

POLICE PENSION SCHEME (1987 & 2015 scheme membership)



DEFERRED GUIDANCE NOTES 2017

What are Deferred Benefits?

You are entitled to deferred benefits, as quoted in your statement, because you paid into the Police Pension Scheme, and subsequently ceased membership of the scheme having attained the minimum membership requirement.

What are the basics I should know about my benefits?

Deferred benefits are in the form of a retirement pension with an option to give up some pension for a tax free lump sum. This is shown as commutation on your statement. This means that the scheme will, from a future date, pay you a regular monthly pension for the rest of your life. Your benefits have been calculated taking into account the length of time you paid into the pension scheme and your salary prior to leaving.

The 1987 deferred scheme benefits are calculated as a proportion of the pension you would have received had you continued until retirement age. Even though you may have left prior to the point in your career where service is, in fact, doubled for pension purposes, you will still receive some advantage of the 'doubling' of service. Your 2015 scheme deferred benefits have been calculated using the pensionable pay you have earned since 1 April 2015.

Under the pension regulations you are able to commute some of your pension in favour of a lump sum upon retirement. Following changes, on 6th April 2006 by Her Majesty's Revenue and Customs, you must elect to receive a lump sum payment before your benefits become due in order to receive the lump sum payment tax free. Therefore if two months before your benefits become due you have received no communication from Your Pension Service please telephone the Pensions Helpdesk on 0300 123 6717.

When are deferred benefits payable?

Your 1987 benefits are normally payable from age 60. However, if you achieved 25 years membership when you left the scheme your benefits are payable at age 50.

Your 2015 benefits are payable from your State Pension Age.

In what circumstances can benefits be payable earlier?

- If you suffer a permanent breakdown in health you can apply for your benefits to be paid early on ill health grounds. You will be required to undertake a medical examination. Also, if you are under the age of 55, pensions increase is only payable immediately if you are certified unfit for 'any' employment, otherwise the cumulative pensions increase becomes payable at age 55.
- Your 2015 deferred Police Pension may be paid from the age of 55 upon your request but the benefits would be subject to an actuarial reduction

What happens if I die before receiving my benefits?

If when you die the benefits under the Police Pension Scheme, i.e. the spouse's/civil Partner's pension, is less than the total pension contributions paid, a payment equal to the balance of those contributions will be paid to your estate.

What benefits would be payable to my spouse/civil partner?

In the event of your death, whether before or after the deferred pension has come into payment, your spouse, civil partner or nominated partner may claim a pension.

If I have children, would they be eligible to receive a pension?

Yes, the scheme provides pensions for children in the event of your death whilst entitled to deferred benefits. However, in order to be eligible, your children must generally be under the age of 16, or over 16 and still in full time education, or permanently incapacitated.

A child's pension will continue to be paid whilst full time education continues, but not beyond the child's 23rd birthday. If the child is permanently disabled the pension is payable for life.

Can I transfer my pension rights?

Yes you may elect to transfer your deferred pension rights to another pension scheme, subject to that pension scheme being suitably approved. Transfers from the Police Pension Scheme to other schemes that may provide "flexible benefits" are not permitted. Generally a "flexible benefit" is a pension benefit which is calculated by reference to an amount of money such as money purchase or cash balance benefits. Upon joining your new pension scheme you should let them know that you have deferred benefits with the Police Pension Scheme, and they will write to us requesting details of the transfer value available. The option to transfer should normally be exercised within 12 months of joining the new pension arrangement as most schemes set this as a time limit. If you decide to transfer, the cash equivalent value of your deferred benefits will be transferred across to the new scheme. You should think carefully before making any decision to transfer your pension rights, and it is recommended that you seek independent financial advice.

Do I need to contact you at retirement?

No, so long as you keep us up to date with your current address details we will write to you automatically at the appropriate time. However, if two months before your 60th birthday you have received no communication from Your Pension Service, you should write to us as soon as possible stating your address and whether you wish to commute part of your pension.

What is Modification?

This only affects people who have service in the scheme before 1st April 1980. Public service pensions have been compulsory modified since the National Insurance Act 1946 introduced State Retirement Pensions. The Act provided that reduced contributions should be paid by pensionable employees who would subsequently be subject to a modification of their benefits at State Pension age, when they become entitled to State Retirement Pensions.

How will my benefits keep their value?

Your benefits will increase/decrease in line with inflation from the time you leave the scheme up until the date benefits are brought into payment.

Inflation proofing on your 1987 benefits is linked to the Consumer Prices Index (CPI) and in April 2017, we added 1% to your deferred benefits. However, if you left the scheme after 24 April 2016, you were not entitled to the full 1% increase.

Your 2015 Scheme benefits, are also linked to the Consumer Prices Index plus an extra 1.25%. This adjustment is made at the end of each year (April – March) during which you paid into the 2015 Scheme. Therefore, if you left the 2015 scheme on or after 1 April 2016, your benefits have been adjusted on 1 April 2017. If you paid into the 2015 Scheme for the entire year (1 April 2016 to 31 March 2017), we applied 2.25% to your 2015 benefits. If you left on or after 1 April 2016 but before 31 March 2017, we added a proportion of the full 2.25% percentage.

Please note that where CPI is negative only the 2015 scheme benefits will reduce.

What happens to my benefits if I return to pensionable employment?

If you return to pensionable employment you should advise the Administrator of the new Scheme of your previous pension rights as you may be entitled to transfer your preserved benefits to your new Scheme. Further details are available on request.

KEEPING US UP TO DATE

Finally, please remember to let us know if your address changes so that we can keep you up to date with information about your pension benefits. You can do this by logging into 'My Pension Online' via our website

www.yourpensionservice.org.uk

All data held is for the purpose of administering the pension scheme and paying pension benefits. The administrators have a legal obligation and a legitimate interest under the Data Protection Act in processing data as a result of your membership of the scheme. This may include passing such data to the actuary, administrators, auditors, insurers, lawyers and such other third parties as may be necessary for the operation of the scheme. The Lancashire Police Pensions Authority is the data controller under the Data Protection Act with the Local Pensions Partnership processing data on its behalf.