



# Government Actuary's Department

## **The Firefighters' Pension Scheme 2015 (England)**

### **Annual Allowance Charges: Scheme pays offsets**

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## 1 Introduction

- 1.1 The Secretary of State, as responsible authority under Schedule 2 paragraph 6 of the Public Service Pensions 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 on the reduction of a member's pension rights following an election for an Annual Allowance charge to be met by the Firefighters' Pension Scheme 2015 (England) ('the 2015 Scheme') (Regulations 180 and 181 of the 2015 Scheme Regulations).
- 1.2 This document sets out the general method for assessing a pension offset, under Regulation 181 of the 2015 Scheme Regulations, that is applied to a 2015 Scheme member who incurs an Annual Allowance charge (as defined in Section 227 of the Finance Act 2004) and subsequently elects, under Regulation 181 of the 2015 Scheme Regulations, for the 2015 Scheme to meet part, or all, of this charge through the "scheme pays" mechanism.
- 1.3 The remainder of this introduction contains:
  - > Details of the implementation and future review of this guidance
  - > The relevant legislative references, and
  - > Statements about the use of this note and third party reliance
- 1.4 In the remainder of this note:
  - > Section 2 describes the scheme pays mechanism and sets out the calculation of the offset
  - > Section 3 contains examples
  - > Section 4 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](#)<sup>1</sup> 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.

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



- 1.9 This note relates to the reduction of a member's pension rights following an election for an annual allowance charge to be met by the 2015 Scheme in accordance with Regulations 180 and 181 of the 2015 Scheme Regulations. It sets out the general method for assessing:
- > The notional pension offset that is applied to a Firefighters' Pension Scheme member's benefit in each year that they incur an Annual Allowance charge, and
  - > The actual pension offset that is applied to the member's pension on retirement
- 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 note does not cover the method for determining the amount of any Annual Allowance charge, Cash Equivalent Transfer Values (CETV), Club transfers involving the 2015 Scheme or the service credits on transfers-in (Club or CETV).
- 1.12 This guidance has been written for pension administrators and assumes some knowledge of general pension terminology, and some familiarity with retirement calculations for the 2015 Scheme. Any questions concerning the application of the guidance should, in the first instance, be referred to the Firefighters' Pensions teams at DCLG.
- 1.13 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 2015 Scheme.
- 1.14 Scheme managers and administrators should ensure that they use the latest factors in circulation.

### **Use of this note**

- 1.15 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.
- 1.16 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**

- 1.17 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 Annual Allowance – Scheme Pays Mechanism

### Introduction

- 2.1 This section sets out the method and instructions for calculating the pension offset applied to a member who incurs an Annual Allowance charge and elects to utilise the scheme pays mechanism to meet this charge. The scheme pays mechanism will not be available to all members incurring Annual Allowance charges, and the administering authorities will need to ensure a member's eligibility before applying the approach set out in this guidance document.
- 2.2 It is our understanding from HM Treasury's initial documentation prepared during the development of the revised Annual Allowance regime, that costs incurred by the administering authorities in relation to operating the scheme pays mechanism may not be recovered from the member concerned.
- 2.3 DCLG has confirmed that the Relevant Date (also known as the Implementation Date) will be the day coincident with the end of the pension input period and that the pension input period in the Firefighters' Pension Scheme runs from 1 April to 31 March, so the Relevant Date will be 31 March.
- 2.4 This guidance does not consider members who are above Deferred Pension Age at their retirement date. Calculations for members who are above DPA at retirement should be referred directly to GAD and will be treated as individual cases.

### Calculation of the initial pension offset

- 2.5 The calculation of the pension offset for different categories of member is set out in the following sections. We note that:
- > Unlike in the calculation of pension debits following a pension sharing order the pension offset is initially calculated using the member's deferred pension age (unless the member has already attained that age). The offset will later be adjusted to reflect the date their pension comes into payment.
  - > Pension debits resulting from pension sharing orders have a consequential impact on the benefits payable to a surviving spouse or civil partner upon the member's death. This will not be the case for a scheme pays pension offset.

### Pension offset for an active member

- 2.6 The calculation depends on whether the member is below, or has attained, deferred pension age ('DPA') at the Relevant Date. Details for the two situations are set out below.

#### 2.7 Pension offset for member below DPA

- 2.7.1 Where the active member is below DPA, the principle is that the pension offset acts like a negative deferred pension. The offset should be expressed as a deduction to the member's pension which is to be recovered from the



member's DPA. The calculation will be carried out at the Relevant Date for the particular member. The calculation of the pension offset is:

**Pension offset = AATAX / AAFAC**

*Where:*

*AATAX = the Annual Allowance tax charge that the member has notified the scheme that they wish to meet via the scheme pays mechanism.*

*AAFAC = the Annual Allowance scheme pays factor from Tables A1 and A2 based on the member's gender and age at the Relevant Date. These tables are based on DPA and are included in Section 4 of this note.*

*The pension payable to the member on retirement at DPA will be reduced by an amount equal to the member's pension offset.*

**2.8 Pension offset for member at or above DPA**

2.8.1 Where the active member has already attained DPA, the principle is that the pension offset acts like a negative pension entitlement. The offset should be expressed as a deduction to the member's pension which is to be recovered once the member retires. The calculation will be carried out at the Relevant Date for the particular member. The calculation of the pension offset is:

**Pension offset for member = AATAX / AAFAC**

*Where:*

*AATAX = the Annual Allowance tax charge that the member has notified the scheme that they wish to meet via the scheme pays mechanism.*

*AAFAC = the Annual Allowance scheme pays factor from Table C1 based on the member's gender and age at the Relevant Date.*

*The pension payable to the member on retirement will be reduced by an amount equal to the member's pension offset, adjusted to allow for the period between the Relevant Date and the date of retirement.*

2.9 Pension offsets do not affect GMPs.

2.10 Administrators should store the offset calculated above with the Relevant Date on the member's record. Where a member has multiple pension offsets, they should be recorded separately.

2.11 The pension offset should be increased as if it were a deferred pension the period between the Relevant Date and the member's exit from service. DCLG have confirmed that the revaluation should be in line with Pension Increase Orders.

**Contingent survivor benefits**

2.12 The benefits payable to a spouse, civil partner or other partner who is eligible to receive a pension on the member's death will not be reduced as a result of the scheme pays mechanism. This will apply regardless of whether the member dies during active service, in deferment or after retirement.



### **Changes to pension ages**

- 2.13 The 2015 Scheme Regulations provide for a deferred pension to be payable without reduction for early payment from the higher of age 65 and the member's State Pension Age at the member's retirement date.
- 2.14 The Deferred Pension Age for the purposes of calculating the initial pension offset will be the higher of age 65 and the member's State Pension Age at the relevant date for the calculation.
- 2.15 The responsible authority has confirmed that State Pension Age for the purpose of the initial calculation of the annual allowance debit should be as set out in HM Treasury Directions made in exercise of the powers conferred on them by sections 11(2) and 12(3) of the Public Service Pensions Act 2013<sup>2</sup>, and not legislation in force at the relevant date. Factors are provided to accommodate the range of deferred pension ages members will have in relation to service on and after 1 April 2015 in accordance with the HM Treasury Directions.

### **Other benefits**

- 2.16 No offset will be applied to children's pensions.
- 2.17 No offset will be made to the lump sum death grant payable to an active member who dies in service.
- 2.18 No offset will be made to the death in deferment lump sum award that is payable to deferred members who incurred an Annual Allowance charge prior to exit, and elected for the scheme pays mechanism. However the lump sum will be based on the pension after any scheme pays offset has been applied.
- 2.19 No offset is made to any lump sum paid on death after retirement that is payable to pensioner members who incurred an Annual Allowance charge prior to exit, and elected for the scheme pays mechanism. However the lump sum will be based on the pension after any scheme pays offset has been applied.

### **Adjusting benefit offsets on leaving**

- 2.20 If the member leaves the scheme prior to receipt of their pension then the pension offset should be treated in the same way as a pension debit following divorce (except that the scheme pays offset applies to member benefits only). In particular, if the member leaves with a Club transfer then the scheme pays offset will be preserved in the receiving scheme as described in the current guidance note on "Individual Cash Equivalent Transfer Values".

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<sup>2</sup> A consolidated version of HM Treasury Directions dated 11 March 2014, including amendments made up to and including 3 March 2015, is found in the following link; SPA assumptions are set out at direction 18.  
[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/411287/HMT\\_Directions\\_9\\_Mar\\_2015.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/411287/HMT_Directions_9_Mar_2015.pdf)



### **Adjusting benefit offsets at retirement**

- 2.21 This section sets out the method and instructions for calculating the pension offset to be applied at the point of retirement. In many cases this could be several years after the pension offset was initially calculated.
- 2.22 When the member retires, the total pension is initially calculated ignoring the pension offset. The pension is then reduced to allow for the pension offset. The offset should be revalued from the Relevant Date up to the April immediately before the date of retirement in accordance with the relevant provisions of the 2015 Scheme Regulations or other relevant Firefighters' Regulations.
- 2.23 The Responsible Authority has confirmed that Deferred Pension Age for the revalued pension offset should be based on the member's State Pension Age as set in legislation at their retirement date. For the avoidance of doubt, no adjustment will be required to the amount of pension debit following any change to the member's SPA between the initial calculation of the pension debit and the member's retirement date. If the pension is not drawn at DPA then the pension offset will need to be adjusted.
- 2.24 Administrators should take care to ensure that the most recent Early Retirement Factors are applied. It is the responsibility of administrators to ensure that they are using the most recent factors.
- 2.25 The pension offset to be applied at retirement if the member retires at DPA is as follows:

#### **Pension offset at retirement at DPA = Pension offset × REV**

*Where:*

*Pension Offset = as calculated in paragraph 2.6*

*REV = the revaluation factor between the Relevant Date and the April immediately before the date of retirement.*

- 2.26 The pension offset to be applied at retirement if the member retires before DPA is as follows:

#### **Pension offset at retirement before deferred pension age = Pension offset × REV × EPR**

*Where:*

*Pension Offset = as calculated in paragraph 2.6*

*REV = the revaluation factor between the Relevant Date and the April immediately before the date of retirement.*

*EPR = Early Payment Reduction dependant on the age at which the member retires. Where the member retires in ill-health the relevant factor should be used from Table B1; for all other cases Table B2 should be used.*

- 2.27 If the member retires after DPA, the case should be referred to GAD.
- 2.28 The pension offset to be applied if the scheme pays election occurs when the member's retirement figures are already being processed is as follows:





### **Pension offset at retirement = AATAX / AAFAC**

Where:

*AATAX = the Annual Allowance tax charge that the member has notified the scheme that they wish to meet via the scheme pays mechanism.*

*AAFAC = if the member is retiring on age grounds then the Annual Allowance scheme pays factor is shown in Table C1 based on the member's gender and age at the Relevant Date. If the member is retiring on ill-health grounds then the factor is instead taken from Table D1.*

- 2.29 In some circumstances a member retiring on ill-health grounds will be exempt from incurring an Annual Allowance charge in the year preceding retirement. However this will not apply to all ill health retirements. Members who are exempt in their final year of service may also have incurred Annual Allowance charges, and opted for the Annual Allowance scheme pays mechanism, earlier in their careers. In these cases benefit offsets will be applied at retirement but different adjustment factors (shown in table B1) will be applied from those used for other retirements (which can be found in table B2).

### **Additional guidance for certain specific circumstances**

#### **2.30 Interaction between Annual Allowance and scheme pays Lifetime Allowance ("LTA") charges**

We understand that when calculating LTA charges the pension tested should be that which would come into payment after allowing for the impact of any Annual Allowance scheme pays offsets. The calculations set out in this document should therefore be carried out prior to any LTA test being applied to these members.

#### **2.31 Multiple Annual Allowance and scheme pays offsets**

Some members may breach the Annual Allowance on more than one occasion during their careers. Since there is no limit on the number of times a member may opt to utilise scheme pays (subject to usual eligibility), a member may also have multiple Annual Allowance scheme pays offsets. In this circumstance each offset can be considered separately and treated in accordance with the guidance set out above.

#### **2.32 Interaction between Annual Allowance, scheme pays offsets and pension debits**

It is possible for members to have both AA scheme pays offsets and pension debits resulting from Pension Sharing on Divorce ("PSOD"). In this case each instance of the Annual Allowance scheme pays offset or the PSOD pension debit is treated in accordance with the relevant set of guidance.

#### **2.33 Members exercising options at the point of retirement**

Some members are able to exercise options at the point of retirement such as commuting pension for lump sum. This guidance note does not attempt to illustrate the interaction between Annual Allowance scheme pays offsets and any of these member options.



#### 2.34 **Interaction between scheme pays offsets and partial retirement**

Where a member opts to draw-down their membership, the offset relating to that part of the membership which is being drawn-down should be applied at the point of partial retirement (and having regard to paragraphs 2.17 to 2.19 where relevant). Where the member elects to draw-down only a proportion of the membership, the offset should be pro-rated (in proportion to the membership being drawn-down) and applied to the relevant benefit being drawn-down, with allowance for early factors if appropriate. The remaining offset should be applied when the member eventually retires.



### 3 Example Calculations

3.1 This section provides some examples of the calculations described by this note.

#### Example 1: Calculation of the pension offset

The following information is needed for this calculation:

A. Member's date of birth	23 January 1980
B. Tax year Annual Allowance charge is incurred	2015/16
C. Relevant date	31 March 2016
D. Member's age (last birthday)	36 years
E. Gender	Male
F. Tax charge	£4,000
G. Deferred pension age (illustrative)	68

From 2.7, the formula for calculating the pension offset is:

$$\text{Pension offset} = \text{AATAX} / \text{AAFAC}$$

We have:

AATAX = £4,000 (from F.)

AAFAC = 6.23 (which is the scheme pays factor for a male member at age 36, obtained from **Table A1**)

Substituting these values into the formula we get:

Pension offset = £4,000 ÷ 6.23 = £642.05 pa

This offset is recorded on the member's record with Relevant Date of 31 March 2016.

This offset will increase in line with the Pensions (Increase) Acts and will be adjusted if the member's pension comes into payment before or after DPA.



### Example 2: Member retiring at DPA in normal health, with pension offset

The following information is needed for this calculation:

A. Member date of birth	23 March 1953
B. Retirement date	31 March 2018
C. Member age	65
D. Gender	Male
E. Member's pension before offset	£30,000 pa
F. Pension offset for 2015/16 (at 65)	£450 pa
G. Pension increase factor 2015/16 (from 2015/16 offset Relevant Date, 31 March 2016, to retirement) (illustrative)	1.035

From paragraph 2.25, the formula for calculating the pension offset at retirement is:

**Pension offset on retirement at DPA = Pension Offset x REV**

We have:

Pension offset = £450 (from **F.**)

REV = 1.035 (from **G.**)

Substituting these values into the formula we get:

Adjusted pension offset      = £450 x 1.035  
   = £465.75 pa

The pension to be implemented is the full pension (£30,000.00 pa from **E.**) less the pension offset at the retirement age. Therefore the pension to be implemented is:

= £30,000 – £465.75  
= **£29,534.25 pa**



### Example 3: Member retiring before DPA in normal health, with pension offset

The following information is needed for this calculation:

<b>A.</b> Member date of birth	31 March 1961
<b>B.</b> Retirement date	31 March 2019
<b>C.</b> Member's age at early retirement	58
<b>D.</b> Member DPA (illustrative)	67
<b>E.</b> Time to member's DPA at date of retirement	9 years 0 months
<b>F.</b> Gender	Male
<b>G.</b> Member's pension before offset	£20,000 pa
<b>H.</b> Pension offset for 2015/16 (at 56)	£350 pa
<b>I.</b> Revaluation factor 2015/16 (from 2015/16 offset Relevant Date, 31 March 2016, to retirement) (illustrative)	1.047
<b>J.</b> Early retirement reduction on retirement in normal health before DPA	0.616

From paragraph 2.25, the formula for calculating the pension offset at retirement is:

**Pension offset on retirement at early retirement pension age = Pension Offset x REV x EPR**

We have:

Pension offset = £350 (from **H.**)

REV = 1.047 (from **I.**)

EPR = 0.616 (from **J.**)

Substituting these values into the formula we get:

$$\begin{aligned}\text{Adjusted pension offset} &= £350 \times 1.047 \times 0.616 \\ &= £225.73 \text{ pa}\end{aligned}$$

The pension to be implemented is the full pension (£20,000 pa from **G.**) less the pension offset at the retirement age. Therefore the pension to be implemented is:

$$\begin{aligned}&= £20,000 - £225.73 \\ &= \mathbf{£19,774.27 \text{ pa}}\end{aligned}$$



## 4 Table of factors

Table A1: Scheme pays factors – male members

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



Age last birthday at relevant date	DPA 65	DPA 66	DPA 67	DPA 68
64	16.42	15.46	14.53	13.64
65		15.97	15.01	14.09
66			15.51	14.56
67				15.05

**Table A2: Scheme pays factors – female members**

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



Age last birthday at relevant date	DPA 65	DPA 66	DPA 67	DPA 68
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		17.12	16.16	15.23
66			16.68	15.71
67				16.22

**Notes:**

1. The offset applies only to the member's pension. Dependants' benefits are not affected.
2. The offset is equal to the tax charge divided by the appropriate factor.

**Table B1 – Retirement timing factor - ill health retirement before deferred pension age**

<i>Years until DPA 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





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<i>Years until DPA at date of retirement</i>	<i>Early payment Reduction</i>
<i>Males and females</i>	
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
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

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<i>Years until DPA at date of retirement</i>	<i>Early payment Reduction</i>
<i>Males and females</i>	
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.

**Table B2 – Retirement timing factor - normal health retirement before deferred pension age**

<i>Years until DPA at date of retirement</i>	<i>Early payment Reduction</i>
<i>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 C1 – Age pensioner pension offset factors**

Age last birthday at relevant date	Male Factor	Female Factor
55	20.57	21.50
56	20.18	21.14
57	19.79	20.78
58	19.38	20.41
59	18.97	20.03
60	18.56	19.64
61	18.14	19.24
62	17.71	18.83
63	17.27	18.41
64	16.83	17.98
65	16.37	17.54
66	15.90	17.09
67	15.43	16.63
68	14.94	16.16
69	14.44	15.68
70	13.94	15.19
71	13.45	14.70
72	12.95	14.20
73	12.45	13.69
74	11.95	13.18
75	11.45	12.67

**Table D1 – Ill-health pensioner pension offset factors**

Age last birthday at relevant date	Male Factor	Female Factor
20	28.83	29.22
21	28.67	29.07
22	28.50	28.91
23	28.33	28.75
24	28.15	28.59
25	27.97	28.42
26	27.78	28.24
27	27.59	28.06
28	27.39	27.87
29	27.19	27.68
30	26.98	27.49
31	26.76	27.28
32	26.55	27.07
33	26.32	26.86
34	26.09	26.64
35	25.85	26.41
36	25.61	26.18



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Age last birthday at relevant date	Male Factor	Female Factor
37	25.36	25.94
38	25.10	25.69
39	24.83	25.44
40	24.56	25.18
41	24.27	24.92
42	23.98	24.64
43	23.68	24.36
44	23.37	24.07
45	23.06	23.78
46	22.73	23.47
47	22.39	23.16
48	22.04	22.84
49	21.69	22.52
50	21.32	22.18
51	20.95	21.84
52	20.57	21.50
53	20.18	21.14
54	19.79	20.78
55	19.38	20.41
56	18.97	20.03
57	18.56	19.64
58	18.14	19.24
59	17.71	18.83
60	17.27	18.41
61	16.83	17.98
62	16.37	17.54
63	15.90	17.09
64	15.43	16.63
65	14.94	16.16
66	14.44	15.68
67	13.94	15.19
68	13.45	14.70
69	12.95	14.20
70	12.45	13.69
71	11.95	13.18
72	11.45	12.67
73	10.95	12.15
74	10.44	11.62
75	9.93	11.09

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## 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 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.3 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.4 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.
- A.5 This guidance note is based on GAD's understanding of the Finance Act 2004. Nothing in this guidance can override any prevailing HM Revenue & Customs (HMRC) restrictions.
- A.6 Administrators should satisfy themselves that the pension offset resulting from a scheme pays election complies with all legislative requirements including, but not limited to, tax and contracting out requirements. Any legal advice in this area should be sought from an appropriately qualified person or source. Nothing in this guidance can override any prevailing HM Revenue & Customs (HMRC) restrictions.
- A.7 The factors contained in section 4 of this document are provided for convenience and relate to the factors currently in force at time of issue. The factors are contained in the guidance listed below:
- |          |   |
|----------|---|
| Table A1 | 'Fire England 2015 CETV Factors', dated 17 April 2015             |
| Table A2 | 'Fire England 2015 CETV Factors', dated 17 April 2015             |
| Table B1 | 'Fire England 2015 Divorce Guidance', dated 2 June 2015           |
| Table B2 | 'Fire England 2015 Early Retirement Factors', dated 31 March 2015 |
| Table C1 | 'Fire England 2015 Divorce Guidance, dated 2 June 2015            |
| Table D1 | 'Fire England 2015 Divorce Guidance, dated 2 June 2015            |



These factors are subject to regular review and could change in the future. If any of the factors in the guidance listed above change then administrators should use those updated factors (if applicable), even if this guidance has not yet been updated. Scheme managers and administrators need to ensure that they are using the latest factors, as relevant, when processing cases.