

Guidance Notes - Fully Protected Member (1987)

Please note that your benefit statement is an estimate only and not a guarantee of the actual benefits that you could receive. It reflects the current scheme regulations only.

Membership

This is the period you have been a member of the scheme, together with service you may have transferred into the scheme from another pension provider.

The length of service shown on the statement does not include the double counting of service beyond 20 years. However the pension calculations are inclusive of the double counted service.

1/60 for each year of service up to 20 years and 2/60 for each year of service over 20 years

It also includes any added years, or proportion of added years, you have bought up to the statement calculation date.

Part-time membership

Part-time working is counted as pensionable membership on a pro-rata basis based on actual hours worked as a proportion of full-time work. Membership is scaled down according to the hours worked.

An officer who has worked part-time during their career is able to retire upon completion of 30 years membership of the Police Pension Scheme, although the pension benefits payable will be based on the part-time membership accrued.

For example, an 'officer' who has been with the police force for 30 years and has accrued 20 years membership as she worked full time for 10 years and ½ for the remaining 20 years.

Average pensionable pay is £30,000

A full time officer's pension in these circumstances would be:

$$40/60 \times £30,000 = £20,000$$

The officer's pension, to reflect their part-time service is the appropriate proportion of this:

$$\frac{£20,000 \times 20}{30} = £13,333$$

Pensionable pay

The pensionable pay figure, for the purposes of this statement, is generally based on the contributions you paid in the last financial year. If you are a part-time officer, your pensionable pay has been increased to the whole-time equivalent rate with a corresponding reduction to your service to reflect your part-time hours.

This pensionable pay used is for guidance only and would be increased to equal the pensionable pay received in one of the two preceding 365 day periods if that would represent the highest figure over the final three years.

Part-time additional hours

The statement includes any part-time additional hours worked since 1 July 2007 which were made pensionable from that date. It also includes any part-time additional hours worked between 1 July 2000 and 30 June 2007 for which additional contributions have been or are being paid for.

Present value of benefits

If you have less than 25 years service on 31/08/2015, a deferred pension benefit will have been calculated. This means the amount of your annual pension will have been increased to reflect the potential entitlement at compulsory retirement age. Deferred pensions normally become payable at age 60.

If you have at least 25, but less than 30 years service on this date, the amount of your annual pension would be based on the actual service, and payable from age 50 onwards. There would be a restriction on the amount of lump sum that could be paid (your maximum lump sum cannot be more than 2 ¹/₄ times your gross annual pension – i.e. before commutation).

If you have at least 30 years service, regardless of age, you will have an immediate entitlement to pension benefits on leaving the police service.

Benefits payable upon retirement

The 'Date of retirement' is the earliest date you may retire with immediate payment of benefits, having accrued 30 years' pensionable service or having attained your pre 01/10/2006 compulsory retirement age.

Commutation of pension to lump sum

You may if you wish commute up to 25% of your annual pension and convert this into a lump sum payment. However, should you retire before achieving 30 years membership or attaining your pre 1 October 2006 compulsory retirement age according to your rank, the maximum lump sum you are able to receive is restricted to 2 ¹/₄ times your gross annual pension before commutation takes place. The figures quoted do not include any tax charges that may result from taking maximum commutation.

If your commutation factor is more than 20 and you elect to receive the maximum commutation a tax charge will be payable. Under HMRC limits a lump sum payment must not exceed 25% of the total value of benefits payable, and this limit is breached where the commutation factor is more than 20. You may still elect to receive the maximum commutation however a tax charge will be payable. Please note, under the current regulations, we are obliged to provide one estimate of pension benefits per year on request. Further requests may incur a charge.

Important note

Due to changes in Her Majesty's Revenue and Customs legislation **notice to commute some of your pension into a lump sum must be made prior to retirement in order for the lump sum to be paid tax free.**

Lifetime allowance- no account has been taken of possible breaches of Lifetime or Annual Allowance for higher earners i.e. the figures do not include any potential tax charge if your pension benefits exceed the lifetime allowance

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.