

## 1987 Pension Scheme

Q. What is the level of my contribution each month?

A. 12% to 14.25% of pensionable salary.

Q. Can I make Additional Voluntary Contributions (AVC) to my pension fund?

A. Yes, you can choose between a “free standing” AVC which you arrange through your own insurance company or financial advisor.

Q. What allowances are pensionable?

A. Pensionable pay includes:

- Basic salary (plus any acting or temporary salary)
- CRTP

Q. How is my final pension entitlement calculated?

A. The average of your final year’s salary is used to calculate your pension but the best salary from the previous 3 years applies. So, if for any reason you had a higher salary in either of the 2 preceding years, that is the figure that will be used.

A year is calculated from the date of retirement backwards in blocks of 365 days. This figure is called your Average Pensionable Pay (APP).

For each year of service up to 20 you are given 1/60 of the APP and 2/60 of each APP for each year thereafter up to 30. This is what is known as the double accrual period.

For example, if you retired with 30 years service your pension would be calculated like so:

20 years @ 1/60 per year = 20/60

10 years @ 2/60 per year = 20/60

Total entitlement = 40/60 or 2/3 salary which is maximum.

So for illustrative purposes only, if your APP after 30 years service was £36,000, your entitlement without commutation would be £36,000 x 40/60 or £24,000pa

You can commute a maximum of a quarter of your pension as a lump sum. So if you chose to commute the figures would be £24,000 / 4 = £6,000 which then has to be multiplied by your age factor, which for a male under 51 is between 22 and 23. So your lump sum would be £6,000 x 22 or £132,000, leaving a residual pension of  $\frac{3}{4}$  of £24,000 or £18,000pa.

Exact commutation factors can be found at:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/100505/gad-commutation-retirement.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/100505/gad-commutation-retirement.pdf)

Q. Does my age upon retirement affect the amount I will receive?

R. Yes, your retirement age affects the multiplying factor used in calculating your lump sum. The highest factor is 23.5 for male and female officers under the age of 48.5. The factor reduces thereafter on a monthly basis as you age. For instance at 52 years and 6 months it is 21.35 and at 60 it is 18.6.

Commutation factors can change at any time depending on historical death rates in the occupation amongst other things.

Q. What if I resign before doing 30 years service?

A. If you have less than 2 years service your pension contributions will be returned less an adjustment for tax and NI.

Between 2 – 25 years service (but not age 55) then you get a Deferred Pension which becomes payable at age 60 (includes pension increases)

25-30 years service (but not age 55) smaller lump sum (pension x 2.25) which is payable when you reach 50.

Age 55 with any length of service you are entitled to immediate payment including maximum commutation.

Q. Does being temporarily promoted or acting up to the next rank affect my pension?

A. Yes, any salary from acting or being temporarily promoted is included in your Average Pensionable Pay (APP).

Q. Can my pension be forfeited?

A. Yes, but only in very limited circumstances. Regulation K5 of the Police Pension Regulations allows forfeiture in the event of you being convicted of treason or for an offence which involved the abuse of your position as a police officer or bringing the Service into disrepute. The final decision rests with the Police Authority and can be forfeited in whole or in part, permanently or temporarily.

Q. What is the “Death in Service” benefit and who can receive it?

A. The death in service lump sum grant is calculated as 2 times your pensionable salary and is paid to your spouse or civil partner if married, and your estate if not. In addition there is also a widow/er’s pension but this is only paid to legally married spouse or civil partner and would cease in the event of them re-marrying or co-habiting. A surviving child allowance is also paid.

Q. Is my pension index linked?

A. Yes, but only from the age of 55 and at that point it would attract index linking back to date of leaving.

Q. When is the best time to retire?

A. When it’s right for you.

Q. How long will I have to wait for my lump sum and first pension payment?

A. The lump sum is normally paid into your bank account the first working day after you leave and the pension is paid on the first of each month.

Q. Under what conditions is my lump sum only 2.25 x my pension as opposed the full 30 year or age 55 entitlement?

A. If you leave between 25 years and 29 years 364 days service, and also during an extension after the age of 55 if you have not achieved 30 years service.

Q. Can I opt out of paying any further pension contribution once I've got 30 years services?

A. Yes you can but

- (a) you would lose the death in service lump sum grant,
- (b) you would pay tax on the pension contributions which are now in your pay,
- (c) you pay a higher rate of NI (Class 1) as you are no longer in an occupational pension scheme and
- (d) your pension is calculated on the last day you were in the scheme and so will not reflect any subsequent pay increases.

Q. Will divorce affect my pension?

A. Not necessarily. It all depends on individual circumstances. The joint assets of the marriage and whether your spouse has his/her own pension will impact upon the outcome. The PFEW would recommend that you consult a solicitor who is a specialist in this area of law.