

Actuarial assumptions for broad comparability assessments and bulk transfer bases: CPI indexation

In his budget of 22 June 2010, the Chancellor announced that the uprating of the majority of state benefits and the State Second Pension will be changed from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) with effect from April 2011. This change is expected to apply to both accrued and future service public service pensions through the statutory link to the indexation of the State Second Pension.

The impact of CPI uprating in respect of public sector transfers which take place under the Government's Fair Deal policy is under active consideration.

In the meantime, GAD certificates of Broad Comparability which are in force will remain in force. However until the CPI issues have been worked through, we will not start new Broad Comparability testing and we will not be issuing new bulk transfer bases on behalf of schemes for which GAD is the Scheme Actuary.

Where contract award is imminent, Broad Comparability testing may continue and where bulk transfer terms have been offered and accepted, these terms may be honoured, subject to the scheme being content and provided that the contractor scheme is based on equivalence to RPI indexation. We will consider such contracts on a case by case basis, in consultation with the relevant public service scheme and awarding department.

Further announcements, when available, will be made through the GAD website.

Government Actuary's Department
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