

## **Actuarial assumptions for broad comparability assessments: update**

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 broad comparability assessments, in connection with public sector staff transfers which take place under the Government's Fair Deal policy, has been considered and GAD is, today, releasing an updated note on the actuarial assumptions for broad comparability assessments. This is available in the Staff Transfers section of the website.

In addition to extending the financial assumptions to cover CPI uprating, GAD has also introduced updated demographic assumptions for the assessment of broad comparability.

In order to minimise the disruption to contractors, and to procurement exercises which are in progress, GAD Certificates of Broad Comparability which are in force on an RPI basis are not being withdrawn and can continue to be used. However, the use of such certificates requires contractors to provide RPI linked benefits.

If a contractor wishes to provide CPI linked benefits, then the associated proposals will need to be tested against CPI linked benefits in the relevant public sector pension scheme. Such testing would be carried out using the updated assumptions, including the updated demographic assumptions. Contractors with such proposals should notify their usual GAD contact of their requirements.

Government Actuary's Department  
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