

There are a number of things you can choose to do with your pension (sometimes you need our consent to do these). Your choices include:

- whether to take your pension earlier or later than your normal pension age
- whether you give up part of your pension for additional tax-free cash
- whether to give up part of your pension for a spouse or civil partner's pension
- transferring your pension to another scheme if you leave service

When you make these choices, we need to make sure the expected outcome is fair to you and the other members. To do this we use actuarial factors.

We review these factors every year to make sure the expected cost of providing your pension is broadly the same regardless of the choices you make. The factors are based on a number of assumptions, such as expected return on investments, projected rates of inflation and life expectancy. We update the assumptions from time to time and we may need to change the factors to keep them fair and consistent. Factor changes only affect active and deferred members - they do not affect pensioners.

We last reviewed our factors to account for experience and financial conditions at the end of 2024.

Here are how we use factors and what it means to your pension.

Conversion factors

Each time contributions are paid in, we turn these into a guaranteed amount of pension using conversion factors. As soon as your pension is converted, it is guaranteed.

Conversion rates depend on your age when the contributions are paid in, and your normal retirement age. For example, if your normal retirement age is 65 and it will increase in line with the Retail Prices Index each year up to 2.5%, for a member aged 55 paying in £100, this would guarantee £7.53 pa. Further details are available on request.

Early retirement

If you retire early, we need to reduce your pension as we will pay your pension for longer.

How much we increase your pension by for late payment, depends on when you earned your pension.

- for pensions earned before April 1997, we reduce your pension by 7.6% compound per year
- for pensions earned between April 1997 and March 2006, we reduce your pension by 7.7% compound per year
- for pensions earned after April 2006, we reduce your pension by 7.1% compound per year

We also pro-rata this for each complete month you retire early.

Late retirement

If you leave service and take your pension late, we will pay your pension for a shorter period. To account for this, we increase your pension.

How much we increase your pension by for late payment, depends on when you earned your pension.

- for pensions earned before April 1997, we increase your pension by 5.5% compound per year
- for pensions earned between April 1997 and March 2006, we increase your pension by 5.3% compound per year

- for pensions earned after April 2006, we increase your pension by 6.1% compound per year

We will also add any annual inflationary pension increases you would have received if you had retired at your normal pension age.

Extra tax-free lump sum

When you retire, you can give up part of your pension for an extra tax-free lump sum. This is called 'commutation'. We use commutation factors to work out how much extra lump sum we can pay you, for every £1 pa of pension you give up.

Rates depend on your age and how much your pension will increase. For example, if you retired at age 65, and your pensions increases in line with RPI up 5% each year, for every £1 pa of pension you give up, we will pay about £19 extra lump sum.

Spouse or civil partner's pension

When you retire, you can give up part of your pension for a spouse or civil partner's pension when you die. If you are interested in this, please let us know and we can provide figures.

Transfer values

A pension transfer means giving up your pension in return for a sum of money, which is called a 'transfer value'. Your transfer value could be a large amount of money which you could transfer to another registered pension scheme to then take as cash or invest. While it is invested it could go up in value, but there is a risk it could go down in value too.

There can be restrictions to transferring, so please check these first if you are thinking of doing this.

Legislation requires us to ensure that your transfer value is the 'best estimate' cost of paying your pension. To work this out we consider the expected return on the pension scheme's investments at the time of calculation and we update our terms monthly for the impact of market changes on the expected returns on the scheme's investments.

If you're thinking about transferring your pension, make sure you understand the benefits you'll be giving up and the financial advice you need.