



Government Actuary's Department

Teachers' Pension Scheme

Final salary sections

Premature retirement

Factors for capitalising the cost of compensation

Date: 8 December 2014

Author: Matt Wood & Donal Cormican



Contents

1	Scope of Tables	1
	Appendix A: List of tables	2



1 Scope of Tables

- 1.1 This note is provided for the Department for Education (DfE) as scheme manager of the Teachers' Pension Scheme (TPS). These tables should be used to capitalise the cost to be paid by employers for granting premature retirement compensation.
- 1.2 These factors are to be used to calculate the actuarial value of compensation payable under Regulation 23(2)(b) of the Teachers (Compensation for Redundancy and Premature Retirement) Regulations 1997 (SI 1997/311).¹
- 1.3 The factors provided in this note have been prepared in light of our letter to DfE dated 26 November 2014.
- 1.4 Factors in table 701 should be used to capitalise the cost of the annual compensation payable to the member. Factors depend on the age but not the sex of the member.
- 1.5 Factors in table 711 should be used to capitalise the cost of the contingent long-term compensation payable on the death of the member (whether or not the member currently has a qualifying partner). The factors should be selected according to the member's age. Factors do not depend on the age of the partner, or the sex of the member or the partner.
- 1.6 These factors do not cover any lump sum compensation amounts, which should be added as appropriate.
- 1.7 These factors are to be implemented immediately.

¹ This is due to be replaced by The Teachers' (Compensation for Redundancy and Premature Retirement) Regulations 2015, which is expected to come into force on 1 April 2015. GAD will confirm whether this guidance remains applicable under the new regulations.



Appendix A: List of tables

Table 701: Factors for capitalising the cost of the member's annual compensation (per £1pa of additional pension)

Age last birthday	Factor
55	21.6
56	21.3
57	20.9
58	20.5
59	20.1
60	19.7
61	19.3
62	18.9
63	18.4
64	18.0
65	17.5
66	17.1
67	16.6
68	16.1
69	15.6
70	15.1
71	14.6
72	14.1
73	13.5
74	13.0
75	12.4
76	11.9
77	11.3
78	10.8
79	10.2
80	9.6



Table 701 (continued): Factors for capitalising the cost of the member's annual compensation (per £1pa of additional pension)

Age last birthday	Factor
81	9.1
82	8.5
83	8.0
84	7.5
85	6.9
86	6.4
87	5.9
88	5.5
89	5.1
90	4.7
91	4.4
92	4.1
93	3.7
94	3.5
95	3.2
96	3.0
97	2.8
98	2.6
99	2.4
100	2.2



Table 711: Factors for capitalising the cost of the contingent partner's long-term compensation (per £1pa of additional pension)

Age last birthday	Factor
55	1.3
56	1.3
57	1.3
58	1.4
59	1.4
60	1.4
61	1.5
62	1.5
63	1.5
64	1.5
65	1.5
66	1.5
67	1.5
68	1.5
69	1.5
70	1.5
71	1.5
72	1.5
73	1.5
74	1.5
75	1.3
76	1.3
77	1.3
78	1.3
79	1.3
80	1.1



Table 711 (continued): Factors for capitalising the cost of the contingent partner's long-term compensation (per £1pa of additional pension)

Age last birthday	Factor
81	1.1
82	1.0
83	1.0
84	1.0
85	0.8
86	0.7
87	0.7
88	0.6
89	0.6
90	0.4
91	0.4
92	0.4
93	0.4
94	0.3
95	0.3
96	0.2
97	0.2
98	0.2
99	0.2
100	0.2