From: Claire Johnson
Sent: 17 July 2026 14:57
Cc: Jill Swift <Jill.Swift@local.gov.uk>; Tara Atkins <Tara.Atkins@local.gov.uk>; Suzanne Williams <Suzanne.Williams@local.gov.uk>
Subject: Matthews Amendments â€“ GAD Calculator v3 and Implications for Ongoing M2 Cases

To: Scheme Managers
CC: Internal pension contacts

Dear Scheme Managers,

Over the past week, the LGA has learnt more about the capabilities of version 3 (v3.0) of the GAD calculator, which was recently released to support the Matthews amendments that came into effect on 1 April 2026.

When the calculator was first discussed, our understanding was that v3.0 of the calculator would support all types of deferred cases and new pensioner cases where no election had yet been made under any of the options exercises.

However, it has since been clarified that not all deferred cases are covered by v3.0 of the calculator.

As explained by GAD during the coffee morning session on Tuesday 14 July, the calculator will **not** support any case where an election has already been made under M2 and payment of contributions has occurred, whether that payment is a lump sum or the commencement of periodic contributions. Under GAD's current delivery plan, these cases are treated as manual cases requiring referral to GAD. Given the volume of cases we expect to fall within this cohort, we are concerned that GAD may not have the capacity to process all such cases within the statutory timeframe, which requires cases to be completed no later than **1 April 2027**.

We are therefore continuing discussions with GAD to establish whether some of these cases can be brought within scope of version 3.1 (v3.1) of the calculator, which is expected to be released later this year. GAD are positive that some scenarios can be accommodated within v3.1; however, they are not currently able to confirm which case types will be supported, and which will remain subject to manual processing. It is anticipated that we may not have clarity on this position for several weeks.

I wanted to draw this matter to your attention for two reasons:

1. To make you aware of the current position and the discussions the LGA is continuing to have with GAD on behalf of the sector.
2. To clarify the action that should be taken for ongoing cases and identify where scheme managers may wish to exercise discretion in determining the most appropriate course of action.

Having assessed the situation, the LGA believes there are four broad categories of deferred cases:

1. Special deferred cases with conversion/opted-out service options which have not yet received a quotation under the M2 options exercise
These cases should be progressed as normal using v3 of the calculator and members should be offered their full range of options from the outset.

2. Special deferred cases with conversion/opted-out service options which have received a quotation, but where no election has yet been made under the M2 options exercise
These cases should be requoted using v3 of the calculator and members should be offered their full entitlement under the amended provisions.

3. Special deferred cases with conversion/opted-out service options which have received a quotation, an election has been made under the M2 exercise, but payment remains outstanding
For these cases, scheme managers are asked to consider the approach they wish to take.

Option A â€“ Progress the case under the existing election

Progress the case under the current election and address the conversion and/or opted-out service element once clarity has been received on whether the case type will be supported by v3.1 or whether it will require referral to GAD for a manual workaround.

Option B â€“ Pause and requote the case
Pause progression of the case, requote using v3 of the calculator and offer the member their full entitlement.

When deciding between these approaches, scheme managers may wish to consider the following:

- Members continue to accrue interest on their historic contributions until all contributions have been paid. As a result, requoting using v3 of the calculator will have a direct impact on the amount of interest payable.
- There is no guarantee that a member will ultimately choose to convert service or purchase opted-out service. A decision to pause the existing case and requote may therefore result in unnecessary delay to the member's original election.
- There is currently no firm timetable for the release of v3.1. We have been advised that publication is expected in the autumn, but no specific date has been confirmed.
- There is also no guarantee that the relevant case type will be brought within scope of v3.1. Some cases may still require referral to GAD for manual processing.
- The uncertainty around both timing and scope means that interest will continue to accrue on the service affected by the amendments until the relevant payments have been settled, potentially increasing costs for members.

4. Special deferred cases with conversion/opted-out service options which have received a quotation, an election has been made under the M2 exercise and payment has been settled (or, in the case of periodic contributions, payments have commenced)
These cases cannot currently be progressed through the calculator and should be treated as manual cases pending further clarification from GAD regarding the scope of v3.1.

To help us understand the scale of this issue, we will shortly be issuing a survey to the sector seeking information on cases affected by the amendments. We will also ask authorities to provide a breakdown by case type.

I would strongly encourage all FRAs to respond to this survey. It is essential that we understand the likely volume and distribution of cases between now and April 2027 so that we can identify potential bottlenecks, engage appropriately with GAD, and raise any concerns to MHCLG regarding the sector's ability to comply with the legislative deadline of 1 April 2027.

If you have any questions regarding the content of this email, please do not hesitate to contact me.

Kind regards,
Claire

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