

## Life Commutation and recent changes to factors

Life Commutation refers to an option available to some AFPS 75 members to commute some of their pension benefits at retirement in exchange for a lump sum payment and once commuted can never be restored to the pension. This option is being phased out by the year 2020 and has been replaced by Resettlement Commutation.

The Life Commutation option is only available in respect of reckonable service prior to 6 April 1980 for members who joined on or before 31 March 1978. Your ability to commute your pension under the terms of Life Commutation has been affected by the Finance Act 2004 and a decision must be made before you leave the service. Resettlement Commutation and Life Commutation may not normally run concurrently, however if a member chooses Resettlement Commutation he/she is excluded from being considered under the Life Commutation Scheme until he/she reaches the age of 55.

In May 2010, the Government Actuary Department reviewed the Life Commutation factors and provided a revised set in a similar format to the existing factors with the calculations now carried out by reference to 'age last birthday' instead of 'age nearest birthday'. These changes have now been implemented with an effective date of 20 May 2010 and a table showing the revised factors can be found at Annex A.

Following the budget on 23 March 2011 the Government announced that the new SCAPE (Superannuation Contributions Adjusted for Previous Experience) discount rate would be 3% per annum above Consumer Price Index. A further set of revised Life Commutation factors was then issued and have now been implemented with an effective date of 23 March 2011. A table showing the revised factors can be found at Annex B.

SPVA Pensions Glasgow will now identify all awards where Life Commutation has been taken and processed after the effective dates mentioned above as these awards will be based on old factors, and we will retrospectively re-assess using the appropriate revised Life Commutation factors. In due course, members will be notified in writing of the resulting changes to their awards, and Xafinity Paymaster will be instructed to make any adjustments necessary, i.e. to pay any arrears due or recover any overpaid sums by deduction from pension.

The Department apologises for the technical problems it has been faced with and the unforeseen delays in implementing these revised factor changes.

Applications for Life Commutation can be made on forms AFPS Form 10 and AFPS Form 11 by clicking on the following link  
<http://www.mod.uk/DefenceInternet/AboutDefence/CorporatePublications/PersonnelPublications/SPVA/SpvaPensionsForms.htm>

## ANNEX A

### Life commutation rates for pensions which qualify for pension increases when the member reaches age 55 effective from 20 May 2010

Age last birthday	Rates for unimpaired lives per £1 commuted	Rates for impaired lives according to the number of years added to the age of the pension holder									
		1	2	3	4	5	6	7	8	9	10
40	20.79	20.58	20.36	20.14	19.91	19.68	19.44	19.19	18.93	18.67	18.41
41	20.78	20.56	20.34	20.11	19.88	19.63	19.39	19.13	18.87	18.60	18.33
42	20.76	20.53	20.31	20.07	19.83	19.58	19.32	19.06	18.79	18.52	18.23
43	20.72	20.49	20.26	20.02	19.77	19.51	19.25	18.98	18.70	18.42	18.13
44	20.68	20.44	20.20	19.95	19.69	19.43	19.16	18.88	18.60	18.31	18.01
45	20.61	20.37	20.12	19.86	19.60	19.33	19.05	18.77	18.48	18.18	17.87
46	20.53	20.28	20.03	19.76	19.49	19.22	18.93	18.64	18.34	18.03	17.71
47	20.44	20.18	19.92	19.65	19.37	19.08	18.79	18.49	18.18	17.86	17.54
48	20.32	20.06	19.79	19.51	19.22	18.93	18.63	18.32	18.00	17.68	17.34
49	20.18	19.91	19.64	19.35	19.06	18.76	18.44	18.13	17.80	17.47	17.13
50	20.02	19.75	19.46	19.17	18.86	18.56	18.24	17.91	17.58	17.24	16.89
51	19.84	19.55	19.26	18.96	18.65	18.33	18.00	17.67	17.33	16.98	16.63
52	19.63	19.33	19.03	18.72	18.40	18.08	17.74	17.40	17.06	16.70	16.34
53	19.38	19.08	18.77	18.45	18.13	17.79	17.45	17.11	16.75	16.40	16.03
54	19.11	18.80	18.48	18.15	17.82	17.48	17.13	16.78	16.42	16.06	15.69

### Life commutation rates other cases (pension increases payable immediately) effective from 20 May 2010

Age last birthday at commutation	Rate per £1 commuted	Age last birthday at commutation	Rate per £1 commuted
40	22.68	65	15.31
41	22.47	66	14.92
42	22.25	67	14.53
43	22.03	68	14.12
44	21.80	69	13.70
45	21.56	70	13.28
46	21.32	71	12.85
47	21.07	72	12.42
48	20.81	73	11.98
49	20.54	74	11.54
50	20.27	75	11.09
51	20.00	76	10.65
52	19.71	77	10.22
53	19.42	78	9.78
54	19.12	79	9.36
55	18.81	80	8.94
56	18.49	81	8.52
57	18.16	82	8.11
58	17.83	83	7.70
59	17.49	84	7.30
60	17.14	85	6.90
61	16.79	86	6.51

62	16.43	87	6.13
63	16.06	88	5.77
64	15.69	89	5.42

## ANNEX B

### Life commutation rates for pensions which qualify for pension increases when the member reaches age 55 effective from 23 March 2011

Age last birthday	Rates for unimpaired lives per £1 commuted	Rates for impaired lives according to the number of years added to the age of the pension holder									
		1	2	3	4	5	6	7	8	9	10
40	23.37	23.10	22.83	22.55	22.26	21.96	21.66	21.34	21.02	20.70	20.36
41	23.26	22.98	22.70	22.41	22.12	21.81	21.50	21.18	20.85	20.51	20.17
42	23.13	22.85	22.56	22.26	21.96	21.65	21.32	20.99	20.66	20.31	19.96
43	22.99	22.70	22.41	22.10	21.79	21.47	21.14	20.80	20.45	20.10	19.74
44	22.84	22.54	22.24	21.92	21.60	21.27	20.93	20.59	20.23	19.87	19.50
45	22.67	22.37	22.05	21.73	21.40	21.06	20.72	20.36	20.00	19.63	19.25
46	22.49	22.17	21.85	21.52	21.18	20.84	20.48	20.12	19.75	19.37	18.98
47	22.28	21.96	21.63	21.29	20.95	20.59	20.23	19.86	19.48	19.09	18.69
48	22.06	21.73	21.39	21.05	20.69	20.33	19.96	19.58	19.19	18.79	18.39
49	21.82	21.49	21.14	20.78	20.42	20.05	19.67	19.28	18.88	18.48	18.07
50	21.56	21.22	20.86	20.50	20.13	19.75	19.36	18.96	18.56	18.15	17.73
51	21.28	20.93	20.56	20.19	19.81	19.42	19.03	18.62	18.21	17.79	17.37
52	20.98	20.61	20.24	19.86	19.47	19.08	18.67	18.26	17.84	17.42	16.99
53	20.65	20.28	19.90	19.51	19.11	18.71	18.30	17.88	17.46	17.03	16.59
54	20.29	19.91	19.53	19.13	18.73	18.32	17.90	17.47	17.04	16.61	16.17

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44	23.65	69	13.95
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46	23.04	71	13.05
47	22.73	72	12.60
48	22.41	73	12.15
49	22.08	74	11.70
50	21.74	75	11.25
51	21.39	76	10.80
52	21.03	77	10.36
53	20.67	78	9.93
54	20.30	79	9.50
55	19.92	80	9.08
56	19.53	81	8.67
57	19.13	82	8.26
58	18.73	83	7.87
59	18.32	84	7.48
60	17.90	85	7.10
61	17.48	86	6.74
62	17.05	87	6.38

<b>63</b>	<b>16.62</b>	<b>88</b>	<b>6.02</b>
<b>64</b>	<b>16.18</b>	<b>89</b>	<b>5.67</b>