



# POLICE PENSION SCHEME (1987 Regulations)

## 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 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 deferred pension is 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.

Under the pension regulations you are able to commute some of your pension in favour of a lump sum upon retirement. Following changes on 6<sup>th</sup> 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 323 0260.

### 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.

### 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, are 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?**

Widow's benefits – the amount will be half the pension you are entitled to on the day you die if you joined the scheme after 1<sup>st</sup> April 1972. If you joined prior to this date the benefits payable will be dependent upon the election you made.

Widower's benefits – the amount of pension will be half of the pension accrued on service after 16<sup>th</sup> May 1990. Civil Partners – the pension will be based on service after 5<sup>th</sup> April 1988 unless you are a female, in which case the pension will be based on service after 16<sup>th</sup> May 1990.

Where the marriage/civil partnership took place after you ceased membership, the survivor pension may be less than it would have been had the marriage/civil partnership taken place before.

### **When are deferred benefits payable?**

Deferred 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.

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

Yes, the scheme provides 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 60<sup>th</sup> 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 1<sup>st</sup> 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 in line with inflation from the time you leave the scheme up until the date benefits are brought into payment. The increase are normally linked to the Consumer Prices Index, and each April increases are added to your deferred benefits. Please note that there are restrictions on you being able to receive payment of the inflation increases whilst you are under 55.

### Any questions about your Statement?

If you have any questions about your deferred benefit statement please get in touch

#### Contact Details:

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

**E-mail:** 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.**

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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.*