



Government Actuary's Department

Firefighters' Pension Scheme (Wales) 2007

Factors and Example Calculations for Converting Standard Membership Transferred-in Service Credits, Added Years and Additional Pension Benefit to Special Membership Transferred-in Service Credits, Added Years and Additional Pension Benefit

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1 Introduction

Scope of this guidance note

- 1.1 This note relates to the Firefighters' Pension Scheme (Wales) 2007 and it sets out the general method for:
- > converting standard membership transferred-in service credits to special membership transferred-in service credits for members who are entitled to treat such service as special pensionable service
 - > converting standard membership added years to special membership added years for members who are entitled to treat such service as special pensionable service, and for
 - > converting standard membership additional pension benefits (APBs) to special membership APBs for members who are entitled to treat such benefits as special firefighter member benefits
- 1.2 The purpose of this note is to:
- 1.2.1 provide to administrators the tables and guidance to be issued by the Scheme Actuary that is referred to in the following regulations:
- > Schedule 1, Part 12, Rule 17 (7) of the Firefighters' Pension Scheme (Wales) Order 2007 (SI 2007 No. 1072) as amended
- 1.2.2 provide factors for converting standard membership added years to special membership added years, and to
- 1.2.3 provide factors for converting standard membership APBs to special membership APBs.
- 1.3 The actuarial factors in this note come into effect immediately.

Caveat

- 1.4 This note should not be used for any purpose other than as described in paragraph 1.1 above.
- 1.5 This note only covers the actuarial principles around the calculation and application of converting transferred-in service credits, added years and APBs. Any legal advice in this area should be sought from an appropriately qualified person or source.
- 1.6 Third parties should not rely on this guidance, but should separately seek their own actuarial advice where appropriate.

Questions about this guidance

- 1.7 If you have any questions about how to use this guidance, in the first instance administrators should consult published information.



- 1.8 If this does not help, administrators may contact the Fire Pensions Team, by e-mail or writing to:

Fire and Armed Forces Branch
Welsh Government
Merthyr Tydfil Office
Rhydycar
Merthyr Tydfil
CF48 1UZ

- 1.9 The Fire Pensions Team will seek input from the Scheme Actuary if necessary.



2 Calculations and examples

Formula for converting standard membership transferred-in service credits to special membership transferred-in service credits

- 2.1 The calculation of the special membership transferred-in service credit is given by:

$$\text{Special Service Credit} = \text{Standard Service Credit} * F$$

F conversion factor for joint life pension with 50% spouse's pension –
Table A

Formula for converting standard membership added years to special membership added years

- 2.2 The calculation of the special membership added years is given by:

$$\text{Special Added Years} = \text{Standard Added Years} * G$$

G conversion factor for joint life pension with 50% spouse's pension –
Table B

Formula for converting standard membership APB to special membership APB

- 2.3 The calculation of the special membership APB is given by:

$$\text{Special Membership APB} = \text{Standard Membership APB} * H$$

H conversion factor for joint life pension with 50% spouse's pension –
Table C

Examples

- 2.4 Figures in these example calculations are rounded to a suitable level of accuracy. Where a figure is shown as an intermediate step in the calculation, subsequent steps will use this rounded figure as written on the page. It is also perfectly acceptable to perform these calculations on a computer spreadsheet, such as MS Excel. In this case the figures calculated in the intermediate steps will usually not be rounded, so the final answer may be slightly different to that shown in these examples. The difference will not be significant and both methods are valid. However, when performing calculations for paper based calculations, the figures calculated as intermediate steps should not be rounded to a lower level of accuracy than used in these examples.
- 2.5 The relevant date specified in the examples as the date on which the calculation should be made, is the date the member elects to become a Special Member.



2.6 Example 1: Male member with transfer-in service credit

The following information is assumed for this calculation:

| | |
|---|-------------------|
| A. Member date of birth | 1 April 1971 |
| B. Relevant date | 1 Aug 2014 |
| C. Member's age last birthday | 43 |
| D. Gender | Male |
| E. Standard membership transfer-in credit | 10 years 6 months |

Special service credit = Standard Service Credit (E) * F

F = 0.700 (from Table A "Male Conversion Factors" column)

Substituting this value into the formula above we get:

$$\begin{aligned}\text{Service Credit} &= 10.5 \times 0.700 \\ &= 7.35 \text{ years} \\ &= 7 \text{ years } 0.35 \times 365 \text{ days} \\ &= 7 \text{ years } 128 \text{ days (rounding up to next complete day)}\end{aligned}$$

Therefore the total special service credit is **7 years 128 days**.

2.7 Example 2: Male member with added years

The following information is assumed for this calculation:

| | |
|-------------------------------|------------------|
| A. Member date of birth | 1 December 1959 |
| B. Relevant date | 1 Aug 2014 |
| C. Member's age last birthday | 54 |
| D. Gender | Male |
| E. Added Years | 4 years 150 days |

Special added years = Standard added years (E) * G

G = 0.724 (from Table B)

Substituting this value into the formula above we get:

$$\begin{aligned}\text{Added years} &= 4.4110 \times 0.724 \\ &= 3.1936 \text{ years} \\ &= 3 \text{ years } 0.1936 \times 365 \text{ days} \\ &= 3 \text{ years } 71 \text{ days (rounding up to next complete day)}\end{aligned}$$



Therefore the total special membership added years is **3 years 71 days**

2.8 **Example 3:** Female member with additional pension benefit (APB)

The following information is assumed for this calculation:

| | |
|-------------------------------|------------------|
| A. Member date of birth | 1 September 1955 |
| B. Relevant date | 1 Aug 2014 |
| C. Member's age last birthday | 58 |
| D. Gender | Female |
| E. APB | £350 pa |

Special membership APB = Standard membership APB (E) * H

H = 0.922 (from Table C)

Substituting this value into the formula above we get:

$$\begin{aligned} \text{APB} &= 350 \times 0.922 \\ &= 322.70 \end{aligned}$$

Therefore the total special membership APB is **£322.70 pa**



Appendix

Table A : Conversion Factors for Transferred-in Service Credits

| Age last birthday at relevant date | Males Conversion Factors | Females Conversion Factors |
|------------------------------------|--------------------------|----------------------------|
| 55 and under | 0.700 | 0.710 |
| 56 | 0.706 | 0.713 |
| 57 | 0.716 | 0.721 |
| 58 | 0.728 | 0.731 |
| 59 | 0.740 | 0.740 |

Table B : Conversion Factors for Added Years

| Age last birthday at relevant date | Conversion Factors |
|------------------------------------|--------------------|
| 35 and under | 0.700 |
| 36 | 0.703 |
| 37 | 0.709 |
| 38 | 0.715 |
| 39 | 0.721 |
| 40-55 inclusive | 0.724 |
| 56 | 0.725 |
| 57 | 0.729 |
| 58 | 0.735 |
| 59 | 0.741 |

Table C : Conversion Factors for Additional Pension Benefits

| Age last birthday at relevant date | Conversion Factors |
|------------------------------------|--------------------|
| 55 and under | 0.800 |
| 56 | 0.843 |
| 57 | 0.881 |
| 58 | 0.922 |
| 59 | 0.967 |