



Government Actuary's Department

NHSPS actuarial valuation at 31 March 2012

Report on data used for experience analysis

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1 Introduction

- 1.1 This report is addressed to the Department of Health. It is also being made available to the National Health Service Pension Scheme ('NHSPS' or 'the Scheme') Governance Group as part of the consultation process relating to the actuarial valuation of the NHSPS which is being carried out as at 31 March 2012. This report should not be reproduced or disseminated to other parties without prior consent. The Government Actuary's Department (GAD) does not accept any liability to third parties, whether or not it has agreed to the disclosure.
- 1.2 The purpose of this report is to discuss and summarise the member experience data provided and to be used for the purposes of analysing the Scheme's experience over the period 1 April 2008 to 31 March 2012. The purpose of this document is to ensure that users of the valuation report understand the issues relating to the data used and in particular those issues that may have a material impact on the valuation result.
- 1.3 Membership data used for the actuarial valuation calculations are the subject of a separate report.
- 1.4 All data, provided and discussed in this report were supplied by Pensions Division of the NHS Business Services Authority (NHSBSA). Resource accounts for the relevant period are publicly available.
- 1.5 Throughout this report the totals given for summed data may not be exactly the same as the sum of the components shown due to rounding effects.
- 1.6 In preparing this report, GAD has relied on data and other information supplied by NHSBSA as described in the report. Any checks that GAD has made on this information are limited to those described in the report, including any checks on the overall reasonableness and consistency of the data. These checks do not represent a full independent audit of the data supplied. In particular, GAD has relied on the general completeness and accuracy of the information supplied without independent verification.
- 1.7 A draft of this report was circulated to the Scheme's member and employer representatives in June 2013 and April 2014. It has been signed alongside the formal valuation report¹. No substantive changes have been made.

¹ The formal valuation report is available from <https://www.gov.uk/government/collections/nhs-pensions> and component reports are available from <http://www.nhsbsa.nhs.uk/pensions>.



2 Description of data provided

Movement data – actives

- 2.1 NHSBSA provided data in the form of individual member records for active members who left or (re)joined over the inter-valuation period². The data items provided for each member are set out in Appendix A.

Movement data – deferreds

- 2.2 NHSBSA provided data in the form of individual member records for new deferred pensioners and those exiting deferred status in the inter-valuation period. The data items provided for each member are set out in Appendix B.

Movement data – pensioners

- 2.3 Data were provided by NHSBSA showing pensioner deaths and new pensioners occurring, and reported by the extract date in each of the years 2008/09, 2009/10, 2010/11 and 2011/12. The data items provided for each member are set out in Appendix C.
- 2.4 The data also indicates whether a member's death gives rise to payment of a pension to a dependant and this information will be analysed to inform the assumptions around proportions married or with an eligible dependant. The data provides information on the age difference between deceased members and their dependants but only for a limited number of members.

Year end data

- 2.5 NHSBSA also provided full valuation extracts³ as at each year end from 31 March 2008 to 31 March 2012 inclusive. These extracts enabled 'exposed to risk' populations to be identified in a manner enabling actual movements to be compared to the numbers of assumed movements expected based on assumptions developed for previous valuation purposes. In addition this year end data enabled pay information to be tracked on a member by member basis for actives thus enabling an analysis of pay progression to be undertaken.
- 2.6 The key items of the year end data as used for experience analysis for actives, deferreds and pensioners is shown in Appendix D.

² The period 1 April 2008 to 31 March 2012 for the purposes of this report

³ In line with the data specification for the main valuation data extract as at 31 March 2012. Full details of that are set out in the report on the membership data dated 9 June 2014 which can be found from <http://www.nhsbsa.nhs.uk/pensions>



Accounting information

- 2.7 Published resource accounts were available for the full inter-valuation period. These include summaries of the Scheme's membership and membership movements for each accounting period as summarised in section 3.

Additional data

- 2.8 Additional data showing the experience of retiring members electing to take (additional) lump sum by commutation of pension were provided in respect of the period 1 April 2008 to 31 March 2013. The data items provided for each retiring member are set out in Appendix F.



3 Summary of membership movements

3.1 The table below summarises the membership movements over the inter-valuation period compared to the corresponding figures based on information published in the resource accounts. There are some differences and we comment on these further below.

	Valuation data 000s	Resource accounts 000s
Actives		
Number at 31/3/08	1,259	1,337
Adjustment for data cleanse	(10)	
Additions		
• New entrants	473	383
• Rejoiners and re-employed	237	-
Deductions:		
• Deaths	(4)	(18)
• Retirements	(123)	(137)
• Withdrawals	(524)	(308)
Number expected at 31/3/12	1,308	1,257
Valuation data at 2012	1,307	-
Deferreds⁴		
Number at 31/3/08	478	411
Adjustment for data cleanse	(1)	-
Additions		
• New deferreds ⁵	523	220
Deductions:		
• Deaths	(2)	-
• Age retirements	(37)	(36)
• Rejoiners to active	(236)	-
• Other exits	(185)	-
Number expected at 31/3/12	540	596
Valuation data at 2012	519	-
Pensioners		
Number at 31/3/08	584	584
Adjustment for data cleanse	4	-
Additions		
• New pensioners	161	163
• New dependants	24	22
Deductions:		
• Deaths	(65)	
• Other cessations	(4)	(68)
Number expected at 31/3/12	704	701
Valuation data at 2012	704	-

⁴ Exclude members entitled only to a refund of contributions

⁵ Include pension credit members



- 3.2 The above shows a good correlation between the valuation datasets provided as at 2008 and 2012. There remain some discrepancies between the figures in the Resource Accounts compared to the valuation data. This is expected to be largely attributable to the acknowledged difficulty in providing accurate figures shortly after the “as at” date for accounts purposes.
- 3.3 In addition it appears rejoiners to the scheme are netted off to some extent in the Resource Account figures whereas the valuation data includes these as explicit movements between active and deferred categories.
- 3.4 For deferred pensioners some of the difference may be explained by an inconsistency between categorisation in the valuation data and the accounts. In particular the records in the valuation data represent only those entitled to a preserved benefit. There are further members entitled to only a refund of contributions. Some of these may be counted as deferred pensioners in the Resource Accounts.
- 3.5 There is broad consistency in the number of pensioners.



4 Limitations of analysis based on data

- 4.1 The data described in this report is to be used to inform the process of setting assumptions for the valuation to be undertaken as at 31 March 2012. Past experience over a particular period does not necessarily correlate to an exact expectation for a particular future period. Therefore the weight that is attached to the precise outcome of the inter-valuation experience analysis depends on the analysis itself and an assessment of the extent to which recent experience is a guide to the future.
- 4.2 Where other information is considered as part of the process of agreeing assumptions for the valuation such information will be discussed within the report providing our advice on those assumptions.



Appendix A: Actives movement data

The following data was provided separately for each year of the inter-valuation period for active staff who joined / rejoined left the Scheme during that year:

- a. valuation group (see Appendix E);
- b. section of the Scheme (ie 1995 or 2008);
- c. movement code;
- d. unique identifier;
- e. gender;
- f. date of birth;
- g. date of first entry to the Scheme (fields g to m applicable for new and/or rejoiners only);
- h. most recent entry method
- i. whole time equivalent pay at joining
- j. date of rejoining;
- k. date of most recent exit before rejoining;
- l. service on rejoining;
- m. whether rejoined within 12 months of last exit - Yes/No indicator;
- n. date of exit (fields n to q applicable for leavers only);
- o. reason for exit from active membership;
- p. service at exit;
- q. final pensionable pay at exit



Appendix B: Deferreds movement data

For deferred pensioners whose pension started or ceased during each year in the inter-valuation period, we were provided with the following details for each individual:

- a. unique identifier
- b. section of the Scheme (ie 1995 or 2008)
- c. exit code
- d. valuation group (see Appendix E)
- e. gender
- f. date of birth
- g. date leaving deferred status
- h. preserved pension with pension increases up to the extract date



Appendix C: Pensioner movements data

For pensioners and dependants whose pension started or ceased during each year in the inter-valuation period, we were provided with the following details for each individual:

- a. unique identifier
- b. section of the Scheme (ie 1995 or 2008)
- c. gender
- d. date of birth
- e. reason pension commenced
- f. valuation group (see Appendix E)
- g. date pension payment commenced (DPPC)
- h. pre-commutation pension at DPPC
- i. post-commutation pension at DPPC
- j. date of cessation
- k. cessation reason
- l. post-commutation pension at cessation



Appendix D: Exposed to risk and pay progression data

Data provided at each year end (ie 31 March 2008, 2009, 2010, 2011, 2012)

1. Active members

- > Valuation group (also identifies gender) (see Appendix E)
- > Section of the Scheme (ie 1995 or 2008)
- > Unique identifier (system generated)
- > Date of birth
- > Date first joined the Scheme
- > Date of most recent entry into reckonable service
- > Actual annual pensionable pay at the year end (Annualised equivalent for those not in service for full year)
- > Whole time equivalent (WTE) annual pensionable pay at the year end (Whole time equivalent of annualised actual pay for non-full time workers calculated by NHSBSA from actual pay based on working pattern information stored on member record)
- > Total reckonable service

2. Deferred pensioners

- > Valuation group (see Appendix E)
- > Section of the Scheme (ie 1995 or 2008)
- > Unique identifier (system generated)
- > Gender
- > Date of birth
- > Date first joined the Scheme
- > Date of exit (most recent)
- > Method of exit (leaving employment or opt out)
- > Total reckonable service preserved
- > Total preserved pension including increases to the extract date (after pension debit if applicable).

3. Pensioners and Dependants

- > Section of the Scheme (ie 1995 or 2008)
- > Unique identifier (system generated)
- > Gender
- > Date of birth
- > Pensioner group (grouping based on reason for pension coming into payment eg age retirement, ill-health retirement, child of deceased pensioner etc)
- > Pre-retirement valuation group (see Appendix E)
- > Date pension payment commenced
- > Total pension in payment including increases to the extract date (Long-term rate if short-term rate in payment. After abatement if applicable, and excluding any employer-funded enhancement)
- > Total prospective spouse's pension including increases to the extract date and excluding any employer-funded enhancement (Required for all members)



Appendix E: Description of valuation groups

Description		Valuation Group
Administrative and managerial staff not in GP practices	Men	1
	Women	11
Non-manual MHOs (including those not yet doubling service)	Men	2
	Women	12
Manual staff (not MHOs)	Men	3
	Women	13
Clinical staff not in any other group	Men	5
	Women	15
Medical Practitioners	Men	7
	Women	17
Dental Practitioners	Men	8
	Women	18
Nurses, physiotherapists, midwives and health visitors with special class status	Men	9
	Women	19
GP practice staff (except Practitioners and those with special class status who are included in the appropriate groups above)	Men	10
	Women	20



Appendix F: Additional commutation data

Data provided in respect of period from 01 April 2008 to 31 March 2013

- a. date received (award date)
- b. member number
- c. section of the Scheme (ie 1995 or 2008)
- d. gender
- e. marital status at retirement
- f. age
- g. award type (age, ill health, redundancy etc)
- h. pre-commutation pension value
- i. pre-commutation lump sum
- j. post-commutation pension value
- k. post-commutation lump sum
- l. pension increase factor (ie increases since award date)
- m. special class indicator