Active to Deferred Calculation

[Your Name]

5 February 2026

Table of contents

Field	Value
Scheme	[Scheme Name]
Version	1.0
Author	[Your Name]
Date	[Date]

1 1. Purpose

This document specifies how to calculate a deferred pension when an active member leaves service before retirement age ("early leaver" or "deferred member").

2 2. Member Data

Enter the member's details below. **Change these values** to test different scenarios.

```
# Member details - EDIT THESE VALUES
final_pensionable_salary = 38000.00
date_joined = "2005-04-01"
date_of_leaving = "2024-03-31"
years_of_service = 19              # Total pensionable service
years_service_pre_1997 = 0         # Service before 6 April 1997 (GMP accruing)
years_service_post_1997 = 19       # Service after 5 April 1997 (no GMP)
gender = "F"                       # M or F
date_of_birth = "1975-08-20"       # For reference only
```

3 3. Scheme Parameters

These are the scheme rules. Only change if the scheme rules are different.

```
# Scheme parameters - usually don't change these
accrual_rate = 1/60              # e.g., 1/60th, 1/80th
gmp_accrual_rate = 1/80          # Typical GMP accrual rate

# Normal Retirement Age
normal_retirement_age = 65

# Minimum service for deferred pension (rather than refund)
min_service_years = 2
```

4 4. Calculation

4.1 Step 1: Check Eligibility for Deferred Pension

```
if years_of_service >= min_service_years:
    eligibility = "ELIGIBLE for deferred pension"
else:
    eligibility = "NOT ELIGIBLE - refund of contributions applies"

print(f"Years of service:         {years_of_service}")
print(f"Minimum required:         {min_service_years}")
print(f"")
print(f"Status: {eligibility}")
```

```
Years of service:         19
Minimum required:         2

Status: ELIGIBLE for deferred pension
```

4.2 Step 2: Calculate Total Pension at Leaving

Formula: `Pension at Leaving = Final Salary × Accrual Rate × Years of Service`

```
pension_at_leaving = final_pensionable_salary * accrual_rate * years_of_service

print(f"Final pensionable salary: £{final_pensionable_salary:,.2f}")
print(f"Accrual rate:             {accrual_rate:.4f} (1/{int(1/accrual_rate)})")
print(f"Years of service:         {years_of_service}")
print(f"")
```

```
print(f"Pension at leaving:       £{pension_at_leaving:,.2f}")
```

```
Final pensionable salary: £38,000.00
Accrual rate:             0.0167 (1/60)
Years of service:         19

Pension at leaving:       £12,033.33
```

4.3 Step 3: Calculate GMP at Leaving (Pre-1997 Service)

GMP only accrues for service between 6 April 1978 and 5 April 1997.

```
# GMP is calculated on pre-1997 service only
# This is a simplified estimate - actual GMP calculation uses HMRC rates
gmp_at_leaving = final_pensionable_salary * gmp_accrual_rate * years_service_pre_1997

print(f"Pre-1997 service:         {years_service_pre_1997} years")
print(f"GMP accrual rate:         {gmp_accrual_rate:.4f} (1/{int(1/gmp_accrual_rate)})")
print(f"")
print(f"GMP at leaving:           £{gmp_at_leaving:,.2f}")
```

```
Pre-1997 service:         0 years
GMP accrual rate:         0.0125 (1/80)

GMP at leaving:           £0.00
```

4.4 Step 4: Calculate Excess Pension at Leaving

Excess = Total Pension - GMP

```
excess_at_leaving = pension_at_leaving - gmp_at_leaving

print(f"Total pension at leaving: £{pension_at_leaving:,.2f}")
print(f"Less GMP at leaving:      £{gmp_at_leaving:,.2f}")
print(f"")
print(f"Excess at leaving:        £{excess_at_leaving:,.2f}")
```

```
Total pension at leaving: £12,033.33
Less GMP at leaving:      £0.00

Excess at leaving:        £12,033.33
```

4.5 Step 5: Verify Split

The GMP + Excess should equal the total pension.

```
total_check = gmp_at_leaving + excess_at_leaving
difference = abs(total_check - pension_at_leaving)

print(f"GMP at leaving:           £{gmp_at_leaving:,.2f}")
print(f"Excess at leaving:        £{excess_at_leaving:,.2f}")
print(f"                          " + "-"*15)
print(f"Total:                    £{total_check:,.2f}")
print(f"")
if difference < 0.01:
    print("  Check passed - totals match")
```

```
else:
    print(f"  Check failed - difference of £{difference:,.2f}")
```

```
GMP at leaving:           £0.00
Excess at leaving:        £12,033.33
                          ---------------
Total:                    £12,033.33

  Check passed - totals match
```

5 5. Summary - Deferred Pension at Leaving

This is what goes on the member's leaving statement. The pension will be revalued annually until retirement.

```
print("DEFERRED PENSION CALCULATION SUMMARY")
print("="*50)
print(f"")
print(f"MEMBER DETAILS:")
print(f"  Date of leaving:          {date_of_leaving}")
print(f"  Final pensionable salary: £{final_pensionable_salary:>12,.2f}")
print(f"  Total years of service:    {years_of_service:>12}")
print(f"  Pre-1997 service:          {years_service_pre_1997:>12}")
print(f"  Post-1997 service:         {years_service_post_1997:>12}")
print(f"  Gender:                    {gender:>12}")
print(f"")
print(f"SCHEME PARAMETERS:")
print(f"  Accrual rate:              {accrual_rate:>12.4f}")
print(f"  Normal retirement age:     {normal_retirement_age:>12}")
print(f"")
print(f"DEFERRED PENSION AT DATE OF LEAVING:")
print(f"  GMP at leaving:           £{gmp_at_leaving:>12,.2f}")
print(f"  Excess at leaving:        £{excess_at_leaving:>12,.2f}")
print(f"  " + "-"*38)
print(f"  TOTAL PENSION AT LEAVING: £{pension_at_leaving:>12,.2f} p.a.")
print(f"")
print(f"NOTE: This pension will be revalued annually until")
print(f"      Normal Retirement Age ({normal_retirement_age}).")
print(f"")
print("="*50)
```

```
DEFERRED PENSION CALCULATION SUMMARY
==================================================

MEMBER DETAILS:
  Date of leaving:          2024-03-31
  Final pensionable salary: £   38,000.00
  Total years of service:              19
  Pre-1997 service:                     0
  Post-1997 service:                   19
  Gender:                               F

SCHEME PARAMETERS:
  Accrual rate:                    0.0167
  Normal retirement age:               65
```

```
DEFERRED PENSION AT DATE OF LEAVING:
  GMP at leaving:           £        0.00
  Excess at leaving:        £   12,033.33
  ------------------------------------
  TOTAL PENSION AT LEAVING: £   12,033.33 p.a.

NOTE: This pension will be revalued annually until
      Normal Retirement Age (65).

================================================
```

6 6. Revaluation Information

After leaving, the deferred pension is revalued each year until retirement:

Component	Revaluation Method
GMP	Fixed rate (currently 3.5%) or Section 148 orders
Excess	CPI (capped at 5% or 2.5% depending on service dates)

To calculate the pension at retirement, use the **Deferred to Retirement** specification.

7 7. Edge Cases

Scenario	How to Handle
No GMP (joined after 1997)	Set `years_service_pre_1997 = 0`
Less than 2 years service	Member gets refund, not deferred pension
Part-time service	Adjust `years_of_service` to FTE equivalent
Multiple tranches	May need separate calculations for different benefit structures
Transfer out	Use Transfer Value specification instead

8 8. Next Steps After Leaving

Option	Description
Keep deferred pension	Pension stays in scheme, revalued annually
Transfer out	Calculate CETV using Transfer Value specification
Early retirement	Apply early retirement factors when member retires
Death before retirement	Spouse/dependent benefits may apply

9 9. Sign-Off

Role	Name	Date
Author		
Reviewer		
Approver		