

# Early Retirement, Late Retirement and Cash Commutation Factor Changes with effect from 1 April 2013

## Former members of the Avimo Pension Scheme

Some factors used in the calculation of certain retirement benefit options are changing. The changes apply from 1 April 2013. The basic pension formula is unchanged and remains as set out in the current Members' Booklet.

Any benefit illustration provided on or after 1 March 2013 will allow for these changes where applicable.

If you received an illustration prepared before 1 March 2013 in respect of retirement on or after 1 April 2013, it did not allow for these changes but, if the illustrated benefits are brought into payment, they will adjusted to reflect the changes.

### **Benefits in respect of service after 31 December 2007**

These benefits are built up on a career average revalued earnings (CARE) basis. The factors used for CARE benefits are not changing, being set out in the Scheme Rules.

### **Benefits in respect of service before 1 January 2008**

The factors applied on **early retirement** are not changing.

The factors applied on **late retirement** to the pension at normal retirement date are changing. Examples of the new factors (compared to the current factors) are set out below:

Years Late	New Factor (Increase)	Current Factor (Increase)
1	<b>7.50%</b>	8.0%
2	<b>15.56%</b>	16.0%
3	<b>24.23%</b>	24.0%
4	<b>33.55%</b>	32.0%
5	<b>43.56%</b>	40.0%

The **commutation factors** used to convert pension to cash where members choose to take part of their retirement pension as a tax free cash lump sum are changing in respect of benefits earned between 6 April 1997 and 31 December 2007. Examples of the new factors (compared to the current factors) are set out below:

Age at Retirement	Commutation Factor (Cash per £1 p.a. of Pension given up)			
	Male		Female	
	New	Current	New	Current
55	<b>17.80</b>	16.50	<b>18.70</b>	17.00
56	<b>17.38</b>	16.20	<b>18.28</b>	16.70
57	<b>16.96</b>	15.90	<b>17.86</b>	16.40
58	<b>16.54</b>	15.60	<b>17.44</b>	16.10
59	<b>16.12</b>	15.30	<b>17.02</b>	15.80
60	<b>15.70</b>	15.00	<b>16.60</b>	15.50
61	<b>15.28</b>	14.70	<b>16.18</b>	15.20
62	<b>14.86</b>	14.40	<b>15.76</b>	14.90
63	<b>14.44</b>	14.10	<b>15.34</b>	14.60
64	<b>14.02</b>	13.80	<b>14.92</b>	14.30
65	<b>13.60</b>	13.50	<b>14.50</b>	14.00

The commutation factors in respect of benefits earned before 6 April 1997 are not changing.

**The above factors are not guaranteed and are potentially subject to review and amendment by the Trustee from time to time and without notice.**