{pre} = pre-88 GMP at the relevant date
- G^{post} = post-88 GMP at the relevant date
- F_x^P = member's pension factor for a member aged x last birthday at the relevant date, taken from Tables A or B
- F_x^S = partner's pension factor for a member aged x last birthday at the relevant date, taken from Tables A or B
- F_x^{Gpre} = pre-88 GMP onset/offset factor for a member aged x last birthday at the relevant date, taken from Tables A or B



F_x^{Gpost} = post-88 GMP onset/offset factor for a member aged x last birthday at the relevant date, taken from Tables A or B



3 Calculation of Pension Credits

Calculation of the value of shareable rights

- 3.1 When a pension sharing order is received from the Court, the first stage is to check that all the necessary information has been provided and any charges requested at this stage have been paid. The value of the member's benefits should be recalculated at the Transfer day, as described in section 2.
- 3.2 For divorces under English law, or for divorces in Northern Ireland, the pension sharing order will specify the percentage of the member's benefits that the ex-spouse or ex-civil partner will be entitled to. The member's cash equivalent (CE) obtained in 3.1 should be multiplied by this percentage, to give the value of the ex-spouse or ex-civil partner's benefits, or the ex-spouse or ex-civil partner's cash equivalent (ESCE):

$$\text{ESCE} = (\text{CE} \times \text{appropriate percentage} \div 100) - \text{Charges}$$

CE	cash equivalent of the member's benefits at the Transfer date
Charges	are any charges to cover the cost of the work generated by the pension sharing order, which the fire authority have decided should be deducted from the value of benefits awarded to the ex-spouse or ex-civil partner

- 3.3 Under Scottish law, the pension sharing order will usually specify a monetary amount (MA). The percentage of the member's benefits that the ex-spouse or ex-civil partner will be entitled to should be calculated as the ratio of the monetary amount and the cash equivalent:

$$\text{appropriate percentage} = (\text{MA} \div \text{CE}) \times 100$$

- 3.4 When the appropriate percentage is used to calculate the ex-spouse or ex-civil partner's cash equivalent as in 3.2, the ESCE will be equal to the monetary amount specified in the order, less charges.
- 3.5 The ESCE calculated in this way should be used to derive the pension credit available to the ex-spouse or ex-civil partner.

Benefits for the ex-spouse or ex-civil partner

- 3.6 The shareable rights of the ex-spouse or ex-civil partner should be applied to establish a pension credit member's account under regulation 54 of the 2015 Scheme Regulations.
- 3.7 The main benefits for a pension credit member are:



- 3.7.1 A pension payable for life from the pension credit member's deferred pension age (with no dependants' pensions payable on death). If the pension credit member has already attained their deferred pension age at the Transfer day, the pension credit is payable immediately.
- 3.7.2 Part of the pension can be commuted for a cash sum at its commencement so long as the member whose pension rights are being shared had not commuted a part of his or her pension for a cash sum on retirement or on flexible retirement where the date of retirement or flexible retirement was prior to the Transfer day used for implementing the pension sharing order.
- 3.7.3 A lump sum on death, payable to the pension credit member's beneficiaries, in accordance with regulation 99 of the 2015 Scheme Regulations.
- 3.7.4 The pension is increased in accordance with the Pensions Increase Act with effect from the Transfer day

Calculation of the pension credit for the ex-spouse or ex-civil partner

- 3.8 The calculation of the pension credit will depend on the gender of the ex-spouse or ex-civil partner, their deferred pension age and their age at the Transfer day. Do not use the deferred pension age, gender or age of the member. The pension credit member's deferred pension age is the higher of age 65 and their State pension age.
- 3.9 The pension credit as at the Transfer day will be.

$$PC = ESCE \div F_P$$

Where:

ESCE the former spouse or civil partner's share of the cash equivalent as calculated in 3.2 above.

F_P factor for pension for former spouse or civil partner from Table C1 or C2



4 Calculation of Pension Debits

- 4.1 Where a pension sharing order is issued by the Court, the former spouse or civil partner is allocated either a percentage (up to 100%) of the member's benefits, or a monetary amount (which can be converted into a percentage by dividing this monetary amount by the cash equivalent value of the member's total benefits). The member's benefits are reduced accordingly, and the former spouse or civil partner will hold benefits in their own right, independent of the scheme member.
- 4.2 The member's benefits will be reduced by the percentage allocated to their former spouse or civil partner. This reduction is known as a 'pension debit'.
- 4.3 Where the member is a pensioner, the debit will apply to the member's own pension with effect from the transfer date, and also to the pension payable to a future surviving spouse, civil partner or other qualifying partner on the member's death.
- 4.4 Where the member is a deferred pensioner, the debit will apply to the member's pension at the point when the pension becomes payable. The debit will also apply to the pension payable to a future surviving spouse, civil partner or other qualifying partner on the member's death.
- 4.5 Where the member is still contributing to the scheme, the debit will be calculated assuming retirement at deferred pension age. If the member retires at an earlier age, the debit will be reduced. The debit will also apply to the pension payable to a future surviving spouse, civil partner or other qualifying partner on the member's death.

Pension debit for current pensioner

- 4.6 The pension sharing order will specify the percentage of the member's benefits that the ex-spouse or ex-civil partner will be entitled to, for divorces in England and Wales or Northern Ireland. For Scottish divorces the value of the cash equivalent to be shared will be specified, and the proportion will be calculated as described at 3.3.
- 4.7 The debit applying to the member's pension will be:

$$\text{MEMDEB} = P \times \text{appropriate percentage} \div 100$$

The debit applying to any future surviving spouse, civil partner or other qualifying partner's pension will be:

$$\text{SURDEB} = \text{SUR} \times \text{appropriate percentage} \div 100$$

The debit applying to the GMP pension will be:

$$\text{PREGMPDEB} = G^{\text{pre}} \times \text{appropriate percentage} \div 100$$

$$\text{POSTGMPDEB} = G^{\text{post}} \times \text{appropriate percentage} \div 100$$



P, SUR, G^{pre} and G^{post} are defined in section 2.12

Pension debit for a deferred pensioner

- 4.8 The principle is the same as for the pensioner, except that the debit will not start to be deducted until the member's benefits come into payment.
- 4.9 The debit should be expressed as a debit to the member's benefits at exit:

$$\text{MEMDEB} = \text{Member's pension at exit} \times \text{appropriate percentage} \div 100$$

$$\text{SURDEB} = \text{Survivor's pension at exit} \times \text{appropriate percentage} \div 100$$

$$\text{PREGMPDEB} = G^{pre} \text{ at exit} \times \text{appropriate percentage} \div 100$$

$$\text{POSTGMPDEB} = G^{post} \text{ at exit} \times \text{appropriate percentage} \div 100$$

- 4.10 At retirement, both the benefit and the debit should be revalued from the date of exit to the date of retirement, and the revalued debit should be subtracted from the revalued benefit.
- 4.11 If the member's deferred pension comes into payment before deferred pension age, whether on voluntary early retirement or on grounds of ill health, the debit applied should be reduced. This is because the debit will be applied over a longer period than was assumed in calculating the original amount of the debit, and so a lower amount should be deducted. The pension debit at retirement will be:

$$\text{MEMDEB} \times \text{PI} \times \text{MEMERF}$$

MEMDEB	pension debit to the member's pension at exit – see 4.7
PI	the pension increase uprating factor between the date of exit and the date of retirement
MEMERF	early retirement factor – Table D or E, as appropriate

- 4.12 The responsible authority has confirmed that State Pension Age for the purpose of selecting the appropriate MEMERF should be as set out in legislation in force at the retirement date.

Pension debit for an active member

- 4.13 The principle is that the debit acts like a negative deferred pension. The debit should be expressed as a debit to the member's benefits at the transfer day, as used to calculate the cash equivalent in section 2:

$$\text{MEMDEB} = \text{Member's pension at transfer day} \times \text{appropriate percentage} \div 100$$



$$\text{SURDEB} = \text{Survivor's pension at transfer day} \times \text{appropriate percentage} \div 100$$

$$\text{PREGMPDEB} = G^{\text{pre}} \text{ at transfer day} \times \text{appropriate percentage} \div 100$$

$$\text{POSTGMPDEB} = G^{\text{post}} \text{ at transfer day} \times \text{appropriate percentage} \div 100$$

- 4.14 If the member's pension comes into payment before deferred pension age, whether on voluntary early retirement or on grounds of ill health, the member element of the debit applied should be reduced as described in 4.11 above. For the avoidance of doubt, the survivor's pension debit will not be subject to any early retirement reduction.
- 4.15 There is a complication where the member is aged 60 or over and would be entitled to the immediate payment of a pension if they left on the transfer day. The complication is that we do not know when the member will retire and the debit can be deducted. In these cases, the debit at retirement will be:

$$\text{MEMDEB} \times \text{PI} \times \text{MEMERF}_{\text{ret}} \div \text{MEMERF}_{\text{trd}}$$

MEMDEB	pension debit to the member's pension at exit
PI	the pension increase uprating factor between the date of exit and the date of retirement
MEMERF _{ret}	early retirement factor at retirement age– Table D
MEMERF _{trd}	early retirement factor at member's age at Transfer day – Table D

- 4.16 The responsible authority has confirmed that State Pension Age for the purpose of selecting the appropriate MEMERF_{ret} and MEMERF_{trd} should be as set out in legislation in force at the retirement date.
- 4.17 This adjustment for members aged 60 and over does not apply to the debit applied to the spouse, civil partner or other qualifying partner's pension, or the debit applied to the GMP.
- 4.18 When the member retires, the total pension is calculated in accordance with the regulations, initially ignoring the pension debit. The pension is then reduced to allow for the pension debit. The debit should be revalued from the transfer day to the date of retirement.

Pension debits – future spouses

- 4.19 The benefits payable to a new spouse, new civil partner or other partner who is eligible to a pension on the member's death should be reduced by the survivor's pension debit, revalued using the pension increase uprating factors. No early reduction factors will be applied to the survivor's pension debit if the member retires before their deferred pension age.
- 4.20 No spouse or civil partner's benefits will be payable to the person who was party to the divorce resulting in the pension sharing order (except in the unlikely event that the



member remarried or entered into a new civil partnership with his or her ex-spouse or ex-civil partner).

Pension debits – other benefits

- 4.21 Regulation 91 requires that no debit be applied to a child's pension.
- 4.22 No debit will be made to the lump sum death grant payable to firefighters who were contributing to the scheme at their death.



5 Example calculations

5.1 Pension sharing order for an active member

Calculation of cash equivalent

The following information is needed for this calculation:

A. Member date of birth	18 Aug 1960
B. Calculation date	15 Apr 2016
C. Member age as at calculation date	55
D. Member deferred pension age	66
E. Gender	Male
F. Amount of deferred pension	£560
G. Pre 6/4/88 GMP	nil
H. Post 6/4/88 GMP	nil
I. Additional Pension	nil

From example 1 of the GAD guidance *'The Firefighters' Pension Scheme 2015 (England) Individual Cash Equivalent Transfers'* issued on the 2 June 2015, the cash equivalent transfer value was calculated to be **£7,400**.

Calculation of the value of sharable rights

The following information is required from the pension sharing order:

J. Proportion to which ex-spouse is entitled	40%
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From Paragraph 3.2 of this guidance, the formula used to calculate the shareable rights is:

$$\text{ESCE} = (\text{CE} \times \text{appropriate percentage} \div 100) - \text{Charges}$$

There are no implied charges for this example. Therefore:

$$\begin{aligned}\text{ESCE} &= £7,400 \times (40 \div 100) \\ &= £2,960\end{aligned}$$

Calculation of the pension credit

The following information is required:

K. Ex-spouse date of birth	9 July 1963
L. Ex-spouse age at calculation date	52
M. Ex-spouse Deferred Pension Age	66
N. Ex-spouse gender	Female

From paragraph 3.8, where the member is an active and the ex-spouse is aged under Deferred Pension Age, the formula used to calculate the pension credit is as follows:



ESCE ÷ F_p

ESCE = £2,960 (as calculated above)

F_p = 11.62 (from Table C1)

Therefore:

$$\begin{aligned}\text{Pension Credit} &= \text{£}2,960 \div 11.62 \\ &= \text{£}254.73 \text{ pa}\end{aligned}$$

The pension credit will come in to payment when the ex-spouse reaches deferred pension age. The ex-spouse will have the option to commute part of the pension for a lump sum payment at deferred pension age.

Calculation of pension debit

From paragraph 4.13, where the member is an active member the formula used to calculate the pension debit is as follows

$$\text{MEMDEB} = \text{Member's pension at transfer day} \times \text{appropriate percentage} \div 100$$

Therefore

$$\text{MEMDEB} = \text{£}560 \times 40 \div 100 = \text{£}224 \text{ pa}$$

The pension debit acts like a negative deferred pension payable from the members deferred pension age.

If the member's deferred pension comes into payment before deferred pension age, whether on voluntary early retirement or on grounds of ill health, the member element of the debit applied should be reduced in line with the early retirement guidance in force at the time. For the avoidance of doubt, the survivor's pension debit will not be subject to any early retirement reduction.



5.2 Pension sharing order for a deferred member

The following information is needed for this calculation:

A. Member date of birth	1 April 1981
B. Calculation date	17 April 2016
C. Member age as at calculation date	35
D. Member deferred pension age	68
E. Gender	Male
F. Date of Exit	12 April 2011
G. Deferred benefits at exit	
Member pension	£2,000 pa
Pre 6/4/88 GMP	nil
Post 6/4/88 GMP	nil
H. Illustrative PI factor from exit to calculation date	1.2

For illustration the cash equivalent transfer value is assumed to be **£16,000**. The actual CETV should be calculated based on GAD guidance *'The Firefighters' Pension Scheme 2015 (England) Individual Cash Equivalent Transfers'* issued on the 2 June 2015

Calculation of the value of sharable rights

In this case the pension sharing order was issued under Scottish law.

I. Monetary amount to which ex-spouse is entitled	£6,000
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Calculation of the pension credit

The following information is required

J. Ex-spouse date of birth	15 February 1982
K. Ex-spouse age at calculation date	34
L. Ex-spouse Deferred Pension Age	68
M. Ex-spouse gender	Female

From paragraph 3.8, where the member is a deferred member and the ex-spouse is aged under deferred pension age, the formula used to calculate the pension credit is as follows:

$$ESCE \div F_p$$

$$ESCE = £6,000 \text{ (as given above)}$$

$$F_p = 6.36 \text{ (from Table C1)}$$

Therefore:

$$\begin{aligned} \text{Pension Credit} &= £6,000 \div 6.36 \\ &= £943.40 \text{ pa} \end{aligned}$$

The pension credit will come in to payment when the ex-spouse reaches deferred pension age. The ex-spouse will have the option to commute part of the pension for a lump sum payment at deferred pension age.



Calculation of the pension debit

Under Scottish law the percentage reduction to the member's pension will be calculated in accordance with paragraph 3.3 using the following formula:

$$\text{appropriate percentage} = (\text{MA} \div \text{CE}) \times 100$$

Therefore

$$\text{Appropriate percentage} = \text{£}6,000 \div \text{£}16,000 = 37.5\%$$

From paragraph 4.9, where the member is a deferred member the formula used to calculate the pension debit is as follows

$$\text{MEMDEB} = \text{Member's pension at transfer day} \times \text{appropriate percentage} \div 100$$

Using the example values,

$$\text{MEMDEB} = \text{£}2,000 \times 37.5 \div 100 = \text{£}750 \text{ pa}$$

The pension debit acts like a negative deferred pension payable from the members deferred pension age.

If the member's deferred pension comes into payment before deferred pension age, whether on voluntary early retirement or on grounds of ill health, the member element of the debit applied should be reduced in line with the early retirement guidance in force at the time. For the avoidance of doubt, the survivor's pension debit will not be subject to any early retirement reduction.



5.3 Pension sharing order for a current pensioner

The following information is needed for this calculation:

A. Member date of birth	1 April 1954
B. Calculation date	27 July 2015
C. Member age as at calculation date	61
D. Gender	Female
E. Deferred benefits at exit	
Member pension	£2,000 pa
Pre 6/4/88 GMP	nil
Post 6/4/88 GMP	nil

For illustration the cash equivalent transfer value is assumed to be **£40,000**. The actual CETV should be calculated based on GAD guidance *'The Firefighters' Pension Scheme 2015 (England) Individual Cash Equivalent Transfers'* issued on the 2 June 2015

Calculation of the value of sharable rights

The following information is required from the pension sharing order.

F. Proportion to which ex-spouse is entitled	40%
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From paragraph 4.7 of this guidance, the formula used to calculate the shareable rights is:

(CE x appropriate percentage / 100) – Charges

There are no implied charges for this example. Therefore:

$$\begin{aligned} \text{ESCE} &= 40,000 \times (40 \div 100) \\ &= \text{£}16,000 \end{aligned}$$

Calculation of the pension credit

The following information is required:

Ex-spouse date of birth	15 March 1948
Ex-spouse age at calculation date	67
Ex-spouse deferred pension age	65
Ex-spouse gender	Male

From paragraph 3.2, the formula used to calculate the pension credit for an ex-spouse, if the member is a current pensioner, is:

ESCE ÷ F_p

$$\text{ESCE} = \text{£}16,000 \text{ (as given above)}$$

$$F_p = 15.43 \text{ (from Table C2)}$$

Therefore:

$$\begin{aligned} \text{Pension Credit} &= \text{£}16,000 \div 15.43 \\ &= \text{£}1,036.94 \end{aligned}$$



As the ex-spouse is over Deferred Pension Age at the calculation date the pension credit will come into payment immediately. The ex-spouse will **NOT** have the option to commute pension for a lump sum.

Calculation of the pension debit

From paragraph 4.7, the formula used to calculate the pension credit for an ex-spouse, if the member is a current pensioner, is:

$$\text{MEMDEB} = P \times \text{appropriate percentage} \div 100$$

Therefore the pension debit will be

$$\begin{aligned} \text{MEMDEB} &= \text{£}2,000 \times 40 \div 100 \\ &= \text{£}800 \end{aligned}$$

The member pension will be reduced immediately by the value of the pension debit.



6 Tables of factors

Table A1: Pensioner cash equivalent factors for divorce purposes

Retirement *not* on grounds of ill health – Males

Age last birthday at relevant date	Member's Pension of £1 per annum	Surviving Partner's Pension of £1 pa	Deduction for GMP ¹ of £1 pa
55	20.57	3.47	3.50
56	20.18	3.53	3.52
57	19.79	3.60	3.54
58	19.38	3.65	3.56
59	18.97	3.71	3.58
60	18.56	3.76	3.60
61	18.14	3.81	3.63
62	17.71	3.85	3.65
63	17.27	3.89	3.68
64	16.83	3.92	3.79
65	16.37	3.96	3.80
66	15.90	3.99	3.63
67	15.43	4.02	3.45
68	14.94	4.04	3.28
69	14.44	4.06	3.10
70	13.94	4.06	2.93
71	13.45	4.06	2.77
72	12.95	4.04	2.60
73	12.45	4.01	2.44
74	11.95	3.96	2.28
75	11.45	3.91	2.13
76	10.95	3.84	1.98
77	10.44	3.77	1.83
78	9.93	3.68	1.68
79	9.42	3.58	1.54
80	8.90	3.46	1.40
81	8.39	3.32	1.27
82	7.89	3.17	1.14
83	7.40	2.98	1.02
84	6.93	2.78	0.91
85	6.49	2.56	0.80

Notes

1. When calculating the deduction for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and **15%** of the GMP amount in respect of service after that date



Table A2: Pensioner cash equivalent factors for divorce purposes

Retirement *not* on grounds of ill health – Females

Age last birthday at relevant date	Member's Pension of £1 per annum	Surviving Partner's Pension of £1 pa	Deduction for GMP ¹ of £1 pa
55	21.50	1.56	2.92
56	21.14	1.57	2.94
57	20.78	1.58	2.95
58	20.41	1.58	2.97
59	20.03	1.58	3.05
60	19.64	1.58	3.16
61	19.24	1.58	3.25
62	18.83	1.58	3.35
63	18.41	1.58	3.44
64	17.98	1.57	3.54
65	17.54	1.56	3.51
66	17.09	1.54	3.34
67	16.63	1.53	3.18
68	16.16	1.51	3.01
69	15.68	1.48	2.85
70	15.19	1.46	2.68
71	14.70	1.42	2.53
72	14.20	1.39	2.37
73	13.69	1.34	2.22
74	13.18	1.29	2.07
75	12.67	1.23	1.93
76	12.15	1.16	1.79
77	11.62	1.08	1.65
78	11.09	1.00	1.52
79	10.55	0.92	1.39
80	10.00	0.83	1.26
81	9.46	0.74	1.14
82	8.92	0.65	1.03
83	8.39	0.57	0.92
84	7.89	0.49	0.82
85	7.40	0.41	0.73

Notes:

1. When calculating the deduction for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and **15%** of the GMP amount in respect of service after that date



Table B1: Ill health pensioner cash equivalent factors for divorce purposes
Retirement on grounds of ill health – Males

Age last birthday at relevant date	Member's Pension of £1 per annum	Surviving Partner's Pension of £1 pa	Deduction for GMP ¹ of £1 pa
20	28.83	1.78	2.84
21	28.67	1.83	2.85
22	28.50	1.89	2.86
23	28.33	1.95	2.87
24	28.15	2.00	2.87
25	27.97	2.06	2.88
26	27.78	2.12	2.89
27	27.59	2.19	2.89
28	27.39	2.25	2.90
29	27.19	2.31	2.91
30	26.98	2.37	2.92
31	26.76	2.44	2.93
32	26.55	2.50	2.93
33	26.32	2.57	2.94
34	26.09	2.63	2.95
35	25.85	2.70	2.96
36	25.61	2.77	2.97
37	25.36	2.84	2.98
38	25.10	2.91	2.99
39	24.83	2.98	2.99
40	24.56	3.05	3.00
41	24.27	3.13	3.01
42	23.98	3.21	3.02
43	23.68	3.29	3.03
44	23.37	3.37	3.04
45	23.06	3.45	3.05
46	22.73	3.53	3.06
47	22.39	3.62	3.07
48	22.04	3.71	3.08
49	21.69	3.79	3.09
50	21.32	3.88	3.10
51	20.95	3.97	3.11
52	20.57	4.05	3.13
53	20.18	4.13	3.14
54	19.79	4.22	3.15

Notes:

1. When calculating the deduction for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and 15% of the GMP amount in respect of service after that date



Table B1: Ill health pensioner cash equivalent factors for divorce purposes
continued

Retirement on grounds of ill health – Males

Age last birthday at relevant date	Member's Pension of £1 per annum	Surviving Partner's Pension of £1 pa	Deduction for GMP ¹ of £1 pa
55	19.38	4.30	3.17
56	18.97	4.37	3.19
57	18.56	4.44	3.21
58	18.14	4.51	3.23
59	17.71	4.57	3.25
60	17.27	4.63	3.27
61	16.83	4.69	3.30
62	16.37	4.74	3.33
63	15.90	4.80	3.35
64	15.43	4.85	3.46
65	14.94	4.90	3.46
66	14.44	4.94	3.29
67	13.94	4.98	3.12
68	13.45	5.00	2.95
69	12.95	5.01	2.79
70	12.45	5.00	2.62
71	11.95	4.98	2.46
72	11.45	4.95	2.31
73	10.95	4.90	2.15
74	10.44	4.85	2.00
75	9.93	4.78	1.85
76	9.42	4.70	1.71
77	8.90	4.61	1.57
78	8.39	4.51	1.43
79	7.89	4.38	1.30
80	7.40	4.22	1.17
81	6.93	4.03	1.05
82	6.49	3.81	0.94
83	6.07	3.57	0.84
84	5.67	3.31	0.74
85	5.30	3.03	0.65

Notes:

1. When calculating the deduction for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and **15%** of the GMP amount in respect of service after that date



Table B2: Ill health pensioner cash equivalent factors for divorce purposes
Retirement on grounds of ill health – Females

Age last birthday at relevant date	Member's Pension of £1 per annum	Surviving Partner's Pension of £1 pa	Deduction for GMP ¹ of £1 pa
20	29.22	0.94	2.29
21	29.07	0.97	2.29
22	28.91	1.00	2.30
23	28.75	1.03	2.30
24	28.59	1.06	2.31
25	28.42	1.09	2.31
26	28.24	1.12	2.32
27	28.06	1.15	2.32
28	27.87	1.18	2.33
29	27.68	1.21	2.33
30	27.49	1.25	2.34
31	27.28	1.28	2.34
32	27.07	1.31	2.35
33	26.86	1.35	2.35
34	26.64	1.38	2.36
35	26.41	1.41	2.36
36	26.18	1.45	2.37
37	25.94	1.48	2.38
38	25.69	1.51	2.38
39	25.44	1.55	2.39
40	25.18	1.58	2.39
41	24.92	1.61	2.40
42	24.64	1.65	2.41
43	24.36	1.68	2.41
44	24.07	1.71	2.42
45	23.78	1.75	2.43
46	23.47	1.78	2.43
47	23.16	1.81	2.44
48	22.84	1.84	2.45
49	22.52	1.87	2.46
50	22.18	1.89	2.46
51	21.84	1.91	2.47
52	21.50	1.94	2.48
53	21.14	1.96	2.49
54	20.78	1.97	2.50

Notes:

1. When calculating the deduction for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and 15% of the GMP amount in respect of service after that date



**Table B2: Ill health pensioner cash equivalent factors for divorce purposes
*continued***

Retirement on grounds of ill health – Females

Age last birthday at relevant date	Member's Pension of £1 per annum	Surviving Partner's Pension of £1 pa	Deduction for GMP ¹ of £1 pa
55	20.41	1.99	2.51
56	20.03	2.00	2.53
57	19.64	2.01	2.54
58	19.24	2.02	2.55
59	18.83	2.03	2.62
60	18.41	2.04	2.72
61	17.98	2.05	2.80
62	17.54	2.05	2.88
63	17.09	2.05	2.96
64	16.63	2.05	3.05
65	16.16	2.04	3.01
66	15.68	2.03	2.85
67	15.19	2.01	2.68
68	14.70	1.98	2.53
69	14.20	1.95	2.37
70	13.69	1.92	2.22
71	13.18	1.88	2.07
72	12.67	1.83	1.93
73	12.15	1.77	1.79
74	11.62	1.70	1.65
75	11.09	1.62	1.52
76	10.55	1.54	1.39
77	10.00	1.44	1.26
78	9.46	1.33	1.14
79	8.92	1.22	1.03
80	8.39	1.10	0.92
81	7.89	0.97	0.82
82	7.40	0.85	0.73
83	6.94	0.73	0.65
84	6.50	0.62	0.58
85	6.09	0.52	0.51

Notes:

1. When calculating the deduction for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and **15%** of the GMP amount in respect of service after that date



Table C1: Factors for calculating pension credit – Females

Age last birthday at relevant date	DPA 65	DPA 66	DPA 67	DPA 68
18	4.84	4.61	4.38	4.15
19	4.98	4.73	4.49	4.26
20	5.11	4.86	4.62	4.38
21	5.25	4.99	4.74	4.50
22	5.40	5.13	4.87	4.62
23	5.54	5.27	5.00	4.74
24	5.70	5.41	5.14	4.87
25	5.85	5.56	5.28	5.00
26	6.01	5.71	5.42	5.14
27	6.18	5.87	5.57	5.28
28	6.35	6.03	5.72	5.42
29	6.52	6.19	5.87	5.57
30	6.70	6.36	6.03	5.72
31	6.88	6.53	6.20	5.87
32	7.07	6.71	6.36	6.03
33	7.26	6.90	6.54	6.19
34	7.46	7.08	6.72	6.36
35	7.67	7.28	6.90	6.53
36	7.88	7.48	7.09	6.71
37	8.10	7.68	7.28	6.89
38	8.32	7.89	7.48	7.08
39	8.55	8.11	7.69	7.27
40	8.79	8.34	7.90	7.47
41	9.03	8.57	8.11	7.68
42	9.29	8.80	8.34	7.89
43	9.54	9.05	8.57	8.10
44	9.81	9.30	8.80	8.33
45	10.09	9.56	9.05	8.56
46	10.37	9.82	9.30	8.79
47	10.66	10.10	9.56	9.04
48	10.96	10.38	9.83	9.29
49	11.27	10.68	10.10	9.55
50	11.59	10.98	10.39	9.81
51	11.92	11.29	10.68	10.09
52	12.27	11.62	10.98	10.38
53	12.62	11.95	11.30	10.67
54	12.99	12.30	11.63	10.98
55	13.37	12.66	11.96	11.30
56	13.77	13.03	12.32	11.62
57	14.18	13.42	12.68	11.97
58	14.61	13.82	13.06	12.32
59	15.05	14.24	13.45	12.69
60	15.52	14.67	13.86	13.07
61	16.00	15.12	14.28	13.47
62	16.49	15.59	14.72	13.89
63	17.01	16.08	15.18	14.32
64	17.55	16.59	15.66	14.76
65	17.54	17.12	16.16	15.23
66	17.09	17.09	16.68	15.71
67	16.63	16.63	16.63	16.22



Age last birthday at relevant date	DPA 65	DPA 66	DPA 67	DPA 68
68	16.16	16.16	16.16	16.16
69	15.68	15.68	15.68	15.68
70	15.19	15.19	15.19	15.19
71	14.70	14.70	14.70	14.70
72	14.20	14.20	14.20	14.20
73	13.69	13.69	13.69	13.69
74	13.18	13.18	13.18	13.18
75	12.67	12.67	12.67	12.67
76	12.15	12.15	12.15	12.15
77	11.62	11.62	11.62	11.62
78	11.09	11.09	11.09	11.09
79	10.55	10.55	10.55	10.55
80	10.00	10.00	10.00	10.00
81	9.46	9.46	9.46	9.46
82	8.92	8.92	8.92	8.92
83	8.39	8.39	8.39	8.39
84	7.89	7.89	7.89	7.89
85	7.40	7.40	7.40	7.40



Table C2: Factors for calculating pension credit – Males

Age last birthday at relevant date	DPA 65	DPA 66	DPA 67	DPA 68
18	4.56	4.33	4.10	3.88
19	4.69	4.44	4.21	3.98
20	4.81	4.56	4.32	4.09
21	4.94	4.69	4.44	4.20
22	5.08	4.81	4.56	4.31
23	5.22	4.94	4.68	4.42
24	5.36	5.08	4.80	4.54
25	5.50	5.21	4.93	4.66
26	5.65	5.35	5.06	4.79
27	5.80	5.50	5.20	4.91
28	5.96	5.64	5.34	5.04
29	6.12	5.80	5.48	5.18
30	6.29	5.95	5.63	5.32
31	6.46	6.11	5.78	5.46
32	6.64	6.28	5.94	5.60
33	6.82	6.45	6.10	5.75
34	7.00	6.63	6.26	5.91
35	7.19	6.81	6.43	6.07
36	7.39	6.99	6.61	6.23
37	7.59	7.18	6.78	6.40
38	7.80	7.38	6.97	6.57
39	8.02	7.58	7.16	6.75
40	8.24	7.79	7.35	6.93
41	8.47	8.00	7.56	7.12
42	8.70	8.22	7.76	7.32
43	8.94	8.45	7.98	7.52
44	9.19	8.68	8.19	7.72
45	9.45	8.92	8.42	7.93
46	9.71	9.17	8.65	8.15
47	9.98	9.43	8.89	8.37
48	10.26	9.69	9.13	8.60
49	10.55	9.96	9.39	8.84
50	10.84	10.23	9.65	9.08
51	11.15	10.52	9.91	9.33
52	11.46	10.81	10.19	9.59
53	11.79	11.12	10.48	9.86
54	12.13	11.44	10.77	10.13
55	12.48	11.77	11.08	10.42
56	12.84	12.11	11.40	10.72
57	13.22	12.46	11.73	11.03
58	13.62	12.83	12.08	11.35
59	14.03	13.22	12.44	11.69
60	14.46	13.62	12.82	12.04
61	14.92	14.05	13.22	12.41
62	15.39	14.50	13.63	12.80
63	15.89	14.97	14.07	13.21
64	16.42	15.46	14.53	13.64
65	16.37	15.97	15.01	14.09
66	15.90	15.90	15.51	14.56
67	15.43	15.43	15.43	15.05
68	14.94	14.94	14.94	14.94



Age last birthday at relevant date	DPA 65	DPA 66	DPA 67	DPA 68
69	14.44	14.44	14.44	14.44
70	13.94	13.94	13.94	13.94
71	13.45	13.45	13.45	13.45
72	12.95	12.95	12.95	12.95
73	12.45	12.45	12.45	12.45
74	11.95	11.95	11.95	11.95
75	11.45	11.45	11.45	11.45
76	10.95	10.95	10.95	10.95
77	10.44	10.44	10.44	10.44
78	9.93	9.93	9.93	9.93
79	9.42	9.42	9.42	9.42
80	8.90	8.90	8.90	8.90
81	8.39	8.39	8.39	8.39
82	7.89	7.89	7.89	7.89
83	7.40	7.40	7.40	7.40
84	6.93	6.93	6.93	6.93
85	6.49	6.49	6.49	6.49



Table D: Normal health early retirement factors for pension debit

<i>Years until DPA at date of retirement</i>	<i>Early payment Reduction Males and females</i>
0	1.000
1	0.947
2	0.895
3	0.848
4	0.804
5	0.763
6	0.723
7	0.685
8	0.650
9	0.616
10	0.584
11	0.557
12	0.531

Note:

The table is based on the period to a member's deferred pension age. The period to deferred pension age should be rounded **up** to the **next** month. Alternatively, the period is equal to the member's deferred pension age (in years and months) less the age of the member in completed years and months. Where the period from retirement to DPA is not an integer, the reduction factor from the above table should be interpolated for part years.



Table E: Ill health early retirement factors for pension debit

<i>Years until deferred pension age at date of retirement</i>	<i>Early payment Reduction</i>
	<i>Males and females</i>
0	1.000
1	0.938
2	0.878
3	0.823
4	0.773
5	0.727
6	0.686
7	0.647
8	0.612
9	0.578
10	0.546
11	0.516
12	0.489
13	0.465
14	0.442
15	0.421
16	0.402
17	0.384
18	0.367
19	0.351
20	0.336
21	0.321
22	0.308
23	0.295
24	0.283
25	0.270
26	0.258
27	0.247
28	0.236



<i>Years until deferred pension age at date of retirement</i>	<i>Early payment Reduction</i>
	<i>Males and females</i>
29	0.226
30	0.217
31	0.209
32	0.201
33	0.194
34	0.186
35	0.180
36	0.173
37	0.167
38	0.161
39	0.155
40	0.150
41	0.145
42	0.140
43	0.135
44	0.131
45	0.126
46	0.122
47	0.118
48	0.114
49	0.111
50	0.107

Note:

The table is based on the period to a member's deferred pension age. The period to deferred pension age should be rounded **up** to the **next** month. Alternatively, the period is equal to the member's deferred pension age (in years and months) less the age of the member in completed years and months. Where the period from retirement to DPA is not an integer, the reduction factor from the above table should be interpolated for part years.



Appendix A – Limitations

- A.1 This note should not be used for any purpose other than as the actuarial guidance required under the regulations cited.
- A.2 The factors contained in this note are subject to regular review. Scheme managers and administrators need to ensure that they are using the latest factors, as relevant, when processing cases.
- A.3 This note should be considered in its entirety as individual sections, if considered in isolation, may be misleading, and conclusions reached by a review of some sections on their own may be incorrect.
- A.4 This note only covers the actuarial principles of calculations required under the regulations cited. Any legal advice in this area should be sought from an appropriately qualified person or source.
- A.5 Scheme managers and administrators should satisfy themselves that calculations and benefit awards comply with all legislative requirements including, but not limited to, tax and contracting out requirements.
- A.6 This guidance is based on the Regulations in force at the time of writing. It is possible that future changes to the Regulations might create inconsistencies between this guidance and the Regulations. If users of this guidance believe there to be any such inconsistencies, they should bring this to the attention of the responsible authority. In no circumstances should this guidance take precedence over the Regulations. Scheme managers and administrators should ensure that they comply with all relevant Regulations.