

# **2015 Police Pension Scheme Guidance Notes**

## **Annual Benefit Statement - 2017**

Your annual benefit statement shows, as at 31 March 2017 (the statement date), the pension you have built up in respect of membership before 1 April 2015 under the final salary scheme (if applicable) and also the pension built up since the change to a CARE (career average revalued earnings) scheme on 1 April 2015, if applicable.

If you have not yet moved to the 2015 scheme then section 3; Career Average Pension will be blank and section 4; Final salary benefits, will show the pension built up in respect of membership to 31 March 2017.

For further information about the new Police Pension Scheme 2015 please see our website; [www.yourpensionservice.org.uk](http://www.yourpensionservice.org.uk)

### **Section 1- Personal details**

These are the personal details that we hold on file. If any of these details are incorrect please notify us as soon as possible.

The date commenced current employment is the date you joined the Police Authority that you are currently employed by. Any transfers of service already credited are included in the benefits shown.

The statement will show a date of commencement of the 2015 scheme or if you are a 'tapered' member it will show the date you are due to move in the future.

The scheme of which you are a member as at the statement date is shown. If you have transitioned since the statement date your previous scheme will be shown here and your new scheme will be shown on any subsequent statements.

### **Section 2- Summary of Total benefits at 31<sup>st</sup> March 2017**

This section shows the total benefits accrued over your career to 31<sup>st</sup> March 2017. If you have mixed membership across schemes (1987, 2006 & 2015) then the combined totals will be shown.

- The pension figure is the total accrued as at the statement date should your membership end as at that date. It therefore shows the benefits payable from the scheme you are a member of at the statement date.

Please note that the figures quoted in this section reflect the total benefits if you left the scheme as at 31<sup>st</sup> March 2017. The figures quoted may be reduced if you take them before your normal pension age.

### Section 3- Career Average Pension Benefits

Figures will only appear in this section if you made contributions to the 2015 scheme in the year previous to the statement date. They are based on the pensionable pay that you have paid pension contributions on during your membership in that year. Assumed pensionable pay is used if you were on reduced or nil pay due to sickness, paid maternity, paternity or adoption leave or reserved forces leave.

The figures assume your membership ends at the statement date and therefore the payment date is for a deferred pension. For the 2015 scheme this is State Pension Age.

In the first year you have made payments to the 2015 scheme your closing balance in the previous year will show as zero as there are no pension benefits banked as of yet. This will increase on subsequent statements as you build up benefits.

If there are no benefits banked in previous years there is nothing to show increases on, this will show on subsequent statements as your benefits accrue.

The amount of benefits built up in the current year is shown on the statement. This is calculated as Pensionable Pay (as explained above) divided by 55.3 and equals the amount of pension accrued in that year. If you have been paying into the 2015 for less than a year the pay used is equivalent to the amount of time you have been paying in. e.g. if you have been paying in for 6 months then the pay used is that you paid pension contributions on in that 6 months.

You may draw on this pension after age 55 but before state pension age however actuarial reductions will apply. Subsequently if you defer payment past state pension age up to age 75 actuarial increase will apply.

#### Early retirement

If drawn earlier than NPA, an early retirement factor will apply as follows

	55	56	57	58	59	From age 60
Reduction Percentage	22.5%	18.6%	14.5%	10.1%	5.3%	Unreduced

#### Late retirement

If drawn later than NPA an 'age addition' will be applied.

### Section 4- Final salary benefits from the 1987 or 2006 Scheme

This section will show any benefit you may have accrued under one of the above schemes. They are based on pensionable pay in the year preceding the payment date.

The Final Salary Pay shown on the statement has been advised to us by your Police Authority as the pay for the year preceding the statement date. This pensionable pay is used 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.

The final salary pension is calculated based on your service in the scheme up to either the statement date or your transition date if you have moved to the 2015 scheme, whichever is the sooner.

Doubling is taken into account for the 1987 scheme if you have enough service to qualify. Members who have a protected doubling entitlement will have a formula applied to their service to safeguard their entitlement.

This section of the statement assumes:

- You have ceased membership at the statement date
- The benefits will be deferred until the relevant schemes payment date
  - 1987 scheme deferred payment date age 60, or age 50 if you have more than 25 years' service when you leave
  - 2006 scheme deferred payment date age 65

## Section 5- Projections if you remain an active scheme member with unbroken membership

This section assumes you will continue to contribute to the scheme relevant to you as at your retirement date. For Retirement date we have used the retirement date for the scheme from which it is projected you will retire. We understand there may be instances where a member chooses to retire early, maybe before their transitional date, however for the purpose of these statements it has not been possible to take into account all eventualities and therefore a cover all approach has been taken.

Depending on your membership status your Normal Pension Age for the purposes of this statement will be shown as follows:

	<b>Protected</b>	<b>Tapered</b>	<b>Unprotected</b>
<b>1987 Scheme</b>	55 or 30 years	55 or 30 years	55 or 30 years
<b>2006 Scheme</b>	55	55	55
<b>2015 Scheme</b>	N/A	60	60

Transition members of the 1987 scheme, have the option to retire and take their 1987 pension at the retirement age for the 1987 scheme, however the 2015 pension benefits will be deferred until State Pension Age. Benefits can be drawn earlier than the state pension age; however they will be paid at an actuarially reduced rate.

### Active factors

	55	56	57	58	59	From age 60
Reduction Percentage	22.5%	18.6%	14.5%	10.1%	5.3%	unreduced

If a Police officer chooses to retire and withdraw benefits from the 1987 scheme before age 55, the 2015 pension benefits are deferred to state pension age. However the benefits can be drawn early from age 55, using the deferred rate of factors below.

### **Deferred factors**

	55	56	57	58	59	From age 60
Reduction Factors	50.8%	48.4%	45.8%	43%	40%	Still reduced. Factors available on request

### **Lump Sum Calculation**

It is worth noting the following:

- 1987 scheme factors are based on age and so may differ if you decide to retire at a date different to that shown.
- 2006 scheme provides an automatic lump sum
- 2015 scheme is based on a 1:12 ratio regardless of age.
- The statement assumes full commutation of pension.
- No account has been taken of any possible tax charges resulting in the higher factors of the 1987 scheme.

### **Survivor Benefits**

- Survivor pensions are payable under the relevant scheme rules.
  - If you have 1987 scheme membership the survivor pension can only be paid to a legal spouse. Different rates apply to civil partnerships.
  - 2006 and 2015 members may nominate a cohabiting partner who falls within the relevant criteria to benefit for that proportion of their benefits.

	<b>1987 Scheme</b>	<b>2006 Scheme</b>	<b>2015 Scheme</b>
<b>Spouse / Civil Partner only</b>	Yes	Yes	Yes
<b>Cohabiting partner</b>	No	Yes	Yes

- You should note that the entitlement will be less for members in a civil partnership, same sex marriage or for cohabiting partners.

- The table below shows whether a surviving partner would receive a pension when you die, based on your partnership status and scheme you were a member of date of death.

	1987 scheme	2006 scheme	Special Modified 2006 scheme	2015 scheme
Husband, wife , civil partner or same sex marriage	Yes	Yes	Yes	Yes
Cohabiting Partner	No	Yes, if nominated	Yes, if nominated	Yes (if the scheme manager agrees)

- If you are not legally married or in a registered civil partnership survivor benefits will not apply under the 1987 scheme.
- Children’s benefits may be payable in addition if you have eligible dependent children under the age of 23.

### **Death in Service benefits**

A death in service lump sum for each of the schemes is calculated as follows:

	1987 Scheme	2006 Scheme	2015 Scheme
Death in service lump sum	Two times pensionable pay	Three times pensionable pay	Three times pensionable pay

- Members of the 2006 and 2015 scheme may nominate beneficiaries for the death in service lump sum. Please see our website for a form to complete.
- A survivor pension is also paid if when you die you are in a qualifying partnership that fulfils the requirements of your scheme/s
- The pension payable generally is 50% of your pension entitlement at the date of your death.
- If you are not legally married or in a registered civil partnership survivor benefits will not apply under the 1987 scheme.
- Children’s benefits may be payable in addition if you have eligible dependent children under the age of 23.

## Section 6- Service history details

Please see 'Membership Details' tab in My Pension online for a breakdown of your membership since joining the scheme, together with service you may have transferred into the scheme from another pension provider.

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.

### Other points to note:

**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.

**Revaluation-** the statement does not include any adjustment for future revaluation under Treasury Revaluation Orders.

**Lump sum & maximum conversion-** 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. The figures quoted do not include any tax charges that may result from taking maximum commutation.

**Pension debits and scheme pay offsets-** where applicable the calculations include any deductions for pension debits or scheme pay offsets.

## 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.**

***The statement provided is an estimate only and not a guarantee of the actual benefits you could receive. Please refer to our website for further information regarding your statement. You should consult Your Pension Service before making any decisions with regards to these pension benefits. Please note, under the current regulations, we are obliged to provide one estimate of pension benefit's per year on request. Further requests may incur a charge.***

***If you are unhappy with the accuracy or any decision made in relation to your pension please inform your employer or the Pensions Helpdesk in the first instance. If you are still dissatisfied after this you have the right to appeal - further details can be found on our website.***

***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.***