

Practitioner Pension Benefits Flexibilities Value Earnings Credit (FVEC) For 1995/2008 Section members with tapered or no protection

The method outlined below assumes existing pre-2015 officer pension will be converted into a defined and guaranteed amount of benefit as at 31 March 2015 (or later depending on protection expiry date). This benefit will be based on an assessment of the flexibilities at the last day in the existing scheme and is referred to as the 'flexibility value earnings credit' (FVEC).

This FVEC will be based on the individually calculated value of practitioner flexibilities at date of moving to 2015 scheme.

The flexibility value earnings credit will be calculated as at a member's 'calculation date' which is the later of:

- a) 31 March 2015
- b) If the member receives tapered protection, the date on which the member joined the 2015 scheme
Or
- c) if later, the date the member first commenced practitioner service but using pre 2015 benefits only

The flexibility value earnings credit will be calculated as follows:

- a) At the calculation date calculate the difference between the accrued pension allowing for practitioner flexibilities, and any pension based on practitioner service only. This gives the value of the officer pension with practitioner flexibilities applied as at the calculation date.
- b) This pension is then divided by the relevant accrual rate (1.4% for 1995 section or 1.87% for the 2008 section) to generate the flexibility earnings credit.

Using the formula

$$\frac{(F \text{ minus } P)}{A} = \text{FVEC} \text{ where:}$$

F - the total amount of the member's pension after applying the flexibility rules of the existing scheme (including any added years purchased during that period), calculated as at the member's last day of pensionable service in the existing scheme prior to moving to new 2015 Scheme.

P - the amount of the member's pension arising from only their pensionable earnings as a practitioner (and any added years during that period) at the same date prior to moving to new 2015 Scheme.

A - One of the following:

- 1.4%, if the member is moving from the 1995 Section to the 2015 Scheme
- 1.87% if the member is moving from the 2008 Section to the 2015 Scheme

The flexibility earnings credit will then be re-valued up to retirement in line with CPI + 2% pa (to be confirmed)

The Flexibility Value Earnings Credit must be up-rated for each year or part year from the effective date until the earlier of:

- a) The member's last day of Pensionable Employment
or
- b) If there is a break in Pensionable Membership of more than five years after joining the 2015 Scheme, the day before the first such break commenced.

On retirement the credit will be converted back into pension by using a multiplication calculation by the relevant accrual rate (1.4% for 1995 Section and 1.87% for 2008 Section).

Any practitioner pension accrued before the calculation date (as defined above) will simply be treated normally as practitioner pension.

At retirement, those members who have officer service after their calculation date will receive the higher of:

- a) the pension derived from the flexibility value
earnings credit and
- b) The officer pension accrued before moving to the 2015 scheme calculated using the final pensionable pay on retirement (or on subsequently leaving officer service with CPI revaluation added up to retirement).