



## How your transfer value is calculated

This note sets out a brief explanation of how ZPen final salary transfer values, also known as a cash equivalent transfer value, are calculated.

The Trustee agreed the current transfer value basis from 1 July 2024 based on the advice from the Scheme Actuary. The basis is “market related” which means it is updated to reflect market indices at the start of each month.

### Investment return

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In line with government bond yields, plus 1.7% a year

### Revaluation after leaving Zurich

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Eagle Star Tier	5.00% a year
Allied Dunbar Tier	In line with market-implied Retail Price Index inflation rates
Other tiers	In line with market-implied Retail Price Index inflation rates less 1.00% a year before 2030 and less 0.00% a year after 2030.
Guaranteed Minimum Pension Section 148 orders	In line with market-implied Retail Price Index inflation rates less 1.00% a year before 2030 and less 0.00% a year after 2030.

### Pension increases in payment

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Eagle Star Tier	Based on market-implied Retail Price Index inflation rates, modelled with a minimum of 3% a year and a maximum of 5% a year.
Other tiers	Based on market-implied Retail Price Index inflation rates, modelled with a maximum of 5% a year.

### Mortality assumptions

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Before retirement	100% of S3NMA curves for males, 100% of S3NFA for females, with CMI 2021 core projections with an initial additional parameter of 0.0% p.a., no weighting on 2020-21 data and a long-term rate of improvement of 1.50% p.a.
After retirement	2022 Vita Curves with 103.3% scaling for males and 100.5% scaling for females, with CMI 2021 core projections with an initial additional parameter of 0.0% p.a., no weighting on 2020-21 data and a long-term rate of improvement of 1.50% p.a.

Transfer values do not include any allowance for future discretionary benefits.

The key (but not exclusive) aspects that affect transfer values on a monthly basis are:

- If the investment return assumption decreases (and this is driven by long term gilt and bond yields), then the transfer value will rise.
- If the revaluation in deferment and pension increases in payment assumptions decrease (and these are largely driven by long term inflation assumptions), then the transfer value will fall.

Following a formal valuation it is also normal practice for the trustees to review the factors used when calculating members' benefits, for consistency with the valuation assumptions.

It is not possible to predict from one month to the next whether transfer values will fall or rise, and members should be aware, that they can be volatile. If you have left service, you can "lock in" your transfer value, and this is then guaranteed for 3 months.