

The Local Government Pension Scheme

Augmentation of Service - Regulations 51, 79 and 136

1. Under Regulation 51 or Regulation 136 of the Local Government Pension Scheme (Scotland) Regulations 1998 (the "LGPS Regulations") an employing authority may pass a resolution to augment a current or past leaver's service. If a rate of additional contributions to the fund of the administering authority is not agreed with the employer, Regulation 79 of the LGPS Regulations provides for payment to the fund of the appropriate sum shown in guidance issued by the Government Actuary (the "appropriate sum"). The purpose of this note prepared by the Government Actuary's Department is to provide the guidance required by Regulation 79(3). The note has been prepared for the Scottish Office Pensions Agency and issued to them for onward transmission to administering authorities and employing authorities.
2. Four sets of factors are attached to this Guidance Note, as summarised below. The detailed application of these factors, according to the circumstances of the augmentation, is explained in subsequent paragraphs.

|            |   |
|------------|---|
| Appendix 1 | Factors to calculate costs for member's pension and contingent spouse's pension in respect of current and past leavers. |
| Appendix 2 | Factors for spouse's pension in payment, in respect of deceased members.  |
| Appendix 3 | Factors for children's pension in payment, in respect of deceased members.  |
| Appendix 4 | Factors to allow for the effect of deferment of pension increases to age 55, for past leavers under age 55.             |

AUGMENTATION UNDER REGULATION 51

3. Under Regulation 51(1) an employing authority may resolve to increase the total membership (i.e. the total period of reckonable service) of a member who leaves his employment on or after his 50th birthday. Such a resolution may only be passed within the period commencing one month before the date of leaving service and ending 6 months after the date of leaving service.
4. Members whose total membership is increased will normally be in receipt of a pension at the date of the resolution, or be due to receive a pension immediately from the date (subsequent to the date of the resolution) when they leave service. However, in some cases the member would not have been, or be, entitled to an immediate pension on leaving service and would not have applied, successfully, for early payment of the deferred benefits to which he was entitled on leaving service. Also, in a few cases, the member's spouse or children would be in receipt of pension at the date of the resolution, because the member had died.



**Members in receipt of pension, or due an immediate pension when they leave service**

5. The increase in annual pension with effect from the date of the resolution (or subsequent leaving service) as a consequence of the additional period of membership awarded by the employer should be determined. The increase in the annual contingent spouse's long-term pension due to the resolution, which would normally be half the increase in the member's pension, should also be determined. (For entrants over age 45, the increase in the contingent spouse's pension would be  $\frac{3}{8}$ ths of the increase in the member's pension because of Regulation 53).
6. The "appropriate sum" to be paid by the employing authority in these circumstances is the total of:
  - (a) the increase in annual pension due to the resolution multiplied by the personal pension factor specified in Appendix 1 according to the member's age on his next birthday after the date of the resolution or, after the date of leaving service, if the date of leaving service is after the date of the resolution;
  - (b) the increase in annual contingent spouse's long-term pension multiplied by the contingent spouse's pension factor specified in Appendix 1 according to the member's age as described in sub-paragraph (a) above, whether or not the member is married;
  - (c) any increase in retirement grant due to the resolution;
  - (d) any increase in pension paid due to the resolution for a period between the date of leaving service and the subsequent date of the resolution.

**Members no longer in service who are not in receipt of a pension and members still in service who are not entitled to an immediate pension when they leave**

7. The increase in deferred benefits due to the resolution should be determined. Where the member had insufficient service to qualify for deferred benefits before the resolution to augment his service, the increase in deferred benefits due to the resolution should be calculated as though the qualifying conditions did not exist.
8. The appropriate sum is the cash equivalent transfer value of the increase in deferred benefits as at the date of the resolution, or, if the resolution were made before the member left service and was conditional on the satisfaction on the date of leaving service of the conditions for its making, as at the date the member left service. It should be noted that determining the appropriate sum in this way makes no allowance for any extra cost involved in a subsequent award of early retirement benefits - see para 11 below.

**Spouses and children in receipt of pension at the date of the resolution**



The increase in annual spouse's long-term pension and/or annual children's long-term pension from the date of the resolution which is due to the resolution should be determined. Where the administering authority has not apportioned the increase in

children's long-term pension among the eligible children, it should be assumed that the increase in the children's long-term pension is apportioned equally between the two youngest eligible children.

10. The appropriate sum is the total of:
- (a) the increase in annual spouse's long-term pension due to the resolution multiplied by the widower's or widow's pension factor specified in Appendix 2 according to the widow(er)'s age on the next birthday after the date of the resolution;
  - (b) the increase in annual children's long-term pension due to the resolution (as apportioned between eligible children, if there is more than one), multiplied by the factor or factors for children's pensions specified in Appendix 3 according to the ages of the children on the birthday or birthdays next after the date of the resolution;
  - (c) any increase in pension paid due to the resolution for a period before the date of the resolution and any increase in the retirement grant paid due to the resolution.

#### Caveat

11. One potential side effect of augmenting a member's service could be an increase in the amount or value of benefits for other service. In the case of members in receipt of pension or due an immediate pension when they leave, and for spouses and children of deceased members, the appropriate sum will normally include the cost of increasing the benefits for other service. This is because it will have been based on the increase in pension due to the resolution derived by comparing the amount of the pension before and after the resolution. However, in the case of members not in receipt of a pension and members still in service who are not entitled to an immediate pension when they leave, the appropriate sum will not include the value of the increase in pension in respect of other service if the member were subsequently to elect to receive early payment of his retirement benefits under Regulation 30 (and the employer were to consent if the member were under age 60). This is because an augmentation of service under Regulation 51 will normally have the effect of bringing forward the age at which a member can retire with an unreduced pension under Rule 30. Employers should be aware of the side effects, and of the potentially significant extra cost, when augmenting a member's service and also in considering whether to consent to a request for immediate payment of benefits from a member under age 60 whose service has been augmented.

#### Augmentation under Regulation 136

12. Under Regulation 136(1), an employing authority may, by resolving to increase the total membership of a past leaver, convert periods of service credited under Discretionary Payments Regulations into Scheme membership.



13. Members whose total membership is increased by a resolution under Regulation 136 will either themselves be in receipt of a pension under the LGPS Regulations at the date of the resolution or, if they have died, their spouses and/or children will be in receipt of a pension under the LGPS Regulations.

**Members in receipt of a pension**

14. The increase in annual pension with effect from the date of the resolution, which is due to the resolution should be determined. Also, the increase in annual pension from the 55th birthday should be determined, if different, for those not yet age 55, because of pension increases which have accrued since the date of leaving service. (The increase in annual pension from the date of the resolution should be the same as the annual payment under the Discretionary Payments Regulations.) The increase in annual contingent spouse's long-term pension due to the resolution, which would normally be half the increase in the member's pension or that due from the 55th birthday for those not yet 55 (but, for entrants over 45, it could be 3/8ths), should also be determined.
15. The appropriate sum is the total of:
- (a) the increase in annual pension, or the increase in annual pension after age 55, if more, due to the resolution, multiplied by the personal pension factor specified in Appendix 1 according to the member's age on his next birthday after the date of the resolution;
  - (b) the increase in annual contingent spouse's long-term pension multiplied by the contingent spouse's pension factor specified in Appendix 1 according to the member's age on his next birthday after the date of the resolution whether or not the member is married;
- as reduced, if appropriate, in accordance with paragraph 17.
16. If, as a result of the resolution, a member's retirement grant under the LGPS Regulations is increased retrospectively, the appropriate sum should be increased by the amount of the increase in the Retirement Grant due to the resolution.
17. If a member is under 55 at the date of the resolution and the increase in his annual pension due to the resolution is less than the increase in his annual pension after age 55 due to the resolution, because pension increases since he left service are not due to take effect until he reaches aged 55, the appropriate sum should be reduced by the annual accrued pension increases (i.e. the difference between the increase in annual pension after age 55 due to the resolution and the increase in annual pension before then) multiplied by the factor for increases in personal pension not paid before 55 specified in Appendix 4 according to the period between the date of the resolution and the member's 55th birthday.



**Spouses and children of deceased members in receipt of pension**

18. The increase in annual spouse's long-term pension and/or annual children's long-term pension from the date of the resolution which is due to the resolution should be determined. (These amounts should be the same as the corresponding annual payments under the Discretionary Payments Regulations.) When the administering authority has not apportioned the children's long-term pension among the eligible children it should be assumed that the increase in the children's long-term pension is apportioned equally between the two youngest eligible children.
19. The appropriate sum is the total of:
- (a) the increase in annual spouse's long-term pension due to the resolution multiplied by the widower's or widow's pension factor specified in Appendix 2 according to the widow(er)'s age on the birthday after the date of the resolution;
  - (b) the increase in annual children's long-term pension due to the resolution, as apportioned between eligible children if there is more than one, multiplied by the factor or factors for children's pensions specified in Appendix 3 according to the ages of the children on the birthday or birthdays next after the date of the resolution.

**Period for which factors apply**

20. As the factors are not subject to market conditions at the date the appropriate sum is to be determined, it is appropriate that they should be subject to periodic review. It is expected that the first such review will take place after completion of the actuarial valuations as at 31 March 1998.

*R.T. Foster*

R T Foster  
15 June 1998



## Appendix 1 - Member's Pension and Contingent Spouse's Pension

### Augmentation of Service for Current and Past Leavers

The factors below are to be used for calculating the appropriate sum to be paid where an employing authority augments the service of a current or past leaver under Regulation 51 or Regulation 136.

| Age next birthday of member | Male members                          |  | Female members                        |  |
|-----------------------------|---------------------------------------|--|---------------------------------------|--|
|                             | Factor for personal pension of 1 p.a. | Factor for contingent spouse's pension of 1 p.a. | Factor for personal pension of 1 p.a. | Factor for contingent spouse's pension of 1 p.a. |
| 51                          | 16.01                                 | 2.40   | 17.11                                 | 0.79   |
| <del>51</del> 52            | 15.81                                 | 2.47   | 16.94                                 | 0.82   |
| 53                          | 15.58                                 | 2.53   | 16.74                                 | 0.83   |
| 54                          | 15.31                                 | 2.59   | 16.51                                 | 0.85   |
| 55                          | 15.01                                 | 2.65   | 16.23                                 | 0.86   |
| 56                          | 14.69                                 | 2.71   | 15.94                                 | 0.87   |
| 57                          | 14.36                                 | 2.77   | 15.63                                 | 0.89   |
| 58                          | 14.02                                 | 2.83   | 15.32                                 | 0.90   |
| 59                          | 13.68                                 | 2.88   | 14.99                                 | 0.91   |
| 60                          | 13.33                                 | 2.94   | 14.66                                 | 0.92   |
| 61                          | 12.98                                 | 2.99   | 14.33                                 | 0.92   |
| 62                          | 12.62                                 | 3.03   | 13.99                                 | 0.92   |
| 63                          | 12.26                                 | 3.08   | 13.64                                 | 0.91   |
| 64                          | 11.90                                 | 3.11   | 13.28                                 | 0.90   |
| 65                          | 11.54                                 | 3.15   | 12.92                                 | 0.89   |
| 66                          | 11.19                                 | 3.17   | 12.56                                 | 0.88   |
| 67                          | 10.83                                 | 3.16   | 12.19                                 | 0.86   |
| 68                          | 10.48                                 | 3.15   | 11.81                                 | 0.84   |
| 69                          | 10.13                                 | 3.13   | 11.44                                 | 0.82   |
| 70                          | 9.79                                  | 3.10   | 11.06                                 | 0.79   |

#### Notes

- (1) The calculation of the appropriate sum for cases under Regulation 51 is described in paragraph 6 of the Guidance Note.
- (2) For cases under Regulation 136, the calculation is similar, as described in paragraphs 15 and 16 of the Guidance Note. However, a deduction may be appropriate using the factors in Appendix 4 as described in paragraph 17.



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## Appendix 2 - Spouse's Pension

### Augmentation of Service for Deceased Members

The factors below are to be used for calculating the appropriate sum to be paid where an employing authority augments the service of a deceased member under Regulation 51 or Regulation 136.

| Age next birthday<br>of spouse of deceased<br>member | Factor for surviving<br>widower's pension<br>of l p.a. | Factor for surviving<br>widow's pension<br>of l p.a. |
|--|--|--|
| 21   | 22.31  | 22.73  |
| 22   | 22.21  | 22.63  |
| 23   | 22.10  | 22.53  |
| 24   | 21.98  | 22.43  |
| 25   | 21.86  | 22.32  |
| 26   | 21.73  | 22.20  |
| 27   | 21.60  | 22.09  |
| 28   | 21.46  | 21.96  |
| 29   | 21.32  | 21.84  |
| 30   | 21.17  | 21.70  |
| 31   | 21.01  | 21.57  |
| 32   | 20.85  | 21.43  |
| 33   | 20.69  | 21.28  |
| 34   | 20.51  | 21.13  |
| 35   | 20.33  | 20.97  |
| 36   | 20.14  | 20.81  |
| 37   | 19.95  | 20.64  |
| 38   | 19.75  | 20.46  |
| 39   | 19.54  | 20.28  |
| 40   | 19.32  | 20.10  |
| 41   | 19.10  | 19.90  |
| 42   | 18.87  | 19.70  |
| 43   | 18.63  | 19.50  |
| 44   | 18.39  | 19.28  |
| 45   | 18.14  | 19.06  |
| 46   | 17.88  | 18.83  |
| 47   | 17.61  | 18.60  |
| 48   | 17.34  | 18.36  |
| 49   | 17.05  | 18.11  |
| 50   | 16.76  | 17.85  |
| 51   | 16.47  | 17.59  |
| 51   | 16.16  | 17.31  |
| 53   | 15.85  | 17.03  |
| 54   | 15.53  | 16.75  |
| 55   | 15.21  | 16.45  |
| 56   | 14.88  | 16.14  |
| 57   | 14.54  | 15.83  |
| 58   | 14.19  | 15.51  |
| 59   | 13.84  | 15.18  |



Appendix 2 continued

| Age next birthday<br>of spouse of deceased<br>member | Factor for surviving<br>widower's pension<br>of l p.a. | Factor for surviving<br>widow's pension<br>of l p.a. |
|--|--|--|
| 60   | 13.47  | 14.85  |
| 61   | 13.11  | 14.50  |
| 62   | 12.74  | 14.15  |
| 63   | 12.36  | 13.79  |
| 64   | 11.98  | 13.43  |
| 65   | 11.60  | 13.06  |
| 66   | 11.22  | 12.68  |
| 67   | 10.84  | 12.30  |
| 68   | 10.46  | 11.90  |
| 69   | 10.08  | 11.51  |
| 70   | 9.70   | 11.11  |
| 71   | 9.32   | 10.71  |
| 72   | 8.95   | 10.30  |
| 73   | 8.59   | 9.90   |
| 74   | 8.23   | 9.50   |
| 75   | 7.88   | 9.11   |
| 76   | 7.53   | 8.72   |
| 77   | 7.19   | 8.33   |
| 78   | 6.87   | 7.96   |
| 79   | 6.55   | 7.60   |
| 79   | 6.24   | 7.24   |
| 81   | 5.95   | 6.91   |
| 82   | 5.66   | 6.58   |
| 83   | 5.39   | 6.27   |
| 84   | 5.12   | 5.98   |
| 85   | 4.87   | 5.70   |
| 86   | 4.63   | 5.44   |
| 87   | 4.40   | 5.19   |
| 88   | 4.18   | 4.96   |
| 89   | 3.98   | 4.74   |
| 90   | 3.78   | 4.54   |

Notes

- (1) The calculation of the appropriate sum for cases under Regulation 51 is described in paragraph 10 of the Guidance Note.
- (2) For cases under Regulation 136, the calculation of the appropriate sum is described in paragraph 19 of the Guidance Note.



*M. J. T.*



### Appendix 3 - Children's pension

#### Augmentation of Service for Deceased Members

The factors below are to be used for calculating the appropriate sum to be paid where an employing authority augments the service of a deceased member under Regulation 51 or Regulation 136.

| <b>Age next birthday of child</b> | <b>Factor for children's pension or part of children's pension of l.p.a.</b> |
|-----------------------------------|--|
| 1                                 | 13.20  |
| 2                                 | 12.71  |
| 3                                 | 12.20  |
| 4                                 | 11.67  |
| 5                                 | 11.12  |
| 6                                 | 10.54  |
| 7                                 | 9.94   |
| 8                                 | 9.32   |
| 9                                 | 8.67   |
| 10                                | 8.00   |
| 11                                | 7.30   |
| 12                                | 6.57   |
| 13                                | 5.81   |
| 14                                | 5.03   |
| 15                                | 4.21   |
| 16                                | 3.36   |
| 17                                | 2.47   |
| 18                                | 2.83   |
| 19                                | 2.38   |
| 20                                | 1.92   |
| 21                                | 0.98   |
| 22                                | 0.25   |

#### Notes

- (1) The calculation of the appropriate sum for cases under Regulation 51 is described in paragraph 10 of the Guidance Note.
- (2) For cases under Regulation 136, the calculation of the appropriate sum is described in paragraph 19.



*A.J.T.*

**Appendix 4 - Past Leavers**  
**Deduction for Pension Increases before age 55**

The factors below are to be used for calculating the reduction in the appropriate sum for accrued pension increases not to be paid until age 55 where an employing authority augments the service of a past leaver under age 55 under Regulation 136.

| Period from date of resolution<br>to 55th birthday | Factor for increases<br>in personal pension of<br>of 1 p.a. not paid<br>before age 55 |
|--|---|
| Years  |   |
| 5  | 4.12  |
| 4  | 3.42  |
| 3  | 2.67  |
| 2  | 1.85  |
| 1  | 0.96  |
| 0  | 0   |

**Notes**

- (1) The calculation of the deduction is described in paragraph 17 of the Guidance Note.
- (2) When the period to the 55th birthday during which pension increases are not paid is not an exact number of years, factors should be interpolated for part years.

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