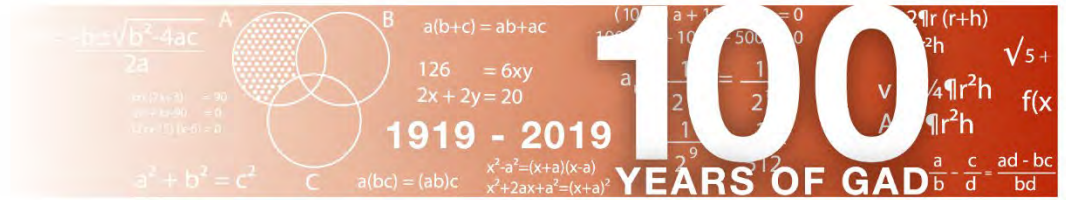




Government  
Actuary's  
Department



## Principal Civil Service Pension Scheme (Northern Ireland)

Cash equivalents for pension sharing on divorce

Factors and guidance for **classic**, **classic plus**,  
**premium** and **nuvos** members

Date: 17 January 2020





## Contents

<b>1</b>	<b>Introduction</b>	<b>1</b>
<b>2</b>	<b>Adjustments for Guaranteed Minimum Pension</b>	<b>4</b>
<b>3</b>	<b>Cash equivalents on divorce: general considerations</b>	<b>6</b>
<b>4</b>	<b>Members already in receipt of scheme benefits: Instructions</b>	<b>8</b>
<b>5</b>	<b>Active or deferred member aged under NPA or over NPA: Instructions</b>	<b>11</b>
<b>6</b>	<b>Special cases</b>	<b>12</b>
<b>7</b>	<b>Worked Examples</b>	<b>13</b>
	Example 1: Male pensioner below SPA (ill health)	13
	Example 2: Female pensioner below SPA (not on ill health)	14
	Example 3: Male pensioner above SPA (SPA before 6 April 2016)	15
	Example 4: Female pensioner (not on ill health)	16
<b>8</b>	<b>Limitations of this guidance</b>	<b>18</b>
	<b>Appendix A: Factor tables</b>	<b>19</b>
	<b>Appendix B: Assumptions underlying factors</b>	<b>23</b>



## 1 Introduction

- 1.1 This note is addressed to the Northern Ireland Department of Finance (DoF) as scheme manager of the Principal Civil Service Pension Scheme (Northern Ireland) (PCSPS, or PCSPS (NI)).
- 1.2 The purpose of this note is to provide DoF with factors to be used to calculate the cash equivalent of a member's benefits, and accompanying guidance to demonstrate how these factors should be applied, for pension sharing on divorce in respect of a PCSPS member.
- 1.3 The guidance only relates to benefits in the **classic, classic plus, premium and nuvos** sections of the PCSPS. Benefits in the **alpha** scheme should be treated separately, in accordance with the relevant guidance for that scheme – that is, separate cash equivalents will be calculated for the member's alpha and PCSPS benefits.
- 1.4 This guidance should be used both when a member with PCSPS benefits applies for a quotation of the value of the benefits during the divorce proceedings, and after a pension sharing order has been made. We understand that this paper will be shared with MyCSP and Claybrook.
- 1.5 It is important to note that the process for adjusting cash equivalents to reflect a member's Guaranteed Minimum Pension (GMP) has changed in this guidance note. This is a result of the decision to equalise GMPs. Full details of the new approach and transitional arrangements are set out in Section 2.
- 1.6 Section 3 of this note provides general guidance on the application of actuarial factors when calculating cash equivalents for divorce purposes.
- 1.7 Section 4 contains instructions on how to calculate cash equivalents for divorce purposes for members who are already in receipt of benefits. Appendix A contains the factor tables to use for these calculations. Details of the principal assumptions underlying these factor tables are set out in Appendix B.
- 1.8 Section 5 contains guidance and instructions on how to calculate cash equivalents for divorce purposes for active and deferred members. The factor tables to use for these calculations are set out in the latest version of our guidance note entitled *Principal Civil Service Pension Scheme (Northern Ireland): Cash equivalent transfer values (CETVs) for classic, classic plus, premium and nuvos members including added pension benefits: Factors and guidance*.
- 1.9 Section 6 sets out some of the special cases that might arise and how these should be processed.
- 1.10 Section 7 contains some worked examples.
- 1.11 Any special cases that are not covered by this guidance should be treated on a case by case basis.



- 1.12 Separate instructions cover the conversion of a pension credit to pension for the ex-partner- please see the latest version of our note *Principal Civil Service Pension Scheme (Northern Ireland): Converting pension credit into pension: Factors and guidance for classic, classic plus, premium and nuvos members*.

### **Implementation and Review**

- 1.13 The factors provided in this note have been prepared in light of our advice to DoF dated 9 March 2018 and its instructions following that advice.
- 1.14 We understand CETV factors are the responsibility of DoF under rules 6.10(i) of the 1972 section, F.5 of the 2002 section and G.5 of the 2008 section.
- 1.15 DoF have confirmed that the factors in this guidance will apply from **29 October 2018**. This guidance will apply from the date of issue of this guidance.
- 1.16 This guidance is intended to supersede any advice previously issued, for the purposes of calculating cash equivalents for pension sharing on divorce. No advice or factors issued in the past should be used for future cases. In particular, this guidance supersedes the following guidance note:

*Principal Civil Service Pension Scheme (Northern Ireland): Cash equivalents for pension sharing on divorce: Factors and guidance for classic, classic plus, premium and nuvos members, dated 09 April 2015.*

- 1.17 This guidance has been written for pension administrators and assumes some knowledge of general pension terminology, and some familiarity with retirement calculations for the PCSPS Pension Scheme. Any questions concerning the application of the guidance should, in the first instance, be referred to DoF.
- 1.18 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.
- 1.19 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.

### **Third Party Reliance**

- 1.20 This guidance has been prepared for the use of the DoF 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 DoF and 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.



- 1.21 Other than DoF 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 Adjustments for Guaranteed Minimum Pension

### GMP equalisation: impact on calculations

- 2.1 The calculations and formulae in this guidance contain adjustments to reflect the inflationary increases on a member's Guaranteed Minimum Pension (GMP), which have historically been the responsibility of the State Scheme after GMP Payment Age.
- 2.2 In previous versions of this guidance, this GMP adjustment was applied to all cash equivalent calculations.
- 2.3 However, following the requirement to equalise GMPs, as set out in our letter "*GMP Equalisation: Calculations involving actuarial factors*" dated 20 August 2019, and with effect from the date of issue of this guidance.:

**GMP adjustment factors should no longer be applied in calculations for members who reach State Pension age (SPA) on or after 6 April 2016**

- 2.4 The cohorts of members who will be affected by this change will be:
- Males with a date of birth on or after 6 April 1951 **and** an accrued GMP
  - Females with a date of birth on or after 6 April 1953 **and** an accrued GMP
- 2.5 For affected members listed above, calculations should be undertaken using the methodology set out in this guidance note but with any GMP (pre or post 1988) set to zero.
- 2.6 For the majority of affected calculations the difference between the original and revised quotation is expected to be small, relative to the total transfer value. Not applying the GMP adjustment factors will increase the total transfer value.
- 2.7 No change should be made to existing methodology for members who reached State Pension age before 6 April 2016.

### Transitional arrangements

- 2.8 DoF have determined that the following transitional arrangements should apply to the affected members listed above.
- New requests for a quotation as part of divorce proceedings, or new calculations after a pension sharing order has been made  
GMP adjustment factors should no longer be applied.



- For existing requests for a quotation as part of divorce proceedings, but where final determination is yet to be made

Where possible to do so, the scheme administrator should identify any cases where GMP adjustment factors have been applied and provide a revised quotation. This mitigates the risk of challenge due to a failure to notify the court of a change in valuation.

- Existing requests where a pension sharing order has been made, but calculations have not yet been provided to the member

GMP adjustment factors should no longer be applied. This is the case even when the date of the calculation is prior to the date of issue of this guidance.

- Existing requests where a pension sharing order has been made, and results were provided to the member before the date of issue of this guidance.

No changes should be made to existing calculations where the member and/or ex-partner has already been provided with the results. This includes cases where a pension sharing order has already been implemented.



### 3 Cash equivalents on divorce: general considerations

- 3.1 In any divorce proceedings dealing with the division of matrimonial assets, the parties are required to disclose to each other and to the Court, all their financial interests. This will include details relating to pension benefits that are shareable regardless of whether a pension sharing order will eventually be made.
- 3.2 The calculations set out in this note determine the value of pension rights for a member of the **classic**, **classic plus**, **premium** and **nuvos** sections of the PCSPS, as required for the divorce proceedings. If the other party in the divorce proceedings also has PCSPS benefits, or either party has **alpha** benefits, then separate valuations are required in respect of those pension rights.
- 3.3 The calculations required and the factor tables used depend on the status of the member at the calculation date, including their age, gender, normal pension age and the date on which they will reach (or did reach) State Pension age.
- 3.4 For divorce cases in Scotland, the cash equivalent calculated in accordance with this guidance is then adjusted in accordance with regulation 4 of [the Divorce etc \(Pensions\) \(Scotland\) Regulations 2000](#) (SSI 2000/112) subject to any relevant case law, such as [McDonald v McDonald](#) [2017] UKSC 52.

#### Calculation Date

- 3.5 The **calculation date** will depend on the stage of the divorce:
- If a quotation is required for part of the proceedings, in Scottish cases, the calculation date will usually be specified by the court. For divorces in England, Wales and Northern Ireland, the calculation date used should be consistent with the date used for normal transfer value calculations (i.e. the guarantee date).
  - If the calculation is being done after a pension sharing order has been made, the calculation date should be the day on which the relevant order or provision takes effect. This is often referred to as the “transfer day”, as defined in section 29 of the Welfare Reform and Pensions Act 1999<sup>1</sup> (the 1999 Act).

#### Selection of factors

- 3.6 Factors should be selected with reference to the member's status and age last birthday at the **calculation date**, which should be determined in line with the section above.
- 3.7 For calculations being completed after a pension sharing order has been made, there may be some time between the **calculation date** (which should be the day on which the relevant order or provision takes effect) and the date on which administrators

---

<sup>1</sup> The Welfare Reform and Pensions Act 1999 ([1999 c. 30](#)) applies in England, Wales and Scotland. The corresponding legislation in Northern Ireland is Article 26 of The Welfare Reform and Pensions (Northern Ireland) Order 1999 ([1999 No. 3147](#)).





process the calculation (sometimes referred to as the “valuation day”, as defined in section 29 of the 1999 Act). In some cases, it’s possible that different sets of factors will be in force on the two dates. In these circumstances, the set of factors that are in force on the day administrators process the calculation should be used. Individual factors should be selected from this factor set with reference to the member’s or ex-partner’s status and age last birthday at the **calculation date**, in the normal way.

### **Benefits to be valued**

- 3.8 Full details of the benefits to be included in the calculation of cash equivalents for divorce purposes are set out in section 4, for members in receipt of scheme benefits, and in the latest version of our guidance note entitled *Principal Civil Service Pension Scheme (Northern Ireland): Cash equivalent transfer values (CETVs) for classic, classic plus, premium and nuvos members including added pension benefits: Factors and guidance*, for active and deferred members.
- 3.9 It is important that the amount of all relevant benefits used in the calculation should be the amount taken immediately before the **calculation date**. This is consistent with the requirements set out in section 29 of the 1999 Act:

*“Where the [pension scheme member] is in pensionable service under the scheme on the transfer day, the relevant benefits ... are the benefits or future benefits to which he would be entitled under the scheme by virtue of his shareable rights under it had his pensionable service terminated immediately before that day. Otherwise, the relevant benefits ... are the benefits or future benefits to which, immediately before the transfer day, the [member] is entitled...”*



## 4 Members already in receipt of scheme benefits: Instructions

4.1 Those in receipt of scheme benefits do not have an entitlement to a CETV. The pensioner cash equivalent can be calculated using the method and factors in this section, but **should be used for divorce purposes only**.

4.2 There are two sets of tables also set out in Appendix A:

Factor table number	Description of factors
P1CENH1	Pensioners who retired not on ill health grounds
P1CEIH1	Pensioners who retired on ill health grounds

4.3 The age of the member should be taken at the calculation date (see Section 3).

4.4 Benefits should also be taken at the calculation date. In particular, the member's pension should be the current annual rate of pension payable and the partner's pension should be the annual rate which would be payable if the member died on the calculation date (for this purpose, it should be assumed that an eligible partner exists). The last pension increase should be that awarded up to and including the April increase immediately before the calculation date (even though pension increases may have not been granted by virtue of the member not having reached age 55 years).

4.5 For the subset of members who reached State Pension age before 6 April 2016 and have an accrued Guaranteed Minimum Pension (GMP), the cash equivalent needs to be adjusted to reflect increases on the GMP that are the responsibility of the State. Further details are set out in Section 2. For these members, separate pre and post 1988 GMP figures need to be used. The amounts to use are the current annual amounts of GMP in payment at the calculation date. No adjustment should be applied to the cash equivalent for any other members.

4.6 If the member's pension is reduced due to abatement, then the abatement reduction should be ignored for the purpose of this calculation. Benefits should be calculated as though the member had ceased re-employment on the date of calculation, and valued accordingly.



### Members below State Pension age

- 4.7 For a member below their State Pension age, the pensioner cash equivalent (CE) should be calculated as:

$$CE = P \times F_x^P + S \times F_x^S - (G^{pre} \times F_x^{Gpre} + G^{post} \times F_x^{Gpost}) - NI \times F_x^{NI}$$

where:

- $P$  = current member's gross annual pension at the calculation date (ie, the NI modification has not been deducted)
- $S$  = partner's annual pension at the calculation date
- $G^{pre}$  = annual pre-88 GMP at the calculation date (for members who reached SPA before 6 April 2016)
- or
- $G^{post}$  = zero (for members who reached SPA on or after 6 April 2016)  
annual post-88 GMP at the calculation date (for members who reached SPA before 6 April 2016)
- or
- zero (for members who reached SPA on or after 6 April 2016)
- $F_x^P$  = member's pension factor for a member aged x last birthday at the calculation date, taken from Table P1CENH1 or P1CEIH1 as appropriate.
- $F_x^S$  = partner's pension factor for a member aged x last birthday at the calculation date, taken from Table P1CENH1 or P1CEIH1 as appropriate
- $F_x^{Gpre}$  = pre-88 GMP factor for a member aged x last birthday at the calculation date, taken from table P1CENH1 or P1CEIH1 as appropriate
- $F_x^{Gpost}$  = post-88 GMP factor for a member aged x last birthday at the calculation date, taken from table P1CENH1 or P1CEIH1 as appropriate
- $NI$  = annual NI (National Insurance) modification at the calculation date
- $F_x^{NI}$  = NI factor for a member aged x last birthday at the calculation date, taken from table P1CENH1 or P1CEIH1 as appropriate



### Members above State Pension age

- 4.8 For a member above their State Pension age, the pensioner cash equivalent (CE) should be calculated as:

$$CE = P \times F_x^P + S \times F_x^S - (G^{pre} \times F_x^{Gpre} + G^{post} \times F_x^{Gpost})$$

where:

- $P$  = current member's annual pension at the calculation date (ie, net amount after deduction for NI modification)
- $S$  = partner's annual pension at the calculation date
- $G^{pre}$  = annual pre-88 GMP at the calculation date (for members who reached SPA before 6 April 2016)
- or
- $G^{post}$  = zero (for members who reached SPA on or after 6 April 2016)  
annual post-88 GMP at the calculation date (for members who reached SPA before 6 April 2016)
- or
- zero (for members who reached SPA on or after 6 April 2016)
- $F_x^P$  = member's pension factor for a member aged x last birthday at the calculation date, taken from Table P1CENH1 or P1CEIH1 as appropriate.
- $F_x^S$  = partner's pension factor for a member aged x last birthday at the calculation date, taken from Table P1CENH1 or P1CEIH1 as appropriate
- $F_x^{Gpre}$  = pre-88 GMP factor for a member aged x last birthday at the calculation date, taken from table P1CENH1 or P1CEIH1 as appropriate
- $F_x^{Gpost}$  = post-88 GMP factor for a member aged x last birthday at the calculation date, taken from table P1CENH1 or P1CEIH1 as appropriate



## **5 Active or deferred member aged under NPA or over NPA: Instructions**

- 5.1 Where the active or deferred member's benefits have not yet come into payment, the cash equivalent transfer value (CETV) should be quoted. This should be calculated using the same approach as would apply to a normal CETV (ie non-Club transfer out), even if the member is not normally entitled to a transfer value.
- 5.2 Please refer to our latest guidance note entitled *Principal Civil Service Pension Scheme (Northern Ireland): Cash equivalent transfer values (CETVs) for classic, classic plus, premium and nuvos members including added pension benefits: Factors and guidance* for the calculation formulae and the factor tables to use.
- 5.3 Cash equivalents for divorce purposes involving active or deferred members over age 75 years should be treated on a case by case basis.



## 6 Special cases

### Partially retired members

- 6.1 For a divorcing member who has taken partial retirement, separate cash equivalents should be calculated at the calculation date for the pensions in payment (in line with Section 4) and the benefits relating to the benefit not taken at partial retirement plus any additional accrual (in line with Section 5). The resultant answers added together will give the total cash equivalent.

### Members with two or more separate employments

- 6.2 Separate cash equivalents should be calculated for a divorcing member with two or more separate PCSPS employments that have not been aggregated. A cash equivalent should be calculated for each separate benefit and the resultant answers added together will give the total cash equivalent.

### Members with one or more existing pension debits

- 6.3 Where a member has one or more pension debits (either in respect of a previous divorce or one or more annual allowance tax charges), the cash equivalent should be calculated in two stages.
1. The gross cash equivalent should be calculated ignoring all pension debits.
  2. The value of each pension debit (revalued to the calculation date) should be calculated as the cash equivalent of a deferred pension of the same amount as the debit.
- 6.4 The final cash equivalent to be used for divorce purposes is the gross cash equivalent calculated in stage one, less the value of all pension debits calculated in stage two.



## 7 Worked Examples

### Example 1: Male pensioner below SPA (ill health)

Date of birth	18/08/1964
Sex	Male
Date of State Pension age	18/08/2031
Calculation date	15/04/2020
Age last birthday	55 years
Type of pension	ill health pensioner
Amount of current annual pension at calculation date	£5,600
Amount of annual partner pension at calculation date	£2,100
Amount of annual pre 88 GMP at calculation date	N/A*
Amount of annual post 88 GMP at calculation date	N/A*
Amount of annual NI modification at calculation date	£5

\* This member will reach State Pension Age on or after 6 April 2016. In line with section 2 of this guidance, pre-88 GMP and post-88 GMP should be set to zero.

Relevant table	P1CEIH1
Pension factor	22.12
Partner's pension factor	1.87
Pre-88 GMP deduction factor	3.49
Post-88 GMP deduction factor	0.52
NI modification deduction factor	12.41

$$\begin{aligned}
 \text{CE} &= £5,600.00 \times 22.12 + £2,100.00 \times 1.87 - [ (£0.00 \times 3.49) + (£0.00 \times 0.52) ] - \\
 &\quad (£5.00 \times 12.41) \\
 &= \underline{\underline{£127,736.95}}
 \end{aligned}$$



**Example 2: Female pensioner below SPA (not on ill health)**

Date of birth	18/08/1964
Sex	Female
Date of State Pension age	18/08/2031
Calculation date	15/04/2020
Age last birthday	55 years
Type of pensioner	Not ill health
Amount of current annual pension at calculation date	£5,600
Amount of annual partner pension at calculation date	£2,100
Amount of annual pre 88 GMP at calculation date	N/A*
Amount of annual post 88 GMP at calculation date	N/A*
Amount of annual NI modification at calculation date	£5

\* This member will reach State Pension Age on or after 6 April 2016. In line with section 2 of this guidance, pre-88 GMP and post-88 GMP should be set to zero.

Relevant table	P1CENH1
Pension factor	22.12
Partner's pension factor	1.87
Pre-88 GMP deduction factor	2.92
Post-88 GMP deduction factor	0.44
NI modification deduction factor	13.25

$$\begin{aligned}
 \text{CE} &= £5,600.00 \times 22.12 + £2,100.00 \times 1.87 - [(£0.00 \times 2.92) + (£0.00 \times 0.44)] - \\
 &\quad (£5.00 \times 13.25) \\
 &= \underline{\underline{£127,732.75}}
 \end{aligned}$$





**Example 3: Male pensioner above SPA (SPA before 6 April 2016)**

Date of birth	18/08/1950
Sex	Male
Date of State Pension age	18/08/2015
Calculation date	15/04/2020
Age last birthday	69 years
Type of pension	Not ill health
Amount of current annual pension at calculation date	£5,600
Amount of annual partner pension at calculation date	£2,100
Amount of annual pre 88 GMP at calculation date	£150*
Amount of annual post 88 GMP at calculation date	£350*

*\* This member reached State Pension Age before 6 April 2016 and has an accrued GMP. In line with section 2 of this guidance, a GMP adjustment should be applied to the calculation.*

Relevant table	P1CENH1
Pension factor	14.76
Partner's pension factor	2.01
Pre-88 GMP deduction factor	2.94
Post-88 GMP deduction factor	0.43

$$\begin{aligned} \text{CE} &= £5,600.00 \times 14.76 + £2,100.00 \times 2.01 - (£150.00 \times 2.94 + £350.00 \times 0.43) \\ &= \underline{\underline{£86,285.50}} \end{aligned}$$



#### Example 4: Female pensioner (not on ill health)

The member has Classic Plus pension in payment (benefit 1) and since retirement is also accruing Premium benefits (benefit 2). The pensions in payment have been abated. Cash equivalents are calculated for benefit 1 (on unabated pension figures) and benefit 2 and added together to give the total cash equivalent.

Date of birth	18/08/1955
Sex	Female
Date of State Pension age	18/08/2021
Calculation date	15/04/2020
Age last birthday	64 years

#### Benefit 1: Pensions in payment

Type of pension	Not ill health
Amount of current annual pension at calculation date	£5,600 (unabated)
Amount of annual partner pension at calculation date	£2,100
Amount of annual pre 88 GMP at calculation date	N/A*
Amount of annual post 88 GMP at calculation date	N/A*
Amount of annual NI modification at calculation date	£5

\* This member will reach State Pension Age on or after 6 April 2016. In line with section 2 of this guidance, pre-88 GMP and post-88 GMP should be set to zero.

Relevant table	P1CENH1
Pension factor	17.55
Partner's pension factor	2.02
Pre-88 GMP deduction factor	3.48
Post-88 GMP deduction factor	0.53
NI modification deduction factor	17.26

$$\begin{aligned} \text{Benefit 1: CE} &= £5,600.00 \times 17.55 + £2,100.00 \times 2.02 - [ (£0.00 \times 3.48) + (£0.00 \times 0.53) ] - \\ &\quad ( £5.00 \times 17.26 ) \\ &= £102,435.70 \end{aligned}$$



## Benefit 2: Still accruing PCSPS benefits at calculation date

The cash equivalent should be calculated under Section 5 of this note. The pension benefits should include accrual up to the calculation date only.

Please refer to our latest guidance *Principal Civil Service Pension Scheme (Northern Ireland): Factors for cash equivalent transfer values (CETVs) for classic, classic plus, premium and nuvos members including added pension benefits: Factors and guidance* for the tables and formulae to calculate the cash equivalent.

Normal pension age	65 years
Scheme section for accruing benefit	Premium
Amount of accrued annual pension at calculation date	£1,600
Amount of accrued annual partner pension at calculation date	£600
Amount of accrued lump sum at calculation date	£0
Amount of annual NI modification at calculation date	£0

Relevant table	P1CETV65
Pension factor	17.13
Partner's pension factor	2.10
Lump sum factor	0.99
NI modification deduction factor	17.26

$$\begin{aligned} \text{Benefit 2: CE} &= £1,600.00 \times 17.13 + £600.00 \times 2.10 + £0.00 \times 0.99 - (£0.00 \times 17.26) \\ &= £28,668.00 \end{aligned}$$

$$\begin{aligned} \text{Total CE} &= £102,435.70 + £28,668.00 \\ &= \underline{\underline{£131,103.70}} \end{aligned}$$



## 8 Limitations of this guidance

- 8.1 This guidance should not be used for any purpose other than those set out in this guidance.
- 8.2 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.
- 8.3 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.
- 8.4 This guidance only covers the actuarial principles around the calculation and application of cash equivalent factors for pension sharing on divorce. Any legal advice in this area should be sought from an appropriately qualified person or source.
- 8.5 Scheme managers and administrators should satisfy themselves that cash equivalent transfer value for pension sharing on divorce calculations and benefit awards comply with all legislative requirements including, but not limited to, tax and contracting-out requirements.
- 8.6 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 the DoF and GAD. Under no circumstances should this guidance take precedence over the Regulations. Administrators should ensure that they comply with all relevant Regulations.



## Appendix A: Factor tables

### List of Tables

- Table P1CENH1 (**Table 303 in the consolidated factors spreadsheet**): PCSPS factors to calculate pensioner cash equivalents on divorce – pensioners not on ill health – Male and Female
- Table P1CEIH1 (**Table 304 in the consolidated factors spreadsheet**): PCSPS factors to calculate pensioner cash equivalents on divorce – pensioners on ill health – Male and Female



**Table P1CENH1 (Table 303 in the consolidated factors spreadsheet): PCSPS(NI) – pensioner cash equivalents on divorce factors – pensioners not on ill health**

Age	Male					Female				
	Gross Pension of £1 a year	Partner's pension of £1 a year	Deduction for NI modification of £1 a year	Deduction for GMP of £1 a year Pre-88	Deduction for GMP of £1 a year Post-88	Gross Pension of £1 a year	Partner's pension of £1 a year	Deduction for NI modification of £1 a year	Deduction for GMP of £1 a year Pre-88	Deduction for GMP of £1 a year Post-88
50	24.35	1.74	10.76	3.50	0.52	24.35	1.74	11.50	2.92	0.45
51	23.92	1.76	11.07	3.50	0.52	23.92	1.76	11.83	2.92	0.45
52	23.48	1.79	11.39	3.49	0.52	23.48	1.79	12.17	2.92	0.45
53	23.04	1.82	11.72	3.49	0.52	23.04	1.82	12.52	2.92	0.45
54	22.58	1.84	12.05	3.49	0.52	22.58	1.84	12.88	2.92	0.44
55	22.12	1.87	12.41	3.49	0.52	22.12	1.87	13.25	2.92	0.44
56	21.65	1.89	12.77	3.49	0.52	21.65	1.89	13.63	2.92	0.44
57	21.18	1.91	13.15	3.49	0.52	21.18	1.91	14.03	2.92	0.44
58	20.69	1.93	13.54	3.49	0.52	20.69	1.93	14.44	2.92	0.44
59	20.20	1.95	13.94	3.50	0.52	20.20	1.95	14.87	2.99	0.46
60	19.69	1.97	14.37	3.50	0.52	19.69	1.97	15.31	3.11	0.47
61	19.16	1.99	14.81	3.51	0.52	19.16	1.99	15.77	3.20	0.49
62	18.63	2.01	15.26	3.52	0.52	18.63	2.01	16.25	3.29	0.50
63	18.09	2.02	15.74	3.53	0.52	18.09	2.02	16.74	3.38	0.51
64	17.55	2.02	16.24	3.62	0.53	17.55	2.02	17.26	3.48	0.53
65	17.00	2.03	16.27	3.63	0.53	17.00	2.03	17.30	3.45	0.52
66	16.45	2.04	15.81	3.45	0.51	16.45	2.04	16.85	3.28	0.50
67	15.89	2.05	15.33	3.28	0.48	15.89	2.05	16.39	3.12	0.47
68	15.33	2.05	14.85	3.11	0.45	15.33	2.05	15.92	2.95	0.44
69	14.76	2.01	14.36	2.94	0.43	14.76	2.01	15.45	2.79	0.42
70	14.19	1.97	13.86	2.78	0.40	14.19	1.97	14.96	2.63	0.39
71	13.61	1.97	13.36	2.61	0.37	13.61	1.97	14.47	2.47	0.37
72	13.03	1.96	12.85	2.45	0.35	13.03	1.96	13.97	2.32	0.34
73	12.45	1.95	12.34	2.29	0.33	12.45	1.95	13.47	2.17	0.32
74	11.87	1.85	11.83	2.13	0.30	11.87	1.85	12.96	2.02	0.29
75	11.29	1.75	11.33	1.98	0.28	11.29	1.75	12.45	1.88	0.27
76	10.72	1.73		1.84	0.26	10.72	1.73		1.74	0.25
77	10.16	1.71		1.70	0.24	10.16	1.71		1.61	0.23
78	9.59	1.68		1.56	0.22	9.59	1.68		1.48	0.21
79	9.04	1.53		1.43	0.20	9.04	1.53		1.36	0.19
80	8.50	1.37		1.31	0.18	8.50	1.37		1.24	0.18
81	7.96	1.34		1.20	0.17	7.96	1.34		1.13	0.16
82	7.44	1.30		1.08	0.15	7.44	1.30		1.02	0.14
83	6.92	1.27		0.98	0.13	6.92	1.27		0.91	0.13
84	6.43	1.10		0.87	0.12	6.43	1.10		0.82	0.11
85	5.95	0.94		0.78	0.11	5.95	0.94		0.73	0.10
86	5.50	0.90		0.69	0.09	5.50	0.90		0.64	0.09
87	5.07	0.86		0.61	0.08	5.07	0.86		0.57	0.08
88	4.68	0.81		0.54	0.07	4.68	0.81		0.50	0.07
89	4.31	0.65		0.47	0.06	4.31	0.65		0.44	0.06
90	3.97	0.49		0.41	0.06	3.97	0.49		0.39	0.05
91	3.65	0.46		0.36	0.05	3.65	0.46		0.34	0.05
92	3.35	0.43		0.32	0.04	3.35	0.43		0.30	0.04
93	3.08	0.40		0.27	0.04	3.08	0.40		0.26	0.04
94	2.83	0.37		0.24	0.03	2.83	0.37		0.23	0.03
95	2.61	0.34		0.21	0.03	2.61	0.34		0.20	0.03
96	2.41	0.32		0.18	0.02	2.41	0.32		0.17	0.02
97	2.24	0.29		0.15	0.02	2.24	0.29		0.15	0.02
98	2.09	0.27		0.13	0.02	2.09	0.27		0.13	0.02



**Table P1CEIH1 (Table 304 in the consolidated factors spreadsheet): PCSPS(NI) - pensioner cash equivalents on divorce factors – pensioners on ill health**

Age	Male					Female				
	Gross Pension of £1 a year	Partner's pension of £1 a year	Deduction for NI modification of £1 a year	Deduction for GMP of £1 a year Pre-88	Deduction for GMP of £1 a year Post-88	Gross Pension of £1 a year	Partner's pension of £1 a year	Deduction for NI modification of £1 a year	Deduction for GMP of £1 a year Pre-88	Deduction for GMP of £1 a year Post-88
20	33.74	0.94	4.71	3.65	0.55	33.74	0.94	5.03	3.05	0.47
21	33.52	0.97	4.84	3.64	0.55	33.52	0.97	5.17	3.05	0.47
22	33.30	0.99	4.98	3.63	0.54	33.30	0.99	5.31	3.04	0.47
23	33.07	1.01	5.11	3.63	0.54	33.07	1.01	5.46	3.04	0.47
24	32.83	1.04	5.26	3.62	0.54	32.83	1.04	5.61	3.03	0.47
25	32.58	1.06	5.40	3.62	0.54	32.58	1.06	5.77	3.03	0.47
26	32.34	1.09	5.55	3.61	0.54	32.34	1.09	5.93	3.02	0.47
27	32.08	1.11	5.70	3.60	0.54	32.08	1.11	6.09	3.02	0.46
28	31.82	1.14	5.86	3.60	0.54	31.82	1.14	6.26	3.01	0.46
29	31.55	1.16	6.02	3.59	0.54	31.55	1.16	6.44	3.01	0.46
30	31.28	1.19	6.19	3.59	0.54	31.28	1.19	6.62	3.00	0.46
31	31.00	1.22	6.36	3.58	0.53	31.00	1.22	6.80	3.00	0.46
32	30.71	1.24	6.54	3.58	0.53	30.71	1.24	6.99	2.99	0.46
33	30.42	1.27	6.72	3.57	0.53	30.42	1.27	7.18	2.99	0.46
34	30.12	1.30	6.91	3.56	0.53	30.12	1.30	7.38	2.98	0.46
35	29.81	1.32	7.10	3.56	0.53	29.81	1.32	7.59	2.98	0.46
36	29.50	1.35	7.30	3.55	0.53	29.50	1.35	7.80	2.97	0.46
37	29.18	1.38	7.50	3.55	0.53	29.18	1.38	8.02	2.97	0.46
38	28.85	1.41	7.71	3.55	0.53	28.85	1.41	8.24	2.96	0.45
39	28.52	1.43	7.93	3.54	0.53	28.52	1.43	8.47	2.96	0.45
40	28.18	1.46	8.15	3.54	0.53	28.18	1.46	8.71	2.96	0.45
41	27.83	1.49	8.37	3.53	0.52	27.83	1.49	8.95	2.95	0.45
42	27.48	1.52	8.61	3.53	0.52	27.48	1.52	9.20	2.95	0.45
43	27.11	1.54	8.85	3.52	0.52	27.11	1.54	9.46	2.94	0.45
44	26.74	1.57	9.10	3.52	0.52	26.74	1.57	9.73	2.94	0.45
45	26.37	1.60	9.36	3.52	0.52	26.37	1.60	10.00	2.94	0.45
46	25.98	1.63	9.62	3.51	0.52	25.98	1.63	10.28	2.93	0.45
47	25.58	1.65	9.89	3.51	0.52	25.58	1.65	10.57	2.93	0.45
48	25.18	1.68	10.17	3.51	0.52	25.18	1.68	10.87	2.93	0.45
49	24.77	1.71	10.46	3.50	0.52	24.77	1.71	11.18	2.92	0.45
50	24.35	1.74	10.76	3.50	0.52	24.35	1.74	11.50	2.92	0.45
51	23.92	1.76	11.07	3.50	0.52	23.92	1.76	11.83	2.92	0.45
52	23.48	1.79	11.39	3.49	0.52	23.48	1.79	12.17	2.92	0.45
53	23.04	1.82	11.72	3.49	0.52	23.04	1.82	12.52	2.92	0.45
54	22.58	1.84	12.05	3.49	0.52	22.58	1.84	12.88	2.92	0.44
55	22.12	1.87	12.41	3.49	0.52	22.12	1.87	13.25	2.92	0.44
56	21.65	1.89	12.77	3.49	0.52	21.65	1.89	13.63	2.92	0.44
57	21.18	1.91	13.15	3.49	0.52	21.18	1.91	14.03	2.92	0.44
58	20.69	1.93	13.54	3.49	0.52	20.69	1.93	14.44	2.92	0.44
59	20.20	1.95	13.94	3.50	0.52	20.20	1.95	14.87	2.99	0.46
60	19.69	1.97	14.37	3.50	0.52	19.69	1.97	15.31	3.11	0.47
61	19.16	1.99	14.81	3.51	0.52	19.16	1.99	15.77	3.20	0.49
62	18.63	2.01	15.26	3.52	0.52	18.63	2.01	16.25	3.29	0.50
63	18.09	2.02	15.74	3.53	0.52	18.09	2.02	16.74	3.38	0.51
64	17.55	2.02	16.24	3.62	0.53	17.55	2.02	17.26	3.48	0.53
65	17.00	2.03	16.27	3.63	0.53	17.00	2.03	17.30	3.45	0.52
66	16.45	2.04	15.81	3.45	0.51	16.45	2.04	16.85	3.28	0.50
67	15.89	2.05	15.33	3.28	0.48	15.89	2.05	16.39	3.12	0.47
68	15.33	2.05	14.85	3.11	0.45	15.33	2.05	15.92	2.95	0.44
69	14.76	2.01	14.36	2.94	0.43	14.76	2.01	15.45	2.79	0.42
70	14.19	1.97	13.86	2.78	0.40	14.19	1.97	14.96	2.63	0.39
71	13.61	1.97	13.36	2.61	0.37	13.61	1.97	14.47	2.47	0.37
72	13.03	1.96	12.85	2.45	0.35	13.03	1.96	13.97	2.32	0.34
73	12.45	1.95	12.34	2.29	0.33	12.45	1.95	13.47	2.17	0.32
74	11.87	1.85	11.83	2.13	0.30	11.87	1.85	12.96	2.02	0.29
75	11.29	1.75	11.33	1.98	0.28	11.29	1.75	12.45	1.88	0.27
76	10.72	1.73		1.84	0.26	10.72	1.73		1.74	0.25
77	10.16	1.71		1.70	0.24	10.16	1.71		1.61	0.23
78	9.59	1.68		1.56	0.22	9.59	1.68		1.48	0.21
79	9.04	1.53		1.43	0.20	9.04	1.53		1.36	0.19



**Table P1CEIH1 (Table 304 in the consolidated factors spreadsheet) (continued): PCSPS(NI) - pensioner cash equivalents on divorce factors – pensioners on ill health**

Age	Male					Female				
	Gross Pension of £1 a year	Partner's pension of £1 a year	Deduction for NI modification of £1 a year	Deduction for GMP of £1 a year Pre-88	Deduction for GMP of £1 a year Post-88	Gross Pension of £1 a year	Partner's pension of £1 a year	Deduction for NI modification of £1 a year	Deduction for GMP of £1 a year Pre-88	Deduction for GMP of £1 a year Post-88
80	8.50	1.37		1.31	0.18	8.50	1.37		1.24	0.18
81	7.96	1.34		1.20	0.17	7.96	1.34		1.13	0.16
82	7.44	1.30		1.08	0.15	7.44	1.30		1.02	0.14
83	6.92	1.27		0.98	0.13	6.92	1.27		0.91	0.13
84	6.43	1.10		0.87	0.12	6.43	1.10		0.82	0.11
85	5.95	0.94		0.78	0.11	5.95	0.94		0.73	0.10
86	5.50	0.90		0.69	0.09	5.50	0.90		0.64	0.09
87	5.07	0.86		0.61	0.08	5.07	0.86		0.57	0.08
88	4.68	0.81		0.54	0.07	4.68	0.81		0.50	0.07
89	4.31	0.65		0.47	0.06	4.31	0.65		0.44	0.06
90	3.97	0.49		0.41	0.06	3.97	0.49		0.39	0.05
91	3.65	0.46		0.36	0.05	3.65	0.46		0.34	0.05
92	3.35	0.43		0.32	0.04	3.35	0.43		0.30	0.04
93	3.08	0.40		0.27	0.04	3.08	0.40		0.26	0.04
94	2.83	0.37		0.24	0.03	2.83	0.37		0.23	0.03
95	2.61	0.34		0.21	0.03	2.61	0.34		0.20	0.03
96	2.41	0.32		0.18	0.02	2.41	0.32		0.17	0.02
97	2.24	0.29		0.15	0.02	2.24	0.29		0.15	0.02
98	2.09	0.27		0.13	0.02	2.09	0.27		0.13	0.02





## Appendix B: 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	S2NMA and S2NFA
Base table adjustment	Member: 110% of S2NMA for males and 110% of S2NFA for females (as per 2016 valuation)  Dependants: 124% of S2NMA for males and 106% of S2DFA for females (as per 2016 valuation)
Future mortality improvement	Based on ONS principal UK population projections 2016
Year of Use	2020

### Other assumptions

Proportion of male members for the purpose of unisexing factors	50%
Age difference between member and partner	Males assumed to be 3 years older than partner and females assumed to be 2 years younger than partner
Proportions partnered	As per 2016 valuation. Consistent with the assumption that 68% of males and 50% of female were partnered at retirement.