

From: Tara Atkins
Sent: 20 May 2021 13:52
Subject: West Sussex Pension Fund - Early Retirement Strain Costs

Dear employer,

Further to our communication on [15 February 2021](#) about the £95k Cap, we are contacting you to advise that the Fund will be reverting to its local actuarial strain cost factors for early retirement estimates with immediate effect.

Strain cost factors are used to calculate the cash which an employer must pay whenever a member takes early retirement on unreduced benefits (strain costs). The local actuarial factors were adopted in April 2020 following the Actuarial Valuation and reflect the assumptions set as part of the valuation process. Reverting to these local factors:

- Will more closely align the costs calculated by the administration team with the calculations by the Fund Actuary and therefore help manage employer liabilities.
- Will allow employers (via the Employer Hub) to use the estimate facility for early retirement estimates.

We appreciate that through normal activity employers will have requested early retirement estimates from the administration team which are still to be considered. The change in factor will be taken into account if the early retirement estimate becomes an actual. However, should you wish to discuss your particular circumstances with the Fund please do not hesitate in contacting me.


Please Note:

- If a member was to take early retirement on unreduced benefits before normal pension age (due to redundancy, interest of efficiency or ill health) then an added cost arises for the Fund due to the longer expected payment period as the start date of payments is earlier and the investment returns missed, as funds have been applied to pay early benefits rather than retained and invested.
- The Fund [adopted Government Actuary Department strain costs factors](#) for exit payment calculations as an interim measure whilst the £95k cap was in place.

The Fund's strain cost factors will be subject to review once the £95k Cap is reintroduced.

kindest Regards

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