



# Government Actuary's Department

## **Local Government Pension Scheme (Scotland)**

**Addendum: Purchase of additional pension – contracts commencing on or after 1 April 2015 or paid for by the employer**

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## 1 Introduction

- 1.1 The Scottish Ministers are required under the Local Government Pension Scheme (Scotland) Regulations 2014 ('the 2014 Regulations') (SSI 2014/164) to issue actuarial guidance on the amount of contributions to be paid by a member purchasing additional pension, or by an employing authority purchasing additional pension for a member.
- 1.2 This addendum updates some of the factors in the note "Purchase of additional pension – contracts commencing on or after 1 April 2015 or paid for by the employer" dated 26 February 2015.
- 1.3 The remainder of this introduction contains:
  - > details of the implementation and future review of this guidance, and
  - > statements about third party reliance and liability
- 1.4 In the remainder of this note Appendix A sets out the factors. Tables A and B have been updated. The other tables remain unchanged.

### Implementation and Review

- 1.5 The Scottish Ministers are required to consult the Scheme Actuary before issuing actuarial guidance under the 2014 Regulations [Regulation 2(3) of the 2014 Regulations].
- 1.6 As part of this consultation the Scottish Public Pensions Agency (SPPA) has asked GAD, as Scheme Actuary, to recommend actuarial guidance in respect of the regulations detailed above. This addendum, together with the guidance dated 26 February 2015 forms GAD's recommendation for the actuarial guidance required by these regulations.
- 1.7 This note has effect only when this guidance is issued by the Scottish Ministers in accordance with Regulation 2(3) of the 2014 Regulations, and is subject to the implementation instructions provided at that time.
- 1.8 The guidance dated 26 February 2015 provides the relevant legislative references.
- 1.9 The important notes set out in Appendix C of the 26 February 2015 guidance apply to this guidance as well.
- 1.10 This guidance has been written for pension administrators and assumes some knowledge of general pension terminology, and some familiarity with retirement calculations for the Local Government Pension Scheme. Any questions concerning the application of the guidance should, in the first instance, be referred to SPPA.



- 1.11 The factors contained in this note will be reviewed periodically. This will depend on external circumstances, for example when the LGPS cash equivalent transfer value basis is reviewed; when changes in the actuarial assumptions adopted for other scheme factors take place; or following each triennial cycle of future valuations of the LGPS.

#### **Use of this note**

- 1.12 This note has been prepared for SPPA and can be relied upon by them. We are content for this note to be released to third parties, provided that:
- > it is released in full together with the note of 26 February 2015;
  - > the advice is not quoted selectively or partially; and
  - > GAD is identified as the source of the note.
- 1.13 Third parties may wish to seek their own actuarial advice where appropriate. GAD has no liability to any person or third party for any act or omission taken, either in whole or in part, on the basis of this note.

#### **Third party reliance**

- 1.14 When issued by the Scottish Ministers in accordance with paragraph 1.7 above, this note should be used, together with the guidance dated 26 February 2015 as the actuarial guidance required under the regulations cited. Other than for this purpose, no person or third party is entitled to place any reliance on the contents of this note, except to any extent explicitly stated herein.



## 2 Examples

- 2.1 The calculation methodology is unchanged from the previous guidance and therefore examples in the previous guidance, updated for factors in this guidance can be used for illustrative purposes.



## Appendix A: Factors

**Table A – Additional pension – lump sum contributions – Males below NPA**

Lump sum contributions to be made by a member or an employing authority that has elected to make an additional contribution to the LGPS to increase a male member's benefits. This table applies where the member has not reached his normal pension age at the time the additional contribution is made.

Age at payment	Lump sum contribution (£) for an increase in pension of £250 a year
16	1195
17	1226
18	1257
19	1289
20	1322
21	1355
22	1390
23	1424
24	1461
25	1498
26	1535
27	1574
28	1613
29	1654
30	1696
31	1738
32	1782
33	1826
34	1872
35	1919
36	1966
37	2015
38	2066
39	2117
40	2169
41	2223

Age at payment	Lump sum contribution (£) for an increase in pension of £250 a year
42	2278
43	2334
44	2392
45	2450
46	2511
47	2573
48	2636
49	2701
50	2768
51	2836
52	2907
53	2979
54	3054
55	3130
56	3210
57	3293
58	3380
59	3471
60	3566
61	3666
62	3771
63	3881
64	3999
65	4032
66	4135
67	4200



**Table B – Additional pension – lump sum contribution – Females below NPA**

Lump sum contributions to be made by a member or an employing authority that has elected to make an additional contribution to the LGPS to increase a female member's benefits. This table applies where the member has not reached her normal pension age at the time the additional contribution is made.

Age at payment	Lump sum contribution (£) for an increase in pension of £250 a year
16	1276
17	1309
18	1343
19	1377
20	1412
21	1448
22	1486
23	1523
24	1563
25	1602
26	1644
27	1685
28	1728
29	1772
30	1817
31	1863
32	1910
33	1959
34	2008
35	2059
36	2111
37	2165
38	2219
39	2275
40	2333
41	2391

Age at payment	Lump sum contribution (£) for an increase in pension of £250 a year
42	2451
43	2512
44	2576
45	2640
46	2705
47	2773
48	2843
49	2914
50	2987
51	3062
52	3139
53	3217
54	3298
55	3382
56	3469
57	3557
58	3649
59	3745
60	3844
61	3946
62	4054
63	4165
64	4282
65	4359
66	4431
67	4562