

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
- 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 2023. If you are thinking about retiring or transferring soon, please speak to us before making any decisions and we can provide you with up to date information and figures.

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

Early retirement

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

We reduce pensions by 4.1% compound for each year you take your pension early. We also pro-rata this for each complete month you retire early. We reduce lump sums by 1.7% compound each year.

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.

If you have left service and take your benefits late, we will increase your pension by 5.5% compound per year (plus add any annual inflationary pension increases you would have received if you had retired at your normal pension age). We increase lump sums by 1.9% compound each year.

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. For example, if you retired at age 65 for every £1 pa of pension you give up, we will pay about £18 extra lump sum.

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 and lump sum. 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.