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Introduction

This guide covers the options available to police officers should they wish to increase their benefits. Police officers potentially have had the option to increase their benefits no matter which scheme they are a member of.

Tax relief is given on all additional pension contributions, if the police officer has elected to purchase additional benefits via a lump sum payment, they must contact HMRC to claim tax relief on this payment.

It should be noted that all existing contracts to purchase additional benefits will remain under the same arrangements according to the scheme they are being purchased within.

2015 Pension Scheme

Police officers have the option to purchase added pension up to a limit which is reviewed each year. This can be purchased within the first 12 months of employment by a lump sum payment or by monthly contributions.

The added pension purchased each year will be added to the CARE Pension account each year. This will then receive revaluation each year.

They can choose to purchase added pension to increase either their pension only or to increase their pension and death benefits payable.

The Cost

The cost will be determined in accordance with Government Actuary's Department (GAD) factors.

Member will be entitled to count all extra CARE pension if:

- All payments have been completed

However, if they don't make all the payments, they will be awarded a proportion of the extra CARE pension they elected to buy. This will happen if:

- Payments ceased on request of the officer
- Member leaves the police service before reaching retirement date applicable when election was made.

The extra contributions will commence from the date specified by the Officer and will continue until the end of the contract. Tax relief is given on additional contributions, but if the police officer leaves early for any reason or ceases payment, the benefit gained will be a proportion of the benefits he/she set out to buy, according to how long is still to pay.

1987 Pension Scheme

Police officers who will not be able to count 30 years pensionable service by age 55 could elect to purchase additional 60ths. The police officer needed to have made a positive election before the last day they were in the 1987 scheme, i.e. before they moved into the 2015 Scheme. By positive election they need to have entered into a formal contract for added years and the payroll instructed to take the contribution at the next available opportunity.

In this case, formal contract means that the member must have applied for and accepted a quote and have undertaken a medical to prove fit and healthy. Existing contracts will continue.

The 60th benefits purchased would not be considered when assessing entitlement benefits: purchased 60ths could not be counted towards the 25 years pensionable service required to retire between age 50 – 55 nor would the additional 60ths be counted towards service used when assessing entitlement for an ill-health pension. As well as this additional purchased 60ths would not count towards an injury pension.

The purchased 60th of average pensionable pay, will count in the calculation of benefits in the following:

Personal benefits

- Ordinary pension
- Option to commute part of the additional pension to lump sum
- Short service pension
- Ill-health pension
- Deferred pension
- Transfer value

Widow(er)'s benefits

- Widow(er)'s ordinary pension
- Widow(er)'s accrued pension (death on deferred pension)
- Widow(er)'s pension following post retirement marriage

Children's benefits

- Child's ordinary pension
- Child's accrued allowance (death on deferred pension)

Increased benefits will not:

- Alter or improve double reckoning towards normal benefits after 20 years' service
- Enable a member to retire any earlier than they could otherwise have done
- Allow a member to qualify for a benefit to which they would not otherwise be entitled

The member will be entitled to count all extra 60ths if:

- All payments have been completed
- Retirement is on ill-health grounds before completing all payments
- Member dies in service before completing all payments

The member is entitled to count a portion of the extra 60ths elected to buy, according to number of payments made if:

- Payments ceased due to hardship
- Member leaves the Police service before reaching retirement date applicable when election was made.

The Cost

The cost was determined by a GAD factor based on the member's age at the time of the election.

Tax relief is given on additional contributions, but if the police officer leaves early for any reason other than ill health, the benefit gained will be a proportion of the benefits he/she set out to buy, according to how long is still to pay. The extra contributions commenced from the officer's next birthday and continue until the retirement date for the rank the member held when the election was made.

Once an election was made to purchase additional service, it is normally irrevocable, unless the police authority uses its discretion to allow the payment to be suspended, if the police officer would otherwise suffer financial hardship.

2006 Pension Scheme

Police officers who will not be able to count 40 years pensionable service by age 60 could elect to purchase up to 5 years extra service. The police officer needs to have made a positive election before that last day they are in the 2006 scheme, i.e. before they move into the 2015 Scheme. By positive election they need to have entered into a formal contract for added years and the payroll instructed to take the contribution at the next available opportunity.

In this case, formal contract means that the member must have applied for and accepted a quote and have undertaken a medical to prove fit and healthy.

The purchased 70th of average pensionable pay, will count in the calculation of benefits in the following:

Personal benefits

- Ordinary pension
- Option to commute part of the additional pension to lump sum
- Short service pension
- Ill-health pension
- Deferred pension
- Transfer value

Widow(er)'s benefits

- Widow(er)'s ordinary pension
- Widow(er)'s accrued pension (death on deferred pension)
- Widow(er)'s pension following post retirement marriage

Children's benefits

- Child's ordinary pension
- Child's accrued allowance (death on deferred pension)

Any additional 70ths would not be counted towards service used assessing entitlement for an ill-health pension or injury pension.

The Cost

Officers had the option to pay additional contributions in the form of a lump sum, the election to do so must have been made within the first 12 months of employment with the payment being received within 3 months of notification of intention to purchase additional benefits. Alternatively officers could make additional contributions via monthly payments deducted from their salary. An election to pay additional contributions must be made at least 2 years before normal pension age (60).

The cost is determined by using GAD guidance based on the police officers age when starting the contract and the number of years they will pay the additional contributions for.

Member will be entitled to count all extra 70ths if:

- All payments have been completed
- Retirement is on ill-health grounds before completing all payments
- Member dies in service before completing all payments

Member is entitled to count a portion of the extra 70ths elected to buy, according to number of payments made if:

- Member leaves the Police service before reaching retirement date applicable when election was made.

Tax relief is given on additional contributions, but if the officer leaves early for any reason other than ill health, the benefit gained will be a proportion of the benefits he/she set out to buy, according to how long is still to pay. The extra contributions will commence from the officer's next birthday and continue until the retirement date (60).

Part-time Police Officers

For a part-time regular police officer, the additional contribution rate is adjusted because the contributions are collected on a lower rate of pay.

For example, if a whole-time police officer would pay 2% to purchase 1/60th, a half time police officer would have to pay 4% to purchase 1/60th over the same period of service.



Local Pensions Partnership
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Acknowledgement and Disclaimer

This sheet 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 sheet does not confer any contractual or statutory rights and is provided for information purposes only.