



Government Actuary's Department

Local Government Pension Scheme (Scotland)

**Addendum: Application of a Pension Credit to the Former Spouse or
Civil Partner of the Member – pre-2015**

Date: 9 May 2016
Authors: Michael Scanlon FIA
James Pepler FIA



Contents

| | page |
|----------------------------|-------------|
| 1 Introduction | 1 |
| 2 Examples | 4 |
| Appendix A: Factors | 5 |



1 Introduction

- 1.1 Regulation 89 (4) of the Local Government Pension Scheme (Administration) (Scotland) Regulations 2008 (SSI 2008/228) (the “2008 Regulations”) provides that the value of rights conferred on the former spouse or civil partner (the “pension credit member”) following a divorce proceeding are equal to the amount of the pension credit.
- 1.2 Regulation 94(5) of the 2008 Regulations provides that, where the former spouse or civil partner dies before the administering authority has awarded the pension credit, that liability may be discharged by the appropriate authority by the payment of a lump sum. Regulation 94(6) provides that in these circumstances the lump sum shall be equal to 3 times the annual rate of the pension which would have been paid to the former spouse or civil partner if on the date of the death the former spouse or civil partner had become entitled to a pension as a pension credit member, calculated in accordance with guidance issued by the Government Actuary, in his capacity as scheme actuary.
- 1.3 Regulation 3(10) of the Local Government Pension Scheme (Transitional Provisions, Savings) (Scotland) Regulations 2014 requires that any reference to guidance issued by the Scheme Actuary or Government Actuary in the Earlier Regulations is to be construed as a reference to actuarial guidance issued by the Scottish Ministers as defined by the Local Government Pension Scheme Regulations 2014.
- 1.4 This guidance applies to:
- > pension credits for which the transfer day is before 1 April 2015, and
 - > pension credits where the transfer day is after 1 April 2015 and either
 - the member has not been an active member of the 2015 Scheme and has benefits under the Earlier Schemes, or
 - the member has been an active member of the 2015 Scheme and has benefits under the Earlier Schemes which have not been aggregated with the benefits in the 2015 Scheme
- 1.5 This addendum updates some of the factors in the note “Application of a Pension Credit to the Former Spouse or Civil Partner of the Member” dated 20 December 2012.
- 1.6 The remainder of this introduction contains:
- > details of the implementation and future review of this guidance, and
 - > statements about third party reliance and liability
- 1.7 In the remainder of this note Appendix A sets out the factors. Tables 6.1 and 6.2 have been revised. The other tables remain unchanged.



Implementation and Review

- 1.8 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].
- 1.9 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 document together with the guidance dated 20 December 2012 forms GAD's recommendation for the actuarial guidance required by these regulations.
- 1.10 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. SPPA has informed GAD that this guidance will come into force with effect from 16 March 2016.
- 1.11 The guidance dated 20 December 2012 provides the relevant legislative references.
- 1.12 The important notes set out under "Limitations" of the 20 December 2012 guidance apply to this guidance as well.
- 1.13 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.
- 1.14 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

- 1.15 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 dated 20 December 2012;
 - > the advice is not quoted selectively or partially; and
 - > GAD is identified as the source of the note.
- 1.16 Third parties may wish to seek their own actuarial advice where appropriate. GAD has no liability to any person or third party for any act or omission taken, either in whole or in part, on the basis of this note.



Third party reliance

- 1.17 When issued by the Scottish Ministers in accordance with paragraph 1.7 above, this note should be used, together with the guidance dated 20 December 2012 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 6.1 – Males

| Age last birthday at relevant date | Gross Pension of £1 per annum | Lump Sum of £1 |
|------------------------------------|-------------------------------|----------------|
| 16 | 4.81 | 0.27 |
| 17 | 4.94 | 0.27 |
| 18 | 5.06 | 0.28 |
| 19 | 5.19 | 0.29 |
| 20 | 5.32 | 0.31 |
| 21 | 5.45 | 0.30 |
| 22 | 5.59 | 0.31 |
| 23 | 5.74 | 0.33 |
| 24 | 5.88 | 0.34 |
| 25 | 6.02 | 0.35 |
| 26 | 6.17 | 0.36 |
| 27 | 6.33 | 0.37 |
| 28 | 6.49 | 0.38 |
| 29 | 6.65 | 0.39 |
| 30 | 6.82 | 0.40 |
| 31 | 6.99 | 0.41 |
| 32 | 7.17 | 0.42 |
| 33 | 7.35 | 0.43 |
| 34 | 7.53 | 0.44 |
| 35 | 7.72 | 0.46 |
| 36 | 7.92 | 0.47 |
| 37 | 8.12 | 0.47 |
| 38 | 8.33 | 0.49 |
| 39 | 8.54 | 0.50 |
| 40 | 8.76 | 0.51 |
| 41 | 8.99 | 0.53 |
| 42 | 9.22 | 0.54 |
| 43 | 9.45 | 0.56 |
| 44 | 9.70 | 0.57 |
| 45 | 9.95 | 0.59 |
| 46 | 10.21 | 0.61 |
| 47 | 10.47 | 0.62 |
| 48 | 10.74 | 0.64 |
| 49 | 11.02 | 0.66 |
| 50 | 11.30 | 0.68 |
| 51 | 11.61 | 0.70 |
| 52 | 11.91 | 0.72 |
| 53 | 12.22 | 0.74 |
| 54 | 12.55 | 0.76 |
| 55 | 12.89 | 0.77 |



| Age last birthday at relevant date | Gross Pension of £1 per annum | Lump Sum of £1 |
|---|--------------------------------------|-----------------------|
| 56 | 13.24 | 0.79 |
| 57 | 13.60 | 0.81 |
| 58 | 13.98 | 0.84 |
| 59 | 14.38 | 0.86 |
| 60 | 14.79 | 0.89 |
| 61 | 15.23 | 0.91 |
| 62 | 15.68 | 0.93 |
| 63 | 16.16 | 0.96 |
| 64 | 16.66 | 0.99 |

Notes

The factor should reflect the age and gender of the former spouse or civil partner at the transfer date (not the age and gender of the member).



Table 6.2 – Females

| Age last birthday at relevant date | Gross Pension of £1 per annum) | Lump Sum of £1 |
|---|---|---------------------------|
| 16 | 5.08 | 0.26 |
| 17 | 5.21 | 0.27 |
| 18 | 5.34 | 0.28 |
| 19 | 5.48 | 0.29 |
| 20 | 5.61 | 0.29 |
| 21 | 5.75 | 0.30 |
| 22 | 5.91 | 0.31 |
| 23 | 6.05 | 0.33 |
| 24 | 6.21 | 0.34 |
| 25 | 6.36 | 0.35 |
| 26 | 6.52 | 0.36 |
| 27 | 6.70 | 0.37 |
| 28 | 6.87 | 0.38 |
| 29 | 7.04 | 0.39 |
| 30 | 7.22 | 0.40 |
| 31 | 7.40 | 0.41 |
| 32 | 7.59 | 0.42 |
| 33 | 7.77 | 0.43 |
| 34 | 7.97 | 0.44 |
| 35 | 8.18 | 0.46 |
| 36 | 8.39 | 0.47 |
| 37 | 8.61 | 0.47 |
| 38 | 8.82 | 0.48 |
| 39 | 9.05 | 0.50 |
| 40 | 9.29 | 0.51 |
| 41 | 9.52 | 0.53 |
| 42 | 9.78 | 0.54 |
| 43 | 10.02 | 0.56 |
| 44 | 10.28 | 0.57 |
| 45 | 10.56 | 0.59 |
| 46 | 10.83 | 0.61 |
| 47 | 11.11 | 0.62 |
| 48 | 11.40 | 0.64 |
| 49 | 11.70 | 0.66 |
| 50 | 12.01 | 0.68 |
| 51 | 12.33 | 0.70 |
| 52 | 12.66 | 0.72 |
| 53 | 13.00 | 0.74 |
| 54 | 13.35 | 0.76 |
| 55 | 13.72 | 0.77 |
| 56 | 14.10 | 0.79 |



| Age last birthday at relevant date | Gross Pension of £1 per annum | Lump Sum of £1 |
|---|--------------------------------------|-----------------------|
| 57 | 14.49 | 0.81 |
| 58 | 14.90 | 0.84 |
| 59 | 15.32 | 0.86 |
| 60 | 15.77 | 0.89 |
| 61 | 16.23 | 0.91 |
| 62 | 16.69 | 0.93 |
| 63 | 17.18 | 0.96 |
| 64 | 17.70 | 0.99 |

Notes

The factor should reflect the age and gender of the former spouse or civil partner at the transfer date (not the age and gender of the member).