

## POLICE PENSION SCHEMES 2018/06

**WHO SHOULD READ:** The Chief Constable of Police Scotland  
Pension Administrators

**ACTION:** Information relating to new pension commutation guidance affecting members of the 1987 Police Pension Scheme

**SUBJECT:** Police Pension Scheme 1987 Commutation Factors

**The purpose of this circular is to:**

- Advise on the introduction of revised factors prepared by the Government Actuary's Department for the purpose of calculating lump sums payable to retiring members under regulation B7 of the Police Pensions Regulations 1987. These factors should be applied to retiring members with effect from 31 October 2018.
- This updates the previous guidance dated 18 March 2016 which was outlined in Circular 6/2016.

In Budget 2018, the UK Government announced changes to the SCAPE Discount Rate which is used for financing purposes in public service pension schemes. The discount rate has been reduced from 2.8% above CPI per annum to 2.4% above CPI per annum, with a resulting impact on certain actuarial factors used in police pensions.

Actuarial factors are the responsibility of the scheme actuary, the Government Actuary's Department (GAD). As a consequence of the reduction of the discount rate GAD has undertaken a review of the scheme lump sum commutation factors and has recommended the factors are revised with immediate effect. The actuary has also taken the opportunity to align the demographic assumptions used in calculating the factors with up-to-date population projections published by The Office for National Statistics.

The review has shown there should be an increase to all the lump sum retirement commutation factors at all ages, which will increase the benefits paid to members.

SPPA Circular [2015/5](#) provided information on the underpin that exists for members of the scheme in Scotland, which means that the higher of either the England and Wales scheme or Scottish Scheme factors are used for lump sums for officers retiring up to 31 March 2022. The underpin will continue to apply for the benefit of retiring officers.

The factors applicable in England and Wales have also been revised, and should be used in all cases.

For ease of reference, the tables of factors relevant to England and Wales are contained in Annex A of this circular, with the commutation guidance for Scotland, including all relevant



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formulae, available on the SPPA website [here](#).

Officers due to retire who have already received a lump sum quote will receive a new quote based on the revised factors.

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**Police Pensions Policy Manager**  
**1 November 2018**

**Contact information**

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## Annex A

**Table 1 - Factors for commutation of pension to lump sum (England and Wales underpin)**

### Males and Females

Years	Age in years and completed months on day pension commences												
	0	1	2	3	4	5	6	7	8	9	10	11	
Below 48	24.70												
48	24.70	24.70	24.70	24.70	24.70	24.70	24.70	24.68	24.67	24.65	24.63	24.62	
49	24.60	24.57	24.53	24.50	24.47	24.43	24.40	24.37	24.33	24.30	24.27	24.23	
50	24.20	24.18	24.15	24.13	24.10	24.08	24.05	24.03	24.00	23.98	23.95	23.93	
51	23.90	23.87	23.83	23.80	23.77	23.73	23.70	23.67	23.63	23.60	23.57	23.53	
52	23.50	23.47	23.43	23.40	23.37	23.33	23.30	23.27	23.23	23.20	23.17	23.13	
53	23.10	23.07	23.03	23.00	22.97	22.93	22.90	22.87	22.83	22.80	22.77	22.73	
54	22.70	22.66	22.62	22.58	22.53	22.49	22.45	22.41	22.37	22.33	22.28	22.24	
55	22.20	22.16	22.12	22.08	22.03	21.99	21.95	21.91	21.87	21.83	21.78	21.74	
56	21.70	21.67	21.63	21.60	21.57	21.53	21.50	21.47	21.43	21.40	21.37	21.33	
57	21.30	21.26	21.22	21.18	21.13	21.09	21.05	21.01	20.97	20.93	20.88	20.84	
58	20.80	20.76	20.72	20.68	20.63	20.59	20.55	20.51	20.47	20.43	20.38	20.34	
59	20.30	20.27	20.23	20.20	20.17	20.13	20.10	20.07	20.03	20.00	19.97	19.93	
60	19.90	19.86	19.82	19.78	19.73	19.69	19.65	19.61	19.57	19.53	19.48	19.44	
61	19.40	19.35	19.30	19.25	19.20	19.15	19.10	19.05	19.00	18.95	18.90	18.85	
62	18.80	18.76	18.72	18.68	18.63	18.59	18.55	18.51	18.47	18.43	18.38	18.34	
63	18.30	18.26	18.22	18.18	18.13	18.09	18.05	18.01	17.97	17.93	17.88	17.84	
64	17.80	17.75	17.70	17.65	17.60	17.55	17.50	17.45	17.40	17.35	17.30	17.25	
65	17.20	17.16	17.12	17.08	17.03	16.99	16.95	16.91	16.87	16.83	16.78	16.74	
66	16.70	16.65	16.60	16.55	16.50	16.45	16.40	16.35	16.30	16.25	16.20	16.15	
67	16.10	16.06	16.02	15.98	15.93	15.89	15.85	15.81	15.77	15.73	15.68	15.64	
68	15.60	15.55	15.50	15.45	15.40	15.35	15.30	15.25	15.20	15.15	15.10	15.05	
69	15.00	14.95	14.90	14.85	14.80	14.75	14.70	14.65	14.60	14.55	14.50	14.45	
70	14.40	14.36	14.32	14.28	14.23	14.19	14.15	14.11	14.07	14.03	13.98	13.94	
71	13.90	13.85	13.80	13.75	13.70	13.65	13.60	13.55	13.50	13.45	13.40	13.35	
72	13.30	13.25	13.20	13.15	13.10	13.05	13.00	12.95	12.90	12.85	12.80	12.75	
73	12.70	12.65	12.60	12.55	12.50	12.45	12.40	12.35	12.30	12.25	12.20	12.15	
74	12.10	12.06	12.02	11.98	11.93	11.89	11.85	11.81	11.77	11.73	11.68	11.64	
75	11.60												

**Table 2 - Additional factors in respect of accrued pensions increases for use in commutation before age 55 after a break since leaving pensionable service (England and Wales underpin)**

**Males and Females**

Years	Age in years and completed months on day pension commences												
	0	1	2	3	4	5	6	7	8	9	10	11	
Below 48	14.90												
48	14.90	14.90	14.90	14.90	14.90	14.90	19.10	19.13	19.17	19.20	19.23	19.27	
49	19.30	19.33	19.37	19.40	19.43	19.47	19.50	19.53	19.57	19.60	19.63	19.67	
50	19.70	19.74	19.78	19.83	19.87	19.91	19.95	19.99	20.03	20.08	20.12	20.16	
51	20.20	20.24	20.28	20.33	20.37	20.41	20.45	20.49	20.53	20.58	20.62	20.66	
52	20.70	20.74	20.78	20.83	20.87	20.91	20.95	20.99	21.03	21.08	21.12	21.16	
53	21.20	21.24	21.28	21.33	21.37	21.41	21.45	21.49	21.53	21.58	21.62	21.66	
54	21.70	21.74	21.78	21.83	21.87	21.91	21.95	21.99	22.03	22.08	22.12	22.16	



**Table 3 – Timing adjustment factors for use in commutation before age 55 after a break since leaving pensionable service (England and Wales underpin)**

**Males and Females**

Years	Age in years and completed months on day pension commences												
	0	1	2	3	4	5	6	7	8	9	10	11	
Below 48	0.621												
48	0.621	0.621	0.621	0.621	0.621	0.621	0.754	0.757	0.759	0.762	0.765	0.767	
49	0.770	0.773	0.776	0.779	0.781	0.784	0.787	0.790	0.793	0.796	0.799	0.801	
50	0.804	0.807	0.810	0.813	0.816	0.819	0.822	0.825	0.828	0.831	0.834	0.837	
51	0.840	0.843	0.846	0.849	0.852	0.856	0.859	0.862	0.865	0.868	0.871	0.874	
52	0.878	0.881	0.884	0.887	0.890	0.894	0.897	0.900	0.903	0.907	0.910	0.913	
53	0.917	0.920	0.923	0.927	0.930	0.933	0.937	0.940	0.944	0.947	0.950	0.954	
54	0.957	0.961	0.964	0.968	0.971	0.975	0.978	0.982	0.986	0.989	0.993	0.996	



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