

Dear Scheme Member

## **The Police Pension Scheme 2015**

On joining the Police service you will automatically become a member of the Police Pension Scheme 2015 (2015 Scheme). However, membership is not a condition of service and you have the option to leave the scheme if you wish.

Should you wish to re-join at a later date, you may be asked to have a medical examination so that the police authority can decide whether you would be eligible for ill-health benefits. If this determines that the likely cost of providing ill-health benefits is disproportionately high, you can still join 2015 Scheme but will not receive ill-health benefits if you become unable to work.

To ensure that you are fully informed I am pleased to enclose with this letter, some further notes entitled “Your Pension – The Options”, a question and answer sheet, a death grant nomination form and an unmarried partner declaration form. A comprehensive guide to the **Police Pension Scheme 2015** is available via the MPS Intranet at HR Knowledge Management: Pay, Benefits & Rewards ‘Pensions: Overview’.

If you have built up pension rights in a previous employer’s pension scheme or in a personal pension plan you may be able to transfer your pension rights into the Police Pension Scheme 2015. Because of the time limits laid down in Regulations it is important to deal with this aspect at the earliest opportunity. If you wish to obtain details of the service credit available from a transfer, please complete the enclosed Form 8400 – ‘Transfer of previous pensionable service’.

Any officer **not** wishing to remain a member of the Police Pension Scheme 2015 should complete the enclosed ‘Option Form’ - Form 8481.

If you have any questions about Police pensions which have not been answered please write to Equiniti Paymaster at the PO Box address above, or through the internal mail to SSCL Payroll, alternatively you can contact us on 0300 123 0828 (internal 782222).

Regards

*Equiniti Paymaster - Pension Manager*

## **Equiniti Paymaster Administering Pensions on behalf of the Metropolitan Police Service**

## **YOUR PENSION – THE OPTIONS**

Under the provisions of the Social Security Act 1986 membership of an occupational pension scheme is not a condition of service. On joining the Police Service you will automatically become a member of the Police Pension Scheme 2015 (2015 Scheme) but you will be able to leave the scheme if you wish.

You can build up benefits in a number of ways i.e.

- remain in the Police Pension Scheme 2015
- contribute to a personal pension plan, or
- contribute to the State Second Pension (S2P)

A decision to leave the 2015 Scheme may be made at any time. If you have recently joined the Service and apply to leave the scheme within three months of joining, the option to leave the Police Scheme will be backdated to the date of your appointment.

If you have more than two years service or have transferred in benefits from another pension provider, you will be entitled to a deferred pension payable at your state pension age.

If you leave the Police Pension Scheme 2015 you may apply to re-join although a medical examination may be required, for which you would have to pay the cost. If you opt out of the Police Pension Scheme 2015 within 12 months after opting in, you may not opt in again until after the end of that 12 month period.

## **THE POLICE PENSION SCHEME 2015**

The details of the Police Pension Scheme 2015 are contained in the Police Pension Regulations 2015.

Some of the main features of the Police Scheme that should be remembered are:

- member's contributions are approximately a third of the estimated costs of providing pensions and other benefits (the remaining cost being met by police authorities and central government).
- a normal pension age of 60 for ranks up to and including Chief Inspector
- you will build up a pension pot of  $1/55.3^{\text{th}}$  of your pensionable earnings for each year you are a member of the pension scheme.

- an entitlement to an ordinary pension on retirement after completion of at least 2 years qualifying service. Such a pension would usually be payable at the normal pension age of 60 but can be paid from age 55 subject to a reduction being applied
- the opportunity to commute part of your pension in exchange for a lump sum upon your retirement.
- the pension is index-linked in accordance with pensions increase legislation
- widow(er)s', civil partner and the provision for a partners pension, at half rate, are payable together with childrens' allowances, as appropriate and are index linked.
- a death-in-service grant of three times annual pensionable pay is payable in respect of scheme members
- ill-health pensions are payable to members with at least two years pensionable service who have to retire on health grounds and are index-linked. Ill-health pensions are only enhanced where the officer is incapable of any regular employment. However, if when you joined (or re-joined) you were designated by the police authority as being ineligible for ill-health benefits, you cannot receive an ill-health pension.

## **OPTING OUT OF THE 2015 SCHEME**

There are a number of consequences to bear in mind including;

- If you build up two or more years service and opt out before age 55 you will be entitled to a deferred pension payable at State Pension Age. The pension can be taken early from age 55 subject to an actuarial reduction being applied.
- If you die while in service but you are not a member because you have opted out, you are not covered for death in service benefits therefore no death grant is payable. A surviving adult pension and an eligible child pension may be payable in the event of your death.
- If you are not an active member of the Scheme you will not be eligible for an ill-health pension if you leave the police force should you be declared medically unfit. If you are a deferred member who has left the force you may qualify for early payment of your deferred pension on grounds of ill-health if you are assessed as permanently unfit for any regular employment and you are eligible for ill-health benefits.
- As a Scheme member you receive tax relief on your pension contributions and until April 2016 you also pay lower National Insurance contributions; these will increase should you opt out of the Scheme.

## **THE STATE SECOND PENSION (S2P)**

The State Second Pension provides a pension payable from state retirement age in addition to the basic state pension. You can obtain a forecast of your State benefits on-line at:

[www.gov.uk/state-pension-statement](http://www.gov.uk/state-pension-statement)

## **PENSION TAX CHANGES – THE ANNUAL ALLOWANCE**

The Government has announced some major changes to the pensions and tax regime.

With effect from the tax year 2018/19 the Annual Allowance for tax privileged saving is £40,000.

The changes are most likely to affect police officers on higher salaries but could also affect those who receive a significant pay rise and consequently a large increase in pensions saving.

An Annual Allowance charge may be triggered by any police officer whose pension saving increases by more than the £40,000 Annual Allowance in any Pension Input Period.

The Pension Input Period for all the Police Pension Schemes is 1 April to 31 March as advised in Home Office Circular 7 of 2006.

### **Equiniti Paymaster Administering Pensions on behalf of the Metropolitan Police Service**

## Police Pension Scheme - Option Form (Form 8481)

### REQUEST TO OPT OUT OF THE POLICE PENSION SCHEME

Please read carefully the notes entitled “YOUR PENSION – THE OPTIONS” before deciding whether you wish to opt out of the Police Pension Scheme. Please then read and complete this form if appropriate.

#### You should only complete this form if you:

- are a new Officer and **do not wish** to become a member of the Police Pension Scheme, *(the completed form should be passed to Recruit Admin).*
- are a serving Officer and **do not wish** to remain a member of the Police Pension Scheme, *(the completed form should be sent to Equiniti Paymaster at the above PO Box address or through the internal mail to SSCL Payroll).*

#### TO BE COMPLETED IN BLOCK CAPITALS

Surname ..... First Name .....

Rank ..... Warrant Number .....

Date of Birth ..... Location & Divisional No. ....

Date of Joining ..... Nat. Ins. No. ....

#### Declaration

I have read the notes entitled “YOUR PENSION – THE OPTIONS”.

I do not wish to become/remain a member of the Police Pension Scheme.

I understand that

- (1) I am giving up my rights to benefits from the Police Pension Scheme (apart from those already earned)
- (2) If I remain in the Police Service I may apply to re-join the Police Pension Scheme in force at that time although a medical examination may be required when I apply.
- (3) I retain my rights in respect of future police service to injury benefits in appropriate circumstances.

Signature ..... Date .....

Work email address .....

#### Equiniti Paymaster Administering Pensions on behalf of the Metropolitan Police Service

## **Police Pension Scheme 2015 (2015 Scheme) – Your Questions Answered**

### **What pension can I expect to receive on retirement?**

Answer – You will build up a pension pot of 1/55.3th of your pensionable earnings each year you are a member of the pension scheme. Each of these annual pension elements would then be updated in line with the Consumer Prices Index (CPI) + 1.25%.

For example, if in a given year you are earning £28,000, your pot for that year's membership will initially be  $1/55.3\text{th} \times £28,000 = £506$  of pension per annum. The pot will increase year on year by the rate of CPI + 1.25% until you retire. So if it is 10 years until you retire and assuming that CPI is around 2% per year, that year's pot would be worth £675 per year at the time you retire.

### **Can I increase my benefits?**

Answer – Yes. You are free to take out an entirely separate personal pension plan at the same time as you contribute to 2015 Scheme. The 2015 Scheme does not have a linked Additional Voluntary Contribution scheme.

### **Is a death-in-service lump sum payable?**

Answer – If you die while serving, provided you were a member of the 2015 Scheme (and had not opted out) at the time of your death, a lump sum death grant of three times your final pay at the time will be paid to:

- Your spouse or civil partner, if you have one;
- If you have no spouse or civil partner, and at the discretion of the police authority, to a surviving adult partner (if all relevant documentation has been completed);
- If you have no spouse, civil partner or nominated unmarried partner, and again at the discretion of the police authority, to a person nominated by you;
- Otherwise, to your personal representative - usually the executor of your will - and thus will form part of your estate.

If you are not married or in a civil partnership or have not completed a partner declaration and wish to nominate someone to receive your lump sum death grant you should complete the enclosed 'nomination of death grant' form. A nomination does not override the provision that the grant will go to a surviving spouse or partner, if you have one, but it would take effect if you have no spouse or partner or if both you and your spouse or partner were to die at the same time.

### **Will my widow(er) /civil partner/nominated partner receive a pension when I die?**

Answer - A widow(er) or civil partner or nominated partner will usually receive a pension of one-half of the pension entitlement.

## **How do I nominate a partner?**

You will need to complete the enclosed partner declaration form.

## **What about the children?**

Answer – If you die child allowances would be payable to a child; who is your natural child, stepchild or adopted child, or any other child who was dependent on you (either financially or by reason of disability) at the time of death.

## **Is maternity leave pensionable?**

Answer – Paid maternity leave is pensionable. Unpaid maternity leave is pensionable provided you return to duty for at least six months and during that time pay the contributions equivalent to what you would have paid had you not taken unpaid leave.

## **Is unpaid leave generally pensionable?**

Answer – No. However, there are certain specified circumstances when unpaid leave (i.e. unpaid, maternity or sick leave) may be bought back. Contact the pensions Help Desk for further details.

## **What is the position if I get divorced or dissolve a Civil Partnership?**

Answer – A divorced spouse or ex civil partner has no entitlement to a survivor pension under the 2015 Scheme however, the court may issue an earmarking or pension sharing order.

## **Can I transfer pension rights from a previous job into the police scheme?**

Answer – In most cases it should be possible to transfer previous pension rights into the 2015 Scheme. All recruits are asked to complete a Form 8400 giving details of previous pensionable employment.

## **Is membership of the Police Pension Scheme 2015 compulsory?**

Answer – No. Membership of the scheme is not a condition of service. For benefits of membership please read carefully the guide to the 2015 Scheme and the notes entitled “Your Pension – The Options”.

Enquiries regarding Police pensions should be directed to Equiniti Paymaster either in writing or by telephoning the Help Desk on 0300 123 0828 (internal 782222).

Please note that the information provided is correct for members of the Police Pension Scheme 2015 as at April 2015.

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