

# The Public Sector Transfer Club

*Memorandum by the Cabinet Office*

## 1 Introduction

1.1 This paper describes the arrangements for transferring accrued pension benefits to and from schemes which participate in the Public Sector Transfer Club ('the Club'). This paper supersedes the previous issue (PSTC 7 April 2019) and, for inner Club transfers, should be read in conjunction with HM Treasury's note on the final salary link and Club transfers (attached at Annex 5).

### 'Inner Club', 'outer Club' and remediable service transfers

1.1a Throughout this Memorandum, reference is made to 'inner Club' and 'outer Club' transfers. **Inner Club** refers to transfers of CARE scheme benefit between schemes made under the Public Service Pensions Act 2013 and such other public service pension schemes whose rules are similar to those of any of the schemes made under the 2013 Act. Other schemes may apply to the Club Secretariat to participate in the inner Club transfer arrangements if they wish.

1.1b **Outer Club** refers to transfers of final salary benefits between Club schemes that operate on a final salary basis – or that are able to accept final salary benefits (e.g. PCSPS **nuvos**).

1.1c It is assumed that all Club schemes will be able to operate the outer Club arrangements, but only a small number will be able to operate the inner Club arrangements.

1.1d Most **Inner Club** schemes will have members with remediable service. A transfer of remediable service has **Outer Club** and **Inner Club** elements. Different procedures apply if a transfer of remediable service is made to another remedy scheme, an **Inner Club** non-remedy scheme or to an **Outer Club** scheme. The remedy schemes are those Club member schemes with remediable service under the Public Service Pensions and Judicial Services Act 2022.

## The purpose of the Club

1.2 The Club is a network of public and private sector occupational pension schemes which makes it easier for employees who move between employers covered by separate

participating schemes to transfer their accrued pension rights. All participating schemes must permit transfers on a final salary basis (i.e. outer Club transfers). Transferring employees who apply for an outer Club transfer will be given an opportunity to transfer their pension rights between Club schemes and to receive a broadly equivalent service credit in the new scheme in exchange for their final salary service in their old scheme. The new scheme service credit is calculated irrespective of any change of salary between leaving the old scheme and joining the new one. So when benefits are transferred between two schemes with identical provisions, the transfer should produce a year-for-year credit. When the benefits in the two schemes are not the same, for example if they have different pension ages, a transfer may produce a higher or lower service credit, as appropriate.

**1.2a** From 1 April 2015, the Club has included a number of career average revalued earnings (CARE schemes). These operate the inner Club transfer arrangements in addition to the “outer Club” arrangement for benefits provided on a final salary basis.

**1.3** When an employee exercises his or her right to a transfer under the outer Club arrangements, the old scheme calculates a transfer payment which is made to the new scheme. The new scheme then reverses the calculation taking account of differences in scheme design to arrive at the service credit. The calculations required of the schemes are similar to those for paying or receiving a cash equivalent transfer value but are based on a set of standard tables used by all Club schemes as prepared from time to time by the Government Actuary’s Department. These payments are broadly based on the value of the deferred final salary benefits to which the employee would be entitled under the sending scheme. The credit being offered by the receiving scheme implicitly treats the payment as though it had included an allowance for a continuing link to future earnings. The financial effects in any individual case will depend upon a number of factors. The receiving scheme will normally be offering benefits of greater value than the Club payment received.

**1.3a** When an employee exercises his or her right to a transfer under the inner Club arrangements, the old scheme calculates a transfer payment which is made to the new scheme. The new scheme then calculates the transfer credit pension based on the CARE preserved pension that the member had in the old scheme, uprated in line with the old scheme’s in service uprating methodology, and adjusted to take account of differences in scheme design. The calculations required of the schemes are based on a set of standard tables used by all Club schemes as prepared from time to time by the Government Actuary’s Department. The new scheme then undertakes to uprate the inner Club transfer credit pension whilst the individual remains an active member of their scheme in a manner that, in the main, mirrors the in service uprating methodology of the old scheme. Receiving schemes are, however, permitted to adopt the basic measure of price inflation used by the receiving scheme where this differs from that used by the sending scheme. For UK-based schemes this is generally CPI, but for other schemes (e.g. those based in the Channel Islands) other price inflation measures may be used. An earnings inflation measure cannot be adopted in place of a price inflation measure or vice-versa. This note also describes adjustments required if the schemes have different revaluation dates.

**NOTE:** special arrangements apply where the inner Club transfer is to or from a public service scheme based in the Channel Islands (see paragraphs 6.6 – 6.8).

## Club membership

**1.4** The Cabinet Office maintains a list of schemes which are members of the Club. The list is available [online](#) or can be obtained from the Cabinet Office (see section 9). Administrators of Club schemes should ensure that the Cabinet Office is made aware of any changes to a scheme's name, address, or administrator. Administrators or trustees must also be aware of the circumstances under which a scheme cannot remain in the Club and the arrangements when a scheme leaves the Club (see section 2); the Cabinet Office must be given at least 3 months' notice of a scheme's intention to leave the Club.

**1.5** Schemes who are interested in applying for membership of the Club should contact the Club Secretariat (Cabinet Office).

## Club booklet

**1.6** A booklet has been prepared for members of Club schemes explaining how the Club affects individuals. This is available [online](#).

## Contents

**1.7** This Memorandum describes the main terms and conditions for membership of the Club and includes the following sections:

- 1 Introduction
- 2 Requirements for club membership
- 3 Transfer value factors
- 4 Transfers out of Club schemes
- 5 Service credits in the receiving scheme
- 6 Transfers to Club schemes in the Channel Islands
- 7 Other special provisions
- 8 Annual Allowance tax charges following a Club transfer
- 9 Contacts

### Annexes

- 1 Club transfer factors
- 2 Assumptions and methods underlying Club cash equivalent transfer values
- 3 Examples of Club transfer calculations
- 4 Transfer values where the GMP exceeds the scheme pension
- 5 HM Treasury's note on the final salary link and Club transfers

## **2 Requirements for Club membership**

**2.1** Each scheme which is a member of the Club must undertake:

- a to comply with the Club arrangements as described in this Memorandum, or as separately notified to scheme managers by the Cabinet Office;
- b to use the appropriate standard tables attached as Annex 1 to this paper (or corresponding tables described in paragraph 3.4) when calculating transfer values payable to another Club scheme and when calculating the minimum service credits it will provide in return for a Club transfer value;
- c to accept a transfer value, which falls within the Club arrangements, from any scheme in the Club and to credit service in a way which will not penalise the employee for any increase in their salary between leaving the old scheme and joining the new scheme; and
- d to accept any GMP liability or section 9(2B) rights which have arisen from previous Club employment (if the receiving scheme is contracted-out).

**2.1a** In addition, schemes that participate in the inner Club transfer arrangements must also undertake to uprate the inner Club transfer credit whilst the individual remains an active member of their scheme in a manner that mirrors the in service uprating methodology of the old scheme. Schemes are permitted to adopt their own revaluation date, subject to the adjustments described in this note in paragraphs 5.24 to 5.29 and 6.6 to 6.8.

**2.2** All Club schemes must seek advice from their own actuaries regarding transfers which do not come under the Club arrangements (referred to as ‘non-Club transfers’ in this Memorandum) and ensure that they meet the statutory requirements for such transfers. This includes transfers involving pension arrangements outside the Club and transfers between Club schemes which fall outside the Club arrangements.

**2.3** It is not a requirement of Club membership to use the approach described in this Memorandum for non-Club transfers. In the rest of this Memorandum, any reference to a Club transfer means a transfer from one Club scheme to another Club scheme which falls within the Club arrangements. However, if a service credit calculated on non-Club terms would be greater than a credit calculated on Club terms, the receiving scheme may award a non-Club service credit. Such cases are expected to be infrequent and are most likely to arise when an individual has taken a large drop in salary when moving. Club schemes may wish to consult their actuarial advisers on the criteria to adopt if they wish to test whether a non-Club transfer would be more advantageous for the scheme member.

### **Closed schemes**

**2.4** It is usually the case that the scheme receiving the Club transfer payment will grant an employee benefits which are of greater value than the transfer payment being received. Equitable treatment of schemes within the Club network depends on there

being free movement between Club members. A scheme no longer open to new entrants (a closed scheme) if allowed to remain on its own as a member of the Club would introduce an inequitable distortion. A closed scheme may continue its Club membership if the same employer has an open scheme for new recruits which is also a Club member. If the open scheme is not a member of the Club the closed scheme cannot remain a member.

## **Schemes with a restricted membership**

**2.5** An open scheme may be a member of the Club even if it is not available to all employees, or is restricted to certain grades of employees. The precise conditions of access will be considered by the Cabinet Office when the scheme applies to be a member of the Club.

## **Change of employer ~ change of scheme ~ bulk transfers**

**2.6** The Club transfer arrangements only apply for individual transfers where an employee voluntarily resigns from employment covered by one Club scheme and takes up a separate employment covered by another Club scheme. The arrangements do not apply where a group of staff transfer employment, either compulsorily or voluntarily with their employer's agreement and, as a consequence, move from one Club scheme to another. Similarly, they do not apply when an employer either requires his employees to change pension schemes or offers them the opportunity to do so. The transfer value payable and/or the service credited in these cases should be determined as the two schemes agree, having taken appropriate actuarial advice.

**2.7** (paragraph deleted)

**2.8** (paragraph deleted)

**2.9** (paragraph deleted)

## **Changes to scheme rules**

**2.10** The Cabinet Office should be informed of any changes to scheme rules which affect the payment and receipt of transfer values, or the scheme's ability to apply the Club arrangements.

**2.11** (paragraph deleted)

## Schemes joining and leaving the Club

**2.12** After having been accepted for Club membership by the Cabinet Office, or having given 3 months' notice of the intention to leave the Club, Club schemes should observe the following arrangements:

a *after entry*. Club transfers will be available to all deferred pensioners, including those who left service before their former scheme was admitted to the Club, subject to 4.1 which defines the right to a Club transfer by reference to when the employee became eligible to join their current scheme and not when their current scheme started to participate in the Club.

b *on withdrawal*. Schemes should notify the Cabinet Office of the date from when they intend to withdraw from the Club. Club transfers to and from that scheme will continue to be available to individuals who joined their new Club scheme on or before the date of withdrawal and who apply to transfer within the first year of service.

### **3 Transfer value factors (outer Club transfers)**

**3.1** An outer Club transfer payment is calculated using the same principles as a cash equivalent transfer value of the accrued final salary pension benefits. The calculations are made using the methods and standard Club factors set out in this Memorandum. After receiving an outer Club transfer payment the receiving scheme calculates a service credit using the Club factors appropriate to its circumstances following the methodology described in this Memorandum. Club schemes are not permitted to reduce an outer Club transfer value under the provisions of the Occupational Pensions (Transfer Values) (Amendment) Regulations 2008.

**3.2** The Club arrangements have been devised to provide a simple and practical approach to transfers between member schemes. It is not the intention to allow for every facet of the different designs of member schemes. In general the opportunity to take an outer Club transfer will outweigh, for a scheme member, the failure to take fully into account lesser scheme benefits.

**3.3** There are separate tables of Club factors according to the normal pension age which apply under the rules of each scheme. The tables are for use both by those schemes which provide for benefits to dependants and partners, as well as those which limit payment to legal spouses, including same-sex spouses (or civil partners) following the death of the scheme member. Separate factors are used for each of the accrued member's pension, lump sum, spouse's or partner's pension.

**3.4** The tables attached at Annex 1 consist of various sets of factors; the first applicable to schemes with a pension age of 55, and the subsequent ones for schemes with a pension age of 60, 65, 66, 67, 68, 69 and 70. These are the most common pension ages. Schemes with a different pension age will need to use different factors and the appropriate tables may be obtained from the Cabinet Office at the address given in section 9.

**3.5** Previous Club Memoranda included a table of adjustment (AMC) factors to allow for changes in market conditions. AMC factors no longer apply to Club transfers from 1 January 2012; however, some schemes may find it easier to retain an AMC table but based on factors of 1.00 for all yields and ages. Similarly, Club transfers that were calculated before 1 March 2017 were adjusted to take account of GMPs and National Insurance modification. The tables of factors effective from that date no longer include any factors for GMP or National Insurance modification adjustments. As with the AMC factors, some schemes may find it easier to retain GMP and National Insurance modification factors, in which case the factor will be 0.00 in all cases.

**3.6** The tables have been produced by the Government Actuary's Department and may be revised from time to time (the tables were last revised in October 2023). There is a summary of the principal assumptions and methods underlying the tables in Annex 2.

## 4 Transfers out of Club schemes

### Application for a Club transfer

**4.1** An individual must arrange for an election to proceed for a Club transfer to be received in writing to the receiving scheme within 12 months of becoming eligible to join, or, subject to (i) below, re-join the scheme. (A request for an estimate of a transfer value should not be regarded as an election to proceed.) The election to proceed should be copied to the previous scheme. Elections to proceed should not be accepted where either:

- (i) an individual resigns from employment and rejoins the same scheme within 6 months, except during any period after rejoining which falls within 12 months of first becoming eligible to join the scheme;
- (ii) an individual opts out of membership of the scheme and rejoins the same scheme, except during any period after rejoining which falls within 12 months of first becoming eligible to join the scheme; or
- (iii) an individual has joined the Club scheme from another Club scheme as a consequence of a compulsory transfer of employment, or of pension scheme (see 2.6).

A Club transfer may proceed if the election is made after the 12 month time limit if there were exceptional circumstances that have caused delays that prevented the member from making an election within 12 months. The receiving scheme must agree to waiving the time limit and, for an Inner Club transfer, the sending scheme must also agree.

**4.2** A Club transfer is normally available until the date the individual reaches the normal pension age of the sending scheme<sup>1</sup>. However, a Club scheme may allow a Club transfer to be taken after this date provided the receiving scheme is willing to accept it AND the member has not started drawing the benefits from the sending scheme. The sending scheme may impose other time limits, which affect the individual's right to a Club transfer value, where there is no statutory requirement to provide preserved benefits.

**4.3** An election to proceed may be withdrawn, in writing, at any time before the sending scheme makes arrangements to pay a transfer value.

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<sup>1</sup> Where the member is transferring both final salary (outer Club) and CARE (inner Club) benefits, the NPA in question will be that which applies to each element of the Club transfer (i.e. the final salary scheme NPA will apply to the outer Club transfer and the CARE scheme NPA will apply to the inner Club transfer).



## **Breaks between pensionable employments**

**4.4** A Club transfer can only be accepted if the length of the break between leaving the sending scheme and joining the receiving scheme is no more than 5 years<sup>2</sup>.

## **Guarantee date**

**4.5** The relevant date for calculating a Club cash equivalent transfer value is the ‘Guarantee Date’ as defined in The Occupational Pensions Schemes (Transfer Values) Regulations 1996. The guarantee date is normally the date when the transfer value is calculated and must be within the 3 month period (or exceptionally 6 month) beginning with the date of the member’s application for a statement of entitlement. The same approach should be taken for members who are not entitled to a cash equivalent transfer value and are instead entitled to a cash transfer sum and / or a refund of contributions, under Chapter 2 of Part 4ZA of the Pension Schemes Act 1993.

## **Guaranteed transfer values**

**4.6** A Club transfer value must be guaranteed for three months from the guarantee date, subject to the election to proceed being received within 12 months of the member becoming eligible to join the receiving scheme (see paragraph 4.1). This ensures consistency with non-Club transfer values, and should ease administration. If a request to pay the transfer value is made within three months of the guarantee date it will not be necessary to recalculate the Club transfer value.

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<sup>2</sup> However, where a member transfers from Scheme A to Scheme C with more than a 5 year break between the sending and receiving schemes (but has not had a continuous break of more than 5 years in active membership of a public service scheme, because he / she had been a member of Scheme B in between A and C) the transfer will be a non-Club transfer but would still entitle the member to a final salary link where the conditions in Schedule 7 of the Public Service Pensions Act 2013 are met.

## Information required from the sending scheme

**4.7** It will be necessary for the sending scheme to advise the new scheme of the following:

- a member's name;
- b member's date of birth;
- c last date of service;
- d the guarantee date for the purposes of the calculation;
- e the member's age at the guarantee date;
- f the member's sex;
- g qualifying service;
- h the rate at which any pensions increase has been applied to the accrued pension benefits but ignoring any special increases (see paragraphs 4.8 and 5.8(ii));
- i the following information on the GMP;
  - i the amount of the GMP accrued after 5 April 1988 and the total GMP, as at the guarantee date,
  - ii the rate of revaluation applicable to the GMP, and
  - iii whether revaluation subsequent to the last day of service has actually occurred;
- j the transfer value payable;
- k the amount of the transfer value in respect of final salary section 9(2B) rights or protected rights; and
- l the total contributions that the member has paid into the sending scheme (if the member did not qualify for preservable benefits)

**4.7a(i)** In addition, for Outer Club transfers, the sending scheme will need to provide the receiving scheme with the following:

- a the pensionable pay figure used in the calculation;
- b reckonable service;
- c reckonable service between 6 April 1997 and 5 April 2016 which counts as section 9(2B) rights;
- d reckonable service after 6 April 2016 (if the scheme was previously contracted-out).

**4.7a(ii)** In addition, for inner Club transfers the sending scheme will need to provide the receiving scheme with the following:

- a. The value of the transferring member's pension, revalued in accordance with the sending scheme's in-service revaluation method, up to the guarantee date for the transfer;
- b. The value of the transferring member's pension, revalued in accordance with the sending scheme's deferred revaluation method, up to the guarantee date for the transfer;
- c. The spouse/partner's pension proportion, expressed as a proportion of the member's pension;
- d. The automatic lump sum proportion (if any), expressed as a proportion of the member's pension;
- e. The sending scheme's in-service revaluation method (e.g. CPI + 1.5, CPI + 1.6, average earnings, etc.);
- f. Details of any element of the Club transfer for which the member has paid for an earlier pension age;
- g. Details of any non-standard arrangements in relation to the Club transfer (e.g. advantageous actuarial reduction factors for members of TPS with a NPA above 65); and
- h. The value of the transferring member's pension accrued between 6 April 1997 and 5 April 2016 which counts as section 9(2B) rights, revalued in accordance with the sending scheme's in-service revaluation method, up to the guarantee date for the transfer.
- i. The sending scheme's in-service revaluation date

**4.7b** If the member is transferring remediable service to another remedy scheme, the sending scheme will need to split the following final salary data items listed in paragraphs 4.7 and 4.7a(i) between remediable and non-remediable elements:

- a reckonable service;
- b qualifying service;
- c the following information on the GMP (GMP can only be part of remediable service due to a previous transfer);
  - i the amount of the GMP accrued after 5 April 1988 and the total GMP, as at the guarantee date,
- d the transfer value payable;
- e reckonable service between 6 April 1997 and 5 April 2016 which counts as section 9(2B) rights;
- f the amount of the transfer value in respect of final salary section 9(2B) rights or protected rights; and
- g reckonable service after 6 April 2016 (if the scheme was previously contracted-out).

**4.7c** If the member is transferring remediable service to another remedy scheme, the sending scheme will need to split the following CARE items between remediable and non-remediable elements:

- a The value of the transferring member's pension, revalued in accordance with the sending scheme's in-service revaluation method, up to the guarantee date for the transfer;
- b The value of the transferring member's pension, revalued in accordance with the sending scheme's deferred revaluation method, up to the guarantee date for the transfer;
- f Details of any element of the Club transfer for which the member has paid for an earlier pension age;
- g Details of any non-standard arrangements in relation to the Club transfer (e.g. advantageous actuarial reduction factors for members of TPS with a NPA above 65); and
- h The value of the transferring member's pension accrued between 6 April 1997 and 5 April 2016 which counts as section 9(2B) rights, revalued in accordance with the sending scheme's in-service revaluation method, up to the guarantee date for the transfer.

**4.7d** If the member is transferring remediable service to another remedy scheme, the sending scheme will need to provide the amount of any contribution difference, the scheme(s) to which the difference(s) applies and whether it is to be paid by the member to the scheme or by the scheme to the member. This should include interest up to the guarantee date and be net of the reduction for tax relief amounts (called the PAYE tax adjustment in the GAD calculator).

**4.7e** If the member is transferring remediable service to a non-remedy scheme, the sending scheme will not need to split data items into remediable and non-remediable elements. The split into CARE/ final salary benefits is made before the transfer value is calculated. The data provided should reflect the split of CARE/ final salary benefits underlying the transfer calculation. The sending scheme will need to provide the amount of any contribution difference applying to the remediable service benefit structure which is being used for the transfer calculation and whether it would have been paid by the member to the scheme or by the scheme to the member and if it applies to the CARE or legacy benefits. This should include interest up to the guarantee date and be net of the reduction for tax relief amounts (called the PAYE tax adjustment in the GAD calculator).

In most instances, receiving schemes will prefer to receive a copy of the sending scheme's calculation sheet so that reckonable service (for outer Club transfers) may be compared and any differences explained to the transferring member.

**4.8** Preserved benefits should be **revalued to the guarantee date**, where appropriate - usually where the individual's last day of service and the guarantee date fall into different tax years. The accrued pension benefits should be calculated at the last day of service, and then increased in line with the sending scheme's uprating arrangements underpinned by the statutory requirements. For many Club schemes this will be in accordance with the standard public service pensions increase arrangements. The increases should include any additional increases awarded as part of a benefits improvement package.

4.9 to 4.13 (paragraphs deleted)

## The calculation

**4.13a** There are two main calculation approaches, for inner and outer Club transfers. Remediable service transfers use a combination of the two. The calculations in paragraphs 4.14 relate to outer Club transfers of final salary benefits only. The calculations in paragraph 4.28 relate to inner Club transfers of CARE benefits. These calculations are used with modification for transfers of remediable service. See paragraphs 4.30 to 4.46 for a transfer to another remediable service scheme, paragraphs 6.6 to 6.8 for transfers to a Channel Island scheme and paragraphs 7.24c to 7.24e for transfers to a scheme which is not a member of the Inner Club. For other benefits (e.g. added pension) see paragraphs 7.22 to 7.24a and 7.26 to 7.29.

## The calculation (outer Club transfers)

**4.14** An outer Club transfer value is calculated as follows:

$[(MP \times Fp) + (LS \times Fls) + (CWP \times Fwid)]$	
<b>Benefits</b>	
MP	member's pension, before National Insurance modification*
LS	lump sum as defined under the scheme rules*
CWP	pension payable on the death of the member to a surviving spouse (even if the member is single or in a civil partnership)*
* These benefits should be revalued in accordance with paragraph 4.8.	
If a scheme provides a lump sum by commutation, rather than a separate lump sum, see paragraphs 7.6 and 7.7.	
<b>Factors</b>	
Fp	factor for member's pension
Fls	factor for lump sum
Fwid	factor for widow, widower's or partner's or civil partner's pension
The appropriate factors should be taken from the tables in force at the guarantee date, using the individual's age at the guarantee date. Examples of transfer value calculations are attached at Annex 3.	

## **Guaranteed Minimum Pension**

**4.15** Where the accrued pension benefits include a liability to pay a GMP, that liability will normally be transferred to the new Club scheme. (If a Contributions Equivalent Premium (CEP) has already been paid, it should be recovered if a transfer value is subsequently paid.) However, from 1 March 2017 the transfer value is not adjusted to reflect the GMP.

**4.16** (paragraph deleted)

**4.17** Until April 2016, the majority of Club schemes were contracted-out. If a receiving scheme was not contracted out, the sending scheme may not be able to transfer the GMP as part of the Club transfer and alternative arrangements would need to be made.

## **Widows'/widowers', same sex spouse's, civil partners' or unmarried partners' benefits**

**4.18** The receiving scheme will provide a widow's, widower's, same sex spouse's, civil partner's or (in some cases) unmarried partner's pension based on the same period of service as used to determine the member's own pension.

**4.19** As a simplification, see paragraph 3.2; the same factors are used whether widow(er)'s (or same sex spouse's, civil partners' or unmarried partner's) benefits are payable for life or until remarriage or cohabitation.

## **Unmarried partners' benefits (i.e. neither married nor in a civil partnership)**

**4.20** There is no requirement for Club schemes to provide benefits on the death of a scheme member to the member's unmarried partner (other than a civil partner) if these benefits are not provided under the scheme rules. The tables of factors at Annex 1 provide for those schemes which offer survivor's benefits to eligible unmarried partners of scheme members.

## **Other adult dependants' benefits**

**4.21** Club transfers do not include an allowance for adult dependants' benefits other than widows', widowers', same-sex spouse's, civil partners' or unmarried partners' benefits, i.e. pensions for other unmarried adult or invalid dependants are excluded. Where these benefits were provided by a separate contribution, either contributions will be refunded on transfer or a preserved award will be made for those benefits in the sending scheme, unless the new scheme will give full back-service credit for a similar benefit.

## **Late payment of a transfer value**

**4.22** A Club transfer value should be paid within 6 months of the Guarantee Date; otherwise it must be recalculated as at the date of payment. Interest should not be added to the original transfer value even if this would result in a higher transfer value.

## **Transfers where the member has not qualified for a preserved pension in the sending scheme**

**4.22a** Some Club schemes allow members to take a transfer out even, in certain circumstances, if they have not qualified for a preserved pension in that scheme. If the Guarantee Date (see paragraph 4.5) is after the date of leaving, revaluations should be calculated as if the member was entitled to receive revaluations despite not being entitled to a preserved pension.

## **Transfers following a refund of contributions**

**4.23** Employees who do not have preservable benefits are commonly given a refund of contributions. Some schemes may allow the individual to change his/her mind and to take a Club transfer payment instead. The sending scheme should make arrangements to recover the refund. The Club transfer value should be calculated as if the refund had not been paid.

## **Split transfer values**

**4.24** The Club arrangements should only apply where a scheme member transfers all his/her benefits in the sending scheme to the receiving scheme, with the exception of:

- (i) those benefits described in paragraph 4.21;
- (ii) the circumstances referred to in paragraph 4.17;
- (iii) the circumstances referred to in paragraphs 7.24b and 7.24c; and
- (iv) additional voluntary contributions other than those which purchase added years of reckonable service within a Club scheme. However, although money purchase AVCs cannot be transferred on Club terms they can still be transferred to the receiving scheme's in-house AVC provider where the rules of the receiving scheme so allow.

## **Minimum transfer values**

**4.25** Where the sending scheme has received a transfer value from a non-Club scheme, the Club transfer value should be calculated in the normal way and no special

adjustment made for any previous incoming transfer value; i.e. a minimum transfer value will not be paid unless the sending scheme's rules require one to be.

## **The value of final salary Section 9(2B) rights and post-2016 rights**

**4.26** If a Club transfer value includes periods of final salary service between 6 April 1997 and 5 April 2016 which were contracted-out on a COSR basis, the sending scheme must also show the value of the final salary Section 9(2B) rights. The sending scheme should determine the benefits in respect of final salary Section 9(2B) rights, and calculate the Club transfer value in respect of those benefits, using the method in paragraph 4.14.

**4.26a** If a Club transfer value includes periods of final salary service after 5 April 2016 and also other rights contracted-out on a COSR basis, the sending scheme must also show the value of the post-2016 rights. The sending scheme should determine the benefits in respect of final salary post-2016 rights, and calculate the Club transfer value in respect of those benefits, using the method in paragraph 4.14.

## **The calculation (inner Club transfers)**

**4.27** The calculations in paragraphs 4.28 and 4.28a onwards relate to inner Club transfers of CARE benefits only. The calculation is used with modification for transfers of remediable service. See paragraphs 4.30 to 4.46 for a transfer to another remediable service scheme, paragraphs 6.6 to 6.8 for transfers to a Channel Island scheme and paragraphs 7.24c to 7.24e for transfers to a scheme which is not a member of the Inner Club.



**4.28** A Club CARE transfer value is calculated as follows:

$$[(MP \times Fp) + (LS \times Fls) + (CWP \times Fwid)] \times F_{CARE \text{ adj}}$$

**Benefits**

MP            member's pension\*  
 LS            lump sum as defined under the scheme rules\*  
 CWP          pension payable on the death of the member to a surviving spouse  
                  (even if the member is single or in a civil partnership)\*

\* These benefits should be revalued in accordance with the deferred revaluation of the sending scheme up to the guarantee date for the transfer.

If a scheme provides a lump sum by commutation, rather than a separate lump sum, see paragraphs 7.6 and 7.7.

**Factors** (using the tables for the member's NPA in the sending scheme)

Fp            factor for member's pension  
 Fls          factor for lump sum  
 Fwid        factor for widow, widower's or partner's or civil partner's pension  
 \*F<sub>CARE adj</sub> factor CARE adjustment to take account of the in-service revaluation operated by the sending scheme

The appropriate factors should be taken from the tables in force at the guarantee date, using the individual's age at the guarantee date.

(\*This factor increases the transfer value calculation by around half of the in-service CARE revaluation the employee is expected to benefit from by taking the Club transfer)

**4.28a** If a member has previously had an inner club transfer of CARE benefits into the current scheme, an amount of his CARE pension in the current scheme is subject to uprating at the previous sending scheme's in-service revaluation rate as described in paragraph 1.3a. If that in-service uprating is different to that applying in the current scheme, separate Club CARE transfer values should be calculated for each part of the pension with a different in-service uprating methodology. Each component will have a different CARE adjustment factor for revaluation. The details for these separate transfer values should be passed to the receiving scheme separately.

**Non exact age NPAs**

**4.29** Some members will have NPAs that are not exact ages (e.g. have an SPA of 66 years and 2 months). The agreed approach is to interpolate between the factors. For

example, those born from 6 May to 5 June 1960 have an SPA of 66 years and 2 months then these members' pension factor would be:

$$Fp(NPA66,2months) = Fp(NPA66) + \{2/12 \times [Fp(NPA67) - Fp(NPA66)]\}$$

Those born from 6 April 1977 to 5 April 1978 have an SPA falling on a specified date. For example someone born on 31 December 1977 will attain State Pension Age on 6 September 2045. On this date they will be aged 67 years and 249 days so the member's pension factor would be:

$$Fp(NPA67,249 \text{ days}) = Fp(NPA67) + \{249/365 \times [Fp(NPA68) - Fp(NPA67)]\}$$

## Transfers of remediable service between public service pension schemes

**4.30** Special arrangements apply for members who have remediable service. The Public Service Pensions and Judicial Offices Act 2022 sets out the qualifying criteria for an individual to have remediable service. Affected members will be offered a choice between legacy or CARE scheme benefits for their service between the introduction of the CARE scheme and 1 April 2022 when all members were moved to the CARE scheme. (An underpin, rather than a choice, applies in the Local Government schemes.) This affects the transfer payment for such an employee exercising their right to a Club transfer.

**4.31** When a member with remediable service exercises their right to a transfer, the calculation will be made up of up to three components:

- (i) Pre-remedy service<sup>3</sup>: the transfer payment and service credit is calculated under outer Club transfer arrangements.
- (ii) Remediable service<sup>3,4</sup>: the transfer payment and service/ CARE credits are calculated as described in paragraphs 4.32 to 4.36.
- (iii) Post-remedy service i.e. service from 1 April 2022: the transfer payment and CARE credit is calculated under inner Club transfer arrangements.

**4.32** The sending scheme must calculate two remediable service transfer amounts: final salary remediable service transfer amount calculated according to outer Club arrangements and for CARE remediable service transfer amount calculated according to inner Club arrangements.

**4.33** If there were differences between the contributions payable under legacy and CARE schemes, then the sending scheme must calculate the value of the contribution difference net of the PAYE tax adjustment including interest calculated up to the guarantee date in line with HMT directions. If the member has been put back in the situation they would have been if they were a legacy scheme member, including allowing for contributions, then the contribution difference will only apply to the CARE scheme. However, if the contributions required to do this have not yet been paid, then the difference will apply to

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<sup>3</sup> Remediable service started on 1 April 2015 except for LGPS in England and Wales (1 April 2014) and Civil Service By-Analogy schemes (2016).

<sup>4</sup> Remediable service ends on 31 March 2022 except for LGPS members born before 31 March 1957 for whom remediable service ends when they reach their 65<sup>th</sup> birthday.

the legacy benefit. If a member is part way through repaying contributions at the point of transfer, there will be a contribution difference applying to both CARE and legacy benefits. Members are not required to repay a contribution difference owed to their scheme prior to transferring.

**4.34** The remediable service transfer amount is the higher of the final salary and CARE transfer amounts, after these amounts have been adjusted for any contribution difference applicable.

**4.35** The total transfer amount paid will be the sum of the transfer amounts for pre-remedy service, remediable service and post-remedy service.

**4.36** The receiving scheme must calculate a remediable service inner Club CARE credit based on the remediable service CARE benefits and a remediable service outer Club service credit based on the remediable service final salary benefits.

**4.37** An example to illustrate this is given in paragraphs 4.43 onwards.

**4.38** The receiving scheme must maintain records of the final salary and CARE remediable service transfer credits until the member makes their choice between CARE and legacy scheme benefits or the LGPS underpin is applied. There will be a single choice or underpin. The remediable service CARE benefits to consider will be the remediable service CARE transfer credit aggregated with any CARE remediable service benefits accrued in the receiving scheme. The remediable service legacy scheme benefits to consider will be the remediable service final salary transfer credit aggregated with any legacy scheme remediable service benefits accrued in the receiving scheme. The member's choice/underpin result at retirement will not affect the transfer amount previously paid from the sending to the receiving scheme.

**4.39** If a remedy member's old scheme was a CARE scheme that was not a member of the Club such as PCSPS **nuvos**, the legacy CARE benefits will, nonetheless, be transferred to final salary benefits with a service credit awarded in the receiving scheme. This does not apply to transfers of **nuvos** benefits for members who do not have remediable service which will continue to be non-Club transfers.

**4.40** If a member requests a Club transfer after they have exercised their deferred choice, the normal Club transfer process should be followed, based on the benefits that have been selected. Thus, the transfer will be an Outer Club transfer if final salary benefits were selected and an Inner Club transfer if CARE benefits were selected.

**4.41** If a Club transfer of remediable service took place before this edition of the Club memorandum came into force, the service and CARE credit will need to be revised to ensure it is in line with this guidance and the member informed of the additional service/CARE credit. The factors in force at the time the original transfer took place should be used. The guarantee date should be the same as for the original transfer. The transfer amount should be revised if either the sending or receiving scheme was funded. Interest should not be added, in line with paragraph 4.22, except if the receiving scheme was a non-remedy scheme in which case interest should be added in line with HM Treasury directions from the date of original payment up to the date of top-up payment. The transfer payment amount should not be revised if both the sending and receiving

schemes are unfunded. If a member took sequential transfers, the credits should be revised in the sequence in which the transfers originally took place. In the rare case of the revised transfer credit being smaller than the original, it may be appropriate for the schemes to waive or reduce the member's liability. If there is a contribution difference, this should not be paid to or reclaimed from the member as it will be allowed for in the revised transfer credit.

**4.42** Additional guidance will be issued in relation to members who wish to cancel a previous Club transfer including remediable service or who would like to take a Club transfer including remediable service but the twelve month period available to take the transfer has passed.

### **The calculation (Club transfers of remediable service)**

**4.43** For this example, consider an employee exercising their right to a transfer. If this employee has pre-remedy service in a final salary scheme, the service credit for this period up to 1 April 2015<sup>5</sup> will be calculated in line with paragraph 4.14, under outer Club arrangements. For service after 31 March 2022, the transfer amount and credit for this period will be calculated under inner Club arrangements in line with paragraph 4.28.

**4.44** The transfer value for the remediable service is calculated as:

$\text{maximum}(\text{TVO} + \text{CDFS}, \text{TVI} + \text{CDCARE})$

where TVO and TVI are the transfer values for the remediable service period under the outer Club and inner Club arrangements respectively, as described in paragraphs 4.45 and 4.46.

CDFS is the contribution difference applying to final salary remediable service rights and CDCARE is the contribution difference applying to CARE remediable service rights. CDFS and CDCARE are positive if the difference is due to be paid to the member and negative if the difference is due to be paid to the scheme.

**4.45** TVO, the transfer value for remediable service calculated under outer Club arrangements is based on the calculation in paragraph 4.14.

**4.46** TVI, the transfer value for remediable service calculated under inner Club arrangements is based on the calculation in paragraph 4.28.

**4.47** If a member has Added Pension purchased during a period of remediable service then it should be treated in as if it had been purchased after the end of the remedy period. It should either be transferred on a non-Club basis or included in the value of the post-2022 inner Club transfer value if it satisfies the requirements set out in paragraph 7.29.

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<sup>5</sup> 1 April 2014 for LGPS in England and Wales

## 5 Outer Club transfer service credits in the receiving scheme (and transfer credit pension for inner Club transfers)

5.1 For an outer Club transfer, the receiving scheme calculates the service credit by applying the Club transfer value tables in reverse. The age should normally be the same as the sending scheme. The pensionable pay to be used in the calculation is discussed below in paragraph 5.8.

5.1a This chapter only deals with outer Club transfers in respect of final salary benefits, and inner Club transfers in respect of CARE benefits. For any other non-final salary benefits see paragraphs 7.22 to 7.24b, 7.26 to 7.29.

5.2 (paragraph deleted)

### Calculate the total service credit (outer Club transfers)

5.3 The formula to be used is:

$$TV \div 1 \text{ yr}$$

1 yr = cost of 1 year's pensionable service in receiving scheme, using factors with the pension age appropriate to the receiving scheme

For example, with a scheme providing a pension of 1/80th of pay per year of service, a fixed lump sum of 3 times the pension and a contingent spouse's pension of half the member's pension, the formula is:

$$\frac{PP}{80} \times (Fp + 3 \times Fls + \frac{Fcwp}{2})$$

where:

PP pensionable pay  
Fp appropriate incoming valuation factor for pension  
Fls appropriate incoming valuation factor for lump sum  
Fcwp appropriate incoming valuation factor for contingent widow(er)'s, civil partner's or unmarried partner's pension

Other symbols are defined in paragraph 4.14.

An example is shown in Annex 3.

5.4 The tables to be used are those in force at the guarantee date, applicable to the receiving scheme. Where both the sending and receiving schemes have the same pension age, the factors used for the service credit will be the same as used for the transfer value calculation, but different factors will be used if there is a difference in the pension age.

## Time limits

**5.5** Club schemes should note that a service credit must be provided within two months of the receipt of a request from the member, to comply with the Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013.

**5.6** (paragraph deleted)

**5.7** (paragraph deleted)

## Pensionable pay

**5.8** The pensionable pay (sometime referred to as ‘pensionable earnings’) figure should be the same as that used by the sending scheme. Where, at the guarantee date, the sending scheme has increased the preserved benefits at leaving to allow for pensions increases (see paragraph 4.8) or GMP revaluations, the pensionable pay figure used in the service credit calculations will also have to be increased. The pensionable pay used should be the pensionable pay at leaving increased by the same rate that the sending scheme used to increase the accrued pension benefits but where:

- (i) GMPs and pensions in excess of GMP are revalued separately, the pensionable pay used should increase in line with the increase which has been applied to the combined total of the GMP and the excess pension; or,
- (ii) the sending scheme has increased preserved benefits by more than its normal increase factor, the receiving scheme should only increase pensionable pay in line with the sending scheme’s normal increase factor. This will ensure that where deferred pensioners have received benefit improvements in the form of additional increases in deferment, this is reflected by a higher service credit than would otherwise apply.

## Salary disregard

**5.9** Where the sending scheme is partially integrated with the state pension scheme, it may use an abated pensionable pay figure in the calculation of the transfer value. A receiving scheme which does not abate pensionable pay should use the gross, unabated, pensionable pay figure to calculate the credit of appropriate benefits. Where the receiving scheme makes a deduction from pensionable salary this deduction should be applied to the pensionable salary to be used in the service credit calculation.

## Qualifying service

**5.10** If the qualifying service for preservation purposes in the previous scheme is longer than the service being credited in the receiving scheme, it will continue as the qualifying service for preservation in the receiving scheme. Qualifying conditions for other scheme benefits will depend on the receiving scheme's rules.

## Final salary transfer values which include contracted-out rights

**5.11** The pensionable service credits arising from the elements of the final salary transfer value in respect of service in contracted-out pension schemes must be calculated separately so that the requirement of the Pensions Act 1995 can be met.

(a) **Calculate the cost of 1 year's pensionable service credit in the receiving scheme** (using the member's pensionable pay figure supplied by the sending scheme):

(b) **Split the final salary transfer value** into that part which the sending scheme has identified as relating to benefits pre-6 April 1997, from 6 April 1997 to 5 April 2016 (Section 9(2B) rights) and post-6 April 2016 benefits.

(i) Sum available to buy pre-6 April 1997 benefits (see paragraph 4.15):

TV - S9(2B) – Post-16

(ii) Sum available to buy benefits between 6 April 1997 and 5 April 2016 (Section 9(2B) rights):

S9(2B)

(iii) Sum available to buy benefits from 6 April 2016:

Post-16

where:

TV	total final salary transfer value payment
S9(2B)	Final salary Section 9(2B) rights (ie portion of final salary transfer value payment received relating to benefits between 6 April 1997 and 5 April 2016)
Post-16	Portion of final salary transfer value payment received relating to benefits from 6 April 2016

(c) **Derive the pensionable service credits as:**

(i) service credit before 6 April 1997 =  $\frac{(b)(i)}{1 \text{ yr}}$

(ii) service credit between 6 April 1997 and 5 April 2016

$$= \frac{(b)(ii)}{1 \text{ yr}}$$

$$(iii) \text{ service credit from 6 April 2016} = \frac{(b)(iii)}{1 \text{ yr}}$$

**(d) Total pensionable service credit**

This is calculated as (c)(i) + (c)(ii) + (c)(iii). It should be identical to that calculated in paragraph 5.3.

**Calculate the transfer credit pension (inner Club transfers)**

**5.12** For an inner Club transfer, the approach to calculating the pension pot to be credited in the receiving scheme, is analogous to the process for final salary benefits. So an adjustment is made if the pension is payable from a different age, different attached lump sum or different spouse's proportion. (Note that the difference in accrual rate does not need to be considered because the receiving scheme records a pension pot rather than a service credit for CARE benefit transfers.)



**5.13** The formula used to calculate the inner Club transfer credit is as follows:

$$MP \times [Fp\text{-send} + (sp\text{-p-send} \times Fwid\text{-send}) + (ls\text{-p-send} \times Fls\text{-send})] / [Fp\text{-rec} + (sp\text{-p-rec} \times Fwid\text{-rec}) + (ls\text{-p-rec} \times Fls\text{-rec})]$$

**Benefits**

MP	member's pension*
sp-p-send	spouses pension proportion in the sending scheme
sp-p-rec	spouses pension proportion in the receiving scheme
ls-p-send	lump sum proportion in the sending scheme (if applicable)
ls-p-rec	lump sum proportion in the receiving scheme (if applicable)

\* Revalued in accordance with the in-service revaluation of the sending scheme up to the guarantee date for the transfer (this figure is provided by the sending scheme).

**Factors**

Fp-send	factor for member's pension in the sending scheme
Fwid-send	factor for widow, widower's or partner's or civil partner's pension in the sending scheme
Fp-rec	factor for member's pension in the receiving scheme
Fwid-rec	factor for widow, widower's or partner's or civil partner's pension in the receiving scheme
Fls-send	factor for the lump sum in the sending scheme (if applicable)
Fls-rec	factor for the lump sum in the receiving scheme (if applicable)

The appropriate factors should be taken from the tables in force at the guarantee date, using the individual's age at the guarantee date.

As outlined in paragraph 7.4 and 7.4a, where the transferring scheme has converted benefits to be payable at a certain age (e.g. 65), the converted member pension and corresponding retirement age should be used for determining the benefits and sending scheme factors in this paragraph

**NOTE:** For inner Club transfers to schemes based in the Channel Islands, see also paragraphs 6.6 – 6.8.

**5.13a** When the member's pension in the sending scheme includes one or more previous inner Club transfer CARE credit subject to a different in-service uprating methodology from the sending scheme, separate inner Club transfer credits must be calculated for each different uprating methodology applying.

If the in-service uprating methodology for these transfer credits is different to the in-service uprating methodology applying in the current scheme, then as described in paragraph 1.3a the receiving scheme must uprate each credit in a manner that mirrors the in service methodology of the original scheme.

## **CARE Section 9(2B) credits**

**5.13b** If a Club transfer value includes periods of CARE service between 6 April 1997 and 5 April 2016 which were contracted-out on a COSR basis, the inner club Transfer credit in respect of service between 6 April 1997 and 5 April 2016 must be calculated separately so that the requirements of the Pension Act 1995 can be met. The credit is calculated using the method in paragraph 5.13, but using the member's CARE section 9(2B) pension (provided in accordance with paragraph 4.7a (h)).

## **Non exact age NPAs**

**5.14** As outlined in the section 4, some members will not have exact age NPAs. The approach is to interpolate to calculate the 'CARE benefit adjustment factor' (in the same way as for the transfer payment – see paragraph 4.29).

## **Calculate the service/CARE credit (transfers of remediable service between public service pension schemes)**

**5.15** The receiving scheme must calculate and maintain records of the final salary and CARE remediable service transfer credits until the member makes their choice between CARE and legacy scheme benefits or the LGPS underpin is applied.

**5.16** The remediable service outer club/final salary service credit is determined using the calculation in paragraph 5.3 using TVO (see paragraph 4.45) in place of TV. The outer club service credit for service accrued before the remediable service is calculated using a transfer value based on the service accrued prior to the remedy period.

**5.17** The formula used to calculate the remediable service inner club/CARE transfer credit is the same as used for the calculation in 5.13 with MP set equal to the CARE remediable service pension. The inner club credit for service accrued after the remedy period is calculated with MP set equal to the CARE pension accrued after the remedy period.

**5.18** If there is a contribution difference applying to either final salary or CARE benefits then the receiving scheme must either maintain a record of that contribution difference or incorporate it into the Club credit.

**5.19** If the receiving scheme maintains the contribution difference, it must record whether the contribution difference is associated with final salary or CARE benefits. A partly repaid contribution difference will give rise to differences in both final salary and CARE benefits which should both be recorded. The record of the contribution

difference must be maintained until the member makes their choice or the underpin is applied. Interest should be applied from the guarantee date as would be done for a contribution difference that arose in the receiving scheme. The difference will become payable if the benefit type which it is associated with is selected at the deferred choice point or when the underpin is tested.

**5.20** If the contribution difference is incorporated into the Club credit, the calculation of the service credit in paragraph 5.3 should be amended so that the following amount is used in place of TV:

$$TVO + CDFS / (1 - T)$$

CDFS is positive if the difference is due to be paid to the member and negative if the difference is due to be paid to the scheme.

T is current basic rate/ Scottish Basic Rate of tax (as appropriate for the member) which is currently 20% .

**5.21** If the contribution difference is incorporated into the Club credit, the CARE credit is calculated as follows:

$$\frac{\{MP \times [Fp\text{-send} + (sp\text{-p-send} \times Fwid\text{-send}) + (ls\text{-p-send} \times Fls\text{-send})] + CDCARE / (1 - T)\}}{[Fp\text{-rec} + (sp\text{-p-rec} \times Fwid\text{-rec}) + (ls\text{-p-rec} \times Fls\text{-rec})]}$$

**Benefits**

- MP member's pension\*
- sp-p-send spouses pension proportion in the sending scheme
- sp-p-rec spouses pension proportion in the receiving scheme
- ls-p-send lump sum proportion in the sending scheme (if applicable)
- ls-p-rec lump sum proportion in the receiving scheme (if applicable)
- CDCARE the contribution difference applying to CARE remediable service rights. Positive if the difference is due to be paid to the member and negative if the difference is due to be paid to the scheme.
- T The current basic rate/ Scottish Basic Rate of tax (as appropriate for the member). This is currently 20%

\* Revalued in accordance with the in-service revaluation of the sending scheme up to the guarantee date for the transfer (this figure is provided by the sending scheme).

**Factors**

- Fp-send factor for member's pension in the sending scheme
- Fwid-send factor for widow, widower's or partner's or civil partner's pension in the sending scheme
- Fp-rec factor for member's pension in the receiving scheme
- Fwid-rec factor for widow, widower's or partner's or civil partner's pension in the receiving scheme
- Fls-send factor for the lump sum in the sending scheme (if applicable)
- Fls-rec factor for the lump sum in the receiving scheme (if applicable)

The appropriate factor should be taken from the tables in force at the guarantee date, using the individual's age at the guarantee date.

**5.22** If the member subsequently transfers out from a scheme that incorporated the contribution difference into the Club credit, the transfer will be based on the Club credit awarded and not the original contribution difference. If the scheme maintained the contribution difference, then the transfer should allow for the difference and the information about the difference should be passed on to the new receiving scheme.

## Schemes with different in-service revaluation dates

**5.23** Inner Club transfers between two UK public service pension schemes with different in-service revaluation dates must not have a guarantee date from 1 to 5 April inclusive. The 12 month deadline for transferring set out in paragraph 4.1 should be extended if it would be passed as a result of postponing the transfer to avoid these dates.

The in-service revaluation dates for the public service Inner Club schemes are:

1 April	6 April
Teachers' Pension Scheme Civil Service Pension Scheme Armed Forces Pension Scheme Police Pension Scheme Firefighters' Pension Scheme	NHS Pension Scheme Local Government Pension Scheme

## **6 Transfers to Club schemes in the Channel Islands**

**6.1** Membership of the Club includes several schemes which are based in the Channel Islands and so are not contracted out of the State Earnings Related Pension Scheme or State Second Pension.

**6.2** The Contracting Out (Transfer & Transfer Payment) Regulations 1996 provide for the transfer of occupational pension rights to overseas schemes. Club transfers from UK-based schemes to Channel Islands schemes which are members of the Club will be covered by these requirements which in summary are:

- a the member consents;
- b the transferring scheme has taken reasonable steps to satisfy itself that the individual has entered employment to which the receiving scheme relates;
- c the member acknowledges that the receiving scheme is not subject to UK law and so is not obliged to provide benefits required under UK law;
- d that the sending scheme has satisfied itself that the individual has received a statement from the receiving scheme showing the benefits to be awarded in respect of the transfer payment, and conditions in which they could be forfeited or withheld; and
- e that the transfer value is at least equal to the cash equivalent value of the GMP.

**6.3** Sending schemes should follow their normal administrative procedures for transfers to overseas schemes, in line with the requirements of the legislation, including informing NISPI of the transfer of contracted-out rights as appropriate.

**6.4** Sending schemes may wish to ensure the member is aware that, though the liability for the contracted out rights will be transferred to the Channel Island scheme, that part of their benefits will no longer attract the protection which would have applied if the member's rights had remained in a UK scheme. The contracted out rights will no longer be separately identified so the protection on the GMP and Section 9(2B) element of the benefits will not be regained on a subsequent transfer back to a UK contracted out scheme.

**6.5** The transfer value from the sending scheme should be calculated in accordance with section 4 of this memorandum, in the same way as a normal Club transfer.

### **Inner Club transfers to or from a scheme based in the Channel Islands (or between any schemes with different annual uprating dates)**

**6.6** Inner Club transfers to and from schemes based in the Channel Islands require the sending scheme to make a further adjustment to reflect the fact that they apply their annual uprating in January (as opposed to April for schemes based in the UK). A

different adjustment is made for inner Club transfers between two public service pension schemes with different revaluation dates, described in paragraphs 5.24 to 5.29.

**NOTE:** The receiving scheme should check the adjustment calculation to ensure it is in line with their expectations.

**6.7** When calculating an inner Club transfer to or from a Channel Islands scheme, the sending scheme should first adjust the member's pension as follows:

$$MP \times (1+r)^{(\text{trs}-\text{tss})}$$

Where:

MP = the member's CARE pension account in the sending scheme (as defined in paragraph 5.13)

r = the revaluation rate (the last revaluation rate provided in the sending scheme)

trs = the time in years (to the nearest whole month) until the next revaluation in the receiving scheme

tss = the time in years (to the nearest whole month) until the next revaluation in the sending scheme

**6.8 Examples** - In all the following examples Scheme A uprates their pension pot on the 1 April and Scheme B uprates their pension pot on 1 January and they both have identical benefit structures. It is also assumed that the MP, as defined in paragraph 5.13, is £2,118.38 (to match Examples 4 and 5 in Annex 3). Also it is assumed that  $r = 3.5\%$  (which is based on inflation of 2% and a in-service revaluation rate of 'inflation + 1.5%'). The calculations show rounded figures, however, the results are based on the unrounded figures.

### Example 1

Transfer from Scheme A to Scheme B on 1 February 2024.

$$MP = \text{£}2,118.38$$

$$r = 3.5\%$$

$$x = 11/12 = 0.917 \text{ (1 January 2025 – 1 February 2024; in years rounded to the nearest month)}$$

$$y = 2/12 = 0.167 \text{ (1 April 2024 – 1 February 2024; in years rounded to the nearest month)}$$

$$\text{revised MP} = 2,118.38 \times 1.035^{(0.917 - 0.167)} = \text{£}2,173.75$$

## Example 2

Transfer from Scheme B to Scheme A on 1 March 2024.

$$\text{MP} = \text{£}2,118.38$$

$$r = 3.5\%$$

$$x = 1/12 = 0.083 \text{ (1 April 2024 – 1 March 2024; in years rounded to the nearest month)}$$

$$y = 10/12 = 0.833 \text{ (1 January 2025 – 1 March 2024; in years rounded to the nearest month)}$$

$$\text{revised MP} = 2,118.38 \times 1.035^{(0.083 - 0.833)} = \text{£}2,064.42$$

## Example 3

Transfer from Scheme B to Scheme A on 1 June 2024.

$$\text{MP} = \text{£}2,118.38$$

$$r = 3.5\%$$

$$x = 10/12 = 0.833 \text{ (1 April 2025 – 1 June 2024; in years rounded to the nearest month)}$$

$$y = 7/12 = 0.583 \text{ (1 January 2025 – 1 June 2024; in years rounded to the nearest month)}$$

$$\text{revised MP} = 2,118.38 \times 1.035^{(0.833 - 0.583)} = \text{£}2,136.68$$

## Transfers of remediable service to a scheme based in the Channel Islands

**6.9** A member transferring remediable service on a Club basis to a scheme based in the Channel Islands should be given the choice as to whether their remediable service should be transferred on a final salary outer Club terms or CARE inner Club terms. The transfer credits to be awarded on the two options could be provided to members to help them make their decision. Alternatively, the member could choose to transfer on non-Club terms.

**6.10** Sending schemes must revisit transfers of remediable service to Channel Island schemes that took place before this guidance came into force. The transfer amount must be revised, using the factors in force at the time of the recalculation. The guarantee date should be the same as the for the original transfer. Interest should be added to any additional payment required in line with HM Treasury Directions from the date of original payment to the date of top-up. The receiving Channel Island scheme may accept an additional transfer payment and revisit the credit that was awarded but this is not a requirement of Club membership. If the receiving scheme does not accept an additional transfer payment then the sending scheme must find an alternative method to remedy the discrimination against the member. In the rare case of the revised transfer credit or amount being smaller than the original, it may be appropriate for the sending scheme to waive or reduce the member's liability.



## 7 Other special provisions

### Use of standard tables ~ exceptions

7.1 Club schemes must use the standard Club tables appropriate to their scheme's Normal Pension Age (see note below). Only in exceptional circumstances will the use of special tables be permitted and these must be authorised by the Cabinet Office having taken actuarial advice.

NOTE: This memorandum includes, at Annex 1, tables for scheme with Normal Pension Ages of 60 and 65 - 68. Tables of factors for schemes with other NPAs are available on request from the Cabinet Office (see contact details in paragraph 8.1).

7.2 Special tables will **not** be issued to schemes which do not revalue benefits in line with the Pensions Increase Acts (i.e. fully in line with the Consumer Prices Index (CPI), both in deferment and in payment). For example, a Club scheme which revalues benefits using Limited Price Indexation must use the standard tables, **but** the deferred benefits used in the outgoing transfer value calculation should be increased in line with the scheme's normal increase provisions between the date pensionable service ceases and the guarantee date (see paragraph 4.8).

7.3 (paragraph deleted)

### Benefits payable before Normal Pension Age without full actuarial reduction

7.4 Club schemes may incorporate a provision for early retirement (other than ill health retirement) at the member's option on terms which are more generous than actuarially equivalent to the benefits otherwise paid at normal pension age. A scheme with such a rule should contact the Government Actuary's Department for advice on how to adjust their transfer credit pension accordingly. Where a member has bought out an early retirement option the transferring scheme may wish to convert the value of the buyout into scheme benefits at NPA (then the transfer would take place under standard Club terms). Alternative approaches would be acceptable under the Club rules, however any such approach would need to be agreed with the receiving scheme and the Club Secretariat.

7.4a An approach has been agreed for the Local Government Pension Scheme. Benefits (both final salary and CARE) can attract a Critical Retirement Age (where benefits are payable unreduced) prior to age 65 (subject to a minimum of age 60). Where this is the case, the sending LGPS Administering Authority will use conversion factors to convert the benefits (from that payable at CRA to an amount payable at age 65) and apply the Club factors for NPA of 65. The conversion factors are supplied by GAD to the LGPS within its extant Secretary of State guidance.

## **Transfer values where the GMP exceeds the scheme pension on service before 6 April 1997**

7.5 Advice on these cases is set out in Annex 4.

### **Commutation option**

7.6 In schemes where lump sums are only available following commutation of part of the member's pension, Club transfer values and service credits should normally be calculated with the commutation option ignored, i.e. value total pension before commutation, and no lump sum.

7.7 However, if a scheme is prepared to pay the greater of:

- (i) the transfer value calculated with the commutation ignored; and
- (ii) the transfer value calculated based on maximum permitted commutation;

then this is acceptable. Such schemes should deal with incoming transfers on a consistent basis. They would normally be expected to confirm to the member that, if the service credit is dependent on the commutation terms, the commutation terms in respect of transferred in service cannot be reduced.

### **Members with more than one period of service**

7.8 Where an individual has had more than one period of service with a Club scheme, and for whatever reason has not aggregated his/her benefits, separate Club transfers should be calculated for each period of non-aggregated service. However, the 5 year limit (see paragraph 4.4) will apply to the earlier service by reference to the period between the end of that period of service and the date they join the receiving scheme.

### **Transfer from Club schemes with a supplementary scheme**

7.9 Some Club schemes have a supplementary scheme which provides benefits additional to those in the main pension scheme. The receiving scheme should calculate the service credit using the combined amount of the transfer values paid from the main and supplementary schemes (but see paragraph 7.15 in respect of unregistered schemes).

7.10 A few Club schemes have a supplementary scheme with a wider definition of salary than is used in the main scheme. The sending scheme should convert the value of the supplementary pension scheme benefits into extra 'main scheme' benefits. It should calculate the salary which the member would have required under the main scheme to produce the same total transfer value on the reckonable service in the main scheme. The sending scheme will provide this 'notional' salary to the receiving scheme which will use this figure in calculating the service credits.

## **ECJ Rulings on equalisation of benefits**

**7.11** Section 63(6) of the Pensions Act 1995 requires all UK Occupational Pension Schemes to provide equal benefits for service from 17 May 1990. Those Club schemes which have confirmed to the Cabinet Office that their scheme benefits are equal for men and women for service from 17 May 1990, with the exception of GMPs, are indicated on the list of Club members (see 1.4). Such schemes are not expected to provide equalisation undertakings with individual Club transfers but receiving schemes may require other schemes to provide undertakings.

## **Schemes with different pension ages after equalisation**

**7.12** Some Club schemes may have different pension ages for service before and after their equalisation date. In such cases, the accrued benefits and the Club transfer value should be calculated separately in respect of each period of service, using the appropriate factors according to the pension age for each period. Service credits on receipt of a Club transfer should be calculated using the equalised pension age in the new scheme.

## **Impact of the earnings cap**

**7.13** The HM Revenue & Customs restrictions on pensionable earnings (the ‘earnings cap’) ceased from 6 April 2006. However, some schemes chose to retain a scheme specific limit on pensionable earnings. In order to maintain a consistent approach for Club transfers, any service which was (or potentially would have been) subject to a cap in the sending scheme should continue to be subject to the cap in the receiving scheme. Similarly, any service which would not have been subject to the cap in the sending scheme should remain uncapped in the receiving scheme.

**7.13a** Where the sending scheme continues to apply an earnings cap, the Club transfer value and service credit should be calculated where appropriate with regard to the Club Earnings Cap at the date of exit, rather than a scheme specific cap which might be marginally different. The Club Earnings Cap is notified annually to Club schemes and reflects the uprated earnings cap if it had not been dis-applied by the HMRC (e.g. £181,800 for 2022/23).

**7.14** Where a member is subject to an earnings cap on part of the accrued benefits in the sending scheme, then separate transfer values and service credits should be calculated in respect of the capped and uncapped service.

**7.15** Club arrangements do not apply to transfers from unregistered schemes e.g. ‘over the cap’ schemes.

## Pension sharing and divorce

**7.16 Outer Club transfers** – When a member has a **pension debit** following a pension sharing order the sending scheme should initially calculate a ‘gross’ Club transfer value that ignores the pension debit. The receiving scheme should use this gross transfer value to calculate the service credit thereby ensuring that the normal Club principles for transferring service are observed. A separate transfer value calculation is then made in respect of the pension debit. This pension debit calculation is used to convert the debit into a preserved pension debit in the new scheme. Where the two schemes are identical the preserved pension debit will be unchanged, but in other cases the debit should reflect the new scheme’s benefit structure and normal pension age. The transfer payment paid between the schemes is the gross transfer value less the pension debit transfer value.

**7.16a Inner Club transfers** – When a member has a **pension debit** following a pension sharing order the sending scheme again should initially calculate a ‘gross’ Club transfer value that ignores the pension debit. The receiving scheme should use this gross transfer value to calculate the transfer credit pension. A separate transfer value calculation is then made in respect of the pension debit. This pension debit calculation is used to convert the debit into a preserved transfer pension debit in the new scheme. Unlike the member’s transfer pension credit, the preserved transfer pension debit is uprated annually in the same way as a preserved pension (i.e. in line with Orders made under the Pensions (Increase) Act 1971). The transfer payment paid between the schemes is the gross transfer value less the pension debit transfer value.

**7.17** Where a scheme permits the transfer of pension credit benefits for a former spouse, the transfer should be calculated on a non-Club basis; these transfers do not form part of the normal Club arrangements.

### “Scheme pays” debits

**7.17a** Where the member has opted for “Scheme pays” in the sending Scheme to meet the cost of an annual allowance tax charge, the “scheme pays” debit is treated in the same way as a pension debit following a pension share.

## Part-time employees

**7.18 Outward Transfers.** The benefits of a scheme member who has been employed, wholly or partially, on a part-time basis should be calculated in accordance with the scheme’s own rules. The normal Club factors should then be applied to the member’s benefits (including any increase due since leaving the scheme) in order to calculate the Club transfer value. Where the member has final salary benefits in the sending scheme, the sending scheme should make available to the receiving scheme the member’s full-time equivalent rate of pensionable pay (after revaluation, if applicable) so the receiving scheme can calculate the service credit.

**7.19 Inward Transfers.** The receiving scheme should calculate the full-time equivalent final salary service credit using the member’s full-time pensionable pay in the sending scheme (or the equivalent where the member worked part time) after revaluation, if applicable. This transferred-in service would be applied to the member’s full-time

equivalent final pensionable pay when calculating benefits under the receiving scheme, then added to the benefits accrued by the individual whilst a member of the receiving scheme.

**7.20** *Irregular or unusual hours.* Care needs to be taken to prevent windfall gains or losses in cases where an individual will work, or has been working, on an occasional basis e.g. a Local Government Returning Officer, or where the hours for a full-time post fall below a normal working week e.g. a position requiring only five hours attendance a week. Further advice on these cases can be obtained from the contacts in chapter 9.

**7.21** *'Preston' cases.* In cases where a previously deferred member of a Club scheme has been granted additional service credit following a successful 'Preston' claim and applies for a transfer of those benefits to another Club scheme, the sending scheme should calculate the additional transfer value using current factors, relevant date and age and allowing for pensions increase. Given the background to these cases, it may not be possible for the member to comply with the time limits set out in paragraph 4.1 but it is hoped that receiving Club schemes would take a sympathetic approach to such cases.

## **Transfers to or from career average revalued earnings (CARE) schemes (other than between schemes that participate in the inner Club arrangements)**

**7.22** Other than those schemes that participate in the inner Club transfer arrangements, schemes that provide benefits on a 'career average revalued earnings' (CARE) basis cannot belong to the Club. This is because the primary purpose of the Club is to retain the final salary linkage of transferred benefits, which does not apply in a CARE scheme. However, some such schemes (for example PCSPS **nuvos** and those schemes that operate by similar rules to it) are willing to provide final salary benefits for service transferred in on outer Club terms, notwithstanding the fact that ongoing benefits in the scheme will accrue on a career average basis.

**7.22a** Paragraphs 7.23 to 7.24e do not apply to inner Club transfers.

**7.23** Club transfers to CARE schemes are calculated in exactly the same way as any other outer Club transfer out. The receiving CARE scheme converts the transfer value using Club factors into a reckonable service credit, which is used to provide final salary benefits when the member leaves the receiving scheme.

**7.24** Career average benefits transferred in from CARE schemes that participate in the Club are transferred on non-Club terms – this includes transfers from CARE schemes that participate in the inner Club to final salary schemes that only participate in the outer Club. However, if the member also has final salary benefits in that scheme (for example, from a previous Club transfer in), those will be transferred on outer Club terms.

**7.24a** Most CARE schemes that participate in the inner Club will have members who have linked service in their employer's previous final salary scheme. Any such linked service will be transferred on outer Club terms.

**7.24b** Some schemes that participate in the Club do not accept non-Club transfers in. If a member with mixed CARE (or Added Pension – see paragraphs 7.26 – 7.28) and final salary benefits wishes to take an outer Club transfer to such a scheme and that scheme will not accept the non-Club element, the member will have to either preserve the CARE/Added Pension benefits in the sending scheme (if it allows this), or transfer them to a separate pension arrangement (e.g. a personal pension).

**7.24c** If a member with remediable service wishes to transfer to a scheme that does not participate in the inner Club, all pre-2022 benefits will be transferred on a final salary basis. Where the CETV of CARE remedy service benefits is higher than the CETV of final salary remedy service benefits, then the additional amount will be transferred on a non-Club basis. If the receiving scheme does not accept non-Club transfers, then the sending scheme should calculate the residual CARE benefit to be retained by the sending scheme as advised by its scheme actuary. The sending scheme may instead pay the additional amount relating to remediable service direct to the member, subject to any deduction for tax required by HMRC. Post-2022 benefits will also be transferred on a non-Club basis (where accepted).

**7.24d** Sending schemes must revisit transfers of remediable service to schemes that do not participate in the inner club that took place before this guidance came into force. The transfer amount must be revised using the factors in force at the time of the original transfer to determine if any additional transfer payment is required to determine if any additional payment is required. The guarantee date should be the same as the for the original transfer. Interest should be added to any additional payment required in line with HM Treasury directions from the date of original payment to the date of top-up payment. Receiving schemes may accept an additional transfer payment and/ or revisit the credit that was awarded but this is not a requirement of Club membership. If the receiving scheme does not accept an additional transfer payment then the sending scheme must find an alternative method to remedy the discrimination against the member. In the rare case of the revised transfer amount or credit being smaller than the original, it may be appropriate for the sending scheme to waive or reduce the member's liability.

## **Concurrent employment with separate Club schemes**

**7.25** A situation may arise where an individual has concurrent employment covered by different Club schemes, and one of those employments comes to an end. As a general rule, they will not then be able to take a Club transfer of the benefits earned in respect of that employment into the Club scheme in which they continued to be an active member, unless they were still within their first 12 months since joining that scheme. The only exception would be if the individual were taking up an entirely separate job in the second Club scheme (i.e. one unrelated to their current job in that scheme) at the same time as they were leaving the job covered by the first Club scheme – e.g. an individual works Monday to Wednesday in a job covered by scheme A, and Thursday to Friday in a job covered by scheme B. If they resign from both jobs in order to take up an entirely new full-time job covered by scheme B, they may transfer their benefits from scheme A to scheme B, even if they have been in scheme B for more than 12 months.

## **Transfers which include Added Pension**

**7.26** Some schemes which participate in the Club allow members to buy Added Pension. Unlike ‘added years’ arrangements, where the member buys extra reckonable service, with Added Pension the member buys a specific amount of additional pension, which increases each year (typically in line with prices) both before they retire and also when in payment.

**7.27** When a member with Added Pension purchased under the final salary scheme takes an outer Club transfer to another scheme, the transfer value must be calculated by the sending scheme in two parts:

- the final salary element is calculated on outer Club terms; and
- the Added Pension element is calculated on non-Club terms.

**(NOTE: See also paragraph 7.24a)**

**7.28** The receiving scheme will convert the Club element of the transfer value into a reckonable service credit on a Club basis. If the receiving scheme has an Added Pension provision itself, it may choose to convert the Added Pension element of the transfer value into Added Pension in the receiving scheme\*. Alternatively, the Added Pension will be converted into a reckonable service credit on a non-Club basis.

(\* The Club does not provide actuarial factors for this purpose.)

**7.29** When a member with Added Pension purchased under one of the CARE schemes that participate in the inner Club arrangements takes an inner Club transfer to another inner Club scheme, how the Added Pension bought is treated depends on whether it provides benefits identical to the earned pension in the scheme. If the Added Pension provides identical benefits to the earned pension in the scheme (i.e. it provides for the same contingent survivor pensions, and the same in-service uprating methodology is applied to it), then the Added Pension is treated in the same way as earned pension in the CARE scheme and transferred under the inner Club arrangements. The receiving scheme should revalue the Added Pension credit in line with the in-service revaluation rate that applied to Added Pension in the sending scheme. If there are differences between the Added Pension and the earned pension in the scheme, the added pension should be transferred on a non-Club basis.

## **Members contributing to reinstate opted out service**

**7.30** If a member has outstanding contributions required to reinstate opted-out remediable service, the sending scheme should refer the case to the Club Secretariat for advice.

## **8 Annual Allowance tax charges following a Club transfer**

**8.1** It has been agreed with HMRC that, in itself a Club transfer is not to be deemed as a benefit enhancement for annual allowance purposes (therefore the annual allowance calculation should be adjusted to remove the enhanced effects of the transfer).

However, if the individual has changed salary then the difference in the value of the pension benefits between the old salary and the new salary should be allowed for in the annual allowance calculation.

**8.2** Similarly if the individual has benefited from enhanced CARE revaluation as a result of the transfer then this should also be allowed for in the annual allowance calculation (e.g. they were a deferred member of the transferring scheme and on the Club transfer they have benefitted from re-linking the accrued pension to in-service revaluation for the years they were a deferred member).



## 9 Contacts

9.1 The arrangements described in this memorandum should deal with most transfers which take place under the Club arrangements. Schemes requiring additional advice concerning the Club arrangements should contact:

(a) For general advice:

Colin Hennem  
Secretary to the Public Sector Transfer Club  
Cabinet Office  
Priestley House  
Priestley Road  
Basingstoke  
Hampshire  
RG24 9NW

tel: 01256 846131 (Mobile: 07542 227688)

e-mail: [Colin.Hennem@cabinetoffice.gov.uk](mailto:Colin.Hennem@cabinetoffice.gov.uk)

(b) James Pepler – for actuarial aspects and technical guidance  
Matt Wood – for actuarial aspects

Government Actuary's Department  
10 South Colonnade  
London  
E14 4PU

tel: 07971 085219

e-mail: [james.pepler@gad.gov.uk](mailto:james.pepler@gad.gov.uk)

tel: 07779 989443

e-mail: [matt.wood@gad.gov.uk](mailto:matt.wood@gad.gov.uk)

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## **Annex 1**

**A1.1** This Annex contains Club factors for schemes with Normal Pension Ages of 55, 60 and 65 - 70.

**Table 1** - Club factors for Males/Females with a Normal Pension Age of **55**

**Table 2** – Club factors for Males/Females with a Normal Pension Age of **60**

**Table 3** – Club factors for Males/Females with a Normal Pension Age of **65**

**Table 4** – Club factors for Males/Females with a Normal Pension Age of **66**

**Table 5** – Club factors for Males/Females with a Normal Pension Age of **67**

**Table 6** – Club factors for Males/Females with a Normal Pension Age of **68**

**Table 7** – Club factors for Males/Females with a Normal Pension Age of **69**

**Table 8** – Club factors for Males/Females with a Normal Pension Age of **70**

**Table 9** – CARE adjustment factors

**Table 1 – Club factors (on or after 1 October 2023) for Males/Females with a Normal Pension Age of 55**

<b>Age last birthday at relevant date</b>	<b>Gross Pension of £1 per annum</b>	<b>Lump Sum of £1</b>	<b>Surviving Partner's Pension of £1 pa</b>
16	13.80	0.51	1.31
17	14.01	0.52	1.33
18	14.23	0.53	1.35
19	14.44	0.54	1.37
20	14.67	0.55	1.39
21	14.89	0.56	1.41
22	15.12	0.57	1.44
23	15.35	0.58	1.46
24	15.59	0.59	1.48
25	15.82	0.60	1.50
26	16.07	0.61	1.52
27	16.31	0.62	1.55
28	16.57	0.63	1.57
29	16.82	0.64	1.59
30	17.08	0.65	1.61
31	17.34	0.66	1.63
32	17.61	0.67	1.65
33	17.88	0.68	1.68
34	18.16	0.70	1.70
35	18.44	0.71	1.72
36	18.73	0.72	1.74
37	19.02	0.73	1.76
38	19.32	0.74	1.78
39	19.62	0.76	1.80
40	19.93	0.77	1.82
41	20.24	0.78	1.84
42	20.56	0.80	1.86
43	20.88	0.81	1.88
44	21.21	0.83	1.90
45	21.55	0.84	1.91
46	21.90	0.86	1.93
47	22.25	0.87	1.95
48	22.61	0.89	1.96
49	22.97	0.90	1.97
50	23.35	0.92	1.99
51	23.73	0.94	2.00
52	24.12	0.95	2.01
53	24.53	0.97	2.02
54	24.94	0.99	2.03
55	24.85	1.00	2.05
56	24.27	1.00	2.06
57	23.68	1.00	2.08
58	23.08	1.00	2.09
59	22.48	1.00	2.11

<b>Age last birthday at relevant date</b>	<b>Gross Pension of £1 per annum</b>	<b>Lump Sum of £1</b>	<b>Surviving Partner's Pension of £1 pa</b>
60	21.87	1.00	2.12
61	21.25	1.00	2.13
62	20.63	1.00	2.14
63	20.01	1.00	2.15
64	19.38	1.00	2.15
65	18.75	1.00	2.16
66	18.11	1.00	2.16
67	17.47	1.00	2.16
68	16.83	1.00	2.16
69	16.19	1.00	2.15
70	15.54	1.00	2.15
71	14.90	1.00	2.14
72	14.27	1.00	2.13
73	13.63	1.00	2.12
74	13.01	1.00	2.10

**Table 2 – Club factors (on or after 1 October 2023) for Males/Females with a Normal Pension Age of 60**

<b>Age last birthday at relevant date</b>	<b>Gross Pension of £1 per annum</b>	<b>Lump Sum of £1</b>	<b>Surviving Partner's Pension of £1 pa</b>
16	11.36	0.47	1.33
17	11.53	0.48	1.35
18	11.70	0.48	1.37
19	11.87	0.49	1.39
20	12.05	0.50	1.41
21	12.23	0.51	1.44
22	12.41	0.52	1.46
23	12.60	0.53	1.48
24	12.79	0.53	1.50
25	12.98	0.54	1.52
26	13.17	0.55	1.55
27	13.37	0.56	1.57
28	13.57	0.57	1.59
29	13.78	0.58	1.62
30	13.98	0.59	1.64
31	14.19	0.60	1.66
32	14.41	0.61	1.68
33	14.63	0.62	1.71
34	14.85	0.63	1.73
35	15.07	0.64	1.75
36	15.30	0.66	1.77
37	15.53	0.67	1.79
38	15.77	0.68	1.81
39	16.01	0.69	1.83
40	16.25	0.70	1.85
41	16.50	0.71	1.87
42	16.75	0.73	1.89
43	17.01	0.74	1.91
44	17.27	0.75	1.93
45	17.54	0.77	1.95
46	17.81	0.78	1.97
47	18.09	0.79	1.98
48	18.38	0.81	2.00
49	18.67	0.82	2.02
50	18.96	0.84	2.03
51	19.27	0.85	2.04
52	19.58	0.87	2.06
53	19.89	0.88	2.07
54	20.22	0.90	2.08
55	20.55	0.92	2.09
56	20.90	0.93	2.10
57	21.25	0.95	2.10
58	21.61	0.97	2.11
59	21.99	0.99	2.11

<b>Age last birthday at relevant date</b>	<b>Gross Pension of £1 per annum</b>	<b>Lump Sum of £1</b>	<b>Surviving Partner's Pension of £1 pa</b>
60	21.87	1.00	2.12
61	21.25	1.00	2.13
62	20.63	1.00	2.14
63	20.01	1.00	2.15
64	19.38	1.00	2.15
65	18.75	1.00	2.16
66	18.11	1.00	2.16
67	17.47	1.00	2.16
68	16.83	1.00	2.16
69	16.19	1.00	2.15
70	15.54	1.00	2.15
71	14.90	1.00	2.14
72	14.27	1.00	2.13
73	13.63	1.00	2.12
74	13.01	1.00	2.10

**Table 3 – Club factors (on or after 1 October 2023) for Males/Females with a Normal Pension Age of 65**

<b>Age last birthday at relevant date</b>	<b>Gross Pension of £1 per annum</b>	<b>Lump Sum of £1</b>	<b>Surviving Partner's Pension of £1 pa</b>
16	9.13	0.43	1.35
17	9.26	0.43	1.38
18	9.40	0.44	1.40
19	9.53	0.45	1.42
20	9.67	0.45	1.44
21	9.81	0.46	1.47
22	9.95	0.47	1.49
23	10.10	0.48	1.51
24	10.25	0.49	1.54
25	10.39	0.49	1.56
26	10.54	0.50	1.58
27	10.70	0.51	1.61
28	10.85	0.52	1.63
29	11.01	0.53	1.65
30	11.17	0.54	1.68
31	11.33	0.55	1.70
32	11.50	0.56	1.72
33	11.67	0.56	1.75
34	11.84	0.57	1.77
35	12.01	0.58	1.79
36	12.19	0.59	1.82
37	12.36	0.60	1.84
38	12.55	0.61	1.86
39	12.73	0.63	1.88
40	12.92	0.64	1.90
41	13.11	0.65	1.93
42	13.30	0.66	1.95
43	13.50	0.67	1.97
44	13.70	0.68	1.99
45	13.91	0.69	2.01
46	14.11	0.71	2.02
47	14.33	0.72	2.04
48	14.54	0.73	2.06
49	14.77	0.74	2.08
50	14.99	0.76	2.09
51	15.22	0.77	2.11
52	15.46	0.78	2.12
53	15.70	0.80	2.13
54	15.95	0.81	2.14
55	16.20	0.83	2.15
56	16.46	0.84	2.16
57	16.73	0.86	2.17
58	17.01	0.88	2.18
59	17.29	0.89	2.18

<b>Age last birthday at relevant date</b>	<b>Gross Pension of £1 per annum</b>	<b>Lump Sum of £1</b>	<b>Surviving Partner's Pension of £1 pa</b>
60	17.59	0.91	2.18
61	17.89	0.93	2.18
62	18.21	0.95	2.18
63	18.54	0.97	2.17
64	18.89	0.99	2.16
65	18.75	1.00	2.16
66	18.11	1.00	2.16
67	17.47	1.00	2.16
68	16.83	1.00	2.16
69	16.19	1.00	2.15
70	15.54	1.00	2.15
71	14.90	1.00	2.14
72	14.27	1.00	2.13
73	13.63	1.00	2.12
74	13.01	1.00	2.10



**Table 4 – Club factors (on or after 1 October 2023) for Males/Females with a Normal Pension Age of 66**

<b>Age last birthday at relevant date</b>	<b>Gross Pension of £1 per annum</b>	<b>Lump Sum of £1</b>	<b>Surviving Partner's Pension of £1 pa</b>
16	8.71	0.42	1.36
17	8.84	0.42	1.38
18	8.96	0.43	1.40
19	9.09	0.44	1.43
20	9.22	0.45	1.45
21	9.36	0.45	1.47
22	9.49	0.46	1.50
23	9.63	0.47	1.52
24	9.77	0.48	1.54
25	9.91	0.48	1.57
26	10.05	0.49	1.59
27	10.19	0.50	1.62
28	10.34	0.51	1.64
29	10.49	0.52	1.66
30	10.64	0.53	1.69
31	10.79	0.53	1.71
32	10.95	0.54	1.73
33	11.11	0.55	1.76
34	11.27	0.56	1.78
35	11.43	0.57	1.80
36	11.60	0.58	1.83
37	11.77	0.59	1.85
38	11.94	0.60	1.87
39	12.11	0.61	1.89
40	12.29	0.62	1.92
41	12.47	0.63	1.94
42	12.65	0.64	1.96
43	12.84	0.66	1.98
44	13.03	0.67	2.00
45	13.22	0.68	2.02
46	13.42	0.69	2.04
47	13.62	0.70	2.06
48	13.82	0.72	2.07
49	14.03	0.73	2.09
50	14.25	0.74	2.11
51	14.46	0.75	2.12
52	14.69	0.77	2.13
53	14.91	0.78	2.15
54	15.15	0.80	2.16
55	15.39	0.81	2.17
56	15.63	0.83	2.18
57	15.88	0.84	2.19
58	16.14	0.86	2.19
59	16.41	0.87	2.20

<b>Age last birthday at relevant date</b>	<b>Gross Pension of £1 per annum</b>	<b>Lump Sum of £1</b>	<b>Surviving Partner's Pension of £1 pa</b>
60	16.69	0.89	2.20
61	16.98	0.91	2.20
62	17.28	0.93	2.19
63	17.59	0.95	2.19
64	17.91	0.97	2.18
65	18.26	0.99	2.17
66	18.11	1.00	2.16
67	17.47	1.00	2.16
68	16.83	1.00	2.16
69	16.19	1.00	2.15
70	15.54	1.00	2.15
71	14.90	1.00	2.14
72	14.27	1.00	2.13
73	13.63	1.00	2.12
74	13.01	1.00	2.10

**Table 5 – Club Factors (on or after 1 October 2023) for Males/Females with a Normal Pension Age of 67**

<b>Age last birthday at relevant date</b>	<b>Gross Pension of £1 per annum</b>	<b>Lump Sum of £1</b>	<b>Surviving Partner's Pension of £1 pa</b>
16	8.30	0.41	1.37
17	8.42	0.42	1.39
18	8.54	0.42	1.41
19	8.66	0.43	1.43
20	8.78	0.44	1.46
21	8.91	0.44	1.48
22	9.04	0.45	1.50
23	9.17	0.46	1.53
24	9.30	0.47	1.55
25	9.43	0.47	1.58
26	9.56	0.48	1.60
27	9.70	0.49	1.62
28	9.84	0.50	1.65
29	9.98	0.51	1.67
30	10.12	0.52	1.70
31	10.27	0.52	1.72
32	10.41	0.53	1.74
33	10.56	0.54	1.77
34	10.72	0.55	1.79
35	10.87	0.56	1.82
36	11.03	0.57	1.84
37	11.18	0.58	1.86
38	11.35	0.59	1.88
39	11.51	0.60	1.91
40	11.68	0.61	1.93
41	11.85	0.62	1.95
42	12.02	0.63	1.97
43	12.19	0.64	1.99
44	12.37	0.65	2.01
45	12.55	0.66	2.03
46	12.74	0.68	2.05
47	12.93	0.69	2.07
48	13.12	0.70	2.09
49	13.32	0.71	2.11
50	13.52	0.73	2.12
51	13.72	0.74	2.14
52	13.93	0.75	2.15
53	14.14	0.77	2.17
54	14.36	0.78	2.18
55	14.59	0.79	2.19
56	14.82	0.81	2.20
57	15.05	0.82	2.21
58	15.30	0.84	2.21
59	15.55	0.86	2.22

<b>Age last birthday at relevant date</b>	<b>Gross Pension of £1 per annum</b>	<b>Lump Sum of £1</b>	<b>Surviving Partner's Pension of £1 pa</b>
60	15.81	0.87	2.22
61	16.08	0.89	2.22
62	16.36	0.91	2.21
63	16.65	0.93	2.21
64	16.96	0.95	2.20
65	17.28	0.97	2.18
66	17.62	0.99	2.17
67	17.47	1.00	2.16
68	16.83	1.00	2.16
69	16.19	1.00	2.15
70	15.54	1.00	2.15
71	14.90	1.00	2.14
72	14.27	1.00	2.13
73	13.63	1.00	2.12
74	13.01	1.00	2.10

**Table 6 – Club Factors (on or after 1 October 2023) for Males/Females with a Normal Pension Age of 68**

<b>Age last birthday at relevant date</b>	<b>Gross Pension of £1 per annum</b>	<b>Lump Sum of £1</b>	<b>Surviving Partner's Pension of £1 pa</b>
16	7.90	0.40	1.37
17	8.01	0.41	1.40
18	8.12	0.41	1.42
19	8.24	0.42	1.44
20	8.35	0.43	1.47
21	8.47	0.43	1.49
22	8.59	0.44	1.51
23	8.71	0.45	1.54
24	8.84	0.46	1.56
25	8.96	0.46	1.59
26	9.09	0.47	1.61
27	9.22	0.48	1.64
28	9.35	0.49	1.66
29	9.48	0.50	1.68
30	9.61	0.50	1.71
31	9.75	0.51	1.73
32	9.89	0.52	1.76
33	10.03	0.53	1.78
34	10.17	0.54	1.80
35	10.32	0.55	1.83
36	10.46	0.56	1.85
37	10.61	0.57	1.87
38	10.76	0.58	1.90
39	10.92	0.59	1.92
40	11.08	0.60	1.94
41	11.23	0.61	1.97
42	11.40	0.62	1.99
43	11.56	0.63	2.01
44	11.73	0.64	2.03
45	11.90	0.65	2.05
46	12.07	0.66	2.07
47	12.25	0.67	2.09
48	12.43	0.68	2.11
49	12.61	0.70	2.12
50	12.80	0.71	2.14
51	12.99	0.72	2.16
52	13.19	0.74	2.17
53	13.39	0.75	2.18
54	13.60	0.76	2.20
55	13.81	0.78	2.21
56	14.02	0.79	2.22
57	14.24	0.81	2.23
58	14.47	0.82	2.23

<b>Age last birthday at relevant date</b>	<b>Gross Pension of £1 per annum</b>	<b>Lump Sum of £1</b>	<b>Surviving Partner's Pension of £1 pa</b>
59	14.71	0.84	2.24
60	14.95	0.85	2.24
61	15.21	0.87	2.24
62	15.47	0.89	2.23
63	15.74	0.91	2.23
64	16.03	0.93	2.22
65	16.33	0.95	2.21
66	16.65	0.97	2.19
67	16.98	0.99	2.17
68	16.83	1.00	2.16
69	16.19	1.00	2.15
70	15.54	1.00	2.15
71	14.90	1.00	2.14
72	14.27	1.00	2.13
73	13.63	1.00	2.12
74	13.01	1.00	2.10

**Table 7 – Club Factors (on or after 1 October 2023) for Males/Females with a Normal Pension Age of 69**

<b>Age last birthday at relevant date</b>	<b>Gross Pension of £1 per annum</b>	<b>Lump Sum of £1</b>	<b>Surviving Partner's Pension of £1 pa</b>
16	7.50	0.39	1.38
17	7.61	0.40	1.41
18	7.71	0.41	1.43
19	7.82	0.41	1.45
20	7.93	0.42	1.48
21	8.04	0.43	1.50
22	8.16	0.43	1.52
23	8.27	0.44	1.55
24	8.39	0.45	1.57
25	8.50	0.45	1.60
26	8.62	0.46	1.62
27	8.74	0.47	1.65
28	8.87	0.48	1.67
29	8.99	0.49	1.70
30	9.12	0.49	1.72
31	9.25	0.50	1.74
32	9.38	0.51	1.77
33	9.51	0.52	1.79
34	9.64	0.53	1.82
35	9.78	0.54	1.84
36	9.91	0.55	1.87
37	10.05	0.56	1.89
38	10.20	0.56	1.91
39	10.34	0.57	1.94
40	10.49	0.58	1.96
41	10.64	0.59	1.98
42	10.79	0.60	2.00
43	10.94	0.61	2.03
44	11.10	0.63	2.05
45	11.26	0.64	2.07
46	11.42	0.65	2.09
47	11.59	0.66	2.11
48	11.76	0.67	2.13
49	11.93	0.68	2.14
50	12.10	0.69	2.16
51	12.28	0.71	2.18
52	12.47	0.72	2.19
53	12.65	0.73	2.20
54	12.85	0.75	2.22
55	13.04	0.76	2.23
56	13.24	0.77	2.24
57	13.45	0.79	2.25
58	13.67	0.80	2.25
59	13.89	0.82	2.26

<b>Age last birthday at relevant date</b>	<b>Gross Pension of £1 per annum</b>	<b>Lump Sum of £1</b>	<b>Surviving Partner's Pension of £1 pa</b>
60	14.12	0.83	2.26
61	14.35	0.85	2.26
62	14.60	0.87	2.26
63	14.85	0.89	2.25
64	15.12	0.90	2.24
65	15.40	0.92	2.23
66	15.70	0.94	2.21
67	16.01	0.97	2.19
68	16.34	0.99	2.17
69	16.19	1.00	2.15
70	15.54	1.00	2.15
71	14.90	1.00	2.14
72	14.27	1.00	2.13
73	13.63	1.00	2.12
74	13.01	1.00	2.10



**Table 8 – Club Factors (on or after 1 October 2023) for Males/Females with a Normal Pension Age of 70**

<b>Age last birthday at relevant date</b>	<b>Gross Pension of £1 per annum</b>	<b>Lump Sum of £1</b>	<b>Surviving Partner's Pension of £1 pa</b>
16	7.12	0.38	1.39
17	7.21	0.39	1.41
18	7.32	0.40	1.44
19	7.42	0.40	1.46
20	7.52	0.41	1.49
21	7.62	0.42	1.51
22	7.73	0.42	1.53
23	7.84	0.43	1.56
24	7.95	0.44	1.58
25	8.06	0.45	1.61
26	8.17	0.45	1.63
27	8.28	0.46	1.66
28	8.40	0.47	1.68
29	8.51	0.48	1.71
30	8.63	0.48	1.73
31	8.75	0.49	1.76
32	8.87	0.50	1.78
33	9.00	0.51	1.81
34	9.12	0.52	1.83
35	9.25	0.53	1.86
36	9.38	0.53	1.88
37	9.51	0.54	1.90
38	9.64	0.55	1.93
39	9.78	0.56	1.95
40	9.91	0.57	1.98
41	10.05	0.58	2.00
42	10.19	0.59	2.02
43	10.34	0.60	2.04
44	10.49	0.61	2.07
45	10.63	0.62	2.09
46	10.79	0.63	2.11
47	10.94	0.64	2.13
48	11.10	0.65	2.15
49	11.26	0.67	2.16
50	11.42	0.68	2.18
51	11.59	0.69	2.20
52	11.76	0.70	2.21
53	11.94	0.71	2.23
54	12.12	0.73	2.24
55	12.30	0.74	2.25
56	12.49	0.75	2.26
57	12.68	0.77	2.27
58	12.88	0.78	2.28
59	13.08	0.80	2.28

<b>Age last birthday at relevant date</b>	<b>Gross Pension of £1 per annum</b>	<b>Lump Sum of £1</b>	<b>Surviving Partner's Pension of £1 pa</b>
60	13.30	0.81	2.28
61	13.52	0.83	2.28
62	13.75	0.85	2.28
63	13.99	0.86	2.28
64	14.24	0.88	2.27
65	14.50	0.90	2.25
66	14.77	0.92	2.24
67	15.06	0.94	2.22
68	15.37	0.96	2.19
69	15.70	0.99	2.17
70	15.54	1.00	2.15
71	14.90	1.00	2.14
72	14.27	1.00	2.13
73	13.63	1.00	2.12
74	13.01	1.00	2.10

**Table 9 – CARE adjustment factors (on or after 1 October 2023)**

<b>Complete years to NPA</b>	<b>Adjustment factor – Inflation + 1% pa</b>	<b>Adjustment factor – Inflation + 1.25% pa</b>	<b>Adjustment factor – Inflation + 1.5% pa</b>	<b>Adjustment factor – Inflation + 1.6% pa</b>	<b>Adjustment factor – Earnings</b>
0	1.010	1.013	1.015	1.016	1.018
1	1.014	1.017	1.021	1.022	1.025
2	1.018	1.023	1.027	1.029	1.033
3	1.023	1.028	1.034	1.036	1.041
4	1.027	1.034	1.041	1.044	1.049
5	1.032	1.040	1.048	1.051	1.058
6	1.036	1.046	1.055	1.059	1.066
7	1.041	1.052	1.062	1.067	1.075
8	1.046	1.058	1.070	1.074	1.084
9	1.051	1.064	1.077	1.083	1.093
10	1.056	1.070	1.085	1.091	1.103
11	1.061	1.077	1.093	1.099	1.112
12	1.066	1.083	1.101	1.108	1.122
13	1.071	1.090	1.109	1.116	1.132
14	1.076	1.096	1.117	1.125	1.141
15	1.082	1.103	1.125	1.134	1.151
16	1.087	1.110	1.133	1.142	1.161
17	1.092	1.116	1.141	1.151	1.172
18	1.097	1.123	1.150	1.160	1.182
19	1.103	1.130	1.158	1.169	1.192
20	1.108	1.137	1.166	1.178	1.203
21	1.114	1.144	1.175	1.187	1.213
22	1.119	1.151	1.183	1.197	1.224
23	1.124	1.158	1.192	1.206	1.234
24	1.130	1.165	1.201	1.215	1.245
25	1.135	1.172	1.209	1.225	1.256
26	1.141	1.179	1.218	1.234	1.267
27	1.146	1.186	1.227	1.244	1.278
28	1.152	1.193	1.236	1.253	1.289
29	1.157	1.200	1.245	1.263	1.300
30	1.163	1.208	1.254	1.273	1.312
31	1.169	1.215	1.263	1.283	1.323
32	1.174	1.222	1.272	1.292	1.334
33	1.180	1.229	1.281	1.302	1.346
34	1.185	1.237	1.290	1.312	1.357
35	1.191	1.244	1.300	1.322	1.369
36	1.197	1.252	1.309	1.332	1.381
37	1.202	1.259	1.318	1.343	1.393
38	1.208	1.267	1.328	1.353	1.405
39	1.214	1.274	1.337	1.363	1.417
40	1.220	1.282	1.347	1.373	1.429
41	1.225	1.289	1.356	1.384	1.441

<b>Complete years to NPA</b>	<b>Adjustment factor – Inflation + 1% pa</b>	<b>Adjustment factor – Inflation + 1.25% pa</b>	<b>Adjustment factor – Inflation + 1.5% pa</b>	<b>Adjustment factor – Inflation + 1.6% pa</b>	<b>Adjustment factor – Earnings</b>
42	1.231	1.297	1.366	1.394	1.453
43	1.237	1.304	1.375	1.405	1.465
44	1.243	1.312	1.385	1.415	1.477
45	1.248	1.319	1.394	1.425	1.490
46	1.254	1.327	1.404	1.436	1.502
47	1.260	1.334	1.413	1.446	1.514
48	1.265	1.341	1.422	1.456	1.525
49	1.271	1.349	1.431	1.466	1.537
50	1.276	1.356	1.441	1.476	1.549
51	1.282	1.363	1.450	1.486	1.562
52	1.287	1.371	1.460	1.497	1.574
53	1.293	1.378	1.469	1.507	1.586
54	1.298	1.386	1.479	1.518	1.599
55	1.304	1.393	1.488	1.528	1.611

## Annex 2

### Actuarial assumptions

**A2.1** The principal assumptions underlying the calculation of the actuarial factors for individual transfers between occupational pension schemes which participate in the Public Sector Transfer Club are as follows:

#### a. Financial Assumptions

- i) The financial assumptions are taken from Her Majesty's Treasury (HMT) guidance note issued in April 2023 regarding the discount rates to be used for Cash Equivalent Transfer Values (CETVs) from public sector pension schemes.
- ii) This updated the previous HMT guidance note issued in November 2018 following the change in the SCAPE discount rate.
- iii) The Cabinet Office in its role as Club Secretary has agreed that the same discount rate assumption (the rate in respect of benefit which will be increased under the Pensions (Increase) Act 1971) should be used for transfers within the Public Sector Transfer Club.
- iv) All benefits, pre and post retirement, are assumed to be fully linked to the change in the Consumer Prices Index (CPI).
- v) The discount rate used is 1.7% p.a. This can be considered to be the real (i.e. net of prices) discount rate.
- vi) There are no allowances for Guaranteed Minimum Pension benefits increasing at a different rate to fully linked to the change in CPI. Whilst this is not in accordance with HMT's note, Cabinet Office have agreed to this approach to simplify the Club factors.

#### b. Demographic Assumptions

- i) The demographic assumptions used are not stipulated by HMT in guidance but have been considered to be appropriate by the Cabinet Office having taken the advice of GAD.
- ii) The post retirement mortality tables used are the S3 "Normal Amounts" tables released by the Continuous Mortality Investigation Bureau of the Institute and Faculty of Actuaries. These are based on data provided by Self-Administered Pension Schemes (SAPS) between 2009 and 2016. Male and female members are assumed to have mortality rates 100% and 105%, respectively of the normal health standard tables. Female and male dependants are assumed to have mortality rates of 90% and 95%, respectively, of the standard dependant tables.

iii) Historic mortality improvement until 2020 has been allowed for in line with improvement experienced in the general population until 2020. Future mortality improvement is assumed to be in line with ONS central projections based on 2020 data.

iv) The assumptions for the proportion of pensioner deaths leading to spouse/partner's pensions have been based on studies of public sector scheme data, with allowance for benefits payable to spouses, civil partners and unmarried partners. 75% of male members and 60% of female members at retirement are assumed to have a spouse or partner eligible for a contingent spouse/partner's pension.

v) Dependants of male members are assumed to be three years younger than them and dependants of female members are assumed to be two years older.

vi) 40% of members are assumed to be male and 60% female.

**c. Other**

i) No allowance has been made for commutation of pension for cash where permitted.

ii) No explicit allowance is made for expenses.

iii) No allowance has been made for any discretionary benefits or National Insurance modification.

iv) For the Earnings CARE Adjustment Factors the gap between CPI and Earnings is assumed to be 1.8% p.a.

Government Actuary's Department  
September 2023

## Annex 3

### Example 1

Example of a cash equivalent transfer value payable by an outer Club scheme (i.e. final salary) with a normal pension age of 60.

Officer's name: Ms A

#### a General information

i	Date of birth	1 January 1972
ii	Officer's normal pension age	60
iii	Reckonable service (1/4/96 - 30/3/22)	26 years
iv	Qualifying service (1/4/96 - 30/3/22)	26 years
v	Pensionable pay	£30,000
vi	Guarantee date	1 October 2019
vii	Age last birthday at the guarantee date	51
viii	Pensions increase	n/a

#### b Preserved benefits

	Total	
Pension	£9,750.00 p.a.	
Lump sum	£29,250.00	
Spouse's pension	£4,875.00 p.a.	.

**c Calculation of the total transfer value**

	Benefits		Factor*	
Gross member's pension	= £9,750.00	x	19.27	= £187,882.50
Net lump sum	= £29,250.00	x	0.85	= £24,862.50
Spouse's pension	= £4,875.00	x	2.04	= £9,945.00
= £222,690.00 Add pensions increase (if applicable)				
	= $\frac{\%}{100} \times A$			= 0.00
	100			_____
(alternatively P.I. multiplier x A) =				£222,690.00
				= Transfer value payable

\* Factors for age 51 from the pension age 60 table



## Annex 3

### Example 2

Example of a service credit for an outer Club scheme (i.e. final salary) with a normal pension age of 60.

Officer's name: Ms A

#### **a Information required for the calculation (from the sending scheme)**

1	Date of birth	1 January 1972
2	Guarantee date	1 October 2023 (age 51)
3	Pensionable pay at guarantee date (para 5.8)	£30,000
4	Club transfer value	£222,690.00

\* Factors for age 51 from the Normal Pension Age 60 table

## **b Calculation of sum required to purchase one year's reckonable service**

Note. This example assumes that the receiving scheme has a pension age of 60 and provides a pension of 1/80th of pay per year of service, a fixed lump sum of 3 times the pension and a contingent spouse's pension of half the member's pension.

The formula for such a scheme is:

$$\frac{PP}{80} \times (Fp + 3 \times Fls + \frac{Fcwp}{2})$$

where:

PP = Pensionable pay in the sending scheme

Fp = Appropriate factor for pension

Fls = Appropriate factor for lump sum

Fcwp = Appropriate factor for contingent spouse's pension

$$\text{So cost of one year's credit} = \pounds 30,000/80 \times (19.27 + (3 \times 0.85) + (2.04/2))$$

(using factors for age 51 from the male Normal Pension Age 60 table)

$$= \pounds 375.00 \times 22.84$$

$$= \pounds 8,565.00$$

## **c Calculation of the total reckonable service credit**

$$= \frac{\pounds 222,690.00}{\pounds 8,565.00} = 26.0000 \text{ years (to 4 decimal places)}$$

$$= \mathbf{26 \text{ years } 0 \text{ days}}$$

(This is the same as his reckonable service in his previous scheme because both schemes have the same benefit design and retirement age.)

## Annex 3

### Example 3

#### The application of pensions increase (outer Club transfer)

Where a transfer value is to be updated by the addition of pensions increase, the calculation will normally be carried out as follows. This example assumes pensions increases of 4.3% (equivalent to a P.I. multiplier factor of 1.0430) between leaving service and the guarantee date.

	Benefits	Factor*	
Gross member's pension	= £9,750.00	x 19.27	= £187,882.50
Net lump sum	= £29,250.00	x 0.85	= £24,862.50
Spouse's pension	= £4,875.00	x 2.04	= <u>£9,945.00</u>
			= £222,690.00 = A
Add pensions increase (if applicable)			
= $\frac{\%}{100} \times A$	= $\frac{4.3}{100} \times £222,690.00$		= <u>£9,575.67</u>
(alternatively, $1.0430 \times £222,690.00 = £232,265.67$ )			
			= £232,265.67
			= Transfer value payable

When calculating the reckonable service credit, the new scheme will apply the same PI factor to the pensionable pay figure used by sending scheme to calculate the transfer.

If the sending scheme used a basic pensionable pay figure of £30,000, the new scheme will use a figure of:

$$£30,000 \times 1.0430 = £31,290 \text{ in its calculation of the service credit.}$$

\* Factors for age 51 from the Normal Pension Age 60 table.

## Annex 3

### Example 4

#### Inner Club (i.e. CARE) transfer value calculation:

Officer's name: Mr B

##### a General information

i	Date of birth	14 March 1976
ii	State pension age	67
iii	Guarantee date	11 October 2023
iv.	Age at guarantee date	47

##### b Preserved benefits

i	Pension (revalued in accordance with the <u>deferred</u> revaluation of the sending scheme up to the guarantee date for the transfer)	£2,098.27
ii	Pension (revalued in accordance with the <u>in-service</u> revaluation of the sending scheme up to the guarantee date for the transfer)	£2,118.38

##### c Sending Scheme details

i	Automatic lump sum	None
ii	Spouses proportion	37.5%
iii	Normal pension age	SPA
iv	In-service revaluation rate	Inflation + 1.5%
v	Deferred revaluation	Inflation

##### d Receiving scheme details

i	Automatic lump sum	None
ii	Spouses proportion	37.5%
iii	Normal pension age	SPA
iv	In-service revaluation rate	Inflation + 1.5%

$$\text{Member's Pension (MP)} = \text{£}2,098.27$$

$$\text{Lump Sum (LS)} = 2,098.27 \times 0 = \text{£}0$$

$$\text{Contingent spouse's pension (CWP)} = 2,098.27 \times 0.375 = \text{£}786.85$$

$$F_p = 12.93$$

$$F_{wid} = 2.07$$

$$\text{Club transfer value (before adjustment)} = (\text{£}2,098.27 \times 12.93) + (\text{£}786.85 \times 2.07) = \text{£}27,130.63 + \text{£}1,628.78 = \text{£}28,759.41$$

Complete years to sending scheme's NPA\* = 19  
\*from the guarantee date

CARE adjustment factor = 1.158

Club transfer value = £28,759.41 x 1.158 = **£33,303.40**

## Annex 3

### Example 4 (b) Inner Club (i.e. CARE) transfer value calculation:

Officer's name: Mr B

#### a General information

- i Date of birth 14 March 1976
- ii State pension age 67
- iii Guarantee date 11/10/2023
- iv. Age at guarantee date 47

#### b Preserved benefits

- i Pension (revalued in accordance with the deferred revaluation of the sending scheme up to the guarantee date for the transfer) £2,098.27
- ii Total Pension (revalued in accordance with the in-service revaluation of the sending scheme up to the guarantee date for the transfer) £2,118.38,

#### c Preserved benefits previously transferred in to the sending scheme:

- i Pension (revalued in accordance with the deferred revaluation of the sending scheme up to the guarantee date for the transfer) £1,209.71
- ii Pension (revalued in accordance with the in-service revaluation of the previous scheme up to the guarantee date for the transfer) £1,350.24

#### c Sending Scheme details

- i Automatic lump sum None
- ii Spouses proportion 37.5%
- iii Normal pension age SPA
- iv In-service revaluation rate Inflation + 1.5%
- v Previous transfer in-service revaluation rate Inflation +1.6%
- vi Deferred revaluation Inflation

#### d Receiving scheme details

- i Automatic lump sum None
- ii Spouses proportion 30.625%
- iii Normal pension age SPA
- iv In-service revaluation rate Inflation + 0%

#### Accrued in sending scheme

Member's Pension (MP) = £2,098.27

Lump Sum (LS) = 2,098.27 x 0 = £0

Contingent spouse's pension (CWP) = 2,098.27 x 0.375 = £786.85

#### Previously transferred in to the sending scheme

Member's Pension (MP) = £1,209.71

Lump Sum (LS) = 1,209.71 x 0 = £0

Contingent spouse's pension (CWP) = 1,209.71 x 0.375 = £453.64

Fp = 12.93 Fwid = 2.07

Club transfer value of pension accrued in sending scheme

$$\begin{aligned} &= (£2,098.27 \times 12.93) + (£786.85 \times 2.07) \\ \text{(before adjustment)} &= £27,130.63 + £1,628.78 \\ &= £28,759.41 \end{aligned}$$

$$\begin{aligned} \text{Club transfer value of previous transfer-in} &= (£1,209.71 \times 12.93) + (£453.64 \times 2.07) \\ \text{(before adjustment)} &= £15,641.55 + £939.03 \\ &= £16,580.58 \end{aligned}$$

Complete years to sending scheme's NPA\* = 19  
\*from the guarantee date

CARE adjustment factor for revaluation rate inflation + 1.5% = 1.158

CARE adjustment factor for revaluation rate inflation + 1.6% = 1.169

$$\begin{aligned} \text{Total Club transfer value} &= £28,759.41 \times 1.158 + £16,580.58 \times 1.169 \\ &= £33,303.40 + £19,382.70 \\ &= £52,686.10 \end{aligned}$$

## Annex 3

### Example 5

**Inner Club (i.e. CARE) transfer credit using the details from example 4 (above):**

$$\begin{aligned} & \text{£}2,118.38 \times [12.93 + (0.375 \times 2.07) + (0)] / [12.93 + (0.375 \times 2.07) + (0)] \\ & = \text{£}2,118.38 \times [12.93 + 0.7763 + 0] / [12.93 + 0.7763 + 0] \\ & = \text{£}2,118.38 \times 13.7063/13.7063 = \text{£}2,118.38 \end{aligned}$$

### Example 5 (b)

**Inner Club (i.e. CARE) transfer credit using the details from example 4(b) (above):**

$$\begin{aligned} & \text{Club transfer credit (accrued pension)} = \\ & \text{£}2,118.38 \times [12.93 + (0.375 \times 2.07) + (0)] / [12.93 + (0.30625 \times 2.07) + (0)] \\ & = \text{£}2,118.38 \times [12.93 + 0.7763 + 0] / [12.93 + 0.6339 + 0] \\ & = \text{£}2,118.38 \times 13.7063/13.5639 = \text{£}2,140.62 \end{aligned}$$

$$\begin{aligned} & \text{Club transfer credit (previous transfer in)} \\ & = \text{£}1,350.24 \times [12.93 + (0.375 \times 2.07) + (0)] / [12.93 + (0.30625 \times 2.07) + (0)] \\ & = \text{£}1,350.24 \times [12.93 + 0.7763 + 0] / [12.93 + 0.6339 + 0] \\ & = \text{£}1,350.24 \times 13.7063/13.5639 = \text{£}1,364.42 \end{aligned}$$



## Example 6

Example of a remediable service credit calculation for a transfer to another remedy scheme.

Officer's name: Ms C

### a General information

i	Date of birth	1 January 1972
ii	Officer's normal pension age	60
iii	Pre-remedy reckonable service (1/4/93 – 31/3/2015)	26 years
iv	Remediable final salary reckonable service (1/4/2015 – 31/3/2022)	6 years (this member worked part-time)
v	Pensionable pay	£30,000
vi	Guarantee date	1 October 2023
vii	Age last birthday at the guarantee date	51
viii	CARE revaluation	CPI
ix	State pension age	67 years

### b Preserved benefits

Pre-remedy final salary pension	£9,750.00 p.a.
Remediable service final salary pension	£2,250.00 p.a.
Pre-remedy lump sum	£29,250.00
Remediable service final salary lump sum	£6,750
Pre-remedy spouse's pension	£4,875.00 p.a.
Remediable service final salary spouse's pension	£1,125.00 p.a.
Remediable service CARE pension	£2,000.00 p.a.
Post-remedy CARE pension	£500 p.a.
CARE spouse proportion	37.5%
Contribution difference	£300 due to be paid from member to scheme if CARE benefit structure selected. CDI will be -£300.00 and CDO will be £0.

## Calculation of the total transfer value

### Pre-remedy (Outer Club)

	Benefits	Factor*	
member's pension	= £9,750.00	x 19.27	= £187,882.50
lump sum	= £29,250.00	x 0.85	= £24,862.50
Spouse's pension	= £4,875.00	x 2.04	= £9,945.00
			= £222,690 = TV-pre

### Remediable service – Outer Club

	Benefits	Factor*	
Gross member's Final salary pension	= £2,250.00	x 19.27	= £43,357.50
Net final salary lump sum	= £6,750.00	x 0.85	= £5,737.50
Spouse's final salary pension	= £1,125.00	x 2.04	= £2,295.00
			= £51,390.00 = TVO

### Remediable service – Inner Club

	Benefits	Factor*	
Gross member's CARE pension	= £2,000.00	x 13.72	= £27,440.00
Net CARE lump sum	= £0.00	x 0.74	= £0.00
Spouse's CARE pension	£2,000 x 37.5%= £750.00	x 2.14	= £1,605.00
Total			=£29,045.00
CARE adjustment factor	= 1.000		
			= £29,045.00 = TVI

### Remediable service transfer value

#### Maximum: TVO+CDO or TVI+CDI

$$= ( £51,390.00 + £0 ) \text{ or } ( £29,045.00 - £300.00 )$$
$$= £51,390.00$$

### Post-remedy service (Inner Club)

	Benefits	Factor*	
Gross member's pension	= £500.00	x 13.72	= £6,860.00
Net lump sum	= £0.00	x 0.74	= £0.00
Spouse's pension	£500 x 37.5% = £187.50	x 2.14	= £401.25
Total			=£7,261.25
CARE adjustment factor		= 1.000	
			= £7,261.25

The transfer value is then calculated as

$$\text{Pre-remedy TV} + \text{Remediable service TV} + \text{post-remedy TV}$$
$$= £222,690 + £51,390.00 + £7,261.25$$
$$= £281,341.25$$

### c Calculation of sum required to purchase one year's remediable service

Note. This example assumes that the receiving scheme has a pension age of 60 and provides a pension of 1/80th of pay per year of service, a fixed lump sum of 3 times the pension and a contingent spouse's pension of half the member's pension.

The formula for such a scheme is:

$$\frac{PP}{80} \times (Fp + 3 \times Fls + \frac{Fcwp}{2})$$

where:

- PP = Pensionable pay in the sending scheme
- Fp = Appropriate factor for pension
- Fls = Appropriate factor for lump sum
- Fcwp = Appropriate factor for contingent spouse's pension

So cost of one year's credit = £30,000/80 x (19.27 + (3 x 0.85) + (2.04/2))

(using factors for age 51 from the male Normal Pension Age 60 table)

$$= £375.00 \times 22.84$$

$$= £8,565.00$$

**d Calculation of the remediable service credit**

$$= \frac{£51,390.00}{£8,565.00} = 6.0000 \text{ years (to 4 decimal places)}$$

$$= \text{6 years 0 days}$$

**e(i) Inner Club (i.e. CARE) transfer credit (if contribution difference is maintained):**

$$\begin{aligned} & £2,000.00 \times [13.72 + (0.375 \times 2.14) + (0)] / [13.72 + (0.375 \times 2.14) + (0)] \\ & = £2,000.00 \times [13.72 + 0.8025 + 0] / [13.72 + 0.8025 + 0] \\ & = £2,000.00 \times 14.5225/14.5225 = \mathbf{£2,000.00} \end{aligned}$$

**e(ii) Inner Club (i.e. CARE) transfer credit (if contribution difference is incorporated into credit):**

$$\begin{aligned} & \{£2,000.00 \times [13.72 + (0.375 \times 2.14) + (0)] - £300\} / [13.72 + (0.375 \times 2.14) + (0)] \\ & = \{£2,000.00 \times [13.72 + 0.8025 + 0] - £300\} / [13.72 + 0.80025 + 0] \\ & = \{£2,000.00 \times 14.5225 - £300\} / 14.5225 = \mathbf{£1,868.88} \end{aligned}$$

## **Annex 4**

### **Transfer values where the GMP exceeds the scheme pension on service before 6 April 1997**

**A4.1** In some cases the individual's GMP will exceed the scheme pension. If, in such cases, the GMP is used as the basis for the transfer value under the Club arrangements instead of the scheme pension, the calculation of the service credit in the receiving Club scheme could result in a windfall gain for the individual of a service credit in the new scheme that is unexpectedly higher than in the sending scheme, for example, where the two schemes are identical.

**A4.2** It will be up to each Club scheme to decide whether or not to calculate the amount of Club transfer value it is to actually pay using the GMP as the basis instead of the scheme pension where the former is greater than the latter at the relevant date for calculation. However, receiving Club schemes will probably wish to use Club transfer value calculations based on the preserved pension to calculate the service credit in order to prevent the individual from receiving excessive service credit in their new scheme. Therefore, the following arrangements will apply:

#### **The sending scheme**

Where a sending scheme's Club transfer value calculation is based on the GMP instead of the scheme pension, the sending scheme must also provide the receiving scheme with a Club transfer value calculation (as at the relevant date) using the scheme pension instead of the GMP so that the receiving scheme can use it in calculating the service credit to be given.

#### **The receiving scheme**

Where the two Club transfer value calculations (one based on the GMP, one based on the scheme pension) are received from a sending scheme, the receiving Club scheme should calculate the service credit using the sending scheme's Club transfer value calculation based on the scheme pension so as to avoid giving the individual a windfall gain of extra service credit. If, for some reason, the receiving Club scheme wanted to provide the individual with the larger amount of service credit from using the GMP-based Club transfer value calculation, they may do so because it would be the receiving scheme that would meet the additional cost of doing so.

## Annex 5

### HM Treasury's note on the final salary link and Club transfers

#### Introduction

**A5.1** This note is intended to clarify the complex area of the treatment of the final salary link for former final salary scheme members in respect of those who make voluntary moves between public service schemes, whether through Club Transfers or through other moves made by those with past service in public service schemes. The note defines the principles of how these should be applied, the information that will be needed to assess this.

**A5.2-A5.12** (paragraphs deleted)

#### The Final Salary link

**A5.13** Former final salary scheme members who have “continuity of service” between the old and the new schemes will retain a Final Salary Link. As set out in Schedule 7 of the Public Service Pension Act, where a member has continuity of service within a particular scheme, the final salary link means that, for the purposes of determining the member’s final salary in the old scheme:

- The member’s service in the old final salary scheme is to be regarded as ending when the service in the new scheme ends; and the member’s salary in the new scheme is to be regarded as being derived from old scheme service.

**A5.14** In other words, the member’s contributable final salary at the point at which they leave the new scheme is the member’s final salary for their old scheme service.

**A5.15** This principle also follows where the member transfers their benefits into another public service scheme through a Club or CETV transfer. Here, where there has been continuity of service, the member’s final contributable salary in their new career average scheme is regarded as their final salary for their old scheme service.

**A5.16** Note however, that the final salary link is subject to rules allowing a transfer in accordance with Club rules to take place. Under the new Club rules, as well as the transfer having to be undertaken within 12 months of taking up pensionable service in the new scheme, there must also be no gap in service between the transferring scheme and the receiving scheme of more than 5 years. In addition some schemes, e.g. the civil service scheme do not allow members to take either a Club or CETV transfer if they do not apply for this within 12 months of joining the scheme. In circumstances where a member is not able to transfer their benefits into another scheme, there will be no final salary link.

## **Continuity of service and the Final Salary link**

**A5.17** For the purposes of the final salary link, service is continuous provided that there is no break in pensionable service between the member's last day of service in the old scheme and first day of service in the new scheme. In addition, the following are disregarded in assessing whether a person has continuity of service:

- o any gap in service during which a person was in "pensionable public service" in another scheme;
- o any single gap in service that does not exceed five years during which a person was not in pensionable public service; and
- o any two or more gaps in service during which the member was not in pensionable public service, provided none of the gaps exceed five years.

**A5.18** "Pensionable public service" includes pensionable service with any other public service scheme, as well as the original scheme. Hence, a former final salary scheme member who joins another public service scheme and does not undertake a transfer to a new scheme will retain a Final Salary link for their original scheme final salary service if they move back to their original employer's new CARE scheme after a break of more than 5 years, providing that there has been no break in "pensionable public service" of more than 5 years. The final salary link is retained even though there has been a break in "pensionable service" in the original scheme of more than 5 years. After returning to the original employer's new scheme, the final salary calculated at the end of the last period of service will be used in calculating benefits relating to the original Final Salary service.

**A5.19** paragraph deleted

**A5.20** Where a person moves to another public service scheme as a result of changing employment but does not transfer their benefits, no final salary link between the two schemes is established. It may be possible for that person to re-establish the final salary link on returning to their original scheme, subject to the continuity of service rules above.

**A5.21-A5.44** (paragraphs deleted)

HM Treasury  
11 December 2014 (revised September 2023)