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Introduction

This guide covers the process that occurs when a member retires from active status and receives immediate payment of their pension benefits under the 1987, 2006 or 2015 pension schemes.

In all cases the claim for payment of retirement benefits must be made before the date of leaving and the relevant form must be signed and dated before the date of leaving. If a claim is made following the date of leaving then the Police Authority must confirm the date that the pension becomes payable from and notify the member of this decision. Tax charges may be incurred by the member if they complete the relevant form after they have left employment.

As a large number of police officers will have been in more than 1 scheme during their career, they could receive payment of their pension benefits at retirement from 1 or more scheme, depending on whether they meet the criteria or wish to draw the benefits with reductions.

Ill health retirement

If an officer retires on ill health grounds they could receive pension benefits payable from 2 schemes, with enhancements payable under both – i.e. 1987 and 2015 schemes.

2015 pension scheme retirements

Once a police officer has completed 2 years as a member of the Police Pension Scheme (PPS) 2015 they are entitled to a pension benefit payable at Normal Pension Age (NPA) or potentially earlier on the grounds of ill health. Also, if the officer has transferred in from a personal pension, they would be automatically entitled to a pension benefit. To receive payment of their pension an officer must have claimed payment of their pension and no longer be in active employment as a police officer (unless taking partial retirement). Police officers retiring under the PPS 2015 regulations would have the following options.

Voluntary retirement after NMPA

A police officer who leaves employment between their Normal Minimum Pension Age (NMPA) of 55 and their 60th birthday becomes entitled to immediate payment of their pension benefits. If taken before age 60 the benefits will be reduced to account for early payment.

Normal Pension Age

Normal pension age for all members of the PPS 2015 is 60 meaning that if a police officer left employment the day before their 60th birthday they would receive immediate entitlement to unreduced retirement benefits.

Late retirement

An active member who leaves employment after their 60th birthday, becomes entitled to immediate payment of their pension on the day after date of leaving. An 'Age addition' will be applied to the CARE pension as the pension is being taken later than expected.

Ill- health retirement

If a police officer who has sufficient service (at least 2 years) and is retired from active employment at any age because of permanent disablement for the performance of his/her duties as a police officer, they may be awarded ill health benefits.

There are two tiers of ill- health pension.

Lower tier ill health pension

The value of a lower tier ill health pension is the value of the pension accrued up to the date of ill health retirement. Lower tier ill health pensions are calculated in the same way as a pension payable voluntarily however without the actuarial reduction for early payment. For a lower tier ill health pension to be awarded the following criteria must be satisfied.

- (a) In the opinion of an Independent Qualified Medical Practitioner (IQMP), the member is incapable of performing any of the duties of the Role in which the member was last employed because of incapacity of mind or body;
- (b) In the opinion of an IQMP, that incapacity will continue until age 60;
- (c) Because of that incapacity, the member has been dismissed or retired from Police 2015 eligible employment;

- (d) The member has at least 3 months’ qualifying service; and
- (e) The Police Authority has determined that the member is entitled to a lower-tier ill health pension.

Higher tier ill health pension

The member is permanently medically unfit for engaging in any regular employment.

‘Regular Employment’ means employment for at least 30 hours a week on average over a period of not less than 12 consecutive months beginning with the date on which the issue of the person’s capacity for employment arises.

Upper tier ill-health pensions are calculated as follows:

Where the members aggregate service is less than 5 years

The annual rate of an enhanced upper tier ill health pension is the lesser of;

- (a) Total accrued earned pension x 3; and
- (b)
$$\frac{\text{Final pay} \times \text{assumed period of pensionable service}}{55.3 \quad 2}$$

Where the members aggregate service is 5 years or more

$$\frac{\text{Final Pay} \times \text{assumed period of pensionable service}}{55.3 \quad 2}$$

“Total accrued earned pension” expressed in years means;

- For a 2006 transition member with continuity of service, the total amount of accrued earned pension in both the 2006 and 2015 schemes
- For any other member the amount of accrued earned pension under the 2015 scheme.

“Assumed period of pensionable service” means;

The period starting with the day after the members service ceases and the day up to and including the day before age 60.

“Final pay” means in respect of a continuous period of pensionable service under this scheme the greater of;

- The amount of a member’s pensionable earnings in respect of the 12 months ending with the last day of pensionable service;
- The amount of a member’s pensionable earnings payable in respect of any scheme year in the 10 scheme years ending with the last day of pensionable service.

“Aggregate period of service” means;

- For a 2006 transition member with continuity of service, the member’s continuous period of service under the 2015 scheme and the members pensionable service under the 2006 scheme.
- For any other member, the members continuous service under this scheme.

Reduction of pension in case of default

The scheme manager may reduce the amount of the ill health pension by up to a half if the member substantially contributed to their medical unfitness by their own default.

The reduction will cease when the member reaches normal pension age under the scheme.

The member can appeal against the decision of the scheme manager to apply the reduction under regulation 207 (appeals to the Crown Court) or regulation 208 (appeals to Secretary of State)

Refusal to be medically examined

If the member wilfully or negligently fails to submit to any medical examination or to attend any interviews that the selected medical practitioner considers necessary in order to make a decision in respect of reduction of pension in case of default, the scheme manager may make a decision under chapter 4 on such evidence and medical advice as the scheme manager in its discretion thinks necessary.

Ill health reviews

The scheme manager may periodically review whether a member's medical unfitness has ceased or significantly worsened at any time up to a members' normal pension age (age 60).

A review must be carried out if the scheme manager is notified that a member's condition has worsened.

When a scheme manager is considering using their discretion to reduce a member's pension (stopping the upper tier but continuing the lower tier ill health pension) the scheme manager must ask the question of the selected medical practitioner as to whether the member has brought about or substantially contributed to the medical unfitness by their own default.

Review of lower tier pension

Where the members medical unfitness has ceased the scheme manager may give notice to the member that they may re-join the police force within 3 months beginning with the date on which they have been given the notice and at a rank not lower than they held immediately before the ill health pension became payable.

The lower tier ill health pension ceases to be paid on the earlier of:

- The last day of the 3-month period or
- The day on which the member re-joins the police force

If the member's condition has worsened and the claim is received within 5 years of the start date of the lower tier ill health pension it may be uplifted to an upper tier pension. The 5-year time limit does not apply to making a claim if the medical unfitness is attributable to a progressive medical condition as specified in Schedule 2 or as specified on a list published by the Secretary of State for the purpose of this regulation.

Review and cancellation of upper tier pension

Where the members medical unfitness has ceased to be medically unfit for engaging in any regular employment the upper tier ill health pension must cease.

The cessation date of the upper tier ill health pension is:

- At the end of the period 3 months beginning with the date of the report which contains the decision by the Selected Medical Practitioner (SMP) that the person has ceased to be medically unfit for engaging in any regular employment or
- If earlier, the day on which the member returns to eligible service. This applies if the member is no longer medically unfit for the performance of the ordinary duties of a member of the police force.

The lower tier ill health pension will also cease if the SMP determines that the member is no longer medically unfit for the performance of the ordinary duties of a member of the police force.

Failure to receive appropriate medical treatment and cancellation of ill health pension

Where an SMP decides that the members medical unfitness for performing the ordinary duties of a member of the police force would have ceased if they had received normal appropriate medical treatment, and if the failure to have such treatment is due to the members own wilfulness or negligence, they will be warned that a continued wilful or negligent failure to have treatment may result in the termination of their ill-health pension.

Cost of ill health retirement

In the circumstances where ill health pensions are paid the Police Authority must pay a contribution to the Police Fund. The amount of contribution is twice the average pensionable pay of the officer concerned.

Commutation

Police officers are entitled to a pension only under the PPS 2015 regulations. However, they have the option to commute up to 25 % of their pension in place of a tax-free lump sum. Notice to commute must be made in writing indicating how much pension is to be commuted before the pension benefits become payable. The commutation rate is 12:1, for every £1 of pension commuted this provides a £12 tax free lump sum payment.

Pension increase

Pensions Increase is paid from the police officers 55th birthday, unless the retirement is on ill-health grounds. Pensions are increased in line with Consumer Price Index (CPI).

1987 Pension scheme retirements

Once a police officer has completed 2 years as a member of the 1987 pension scheme, when they resign from the service and fulfil one of the criteria indicated below, they become entitled to immediate payment of their pension benefits:

1. Completion of 25 years' service and aged 50 or over
2. Normal retirement age (55)
3. Medical grounds (available from any age)

Completion of 25 years' service and aged 50 or over

Once a police officer has 25 years' service within the 1987 or 1987/2005 scheme they may tender their resignation and receive immediate payment of their pension, without actuarial reductions. If the officer is under age 55 the 2015 scheme benefits will be deferred.

Normal Pension Age

The Normal retirement age for all police officers is 55 however they will not be compelled to retire at age 55, they may work longer if they desire and are physically able to continue to undertake efficiently the relevant role. If they retire at age 55 both the 1987 and 2015 benefits will be payable, albeit the 2015 benefits would have reductions applied.

Medical grounds

If a police officer becomes permanently disabled from performing the normal duties of a police officer the Police Authority may retire them on ill-health grounds, at any age. If the officer has sustained an injury whilst on duty, which has led to the retirement, they may receive an injury pension (please see Injury Pension section below for more details).

If the officer has more than 2 years pensionable service – an ill-health pension becomes payable. The pension is calculated in a similar way to an ordinary pension and then usually enhanced to compensate for the lost opportunity of serving until normal retirement. The enhancements applied are shown below:

Pensionable Service	Pension
Less than 2 years	Payment of an ill-health gratuity
5 to 10 years	2/60 per year (i.e. double)
More than 10 to 13 years	20/60
More than 13 years	7/60 plus 1/60 for each year up to 20 2/60 for each year over 20

The resultant pension must not be greater than the age retirement pension that could be achieved at the normal pension age of 55 or age 60 in the case of Inspector or above.

The officer may also be entitled to an ill health pension under the 2015 scheme.

Review of ill-health pension

The ill health pension can be reviewed as long as the police officer;

- Would not be entitled to immediate payment of benefits if he had remained in the scheme and subsequently left on the day of review
- He was not, immediately before he retired a specified National Crime Agency (NCA) officer.

The authority can periodically assess whether the disability has ceased.

Effect of review

If on any such consideration it is found that the disability has ceased, the Police Authority may give the person concerned notice that if they wish to re-join the force as a regular policeman, within a period of not less than 3 months from the date on which they have been given such notice, they will be permitted to do so.

If the retired officer re-joins the force or where they do offer to re-join within the period of 3 months from the date on which they have been given such notice, the unsecured portion of the ill-health pension will be terminated. Where the unsecured portion of an ill-health pension is terminated the secured portion of that pension shall not be payable in respect of any period before state pensionable age.

- Secured pension – relates to Guaranteed Minimum Pension
- Unsecured pension – pension benefits in excess of Guaranteed Minimum Pension

Cost of ill health retirement

In the circumstances where ill health pensions are paid, the Police Authority must pay a contribution to the Police Fund.

The amount of contribution is twice the average pensionable pay of the officer concerned.

Commutation

Police officers are entitled to a pension only under the 1987 pension scheme. However, they have the option to commute up to 25 % of their pension in place of a tax-free lump sum. If the police officer has between 25 – 30 years' service under the police schemes and retires before their normal retirement age, the maximum amount of commutation is restricted to $2\frac{1}{4}$ x gross annual pension, before commutation takes place.

The election must be received before the police officer becomes entitled to his/her pension in order for the lump sum to be classed as an authorised payment and therefore not have tax deducted.

The commutation factors changed on 19 April 2011 and most of the factors increased to over 20. Therefore, when a police officer commutes the maximum, the lump sum will be more than 25 % of the overall value of the pension benefits. This means that a tax charge is paid on the excess lump sum as it is classed as an unauthorised payment.

Pension Increase

Pensions Increase is paid from the police officers 55th birthday, unless the retirement is on ill-health grounds. Pensions are increased in line with CPI.

2006 Pension Scheme Retirements

Once a police officer has completed 2 years as a member of the New Police Pension Scheme (NPPS) they are entitled to a pension benefit payable at NPA (age 55) or potentially earlier on the grounds of ill-health, also if the police officer has transferred in from a personal pension they would be automatically entitled to a pension benefit. To receive payment of their pension a police officer must have claimed payment of their pension and no longer be in active employment. Police officers retiring under the NPPS regulations would have the following options:

Normal Pension Age

Normal pension age for all members of the NPPS is 55 meaning that if a police officer left employment the day before their 60th birthday they would receive immediate entitlement to retirement benefits.

Compulsory retirement on the grounds of efficiency of the force

If a police officer who is entitled to reckon 35 years pensionable service and is at least 55 years old, the Police Authority may require them to retire on grounds that their retention in the force would not be in the general interests of efficiency.

Ill-Health Pension

If a police officer who has sufficient service (at least 2 years) is dismissed at any age because of permanent disablement for the performance of his/her duties as a police officer they may be awarded ill health benefits.

There are two tiers of ill- health pension.

Lower tier – Standard ill health pension

The lower tier is paid to a police officer who is required to leave on health grounds as they are permanently disabled from the ordinary duties as a police officer.

The benefits are based on the service accrued in the scheme and has no ill health enhancement.

Higher tier – Enhanced top up pension

The higher tier is awarded where the police officer has at least 5 years qualifying service and is unable to engage in any regular employment.

“Regular employment” means employment for an annual average of at least 30 hours per week;

The police officer would receive 2 pensions.

- The lower tier ill health pension plus an enhancement as follows;

If the officer has less than 5 years membership, then the enhanced top up pension will be either the lesser of a pension of 4 times the pensionable service or ½ the prospective service between date of leaving and age 55.

If the officer has more than 5 years pensionable service then the enhancement is ½ the prospective service from date of retirement to 35 years’ service or age 55, whichever is the earlier.

Review of ill-health pension

The ill health pension can be reviewed in the following circumstances;

- Standard ill health pension – officer has not attained age 55
- Enhanced top up pension – officer has not attained age 65

For those in receipt of a Standard ill health pension the authority can consider at intervals as they think proper until age 55. If the officer is in receipt of an Enhanced top up pension intervals of no less than 5 years until age 65.

Effect of review

Higher tier pension

If after such a review a police officer in receipt of a higher tier ill health pension has become capable of undertaking regular employment, their entitlement to that pension will cease with immediate effect. This police officer shall continue to receive the lower tier ill health pension, i.e. enhancement is stopped.

Lower tier pension

If after such a review a police officer in receipt of a lower tier ill health pension has become capable of performing the duties appropriate to the role from which they retired on the grounds of ill-health and the authority make them an offer of employment in that role with a period of not less than 3 months from the date on which they are given such notice, the entitlement to the pension will cease at the end of the 3 month period whether the employment offer is accepted or rejected. This police officer shall then become entitled to a deferred pension.

Cost of ill health retirement

In the circumstances where ill health pensions are paid the Police Authority must pay a contribution to the Police Fund.

The amount of contribution is twice the average pensionable pay of the officer concerned.

Pension Increase

Pensions Increase is paid from the police officers 55th birthday, unless the retirement is on ill-health grounds. Pensions are increased in line with CPI.

Injury Pension

If a police officer becomes permanently disabled from performing the ordinary duties of an officer as a result of an injury on duty, he/she becomes entitled to receive an injury award of a gratuity and a pension. They do not have to be in the police pension scheme to be entitled to an injury pension.

The gratuity and pension are based on length of service and the degree to which their earning capacity has been affected (see table).

- The injury pension is payable on the basis that it is a ‘minimum income guarantee’. The injury pension will therefore be reduced to take account of $\frac{3}{4}$ of any other Police pension and all of any relevant social security Department for Work and Pensions (DWP) benefits awarded in respect of the injury.
- The degree of disablement in the context of the Police Pension Scheme means the extent to which the police officer’s earnings have been affected by the relevant injury. This is why the injury pension is in the form of a ‘minimum income guarantee’.

As a result of Tax Simplification the Injury Pension benefits were taken out of the main scheme regulations in order for the payments to be made as non-taxable income. These benefits are now payable under The Police Officer’s Compensation Scheme (England) Order 2006.

If a police officer becomes permanently disabled from performing the ordinary duties of an officer as a result of an injury on duty, he/she becomes entitled to receive an injury award of a gratuity and a pension.

Re-assessment of Injury Pension

Injury pensions are reviewed from time to time, which may result in a change in the degree of disablement. This will result in the injury pension being revised accordingly.

The Injury pension is re-calculated to take account of any changes in DWP benefits, except for where the annual increase in DWP benefits is the same as the increase in accordance with Pensions Increase review order.

Table of injury awards

Degree of Disablement	Gratuity	Minimum income guarantee			
		Less than 5 years service	5 to 15 years service	15 or more years service	25 or more years service
25 % or less <i>Slight disablement</i>	12.50%	15%	30%	45%	60%
25 % to 50 % <i>Minor disablement</i>	25%	40%	50%	60%	70%
50 % to 75 % <i>Major disablement</i>	37.50%	65%	70%	75%	80%
More than 75 % <i>Severe disablement</i>	50%	85%	85%	85%	85%

Pension Payment date

Police pensioners are paid in advance on the 1st banking day of each month. If the 1st falls on a weekend or Bank Holiday then the payment is made on the last banking day prior to this.

Pension Increases (PI)

Pensions Increase is paid from the police officers 55th birthday, unless the retirement is on ill-health grounds. Pensions are increased in line with CPI.

Police pensioners receive the increase on the 1st May each year together with the arrears from the PI date in April.

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Administration

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Acknowledgement and Disclaimer

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