

The Armed Forces Pension Scheme (AFPS)

Membership data

Actuarial valuation as at 31 March 2020

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20 October 2023



Highlights

AFPS valuation data



1.026m

Members as at 31 March 2020

+ 1.3% vs. 2016

Initial data quality

99.4%

Proportion of 'at 31 March 2020' records provided which we are able to use.

Improvement vs. 98.9% in 2016

Key headlines

The quality of the AFPS valuation data as at 31 March 2020 has slightly improved compared with the data used for the 2016 valuation. In forming this opinion, we consider the proportion of individual records which passed our reasonableness checks and which could be used for the valuation. This proportion has increased since the last valuation.

The main areas for further improvement are in relation to:

- Salaries and post 2015 pension amounts for active members
- Pension amounts for deferred and pensioner members.

Data quality after checks and adjustments



After making necessary adjustments detailed in this report, we conclude that the data is appropriate for the purpose of the 2020 AFPS valuation. However, a different approach to adjusting data could still lead to different valuation results.

Contents

Report on data quality

1.	Introduction	4
2.	Data as at 31 March 2020	5
3.	Movements data	6
4.	Checks and adjustments	7
5.	Data quality	8
6.	Impact of data limitations	9
7.	Limitations	10
A	ppendices	
A.	Detailed summaries: Data as at 31 March 2020	11
В.	Detailed summaries: Movements data	23
C.	Checks, adjustments and uncertainty	26
D.	Tables of summary statistics	34
E.	Glossary	46

Any terms that appear in this report in underlined text are defined in the Glossary.

At Government Actuary's Department (GAD), we seek to achieve a high standard in all our work. We are accredited under the Institute and Faculty of Actuaries' Quality Assurance Scheme. Our website describes the standards we apply.

1. Introduction

Who is this report for?

This report is addressed to the Secretary of State for Defence.

HMT Treasury's Directions ('the <u>Directions'</u>) require the scheme actuary to provide information about the scheme and data. The purpose of this report is to provide the data we will be using and to help readers be confident that the results of the valuation are fit for purpose.

Why has the data been collected?

This data is needed to carry out an actuarial valuation of the AFPS as at 31 March 2020, in accordance with HM Treasury's <u>Directions</u>. This data will be used to set actuarial assumptions, and together the data and assumptions will be used to calculate valuation results.

Why is the data important?

The results of the valuation are critically dependent on the quality of the data used. Poor data could lead to employers making different decisions due to paying too high or too low a contribution rate, or to benefit changes being made unnecessarily.

This data is often used for other important work as well, including AFPS Resource Accounts.

Results **Assumptions** Data Data is the first and most important building block of an actuarial valuation.

2. Data as at 31 March 2020

Who provided the data?

This data was wholly provided by the administrators of the AFPS, Defence Business Services (DBS).

What is the data used for?

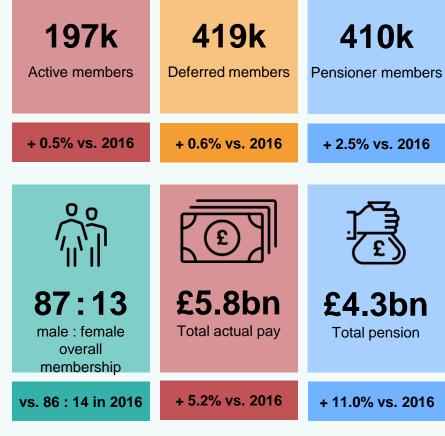
It will be used to calculate the results of the 2020 AFPS valuation, specifically:

- employer contribution rate due from 2024
- the cost cap cost of the scheme
- actuarial liabilities as at 31 March 2020.

Detailed data summaries are included in **Appendix A – Detailed** summaries: data as at 31 March 2020.

Data comparison

Throughout this report the values for 'full-time equivalent pay' and 'actual pay' as at 31 March 2020 are both compared to 'pensionable pay' as at 31 March 2016. For the 2016 valuation the pensionable pay to be used for calculation purposes was derived from a combination of data items related to pay provided by the administrators.



Pension amount includes the April 2020 <u>pension increase</u> Actual pay in 2020 is compared to pensionable pay in 2016

3. Movements data

Where did the data come from?

This movements data for 2016 to 2020 was wholly provided by the administrators of the AFPS, DBS.

What is movements data used for?

We requested movements data in order to review existing assumptions about the scheme membership and propose new assumptions where appropriate. Agreed assumptions are then used to carry out valuation calculations.

Membership reconciliation

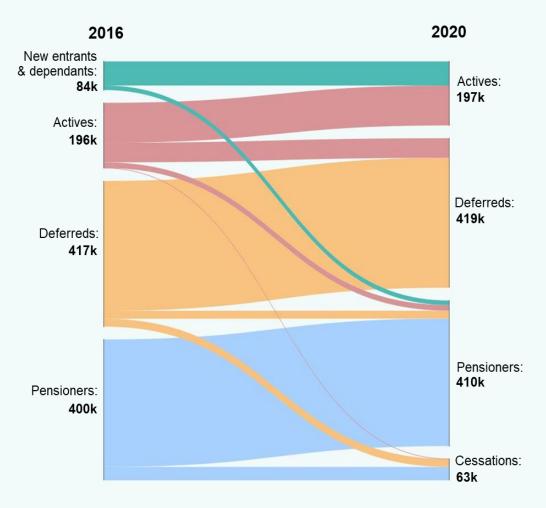
This movements data is used to perform a reconciliation which compares data as at 31 March 2016 and 31 March 2020 against movements occurring between this period to check that membership figures are in agreement.

Where can I find out more?

Detailed data summaries are included in <u>Appendix B – Detailed summaries: movements data</u>.

What does the chart show?

The chart below summarises movements between member categories from 2016 to 2020. The thicker the line, the greater the number of member movements occurring.



4. Checks and adjustments

Why is this data checked?

We carry out checks to ensure this data is fit for purpose for the valuation. These checks also help us to understand and describe limitations on the valuation results due to data omissions. This is also a <u>professional actuarial requirement</u>.

What checks are carried out?

We carry out checks on aggregated statistics produced from the data, and on a record by record basis. A simplified process diagram is shown to the right.

What happens to unreliable data?

Where our checks show that a data record seems to be unreliable, it is either excluded or adjusted. We do this to make sure the data is appropriate for calculating valuation results.

Where we exclude valid data records, we typically compensate for this by scaling up similar, included records.

Where can I find out more?

A detailed summary of what we've done is contained in **Appendix C – Checks, adjustments and uncertainty**.



After checks & adjustments:

After finalising our checks and adjustments we will consider potential data improvements. We will engage with scheme managers on any issues we have identified to improve future data submissions, where possible and as appropriate.

5. Data quality

Who is responsible for data quality?

The Secretary of State for Defence is responsible for ensuring appropriate data is provided in order to support the legislative requirement to perform a valuation.

It is the department's responsibility to ensure that data that is provided is in line with our specifications.

Was the data provided of good quality?

The percentage of data which was able to be used and not subject to exclusion is shown to the right. High percentages suggest good quality data.

The quality of the AFPS valuation data as at 31 March 2020 is a slight improvement on the data used for the 2016 valuation.

Further improvements could be made in respect of:

- Salaries and post 2015 pension amounts for active members
- Pension amounts for deferred and pensioner members.
- The 'no liability' and 'undetermined' groups discussed on page 31.

Can the data be used for the valuation?

Yes. After making the adjustments detailed in this report, we believe the data is appropriate for the purposes of the 2020 valuation.

Initial data quality

99.4%

Proportion of 'at 31 March 2020' records provided which we are able to use

Improvement vs. 98.9% in 2016

98.8%

Actives

Improvement vs. 98.2% in 2016

99.3%

Deferreds

Improvement vs. 98.3% in 2016

99.9%

Pensioners

Unchanged vs. 99.9% in 2016

Data quality after checks & adjustments



After making the necessary adjustments detailed in this report, we conclude that the data is appropriate for the purpose of the 2020 AFPS valuation.

6. Impact of data limitations

Do data limitations cause uncertainty?

Yes. Our checks and adjustments aim to ensure that the data is appropriate for use in valuation calculations. However, our checks do not constitute a full audit of the data and our adjustments, although reasonable in our view, may not mean that the dataset adopted accurately reflects the true data of the scheme. This means that there is residual data uncertainty.

Is data uncertainty a significant issue?

Residual data uncertainty can potentially have an impact on valuation results, including for example on the <u>cost cap cost</u> of the scheme and any resulting impact on member benefits.

However, in large and complex data sets this uncertainty is normal and is not usually a cause for concern.

In our view, the residual uncertainty present in this data is not significant enough to dissuade users from taking actions recommended from this valuation.

Where can I find out more?

A more detailed summary of residual data uncertainty is set out in **Appendix C – Checks**, adjustments and uncertainty.



7. Limitations

Data

In preparing this report, GAD has relied on data and other information supplied by DBS as described in the report. GAD has not sought independent verification around its general completeness and accuracy (beyond our comparisons with the relevant Resource Accounts).

Any checks that GAD has made are limited to those described in the report, including those relating to the overall reasonableness and consistency of the data. These checks do not represent a full independent audit of the data supplied.

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.

HM Treasury Directions

Throughout this report, in any place where we indicate the potential variability of valuation results, these take into account the HM Treasury <u>Directions</u> for the 2020 valuations.

Sharing

This report has been prepared for the use of the Secretary of State for Defence and the Ministry of Defence. We are content for the Secretary of State for Defence to release this report to third parties, provided:

- It is released in full;
- The advice is not quoted selectively or partially;
- · GAD is identified as the source of this report, and;
- · GAD is notified of such release.

Other than the Secretary of State for Defence and the Ministry of Defence, no person or third party is entitled to place any reliance on the contents of this report, 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 report.

This report will be published as part of completing the 2020 valuation of the scheme.

Compliance statement:

This report has been prepared in accordance with the applicable Technical Actuarial Standards: TAS 100 and TAS 300 issued by the Financial Reporting Council (FRC). The FRC sets technical standards for actuarial work in the UK.

Appendix A

Detailed summaries: Data as at 31 March 2020



Scheme data

As at 31 March 2020

Summary statistics





+ 1.3% vs. 2016

vs. 86: 14 in 2016



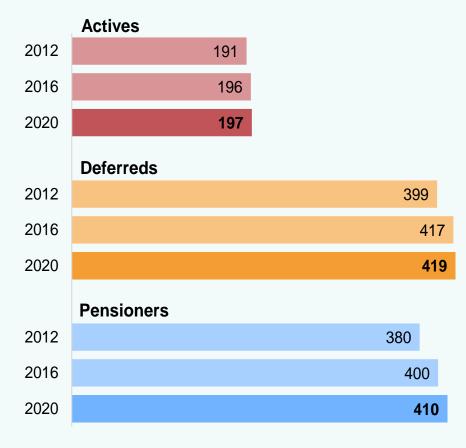
+ 5.2% vs. 2016





+ 11.0% vs. 2016

Membership over time (000's)



Pension amount includes the April 2020 pension increase Actual pay in 2020 is compared to pensionable pay in 2016

Scheme membership

As at 31 March 2020

There are substantially more male than female members across the majority of ages.

Pensioner numbers begin increasing from around age 30 and peak around age 73.

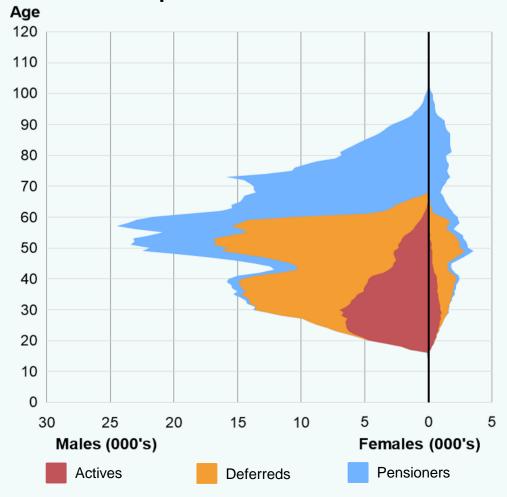
The overall population across all categories generally increases with age up to around age 57 (albeit there are some troughs in the early 40s and around age 55).

Some deferred members have still not claimed their pensions, despite being over <u>normal pension age</u>.

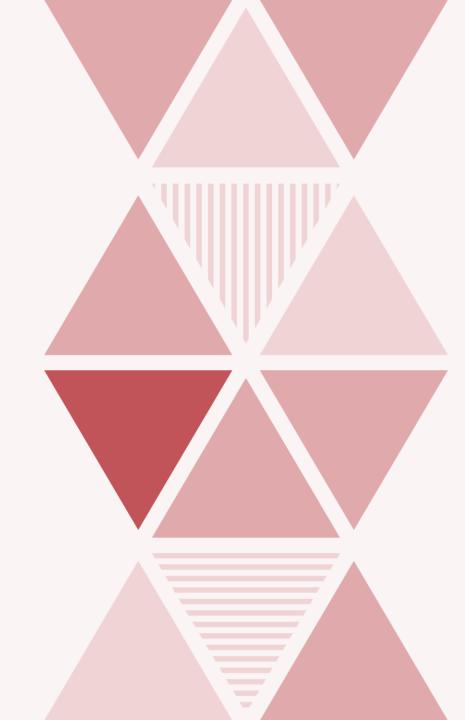
Where can I see more?

Appendix D - Tables of summary statistics





Actives



Actives data

As at 31 March 2020

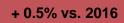
Summary statistics





89:11 male: female membership





vs. 90: 10 in 2016

+ 5.2% vs. 2016





Average age (weighted by actual pay)

+1.0 yrs vs. 2016



£29,578

Average actual pay

+ 4.7% vs. 2016



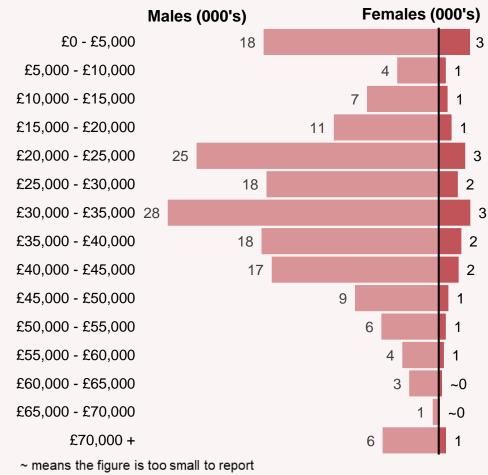
£2,659**

Average post-reform **CARE** pension

+ 375% vs. 2016

Pension amount does not include the April 2020 pension revaluation * Weighted by actual pay in 2020 and pensionable pay in 2016

Actual pay distribution



Male average £29,726

Female average £28,409

^{**}Average is only for members who have post-reform CARE pension

Active membership

As at 31 March 2020

There are more male than female actives at all ages.

In general as you move from younger to older ages:

- initially the largest proportion of members are in respect of AFPS 15
- the proportion of members in AFPS 05 then begins to increase from around age 22
- then finally the proportion of members in AFPS
 75 begins to increase from around age 31.

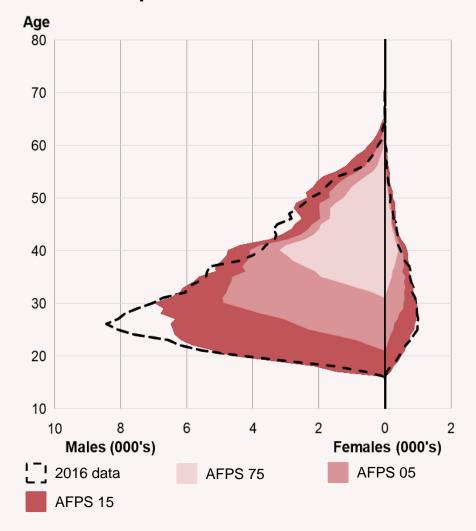
Overall there are:

- fewer active members in their 20s in 2020 (as can be seen by the dotted line stretching beyond the red area of the chart for this age range);
- slightly more members at older ages in 2020;
- similar numbers of members at 2020 compared with 2016 at other ages.

Where can I see more?

Appendix D – Tables of summary statistics

Membership distribution



Deferreds



Deferreds data

As at 31 March 2020

Summary statistics



Deferred members

+ 0.6% vs. 2016



88:12

male : female membership

vs. 88: 12 in 2016



£1.1bn

Total deferred pension

+ 6.7% vs. 2016



47.0 yrs

Average age (weighted by pension)

+0.5 yrs vs. 2016

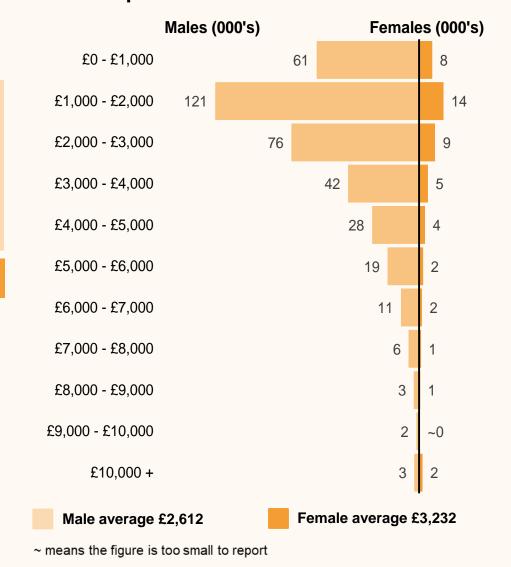


£2,685

Average pension

+ 6.2% vs. 2016

Deferred pension distribution



Pension amount includes the April 2020 pension increase

Deferred membership

As at 31 March 2020

There are more male members than female members across all ages.

The majority of deferred members are in the AFPS 75 or AFPS 05 <u>sections</u> of the scheme (shown by the two lightest shades).

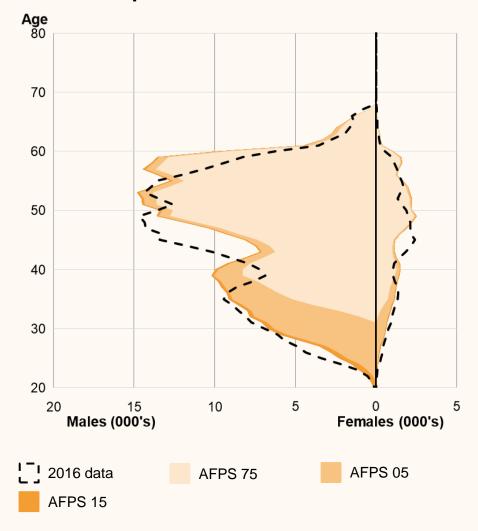
There are deferred members over <u>normal pension</u> <u>age</u> who have not yet claimed the pension they are entitled to. Those members more than 7 years over <u>normal pension age</u> are not included in the data summary.

The dotted line showing the comparison with the 2016 deferred membership data shows that in general the deferred population has aged slightly (with the coloured peaks of the charts being slightly higher than the peaks for the dotted line).

Where can I see more?

Appendix D - Tables of summary statistics

Membership distribution



Pensioners



Pensioner data

As at 31 March 2020

Summary statistics



350k

Pensioners (retired members)

+ 3.7% vs. 2016



66.5 yrs

Average age (weighted by pension)

+1.5 yrs vs. 2016



60k

Dependants

- 3.7% vs. 2016



£4.3bn

Total pension

+ 11.0% vs. 2016



85:15

male : female membership

vs. 82:18 in 2016

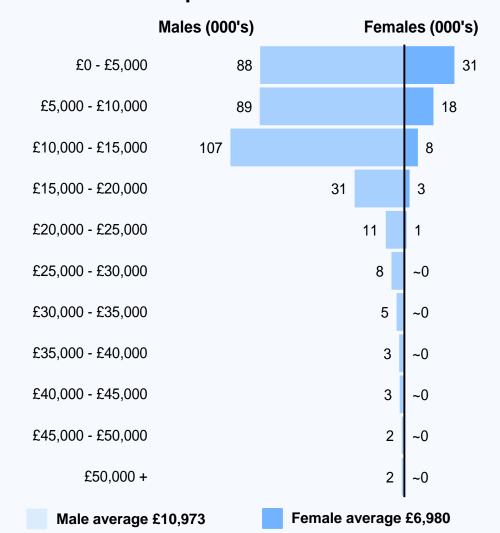


£10,367

Average pension

+ 8.3% vs. 2016

Pensioner data pension distribution



Pension amount includes the April 2020 pension increase

Pensioner membership

As at 31 March 2020

The pensioner membership includes members who retired with Early Departure Payment (EDP) benefits.

There are more male than female pensioners across the majority of ages.

The majority of pensioners are those who retired in normal health.

There are also ill-health retirees and dependants.

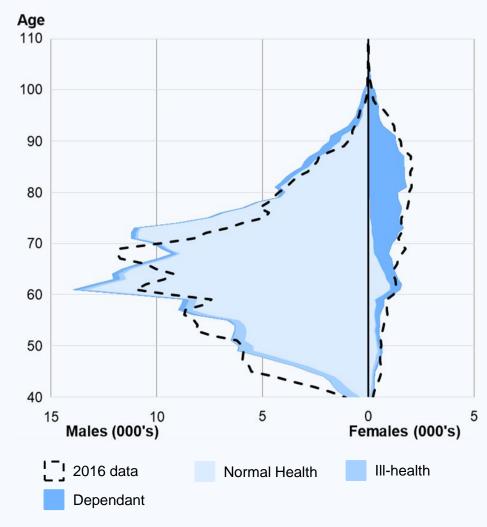
Overall, compared with 2016 (shown by the dotted black line):

- · the pensioner population has aged.
- there are more pensioners in their early 60s at 2020.
- There are slightly fewer female pensioners across almost all ages. (Most female pensioners are dependants.)

Where can I see more?

Appendix D - Tables of summary statistics

Membership distribution*



^{*}This chart does not show members aged below 40 years.

Appendix B

Detailed summaries: Movements data



Membership movements 1

31 March 2016 to 31 March 2020

Actives

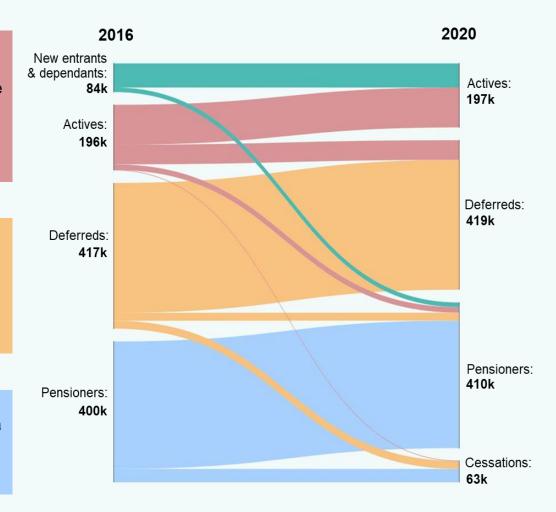
Active membership numbers as at 2020 are very similar to those as at 2016, with the new entrants broadly balancing out those who have withdrawn, retired or died. We are aware of a data issue affecting re-joiners, where re-joiners are classified as new entrants and hence their records aren't linked to their previous service records, but this shouldn't affect the overall active membership numbers.

Deferreds

The movement between active and deferred status is shown on a net movements basis, that is the number of members moving from active to deferred status less the number of deferred members returning to employment. For some rejoiners, the new active record hasn't been linked to the previous service; we understand that this may affect around 20k members.

Pensioners

Reasons for cessations from pensioner status include pensioner deaths and members no longer being eligible for a pension from the Scheme, for example dependants of AFPS 75 members who remarry or cohabit (unless the AFPS 75 member's death was attributable to service.)



Membership movements 2

31 March 2016 to 31 March 2020

This table shows how the number of members in each category has changed over the period 31 March 2016 (top row) to 31 March 2020 (bottom row).

The intermediate rows summarise the membership movements provided over the period, as illustrated in the previous slide.

Reconciliation

The expected number of members in each category at 31 March 2020 is set out in the penultimate row of the table. This reflects the starting position at 31 March 2016 and the movements data provided.

There are a number of minor differentials between this expected position and the actual position at 31 March 2020.

Actives: c5,000 members

Deferreds: c9,000 members

• Pensioners: c4,000 members.

These differences are within our tolerance levels for a scheme of this size, so no further action needs to be taken.

	Actives ('000s)		
Number at start of period:	196	417	400
New members:			
New entrants	71	-	-
New dependants	-	-	13
Movements between categories:			
Leavers from active service	-58	58	-
Re-joiners and re-employed	-	-	-
Retirements	-16	-23	40
Cessations with no ongoing liability:			
Member deaths	~0	-2	-39
Dependant deaths	-	-	-
Other exits	-	-21*	-
Exclusion adjustment	-	-	-
Number expected at end of period:	192	428	414
Valuation data at end of period:	197	419	410
Difference:	5	-9	-4

[~] means the figure is too small to report

^{*} includes estimated movements in relation to transfers out and members reaching 7 years past retirement age. No allowance for records being set to 'no liability' (e.g. due to member rejoining service)

Figures in intermediate rows are rounded to the nearest 1000

Appendix C

Checks, adjustments and uncertainty



Checking and adjustment process



1. Data received

Our work starts when schemes provide data. This is collated and processed to remove any unnecessary personal information and to encrypt any personal information that needs to be retained.

2. Aggregate checks and reconciliations

Initial checks carried out on the data are at an overall level, as opposed to an individual record basis.

Any unexpected changes compared to previous datasets are identified.

The data provided is then reconciled against that from a separate source (e.g. scheme resource accounts) to check for any potential issues.

3. 'Record by record' checks and adjustments

If the data passes our initial checks, we then undertake a series of automated, record by record checks to remove records that are deemed unreliable. For example, duplicate records, or those with missing key data. Where individual records are excluded. remaining records with similar characteristics are typically rated up to compensate for this, where appropriate.

4. Liability reconciliation

At the final checking stage, we use the adjusted data to calculate <u>actuarial</u> <u>liabilities</u> and reconcile them against those calculated in 2016, adjusted for cashflow information.

5. Final data, ready for use

After completion of checks and adjustments, the dataset is ready for calculating valuation results. We then decide whether, in our opinion, it is fit for the purpose of making decisions based on the valuation results.

If we notice significant issues at any stage of our checking process, we request new or additional data from the scheme administrator in order to correct or allow for them.

'Record by record' checks and adjustments

Process, limitations & uncertainty

We exclude individual records that have missing or unreliable key data and <u>rate up</u> similar remaining records to replace them, where appropriate.

This process assumes that the membership profile of excluded records is consistent with the profile of the similar reliable records. However, to the extent that this is not the case, there is a degree of uncertainty in the valuation results. Further details are set out in the section of this appendix titled 'Residual Data uncertainty'.

Overall, we believe this is a reasonable approach to take given the scarcity of alternative information.

Top 3 reasons for excluding records*

3,021	Deferred <u>CARE</u> pension missing or outside reasonable range # (rated up)
2,155	Active post 2015 pension missing or outside reasonable range (rated up)
484	Pay missing or outside reasonable range (rated up)

^{*} Some members may fail more than one exclusion check. Only one exclusion will apply in such cases. As a result, the total number of members failing a check can exceed the number of exclusions.

Summary of excluded records

2,398

Actives excluded

1.2%

of total records

Improvement vs. the 1.8% 2016 exclusion

3,026

Deferreds excluded

0.7%

of total records

Improvement vs. the 1.7% 2016 exclusion

275

Pensioners excluded

0.1%

of total records

Unchanged vs. the 0.1% 2016 exclusion

Overall 0.6% of total records were excluded (improvement compared with the 1.1% excluded in 2016).

Further information

After finalising our checks and adjustments we will consider potential data improvements. We will engage with scheme managers on any issues we have identified to improve future data submissions, where possible and as appropriate.

2,037 (of the 3,021) records also have <u>legacy section</u> pension outside reasonable range.

Liability reconciliation

Summarised results

At the final data checking stage we carry out the following reconciliation.

Reconciliation against 2016 valuation results

This step assesses the expected versus calculated value of the scheme's <u>actuarial liability</u> as at 31 March 2020. The expected liability is calculated by adjusting the 2016 liabilities for cashflow information from the scheme's resource accounts, allowing for known <u>pension increases</u> and salary awards since 2016. Differences between expected and calculated liabilities could imply missing or incorrect data.



This check is within our tolerance levels.

Tolerance levels and uncertainty

All reconciliations have a **tolerance level**, within which we accept any differences and move on. Our tolerance levels vary between checks, depending on the level of accuracy we believe appropriate.

If differences fall outside of the acceptable tolerance levels, further investigations are carried out before deciding whether to accept, adjust, or reject the data provided.

Limitations

The results of these checks are heavily dependent on the accuracy and completeness of the information contained in the scheme's published resource accounts as at 31 March 2017, 2018, 2019 and 2020.

If any of this information is materially inaccurate the results of our checks will also be inaccurate. We believe this is a low risk, as the scheme's accounts have been audited.

Other non-standard adjustments

Summary

In addition, we sometimes make adjustments to data provided to correct known data issues.

We only do this when requested, and when it is more efficient for us to make simple changes than to request new data from administrators.

The key adjustments we have made for AFPS are detailed below.

Actives:

- The pensionable pay to be used for calculation purposes has been derived based on a combination of the final pensionable pay, AFPS 15 earnings and representative pay, depending on member circumstances.
- The representative pay to be used for calculation purposes has been taken from the 2020 representative pay tables.
- Members who joined post 2015 with no salary information have been assumed to be reservists, and so the salary and pension have been populated using a typical reservist profile rather than a typical regular profile. This affects 6,310 members.
- Members who were under age 53 with 'Protected' status have had their status adjusted to 'Unprotected'. This impacts 1,840 members.

Deferreds:

 The April 2020 <u>pension increase</u> was added to the data supplied and is allowed for in the summaries in this report.

Pensioners:

- The male/female indicator for dependant members has been assumed to be the original member's sex, rather than the sex of the dependant, and so has been switched to the opposite sex.
- The 2020 <u>pension increase</u> has been allowed for where this is appropriate (ill-health retirement pensioners, dependants and normal health retirement pensioners over age 55).
- Children's pensions, and non-pensioner pension debits have not been included in the final dataset (and therefore the data summaries in this report) on the grounds of materiality.

Limitations and uncertainty

The extent to which the true data differs from the adjusted data we use in our calculations creates a degree of **uncertainty** in the valuation results. More details are set out in the section of this appendix titled 'residual data uncertainty'.

Data issues identified post-valuation

After the completion of our valuation calculations, the scheme administrators informed us there was some uncertainty regarding two groups of records. These groups are discussed below. We have considered the likely impact on the valuation of adjusting for these records and our view, based on the information available, is that the aggregate impact is not expected to be material. We therefore have not made any adjustment for these cases.

The administrators are in the process of considering and correcting these records. Detailed information regarding the records was not available at the time of valuation completion.

We understand from the administrators that these data issues are expected to be corrected in time for the AFPS 2024 valuation data extract.

Deferred member records with no liability

We understand that there are around 22k deferred member records on the administration systems which were included in the 2020 valuation data, but shouldn't be valued as there is no liability in respect of these records. This group includes the following types of cases:

- Duplicate records
- · Members who have transferred out
- Cases where the benefits are included on a separate linked record on the administration system.

Undetermined members

We understand that there are around 12k members who were not included in the 2020 valuation data, as their status was set to 'undetermined' at the time of the data extract, but there could be an attaching liability for these records. This undetermined status was due to the transition from a previous administration system.

Data for special groups

Gurkha Pension Scheme







*This is a summary of the members who are not in the main data set (summarised in Appendix D). Members of the <u>Gurkha Pension Scheme</u> ('GPS') who took the Gurkha Offer to Transfer ('GOTT') are included in the main dataset.

** This is equivalent to £99.14m based on an exchange rate of 1 Indian Rupee = £0.0107 at 31 March 2020.

Royal Gibraltar Regiment Pension Scheme

The figures presented below are representative of RGRPS members who are no longer in service (and not in main dataset). RGRPS active members are included in the main dataset.





Non-Regular Permanent Staff (NRPS)

- NRPS members were included in the main dataset (and so are included in the summaries in appendix D).
- At the 2016 valuation, we were informed by the administrators that the data in respect of active and deferred NRPS members might not be reliable, and so these members were removed from the data and a global <u>rate up</u> was applied. However, for this valuation we have retained the NRPS members in the data provided.

Reservist members and Flexible Engagement Service (FES) members

- Both reservist and FES members were included in the main dataset (and so are included in the summaries in appendix D). Compared with 2016 there are an increasing number of members with differences between actual pay and 'full-time equivalent pay'; this is assumed to be due to FES members.
- There was an indicator in the data for reservist members, but we understand this indicator was only included when all periods of service were in relation to reserve service. The administrator stated that it was reasonable to assume that members who had post 2015 service and zero pay were reservists.

Residual data uncertainty

Summary

The previous sections of this appendix have described the checks and adjustments made to the data to ensure it is fit for the purpose of calculating valuation results.

However, there are risks that the adjustments we have made do not truly represent the underlying data of the scheme, or that the data provided did not truly represent the underlying data of the scheme and we have not made the necessary adjustments to ensure that it does.

Potential impact on valuation results

We are comfortable that the checks and adjustments that have been made are reasonable and that the data is appropriate for the purpose of the 2020 valuation. In our opinion, the potential impact of data uncertainty on the <u>employer contribution rate</u> and member outcomes (via the cost control mechanism) is:

Employer contribution rate: The uncertainty will be captured together with other experience and changes through the 2024 (or subsequent) valuations and is expected to have an impact of the order of +/-0.5% pensionable pay. This has been discussed and deemed acceptable by the Ministry of Defence.

Member outcomes: No impact expected.



After making necessary adjustments detailed in this report, we conclude that the data is appropriate for the purpose of the 2020 AFPS valuation.

Appendix D

Tables of summary statistics



Summary statistics – introduction

Categorisation

The membership data in this appendix is categorised by <u>section</u>. Where applicable, members are assigned to the <u>legacy section</u> that they have already accrued benefits in, even if they have now started to accrue benefits in the <u>reformed section</u>. This means that:

- Members who have legacy benefits only as at 31 March 2020 will be categorised under their respective <u>legacy</u> <u>section</u>.
- Members who have a combination of legacy and reformed benefits as at 31 March 2020 having transitioned from a legacy to reformed scheme will be categorised under their respective <u>legacy section</u>.
- Members who have reformed benefits only as at 31 March 2020 will be categorised under the <u>reformed section</u>.

Interpretation

This rest of this appendix summarises the scheme data, after adjustments, into a series of tables. An example is shown below.

The first number in each section of the table, in bold text, shows data as at 31 March 2020. The second number, in standard text, shows the change from data as at 31 March 2016 to data as at 31 March 2020.

Positive changes show increases between 2016 and 2020 and negative changes show decreases.

Example table

Section	Males	Females	Total
Legacy section 1	100	100	200
	+10	+10	+20
Legacy section 2	100	100	200
	+10	+10	+20
Reformed section	100	100	200
	+10	+10	+20
All sections	300	300	600
	+30	+30	+60

Summary statistics – actives 1

As at 31 March 2020

Number of members (000's)

Section	Males	Females	Total
AFPS 75	42	4	47
	- 12	- 1	- 13
AFPS 05	59	7	66
	- 25	- 2	- 27
AFPS 15	73 + 36	10 + 5	84 + 41
All sections	174	22	197
	- 1	+ 2	+ 1

Average age* (years)

Section	Males	Females	Total
AFPS 75	43.2 + 2.9	42.1 + 3.4	43.1 + 3.0
AFPS 05	34.7 + 3.5	33.9 + 3.7	34.6 + 3.6
AFPS 15	28.3 - 3.8	28.8 - 3.5	28.4 - 3.8
All sections	36.5 + 1.0	35.2 + 1.2	36.3 + 1.0

^{*} weighted by actual pay in 2020 and pensionable pay in 2016

Summary statistics – actives 2

As at 31 March 2020

Total full-time equivalent pay (£m pa)

Section	Males	Females	Total
AFPS 75	2,067 - 10.8%	220 - 10.4%	2,288 - 10.8%
AFPS 05	2,074 - 11.2%	271 - 1.8%	2,345 - 10.2%
AFPS 15	1,252 + 302.9%	172 + 333.8%	1,424 + 306.4%
All sections	5,393 + 8.6%	664 + 18.1%	6,057 + 9.6%

Full-time equivalent pay in 2020 is compared to pensionable pay in 2016

Total actual pay (£m pa)

Section	Males	Females	Total
AFPS 75	1,974 - 14.9%	207 - 16.0%	2,181 - 15.0%
AFPS 05	1,994 - 14.7%	256 - 7.4%	2,250 - 13.9%
AFPS 15	1,219 + 292.1%	167 + 322.1%	1,386 + 295.5%
All sections	5,187 + 4.5%	630 + 12.1%	5,817 + 5.2%

Actual pay in 2020 is compared to pensionable pay in 2016

Summary statistics – actives 3

As at 31 March 2020

Average full-time equivalent pay (£ pa)

Section	Males	Females	Total
AFPS 75	49,048 + 13.5%	49,848 + 15.0%	49,124 + 13.6%
AFPS 05	35,164 + 26.7%	37,392 + 28.2%	35,408 + 27.0%
AFPS 15	17,065 + 105.2%	16,389 + 118.3%	16,980 + 106.7%
All sections	30,908 + 9.1%	29,934 + 8.8%	30,798 + 9.0%

Full-time equivalent pay in 2020 is compared to pensionable pay in 2016

Average actual pay (£ pa)

Section	Males	Females	Total
AFPS 75	46,836 + 8.4%	46,715 + 7.8%	46,825 + 8.3%
AFPS 05	33,815 + 21.9%	35,280 + 21.0%	33,975 + 21.8%
AFPS 15	16,609 + 99.7%	15,947 + 112.4%	16,526 + 101.2%
All sections	29,726 + 4.9%	28,409 + 3.3%	29,578 + 4.7%

Actual pay in 2020 is compared to pensionable pay in 2016

Summary statistics – actives 4

As at 31 March 2020

Average reckonable service (years)*

Section	Males	Females	Total
AFPS 75	16.3 - 0.8	14.9 - 0.5	16.2 - 0.8
AFPS 05	5.0 - 0.0	4.5 - 0.1	5.0 - 0.1
AFPS 15	-	-	-
All sections	9.7 - 0.0	8.4 - 0.2	9.6 - 0.1

^{*}Unweighted (shown for final salary sections only)

Total post-reform <u>CARE</u> pension (£m)

Section	Males	Females	Total
AFPS 75	196.3 + 354%	21.4 + 340%	217.7 + 352%
AFPS 05	192.8 + 332%	25.8 + 370%	218.5 + 336%
AFPS 15	66.7 + >1,000%	9.1 + >1,000%	75.8 + >1,000%
All sections	455.8 + 390%	56.3 + 410%	512.1 + 393%

Pension amount does not include the April 2020 Pension Revaluation

Summary statistics – deferreds 1

As at 31 March 2020

Number of members (000's)

Section	Males	Females	Total
AFPS 75	281 - 31	39 - 3	320 - 34
AFPS 05	79 + 23	9 + 2	88 + 25
AFPS 15	9 -	1 -	11 -
All sections	370 + 2	49 + 1	419 + 2

Average age* (years)

Section	Males	Females	Total
AFPS 75	49.8 + 1.8	49.4 + 2.2	49.8 + 1.9
AFPS 05	34.2 + 1.5	37.3 - 0.2	34.6 + 1.2
AFPS 15	31.4	33.1 -	31.5
All sections	46.9 + 0.4	47.7 + 1.3	47.0 + 0.5

^{*} weighted by pension

Summary statistics – deferreds 2

As at 31 March 2020

Total deferred pension (£m pa)

Section	Males	Females	Total
AFPS 75	784 - 3.9%	136 + 2.8%	920 - 2.9%
AFPS 05	177 + 91.1%	22 + 63.4%	199 + 87.5%
AFPS 15	5 -	1 -	6 -
All sections	967 + 6.4%	159 + 8.8%	1,125 + 6.7%

Average deferred pension (£ pa)

Section	Males	Females	Total
AFPS 75	2,788 + 6.8%	3,473 + 9.9%	2,872 + 7.3%
AFPS 05	2,231 + 35.0%	2,542 + 22.7%	2,262 + 33.3%
AFPS 15	569	428 -	553 -
All sections	2,612 + 5.9%	3,232 + 7.3%	2,685 + 6.2%

Pension amount includes the April 2020 pension increase

As at 31 March 2020

Number of members (000's)

Туре	Males	Females	Total
Normal Health	315	13	329
	+ 5	+ 4	+ 9
III-health	19	3	21
	+ 3	+ 0	+ 3
Dependant	14	46	60
	+ 13	- 15	- 2
All sections	348	62	410
	+ 21	- 11	+ 10

Average age* (years)

Туре	Males	Females	Total
Normal Health	66.3 + 1.4	59.7 + 1.9	66.1 + 1.4
III-health	50.6 + 3.2	46.2 + 3.3	50.1 + 3.1
Dependant	73.9 - 3.4	79.5 + 3.6	78.3 + 2.4
All sections	65.8 + 1.6	72.5 + 1.4	66.5 + 1.5

^{*} weighted by pension

As at 31 March 2020

Total pension (£m pa)

Туре	Males	Females	Total
Normal Health	3,587 +9.8%	120 + 35.3%	3,706 + 10.4%
III-health	150 + 26.0%	20 + 39.4%	170 + 27.5%
Dependant	82 + 728.6%	294 - 11.2%	376 + 10.3%
All sections	3,819 + 12.4%	434 - 0.0%	4,253 + 11.0%

Average pension (£ pa)

Туре	Males	Females	Total
Normal Health	11,375 + 7.9%	8,899 - 2.8%	11,273 + 7.3%
III-health	8,051 + 8.0%	7,726 + 13.5%	8,010 + 8.6%
Dependant	5,840 - 18.0%	6,378 + 17.7%	6,253 + 14.6%
All sections	10,973 + 5.7%	6,980 + 17.2%	10,367 + 8.3%

Pension amount includes the April 2020 pension increase

As at 31 March 2020

Number of members (000's)

Туре	Pre 2001	Post 2001	Total
Officers	24	40	64
	+ 1	+ 9	+ 9
Other ranks	151	196	346
	- 32	+ 32	+ 1
All sections	175	236	410
	- 31	+ 41	+ 10

Average age* (years)

Туре	Pre 2001	Post 2001	Total
Officers	76.7 + 3.1	63.5 + 3.0	68.4 + 2.3
Other ranks	72.2 + 1.9	59.0 + 2.6	65.6 + 1.0
All sections	73.3 + 2.3	60.6 + 2.8	66.5 + 1.5

^{*} weighted by pension

As at 31 March 2020

Total pension (£m pa)

Туре	Pre 2001	Post 2001	Total
Officers	490 + 7.5%	830 + 36.5%	1,321 + 24.1%
Other ranks	1,481 - 9.6%	1,452 + 28.7%	2,933 + 6.0%
All sections	1,971 - 5.9%	2,282 + 31.4%	4,253 + 11.0%

Average pension (£ pa)

Туре	Pre 2001	Post 2001	Total
Officers	20,379 + 4.2%	20,847 + 6.6%	20,671 + 5.7%
Other ranks	9,833 + 9.4%	7,416 + 7.4%	8,467 + 5.8%
All sections	11,286 + 10.8%	9,686 + 8.5%	10,367 + 8.3%

Pension amount includes the April 2020 pension increase

Appendix E Glossary



Actuarial liability	The monetary amount assessed, in today's terms, as being required to meet all future payments due in respect of current benefit entitlements. It is dependent on assumptions about future financial conditions and membership changes.
CARE	CARE stands for Career Average Revalued Earnings and refers to a methodology whereby earnings over a member's working lifetime in the scheme are used in the calculation of their benefits in the reformed scheme (referred to as the 2015 scheme in this report).
Cost cap cost	A way of measuring the cost of benefits being provided from the 2015 section of the scheme, which is then compared to a 'target cost'. The AFPS target cost is set at 34.6% of pay. If the results of the valuation show that the cost cap cost is more than 3% of pensionable pay away from the target cost, and the cost of the scheme still results in a breach once the impact of the economic check is taken into account, changes must be made to the AFPS 15 section (e.g. to the benefits provided) to bring the cost cap cost back to the target cost.
Directions	A document published by HM Treasury and referred to in The Public Service Pensions Act 2013, which sets out the process and requirements for carrying out valuations, including the results which need to be disclosed. Directions were first published in 2014 and have been updated several times since then.
Employer contribution rate	 The percentage of scheme members' salaries which employers are required to pay in order to: meet the costs of benefits currently being built up by active members make good any shortfall in the notional amounts set aside to cover benefits already built up. The result is heavily dependent on assumptions about future financial conditions and membership changes.
Gurkha Pension Scheme	The Gurkha Pension Scheme ('GPS') was based on the Indian Army Model and provided an immediate pension at Indian Army rates to those with at least 15 years' service.

McCloud	McCloud refers to a legal judgment made in December 2018. The England and Wales Court of Appeal judgment upheld claims of age discrimination brought by some firefighters and members of the judiciary against 'transitional protection' rules. These rules determined the date on which some members would move between reformed and legacy sections of the scheme.
	The age at which a member in normal health is entitled to unreduced benefits. This age varies in different scheme sections:
Normal pension age	 AFPS 05 and AFPS 75: Age 55 from active service, with AFPS 75 members allowed to take unreduced benefits earlier than age 55 if they have 16 years' service (officers) or 22 years' service (other ranks). Normal pension age is age 65 from deferred status (age 60 for service in AFPS 75 prior to April 2006)
	 AFPS 15: Age 60 from active service, State Pension Age from deferred status.
	 Where members leave AFPS 05 or AFPS 15 before their active normal pension age but over age 40, they may qualify for Early Departure Payments (EDP) if they have sufficient service. EDP is paid for the period until deferred normal pension age.
Pension increase	Public service pensions are increased under the provisions of the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pensions Act 1975.
Pension revaluation	The rate at which the CARE pension is revalued each year a member is an active member.

Scheme

Professional actuarial requirements	 The professional requirements that we have complied with when completing this actuarial valuation include: Technical Actuarial Standards: TAS 100 and TAS 300, issued by the Financial Reporting Council (FRC) The Actuaries' Code, issued by the Institute and Faculty of Actuaries (IFoA) The Civil Service Code. GAD is also accredited under the IFoA's Quality Assurance Scheme. More details can be found in our terms of reference.
Rate up	A term used to refer to any multiplicative adjustments made to data in order to correct for known issues. For example, if it appears that a group of members have been omitted from the data we've received and salaries are understated by 2% as a result, we might apply a 'rate up' of 2% to the salary data we actually hold as a correction. Although the term 'rate up' implies an increase, we might also 'rate down' if appropriate to do so.
Reformed and legacy sections	The reformed section of the scheme is the section that was set up in line with The Public Service Pensions Act 2013, and which came into force on 1 April 2015 (referred to as the 2015 section in this report). All non-reformed sections are known as legacy sections. This terminology is used in the McCloud judgment. In addition to AFPS 75 and AFPS 05; legacy sections include the Reserve Forces Pension Scheme 2005 (RFPS), the Full Time Reserve Service Pension Scheme 1997 (FTRS PS) and the Non-Regular Permanent Staff Pension Scheme (NRPS PS).
Royal Gibraltar Regiment Pension	The Royal Gibraltar Regiment Pension Scheme is a scheme set up to provide pensions and other benefits in respect of a person's service in the Gibraltar Regiment, a regiment of the British Army.

Section

The membership data in Appendix D is categorised by section. Members who have legacy and reformed benefits, or legacy only benefits, will be categorised under the legacy section. Members who have reformed benefits only will be categorised under the reformed section.

Members of RFPS are included with the AFPS 05 data, and members of FTRS PS and NRPS PS are generally included with the AFPS 75 data.