




The Law Society

Supporting Solicitors




Using the professional indemnity insurance retirement calculator

This document is intended to help you use the Law Society's [retirement calculator \(Excel, 98kb\)](#). Below is a non-editable screen shot. You need to open the calculator in Microsoft Excel and follow the instructions in the right hand boxes to fill in the information required in steps 1, 2 and 3.



Supporting
Solicitors



Retirement calculator

Download the help notes (PDF, 264kb)

Minimum terms and conditions (MTC) run-off calculation	
Step 1: Enter your current annual premium for your MTC policy	£0
Step 2: Enter the percentage of annual premium charged for run-off in your MTC policy	0%
MTC run-off premium	£0
Step 3: Enter the number of years until you plan to retire	0
<p>The calculator provides an indicative figure of annual savings needed until retirement, based on the firm's current premium and cost of cover. Please remember that both these variables are subject to change and may increase in the future. The run-off should be reassessed each PII renewal.</p>	
Indicative annual savings required	

MTC run-off calculation

Step 1: Enter your current annual premium in the box. Please include insurance premium tax (IPT). You can include decimal places if you wish.

Step 2: Enter the percentage of your annual premium charged for run off-cover in the box provided. Find out more about *How to find your MTC percentage* on page 2 of this guide.

The calculator will then calculate your MTC premium. See *How is my MTC premium calculated?* on page 2 for details.

Retirement calculation

Step 3: Enter the number of years that are left until you plan to retire. The calculator will then work out how much you need to save each year to afford the cost of run-off under your current policy. See *How to calculate my years until retirement?* on page 2.

Please note: the calculator provides an indicative figure only, based on the firm's current premium and cost of cover. It is important to remember that both these variables are subject to increases over time. You should reassess run-off costs each PII renewal.



Notes

Step 1: How to find your MTC annual premium

This is the amount of annual premium you pay to your insurer under your current minimum terms and conditions policy. You can find this in your policy documentation.

If you have a policy for a length of time other than for 12 months, you must convert your premium into an annual amount **before** using the calculator.

Step 2: How to find your MTC percentage

Your minimum terms and conditions (MTC) percentage is the percentage of run-off premium expressed as a factor of your annual MTC premium. For example, if your run-off premium is two times (2 x) your annual premium, the percentage is 200%.

You can find this figure in your policy.

Run-off premiums are typically between 200% and 300% of MTC premium.

How is my MTC run-off premium calculated?

The MTC run-off costs are calculated based on the percentage of your annual premium times your annual premium in accordance with the formula specified in your policy.

Important! If your MTC policy specifies a different formula then you will **not** be able to use this calculator.

Step 3 : How to calculate my years until retirement

To use the calculator you must enter the number of years that you expect to practise for before you retire. This calculator works on the basis of years, so if you want the calculator to reflect the number of months or days until you retire you will have to convert these figures **before** using the calculator. Examples of converting months or days into annual figures are set out below.

For example, 6 months until retirement can be reflected in the calculator by the following conversion i.e. $6/12 = 0.5$ years. Enter 0.5 into the calculator for step 3.

For example, 1 year, 3 months and 178 days until retirement can be reflected in the calculator by the following conversion.

$$\begin{aligned} &= 1 + 3/12 + 178/365 \\ &= 1 + 0.25 + 0.5 \\ &= 1.75 \end{aligned}$$

You should enter 1.75 into the calculator for step 3.