

# **The Police Pensions Scheme 2015**

## **Members' Guide**

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## **1. Introduction**

Police pensions have a long history, dating back to 1829 when the Metropolitan Police Act introduced certain benefits on disablement (now known as medical unfitness) for London officers “worn out by length of service”. A full pension scheme for all members of a police force became available in 1890.

There have been many changes since then, but entitlement to a police pension has always been regarded as a key element of the remuneration of members to enable them to undertake their role with confidence. The present arrangement, called ‘The Police Pension Scheme 2015’ (2015 Scheme) is intended to ensure that pension entitlement remains a key element. The 2015 Scheme is established by Regulations (the Police Pensions Regulations 2015) made under the Public Service Pensions Act 2013. The 2015 Scheme provides for payment of pensions and other benefits to or in respect of members of a police force in England and Wales.

This guide is intended to explain the main details in simpler language than is used in the regulations, although it must be remembered that **nothing in this guide can override the regulations.**

The 2015 Scheme comes into effect on 1 April 2015. Members who started in the police force before that date were able to join the Police Pension Scheme 1987 (1987 Scheme) or the New Police Pension Scheme 2006 (2006 Scheme). **This guide primarily applies to members of the 2015 Scheme (members). There is also information which applies to members of a police force with Full or Tapered Transitional Protection in the 1987 Scheme or the 2006 Scheme (see Annex A). There are separate guides for those who remain members of the 1987 Scheme or the 2006 Scheme.**

Injury benefits remain separate to the pension schemes and are governed by separate regulations. Guidance on injury benefits will be made available separately.

**This guide applies only to members of a police force in England and Wales.**

Although the 2015 Scheme extends to England and Wales, it is administered locally

by each police force. Please note that a different scheme is established for both Scotland and Northern Ireland. If there are any points about which you would like further help, please contact the pensions administrator for your force. They will have a copy of the regulations, to which you will be able to refer if you wish.

If you are not sure where to find the pensions administrator for your force, your human resources or personnel section should be able to provide the right contact. Alternatively, **there is a full list of the pensions administrators for all forces in England and Wales on the gov.uk website at:**

<https://www.gov.uk/government/publications/police-pension-administrator-contacts-england-and-wales>

The Home Office homepage on the gov.uk website has a number of pages relating to police pensions. These provide information about the three police pension schemes and injury benefits, including any recent changes and links to regulations and guidance.

The following sections give more detailed information about the 2015 Scheme. Section 2 is an “at a glance” guide to the scheme, which summarises the main elements. **The information in the guide uses plain language where possible, but the use of specialist terms in relation to pensions is sometimes unavoidable. The main specialist terms used are explained in the glossary at Annex C.**

## **2. The Police Pension Scheme 2015 “at a glance”**

Many members joining the 2015 Scheme on 1 April 2015 (and those joining the 2015 Scheme at the end of their Tapered Protection Period) will also have service under the 1987 Scheme or the 2006 Scheme. The member’s accrued rights under the 1987 Scheme or the 2006 Scheme will be protected (see section 12 ‘Tapered protection and members with accrued rights under the 1987 Scheme or the 2006 Scheme).

### ***2.1 Key features***

- The 2015 Scheme is a Career Average Revalued Earnings (CARE) pension scheme. This means that for each year you are an Active Member you will earn a fraction of your Pensionable Earnings (1/55.3) for that year as earned pension and this will be revalued for each subsequent year until you retire.
- Earned pension will be added to your pension pot in each year of pensionable service under the 2015 Scheme, and will be revalued at the end of each year.
- Whether you work full-time or part-time your earned pension is built up in the same way.
- The 2015 Scheme is funded by the contributions from members and Police Pension Authorities (e.g. the Chief Constable).

### ***2.2 Pension benefits for members***

- The Normal Pension Age (NPA) is 60.
- The Normal Minimum Pension Age (NMPA) is 55.
- You have the option to retire at any time after NMPA and to take immediate payment of your pension; if you decide to retire with immediate payment of your pension after NMPA and before NPA, your 2015 Scheme benefits will be actuarially reduced by reference to NPA.
- You may remain an Active Member of the 2015 Scheme as long as you wish (there is no maximum period of service). If you decide to continue in service



beyond NPA there will be an actuarial uplift applied to your pension as it will be paid later than it would be in normal circumstances.

- While you are an Active Member, the rate of revaluation applied at the end of each Scheme Year (31 March) to the earned pension accrued for that year is the movement in the Consumer Price Index (CPI) + 1.25%. The revalued amount forms the opening balance of your pension for the next Scheme Year.
- For each Scheme Year that you are an Active Member of the 2015 Scheme, your earned pension is 1/55.3th of the value of your Pensionable Earnings for that Scheme Year (uprated by CPI + 1.25%).
- Pensions in payment to members are increased every year in line with CPI under the Pensions (Increase) Act 1971.

### ***2.3 Benefits for others on the death of a member***

If you should die whilst serving as an Active Member then:

- A lump sum death grant is payable (see section 10.4 'Lump sum death grant'). The payment is 3 times your Final Pay if your period of service was at least 12 months (otherwise it's 3 times your annualised final pay).

If you die whilst a member of the 2015 Scheme:

- A pension will be paid to your spouse or civil partner for the rest of their life.
- A partner who is neither a spouse nor a civil partner may be entitled to payment of a pension for life, subject to having completed the required declaration (see section 10.2.2 'Declared partners').
- Eligible children under the age of 23 may qualify for a pension.

### ***2.4 Other features***

- You will be able to commute part (up to 25%) of your pension at a rate of 1:12; therefore for every £1 of pension given up you receive a lump sum of £12.

- If you accrue rights in the 2015 Scheme but leave the police force (or opt out of the 2015 Scheme), without taking a pension or a refund of contributions, you will be entitled to a Deferred Pension payable from your State Pension Age (SPA).
- If you have accrued benefits in the 1987 Scheme or the 2006 Scheme, those benefits will remain in that scheme.
- An Active Member may opt out of the 2015 Scheme (see section 3.3 'Opting out').

## ***2.5 Compulsory ill-health retirement and ill-health pensions***

The Police Pension Authority has discretion to retire a member on medical grounds.

There are two levels of ill-health pension which may become payable under the 2015 Scheme (members with previous service in the 1987 Scheme or the 2006 Scheme who have not reached NPA receive an ill-health pension which reflects service in their existing schemes):

- Lower Tier, payable if you are permanently medically unfit for the ordinary duties of a member of the police force but not permanently medically unfit for any regular employment. If you are compulsorily retired on these grounds, you will become entitled to immediate payment of a lower tier ill-health pension and will have the option to commute part of it for a lump sum. Your benefits will be calculated based on the amount of your accrued pension at the time of your ill-health retirement. There will be no reduction for early payment and no enhancement.
- Enhanced Upper Tier, payable if you are permanently medically unfit for the ordinary duties of a member of the police force and also permanently medically unfit for any regular employment. If this is the case you will receive this pension in addition to the lower tier ill-health pension.

The level of medical unfitness is determined by a Selected Medical Practitioner (SMP) and there are appeal rights against medical decisions. An ill-health pension will be increased in line with CPI for as long as it is paid. Police Pension Authorities may review the payment of ill-health pensions at regular intervals.

Even if an SMP determines that you are permanently medically unfit, it does not automatically follow that you will be granted ill-health retirement. The Police Pension Authority will consider whether there are alternative duties that you could perform and still remain in the service (taking account of your overall capabilities).

There are separate arrangements for the payment of injury benefits to members of a police force who are injured on duty. The details can be found in the Police Injury Benefit Regulations.

## ***2.6 Other points***

- Purchasing added pension (where you can increase your pension by paying additional contributions) is currently limited to £6,500 per year. The limit may be altered by HM Treasury (HMT). Added pension is revalued by CPI in line with the Pensions (Increase) Act 1971.
- The 2015 Scheme does not have a formal Additional Voluntary Contribution (AVC) arrangement, but you do have the option to make contributions to a separate personal pension scheme in addition to your contributions to the 2015 Scheme within limits prescribed by HMRC.
- It is possible for Deferred Pensions (payable in full at your SPA) to be paid early on request, but this will be subject to Actuarial Reduction to reflect that they will be paid earlier and for a longer period.
- Deferred Pensions can also be paid early when a Deferred Member is permanently medically unfit for regular employment. These are not subject to Actuarial Reduction.

## **3. Scheme membership**

### ***3.1 Membership and eligibility***

From 1 April 2015 you are automatically enrolled to the 2015 Scheme on appointment to a police force unless you decide to opt out (see section 3.3. 'Opting out'). On joining a police force, you may be asked to have a medical examination (free of charge) so that the Police Pension Authority can decide whether you will be eligible for ill-health benefits (This does not apply to former members of the 1987 Scheme or the 2006 Scheme who join the 2015 Scheme on 1 April 2015 or at the end of their Tapered Protection Period). If the Police Pension Authority determines (after any appeal) that the likely cost of providing benefits is disproportionately high, you can still join the 2015 Scheme and pay reduced contributions but you will not receive ill-health benefits. An exclusion from ill-health benefits under the 1987 Scheme or the 2006 Scheme will also provide an exclusion from ill-health benefits under the 2015 Scheme.

It is possible for you to be a member of the 2015 Scheme and to contribute to other pension schemes, such as a personal pension plan, at the same time. You are advised to consult an independent financial adviser if you are interested in this.

If you are (or are considering) moving between forces and/or you have a gap in service (or are considering one), differing conditions may apply according to your individual circumstances. You should contact your pensions administrator in the first instance so that you are aware of any potential consequences.

### ***3.2 Automatic enrolment***

Automatic enrolment means that your Police Pension Authority will automatically enrol you onto the 2015 Scheme on your first day of Eligible Service under the 2015 Scheme.

If you opt out of the 2015 Scheme you will be automatically re-enrolled into the 2015 Scheme every 3 years on your automatic re-enrolment date. If you want to remain

opted out, you will need to opt out within one month; this will be backdated from the automatic re-enrolment date.

**If you are thinking of opting out of the 2015 Scheme or the 1987 Scheme or the 2006 Scheme you are strongly recommended to take independent financial advice before you make a decision.**

### ***3.3 Opting out***

You can opt out of the 2015 Scheme at any time by sending written notice to your Police Pension Authority. If you opt out in the first three months of you joining the police force, your decision is back-dated to the date you became a member of the police force. If you decide to leave the 2015 Scheme at any future date, your decision will take effect from the start of your next pay period after the receipt of your opt-out notice by your Police Pension Authority or on any later date which your Police Pension Authority considers appropriate.

If you opt out of the 2015 Scheme you can rejoin if you wish. This may be subject to a medical examination, at your expense, to decide whether you will be eligible for ill-health benefits. You will be re-admitted to the 2015 Scheme at the start of your next pay period (with or without access to ill health benefits) after the receipt of your opt-in notice by your Police Pension Authority or on any later date which your Police Pension Authority considers appropriate.

However if you opt out within 12 months after opting in, you will not be able to opt in again until the end of that period of 12 months.

Opting out of the 2015 Scheme will have a number of consequences, including:

- If you build up two years or more of Qualifying Service and then opt out, you will be entitled only to a Deferred Pension. Your 2015 Scheme benefits would be payable in full from your SPA, or you can take a Deferred Pension actuarially reduced from NMPA (calculated by reference to your SPA), and

any benefits in the 1987 Scheme or the 2006 Scheme would be payable from the age at which your deferred pension in that scheme is payable (generally 60 in the 1987 Scheme and 65 in the 2006 Scheme).

- If you die while in service as a member of a police force but you are not a member because you have opted out of the 2015 Scheme (i.e. you are a Deferred Member) you are not covered for death in service benefits therefore no lump sum death grant is payable. A surviving adult pension and an eligible child pension may be payable when you die.
- If you are not an Active Member of the 2015 Scheme you will not be eligible for an ill-health pension if you leave the police force because you are permanently medically unfit. If you are a Deferred Member who has left the police force, you may qualify for early payment of your Deferred Pension on grounds of ill-health if you are assessed as permanently medically unfit for any regular employment and you are eligible for ill-health benefits.

Staying an Active Member of the 2015 Scheme has a number of significant benefits, including:

- A public service pension remains one of the best available.
- Having a public service pension is a tax efficient and an effective way to save for your retirement.
- The 2015 Scheme will provide a guaranteed level of pension which is based on a fraction of your Pensionable Earnings for each Scheme Year ( $1/55.3$ ) uprated each year until retirement. Upon retirement your earned pension is uprated by CPI in accordance with the Pensions (Increase) Act 1971. In a Defined Contribution Pension Scheme your pension would be of an unknown amount based on investment returns.
- In addition to your own contribution, your Police Pension Authority makes a significant contribution towards your pension.
- You receive tax relief on your pension contributions and until 6 April 2016 you also pay a lower rate of national insurance contribution as the 2015 Scheme

is a contracted-out public service pension scheme (from 6 April 2016 contracting-out will cease to be available to any scheme).

- The 2015 Scheme provides valuable benefits for you and your family such as ill-health pensions and survivor pensions.

If you opt out of the 2015 Scheme with less than 2 years' Qualifying Service and you have not transferred in any service, your pension contributions will be refunded. The refund will be subject to the relevant tax rules.

**If you are thinking of opting out of the 2015 Scheme, you are strongly recommended to take independent financial advice before you make a decision.**

### ***3.4 Opportunities to rejoin at a later date***

If you are returning to the police force after a gap in service (this does not include a career break) not exceeding 5 years, you may be able to accrue future benefits in the 2015 Scheme.

If you once again become an Active Member of the 2015 Scheme after a gap in service not exceeding 5 years your 2015 Scheme pension will be revalued as if during the gap in service you were an Active Member (i.e. revalued in line with CPI+1.25% per year) but as if you received no Pensionable Earnings.

**You are strongly advised to check your position with your pensions administrator regarding the protection of your accrued rights and other protections under the 1987 Scheme or the 2006 Scheme.**

If you once again become an Active Member of the 2015 Scheme after a gap in service exceeding 5 years, the pension you accrued under the 2015 Scheme before your gap in service will be a Deferred Pension and will be revalued in line with CPI each year from the date you began your gap in service. Pension accrued during your current period of service as an Active Member will be revalued in line with CPI+1.25% per year while you remain an Active Member.

For the purposes of the Final Salary Link (used for calculating benefits under the 1987 Scheme or the 2006 Scheme), service under the 1987 Scheme or the 2006 Scheme will be taken to end when you began your gap in service, therefore you are strongly advised to check your position with your pensions administrator.



## 4. Retirement and the benefits you receive

The following information relates to those with at least two years' Qualifying Service. If you have at least two years' Qualifying Service and you are an Active Member of the 2015 Scheme you will be able to retire from NPA (or from NMPA but this will be subject to Actuarial Reduction) with an immediate pension. **An Active Member who intends to retire must claim payment of the pension, giving at least one month's written notice.**

### *4.1 Retirement pension*

A retirement pension is awarded on retirement after completion of at least two years' Qualifying Service if you have reached NMPA. As stated above, please note that you will be required to give notice of intent to claim your pension.

Qualifying Service means the calendar length of any continuous period of pensionable service under the 2015 Scheme (not including any gap in service, any career break or any other period of unpaid leave), plus any previous pensionable service or employment which you have transferred into the 2015 Scheme and, if applicable, your period of pensionable service under the 1987 Scheme or the 2006 Scheme.

#### **Example 1**

A member of a police force was a member of another pension scheme for two calendar years and transfers those benefits into the 2015 Scheme.

His/her transferred benefits may not be equivalent to two years' worth of accrual in the 2015 Scheme. However, his/her Qualifying Service in respect of his/her transferred benefits would remain equal to two years.

## ***4.2 Retirement age***

Under the 2015 Scheme, NPA is the age at which benefits will come into payment in full without actuarial adjustment.

If you leave the police force or opt out of the 2015 Scheme after NMPA and before NPA with at least two years' Qualifying service and you do not claim payment of your pension, you will become entitled to a Deferred Pension payable in full when you reach your SPA (see section 4.8 'Deferred pension'). You may claim immediate payment of your Deferred Pension subject to Actuarial Reduction from your SPA (see sections 4.9 'Early payment of deferred pension other than on ill-health grounds'). A Deferred Pension may be paid early without Actuarial Reduction if you are permanently medically unfit for any regular employment. However, you cannot retire with a pension under the 2015 Scheme before you reach NMPA other than on the grounds of ill-health (see section 6 'Compulsory ill-health retirement and early payment of deferred pension of ill-health grounds').

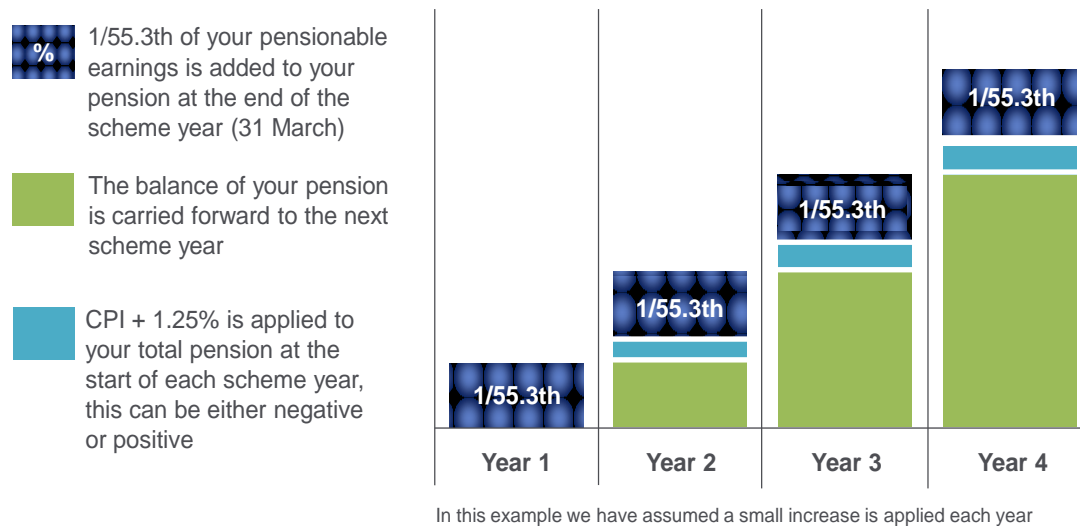
Alternatively if you decide to delay your retirement after reaching NPA, you will continue to accrue pension and your pension will be increased on an actuarially neutral basis to take into account its commencement after NPA.

If you have not reached NPA and you become permanently medically unfit for the performance of the ordinary duties of a member of the police force while an Active Member of the scheme, your Police Pension Authority (Chief Constable) may require you to retire on the grounds of ill health (see section 6 'Compulsory ill-health retirement and early payment of deferred pension paid on ill-health grounds').

### 4.3 Calculation of your pension under the 2015 Scheme

#### How your pension builds up in the 2015 Scheme

Your pension builds up over your career to provide you with an income at retirement.



### 4.4 Pensionable service under the 2015 Scheme

Your pensionable service under the 2015 Scheme includes:

- Your current service as an Active Member during which you have paid pension contributions to the 2015 Scheme or in which you are assumed to receive Pensionable Earnings (e.g. any unpaid period in the first 26 weeks of maternity leave).
- Earlier service as an Active Member in the same force, or in another police force in England and Wales, provided that you did not have a gap in service exceeding 5 years before beginning service under the 2015 Scheme and contributions were not refunded to you in respect of your earlier service.

- Earlier service under the 2015 Scotland Police Pension Scheme or the 2015 Northern Ireland Police Pension Scheme provided you did not have a gap in service exceeding 5 years before beginning service under the 2015 Scheme and contributions were not refunded to you under the 2015 Northern Ireland Police Pension Scheme or the 2015 Scotland Police Pension Scheme.
- Periods of 'relevant service' under Section 97 of the Police Act 1996 (this includes appointments to the Inspectorate of Constabulary and certain types of overseas service) during which you have paid contributions under the 2015 Scheme (members contemplating overseas service are recommended to seek advice on the pension position before agreeing to undertake it).

If you have pension benefits in the scheme of a former employer or in a personal pension plan you may be able to transfer them into the 2015 Scheme (see section 11 'Transferring benefits into and out of the 2015 Scheme').

#### ***4.5 Pensionable earnings***

Basic salary, London weighting, increase in pay on temporary promotion, temporary salary and Competency Related Threshold Payments (the latter to be phased out by April 2016) count towards Pensionable Earnings. Allowances are **not** pensionable.

For the purposes of calculating earned pension, Pensionable Earnings include:

- The assumed pay for any paid element of any period of maternity leave (and any unpaid maternity leave within the first 26 weeks), paid adoption leave or other paid parental leave provided that you have not opted out of the 2015 Scheme during this period;
- The pay taken to apply to any periods of unpaid leave (sick leave, unpaid maternity leave, unpaid adoption leave, unpaid maternity support leave, unpaid adoption support leave and unpaid parental leave) for which pension contributions have been bought back (see section 5.2 'Unpaid leave contributions');

- Pay during any period of 'relevant service' as defined under s.97 of the Police Act 1996 for which pension contributions have been paid.

#### ***4.6 Benefits on retirement***

**You will receive a pension for life.**

For each Scheme Year during which you are an Active Member of the 2015 Scheme the amount of earned pension you accrue is 1/55.3th of your Pensionable Earnings for that year. This goes into your pot of earned pension, which builds up each year as more earned pension is added. The amount of accrued earned pension in the pension pot is uprated each year in line with CPI + 1.25% whilst you are still an Active Member and in line with CPI after you leave the 2015 Scheme. The retirement earned pension payable to you from the 2015 Scheme is calculated based on the amount of accrued earned pension in the pension pot when you retire.

#### **Example 2**

A 30 year old Active Member works full-time and earns £21,000 per year. His/her earned pension accrued over his/her first Scheme Year as an Active Member is calculated as follows:

##### Year 1

Pensionable Earnings over the year: £21,000

Earned Pension pot at end of Year 1: £379.75 ( $= \frac{£21,000}{55.3}$ )

Assume that in the next year, the member's Pensionable Earnings have increased by 1% to £21,210, and that over the last year price inflation (as measured by CPI) increased by 2%. His/her total pension in the second Scheme Year will then be calculated as follows:

##### Year 2

As s/he has remained an Active Member, his/her accrued earned pension pot from the previous year will increase in line with CPI + 1.25% at the start of the Scheme Year (as CPI growth was 2%, this would result in an increase of 3.25%),

Increased Year 1 earned pension pot: £392.09 (= £379.75 × 1.0325)

His/her accrued earned pension over this year is then calculated as per Year 1:

Pensionable Earnings over the year: £21,210 (= £21,000 × 1.01)

Addition to earned pension pot: £383.54 (=  $\frac{£21,210}{55.3}$ )

His/her total earned pension accrued at the end of Year 2 is the sum of the increased Year 1 earned pension pot and the earned pension accrued over the second year:

Total earned pension pot at end of Year 2: £775.63 (= £392.09 + £383.54)

This process continues for each Scheme Year during which s/he remains an Active Member (assuming that s/he remains an Active Member for 30 years). The below shows what happens to the earned pension over the last year during which s/he is an Active Member.

### Year 30

If his/her Pensionable Earnings continue to grow at 1% per year, and CPI growth stays at 2% per year throughout his/her career his/her total earned pension pot at the end of year 29 will be £20,146.80.

Increased Year 29 earned pension pot: £20,801.57 (= £20,146.80 × 1.0325)

His/her accrued earned pension in Year 30 will then be calculated as follows:

Pensionable Earnings over the year: £28,024.58 (= £21,000 × 1.01<sup>29</sup>)

Addition to earned pension pot:	$£506.77 (= \frac{£28,024.58}{55.3})$
Total earned pension pot at end of Year 30:	£21,308.34 (= £20,801.57 + £506.77)

In the April following retirement the total earned pension accrued at retirement will increase in line with CPI + 1.25% to around £22,000 per year. After that, the earned pension will increase in line with CPI throughout the period of payment.

At retirement, the member has the option to commute pension for lump sum at a rate of £12 of lump sum for every £1 of pension given up. The commutation lump sum cannot be larger than 25% of the value of the member's pension.

For example, if the member was to commute 25% of his/her pension income, s/he would be eligible for a lump sum of £63,925.02 (=25% x £21,308.34 x 12) and a revised pension at retirement of £15,981.26 (=75% x £21,308.34).

#### ***4.7 Part-time working***

If you work on a part-time basis the earnings that count towards your pension will be proportionately less than if you worked full-time.

If you work full-time or part-time, your pension is accrued in the same way. For each Scheme Year during which you are an Active Member you accrue 1/55.3th of your Pensionable Earnings for that year. The amount of accrued earned pension in the pension pot at the end of the Scheme Year is then uprated in line with CPI + 1.25% whilst you are still an Active Member and in line with CPI once the pension is put in payment or you are a Deferred Member. The retirement pension payable to you from the 2015 Scheme is calculated based on the amount of accrued earned pension in the pension pot when you retire.

### **Example 3**

A 30 year old Active Member works part-time with 40% hours and is paid £8,400 for the first Scheme Year in which s/he was an Active Member (so that his/her full-time equivalent Pensionable Earnings are the same as the Active Member in Example 2). The calculation of this member's pension will follow the same process as that in Example 2, but using this member's actual Pensionable Earnings.

Assuming that his/her Pensionable Earnings continue to grow by 1% per year and CPI increases by 2% per year, this member will receive a pension of around £8,800 per year on retirement from active service at NPA (note that this is 40% of the pension of the full-time member in Example 2).

At retirement, the member has the option to commute pension for lump sum at a rate of £12 of lump sum for every £1 of pension given up. The commutation lump sum cannot be larger than 25% of the value of the member's pension.

### ***4.8 Deferred pension***

You become a Deferred Member if you have at least two years of Qualifying Service and:

- You leave the police force before NMPA, or
- You leave the police force after reaching NMPA, but before reaching your SPA and you do not take a pension, or
- You opt out.

If you rejoin the police force or opt back in within 5 years then you will become an Active Member again. Otherwise you will remain a Deferred Member.

Unless you transfer your 2015 Scheme benefits to another pension scheme, or a deferred pension comes into payment early, you will receive a Deferred Pension at your SPA.



A Deferred Pension will be increased in line with CPI under the Pensions (Increase) Act 1971 from the time that you leave the police force or opt out until the date at which your benefits become payable.

#### **Example 4**

A member leaves the police force at age 50 with an accrued earned pension of £20,000 per year. When s/he leaves, his/her accrued earned pension will increase in line with CPI under the Pensions (Increase) Act 1971 and will be payable at his/her SPA).

Assume that by the time that s/he reaches SPA his/her Deferred Pension has increased under the Pensions (Increase) Act 1971 by 40%. The member will therefore be able to retire at SPA with a pension of around £28,000 (= £20,000 × 140%).

At retirement, the member has the option to commute pension for lump sum at a rate of £12 of lump sum for every £1 of pension given up. The commutation lump sum cannot be larger than 25% of the value of the member's pension.

#### ***4.9 Early payment of deferred pension other than on ill-health grounds***

If you have left the police force you can choose to have your Deferred Pension paid earlier than your SPA, but it will be reduced for early payment. This is called 'Actuarial Reduction' and is to compensate for the fact that the pension will be paid earlier and for a longer period. Your pensions administrator can provide you with more information, but you should be aware that the reduction can be substantial and will be permanent.

If you were dismissed, or required to resign, you can still claim your Deferred Pension early but you must give at least one month's written notice to your Police Pension Authority of your intent to claim your pension.

## 5. Contributions

### 5.1 Your contributions

You pay contributions towards the cost of your pension benefits. These are set as a percentage of your Pensionable Earnings in any pay period.

The amount of your Pensionable Earnings for the purposes of determining which Tier you are in is determined as follows:

- If you are a member of a home police force in full-time service, the amount of Pensionable Earnings will be the rate of pay which you are entitled to in that pay period,
- If you are a member of a police force in England and Wales other than a home police force in full-time service it will be the rate which you are entitled to under your terms and conditions of employment.

If you are a member of a police force in part-time service it is the amount of Pensionable Earnings that would be payable to you in that pay period if you were a member of a police force in full-time service.

Please see below the current rates of member contributions. If you are ineligible for ill-health benefits you will pay contributions at a reduced rate (see section 3 'Scheme membership' and section 6 'Compulsory ill-health retirement and early payment of deferred pension on ill-health grounds').

	<b>Members</b>	<b>Members ineligible for ill-health retirement benefits</b>
<b>Tier 1</b>	12.44%	9.94%
<b>Tier 2</b>	13.44%	10.94%
<b>Tier 3</b>	13.78%	11.28%

- Tier 1 covers officers with full-time Pensionable Earnings at and below £27,000 per year;
- Tier 2 covers officers with full-time Pensionable Earnings above £27,000 but below £60,000 per year;
- Tier 3 covers officers with full-time Pensionable Earnings at and above £60,000 per year.

Contributions are deducted from pay before it is assessed for income tax, so you will automatically receive full income tax relief at the applicable rate.

## ***5.2 Unpaid leave contributions***

Your accrual of pension under the 2015 Scheme may be affected by periods of unpaid leave.

You will have the option to make the following count towards the accrual of your pension provided that you have not opted out and you pay the pension contributions which would have otherwise been due:

- Unpaid adoption leave;
- Unpaid maternity leave;
- Unpaid parental leave;
- Unpaid maternity support leave;
- Unpaid adoption support leave;
- Unpaid sick leave of 6 months or less (subject to a lifetime total of 12 months).

If you wish to pay contributions for a period of unpaid leave, you must notify the Police Pension Authority within three months of your return to work, or by the date you leave the police force if that is earlier. The contributions must be paid within six months of the date that the Police Pension Authority informs you of the amount to be paid.

Pension contributions cannot be paid in respect of unpaid career breaks. Any periods of time during which you have opted out of the 2015 Scheme will not count towards your pension accrual.

### ***5.3 Refund of contributions***

If you leave the police force with less than two years' Qualifying Service and without entitlement to any other benefit under the 2015 Scheme, you may be entitled to have your pension contributions returned to you under the 2015 Scheme, less deduction of tax. Like any leaver you may, alternatively, be able to ask for your 2015 Scheme benefits to be transferred to another pension scheme – see section 11 'Transferring benefits into and out of the 2015 Scheme'. You should note that a refund of contributions will only be of the contributions that you have paid, but a transfer value will reflect the total value of pension benefits which have accrued due to contributions made by you and your Police Pension Authority. If you opt out of the 2015 Scheme after 3 months but before 2 years' Qualifying Service you will receive a refund of your pension contributions upon leaving the police force.

The exception to this is if you are permanently medically unfit as a result of an injury received in the execution of duty and your Police Pension Authority compulsorily retires you on the grounds of ill health; in which case you will be entitled to a pension under the 2015 Scheme.

## **6. Compulsory ill-health retirement and early payment of deferred pension on ill-health grounds**

The arrangements for ill-health retirement under the 2015 Scheme are complex and the following can only be a general guide. There is a set order of procedure and before any decision can be made the Police Pension Authority must put specific questions to a duly qualified medical practitioner selected by them (the “Selected Medical Practitioner” (SMP) (see section 6.1 ‘Referral to Selected Medical Practitioner’). The SMP will consider your ability to:

- Run, walk reasonable distances, and stand for reasonable periods;
- Exercise reasonable physical force in restraint and retention in custody;
- Sit for reasonable periods, to write, read, use the telephone and to use (or learn to use) IT;
- Make decisions and report situations to others;
- Evaluate information and to record details;
- Understand, retain and explain facts and procedures.

In determining whether your condition is permanent (likely to continue until NPA or death whichever is sooner) it will be assumed that you are receiving appropriate medical treatment for it. This does not include treatment that the Police Pension Authority decides is reasonable for you to refuse.

The SMP’s determination will be based on a medical examination (unless there are very exceptional circumstances).

Even if you are assessed as permanently medically unfit for the performance of the ordinary duties of a member of the police force, it does not automatically mean that you will be retired on ill-health grounds. The Police Pension Authority will consider your specific medical condition and overall capabilities to see whether there are any alternative duties which you could undertake whilst remaining a member of the police force.

There are two levels of ill-health retirement:

- If you are permanently medically unfit for the ordinary duties of a member of the police force, you may be entitled to a lower tier ill-health pension.
- If you are permanently medically unfit for the ordinary duties of a member of the police force and in addition you are permanently medically unfit for any regular employment, you may also be entitled to an enhanced upper tier ill-health pension. For this purpose 'regular employment' means employment for an annual average of at least 30 hours per week.

If, when you joined the police force or rejoined the 2015 Scheme after opting out, the Police Pension Authority determined (following medical examination) that you were ineligible for ill-health benefits, you cannot receive an ill-health pension if you are required to retire on ill-health grounds.

### ***6.1 Referral to Selected Medical Practitioner (SMP)***

When considering whether to retire you on grounds of ill-health, your Police Pension Authority must follow set procedures and will take all relevant information into account. As part of this process, the Police Pension Authority must refer the following questions to the SMP:

- a) Whether you are medically unfit for the ordinary duties of a member of the police force;
- b) Whether such medical unfitness is likely to be permanent;
- c) Whether you are also medically unfit for engaging in any regular employment otherwise than as a member of the police force; and
- d) Whether such medical unfitness is likely to be permanent.

The Police Pension Authority must also refer the appropriate questions to the SMP when considering whether to revise a benefit (see section 6.5 'Review of medical unfitness').

The questions put to the SMP are answered in the form of a report to the Police Pension Authority, which it will take into account in reaching its decision. You will be given a copy of the report.

## ***6.2 Lower tier ill-health pension***

If the SMP decides you are permanently medically unfit for the ordinary duties of a member of the police force, but not permanently medically unfit for any Regular employment, and there are no suitable alternative duties that you could undertake within the police force (taking into account both your medical condition(s) and capabilities), the Police Pension Authority will decide whether or not to retire you on those grounds.

If you are an Active Member and the Police Pension Authority decides to retire you, you will be entitled to a lower tier ill-health pension payable immediately if:

- You have at least two years' Qualifying Service and are permanently medically unfit for the ordinary duties of a member of the police force; or regardless of whether you have 2 years' Qualifying Service, if you are permanently medically unfit as a result of an injury received without your own default in the execution of duty; and
- You are eligible for ill-health benefits.

A lower tier ill-health pension is calculated in the same way as a retirement pension payable at NPA, but without subtracting the early payment reduction. The amount of your accrued pension at the date of retirement is not enhanced. You will be able to commute part of your ill-health pension for a lump sum if you wish (see section 8.4 'Option to commute part of the pension for lump sum'). You may also have other rights in the 1987 Scheme or the 2006 Scheme (see section 12 'Tapered protection and members with accrued rights under the 1987 Scheme or the 2006 Scheme').

### **Example 5**

A 45 year old member retires from the 2015 Scheme on grounds of lower tier ill health after being found to be permanently medically unfit for the ordinary duties of a member of the force. S/he has an accrued pension of £15,000 per year at the point of retirement.

Her/his accrued pension of £15,000 will be payable immediately without reduction.

At retirement, the member has the option to commute pension for lump sum at a rate of £12 of lump sum for every £1 of pension given up. The commutation lump sum cannot be larger than 25% of the value of the member's pension.

### ***6.3 Enhanced upper tier ill-health pension***

If the SMP decides you are permanently medically unfit for the ordinary duties of a member of the police force and also permanently medically unfit for any regular employment, the Police Pension Authority will decide whether or not to retire you on the grounds of permanent medical unfitness.

If you are an Active Member and the Police Pension Authority decides to retire you, you will be entitled to an enhanced upper tier ill-health pension and a lower tier ill-health pension payable immediately if:

- You have at least two years' Qualifying Service and are permanently medically unfit for regular employment; or regardless of whether you have 2 years' Qualifying Service, if you are permanently medically unfit as a result of an injury received without your own default in the execution of duty; and
- You are eligible for ill-health benefits.

To compensate for the lost opportunity of working until NPA, an enhanced upper tier ill-health pension is payable, calculated as follows:



- If your aggregate period of service (If you have service in the 2006 Scheme then it is a combination of the 2006 Scheme service and service in the 2015 Scheme otherwise it is just the period of service under the 2015 Scheme) is **less than 5 years**, your annual rate of an enhanced upper tier ill health pension will be the lesser of:

(a) Total accrued earned pension x 3; or

$$(b) \text{ Final Pay } \frac{\text{Assumed period of pensionable service to NPA}}{55.3} \times \frac{\text{Assumed period of pensionable service to NPA}}{2}$$

Please note that the assumed period of pensionable service to NPA is referred to as 'prospective service'.

### Example 6

A 25 year old Active Member with 3 years of service retires on grounds of enhanced upper tier ill-health after being found to be permanently medically unfit for any regular employment. S/he earns £23,000 per year and has an accrued pension of £1,200 per year. His/her prospective service is calculated as the difference between his/her NPA and his/her age at retirement (25).

His/her enhanced upper tier pension will be the lesser of £1,200 x 3 = £3,600 (as per calculation (a) above) and  $\frac{£23,000}{55.3} \times \frac{60 - 25}{2} = £7,278$  (as per calculation (b) above).

His/her total pension payable immediately is therefore equal to £4,800 per year (= £1,200 + £3,600)

At retirement, the member has the option to commute pension for lump sum at a rate of £12 of lump sum for every £1 of pension given up. The commutation lump sum cannot be larger than 25% of the value of the member's pension.

- If your aggregate period of service (If you have service in the 2006 Scheme then it is a combination of the 2006 Scheme service and service in the 2015 Scheme otherwise it is just the period of service under the 2015 Scheme) is **5 years or more**, the annual rate of your enhanced upper tier ill health pension will be:

$$\frac{\text{Final Pay}}{55.3} \times \frac{\text{Assumed period of pensionable service to NPA}}{2}$$

### Example 7

A 35 year old Active Member with 7 years of service retires on grounds of enhanced upper tier ill-health after being found to be permanently medically unfit for any regular employment. S/he earns £35,000 per year and has an accrued pension of £5,000 per year. His/her prospective service is calculated as the difference between his/her NPA and his/her age at retirement (35).

His/her enhanced upper tier pension will be  $\frac{£35,000}{55.3} \times \frac{60 - 35}{2} = £7,911$  per year

His/her total pension payable at retirement is therefore equal to £12,911 per year (= £5,000 + £7,911)

At retirement, the member has the option to commute pension for lump sum at a rate of £12 of lump sum for every £1 of pension given up. The commutation lump sum cannot be larger than 25% of the value of the member's pension.

If you serve or have served part-time whilst an Active Member, any enhancement will not be on a full-time basis but will be proportionately reduced to reflect that some or all of your service whilst an Active Member has been part-time.

### Example 8

A 30 year old Active Member worked part-time (at 40% hours) for 3 years then worked full-time for a further 3 years. The member retires on grounds of enhanced upper tier ill-health after being disabled for any regular employment. S/he currently earns £30,000 per year and has an accrued pension of £2,400 per year.

His/her service which forms his/her built up pension is 4.2 years ( $3 \times 40\% + 3$ ).

His/her aggregate period of service is 6 years (part-time service counts as full-time service for this purpose).

His/her prospective service is calculated as the difference between his/her NPA and his/her age at retirement (30), with proportionate reduction in line with the amount of his/her service that has been part-time over his/her career (4.2 years out of a potential 6 years' service).

His/her enhanced upper tier pension will be  $\frac{£30,000}{55.3} \times \frac{60 - 30}{2} \times \frac{4.2}{6} = £5,696$  per year

His/her total pension payable at retirement is equal to £8,096 per year (= £2,400 + £5,696)

At retirement, the member has the option to commute pension for lump sum at a rate of £12 of lump sum for every £1 of pension given up. The commutation lump sum cannot be larger than 25% of the value of the member's pension.

### ***6.4 Reduction of ill-health pension due to your default***

The whole of your ill-health pension may be reduced by up to a half if you substantially contributed to your medical unfitness by your own default.

## ***6.5 Review of medical unfitness***

A Police Pension Authority may in its discretion review your medical unfitness following ill-health retirement, in line with set procedures. It will be assumed that you have been receiving appropriate medical treatment for your condition (unless the Police Pension Authority considers it was reasonable for you not to have done so).

If you are receiving payment of a lower tier ill health pension only and you have not reached NPA then the Police Pension Authority may periodically review whether your medical unfitness has ceased or significantly worsened. This review may be carried out at any time the Police Pension Authority chooses.

If following such review the SMP determines that you have ceased to be medically unfit for performing the ordinary duties of a member of the police force then your ill-health pension will cease. Your Police Pension Authority **may** give you notice to rejoin the police force at a rank no lower than the one you held before your ill-health pension became payable. Your lower tier ill-health pension will then cease to be payable either on the last day of the 3 month period following notice to rejoin the police force or the day you rejoin the police force, whichever is sooner.

If you are receiving payment of a lower tier ill-health pension and your condition worsens within 5 years after the date you were retired on medical grounds, you may be reassessed (upon periodic review or upon notification to your Police Pension Authority that your condition has worsened) and become entitled to an enhanced upper tier ill-health pension if the SMP determines that you are permanently medically unfit for engaging in **any regular employment**. If you have a progressive medical condition the 5 year limit will not apply. (These conditions are specified in the 2015 Regulations).

If you are receiving payment of a lower tier ill-health pension and an enhanced upper tier ill-health pension and you have not reached your SPA then the Police Pension Authority may periodically review whether your medical unfitness has ceased or

significantly improved. These reviews may be carried out at intervals of no less than 5 years as determined by the Police Pension Authority.

If following such review the SMP determines that you have ceased to be medically unfit for engaging in **regular employment** then you will cease to be entitled to an enhanced upper tier ill-health pension. However, you will remain entitled to payment of a lower tier ill-health pension unless, upon review, the SMP also determines that you have ceased to be medically unfit for performing **the ordinary duties of a member of the police force and your Police Pension Authority gives you notice to rejoin the police force**.

Where an SMP decides that your medical unfitness for performing the ordinary duties of a member of the police force would have ceased if you had received normal appropriate medical treatment, and if your failure to have such treatment is due to your own wilfulness or negligence, you will be warned that a continued wilful or negligent failure to have treatment may result in the termination of your ill-health pension.

If you are receiving payment of a Deferred Pension on grounds of ill-health and you have not reached your SPA then the Police Pension Authority may periodically review whether your medical unfitness has ceased. These reviews may be carried out at intervals of no less than 5 years as determined by the Police Pension Authority. If following such review the SMP determines that you have ceased to be medically unfit for engaging in **regular employment** then you will cease to be entitled to a Deferred Pension.

## ***6.6 Refund of contributions***

A refund of contributions is payable if you have less than two years' Qualifying Service and you retire on grounds of permanent medical unfitness. The refund amount will not be less than your total pension contributions. The refund is taxable.

## ***6.7 Early payment of deferred pension on grounds of ill-health***

If you are a Deferred Member of this Scheme and you become permanently medically unfit for any regular employment, any Deferred Pension to which you are entitled will be paid to you with effect from the earlier of the date on which you asked your Police Pension Authority to refer the questions to the SMP or the date on which your Police Pension Authority referred those question on its own initiative. This will be without Actuarial Reduction.

The effects of opting out are described in further detail in section 3.3.

## ***6.8 Injury benefit***

If, as a result of incurring an injury on duty, you are permanently medically unfit for performing the ordinary duties of a member of the police force, and you have left the service, you will be entitled to an injury benefit under the Police (Injury Benefit) Regulations. This benefit is separate from those provided under the 2015 Scheme.

## **7. Appeal and complaints**

### ***7.1 General***

There are a range of appeals procedures within the 2015 Scheme and some of these are complex. If you have an appeal or complaint against a decision made by your pensions administrator, you should approach them in the first instance, and they should be able to explain the various procedures and the courses of action which are open to you.

If your appeal or complaint is against the Police Pension Authority then similarly, you should try to resolve any problem with the Police Pension Authority in the first instance. If you fail to reach a satisfactory resolution, you may then wish to consider some of the other avenues which are explained below. **Note, however, various time limits apply for making these appeals or complaints which run from the decision date which is the subject of the appeal and are not extended to take account of attempts at resolution with the Police Pension Authority.**

If you are a serving member of a police force, you can contact your staff association for advice. If you have retired and you are unsure of where to turn to for advice in a dispute, you may wish to contact the National Association of Retired Police Officers (NARPO), NARPO House, 38 Bond Street, Wakefield, West Yorkshire, WF1 2QP. NARPO may also have a local branch in your area.

Specified procedures are laid down in the 2015 Scheme Regulations for appeals against medical decisions (see section 7.2). Other appeals are likely to involve an appeal to the Crown Court (See section 7.3) or to the Secretary of State (See section 7.4).

### ***7.2 Medical Appeals***

If you wish to appeal against an SMP's decision you may appeal to a Police Medical Appeal Board. You must normally give notice of your appeal to your Police Pension Authority within 28 days of receiving the report from the SMP.

Before the appeal is sent off to the Police Medical Appeal Board, it is possible for you and the Police Pension Authority to agree that the matter be referred back to the SMP under the internal review procedure.

The decision of the Police Medical Appeal Board is final subject to review by the courts or reconsideration by the Police Medical Appeal Board, with your agreement and the Police Pension Authority's agreement.

### ***7.3 Appeals to the Crown Court***

If you are a member of a home police force, you may appeal to the Crown Court if you are unhappy about a decision relating to:

- a claim for payment of benefits received under the 2015 Scheme;
- entitlement to receive payment of benefits where no claim was required to be made;
- a claim for payment of a larger amount of benefits under the 2015 Scheme than the amount granted;
- a decision as to whether a refusal to accept medical treatment is reasonable;
- the reduction of the amount of pension you receive due to default;
- forfeiture.

### ***7.4 Appeals to Secretary of State***

If you are a member of a police force in England and Wales other than the home police force, you may appeal to the Secretary of State if you are unhappy about a decision relating to:

- a claim for payment of benefits received under the 2015 Scheme;
- entitlement to receive payment of benefits where no claim was required to be made;
- a claim for payment of a larger amount of benefits under the 2015 Scheme than the amount granted;
- a decision as to whether a refusal to accept medical treatment is reasonable;



- the reduction of the amount of pension you receive due to default;
- forfeiture.

You may give notice of appeal to the Secretary of State, giving your grounds for appeal. The Secretary of State will then appoint an appeal tribunal to hear the appeal.

### ***7.5 Internal dispute resolution procedures***

If you have a complaint about the 2015 Scheme, or its administration, which you are not pursuing by means of an appeal under the medical appeal procedures, or to the Crown Court or to a tribunal, you should approach your pensions administrator in the first instance. The below link should provide you with the contact details for your pensions administrator:

<https://www.gov.uk/government/publications/police-pension-administrator-contacts-england-and-wales>

You will be entitled to receive a written explanation relating to your complaint. If you still feel that you have a valid complaint, you (or someone representing your interests, such as your staff association) can make an appeal to your Police Pension Authority or to the Home Office if the matter relates to a direct responsibility of the Secretary of State under the Police Pension Regulations 2015.

There are time limits for making applications. More details, together with forms for your use, are available from your pensions administrator.

### ***7.6 The Pensions Advisory Service (TPAS)***

The Pensions Advisory Service (TPAS) is available to assist members and beneficiaries of pension schemes in connection with any difficulties which they may have in relation to their scheme and which they have failed to resolve with the Police Pension Authority or administrators of those schemes. TPAS is located at:

The Pensions Advisory Service

11 Belgrave Road  
London  
SW1V 1RB  
Tel: 0300 123 1047  
Web site: [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

### ***7.7 Pensions Ombudsman***

If TPAS is unable to resolve your problem, you can approach the Pensions Ombudsman (based at the same address as TPAS, telephone 020 7630 2200 and website [www.pensions-ombudsman.org.uk/](http://www.pensions-ombudsman.org.uk/)).

The Pensions Ombudsman has the power to investigate and determine complaints or disputes of fact or law in relation to occupational pension schemes, including

- any complaint alleging injustice as a result of maladministration; and
- any question of fact or law

However, the Ombudsman cannot investigate a complaint where an appeal under the medical appeal procedures has commenced.

### ***7.8 The Pensions Regulator***

The Pensions Regulator regulates occupational schemes such as the 2015 Scheme. The Regulator's main objectives include the protection of benefits of members of work-based pension schemes and the promotion of good administration of pension schemes. The Regulator is able to intervene in the running of schemes where there have been breaches of legislation. The Pensions Regulator can be contacted at:

Napier House,  
Trafalgar Place  
Brighton, East Sussex BN1 4DW  
Tel: 0845 600 7060  
[www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

## **8. Scheme flexibility**

### ***8.1 Option to buy out the early payment reduction***

If you have reached NMPA and you are entitled to claim your pension early and you are either an Active Member who has not reached NPA or a Deferred Member who has not reached your SPA, you may opt to buy out the Actuarial Reduction which would have otherwise applied in the calculation of your annual pension.

If you choose to do this, the payment to buy out the Actuarial Reduction **may** be made by you, your employer or shared between you and your employer.

Your employer may make a special payment using a lump sum which is payable to you under the Compensation Scheme. However if your employer does make a special payment, the lump sum which you would have received under the Compensation Scheme will be reduced by the amount of special payment provided by your employer. However note that if the special payment is more than the whole lump sum you would receive under the Compensation Scheme, you will not be charged for the difference.

The cost of buying out the early payment reduction will be determined by the Police Pension Authority in accordance with actuarial guidance.

### ***8.2 Added pension option***

You may opt to make added pension payments in order to increase:

- Your retirement benefits for a period of service; or
- Your retirement benefits and death benefits for a period of service.

If you choose to exercise this option you will be able to decide whether the added pension payments are to be made by:

- Periodical payments; or
- A lump sum payment

You will only be able to exercise the lump sum option if you have been an Active Member of the 2015 Scheme for a continuous period of at least 12 months and you have been provided with a statement of the amount of added pension.

Please note that you may also use the whole or part of a lump sum which would have been payable to you under the Compensation Scheme as a lump sum payment to buy added pension but you will need to specify this option to your Police Pension Authority.

You will be able to exercise the added pension option more than once but you can only choose to make a lump sum payment for added pension once in any Scheme Year.

The maximum amount of added pension that can be purchased for any Scheme Year is reviewed annually by HM Treasury. For the Scheme year 1 April 2015 to 31 March 2016 the maximum amount of added pension that can be purchased is £6,500. For Scheme Years beginning on or after 1 April 2016, the limit is determined by HM Treasury but may effectively increase in line with CPI.

If you decided to make periodical payments for added pension, the Police Pension Authority may cancel the added pension option if it appears that the added pension limits will be exceeded if you continue to make those periodical payments.

### ***8.3 Option to defer payment of retirement added pension***

If you become entitled to payment of a retirement added pension you may opt to defer payment of that pension. If you decide to do so you will become a Deferred Member in respect of the retirement added pension.

You will then be entitled to payment of the retirement added pension from the date you specify when you claim payment of that pension. You may claim payment of that pension by giving your Police Pension Authority at least one month's notice.

The annual rate of your retirement added pension will be calculated in accordance with the Police Pensions Regulations 2015.

#### ***8.4 Option to commute part of the pension for a lump sum***

If you become entitled to payment of a retirement pension, a deferred pension or an ill-health pension under the 2015 Scheme you may opt to give up part of your pension for a lump sum. This is known as commutation. If you decide to exercise this option, for every £1 by which the amount of your annual rate of retirement pension or ill health pension is reduced, you will be paid a lump sum of £12. Your commutation lump sum cannot be more than 25% of the value of your pension.

##### **Example 9**

A member is about to retire with a pension of £20,000. S/he wants to commute 20% of his/her annual pension into lump sum. S/he would be eligible for a lump sum of £48,000 ( $=20\% \times £20,000 \times 12$ ) and a revised pension at retirement of £16,000 ( $=80\% \times £20,000$ ).

If you wish to exercise this option to commute some of your pension for a lump sum you will have to provide written notice to your Police Pension Authority. Please note that the decision to commute your pension to lump sum will have to be taken **before the date of your retirement**.

## 9. Divorce and dissolution of civil partnerships

If you get divorced or there is dissolution of your civil partnership, there are two important points that you should note:

- Your ex-spouse or ex-civil partner will no longer be entitled to any survivor pension, should you predecease him or her, but
- Children's pensions will continue to be payable to any eligible children (See section 10.3 'Child survivors') in the event of your death.

The cost of complying with any Court order imposing obligations on the 2015 Scheme may be recovered directly from you.

You should also note that in the event of a financial claim in proceedings for divorce, judicial separation, nullity of marriage, dissolution of civil partnership, the Police Pension Authority is required, if requested, to provide a statement of the cash equivalent transfer value of your benefits under the 2015 Scheme (and under the 1987 Scheme or the 2006 Scheme if you have accrued benefits under those arrangements) in order to enable the Court to take into account the pension entitlements in the settlement of financial claims.

The Court may offset the value of your benefits against any other assets or, in divorce, dissolution or nullity proceedings, it may issue a pension sharing order. In financial claims arising from proceedings for nullity, judicial separation, divorce or dissolution a Court may make an earmarking order against your pension.

If the Court issues an earmarking order, it may require that when your benefits come into payment your ex-spouse or ex-civil partner should receive one of, or a combination of, the following benefits:

- All or part of your pension.
- All or part of your commuted lump sum.
- All or part of any death grant paid if you die in service.

An earmarking order against pension payments (but not lump sums unless the order so directs) will lapse automatically on the remarriage of your ex-spouse or formation of a civil partnership of your ex-civil-partner, and your full pension will be restored to you. Pension payments to your ex-spouse or ex-civil partner cease on your death.

If the Court issues a pension sharing order, a percentage of your accrued rights will be allocated to your ex-spouse or ex-civil partner based upon accrual up to either 28 days after the effective date of the order, or the date of the decree absolute if later.

Your pension, your lump sum and survivors' benefits will be reduced. Your ex-spouse or ex-civil partner will hold pension credit benefits in the scheme in his or her own right which will become payable when s/he reaches SPA. The reduction to your pension is called a pension debit.

## **10. Benefits for survivors if you die**

### ***10.1 Survivors' benefits***

When you die, your 'survivors' (which include your spouse, civil partner, a declared partner (see section 10.2.2 'Declared partners') who is not a civil partner and eligible children) may be entitled to receive benefits. The benefits which may be payable will depend on:

- whether you die as an Active Member, a Deferred Member or a Pensioner Member,
- whether you die after you leave the police force or after you opt out; and
- the length of Qualifying Service at the date of your death.

If you have opted out or have left the police force at the date of your death, any survivors' benefits would be based on any Deferred Pension to which you were entitled at the time (see section 4.8 'Deferred pension'). More details about survivors' benefits are given in the following sections.

### ***10.2 Adult survivor benefits***

Adult survivors can include spouses, civil partners and declared partners who are not civil partners (see section 10.2.2 'Declared partners').

Under the 2015 Scheme all adult survivor pensions are payable for life, irrespective of whether the survivor remarries or forms a new partnership. If the adult survivor is also a member of the 2015 Scheme he/she is still entitled to payment of an adult survivor's benefit.

#### **10.2.1 Spouses and civil partners.**

Your spouse or civil partner is entitled to a pension from the 2015 Scheme if you die.

- whilst receiving a pension or;



- with an entitlement to receive a Deferred Pension when you reach your SPA.

The pension payable generally is 50% of your pension entitlement at the date of your death.

If you die whilst an Active Member, and have at least two years' Qualifying Service, your spouse or civil partner is entitled to a pension when you die. The pension payable is 50% of the ill-health pension that you would have received if you had been permanently medically unfit for regular employment at the time of your death.

#### Example 10

A full time member dies at age 35. Prior to death, s/he earned £42,000 per year, had a civil partner and an accrued pension of £10,000 after 11 years of service which formed his/her built up pension.

The death in service pension is calculated as per the enhanced upper tier ill-health retirement pension and is equal to  $\frac{£42,000}{55.3} \times \frac{60 - 35}{2} = £9,494$  per year (see section 6.3 'Enhanced upper tier ill-health pension').

The member's notional pension is therefore £19,494 per year (= £9,494 + £10,000). The civil partner is entitled to receive 50% of the member's notional pension, and will be paid £9,747 per year.

If your spouse or civil partner is more than 12 years younger than you, his or her pension will be reduced to reflect the age difference. This reduction will be 2.5% for every year by which your spouse or civil partner is more than 12 years younger than you, up to a maximum reduction of 50%.

If you marry or form a civil partnership within the six months prior to the date of your death, then the Police Pension Authority has discretion to withhold payment of the pension payable to your spouse or civil partner.

## 10.2.2 Declared partners

A declared partner is someone with whom you have a long term relationship but to whom you are not married nor with whom you have formed a civil partnership.

If you have a partner who is neither your spouse nor your civil partner, it may be possible for a survivor's pension to be paid to them for life on the same basis as if s/he had been your spouse or civil partner, but this is not automatic. For a pension to be payable, you and your partner must have completed and sent to the Police Pension Authority a joint declaration form to confirm that all of the following apply:

- you have lived together for a period during which your partner has been financially dependent on you, or both of you have been financially interdependent.
- the relationship is an exclusive, committed long-term relationship.
- you are free to marry each other (or form a civil partnership with each other), and
- you agree to inform the Police Pension Authority if the relationship ends.

**In order for a pension to be paid to a partner who is not your spouse or civil partner, s/he will need to be a declared partner following the completion of a joint declaration form.**

Before any benefits may be paid to your declared partner on your death, s/he must satisfy the Police Pension Authority that the first 3 statements in the joint declaration were still valid at the time of your death and that at the time of your death you had cohabited for at least 2 years. The Police Pension Authority may also ask for supporting information to confirm financial dependency, such as confirmation of shared household spending or joint bank accounts.

A period of cohabitation of at least two years is expected for a pension to be paid to a declared partner, but the Police Pension Authority may exercise discretion to pay a pension to a declared partner in a shorter relationship. In exercising discretion, the

Police Pension Authority must be satisfied that you and your declared partner were living together in an exclusive, committed, long-term relationship, and that your declared partner was financially dependent on you or you were financially interdependent. The decision of the Police Pension Authority on these matters is final.

As with spouses and civil partners, if your declared partner is more than 12 years younger than you, his or her pension will be reduced to reflect the age difference. This reduction will be 2.5% for every year or part of a year by which he or she is more than 12 years younger than you, up to a maximum reduction of 50%.

**You are encouraged to complete a declaration form with your partner as soon as you consider that your cohabiting relationship is exclusive, committed and for the long-term. You can obtain a form from your pensions administrator. It is your responsibility to revoke the declaration if the relationship ends.**

### ***10.3 Child survivors***

If you die whilst:

- an Active Member with 2 years' Qualifying Service,
- receiving a pension or
- with an entitlement to receive a Deferred Pension when you reach your SPA,

a pension will be payable to any eligible child.

An eligible child is;

- a child who is your natural child, stepchild or adopted child, and
- any other child who was substantially dependent on you (either financially or by reason of disability) at the time of your death.

Benefits for eligible children are payable to a posthumous child if the child's mother is pregnant with the child at the time of your death, including the situation where you are the mother and you die in childbirth.

The pension payable to an eligible child is generally 25% of your pension entitlement at the date of your death, but if there are three or more eligible children, each receives an amount equivalent to 50% of your pension entitlement divided by the number of eligible children. The pension entitlement for this purpose is on the same basis as for adult survivors, e.g.

- if you die whilst an Active Member and have at least two years' Qualifying Service, it is 25% of the ill-health pension that you would have received if you had been permanently medically unfit for regular employment at the time of your death.

#### **Example 11**

An ill-health pensioner in the 2015 Scheme has three eligible children under the age of 19. Her/his pension is £18,000 per year.

If s/he were to die, each of his/her eligible children would receive a child's pension calculated as  $\frac{50\% \times \text{£}18,000}{3} = \text{£}3,000$  per year (since there are 3 eligible children in total)

A child only remains an eligible child until s/he reaches the age of 19 unless:

- s/he is in full-time education on a course of at least one year's duration, in which case the pension is payable whilst full-time education continues but not beyond the child's 23<sup>rd</sup> birthday, or
- s/he is unable to engage in regular employment due to physical or mental impairment which is likely to be permanent at the date of your death, in which case the pension is payable for life.

## ***10.4 Lump sum death grant***

If you die while you are an Active Member (and your service was at least 12 months), a lump sum death grant of three times your annual Pensionable Earnings at the time of your death (Final Pay) will be paid:

- to your surviving spouse or civil partner,
- if you have no spouse, or civil partner at the discretion of the Police Pension Authority, to a declared partner (see section 10.2.2 'Declared partners')
- if you have no spouse, no civil partner, and no declared partner at the discretion of the Police Pension Authority, to a person nominated by you
- Otherwise, to your legal personal representative – usually the executor of your will - and it will thus form part of your estate.

If you wish to nominate someone to receive your lump sum death grant you should complete a nomination form (which you can obtain from your pensions administrator). A nomination does not override the provision that the grant will go to a surviving spouse, civil partner or declared partner, if you have one, but it would take effect if you have no spouse, civil partner or declared partner or if you and your spouse, civil partner or declared partner were to die at the same time.

Note that a nomination for a lump sum death grant is not the same as a declared partner declaration, which is covered in section 10.2.2. The nomination for a lump sum death grant relates only to the payment of that grant. You should contact your pensions administrator if you are unsure about the effect of a nomination.

If you work part-time, the lump sum will be three times your annual Pensionable Earnings (Final Pay) paid to you for your part-time work.

### **Example 12**

A part-time member of the police force dies while a member of the 2015 Scheme. When s/he died her/his current annual Pensionable Earnings was £8,400 per year and her/his full time equivalent pay was £21,000 per year.

The lump sum death grant payable in respect of her/his death would be  $£8,400 \times 3 = £25,200$ .

His/her dependants would also receive benefits in line with sections 10.2 and 10.3

### ***10.5 Death gratuity - estate***

If you die as a Deferred Member or a Pensioner Member and the death is as a result of an injury received in the execution of duty or you die as a Pensioner Member within 2 years of becoming a Pensioner Member, then your estate may be granted a gratuity. If, when you die, the various benefits payable under the 2015 Scheme (excluding the lump sum death grant) are less than the total of your own pension contributions, an extra benefit equal to the balance of those contributions will be paid to your estate.

### ***10.6 Death gratuity - dependant***

If you die as a Deferred Member or a Pensioner Member and the death is as a result of an injury received in the execution of duty or you die as a Pensioner Member within 2 years of becoming a Pensioner Member, then your dependent may be granted a gratuity. The Police Pension Authority may, in its discretion, grant this gratuity to your dependant who they believed at the time of your death was dependent on you either financially or because of a physical or mental impairment.

## **11. Transferring benefits into and out of the 2015 Scheme**

### ***11.1 Inward transfer of your pension benefits***

If you were in another pension scheme or you contributed to a personal pension, it may be possible to transfer your pension benefits into the 2015 Scheme.

If you apply for a transfer of pension benefits, you will be informed of the amount of pension which that transfer would provide in the 2015 Scheme, so that you can decide whether to proceed with the transfer or opt to retain the benefits in your previous scheme. The transfer value may not necessarily buy the same amount of accrued pension in the 2015 Scheme as you had in your previous scheme.

If your previous pension scheme is in the Public Sector Transfer Club (the Club), the transferred pension may be more than it would be if a transfer payment was accepted from another pension scheme. But, you must apply to transfer any deferred benefits from another Club scheme within 12 months of joining the 2015 Scheme. A full list of Club schemes can be found using the link below, or you can ask your pensions administrator for details:

[www.civilservicepensionscheme.org.uk/members/public-sector-transfer-club/](http://www.civilservicepensionscheme.org.uk/members/public-sector-transfer-club/)

If you join the 2015 Scheme after leaving the 2015 Northern Ireland Police Pension Scheme or the 2015 Scotland Police Pension Scheme, any accrued pension in that Scheme is transferred into the 2015 Scheme.

Please note that if you have a gap in service exceeding 5 years, the above provisions may not apply.

#### **11.1.1 Movement between police forces**

If you move between police forces in England and Wales your pension entitlements will not change. Specifically:

- you will remain in the 2015 Scheme;
- the amount of accrued pension in the 2015 Scheme remains the same;

## ***11.2 Outward transfer of your pension benefits***

If you leave the police force or opt out of the 2015 Scheme before NPA, you may have a choice of options for your benefits. Your choice will depend on the length of your Qualifying Service.

If your total Qualifying Service amounts to less than three months, then your contributions will be refunded.

If your total Qualifying Service amounts to three months or more but is less than two years, your choices are:

- a transfer out of your 2015 Scheme benefits to another pension scheme, or
- a refund of your contributions.

If you have two or more years' Qualifying Service your choices are:

- a transfer out of your 2015 Scheme Benefits to another pension scheme, or
- retaining deferred benefits within the 2015 Scheme.

### **11.2.1 Transfers to other pension schemes**

You may be able to transfer your 2015 Scheme benefits to:

- another public service pension scheme, or
- another pension scheme which is registered with HM Revenue and Customs.

The transfer payment will be in the form of a cash equivalent transfer value.

The Government intends to restrict transfers from unfunded public service pension schemes (such as the police pension schemes) into Defined Contribution Pension Schemes and other flexible benefit arrangements from 6 April 2015.

There are a number of issues to consider before making a transfer:



- You should be aware that there may be time limits that apply (e.g. 12 months to transfer after joining a club scheme)
- If you receive a refund of contributions, you are not entitled to a Deferred Pension and a transfer-out will be possible only if you repay the refund of contributions first.
- The transfer value may not necessarily buy the same amount of accrued pension in your new scheme – an estimate from your new scheme should provide an indication.

Your pensions administrator can provide an example of a transfer value calculation and more information about how 2015 Scheme arrangements work, but cannot give specific advice on individual cases.

## **12. Tapered protection and members with accrued rights under the 1987 Scheme or the 2006 Scheme**

Transition Members are those with accrued rights under the 1987 Scheme or the 2006 Scheme who become members of the 2015 Scheme. Some Transition Members will move from their existing Scheme into the 2015 Scheme on 1 April 2015 whilst others will have Tapered Protection and remain in their existing scheme past 1 April 2015 joining the 2015 Scheme once their Tapered Protection Period has ended.

The qualification criteria for Tapered Protection is set out in the Reform Design Framework dated 4 September 2012:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/117692/reform-design-framework.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/117692/reform-design-framework.pdf)

### ***12.3 Accrued rights under the 1987 Scheme or the 2006 Scheme.***

Accrued rights under the 1987 Scheme or the 2006 Scheme are the benefits that a Transition Member has already built up under those Schemes.

The 2015 Regulations protect accrued rights under the 1987 Scheme or the 2006 Scheme for Transition Members as follows:

- If you are a Transition Member, when calculating benefits payable to you under the 1987 Scheme or the 2006 Scheme, the final salary for the purposes of the Final Salary Link is the salary you are earning in the 2015 Scheme instead of the salary you were on when you left the 1987 Scheme or the 2006 Scheme.
- If you are a 1987 Transition Member with continuity of service, there is full recognition of your expectation of double accrual for pensionable service under the 1987 Scheme. The total number of years under the 1987 Scheme

and the 2015 Scheme is used to calculate an averaged accrual rate to be applied to your Final Pay. For further information you can refer to the Home Office Circular 014/2013, by following the below link:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/259721/Circular\\_014-2013\\_-\\_further\\_information\\_on\\_long-term\\_reform.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/259721/Circular_014-2013_-_further_information_on_long-term_reform.pdf)

### Example 13

A member has worked full-time with 15 years of service in the 1987 Scheme and 10 years in the 2015 Scheme. The member therefore has 25 years of full continuous service in the 1987 Scheme and 2015 Scheme.

The accrual rate for this member's 1987 Scheme benefits is determined by first calculating the hypothetical pension s/he would be awarded had his/her entire service been built up with in the 1987 Scheme. This is calculated as follows,

$$\begin{aligned}\text{Hypothetical accrual} &= 20 \text{ years at } 1/60 \text{ and } 5 \text{ years at } 2/60 \\ &= 20/60 + 10/60 \\ &= 30/60 \text{ (which can also be expressed as } 25/50\text{)}\end{aligned}$$

In other words, the member would have been eligible for a pension equal to 1/50 of his/her final average pensionable pay for each year of service under the 1987 Scheme if his/her entire 25 years of service was spent within that scheme. The averaged accrual rate in this example is, therefore, 1/50. However, the member is only eligible for a proportion of this hypothetical pension based on his/her 15 years of actual service in the 1987 Scheme. This is calculated as follows:

$$\text{Actual accrual} = 15/25 \times 25/50 = 15/50 \text{ (or } 30\%\text{)}$$

It might be helpful to think of this as 15 years' pensionable service in the 1987 Scheme, with the accrual rate for each year's service rescaled from 1/60ths to 1/50ths to reflect the period where the member was in service in the 2015 Scheme

- 1987 Transition Members (i.e. members with accrued benefits under the 1987 Scheme) will be able to access those benefits when they are eligible to retire under the 1987 Scheme on a maximum, unreduced pension (i.e. with 30 years' pensionable service; age 50 with 25 or more years' pensionable service; or at the member's voluntary retirement age), subject to abatement rules for that scheme (the temporary reduction in pension payments which may be imposed by a Police Pension Authority if a member is re-engaged after retirement. **This does not apply to the 2015 Scheme**). For a Transition Member with continuity of service, pensionable service for the purpose of calculating entitlement to benefits under the 1987 Scheme will include the total period of continuous pensionable service under both the 1987 Scheme and the 2015 Scheme.
- 2006 Transition Members (i.e. members with accrued benefits under the 2006 Scheme) will be able to access their benefits under that scheme when they retire at or after that scheme's normal pension age (i.e. age 55).
- 1987 Transition Members will continue to have the right to exchange pension under the 1987 Scheme for a cash lump sum on retirement. This will be based on actuarially assessed commutation factors set out under that scheme.

Please note that if you do not have continuity of service, the above may not apply.

### ***12.4 Tapered protection***

If you are within 4 years of qualifying for Full Transitional Protection (see Annex A) under the 1987 Scheme or the 2006 Scheme, as of 1 April 2012 you will have Tapered Protection. This means that on average for every month that you were closer to qualifying for Full Transitional Protection you will gain about 53 days of protection. During the Tapered Protection Period you remain a member of your

existing police scheme accruing benefits under that scheme. If this applies to you, the Tapered Protection Period finishes at some point before 1 April 2022. At the end of the Tapered Protection Period, you become a member of the 2015 Scheme unless you choose to opt out.

This will apply to Active Members:

- in the 1987 Scheme and the 2006 Scheme who on 1 April 2012 were aged between 41 and 45 years;
- in the 1987 Scheme who on 1 April 2012 were 10 years or less from being able to retire on maximum, unreduced pension and were aged between 34 and 38 years.
- in the 1987 Scheme who on 1 April 2012 were aged 38 or over (up to age 45) and were between 14 and 10 years from being able to retire on a maximum, unreduced pension;
- in the 1987 Scheme who on 1 April 2012 were aged less than 38 who are more than 10 years from being able to retire on a maximum, unreduced pension. This applies when your age minus the years from being able to retire on a maximum, unreduced pension, was between 24 and 28 years.

## ***12.5 Inward transfers of your pension benefits***

### **12.5.1 Public sector transfer club transfers in**

If you are transferring final salary benefits from another Club scheme, those benefits will be transferred into the 2006 Scheme. Your Final Salary Link will be maintained so your transferred final salary benefits will be based on your final Pensionable Earnings in the 2015 Scheme.

If you are transferring career average benefits from another 2015 Club Scheme they will be transferred into the 2015 Scheme.

You will be informed of the amount of service credit available in the 2006 Scheme and the amount of pension which a transfer would provide in the 2015 Scheme as applicable, so that you can decide whether to proceed with the transfer or opt to retain the alternative benefits available from your previous scheme.

## ***12.6 Outward transfers of your pension benefits***

### **12.6.1 Movement between police forces**

If you move between police forces in England and Wales, your pension entitlements will not change, specifically:

- you will remain in the 2015 Scheme;
- the amount of accrued pension in the 2015 Scheme remains the same;
- any period of service you had in the 1987 Scheme or the 2006 Scheme remains the same;
- your Final Salary Link will be maintained, so your 1987 Scheme or your 2006 Scheme benefits will be based on your final Pensionable Earnings when you leave the 2015 Scheme, regardless of any movement between police forces in England and Wales;
- if you qualified for Tapered Protection, the date of your transition to the 2015 will remain unchanged.

If you join the 2015 Scheme after leaving the 2015 Northern Ireland Police Pension Scheme or the 2015 Scotland Police Pension Scheme, any accrued pension in that Scheme is transferred into the 2015 Scheme.

Any 1987 Scheme or 2006 Scheme benefits will remain linked to your final Pensionable Earnings in your new scheme provided that there are no gaps in service exceeding 5 years.

## **13. Payment of benefits**

### ***13.1 General arrangements***

Retirement pensions are paid by the Police Pension Authority for the force from which you retired. Pensions are payable in advance, usually at monthly intervals by credit transfer to a bank or building society account.

Payment of survivors' benefits begins as soon as possible after a member's death (time is needed to make contact with the survivor and establish entitlement).

Subsequent payments to survivors are made monthly.

Pensions and lump sums are paid to the survivor unless this person is under 18 or incapable of managing his or her financial affairs. An eligible child's pension payable to an eligible child who is under 18 and who is in the care of your adult survivor must be paid to that adult survivor.

If your pension payments (for all your pensions excluding State Pension) are small and you have reached your SPA, you may ask for the whole of the remaining 2015 Scheme pension payments to be paid to you as a lump sum, the whole of which may be taxable. This is called 'trivial commutation' in HM Revenue and Customs terminology. HMRC rules govern what may be payable.

Your 2015 Scheme pension can only be paid to you.

### ***13.2 State Pension benefits***

SPA is the age at which you become eligible for the State Pension, providing you meet eligibility conditions.

Currently, SPA is 65 for men. Women born on or after 6 April 1950 and before 6th December 1953 have a SPA of between 60 and 65, depending on their date of birth. SPA for women has been increasing gradually since 2010, to enable equalisation of men's and women's SPAs by November 2018.

From 6 November 2018 the SPA will be 65 for both men and woman

From December 2018 the SPA for both men and women will start to increase to reach 66 by October 2020. It will increase to 67 between 2026 and 2028.

Government has committed to regular review of the SPA, at least once every five years. Reviews will make recommendations about future changes to SPA, based on consideration of life expectancy data and wider relevant factors. Under current legislation, SPA will rise to 68 between 2044 and 2046. The timetable for the transition to 68 could change as a result of future reviews.

To calculate your individual SPA based on the existing timetable, visit:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/310231/spa-timetable.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/310231/spa-timetable.pdf)

If you reach your SPA before 6 April 2016, you may get basic state pension in accordance with the existing rules. The amount you get can vary depending on the National Insurance contributions you have paid or been credited with. For example currently you need 30 qualifying years of paid or credited National Insurance contributions for the full basic state pension. The basic state pension is payable in addition to your pension from the police pension schemes. However, you will not receive any State Second Pension in respect of the time in which you were a member of the any of the police pension schemes between 6 April 1978 and 6 April 2016 as the police schemes were/are 'contracted out' of the SERPS/State Second Pension which means that you paid lower National Insurance Contributions and in return the police schemes were obliged to provide you with benefits at least as good as those you would have received under SERPS/State Second Pension.

If you reach your SPA after 5 April 2016 the new single tier State Pension will replace the current two-tier State Pension Scheme.

The State Pension is an important part of your retirement income. You can find out how much your State Pension may be based on your current National Insurance record by getting a State Pension statement. Find out how to get one at:

[www.gov.uk/state-pension-statement](http://www.gov.uk/state-pension-statement)



### ***13.3 Pensions increase with inflation***

Pensions in payment are increased annually. These increases are paid to all pensioners who have reached NMPA. Deferred Pensions are also increased to maintain their value up to the date they come into payment.

Increases are also paid:

- if before you reach NMPA you are in receipt of an ill-health pension or a Deferred Pension paid early on ill-health grounds; and
- to your survivors who are in receipt of survivor benefits.

When the pension increase becomes payable it will take account of the movement in the Consumer Price Index (CPI) since the beginning date of your pension.

Subsequent increases take place in April of each year and are based on the rise in the CPI in the 12 months up to the end of the previous September.

The pensions increase is applied to pensions payable from the 2015 Scheme irrespective of your country of residence after your retirement, although increases to your State Pension and any Guaranteed Minimum Pension (GMP) element in your pension may be affected if you live outside the UK.

## 14. Re-engagement

If you have left Eligible Service with an entitlement to a Deferred Pension and you are re-engaged as a member of a police force, your gap in service will affect how your pension is treated.

Re-engaged after less than 5 years:

- Your earlier service and later service will form part of a continuous period of pensionable service.
- Your 2015 Scheme pension will be revalued as if during the gap in service you were an Active Member (i.e. in line with CPI +1.25% per year) but you received no Pensionable Earnings.
- You will continue to accrue earned pension when you are re-engaged.

The above does not apply if you opt out on returning to Eligible Service.

Re-engaged after 5 years or more:

- Your original 2015 Scheme pension will stay a Deferred Pension and you begin a new continuous period of pensionable service. You may qualify for a separate pension in addition to your Deferred Pension. There is no option to join up these benefits to make a single pension.

## **15. Miscellaneous**

### ***15.1 Forfeiture of benefits***

You may have part of your benefits withheld either permanently or temporarily by the Police Pension Authority if you are convicted of:

- One or more offences under the Official Secrets Acts for which you have been sentenced on the same occasion:
  - to at least 10 years' imprisonment; or
  - two or more consecutive terms of imprisonment which add up to at least 10 years or;
- An offence committed in connection with your service as a member of a police force which is certified by the Home Secretary either to have been gravely injurious to the interests of the State or to be liable to lead to a serious loss of confidence in the police force (e.g. conspiracy to pervert the course of justice).

A Police Pension Authority may review a decision on forfeiture and restore some of the entire benefits to the pensioner or someone receiving a benefit in respect of the pensioner.

### ***15.2 No assignment of benefits***

You are not allowed to assign any of your benefits. This means you cannot give anyone else the right to your entitlements under the 2015 Scheme.

### ***15.3 Loss of benefits***

If you become bankrupt, the payment of your pension will be subject to the Bankruptcy Acts.

### ***15.4 Scheme amendments***

The Police Pensions Regulations 2015, which are made under the Public Service Pensions Act 2013, may be amended from time to time by the Home Secretary after consultation. Amendment Regulations made by the Secretary of State are required to be laid before Parliament.

Your pensions administrator will have an up-to-date list of amendments.

### ***15.5 HM Revenue limits***

The 2015 Scheme is a 'registered pension scheme' for tax purposes. As a result there are a number of tax concessions.

- contributions are deducted from your pay before tax is calculated, which means that you get tax relief on them.
- your commuted lump sum is free of tax (subject to limitations), as is the lump sum death grant paid on your death (subject to limitations).

However, you should also note the following:

- Pension contributions eligible for tax relief cannot exceed your total taxable earnings in any Tax Year.
- There are limits on the benefits that you can take at retirement without incurring an additional tax charge. If you think you may be affected by these limits you should contact your pensions administrator who will be able to give you further detail.

### ***15.6 Pension Tracing Service***

The Pensions Tracing Service will allow you to find a lost pension. This service is free and will provide you with the address of your scheme provider if the Pension Tracing system can find a record of them. You can fill a form online at:

<https://www.gov.uk/find-lost-pension>

Alternatively, you can also contact the Pension Tracing Service by phone or by post.

**Pension Tracing Service**

The Pension Service 9

Mail Handling Site A

Wolverhampton

WV98 1LU

Telephone: 0845 6002 537

## **Full or tapered transitional protection in the 1987 Scheme or the 2006 Scheme**

Members of the 1987 Scheme or the 2006 Scheme with Full Transitional Protection or Tapered Protection remain in their existing Schemes (for those in Tapered Protection, until their Tapered Protection Period ends). The qualification criteria for Tapered Protection is set out in the Reform Design Framework dated 4 September 2012:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/117692/reform-design-framework.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/117692/reform-design-framework.pdf)

If you have Full Transitional Protection or Tapered Protection in the 1987 Scheme or the 2006 Scheme (and your Tapered Protection Period has not expired), but you opt-out, on opting back in you will be re-enrolled onto the 2006 Scheme if you do not have a gap in service exceeding 5 years. For information on what happens once your Tapered Protection Period has expired see section 12 'Tapered protection and members with accrued rights under the 1987 Scheme or the 2006 Scheme'.

### **Full Transitional Protection**

There is Full Transitional Protection for certain categories of members. You will have Full Transitional Protection if:

- you are an active 2006 Scheme member and had 10 years or less to your current NPA (i.e. age 55) as of 1 April 2012 or;
- you are an active 1987 Scheme member and had 10 years or less to age 55 as of 1 April 2012, or had 10 years or less to age 48 and were 10 years or less from a maximum unreduced pension as of 1 April 2012.

If you have Full Transitional Protection there will be no change as to when you can retire nor will you be subject to any decrease in the amount of pension you receive at

your current NPA. This protection will be achieved if you remain in your current scheme until you retire.

### **Returning after a gap in service not exceeding 5 years**

If you were in the 2006 Scheme prior to your gap in service not exceeding 5 years, you will return to the 2006 Scheme if you were eligible for Full Transitional Protection, or if you qualified for Tapered Protection and your Tapered Protection Period has not expired.

If you were eligible for Full Transitional Protection or Tapered Protection in the 1987 Scheme prior to your gap in service not exceeding 5 years, you will enter the 2006 Scheme until your Tapered Protection Period expires. If your gap in service exceeds 5 years or your Tapered Protection Period has expired you will join the 2015 Scheme (see section 12 'Tapered protection and member with accrued rights under the 1987 Scheme or the 2006 Scheme').

### **Transfers in and out within the Public Sector Transfer Club**

#### **Transfers -in**

Regardless of whether or not you choose to transfer your benefits, if you qualified for Full Transitional Protection or Tapered Protection in your previous public service pension scheme, you may qualify as a protected member of the 2006 Scheme. You will join the 2006 Scheme if you qualify for Full Transitional Protection under the 2006 Scheme, or if you qualify for Tapered Protection under the 2006 Scheme and your Tapered Protection Period has not expired. In all other cases you will join the 2015 Scheme.

#### **Transfers-out**

Regardless of whether or not you choose to transfer your benefits, if you qualified for Full Transitional Protection or Tapered Protection in the 1987 Scheme or the 2006 Scheme, you may be eligible for protection when you join your new public service

pension scheme. Depending on the rules of the scheme you transfer to, you may receive full protection if you qualified for Full Transitional Protection in the 1987 Scheme or the 2006 Scheme and you would have qualified for full protection in your new scheme as at 1 April 2012. Similarly, you may receive Tapered Protection if you would have qualified for Tapered Protection in your new scheme as at 1 April 2012 and your Tapered Protection Period has not expired.



## Comparison between the 2015 Scheme, the 1987 Scheme and the 2006 Scheme

Provision	2015 Scheme	1987 & 2006 Schemes
<b>Governance</b>	<p>A national Scheme Advisory Board (SAB) to advise Home Secretary on changes. A local pension board is established to assist the Police Pension Authority of each police force.</p> <p>Greater role for the Pensions Regulator.</p>	<p>Prior to 1 April 2015, nothing specified, though Police Pension Authorities are answerable to the Police &amp; Crime Commissioner as police pension supervising authority. From 1 April 2015 these will come under SAB.</p>
<b>Membership</b>	<p>All current members of previous schemes to join the 2015 Scheme unless eligible for Full Transitional Protection or Tapered Protection. Tapered Protection members will join the 2015 Scheme at the end of their Tapered Protection period.</p>	<p>1987 Scheme members had choice to move to the 2006 Scheme (though few did).</p>
<b>Basis of pension</b>	<p>Career Average Revalued Earnings. Based on 1/55.3 of the member's Pensionable Earnings for each year. There is no maximum length of membership or limit on</p>	<p>Final salary. Based on 1/60 of member's earnings for first 20 years and 2/60 for each year of pensionable service after 20 years, for a maximum of 30 years (1987 Scheme).</p> <p>Based on 1/70 of Pensionable</p>

	benefits.	Earnings for each year of pensionable service to a maximum of 35 years (2006 Scheme). A separate lump sum is also payable.
<b>Eligibility for membership</b>	Subject to medical clearance for the purposes of ill-health benefits only for new joiners. Open to all 1987 Scheme and 2006 Scheme members who do not have Full Transitional Protection. Open to all 1987 Scheme and 2006 Scheme members with Tapered Protection when their Tapered Protection Period ends.	1987 Scheme is closed to new members .  Prior to 1 April 2015, subject to medical clearance for the purposes of ill health benefits only, open to all new members of a police force. (2006 Scheme)
<b>Normal Pension Age (NPA)</b>	60. A retirement pension paid on or after NPA is not subject to Actuarial Reduction. A retirement pension (other than an ill-health pension or a deferred pension paid early on ill-health grounds) paid before NPA is subject to Actuarial Reduction.	For 1987 Scheme from any age with 30 years' service, or from 50 with 25 years' service, or at 55 for all constables and sergeants with less than 25 years service; 55 for inspector to Chief. Supt in the Metropolitan Police with less than 25 years' service; 57 for Commander or Dep. Assistant Commissioner in the Metropolitan Police with less than 25 years' service; in all other cases at age 60. 55 (2006 Scheme).
<b>Deferred pension age</b>	State Pension Age if member opts out or leaves the police force before	50 if with 25 years' service; otherwise from age 60 (1987 Scheme).

	NMPA or before NPA without taking a pension.	65 if member opts out or leaves the police force before age 55 (2006 Scheme);
<b>Commuted lump sum</b>	Only by commutation, at the rate of £12 lump sum for each £1 of pension commuted.	Only by commutation of up to ¼ of annual pension (at around £20 lump sum for each £1 of pension commuted, exact rates depend upon age at retirement) based on actuarial tables in force at the time) (1987 Scheme).  Yes, additional rather than by commutation, 4 x initial annual pension (2006 Scheme).
<b>Ill health retirement benefits</b>	Not possible once member reaches NPA. Lower tier is calculated in the same way as a retirement pension payable at NPA. Enhanced Upper tier for 5+ years' service based on half of the assumed period of pensionable service to NPA.  <i>This is an approximation that will apply in most cases. Please see section 6 for more information.</i>	Single tier of 1/60 of final Pensionable Earnings for each year of Active Membership plus enhancements after 5 years (which can do as much as double pensionable service) up to a maximum pension of 40/60 (or what could have been completed by Voluntary Retirement Age) of Pensionable Earnings (1987 Scheme).  Lower tier = plus lump sum; upper tier plus lump sum. Not possible once member reaches 55. Lower tier = 1/70 of final pensionable pay for each year of service. Upper tier for 5+ years' service = half of prospective service to age 55. (2006

		<p>Scheme);</p> <p><i>This is an approximation that will apply in most cases. Please see 2006 guidance for the detailed calculations.</i></p>
<b>Contribution rate</b>	<p>For members this is currently between 12.44% and 13.78% of Pensionable Earnings.</p> <p>For members ineligible for ill health retirement benefits it is between 9.94% to 11.28% of Pensionable Earnings</p> <p>This will depend on which Tier applies to the member</p>	<p>Currently 14.25% to 15.05% (1987 Scheme).</p> <p>Currently 11.0% to 12.75% (2006 Scheme).</p>
<b>Adult death benefits</b>	<p>Pension payable to spouse, civil partner or declared partner, for life.</p> <p>Lump sum death grant = 3 x Final Pay.</p>	<p>Pension payable to spouse or civil partner only, for life until remarriage or cohabitation. Lump sum death grant = 2 x pensionable pay, only payable to surviving spouse or civil partner, else the legal personal representative (1987 Scheme).</p> <p>Pension payable to spouse or civil partner or partner, for life. Lump sum death grant = 3 x pensionable pay (2006 Scheme).</p>
<b>Buying added pension</b>	<p>Limited to £6,500 per annum (limit may be altered by HM Treasury).</p>	<p>Additional 60ths + Additional Voluntary Contribution (AVC) scheme (1987 Scheme); Added</p>

		years only (no AVC Scheme) (2006 Scheme).
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## Glossary

<b>1987 Scheme</b>	The Scheme constituted by the Police Pensions Regulations 1987– SI 1987/257
<b>2006 Scheme</b>	The Scheme constituted by the Police Pensions Regulations 2006 – SI 2006/3415
<b>2015 Scheme</b>	The Scheme constituted by the Police Pensions Regulations 2015 – SI2015/445
<b>2015 Northern Ireland Police Pension Scheme</b>	A scheme established under the Public Service Pensions Act (Northern Ireland) 2014 for payment of retirement pensions to or in respect of members of the police force in Northern Ireland which comes into force on 1 April 2015.
<b>2015 Scotland Police Pension Scheme</b>	A Scheme established under section 1 of the Public Service Pensions Act 2013 for payment of retirement pensions to or in respect of members of a police force in Scotland which comes into a force on 1 April 2015.
<b>Accrual</b>	Accrual is the build up of pension with each additional year of pensionable service. Single accrual is where benefits build up evenly for every year of pensionable service, as in the 2006 Scheme. Double accrual is where benefits build up more quickly after an initial period, as in 1987 Scheme where each year of pensionable service after the member reaches 20 years of service counts twice.
<b>Active member</b>	A member in pensionable service. A member on a career break or on unpaid leave not exceeding 5 years is taken to be an Active

	Member.
<b>Actuarial reduction</b>	<p>A retirement pension under the 2015 Scheme will be payable without Actuarial Reduction when an Active Member retires at NPA. Deferred Pensions are payable without Actuarial Reduction at SPA. However, if members wish to leave the police force and take their pension earlier, they can take an actuarially reduced pension from NMPA. This reduction is applied because the pension is in payment earlier and therefore is to be paid for longer.</p> <p>The Actuarial Reduction will be determined regularly on an actuarial basis and so will change from time to time. A rule of thumb for the Actuarial Reduction is that it will be between 4% and 5% (cumulative) for each year that the pension is taken early.</p> <p>Actuarial Reductions are not applied to pensions paid early on grounds of ill-health.</p>
<b>Added pension</b>	Active Members have the opportunity to increase their pension by paying additional contributions.
<b>Aggregate period of service (for calculating ill – health pension)</b>	If a member has service in the 2006 Scheme then it is a combination of the 2006 Scheme service and service in the 2015 Scheme otherwise it is just the period of service under the 2015 Scheme.
<b>CARE scheme</b>	CARE stands for Career Average Revalued Earning – CARE is a form of defined benefit pension scheme. A member's pension is based on the member's Pensionable Earnings across his/her career instead of Pensionable Earnings near their retirement.
<b>Career break (approved)</b>	Means a period of unpaid leave whether or not it exceeds 5 years which is agreed by the employer in accordance with Regulation 33

	and Annex OO of Police Regulations 2003.
<b>Civil partner</b>	A person of the same sex with whom a member has formed the legal relationship of civil partnership by registration.
<b>Club scheme</b>	Means a registered occupational pension scheme (other than a connected scheme) that has agreed to make and receive club transfer value payments under the club transfer arrangements.
<b>Club terms</b>	The comparatively favourable terms under which accrued benefits may be transferred into or out of the 2015 Scheme from or to another public sector pension scheme which participates in the Public Sector Transfer Club.
<b>Compensation scheme</b>	This means the scheme contained in the determination made under regulation 14A of the 2003 Regulations (Annex DA) providing for payment of a compensation lump sum to a member of a police force on voluntary retirement.
<b>Continuous period of pensionable service</b>	A period of pensionable service under this scheme disregarding any gap in service not exceeding 5 years.
<b>Declared partner</b>	Someone with whom the member lives and has an exclusive, committed and long-term relationship, but who is not your spouse or civil partner, and with whom the member has completed an appropriate declaration (see section 10 'Benefits for survivors if you die' )
<b>Deferred member</b>	A member who is entitled to a Deferred Pension under the 2015 Scheme.



<p><b>Deferred pension</b></p>	<p>The pension retained in the 2015 Scheme in respect of someone who has left the police or opted out before the age at which a pension would normally be payable to them – these are deferred in the sense that they are not payable on leaving the police force but at a future date. The member can also take a Deferred Pension early from 55 with an Actuarial Reduction.</p> <p>A Deferred Pension can be paid early without Actuarial Reduction if the member is permanently medically unfit for regular employment.</p>
<p><b>Defined contribution pension scheme</b></p>	<p>A pension arrangement in which the pension paid is related to the size of the individual's pension fund at retirement, which is determined by the contributions made and the investment return that they have produced (as opposed to a defined benefit scheme, also known as a final salary scheme, where the pension is related to the individual's earnings or some other value fixed in advance).</p>
<p><b>Dependant</b></p>	<p>Someone who depends on the member – either financially, or because they are mentally or physically impaired.</p>
<p><b>Early payment reduction</b></p>	<p>It is an Actuarial Reduction applied when calculating annual rate of pension if a member takes early payment of a retirement pension.</p>
<p><b>Eligible service</b></p>	<p>This is service in a police force. Eligible service includes a Career Break (whether or not this is more than 5 years) and any period of unpaid leave not exceeding 5 years.</p>
<p><b>Final pay</b></p>	<p>In relation to a continuous period of pensionable service under the 2015 Scheme means the greater of the amount of a member's Pensionable Earnings payable in respect of the 12 months ending with the last day of pensionable service or the amount of a</p>

	member's Pensionable Earnings payable in respect of any Scheme Year in the 10 years before the last active Scheme Year.
<b>Final salary link</b>	If the member has benefits under the 1987 Scheme or the 2006 Scheme and under the 2015 Scheme and provided that the member does not have a gap in service exceeding 5 years, the member's final salary benefits are protected in their Final Salary Scheme (1987 Scheme or 2006 Scheme). When the member retires, their Final Salary benefits will be calculated by using the Pensionable Earnings they are earning under the 2015 Scheme instead of the salary they were on when they left the 1987 Scheme or the 2006 Scheme.
<b>Full transitional protection</b>	If you met specific criteria as at 1 April 2012 and on 31 March 2015, you, you will remain in the 1987 Scheme or the 2006 Scheme (as appropriate) and you will not become a member of the 2015 Scheme. The qualification criteria are set out in the Reform Design Framework dated 4 September 2012: <a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/117692/reform-design-framework.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/117692/reform-design-framework.pdf</a>
<b>Gap in service</b>	Means any period after a member's first day of Eligible Service under the 2015 Scheme in which the member is <b>not</b> in Eligible Service or has opted out of the 2015 Scheme.
<b>Guaranteed Minimum Pension (GMP)</b>	The minimum pension that must be provided by a contracted-out salary-related scheme (such as the 1987, 2006 and 2015 schemes). The GMP is roughly equivalent to the State Earnings-Related Pension Scheme (SERPS) which would have been payable if the police schemes had not been contracted out. (Police pensions are always equal to or greater than the GMP). A GMP is payable as part of the member's police pension and not in addition to it.

<b>HM Revenue and Customs (HMRC)</b>	The Government Department which is the UK's tax authority.
<b>Member</b>	Means an Active Member, a Deferred Member, a Pensioner Member or a Pension Credit Member of the 2015 Scheme
<b>Members in part-time service</b>	A member of a police force in part-time service under his/her terms and conditions of employment.
<b>Member of a police force</b>	Member of a police force in England and Wales means a member of a home force, a member of a police force other than a home police force, a former member of a home police force, or a former member of a police force other than a home police force.
<b>Member of home police force</b>	A member of a police force maintained under Section 2 of the Police Act 1996, a member of the metropolitan police force or a member of the City of London police force.
<b>Normal Minimum Pension Age (NMPA)</b>	Age 55 – As per section 279(1) Finance Act 2004.
<b>Normal Pension Age (NPA)</b>	The age at which a retirement pension (other than a deferred pension or ill-health pension) is paid without Actuarial Reduction.
<b>Pay period</b>	Means the period in respect of which a single payment of Pensionable Earnings is made.
<b>Pension credit member</b>	An ex-spouse or ex-civil partner who has received pension rights under the 2015 Scheme in accordance with a pension sharing order made on divorce or dissolution of a civil partnership. S/he will receive a Pension from SPA.
<b>Pension debit member</b>	A member who has given over part of his/her pension rights to an ex-spouse or ex-civil partner under a pension sharing order made

	on divorce or dissolution of a civil partnership.
<b>Pensionable earnings</b>	Elements of earnings which are pensionable and on which pension contributions are paid. Pension is calculated under the 2015 Scheme by reference to Pensionable Earnings. Pensionable Earnings currently include Basic salary, London weighting, increase in pay on temporary promotion, temporary salary and Competency Related Threshold Payments (the latter to be phased out by April 2016).
<b>Pensionable service</b>	This is service which qualifies you to a pension under a pension scheme. Under the 2015 Scheme there is no maximum length of pensionable service.
<b>Personal pension</b>	A defined contribution pension which is provided through a contract between an individual and a pension provider.
<b>Police Injury Benefit Regulations</b>	Currently the Police (Injury Benefit) Regulations 2006 which provide for payment of injury benefits to members of a police force in England and Wales.
<b>Police pension authority</b>	Typically the Chief Constable or the Commissioner - Responsible for the local administration of the Scheme. The Police Pension Authority for the Chief Constable is the Police and Crime Commissioner.
<b>Prospective service</b>	Assumed period of pensionable service to NPA.
<b>Qualifying service</b>	Pensionable service of a sufficient length to qualify a member to receive a retirement pension. Qualifying Service means the calendar length of any continuous period of pensionable service under the 2015 Scheme (not including any gap in service, any career break or any other period of unpaid leave), plus any

	previous pensionable service or employment which you have transferred into the 2015 Scheme and, if applicable, your period of pensionable service under the 1987 Scheme or the 2006 Scheme.
<b>Regular employment</b>	Employment for an annual average of at least 30 hours per week
<b>Retirement pension</b>	In the 2015 Scheme, a pension which is payable to a member who retires on or after reaching NPA. Although it can be paid from NMPA subject to Actuarial Reduction. It includes an ill-health pension and a Deferred Pension.
<b>Scheme year</b>	Means a period of one year beginning with 1 April and ending with 31 March.
<b>Spouse</b>	The person to whom the member is married (includes same sex marriage).
<b>State Pension Age (SPA)</b>	The age at which an individual can claim his/her State Pension. <a href="https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/310231/spa-timetable.pdf">https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/310231/spa-timetable.pdf</a>
<b>Survivor</b>	In relation to a deceased member, means a surviving adult and eligible child(ren) of the member.
<b>Tapered protection period</b>	The period for which a Transition Member remains in the 1987 Scheme or the 2006 Scheme beyond 1 April 2015 before becoming a member of the 2015 Scheme.
<b>Total accrued earned pension (for calculating ill-health pension)</b>	This is for the purposes of calculating an ill-health pension. For a 2006 Transition Member with continuity of service it is the total amount of accrued earned pension under both the 2015 Scheme and the 2006 Scheme; or for any other member, the amount of accrued earned pension under the 2015 Scheme.

<b>Transition member</b>	Transition Members are those with accrued rights under the 1987 Scheme or the 2006 Scheme who become members of the 2015 Scheme.