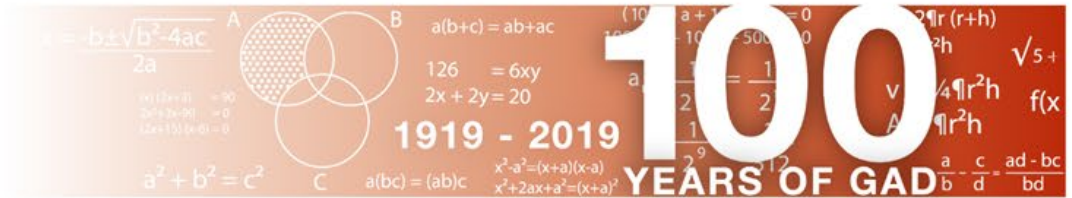




Government
Actuary's
Department



Teachers' Pension Scheme

Career average section

Late retirements

Factors and guidance

Date: 10 February 2020





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1 Introduction

- 1.1 This note is provided for the Department for Education (DfE) as scheme manager of the Teachers' Pension Scheme (TPS) and sets out how to determine the appropriate uplift to be applied to a member's benefits in the career average section when retiring from active service after normal pension age (NPA).
- 1.2 This guidance does not apply to the final salary section and separate guidance has been provided that section.
- 1.3 The factors provided in this note have been prepared in light of our advice to the DfE dated 30 October 2018 and its instructions following that advice.
- 1.4 A member may have benefits in both the final salary section and the career average section. For the purposes of calculating a member's late retirement pension, the member's final salary late retirement pension and career average section late retirement pension should be calculated separately using the relevant parts of this guidance and the separate guidance covering late retirement in the final salary section.
- 1.5 Section 2 of this note covers the calculation of a pension in the career average section where an actuarial uplift is applicable. Section 3 sets out some example calculations.
- 1.6 The principal assumptions underlying the factors contained in this guidance note can be found in Appendix A. The late retirement factors applicable on retirement from the career average section can be found in Appendix C and some important limitations can be found in Appendix D.
- 1.7 The Regulations¹ to which this document relates, and the corresponding factors provided, are set out in Appendix B.

Implementation and review

- 1.8 The factors contained in this guidance will apply from the date of this guidance. Calculations for any earlier cases should be prepared in conjunction with GAD. The guidance will also apply with immediate effect from the date this note is issued.
- 1.9 This guidance has been written for pension administrators and assumes some knowledge of general pension terminology, and some familiarity with retirement calculations for the Teachers' Pension Scheme. Any questions concerning the application of the guidance should, in the first instance, be referred to DfE.
- 1.10 In line with best practice and in order to make sure that factors are being used as intended and the instructions are fit for purpose, we suggest that some example calculations are sent to GAD for review.

¹ The career average section is governed by *The Teachers' Pension Scheme Regulations 2014* (SI 2014/512). Subsequent changes to the definition of late retirement increases in the career average section can be found in *The Teachers' Pension Scheme (Miscellaneous Amendment) Regulations 2017* (SI 2017/1084)



- 1.11 The factors contained in this guidance will be subject to review periodically. This will depend on external circumstances, for example whenever there is a change in the SCAPE basis; when changes in the actuarial assumptions adopted for other scheme factors take place; or following each future actuarial valuation where mortality and other relevant experience is reviewed or if other credible and material information comes to light.
- 1.12 The remainder of this note covers the factor tables, guidance on their use and a number of worked examples. These are provided separately for the final salary and career average sections of the scheme.

Third party reliance

- 1.13 This guidance has been prepared for the use of DfE and the scheme administrators for the purposes of demonstrating the application of the factors covered by this guidance only. This guidance may be published on DfE and the scheme administrator's website but must not otherwise be reproduced, distributed or communicated in whole or in part to any other person without GAD's prior written permission.
- 1.14 Other than DfE and the scheme administrators, no person or third party is entitled to place any reliance on the contents of this guidance, except to any extent explicitly stated herein. GAD has no liability to any person or third party for any action taken or for any failure to act, either in whole or in part, on the basis of this guidance, whether or not GAD has agreed to the disclosure of its advice to the third party.



2 Late retirement with actuarial uplift

- 2.1 If a member retires after Normal Pension Age (NPA)² a late retirement uplift may need to be applied to the member's pension in accordance with Regulation 87. An uplift will only need to be applied if the member was in pensionable service for part or all of the period between NPA and retirement. No uplift is applied to any Additional Pension or for any retirements where the member has no pensionable service between NPA and retirement.
- 2.2 The uplift to be applied should be calculated in respect of the period the member was in pensionable service between NPA and retirement.
- 2.3 We note that for any period between NPA and retirement that the member was not in pensionable service, arrears of pension will be due in accordance with Regulation 88. Further details are provided below in sections 2.7 to 2.9.

Retirements after NPA

- 2.4 The benefits payable on late retirement are determined by applying the appropriate uplift factor to the relevant benefit entitlement at the date of retirement as follows. The factors are provided in Appendix C.
- 2.5 Late retirement pension =
- Full retirement earned pension in respect of service before NPA x Factor CLR1
 - + Full retirement earned pension in respect of service after NPA
 - + Additional Pension
 - Pension sharing on divorce pension debit(s) x Factor CLR2
 - Annual allowance pension debit(s) x Factor CLR2
- 2.6 Points to note in using the factors:
- Full retirement earned pension should include in-service revaluation up to the **date of retirement**.
 - Additional Pension and pension debits need to be revalued to the **date of retirement**.
 - Late retirement factors should be selected from the appropriate table with reference to **the number of years and complete months that a member was in pensionable service after their NPA**.

² Normal pension age is defined as a member's state pension age (or 65, if that is higher) in the career average section. For the purpose of this note, a member's expected NPA in the career average section is the same as their state pension age as set out in *The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2014* -

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/357130/HMT_valuations_and_cost_cap_directions_reconsolidated_Sept_2014.pdf

(As at the date of this guidance note, there have been no revisions made to paragraph 18 which sets out the State Pension Age assumptions)



- Where a member divorced **after NPA**, an adjustment is required to the pension sharing on divorce debit line of the formula above. This adjustment is set out in paragraphs 2.10 to 2.12.
- Where one or more annual allowance pension debits were implemented **after NPA**, an adjustment is required to the annual allowance pension debit line in the formula above. This adjustment is set out in paragraphs 2.13 to 2.18.
- Factors should be applied before any lump sum commutation option is exercised.

Periods of deferment after NPA

- 2.7 Where a member has a period of deferment after their post-NPA period of Pensionable service, then Regulation 88 will apply. The late retirement factor applicable to a member's pension will be calculated in respect of only the period of post-NPA Pensionable Service, but arrears and interest will be due in respect of the subsequent period of deferment.
- 2.8 In this situation, the factors applicable to a member should be those in force at the date the retirement pension is ultimately calculated (rather than those in force on the date when the final period of Pensionable service ends).
- 2.9 It is our understanding that if a member rejoins active service following the period of post-NPA deferment, then pension entitlement for that period will be treated separately from that described in paragraph 2.7 above. The period of membership under that employment should therefore not influence the periods of post-NPA Pensionable Service, and period of arrears, as described in paragraph 2.7.

Divorce after NPA

- 2.10 Where the member divorced **after** NPA the formula in paragraph 2.5 will need to be adjusted. The adjustment to the formula depends on whether or not the member had left pensionable service **for the final time** by the date of the pension sharing order.

Member has not left pensionable service for final time at date of pension sharing order.

- 2.11 If the member had **not** left pensionable service for the final time by the date of the pension sharing order (i.e. the member was still in pensionable service, or subsequently re-joined pensionable service), the pension sharing on divorce pension debit(s) should be split into two elements, relating to service before and after NPA at the date of the pension sharing order. The split should be pro-rata to a members' accrued earned pension in respect of service before and after NPA at the date of the pension sharing order. A late retirement uplift applies only to the debit relating to service before NPA.

In these circumstances, the formula in paragraph 2.5 should be modified as follows:

- Pension sharing on divorce pension debit relating to service before NPA x Factor CLR2 at age of leaving pensionable service ÷ Factor CLR2 at age of pension share
- + Pension sharing on divorce pension debit pension relating to service after NPA



No late retirement uplift is applied in respect of the period between NPA and age at pension share, as this will already have been included in the calculation of the original debit.

An example calculation is set out in Section 3, Example D.

Member has left pensionable service for final time at date of pension sharing order.

- 2.12 If the member had **already** left pensionable service for the final time by the date of the pension sharing order, the formula in paragraph 2.5 should be modified as follows:
- Pension sharing on divorce pension debit relating to service before NPA

That is, no late retirement uplift is applied to the debit. This is because the full late retirement uplift due to the member for the period of pensionable service between NPA and the date of leaving service for the final time will already have been included in the calculation of the original debit.

An example calculation is set out in Section 3, Example E.

Annual allowance pension debits implemented after NPA

- 2.13 Where one or more annual allowance pension debits are implemented **after** NPA, the formula in paragraph 2.5 will need to be adjusted to allow for this. Each debit implemented after NPA will need to be adjusted separately.
- 2.14 The adjustment to the formula in paragraph 2.5 depends on whether or not the member had left pensionable service **for the final time** by the date the pension debit was implemented.
- 2.15 For each debit implemented **before** the member left pensionable service for the final time, the formula in paragraph 2.5 should be modified as follows:
- Annual allowance pension debit x Factor CLR2 at age of leaving pensionable service ÷ Factor CLR2 at implementation date

No late retirement uplift is applied in respect of the period between NPA and implementation date, as the calculation of the original debit will have already included an allowance for this period.

An example calculation is set out in Section 3, Example F.

- 2.16 For a debit implemented **after** the member left pensionable service for the final time, the formula in paragraph 2.5 should be modified as follows:
- Annual allowance pension debit

That is, no late retirement uplift is applied to the debit. This is because the calculation of the original debit will have already included an allowance for the full period of pensionable service between NPA and the date of leaving service.

An example calculation is set out in Section 3, Example G.



- 2.17 Where there are **multiple** pension debits, including debits implemented **before** and **after** NPA, the formula in paragraph 2.5 should be modified as follows:
- Annual allowance pension debit(s) implemented before NPA x Factor CLR2 at age of leaving pensionable service
 - First annual allowance pension debit implemented after NPA but before leaving pensionable service x Factor CLR2 at age of leaving pensionable service ÷ Factor CLR2 at implementation date
 - Second annual allowance pension debit implemented after NPA but before leaving pensionable service x Factor CLR2 at age of leaving pensionable service ÷ Factor CLR2 at implementation date
 - ...
 - Final annual allowance pension debit implemented after NPA but before leaving pensionable service x Factor CLR2 at age of leaving pensionable service ÷ Factor CLR2 at implementation date
 - Annual allowance pension debit(s) implemented after NPA and after leaving pensionable service for the final time

2.18 An example calculation is set out in Section 3, Example H.



3 Examples

3.1 This Section sets out a number of worked examples to help illustrate how the factors should be applied. The examples covered are as follows:

Standard examples

- A. Late retirement of a career average section member
- B. Late retirement of a career average section member with a pension sharing on divorce pension debit (divorce occurred before NPA)
- C. Late retirement of a career average section member with an annual allowance pension debit (implementation occurred before NPA)

Examples for divorce after NPA

- D. Late retirement of a career average section member with a pension sharing on divorce pension debit (divorce occurred after NPA, but before leaving pensionable service for the final time)
- E. Late retirement of a career average section member with a pension sharing on divorce pension debit (divorce occurred after NPA, and after leaving pensionable service for the final time)

Examples for the implementation of annual allowance debits after NPA

- F. Late retirement of a career average section member with an annual allowance pension debit (implementation occurred after NPA, but before leaving pensionable service for the final time)
- G. Late retirement of a career average section member with an annual allowance pension debit (implementation occurred after NPA, and after leaving pensionable service for the final time)
- H. Late retirement of a career average section member with multiple annual allowance pension debits, implemented before and after NPA, and before and after leaving pensionable service for the final time.

3.2 In all examples, the member is assumed to be eligible for retirement.



Example A

Late retirement of a career average section member with NPA 67 – member was in pensionable service up to NPA

Member Details

NPA	67
Date of birth	1 June 1961
Date of retirement	1 August 2031
Age at retirement (years and complete months)	70 years and 2 months
Number of years and complete months retiring after NPA	3 years and 2 months
Pension in respect of service before age 67	£3,650 pa
Pension in respect of service after age 67	£880 pa

Late Retirement Pension

Factor table	CLR1
Pension factor	1.138

Late retirement pension =

Full retirement earned pension in respect of service before age 67 x Factor CLR1
+ Full retirement earned pension in respect of service after age 67

$$\begin{aligned} \text{Late retirement pension} &= \text{£}3,650 \times 1.138 \\ &\quad + \text{£}880 \\ &= \text{£}4,153.70 + \text{£}880 \\ &= \text{£}5,033.70 \text{ pa} \end{aligned}$$



Example B

Late retirement of a career average section member who was in pensionable service up to NPA with a pension sharing on divorce debit (divorce occurred before NPA)

Member Details

NPA	66
Date of birth	1 September 1958
Date of divorce	1 September 2018
Date of retirement	1 September 2025
Age at retirement (years and complete months)	67 years and 0 months
Number of years and complete months retiring after NPA	1 years and 0 months
Pension in respect of service before age 66	£6,800 pa
Pension in respect of service after age 66	£800 pa
Pension sharing on divorce debit at retirement	£2,600 pa

Factors

Factor table for main scheme pension	CLR1
Pension factor at retirement age	1.041
Factor table for pension debit	CLR2
Pension factor at retirement age	1.058

Pension

Late retirement pension =

- Full retirement earned pension in respect of service before age 66 x Factor CLR1
- + Full retirement earned pension in respect of service after age 66
- Pension sharing on divorce pension debit(s) x Factor CLR2

$$\begin{aligned}
 \text{Late retirement pension} &= \text{£6,800} \times 1.041 \\
 &\quad + \text{£800} \\
 &\quad - \text{£2,600} \times 1.058 \\
 &= \text{£7,078.80} + \text{£800} - \text{£2,750.80} \\
 &= \text{£5,128.00 pa}
 \end{aligned}$$



Example C

Late retirement of a career average section member who was in pensionable service up to NPA with an annual allowance pension debit (pension debit implementation occurred before NPA)

Member Details

NPA	66
Date of birth	15 July 1957
Pension debit implementation date	5 April 2017
Date of retirement	1 September 2026
Age at retirement (years and complete months)	69 years and 1 month
Number of years and complete months retiring after NPA	3 years and 1 month
Pension in respect of service before age 66	£10,250 pa
Pension in respect of service after age 66	£3,500 pa
Annual Allowance pension debit at retirement	£565.25 pa

Factors

Factor table for main scheme pension	CLR1
Pension factor at retirement age	1.134
Factor table for annual allowance pension debit	CLR2
Pension factor at retirement age	1.190

Pension

Late retirement pension =

Full retirement earned pension in respect of service before age 66 x Factor CLR1
+ Full retirement earned pension in respect of service after age 66
- Annual allowance pension debit x Factor CLR2

$$\begin{aligned}
 \text{Late retirement pension} &= \text{£}10,250 \times 1.134 \\
 &\quad + \text{£}3,500 \\
 &\quad - \text{£}565.25 \times 1.190 \\
 &= \text{£}11,623.50 + \text{£}3,500 - \text{£}672.65 \\
 &= \text{£}14,450.85
 \end{aligned}$$



Example D

Late retirement of a career average section member with a pension sharing on divorce debit (divorce occurred after NPA but before leaving pensionable service for the final time) – member was in pensionable service up to retirement

Member Details

NPA	66
Sex	Female
Date of birth	10 November 1954
Date of divorce	15 November 2021
Date of retirement	21 December 2023
Age at divorce (years and complete months)	67 years and 0 months
Age at retirement (years and complete months)	69 years and 1 month
Number of years and complete months after NPA at divorce	1 year 0 months
Number of years and complete months after NPA at retirement	3 years 1 month
Pension in respect of service before age 66	£2,800 pa
Pension in respect of service after age 66	£2,900 pa
Debit relating to service before 66	£1,000 pa
Debit relating to service after 66	£400 pa

Factors

Factor table for main scheme pension	CLR1
Pension factor	1.134
Factor table for pension debit	CLR2
Pension factor at divorce age	1.058
Pension factor at retirement age	1.190

Pension

Late retirement pension =

- Full retirement earned pension in respect of service before age 66 x Factor CLR1
- + Full retirement earned pension in respect of service after age 66
- (Pension sharing on divorce pension debit relating to service before age 66 x Factor CLR2 at date of leaving pensionable service ÷ Factor CLR2 at age of pension share)
- Pension sharing on divorce pension debit(s) pension relating to service after age 66

$$\begin{aligned}
 \text{Late retirement pension} &= \text{£}2,800 \times 1.134 \\
 &+ \text{£}2,900 \\
 &- (\text{£}1,000 \times 1.190 \div 1.058) \\
 &- \text{£}400 \\
 &= \text{£}3,175.20 + \text{£}2,900.00 - \text{£}1,124.76 - \text{£}400.00 \\
 &= \text{£}4,550.44 \text{ pa}
 \end{aligned}$$



Example E

Late retirement of a career average section member with a pension sharing on divorce pension debit (divorce occurred after NPA and after leaving pensionable service for the final time)

Member Details

NPA (Equal to SPA)	65 years 3 months and 4 days
SPA	6 May 2019
Sex	Female
Date of birth	2 February 1954
Date of divorce	10 October 2021
Date of leaving pensionable service for final time	6 May 2020
Date of retirement	24 April 2024
Age at divorce (years and complete months)	67 years and 8 months
Age at leaving service (years and complete months)	66 years 3 months
Age at retirement (years and complete months)	70 years and 2 months
Years and complete months after NPA at divorce	2 years 5 months
Years and complete months from NPA to leaving service	1 year 0 months
Years and complete months after NPA at retirement	4 years 11 months
Pension in respect of service before NPA	£6,727 pa
Pension in respect of service after NPA	£3,125 pa
Debit relating to service before NPA	£1,000 pa
Debit relating to service after NPA	£400 pa

Factors

Factor table for main scheme pension	CLR1
Pension factor	1.041 *

** LRF is only applied for the period between NPA and leaving pensionable service for the final time in line with paragraphs 2.1 to 2.3.*

Pension

Late retirement pension =

- Full retirement earned pension in respect of service before NPA x Factor CLR1
- + Full retirement earned pension in respect of service after NPA
- Pension sharing on divorce pension debit relating to service before NPA
- Pension sharing on divorce pension debit(s) pension relating to service after NPA



$$\begin{aligned} \text{Late retirement pension} &= \text{£}6,727 \times 1.041 \\ &+ \text{£}3,125 \\ &- \text{£}1,000 \\ &- \text{£}400 \\ &= \text{£}7,002.81 + \text{£}3,125 - \text{£}1,000 - \text{£}400 \\ &= \text{£}8,727.81 \text{ pa} \end{aligned}$$



Example F

Late retirement of a career average section member with an annual allowance pension debit (implementation occurred after NPA but before leaving pensionable service for the final time)

Member Details

NPA	66
Date of birth	17 May 1955
Pension debit implementation date	5 April 2022
Date of leaving pensionable service	31 July 2025
Date of retirement	31 July 2025
Age at implementation date (years and complete months)	66 years and 10 months
Age at retirement (years and complete months)	70 years and 2 months
Age at leaving service (years and complete months)	70 years and 2 months
Years and complete months from NPA to implementation date	0 years 10 months
Years and complete months retiring after NPA	4 years 2 months
Pension in respect of service before NPA	£10,153 pa
Pension in respect of service after NPA	£4,651 pa
Annual allowance pension debit at retirement	£880 pa

Factors

Factor table for main scheme pension	CLR1
Pension factor	1.189
Factor table for annual allowance pension debit	CLR2
Pension factor age at implementation date	1.048
Pension factor age at date of retirement	1.270

Pension

Late retirement pension =

Full retirement earned pension in respect of service before NPA x Factor CLR1
+ Full retirement earned pension in respect of service after NPA
- Annual allowance pension debit x Factor CLR2 at age of leaving pensionable service ÷ Factor CLR2 at implementation date

$$\begin{aligned}
\text{Late retirement pension} &= \text{£}10,153 \times 1.189 \\
&+ \text{£}4,651 \\
&- \text{£}880 \times (1.270 \div 1.048) \\
&= \text{£}12,071.92 + \text{£}4,651 - \text{£}1,066.41 \\
&= \text{£}15,656.51 \text{ pa}
\end{aligned}$$



Example G

Late retirement of a career average section member with an annual allowance pension debit (implementation occurred after NPA and after leaving pensionable service for the final time)

Member Details

NPA	66
Date of birth	27 February 1955
Pension debit implementation date	5 April 2022
Date of leaving pensionable service	27 February 2022
Date of retirement	30 June 2023
Age at implementation date (years and complete months)	67 years and 1 month
Age at retirement (years and complete months)	68 years and 4 months
Years and complete months from NPA to implementation date	1 year 1 month
Years and complete months from leaving to implementation date	0 years 1 month
Years and complete months from NPA to leaving service	1 year 0 months
Pension in respect of service before NPA	£5,675 pa
Pension in respect of service after NPA	£1,255 pa
Annual allowance debit at retirement	£543 pa

Factors

Factor table for main scheme pension	CLR1
Pension factor	1.041 *

** LRF is only applied for the period between NPA and leaving pensionable service for the final time in line with paragraphs 2.1 to 2.3.*

Pension

Late retirement pension =

- Full retirement earned pension in respect of service before NPA x Factor CLR1
- + Full retirement earned pension in respect of service after NPA
- Annual allowance pension debit

$$\begin{aligned}
 \text{Late retirement pension} &= \quad \text{£5,675} \times 1.041 \\
 &\quad + \text{£1,255} \\
 &\quad - \text{£543} \\
 &= \text{£5,907.68} + \text{£1,255} - \text{£543} \\
 &= \text{£6,619.68 pa}
 \end{aligned}$$



Example H

Late retirement of a career average section member with multiple annual allowance pension debits (implementation occurred before and after NPA and before and after leaving pensionable service for the final time)

Member Details

NPA	67
Date of birth	7 November 1962
Date of retirement	31 March 2033
Age at retirement (years and complete months)	70 years and 4 months
Years and complete months retiring after NPA	3 years 4 months
Pension in respect of service before NPA	£25,675 pa
Pension in respect of service after NPA	£5,670 pa

Annual Allowance pension debit 1 – debit implementation before NPA

Pension debit implementation date	5 April 2021
Annual allowance debit at retirement	£229 pa
Date of leaving pensionable service	31 March 2033
Age at implementation date	58 years and 4 months

Annual Allowance pension debit 2 – debit implementation after NPA and before leaving pensionable service for the final time

Pension debit implementation date	5 April 2030
Annual allowance debit at retirement	£245 pa
Date of leaving pensionable service	31 March 2033
Age at implementation date	67 years 4 months
Years and months late (NPA to implementation date)	0 years 4 months
Years and months late (NPA to leaving service)	3 years 4 months

Annual Allowance pension debit 3 – debit implementation after NPA and after leaving pensionable service for the final time

Pension debit implementation date	5 April 2033
Annual allowance debit at retirement	£165 pa
Date of leaving pensionable service	31 March 2033
Age at implementation date	70 years 4 months

Factors

Factor table for main scheme pension	CLR1
Pension factor	1.146
Factor table for annual allowance pension debits	CLR2
<u>Debit 1</u> : Pension factor at retirement age	1.208
<u>Debit 2</u> : Pension factor at implementation age	1.021
Pension factor at retirement age	1.208



Pension

Late retirement pension =

- Full retirement earned pension in respect of service before NPA x Factor CLR1
- + Full retirement earned pension in respect of service after NPA
- **(Annual Allowance debit 1)** Annual allowance pension debit implemented before NPA x Factor CLR2 at age of leaving pensionable service
- **(Annual Allowance debit 2)** Annual allowance pension debit implemented after NPA but before leaving pensionable service x Factor CLR2 at age of leaving pensionable service ÷ Factor CLR2 at implementation date
- **(Annual Allowance debit 3)** Annual Allowance pension debit implemented after NPA and after leaving pensionable service for the final time

Late retirement pension	= £25,675 x 1.146
	+ £5,670
	- £229 x 1.208
	- £245 x (1.208 ÷ 1.021)
	- £165
	= £29,423.55 + £5,670 – £276.63 - £289.87 - £165
	= £34,362.05 pa



Appendix A: Assumptions underlying factors

Financial assumptions

Nominal discount rate	4.448% pa
CPI	2.00% pa
Real discount rate (in excess of CPI)	2.40% pa

Mortality assumptions

Base mortality tables and adjustments:

	Males	Females
Retirements in normal health	106% of S2NMA_L	Age dependant adjustments to S1NFA_L: ≤79: 75% 80-84: 86% 85-89: 100% ≥90: 108%
Retirements in ill-health	100% of S2IMA	100% of S2IFA
Dependants	120% of S2NMA	95% of S2DFA

Future mortality improvements Based on ONS principal UK population projections 2016

Year of Use 2020

Other assumptions

Proportion of male members for unisex factors	30%
Age difference between member and partner	Males assumed 3 years older than their partners and female members assumed 2 years younger than their partners
Allowance for commutation	Nil



Appendix B: Regulations to which this document relates and corresponding factors

Factor Table Number	Regulation (The Teachers' Pension Scheme Regulations 2014 – SI 2014/512)
CLR1 <ul style="list-style-type: none">• pension uplift factors• All NPAs• applicable to full retirement earned pension	87 Annual rate of age retirement pension 74 Meaning of “actuarial adjustment” 88 Arrears of pension payable to deferred member who becomes pensioner member after reaching normal pension age
CLR2 <ul style="list-style-type: none">• pension uplift factors• All NPAs• applicable to pension sharing on divorce pension debits• applicable to annual allowance pension debits	87 Annual rate of age retirement pension 182 Reduction of benefits: annual allowance and lifetime allowance charge



Appendix C: Late retirement factor tables

Table CLR1 (Table 413 in spreadsheet)

Benefits payable to the member on late retirement (with actuarial uplift)
Career average section, Active members, All NPAs, Full retirement earned pension

Years	Completed Months											
	0	1	2	3	4	5	6	7	8	9	10	11
0	1.002	1.005	1.008	1.011	1.015	1.018	1.021	1.024	1.028	1.031	1.034	1.037
1	1.041	1.044	1.048	1.051	1.055	1.058	1.062	1.065	1.069	1.073	1.076	1.080
2	1.083	1.087	1.091	1.095	1.099	1.102	1.106	1.110	1.114	1.118	1.122	1.126
3	1.130	1.134	1.138	1.142	1.146	1.151	1.155	1.159	1.163	1.167	1.172	1.176
4	1.180	1.185	1.189	1.194	1.198	1.203	1.208	1.212	1.217	1.221	1.226	1.231
5	1.235	1.241	1.246	1.251	1.256	1.261	1.266	1.271	1.276	1.281	1.286	1.291
6	1.296	1.302	1.307	1.313	1.318	1.324	1.329	1.335	1.340	1.346	1.351	1.357
7	1.363	1.369	1.375	1.381	1.387	1.393	1.399	1.405	1.411	1.417	1.423	1.429
8	1.436	1.442	1.449	1.456	1.462	1.469	1.476	1.482	1.489	1.496	1.502	1.509
9	1.516	1.524	1.531	1.538	1.546	1.553	1.560	1.568	1.575	1.582	1.590	1.597
10	1.601											

- Notes:
- 1) These factors are to be used for calculating the actuarial uplift on late retirement for members' full retirement earned pension.
 - 2) Factors are only to be applied to a member's full retirement earned pension in respect of service before NPA.
 - 3) Factors are selected according to the number of years and complete months the member late retires after NPA.
 - 4) Benefits to be awarded are obtained by multiplying the benefits in note 2) by the relevant factor then adding on the unadjusted benefits accrued after NPA.
 - 5) Increased benefits are to be calculated before any lump sum commutation option is exercised.



Table CLR2 (Table 414 in spreadsheet)
Benefits payable to the member on late retirement (with actuarial uplift)
Career average section, Active members, All NPAs, Pension sharing on divorce debits and annual allowance debits

Years	Completed Months											
	0	1	2	3	4	5	6	7	8	9	10	11
0	1.002	1.007	1.012	1.016	1.021	1.025	1.030	1.035	1.039	1.044	1.048	1.053
1	1.058	1.063	1.068	1.073	1.078	1.083	1.088	1.093	1.098	1.103	1.108	1.113
2	1.118	1.124	1.129	1.135	1.140	1.146	1.151	1.157	1.162	1.168	1.173	1.179
3	1.184	1.190	1.196	1.202	1.208	1.214	1.220	1.226	1.232	1.238	1.244	1.250
4	1.257	1.263	1.270	1.277	1.283	1.290	1.296	1.303	1.310	1.316	1.323	1.329
5	1.336	1.344	1.351	1.358	1.365	1.373	1.380	1.387	1.394	1.402	1.409	1.416
6	1.424	1.432	1.440	1.448	1.456	1.464	1.472	1.480	1.488	1.496	1.504	1.512
7	1.520	1.529	1.538	1.547	1.556	1.565	1.574	1.582	1.591	1.600	1.609	1.618
8	1.627	1.637	1.647	1.656	1.666	1.676	1.686	1.696	1.705	1.715	1.725	1.735
9	1.745	1.756	1.767	1.778	1.789	1.799	1.810	1.821	1.832	1.843	1.854	1.865
10	1.870											

- Notes:
- 1) These factors are to be used for calculating the actuarial uplift on late retirement for career average section pension sharing on divorce pension debits and annual allowance pension debits.
 - 2) Factors are selected according to the number of years and complete months the member late retires after NPA.
 - 3) Factors are to be applied to pension sharing on divorce debits and annual allowance debits revalued from the date of divorce in accordance with the PI Act.
 - 4) If divorce occurred after NPA:
 - > Only pension sharing on divorce pension debits related to service before NPA should be uplifted.
 - > The pension sharing on divorce pension debit should be multiplied by the factor relating to the date of retirement and divided by the factor relating to the date of divorce.
 - 5) If the annual allowance implementation occurred after NPA:
 - > The annual allowance debit should be multiplied by the factor for the age at retirement and divided by the factor for the age at implementation.
 - 6) Increased debits are to be calculated before any lump sum commutation option is exercised.



Appendix D: Limitations

- D.1 This guidance should not be used for any purpose other than those set out in this guidance.
- D.2 The factors contained in this guidance are subject to regular review. Scheme managers and administrators need to ensure that they are using the latest factors, as relevant, when processing cases.
- D.3 Advice provided by GAD must be taken in context and is intended to be considered in its entirety. Individual sections, if considered in isolation, may be misleading, and conclusions reached by a review of some sections on their own may be incorrect. GAD does not accept responsibility for advice that is altered or used selectively. Clarification should be sought if there is any doubt about the intention or scope of advice provided by GAD.
- D.4 This guidance only covers the actuarial principles around the calculation and application of late retirement factors. Any legal advice in this area should be sought from an appropriately qualified person or source.
- D.5 Scheme managers and administrators should satisfy themselves that late retirement calculations and benefit awards for pension sharing on divorce comply with all legislative requirements including, but not limited to, tax and contracting-out requirements.
- D.6 This guidance is based on the Regulations in force at the time of writing. It is possible that future changes to the Regulations might create inconsistencies between this guidance and the Regulations. If users of this guidance believe there to be any such inconsistencies, they should bring this to the attention of DfE and GAD. Under no circumstances should this guidance take precedence over the Regulations. Administrators should ensure that they comply with all relevant Regulations.