



# IMPORTANT INFORMATION (STAFF TRANSFERS)

## Actuarial assumptions for broad comparability assessments for staff transferring between public service pension schemes

### Introduction

1. This note sets out the actuarial assumptions which are used by GAD in carrying out broad comparability assessments for staff transferring between public service pension schemes under the Government's Fair Deal policy.
2. Annex A of the Fair Deal 2013 policy contains guidance about how the actuarial assumptions to be used for broad comparability assessments should be derived. The actuarial assumptions set out in this document have been derived with reference to this guidance.
3. This note is provided for information only. It is not intended to be advice for any party and GAD can take no responsibility for any action or inaction taken partly or wholly on the basis of this note. Parties should seek their own advice as appropriate.

### Application

4. This note replaces the previous corresponding announcement dated November 2023.
5. The actuarial assumptions set out in this document will be used for broad comparability assessments for staff transferring between public service pension schemes carried out by GAD under the Fair Deal 2013 policy, until further notice. They will also be used for broad comparability assessments for staff transferring between public service pension schemes carried out by GAD under the Fair Deal 2004 policy.

The Government Actuary's Department is proud to be accredited under the Institute and Faculty of Actuaries' [Quality Assurance Scheme](#). Our website describes [the standards we apply](#).

6. They will be used for all cases signed by GAD on or after 1 June 2024. Existing broad comparability certificates (and passport certificates) are not affected by this note, and there is no requirement for contractors to replace an existing, unwithdrawn, certificate on account of this note.
7. The actuarial assumptions set out in this document are not being used for broad comparability assessments where staff are transferring to or from a private sector pension scheme unless confirmed by GAD to be appropriate.

## **Financial assumptions**

8. These are consistent with the long-term assumptions used for valuing public service pension liabilities, as set out in The Public Service Pensions (Valuation and Employer Cost Cap) (Amendment) Directions 2020, as amended ('the Directions').
9. The main financial assumptions used are as follows:
  - Rate of increase of official pensions (in line with Pensions (Increase) Act 1971)  
= 2.0% pa
  - Price measure revaluations of career average re-valued earnings  
= 2.0% pa (nominal)
  - Earnings measure revaluations of career average re-valued earnings  
= 3.8% pa (nominal)
  - Rate of public service earnings growth  
= 3.8% pa (nominal)
  - Discount rate  
= 3.73% pa (nominal)

10. Where benefit accrual subject to the “McCloud remedy” is being valued, the following short-term assumptions are used:

Financial Year	Increase in CPI	Public sector earnings increase over the year	Discount rate
2015/16	0.00%	1.60%	1.70%
2016/17	1.00%	1.40%	2.72%
2017/18	3.00%	2.20%	4.75%
2018/19	2.40%	2.50%	4.14%
2019/20	1.70%	3.30%	3.43%
2020/21	0.50%	5.60%	2.21%
2021/22	3.10%	1.50%	4.85%
2022/23	10.10%	5.60%	11.97%
2023/24	6.70%	7.60%	8.51%
2024/25	1.50%	-0.20%	3.23%
2025/26	1.60%	1.70%	3.33%
2026/27	1.70%	2.10%	3.43%
2027/28	2.00%	2.30%	3.73%
2028/29	2.00%	2.60%	3.73%

## Demographic assumptions

11. A single set of cross-scheme demographic assumptions is used for broad comparability purposes, based on a broad average of the assumptions set for the civil service pension schemes (GB), NHSPS (E&W) and LGPS (E&W) schemes for the 2016 valuations. These assumptions will normally be used for all cases involving transfers between public service workforces, including devolved administration schemes. Where schemes for workforces other than health, local government and civil servants are involved, confirmation should be sought from GAD that the cross-scheme basis is appropriate to the circumstances.

12. A summary of the main cross-scheme demographic assumptions is provided in the Appendix. Further details are available on request

## Further information

Further information is available on request – please contact [staff.transfers@gad.gov.uk](mailto:staff.transfers@gad.gov.uk).

Staff Transfers

Government Actuary’s Department

June 2024

## Appendix: Summary of cross-scheme demographic assumptions

	<b>Cross-scheme, unisex assumption based on valuation assumptions (2016)</b>
Post retirement mortality	<p>Normal Health: 95% S2NxA            Ill Health: 100% S2IxA            Dependants: 110% S2NxA</p> <p>Unisex annuity values are used, based on 40% male, 60% female</p> <p>Allowance for future improvements in post-retirement mortality rates is based on the Office for National Statistics 2020 principal population projections for the United Kingdom</p>
Age retirement	2% p.a. from age 55 to age 59, then 12.5% p.a. at each age onwards until 100% at SPA
Ill health decrement	Unisex scale – see sample rates below
Ill health tiers	<p>Upper tier - 70%</p> <p>Lower tier – 30% (split 15%/15% for tiers 2/3 for LGPS)</p>
Withdrawal	Unisex scale – see sample rates below
Pre-retirement mortality	Unisex scale – see sample rates below
Pay scale	Unisex scale – see sample rates below
Commutation	17.5%, where no automatic lump sum benefit
% partnered at death	<p>76% male, 54% female at age 50</p> <p>34% male, 7% female at age 90</p>
Age difference	<p>Male members 3 years older than their partners</p> <p>Female members 2 years younger than their partners</p>
Other assumptions	Contribution rate pay bands increase in line with salary escalation from date of calculation

Sample rates:

Age	Ill-health retirement	Withdrawal	Pre-retirement mortality	Pay scale
18	0.01%	14.0%	0.02%	7.0%
25	0.01%	7.0%	0.02%	3.5%
35	0.05%	4.3%	0.03%	1.5%
45	0.10%	3.0%	0.06%	0.7%
55	0.45%	3.0%	0.15%	0.3%
65	0.80%	3.0%	0.40%	0.0%