**Guidance for Early retirement provision spreadsheet completion**

For 2018-19 two spreadsheets are provided for institutions to estimate their own early retirement provisions. One spreadsheet is to be used for pensions that utilise the Consumer Price Index (CPI) for the indexation of benefits (Local Government Pension Schemes, STSS etc.) and one for schemes that utilise Retail Price Index (RPI) for the indexation (some University occupational schemes).

**Net interest rate**

**RPI indexed schemes**

There is no change to the methodology used to calculate the net interest rate used for schemes that utilise RPI for the indexation of benefits (e.g. University occupational schemes). Use the RPI spreadsheet and the RPI net interest rate calculated.

The suggested net interest rate for 2019 for RPI indexed schemes is -1.00%

**CPI indexed schemes**

CPI is generally a lower measure of inflation than RPI. This requires an adjustment to be made from RPI to CPI. The adjustment reduces the inflation rate calculated by 1% and this then feeds through to a higher discount rate. This applies to schemes that use CPI as the base for indexation (LGPS, STSS). Use the CPI related net interest rate (and calculation) and the CPI spreadsheet (that performs the required adjustment automatically for in year retirements).

Where Colleges have both a RPI related scheme and a CPI related scheme both sheets should be used.

The suggested net interest rate for 2019 for CPI indexed schemes is 0.00%.