

# POLICE PENSION SCHEME

## (2006 & 2015 scheme membership)

### DEFERRED GUIDANCE NOTES 2018

#### 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 in respect of your 2006 scheme membership are in the form of a retirement pension and a lump sum. The deferred benefits in respect of your 2015 scheme membership are in the form of a retirement pension only 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 2006 benefits have been calculated taking into account the length of time you paid into the pension scheme and your salary prior to leaving. Your 2015 scheme deferred benefits have been calculated using the pensionable pay you have earned since 1 April 2015.

The Police Pension Regulations 2006 allow you to exchange part, or all, of your lump sum for an increased annual pension for you only. Pensions for survivors cannot be increased in this way. In order to exchange lump sum for pension you must give notice before you become entitled to receive payment. Exchanging lump sum for pension is not allowed if benefits become payable for reason of permanent breakdown of health.

#### When are deferred benefits payable?

Your 2006 benefits are normally payable from age 65.

Your 2015 benefits are payable from your State Pension Age.

#### In 2017, the Government announced that some people's SPA will be later, is this change reflected on my statement?

In 2017, the Government reviewed the SPA. On 19 July 2017, they announced the outcome which is a proposal to increase the SPA for people born between 6 April 1970 and 5 April 1978 (inclusive). To proceed with this proposal, the Government will need to change the law, which they have not yet done. The Government have announced that they will consider changing the law as part of the next review due by July 2023.

Your statement **does not take** account of this proposal. Your State Pension Age for the purposes of the 2015 Scheme will only change once the Government change the law. For more information, please see the Government's press release

(<https://www.gov.uk/government/news/proposed-new-timetable-for-state-pension-age-increases>).

#### 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 permanently unfit for 'any' employment, otherwise the cumulative pensions increase becomes payable at age 55.

- Your deferred pension may be paid from the age of 55 upon your request but if Lancashire Constabulary agree to the request then the benefits would be subject to an actuarial reduction. The reduction applied to your 2006 benefits would be 5% for each year between the date of retirement and age 65. Therefore a pension brought into payment at age 55 would be subject to a reduction of 50%. The reduction applied to the 2015 benefits would be a maximum of 50.8%. These reductions are based on factors provided by the Government Actuaries Department and may change between now and your payment date.

### **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 under the 2006 Scheme is less than the total pension contributions paid under the 2006 Scheme, a payment equal to the balance of those contributions will be paid to your estate.

An additional amount of lump sum may be paid if the death was a result of an injury received in the execution of duty.

### **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 schemes provide pensions for eligible children in the event of your death whilst entitled to deferred benefits. Please see the member guide on our website for more details.

### **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 65th 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.

### **How will my benefits keep their value?**

Your 2006 Scheme benefits are inflation proofed for the period after you left the scheme. This is linked to the Consumer Prices Index (CPI), and, in April 2018, we added 3% to your deferred benefits. However, if you left the scheme on or after 24 April 2017, you were not entitled to the full 3% increase.

Your 2015 Scheme benefits are also inflation proofed. The benefits are inflation proofed both for the period whilst you are paying into the Scheme and for the period thereafter.

For the period during which you are paying into the Scheme, the inflation proofing is based on the Consumer Prices Index + 1.25%. This adjustment is made at the end of each year (1 April to 31 March) during which you paid into the scheme. The full adjustment to apply on 1 April 2018 was 4.25%. If you left on or after 1 April 2017, we have applied the adjustment on 1 April 2018. If you left on or after 1 April 2017 but before 31 March 2018, we will only have applied a proportion of the full 4.25%.

For the period after leaving the Scheme, the inflation proofing is based on the Consumer Prices Index. This adjustment is made on the first Monday falling on or after 6 April. The full increase applying on 9 April 2018 was 3%. However, if you left the scheme after 24 April 2017, you were not entitled to the full 3% increase.

### 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.

#### **Contact Details:**

**Helpdesk:** 0300 323 0260. Open 08:00am to 18:00pm

**E-mail:** [Askpensions@localpensionspartnership.org.uk](mailto:Askpensions@localpensionspartnership.org.uk)

### 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](http://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 General Data Protection Regulation (GDPR) or any superseding legislation 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 and LPP who administer 'The Scheme', are joint data controller's under the GDPR and remain legally responsible for collecting and processing personal data under the GDPR for the scheme.

*This document is for general use and cannot cover every personal circumstance as its contents are based on our understanding of the legislation and events at the time. In the event of any dispute over your pension benefits, the appropriate legislation will prevail as this document does not confer any contractual or statutory rights and is provided for information purposes only.*