



The Police Pension Scheme 1988

Member's Guide

Personal

Professional

Protective

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1. INTRODUCTION

Police pensions have a long history, dating back to the 19th century when certain benefits on disablement were introduced for police officers. The police pension scheme has progressed from this early initial scheme to a wide ranging scheme introduced in 1890. Police pensions for Northern Ireland police officers developed from the existing pension schemes when pension provisions were amended in the 1920s.

There have been many changes since then, but entitlement to a police pension has always been regarded as a key element of the remuneration of police officers to enable them to undertake their role with confidence. The Police Pension Scheme Regulations 1988¹ (abbreviated to PPS in this guide) offer a range of benefits that will provide financial security both in the time up to retirement and beyond. The scheme is controlled by formal regulations. This guide is intended to explain the main details in simpler language than is used in the regulations, although it must be remembered that nothing in this guide can override the regulations.

Officers who started their police service before 6 April 2006 will have joined PPS, unless they opted not to do so. A new pension scheme for new entrants (known as the New Police Pension Scheme 2006) came into effect on that date. This guide applies only to members of PPS. There is a separate guide for members of the new scheme and those who may be contemplating transferring to the new scheme.

Injury awards are no longer part of the pension scheme, but are controlled by separate regulations. Guidance on injury awards will be made available separately.

The pension scheme is a national scheme, but is administered locally by PSNI Pensions Branch. If there are any points about which you would like further help, please contact the Pensions Administrator, 7th Floor, River House, Belfast or email zpensions on the internal email system. He or she will have a copy of the regulations, to which you will be able to refer if you wish.

Any questions about the State Pension should be directed to the Department for Work and Pensions (DWP) and enquiries about tax matters to HM Revenue and Customs.

The following sections give more detailed information about PPS. Section 2 is an 'at a glance' guide to the scheme, which summarises the main elements.

¹The main regulations for the scheme date from 1988, although they have been amended several times since then. The name distinguishes the scheme from the New Police Pension Scheme 2006.

2. THE POLICE PENSION SCHEME 'AT A GLANCE'

Key features

- All new recruits to the police service before 6 April 2006 became members of PPS, unless they opted out of the scheme.
- Police officers contribute 11% of their pay to the scheme, which represents just under a third of the cost of providing pension benefits.
- PPS is a 'final salary' scheme, which means that your pension is calculated as a proportion of your final average pensionable pay. This is generally earnings in your last year of service as a member of the scheme.
- The pension that you will receive depends on your pensionable service, which for most officers will be the length of service in the police service for which they have paid pension contributions, with appropriate adjustments for part-time service.

Pension benefits for police officers

- The earliest date that a pension can be paid is 50, depending on length of service (if you have 30 years' pensionable service, you may retire with an immediate pension before age 50).
- 30 years' service is needed for a maximum pension.
- A maximum pension is two-thirds of average pensionable pay.
- There is an option to exchange ('commute') part of the pension for a tax-free lump sum.
- Average pensionable pay is in effect the highest pensionable pay for the three years before retirement.
- Each year of pensionable service for the first 20 years gives entitlement to a pension of 1/60 of final pay and each year for the final 10 years gives 2/60, up to a limit of 40/60.
- Pensions in payment are increased for inflation.

Benefits for others on the death of a police officer

- A lump sum death grant of two times pay
- A pension for a widow, widower or surviving civil partner, normally half of the officer's pension entitlement, which ceases on remarriage, the formation of a new civil partnership or cohabitation.
- Dependent children under the age of 23 may qualify for a pension.

Medical retirement and ill-health pensions

- The Policing Board has discretion to retire a police officer on the grounds that he or she is permanently disabled for the ordinary duties of a member of the police service.
- An immediate pension and lump sum is payable to any officer at any age who is granted ill-health retirement.
- The question of disablement is determined by a doctor and there are appeal rights against medical decisions.

- Ill-health pensions are increased for inflation throughout their payment.
- The Policing Board have discretion to review the payment of ill-health awards at intervals.
- Even if an officer is judged to be disabled, it does not automatically follow that he or she will be granted ill-health retirement. PSNI will consider whether there are alternative duties that the officer could perform and still remain in the service (taking account of the officer's overall capabilities).
- There are separate arrangements for the payment of injury awards to officers who suffer injury on duty, which are outside the pension scheme.

Other features

- There is a facility to buy more pension in the scheme ('added years') within the overall limit of 30 years.
- There is also the option to pay additional voluntary contributions to a pension investment plan through the Standard Life Assurance Company.
- If an officer builds up pension rights in the scheme but leaves the police service (or opts out of the scheme) before retirement, he or she will be eligible for a 'deferred pension' payable at age 60.

3. MEMBERSHIP AND CONTRIBUTIONS

3.1 Membership

If you are a regular police officer, and you joined the service before 6 April 2006, you will have been admitted to PPS automatically on appointment unless you decided to opt out.

If you opted out of PPS, you cannot rejoin it after 6 April 2006. After that date, if you wish to opt back in, you must join the new scheme. This may be subject to a medical examination, for which you would have to pay the cost, to decide whether you will be eligible for ill-health benefits.

It is possible for you to be a member of PPS and to contribute to other pension schemes, such as a personal pension plan, at the same time. You are recommended to consult an independent financial adviser if you wish to obtain information about other pension schemes.

3.2 Your contributions

You pay contributions towards the cost of your pension benefits. These are set as a percentage of your 'pensionable pay', the current rate being 11% (less 1p a week). If you are ineligible for ill-health benefits, you will pay contributions at a reduced rate, currently 7.5%. In PPS, members' contributions meet about 35% of the estimated cost of providing pensions and other benefits (the remaining cost being met by police authorities and central government).

Pensionable pay includes basic salary, additional salary on temporary promotion and competence related threshold payments. Overtime pay, Northern Ireland allowance, housing allowance and transitional rent allowance are not pensionable.

Contributions are deducted from pay before it is assessed for income tax, so you will automatically receive full income tax relief at the highest rate you pay. In addition, as the scheme is contracted-out of the State Second Pension arrangements, you pay a lower rate of National Insurance contributions.

3.3 Unpaid absence

Your pensionable service may be affected by any periods of unpaid absence. In general, periods of absence can only count as pensionable service (see section 4.3) if pension contributions are paid in respect of the period of absence. Sick leave on full pay or reduced pay and paid maternity leave, maternity support leave and adoption leave count towards pensionable service, if pension contributions are paid for those periods.

Unpaid leave, other than the first 26 weeks of maternity leave, can only count as pensionable service if you pay the pension contributions which would otherwise have been due. You are only able to do this for periods of unpaid maternity or parental leave, or a period of unpaid sick leave which is less than six months in duration. You cannot pay pension contributions for a total of more than 12 months of unpaid sick leave aggregated across your police service. If you wish to pay contributions under these circumstances, you

must notify PSNI Pensions Branch within six months of your return to work, or by the date you leave the service if that is earlier. The contributions must be paid within two years of the date that PSNI Pensions Branch informs you of the amount to be paid.

Pension contributions cannot be paid in respect of unpaid career breaks.

4. RETIREMENT AND THE BENEFITS YOU RECEIVE

The amount of your retirement benefits and the date on which they become payable will depend on your age, final pensionable pay and length of pensionable service.

4.1 Retirement age

If you have 25 years' pensionable service, you can retire with an ordinary pension paid immediately on retirement once you reach age 50. If you have 30 years' pensionable service, you may retire with an immediate pension before age 50.

Short service pensions are paid immediately if you retire at the compulsory retirement age for your rank with less than 25 years' service.

From 1 October 2006, compulsory retirement ages for officers are as follows:

- for a constable, sergeant, inspector or chief inspector, 60 years;
- for an officer with any higher rank, 65 years.

If you are nearing your compulsory retirement age but want to stay on, you may be allowed to postpone your date of retirement for up to five years, normally on a yearly basis.

The effect of postponing your retirement will be to establish a new compulsory retirement date.

Appointments to chief constable and deputy chief constable are for a fixed term. If you have been appointed for a fixed term which ends before you reach the age of 55, and your service does end before you reach age 55, you will be entitled to a deferred pension payable at age 60.

If you have completed 30 years' pensionable service in PPS (or would have been able to if you had not opted out of PPS), the Policing Board may require you to retire on the grounds that your retention in the police would not be in the general interests of efficiency.

If you become permanently disabled at any age for the performance of the ordinary duties of a member of the PSNI, the Policing Board may require you to retire on the grounds of ill-health (see Section 6).

4.2 Average pensionable pay

Your pension benefits are calculated on your average pensionable pay, which is normally your pensionable pay for your final 12 months of service. If your pensionable pay in one of the preceding two years was higher, then this will be used instead.

Example 1

A retired at the end of 2009. He was given temporary promotion in 2008. His pensionable pay in the three years prior to his retirement has been:

2007	£37,000
2008	£45,000
2009	£40,000

His average pensionable pay, for calculating his pension, will be his 2008 pay.

Average pensionable pay is always taken to be full-time pay, even if you work part-time. If you work half-time for a year, for example, your final pensionable pay for that year is the full-time rate (but you will only be able to count a half year's pensionable service).

4.3 Pensionable service

This is the service that counts in the calculation of your pension. This includes:

- Your current service as a regular police officer during which you have paid pension contributions or for which contributions are deemed to have been paid (e.g. any unpaid period in the first 26 weeks of maternity leave).
- Earlier service in the same police service, or in other UK police services if you transferred to your present police service from another UK police service (again, provided that you paid pension contributions in your earlier service and that these have not been refunded to you).
- Periods of 'relevant service' under Section 97 of the Police Act 1996 (this includes appointments to the Inspectorate of Constabulary and certain types of overseas service) during which you have paid pension contributions. (Officers contemplating overseas service are recommended to seek advice on the pension position before agreeing to undertake it.)

If you have pension benefits in the scheme of a former employer or in a personal pension plan, you may be able to transfer them into PPS. The transfer value will buy a credit of pensionable service in PPS. The Policing Board has discretion to refuse a transfer if it is deemed to be insufficient to cover the cost of any Guaranteed Minimum Pension to which you may be entitled (if you had been employed in the period 1978 – 1997).

4.4 Part-time working and pensionable service

Approved part-time working is counted as pensionable service on a pro-rata basis based on actual hours worked as a proportion of full-time work. Your pension contributions are also collected on a pro-rata basis (i.e. 11% of the part-time pay).

Example 2

Bs full-time pensionable pay would be £30,000, but she is working half-time. She therefore receives £15,000 salary and pays pension contributions at 11% of that, of £1,650. Each year that she serves half-time and pays pension contributions adds half a year to her pensionable service.

4.5 Benefits on retirement

You will receive a pension for life plus, if you choose to commute part of it, a tax-free lump sum.

Your police pension is based on $\frac{1}{60}$ th of your average pensionable pay for each year of pensionable service up to 20 years, and $\frac{2}{60}$ ths of your average pensionable pay for each year over 20 years, up to a maximum of $\frac{40}{60}$ ths. For example, 25 years equals $\frac{30}{60}$ ths. Each day counts as $\frac{1}{365}$ th of a year. The maximum length of pensionable service that can count towards a PPS pension is 30 years.

You can exchange ('commute') part of your pension for a tax-free lump sum (see section 7.1).

4.6 Ordinary pension

An ordinary pension is awarded on retirement after completion of at least 25 years' pensionable service. If you have 25 years' pensionable service, you may retire on an ordinary pension paid immediately on retirement if aged 50 or over. However, if you have 30 years' pensionable service, you may retire with an immediate pension before age 50.

Example 3

C's average pensionable pay is £30,000 and his pensionable service is 20 years at $\frac{1}{60}$ ths each and 5 years at $\frac{2}{60}$ ths each.

His pension = $\frac{£30,000 \times 30}{60} = £15,000$ per year (index linked after the first year)

4.7 Short service pension

A short service pension is payable immediately after completion of at least two but less than 25 years' pensionable service if you retire at the compulsory retirement age for your rank. It is calculated in a similar way to an ordinary pension.

If you were allowed to postpone your date of retirement beyond the compulsory retirement age for your rank, and you decide to leave voluntary before you reach your new compulsory retirement date, then if you have at least 2 but less than 25 years' service you will qualify for a deferred pension payable at age 60. You will not be entitled to a short service pension, which would have been payable if you had completed your extension of service (see Section 4.9 overleaf).

4.8 Pension after part-time work

As mentioned in section 4.4 approved part-time working counts as pensionable service on a pro-rata basis. However, your average pensionable pay is based on the full-time equivalent of what you earn.

Example 4

D is a part-time officer who has worked half-time for the full 30 years, ie with 15 years' pensionable service. She can retire with an immediate pension on reaching age 50.

Her average pensionable pay is £30,000.

A full-time officer's pension in these circumstances would be:

$$40/60 \times £30,000 = £20,000$$

D's pension, to reflect her part-time service, is the appropriate proportion of this, ie:

$$\frac{£20,000 \times 15}{30} = £10,000 \text{ per year (index linked after the first year)}$$

4.9 Deferred pension

You are entitled to a deferred pension if you have at least two years to count towards qualifying service, and you either:

- leave the police, or
- cease to be a member of PPS by opting out of it,

without transferring your PPS rights to another pension scheme.

The deferred pension will be a proportion of your hypothetical pension - ie the pension you would have earned by the age of compulsory retirement, subject to the limit of the maximum ordinary pension.

The size of your deferred pension will be the same proportion of your hypothetical pension as your actual pensionable service is of your hypothetical service - ie the pensionable service you would have accrued by the time of your compulsory retirement age, subject to a limit of maximum pension.

A deferred pension is payable from age 60. It may be paid earlier if you become permanently disabled from performing the ordinary duties of a police officer.

If you leave before the age of 50 with at least 25 years' service, then your deferred pension will be paid from age 50.

Example 5

E, with the rank of constable, leaves PPS after 10 years' service at age 40 with average pensionable pay of £30,000. He could have stayed on until age 55, by which time he would have accrued 25 years' service - his hypothetical service.

E's hypothetical pension would be:

$$\frac{£30,000 \times 30}{60} = £15,000$$

His deferred pension would be:

$$\frac{£15,000 \times 10}{25} = £6,000$$

4.10 Refund of contributions on leaving the Service

If you leave the police service with less than two years' qualifying service without entitlement to any other PPS award, you can have your pension contributions returned to you, less deduction of tax and a deduction to contract you back in to the State Second Pension (like any leaver you can, alternatively, ask for your PPS benefits to be transferred to another pension scheme - see section 9.2). You should note that a refund of contributions will only be of the contributions that you have paid, but a transfer value will reflect the total value of pension benefits which have been purchased both by your own contributions and those of the Policing Board.

If you leave the service with less than two years' qualifying service, then unless you are permanently disabled as the result of an injury received in the execution of duty, your pension award will thus be a lump sum equal to your pension contributions.

5. BENEFITS FOR SURVIVORS IF YOU DIE

When you die, your 'survivors' (which can include your widow, widower or civil partner and children) may be eligible to receive benefits from PPS. The benefits which may be payable will depend on whether you die in service or after you retire and on the length of your pensionable service at the date of your death. More details are given in this Section.

5.1 Lump sum death grant

If you die while serving, provided you were a member of PPS at the time of death (and had not opted out) a lump sum death grant of twice annual pensionable pay will be paid to your surviving spouse or civil partner. If there is no surviving spouse or civil partner, it will be paid to your personal representative - usually the executor of your will - and thus form part of your estate.

If you work part-time, the lump sum will be twice your annual pensionable pay as a part-timer.

Example 6

F's full-time equivalent pay is £35,000 per year, but she serves half-time and so her annual pensionable pay is £17,500 per year.

If she were to die in service whilst she is a member of PPS, the lump sum death grant payable in respect of her death would be £35,000.

This grant is irrespective of your length of service.

5.2 Death gratuity

If you die as a result of an injury on duty or die within 12 months of receiving an injury on duty as a result of that injury, your spouse may be entitled to a gratuity under the Police (Injury Benefit) Regulations. This does not form part of the pension scheme.

5.3 Gratuity - estate

If, when you die, the various awards payable under PPS (excluding the lump sum death grant) are less than your total pension contributions, an extra award equal to the balance of those contributions will be paid to your estate.

5.4 Adult survivor awards

Adult survivors include widows, widowers and civil partners. Since 5 December 2005, same sex couples have been able to have their relationship legally recognised. The Civil Partnership Act allows same sex couples to make a formal, legal commitment to each other by forming a civil partnership. A couple in a civil partnership are treated in much the same way as a married couple.

A widow or widower is the person to whom an officer was legally married when he or she died. A surviving civil partner is the person with whom an officer had formed a civil partnership when he or she died. A former spouse or civil partner is not eligible to receive an adult survivor's pension.

There are differences in the way in which service is counted for the purposes of awards to widows, widowers and civil partners. These are indicated below.

5.4.1 Widows' awards: eligibility

A widow is entitled to a full pension if she was married to an officer before he ceased to be a regular police officer and was married to him when he died. A widow who married after the officer's retirement will be entitled to a pension based on the officer's service after 5 April 1978 only.

5.4.2 Widow's ordinary pension

If an officer dies in service, or after retirement while receiving a PPS pension, the widow will normally be entitled to a widow's ordinary pension if the officer had at least three years' pensionable service.

If the officer joined after 1 April 1972, the widow will be entitled to a half-rate pension (ie half of the officer's gross pension, before commutation). Otherwise, the widow's pension will depend on whether the officer opted to up-rate his pre-April 1972 service. This could have been done by paying a lump sum, paying additional pension contributions until the completion of 25 years' service; or by the officer taking a reduction in his own pension.

5.4.3 Widow's accrued pension

If an officer retired with entitlement to a deferred pension, his widow will normally be entitled to an accrued pension, irrespective of whether or not the deferred pension was being paid. If the officer joined after 1 April 1972, this accrued pension would normally be half of the officer's deferred pension.

5.4.4 Widow's pension: increase for the first 13 weeks

For the first 13 weeks of widowhood, a widow's pension will be increased so that, together with any child allowances payable, it will equal the deceased officer's pensionable pay (and rent or housing allowance, if any) for the week before he died (if he died in service) or the weekly amount of his pension (if he died while receiving a PPS pension). An accrued pension cannot be increased, however, if the deferred pension was not in payment.

5.4.5 Widowers' awards

Widowers' ordinary, special, augmented and accrued pensions are payable in the same way as for widows except that the award is a standard entitlement in respect of a woman officer's service only after 16 May 1990. Service before that, from 6 April 1988, provides only a guaranteed minimum pension (GMP) for a widower (see Section 12.3.1 for an explanation of GMP).

A widower's pension is increased for the first 13 weeks in the same way as that for a widow.

Female officers had the opportunity to decide whether to up-rate their service before 17 May 1990, so that it attracted a half-rate widower's pension (see Section 5.4.6 below for information on a further opportunity for female officers to up-rate their service).

5.4.6 Civil partners' awards

The benefits available to widows and widowers including rights to ordinary, special, augmented and accrued pensions and the 13 week increase, are paid in the same way to civil partners, except that the entitlement only applies to service completed after 5 April 1988.

5.4.7 Changes in circumstances which affect adult survivors' awards

If your surviving spouse or civil partner later remarries, forms a new civil partnership or cohabits, the pension will stop (or be reduced to only the pensions for any children). But it may, on application, be restored at the discretion of the Policing Board if the second marriage, civil partnership or cohabitation comes to an end.

On divorce or dissolution of a civil partnership, a former spouse or civil partner's claim to a share of a pension will be assessed on the strength of the officer's pension rights as a whole. It will not be taken from the officer's widow, civil partner or widower's pension. If you are concerned about the possible effect of matrimonial proceedings on your pension, you should obtain legal advice.

5.6 Children's pensions

If you die in service or when you are receiving a PPS pension, or after you have left the PSNI with an entitlement to receive a deferred PPS pension, children's' pensions will be payable to your legitimate or adopted children, but not to the children (including step-children) of a marriage which took place in retirement, nor to children adopted in retirement. The same awards are payable to your children regardless of whether you are a male or female officer.

Whether your children meet the conditions for an award also depends on their age. If they are aged 16 or over, a pension is not payable unless they are in full-time education or training nor is it payable to children not substantially dependent on you at the time of death. The definition can include: stepchildren, adopted and illegitimate children. If you die after leaving the PPS the children must have been substantially dependent on you both at the time your service ended and at your death.

Any children's pensions which become payable from 6 April 2006 will cease at age 23, unless the child is dependent on you by reason of disability at the date of your death.

More details of whether your children would be eligible for an award are given in the tables at the end of this section. The types of award are considered below.

5.5.1 Child's ordinary allowance

A child's ordinary allowance is generally 18.75% of your ordinary, short service or ill-health pension (if such a pension was payable) or otherwise your notional ill-health pension (see Section 6.2).

Where more than two child allowances are payable, they cannot exceed 37.5% of the pension. Where the child is an orphan, the amounts are increased to 25% and 50% respectively.

5.5.2 Child's accrued allowance

A child's accrued allowance is generally 18.75 % of your deferred pension, irrespective of whether or not the deferred pension was in payment. Where more than two child allowances are payable they cannot exceed 37.5% of the pension. Where the child is an orphan the amounts are increased to 25% and 50% respectively.

5.5.3 Child's pension: increase for the first 13 weeks

If, after your death, there is no widow's, widower's or surviving civil partner's pension payable a child's pension is increased for the first 13 weeks so that it will equal your pensionable pay (and your rent or housing allowance, if any) for the week before you die (if you die in service), or the weekly amount of your pension (if you die while in receipt of a pension). Your child's accrued pension will not be increased, however, if you have a deferred pension which is not in payment at the time of your death.

5.5.4 Child's pension: summary of who qualifies

Child's relationship to you	Specific conditions
Child of your marriage	Your marriage must have taken place before your retirement.
Stepchild	You must have married the child's parent before retirement and the child must be substantially dependent on you when you die.
Adopted child	Child must have been adopted before retirement and be substantially dependent on you when you die.
Any other child who is related to you or is a child of your spouse	Child must have been substantially dependent on you both at the time of your retirement and death.

Child's age	Circumstances in which a child's allowance may be paid
Under 16	In all cases.
16 and under 17	In all cases, except where a child is in full-time employment (but not full-time vocational training).
Over 17 and under 19	Child is: <ul style="list-style-type: none"> • in full-time education, or • in full-time vocational training, or • permanently disabled, and <ul style="list-style-type: none"> ➢ substantially dependent on relevant parent, when latter died, or ➢ became permanently disabled while receiving a child allowance or ➢ the Policing Board determine that an allowance should be paid.
19 - 23	Child is: <ul style="list-style-type: none"> • in full-time education, or • in full-time vocational training, and has been continuously since before 19th birthday, or the Policing Board waive the need for complete continuity, or • permanently disabled, and <ul style="list-style-type: none"> ➢ substantially dependent on relevant parent, when latter died, or ➢ became permanently disabled while receiving a child allowance or ➢ the Policing Board determine that an allowance should be paid.

Note: The allowance of a child in full-time vocational training may be reduced depending on the amount of any income related to that training.

Over 23	Child is: <ul style="list-style-type: none">• permanently disabled, and<ul style="list-style-type: none">➤ substantially dependent on relevant parent, when latter died, or➤ became permanently disabled while receiving a child allowance or➤ the Policing Board determine that an allowance should be paid.
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Note: The allowance of a child in full-time vocational training may be reduced depending on the amount of any income related to that training.

6. MEDICAL RETIREMENT AND PENSIONS PAID ON GROUNDS OF ILL HEALTH

If it appears that you have become permanently disabled from performing the normal duties of a police officer, the Policing Board may refer you to a selected medical practitioner and will then consider whether to retire you or retain you on restricted duties.

The arrangements for ill health retirement in PPS are complex and the following can only be a general guide. There is a set order of procedure, and before any decision can be made the Policing Board must put specific questions to the selected medical practitioner to determine whether you are permanently disabled for 'the performance of the ordinary duties of a member of the police service'. The doctor will consider such issues as your ability to:

- run, walk reasonable distances, and stand for reasonable periods;
- exercise reasonable physical force in restraint and retention in custody;
- sit for reasonable periods, to write, read, use the telephone and to use (or learn to use) IT;
- make decisions and report situations to others;
- evaluate information and to record details;
- understand, retain and explain facts and procedures.

In judging whether or not your illness is permanent it will be assumed that you are receiving appropriate medical treatment for it. This does not include treatment that it would be reasonable for you to refuse.

The doctor's judgement will be based on a medical examination (unless there are very exceptional circumstances).

Even if you are assessed as permanently disabled for the performance of the ordinary duties of a member of the police service, it does not automatically mean that you will be retired on ill-health grounds. The Policing Board will consider your specific disabilities and overall capabilities to see whether there are alternative duties which you could undertake whilst remaining a police officer.

6.1 Referral to a medical practitioner

When considering whether to retire you on grounds of ill health, the Policing Board must follow set procedures and will take all relevant information into account. As part of this process, the Policing Board must refer the following questions to a duly qualified medical practitioner selected by them (the 'selected medical practitioner'):

- (a) whether you are disabled; and if so
- (b) whether such disablement is likely to be permanent.

If the Policing Board is considering whether to grant an injury pension in addition to an ill-health award (whether at the same time as considering an ill-health award or later), it must also refer the following questions:

- (c) whether your disablement is the result of an injury received in the execution of duty; and if so
- (d) the degree of your disablement.

The questions put to the selected medical practitioner are answered in the form of a report to the Policing Board, which the Policing Board will take into account in reaching their decision. You may request a copy of the report.

6.2 Ill health pension

If you are found by the selected medical practitioner to be permanently disabled for the ordinary duties of a member of the police service, and there are no suitable alternative duties that you could undertake within the police service (taking account of both your disability and capabilities), the Policing Board will decide whether to retire you on those grounds.

If the Board decides to retire you, you will be entitled to an immediate ill-health pension and lump sum:

- if you have at least two years' pensionable service and your retirement is on the grounds of permanent disablement or
- after any length of service if your retirement is on the grounds of permanent disablement resulting from an injury on duty.

An ill-health pension is calculated in a similar way to an ordinary pension, and is then normally enhanced to compensate for the lost opportunity of serving until normal retirement. The enhancements applied are shown in the table below.

The maximum ill-health pension is $\frac{40}{60}$ ths and all enhancement is subject to the condition that pensionable service does not exceed what could have been completed by the age of compulsory retirement. In the case of permanent disablement due to an injury on duty, there is a minimum of a year's award (ie $\frac{1}{60}$).

Pensionable Service	Ill-Health pension
2 to less than 5 years	$\frac{1}{60}$ per year (no enhancement)
5 to 10 years	$\frac{2}{60}$ per year
10 to 13 years	$\frac{20}{60}$
More than 13 years	$\frac{7}{60}$, plus $\frac{1}{60}$ for each year up to 20 $\frac{2}{60}$ for each year over 20

6.3 Ill-health gratuity

An ill health gratuity is payable if you have less than two years' pensionable service and you retire on grounds of permanent disablement, which was not caused by an injury on duty. The amount of the gratuity will not be less than your total pension contributions.

6.4 Review of permanent disablement

As explained above, the question whether you are entitled to an ill-health award is for the Policing Board to determine in line with set procedures and taking into account the report from the selected medical practitioner. The Policing Board may at their discretion review your disablement following ill-health retirement - again, in line with set procedures and taking into account a report from a selected medical practitioner. It will be assumed that you have been receiving normal appropriate medical treatment for your condition (unless the Policing Board considers it was reasonable for you not to have done so).

Where a medical practitioner decides that your disablement has ceased, the Policing Board may offer you an opportunity to rejoin the PSNI, at the rank previously held. In these circumstances, whether or not you rejoin, the Policing Board will terminate the ill-health pension. If you decline to rejoin, your pension will revert to a deferred pension and not come back into payment until you are 60.

Once you have reached the age at which you could have retired, your ill-health pension cannot be cancelled.

6.5 Reduction of ill-health award due to your default

Your ill-health award may be reduced by up to a half if you substantially contributed to your disablement by your own default.

6.6 Injury award

If, as a result of an injury on duty, you are permanently disabled from performing the ordinary duties of a member of the police service, and you have left the service, you may receive an injury award under the Police (Injury Benefit) Regulations. This does not form part of the pension scheme.

7. COMMUTATION AND ALLOCATION OF YOUR PENSION

7.1 Commutation

In PPS you can exchange ('commute') part of your pension permanently, in exchange for a lump sum. The lump sum is calculated in two ways using the table set out at the end of this Section.

PSNI Pensions Branch will need to establish which one of two commutation options you wish to avail of.

The **first option** shows your annual pension amount before tax and your maximum lump sum, the excess which is liable to taxation at 40%.

Example

Option one: Full Commutation

Gross Pension (40/60ths x £37,731.00 (Average Pensionable Pay))	£25,154.00
Less amount to be commuted 1/4	£ 6,288.50
Annual Taxable Pension	£18,865.50

The lump sum payable on commutation of £6288.50 at age 48 years 0 months (multiplier is 23.5 - see commutation factors table) is **£147,779.75**. The HMRC maximum tax free commutation in these circumstances is £130,633.92. Therefore the excess £17,145.83 is considered an unauthorised payment and is subject to a tax charge, in this case 40% tax charge. Tax of £6,858.00 would therefore be charged and deducted from the commutation leaving a balance for payment of £140,921.75.

The **second option** shows your annual pension amount before tax and a commuted lump sum which does not breach HMRC maximum tax free level and is therefore not liable to taxation. The HMRC maximum level is breached up until age 56 years and 4 months.

Option two: HMRC Maximum Tax Free Level

Gross Pension (40/60ths x £37,731.00 (Average Pensionable Pay))	£25,154.00
Less amount to be commuted	£ 5,558.89
Annual Taxable Pension	£19,595.11

The lump sum payable on the HMRC maximum tax free commutation of £5,558.89 at age 48 years 0 months (multiplier is 23.5 - see commutation factors table) is **£130,633.92**.

PSNI Pensions Branch also need to establish your Lifetime Allowance for tax purposes. This is a tax system introduced by HMRC on 6th April 2006. Please note that we cannot pay your commutation until we are able to establish your Lifetime Allowance for pensions.

If you wish to commute, you must give notice to your pensions administrator no more than 3 months before your date of retirement.

You may commute up to a quarter of your pension if you receive:

- an ordinary pension after not less than 30 years' pensionable service or on compulsory retirement on account of age;
- a short service pension;
- an ill-health pension; or
- a deferred pension on coming into payment.

In all other cases, you may commute an ordinary pension of at least 25 but less than 30 years' pensionable service to give a maximum lump sum of no more than $2\frac{1}{4}$ times your gross annual pension - ie before any reductions.

7.2 Allocation

Provided you are in good health (which the Policing Board may require you to confirm by attending a medical examination which you will have to pay for) you can give up part of your pension to provide benefits for another individual who is dependent on you (either financially or by reason of disability). Allocation is a means to provide additional pension benefit to a spouse or child who is dependent upon you, or to provide some pension benefit to another person who is dependent upon you but would not otherwise receive any benefit from PPS, such as a disabled brother or sister.

Not more than a third of your pension in total may be used for any combination of allocation and commutation.

You cannot cancel an allocation, once made, even if the beneficiary dies before you retire or die.

PSNI Pensions Branch will be able to advise you on the procedures for making an allocation and give you an estimate of the effect of allocation on your pension. You should seek full information and consider your decision very carefully. You might also wish to obtain independent financial advice.

PPS factors for commutation of pension to lump sum

Years	Age in years and completed months											
	0	1	2	3	4	5	6	7	8	9	10	11
48	23.5	23.5	23.5	23.5	23.5	23.5	22.4	22.4	22.4	22.4	22.3	22.3
49	22.3	22.3	22.3	22.3	22.2	22.2	22.2	22.2	22.2	22.2	22.1	22.1
50	22.1	22.1	22.1	22	22	22	22	21.9	21.9	21.9	21.9	21.8
51	21.8	21.8	21.8	21.7	21.7	21.7	21.7	21.6	21.6	21.6	21.6	21.5
52	21.5	21.5	21.5	21.4	21.4	21.4	21.4	21.3	21.3	21.3	21.3	21.2
53	21.2	21.2	21.2	21.1	21.1	21.1	21.1	21	21	21	21	20.9
54	20.9	20.9	20.8	20.8	20.8	20.7	20.7	20.7	20.6	20.6	20.6	20.5
55	20.5	20.5	20.5	20.4	20.4	20.4	20.4	20.3	20.3	20.3	20.3	20.2
56	20.2	20.2	20.1	20.1	20.1	20	20	20	19.9	19.9	19.9	19.8
57	19.8	19.8	19.7	19.7	19.7	19.6	19.6	19.6	19.5	19.5	19.5	19.4
58	19.4	19.4	19.3	19.3	19.3	19.2	19.2	19.2	19.1	19.1	19.1	19
59	19	19	18.9	18.9	18.9	18.8	18.8	18.8	18.7	18.7	18.7	18.6
60	18.6	18.6	18.5	18.5	18.5	18.4	18.4	18.4	18.3	18.3	18.3	18.2
61	18.2	18.2	18.1	18.1	18	18	18	17.9	17.9	17.8	17.8	17.7
62	17.7	17.7	17.6	17.6	17.6	17.5	17.5	17.5	17.4	17.4	17.4	17.3
63	17.3	17.3	17.2	17.2	17.1	17.1	17.1	17	17	16.9	16.9	16.8
64	16.8	16.8	16.7	16.7	16.7	16.6	16.6	16.6	16.5	16.5	16.5	16.4
65	16.4											

Notes to the table

1. The table is prepared by the Government Actuary's Department, and is subject to periodic review.
2. Notice of commutation takes effect on the date of your retirement or the date your notice is received by PSNI Pensions Branch, whichever is later. Once it has become effective you cannot amend or cancel your notice.
3. Commutation factors are based on your age on the date of your pension award.
4. Commutation factors start to reduce from age 48 and 6 months and each month thereafter.

8. INCREASING YOUR BENEFITS

You may choose to increase your pension provision, particularly if you are unable to build up 30 years' pensionable service before your intended retirement age. You have the option to purchase increased benefits in PPS through 'added years' or to pay additional contributions to the PPS Additional Voluntary Contribution (AVC) Scheme. This will buy additional benefits for you and/or your spouse, and is done through Standard Life Assurance Company.

You are also free to take out an entirely separate personal pension plan at the same time as you contribute to PPS.

You are strongly recommended to seek independent financial advice before taking any action. PSNI cannot give you financial advice.

HM Revenue and Customs places overall limits on pension contributions which are tax-deductible, but these are very generous. Unless you are a very high earner you are normally able to pay up to the whole of your taxable earnings in a tax year in pension contributions and have the whole amount allowable against tax - although there may be limitations in any year in which your PPS benefit entitlement has increased substantially (for example, if you have been promoted or have taken up a more senior appointment).

8.1 Purchase of increased benefits through 'added years'

If you do not qualify for a maximum pension because you are unable to complete 30 years' pensionable service by the age of compulsory retirement, you may be able to purchase extra service to increase your PPS benefits on retirement. This will be more expensive than the normal contribution rate because PSNI, which pays towards your basic PPS benefits, does not contribute to added years purchased. You will have to pay the full cost of the additional benefits, currently assessed as 37.1% of salary.

Accrued service in PPS, plus increased benefits purchased within the scheme, cannot exceed 40/60ths. You cannot purchase added years to cover career breaks if, on your return, you are able to accrue 30 years' service by age 55.

The purchase of 'added years' normally entails a long-term commitment to pay contributions until you retire or leave PPS. Your contributions for increased benefits are calculated as a percentage of your pay and, accordingly, increase every time your pay increases, as do the benefits provided by the purchase. Your contributions for increased benefits will be deducted from pay before tax.

If you decide to purchase 'added years' within 12 months of joining or rejoining the force, you have the choice of paying additional contributions by deduction from pay or by making a lump sum payment. The option to pay regular contributions can be taken up at any time while there are at least 2 years between the next birthday and compulsory retirement age. If you pay by lump sum, you will only obtain tax relief up to the total of your taxable earnings in the tax year.

If you serve part-time you have a choice of purchasing 'added years' on either a full-time basis or a part-time basis (which will cost less as a percentage of your pay, but will buy you less additional service). PSNI's pensions administrator will be able to give you more details. You cannot buy added years if you could build up 30 years' service by compulsory retirement age assuming full-time service throughout the rest of your career.

Any increased benefits you purchase will count when determining the level of your PPS pension, whether payable to you or your survivors, but they will not enable you to qualify for any type of award or enhancement to which you would not otherwise be entitled.

If you retire before your planned date of retirement, or cease to serve with a deferred pension or with a transfer value, you will be credited with an appropriate proportion of the increased benefits that you were purchasing.

If you die or retire on ill health grounds and have bought or are buying added years by lump sum or periodical contributions, which have been continuous, you will be credited with the total added years you elected to buy.

PSNI's pensions administrator will be able to give you more details and estimated costs of buying 'added years'.

8.2 PPS Additional Voluntary Contributions (AVC) Scheme

You have the option to contribute to a pension investment plan for yourself or for your dependants, and/or to provide you with additional life cover for the benefit of your dependants, by making Additional Voluntary Contributions (AVCs) through the Standard Life Assurance Company (some officers may still have arrangements through Equitable Life, but any new arrangement will be with Standard Life). The AVC plan may be of particular interest if you are a late entrant and unable to accrue 30 years' pensionable service.

AVCs are deducted from pay before tax.

Information about the AVC scheme is available in booklets produced by Standard Life, which accompany the relevant application forms. You can ask your pensions administrator for a copy and for basic information about AVCs and life cover, but the pensions administrator cannot provide you with pensions advice. Before you enter into any AVC arrangement, it is essential that you consider your financial position carefully and obtain independent financial advice if necessary.

8.2.1. Money purchase AVCs

With a money purchase, your AVCs build up in an individual fund with Standard Life. You can choose how much to pay (within certain limits) and you can amend or suspend your contributions at any time. You have a wide choice for the investment of your AVCs and you can change the method of your investment. At retirement, your AVC fund is converted to pension through the purchase of an annuity - ie a pension for life. You can also take up to 25% of your AVC fund as a lump sum.

When you retire, Standard Life will ask you whether you want to purchase an annuity for yourself alone or if you want to elect to set aside some of your pension for the benefit of your spouse or other dependants. You may also be able to choose whether, or to what extent, you can protect the pension(s) from the effects of inflation.

You will not benefit from AVCs before retirement. If you die before retirement, your AVCs cannot be used to provide a pension but the AVC fund will be paid to the PSNI as administrators of the PPS. At their discretion, the fund will be paid to your surviving spouse or civil partner or, in the absence of such a person, to your estate.

8.2.2 Additional life cover

You may also elect to pay death benefit contributions to provide life cover about the level of that provided by the PPS for death in service other than death as a result of an injury on duty. HM Revenue and Customs allows death benefit payments of up to 4 times final remuneration. PPS already provides for twice annual pensionable pay, so this leaves scope for members to increase death benefit to up to 4 times annual gross earnings.

The cost of the life cover will depend on your age and the amount of cover that you wish to have. You can ask for Standard Life's current rates either direct or through the PSNI pensions administrator.

You can stop paying your death benefit contributions at any time, in which case your cover will cease. As with any insurance, you will not receive a refund of the contributions already made.

9. TRANSFERRING BENEFITS INTO THE SCHEME AND LEAVING THE SCHEME

9.1 Inward transfer of pension rights to PPS

If you transfer to a UK police service, from another UK police service, any previous service in PPS for which you have paid pension contributions will be transferred day for day. If you received a refund of pension contributions, this sum would have to be repaid before a transfer could take place. However, it may in certain circumstances, not be possible for you to repay a refund.

If you were in another pension scheme or you contributed to a personal pension, it may be possible to transfer your pension rights into PPS.

If you were awarded a deferred pension from a previous job, it may be possible for this to be cancelled in favour of a transfer of pension rights, and your previous employer should tell you the amount of your pension and whether it is subject to any increases.

If your previous employer was a member of the Public Sector Transfer Club, the service credited in PPS may be more beneficial than would be the case with another employer. But you must apply to transfer any deferred benefits within 12 months of joining PPS to benefit from the preferential rates. A full list of schemes that participate in the club can be found online at www.civilservice-pensions.gov.uk - or you can ask PSNI Pensions Branch.

If you apply for a transfer of pension rights, you will be informed of the amount of service credit available in PPS (i.e. the number of years of pensionable service in PPS that the transfer value will buy), so that you can decide whether to proceed with the transfer or opt to retain the alternative benefits available from your previous scheme.

A transfer of pension rights from another pension scheme might not result in the same length of pensionable service in PPS. A transfer of pension rights from a private sector pension arrangement might result in only a small amount of service credit compared to the length of your previous employment, if the benefit structure of the private sector scheme is less generous than PPS.

9.2 Outward transfer of your PPS pension rights

If you leave or opt out of PPS before pension age, you have a choice of options for your benefits. Your choice will generally depend on whether you are in the first three months of your police service and, if not, whether you have two or more years' qualifying service.

If your police service plus any linked qualifying service (i.e. qualifying service brought across from another pension scheme through a transfer value) amounts to less than three months, then your contributions will be refunded.

If your police service plus any linked qualifying service amounts to three months or more, but your total qualifying service is less than two years, your choice is:

- a transfer out of your PPS pension rights to another pension scheme; or
- a refund of your contributions.

If you have two or more years' qualifying service (or if you transferred pension rights into the PPS from a personal pension scheme) your choice is:

- a transfer out of your PPS pension rights to another pension scheme; or
- retaining deferred benefits within PPS.

You may transfer your PPS rights to:

- another public sector pension scheme; or
- any other pension scheme which is registered with HM Revenue and Customs (which can include a personal pension plan); or
- a qualifying recognised overseas pension scheme.

If you are opting out of PPS while staying in the police, only the second option is open to you.

The transfer payment will be in the form of a transfer value.

Example 7

G leaves the police service to move to the private sector. She has 15 years' pensionable service in PPS and is informed by her new employer that she will be able to transfer this to her new employer's pension scheme. She knows that if she takes no action, she will be entitled to a police pension of 15/60 of her final salary, and an associated lump sum, when she is 60, which will be increased for inflation from the time at which she leaves the police service to her 60th birthday. PSNI Pensions Branch, on request, will calculate the cash equivalent transfer value of her police pension rights and provide this information to her new employer. Her new employer will be able to tell her what pension benefits this will buy in their pension scheme. G is then free to choose whether or not to transfer her police pension rights; this will be her own decision and PSNI Pensions Branch cannot advise her as to what she should do. To transfer her police pension rights, she must give written notice to PSNI Pensions Branch.

There are a number of issues to consider before making a transfer:

- You must apply for a transfer payment within six months of leaving the PSNI or opting out of PPS (this is extended to twelve months for transfers to a public sector scheme) – these time limits may be extended by the Policing Board at their discretion.
- You are not entitled to a deferred pension from PPS if you received a refund of contributions - a transfer will be possible only if you repay the refund first.
- You will not be able to have a transfer if you are within a year of reaching the age of 60.
- The transfer value may not necessarily buy the same length of service in the new scheme - an estimate from the new scheme should provide an indication.
- The range and type of benefits offered by another scheme may be quite different from those offered by PPS.

PSNI Pensions Branch can provide an example of a transfer value calculation and more information about how PPS arrangements work, but cannot give specific advice on individual cases.

9.3 Opting out

You can opt out of PPS at any time. You will need to complete and return an option form available from PSNI Pensions Branch. If you opt out in the first three months of your police service, your decision is back-dated to the date of your becoming a police officer. If you decide to leave PPS at any other future date, your decision will take effect from your next pay day after receipt of your notice to opt out.

Opting out of PPS will have a number of consequences, including:

- If you build up two years or more pensionable service in PPS and then opt out, you will be entitled only to a deferred pension, which would generally only be payable from age 60;
- If you die in service when you have opted out of PPS, no lump sum death grant is payable.
- As someone who is not an active member of PPS you will not be eligible for an ill- health pension if you are medically retired, although you will qualify for early payment of your deferred pension if you are assessed as permanently disabled for all regular employment.

If you opt out of PPS with less than two years' qualifying service, your pension contributions will be refunded when you leave the service or reach your compulsory retirement age.

If you are thinking of opting out of PPS, you are strongly recommended to take independent financial advice before you make a decision.

9.4 Opportunities to rejoin at a later date

If you opt out of PPS, on or after 6 April 2006, you cannot rejoin PPS. You can only join the New Police Pension Scheme. You may need to undergo a medical examination at your expense to determine whether you will be eligible for ill-health benefits.

10. RE-ENGAGEMENT AFTER RETIREMENT

If you leave the PSNI but then return to service as a regular police officer at a later date, the PPS regulations can affect you in a number of ways.

10.1 Resumption of police service before usual pension age

In general, if you resume police service having previously left the police either with a deferred pension (generally payable at age 60) or with an ill-health pension and you did not transfer your PPS benefits to another pension scheme, your deferred pension will be cancelled and your previous pensionable service will be added to your second period of service towards one pension. You will not need to make any payments to reinstate your previous service for pensionable purposes.

However, if you resume police service after having received a refund of your previous pension contributions, the refund would have to be repaid in order that your previous pensionable service can be restored. **You need to notify PSNI Pensions Branch of your wish to repay such a refund within six months of joining or re-joining the PSNI (or before you cease to serve, if sooner), unless they allow a later notification.**

10.2 Resumption of police service after receipt of a pension

At present it is relatively unusual for a retired police officer to serve again as a regular police officer, except where an officer retires with an ordinary pension prior to taking up an appointment as an inspector or assistant inspector of constabulary (apart from the 30+ Scheme, considered below). If you are re-engaged after 6 April 2006 after having retired, you may join the New Police Pension Scheme if your total pensionable service is less than 30 years and this will build up benefits for a second police pension for you.

10.3 Abatement of pension

If you are a PPS pensioner resuming service as a regular police officer, you should note that the Policing Board may, at its discretion, withdraw the whole or part of your PPS pension payments during any period in which you serve as a regular police officer (your pension entitlement on retirement would not be affected). This is known as 'abatement'.

The Northern Ireland Office recommends that abatement should entail withdrawing so much of your PPS pension that the total of pension and pay on rejoining does not exceed the rate of pay before retirement. If your current pay at least equals your previous pay, your pension is likely to be wholly withdrawn during the second period of your service, but you will be able to retain your lump sum and your new salary will not be affected.

Abatement of a PPS pension may be applied if you are in receipt of a PPS pension in your own right, but not if you receive an adult survivor's pension or have been allocated a pension. Pension credit benefits under pension sharing on divorce cannot be abated.

10.4 Retirement after re-engagement in the police service

Your pension benefits, if you have two periods of service and you retire a second time, will be as follows:

- if your original pension was stopped or reduced, it will come back into payment (with the addition of pensions increase if it had been stopped) - there are exceptions to this in relation to enhanced ill-health pensions; and
- your benefit in respect of your second retirement will be a separate benefit depending solely on the length and circumstances of your second period of service, which could be:
 - an ordinary pension;
 - an ill-health pension;
 - a deferred pension; or
 - a refund of contributions in respect of your second period of service.

The provisions for commutation and allocation would also apply as appropriate.

10.5 Inter-service abatement

There is no provision for abating your PPS pension if you take a job outside the police service, but your salary may be subject to 'inter-service abatement'. This applies only in the public sector where the new appointment is limited to people with either general or particular public service experience, or where there has been no general advertisement of the post and no formal competition for appointment.

Further details about inter-service abatement are available from PSNI Pensions Branch.

11. DIVORCE AND DISSOLUTION OF CIVIL PARTNERSHIPS

If you get divorced, there are two important points that you should note:

- Your ex-spouse will no longer be entitled to any survivor pension, should you predecease him/her, but;
- children's pensions will continue to be payable to any eligible children in the event of your death.

The cost of complying with any Court Order imposing obligations on PPS may be recovered directly from you.

You should also note that in the event of a financial claim in proceedings for divorce, judicial separation or nullity of marriage, the PSNI are required, if requested, to provide a statement of the cash equivalent transfer value of your pension rights from the PSNI to enable the Court to take into account the pension entitlement in the settlement of financial claims.

The Court may offset the value of your pension rights against any other assets, or in divorce or nullity proceedings it may issue a pension sharing order. In financial claims arising from proceedings for nullity, judicial separation or divorce, a court may make an earmarking order against your pension.

If the court issues an earmarking order, the order may require, that when your benefits come into payment your ex-spouse should receive one of, or a combination of, the following benefits:

- All or part of your pension.
- All or part of your lump sum.
- All or part of your death grant paid in the event of your death in service.

An earmarking order against pension payments (but not lump sums unless the order so directs) will lapse automatically on the remarriage of your ex-spouse, and your full pension will be restored to you. Pension payments to your ex-spouse cease on your death.

If the court issues a pension sharing order, a percentage of your pension rights will be allocated to your ex-spouse at the effective date of the order, or the decree absolute if later. Your pension, your lump sum and survivors' benefits will be reduced. Your ex-spouse will hold pension credit benefits in PPS in his/her own right which will become payable when he/she is 60. The reduction to your pension is called a pension debit.

The dissolution of civil partnerships gives rise to the same position as divorce.

12. PAYMENT OF AWARDS

12.1 General arrangements

PPS pensions and lump sums are paid by the police service from which you retire. Lump sums are normally paid within 5 working days after retirement. Pensions are payable in advance, usually at monthly intervals by credit transfer to a bank or building society account.

Survivors' first benefit payments are made as soon as possible after a member's death (time is needed to make contact with the survivor and establish entitlement). Subsequent payments to beneficiaries are usually made monthly.

Pensions and lump sums are payable to the person entitled to them (the 'beneficiary') unless this person is under 18 or incapable of managing his/her financial affairs. In such cases the payment may be made to the relative or guardian who is caring for the beneficiary.

PSNI will pay children's pensions directly to the child's own bank or building society account.

If your pension payments (for all your pensions excluding state pension) are very small (i.e. less than £600 per year) and you are aged between 60 and 74, you may ask for the whole of the remaining PPS pension payments to be paid to you as a lump sum. This is called 'trivial commutation' in HM Revenue and Customs terminology. Only 25% of this lump sum will be tax free, and the remainder will be treated as your taxable income in the year that you receive it. If your pension is very small PSNI Pensions Branch may decide to pay it annually, if you have not asked for it to be paid as a lump sum.

Your PPS pension can only be paid to you.

12.2 Income tax

All PPS pensions are treated as earned income for tax purposes, and tax is deducted before instalments of pension are paid.

Your commuted lump sum is tax free, as is the lump sum death grant for your survivors.

Any refunds of contributions are subject to deduction of tax, and also a deduction to contract you back into the State Second Pension.

12.3 State pension benefits

State pension age is the age at which pensions are payable from the State.

From 6 April 2020, the State Pension age will be 65 for both men and women (the State Pension age for women born on or after 6 April 1950 will increase gradually to 65 between 2010 and 2020).

Between 2024 and 2046, the State Pension age will gradually increase for both men and women as follows:

- From 65 to 66 between April 2024 and April 2026.
- From 66 to 67 between April 2034 and April 2036.
- From 67 to 68 between April 2044 and April 2046.

Once you reach State Pension age, the basic State Pension will become payable to you, provided you have paid sufficient National Insurance contributions, in addition to your PPS pension. You can obtain a State Pension forecast at any time prior to four months before you reach State pension age by completing Form BR19, which is available from the Department of Work and Pensions at:

Retirement Pension Forecasting Team
The Pension Service
Tyneview Park
Newcastle upon Tyne
NE98 1BA

If you joined the regular police between 1 July 1948 and 31 March 1980 your police pension will be reduced when you reach state pensionable age, by £1.70 a year for service prior to 1 April 1980. The reduction will be applied to your original pension before any increases are applied. If you joined the police on or after 1 April 1980 your police pension will not be reduced in this way.

Members of PPS do not participate fully in the State Pension arrangements. Instead, PPS takes on the responsibility for paying part of the pension that would otherwise have been paid by the State and you pay a lower rate of National Insurance contributions. This is known as being 'contracted-out'. You will not receive any State Second Pension in respect of the time in which you were a member of PPS (the State Second Pension replaced the State Earnings Related Pension Scheme (SERPS) from 6 April 2002). Your police pension is guaranteed never to be smaller than the amount you have given up from the State. It will usually be very much greater.

12.3.1 State Pension and Guaranteed Minimum Pension

Since 6 April 1978, the State Retirement Pension has consisted of two parts, namely the basic State Pension and the State Second Pension (formerly SERPS). The State Second Pension is an additional amount based on the increased National Insurance contributions a person has paid since 6 April 1978. The benefits are a pension paid at State Pension age, with some cover for widows, widowers and civil partners.

In April 1978, PPS contracted-out of SERPS on the basis of the Guaranteed Minimum Pension (GMP). The GMP applies only to service since 6 April 1978 and before 6 April 1997. It is the minimum pension that the PPS undertook to provide in order to contract-out of SERPS. It is guaranteed to be at least as much as the pension you would have built up in SERPS during your service before 6 April 1997.

12.4 Pensions increase in line with inflation

Pensions in payment are increased annually in line with inflation. These increases are paid to all pensioners aged 55 or over and ensure that the benefit maintains its original buying power. Deferred pensions are also increased to maintain their value up to the date they become payable.

Inflation increases will also be paid:

- to you before you reach the age of 55 if you retired on grounds of ill-health or injury, or are totally disabled from any occupation and therefore unable to earn a living; and
- to your survivors who are in receipt of survivor benefits.

When the pension increase becomes payable it will take account of the movement in the retail price index (RPI) since the date of your retirement. Subsequent increases take place in April of each year and are based on the rise in the RPI in the 12 months up to the end of the previous September.

Survivors' pensions attract the pension increase as soon as they come into payment.

A deferred pension coming into payment at age 60 will attract the pensions increase but if it is paid before age 55 due to permanent disablement it will not be increased until age 55 unless you are disabled from regular full-time work of any kind.

The pensions increase is applied to the PPS pension irrespective of your country of residence after your retirement, although increases to your State Pension and any Guaranteed Minimum Pension element in your police pension may be affected if you live outside the United Kingdom.

Example 8

H retired in mid-October with an annual pension of £10,500. The following April, the cost of living increase of 3.5% is applied.

As H retired exactly half-way through the relevant 12-month period, the pension is increased proportionately (ie by one half of the total increase, 1.75%).

During the second year, the cost of living increase is determined as 4.2%.

Initial annual pension		£10,500.00
Increase Year 1	1.75%	<u>£183.75</u>
		£10,683.75
Increase Year 2	4.2%	<u>£448.72</u>
		£11,132.47

12.4.1 Increase applied to GMP

Once you reach State pension age the State is responsible for paying the appropriate pension increase on the GMP. To ensure that you do not receive a double payment, the PSNI reduces your police pension by an amount equal to the increase paid by the State. For service from 6 April 1978 to 5 April 1988 the State pays the increase in full, but for service from 6 April 1988 to 5 April 1997 the PSNI pays the first 3% of the increase and the balance is paid by the State.

13. MISCELLANEOUS

13.1 Forfeiture of pension

You may have part of your pension forfeited either permanently or temporarily by the Policing Board if you are convicted of:

- an offence of treason;
- one or more offences under the Official Secrets Act for which you have been sentenced on the same occasion to at least 10 years' imprisonment; or
- an offence committed in connection with your police service which is certified by the Secretary of State either to have been gravely injurious to the interests of the State, or to be liable to lead to a serious loss of confidence in the public service (e.g. conspiracy to pervert the course of justice).

The Policing Board may review a decision on forfeiture and restore some or all of the pension to the pensioner or someone receiving an award in respect of the pensioner.

13.2 Assignment of benefits

You are not allowed to assign any of your benefits. This means you cannot give anyone else the right to your entitlements under PPS (other than by allocation of part of your pension). There can therefore be no legal claim against you for assignment.

13.3 Loss of benefits

If you become bankrupt, the payment of your pension will be subject to the Bankruptcy Acts.

13.4 Scheme amendments

The arrangements for PPS are set out primarily in the Police Pensions Regulations 1988, which are made under the Police Pensions Act 1976. The Regulations may be amended from time to time by the Home Office after consulting the Police Negotiating Board. Changes to the Regulations are made by the Secretary of State laying Amendment Regulations before Parliament.

PSNI Pensions Branch has an up-to-date list of amendments.

13.5 HM Revenue limits

PPS is a 'registered pension scheme' for tax purposes. As a result, there are a number of tax concessions.

- Contributions are deducted from your pay before tax is calculated.
- Your lump sum is free of tax, as is the lump sum death grant for your survivors.

However, you should also note the following:

- Pension contributions eligible for tax relief cannot exceed your total taxable earnings in any tax year.
- There are limits on the benefits that you can take at retirement without incurring an additional tax charge, but you are unlikely to be affected by these unless you are in a very senior post, or you have very large pension benefits in addition to your PPS entitlements.

If you think you may be affected by these limits, you should contact the PSNI pensions administrator who will be able to give you further details.

13.6 DWP Tracing Service

Information about PPS, including the address of the administrator of PPS, and the address of the Police Division in the Northern Ireland Office, has been given to the DWP Tracing Service.

The Tracing Service's main purpose is to provide a central tracing service for ex-members of pension schemes with pension entitlements (and their dependants) who have lost touch with former employers.

Its address is:

Pension Tracing Service
Tyneview Park
Whitley Road
Newcastle upon Tyne NE98 1BA
Tel: 0845 600 2537
www.thepensionservice.gov.uk

14. APPEALS AND COMPLAINTS

14.1 General

There is a range of appeals procedures within PPS, and some of these are complex. In the first instance, if you have any appeal or complaint, you should approach the PSNI Pensions Administrator, who will also be able to explain the various procedures and the courses of action which are open to you.

In general, you should try to resolve a problem with PSNI Pensions Branch in the first instance. If you fail to reach a satisfactory resolution, you may then wish to consider some of the other avenues which are explained below. Note, however, that the time limit for approaching the courts (see section 14.4 below) runs from the date of the decision which is the subject of the appeal and is not extended to take account of attempts at resolution with the PSNI or Policing Board.

If you are a serving officer, you can contact your staff association for advice. If you are a retired officer who is unsure of where to turn to for advice in a dispute, you may wish to contact the Northern Ireland Retired Police Officers' Association at Maryfield.

Specified procedures are laid down in the PPS regulations for appeals against medical decisions (section 14.2 below). Other appeals are likely to involve appeal to a tribunal (section 14.3) or to the Crown Court (Section 14.4).

14.2 Medical appeals

If you are dissatisfied with a decision by a medical practitioner selected by the Policing Board, you may ask for a review of their decision. It is possible for you and the Board to agree that the matter be referred back to the medical practitioner under the internal review procedure. You must normally request this review within 28 days of receiving a copy of the medical practitioner's report.

If the report relates to your eligibility for awards payable on grounds of permanent disablement (whether for the ordinary duties of a PSNI officer, or for any regular full-time employment), you should support your request by a report from your own doctor which disagrees with that of the selected medical practitioner. The selected medical practitioner will be asked to reconsider his or her report.

If this does not resolve the matter you may appeal to the Secretary of State. You must normally give notice of your appeal to the Policing Board within 28 days of receiving the report from the selected medical practitioner.

The decision of the Independent Medical Referee appointed by the Secretary of State is final, subject to review by the courts, or reconsideration by the IMR with the agreement of the Policing Board.

14.3 Appeal to a tribunal

If you are aggrieved by:

- a refusal by the Board to admit a claim to receive as of right an award or a larger award than that granted; or
- a decision by the Board that your refusal to accept medical treatment is unreasonable;

you may give notice of appeal to the Secretary of State, giving your grounds for appeal. The Secretary of State will then appoint an appeal tribunal to hear the appeal.

14.4 Appeal to the Crown Court

If you are aggrieved by the Board's decision in respect of an award, you may be able to appeal to the Crown Court.

There is a time limit of 21 days for lodging an appeal to the Crown Court, which runs from the date of the decision which is the subject of the appeal.

14.5 Internal dispute resolution procedures

If you have a complaint about the PPS, or its administration, which you are not pursuing by means of an appeal under the medical appeal procedures, or to the Crown Court or to a tribunal, you should approach PSNI Pensions Branch in the first instance.

You will be entitled to receive a written explanation relating to your complaint. If you still feel that you have a valid complaint, you (or someone representing your interests, such as your staff association) can make an appeal to the Policing Board, or to the Northern Ireland Office if the matter relates to a direct responsibility of the Secretary of State under the Police Pension Regulations.

There are time limits for making applications. More details, together with forms for your use, are available from PSNI Pensions Branch.

14.6 The Pensions Advisory Service (TPAS)

If at any time you have a problem in relation to PPS with the Policing Board, or the Northern Ireland Office, you may approach the Pensions Advisory Service (TPAS). TPAS is available to assist members and beneficiaries of occupational pension schemes in connection with any difficulties which they may have in relation to their scheme and which they have failed to resolve with the trustees or administrators of those schemes. TPAS is located at:

11 Belgrave Road,
London SW1V 1RB.
Tel: 0845 601 2923
Fax: 0207 233 8016
Website: www.pensionsadvisoryservice.org.uk

14.7 Pensions Ombudsman

If TPAS is unable to resolve your problem, you can approach the Pensions Ombudsman (based at the same address as TPAS, but telephone 020 7834 9144 and website www.pensions-ombudsman.org.uk). The Pensions Ombudsman has the power to investigate and determine complaints or disputes of fact or law in relation to occupational pension schemes, including:

- any complaint alleging injustice as a result of maladministration; and
- any question of fact or of law.

However, the Ombudsman cannot investigate a complaint where an appeal under the medical appeal procedures has commenced.

Under the new Internal Dispute Resolution Regulations public service schemes such as PPS are required to make specific reference to the Pensions Ombudsman's full powers. However, except in limited circumstances, the Pensions Ombudsman Regulations preclude the Ombudsman from accepting a complaint or dispute for investigation and determination, unless the matter has first been considered by a scheme's internal dispute resolution procedure. An exception is where action by the pension scheme's administrators or managers under the procedures for resolving disputes is delayed without good reason.

14.8 The Pensions Regulator

The Pensions Regulator succeeded the former Occupational Pensions Regulatory Authority (OPRA) on 6 April 2005 and regulates occupational schemes such as PPS. The Regulator's main objectives include the protection of benefits of members of work-based pension schemes and the promotion of good administration of pension schemes. The Regulator is able to intervene in the running of schemes where there have been breaches of legislation. The Pensions Regulator can be contacted at:

Napier House
Trafalgar Place
Brighton
East Sussex BN1 4DW.
Tel: 0870 606 3636
www.thepensionsregulator.gov.uk

Annex Time limits

Some of the actions in PPS that you might wish to take have time limits. These are summarised below. Please ensure that you do not miss out by exceeding these limits.

Action	Time Limit
Making a transfer of previous pension rights to the Police Pension Scheme.	<i>There is a 12-month time limit for transfers into the PPS and there could be a time limit for transfers out under the rules of the other pension scheme.</i>
Buying increased benefits with a lump sum payment.	<i>You must apply within 12 months of joining the scheme.</i>
<p>Making a transfer from PPS if you have not:</p> <ul style="list-style-type: none"> • received pension benefits, • given notice of commutation, or • received a return of your pension contributions. 	<i>You must, within 6 months of starting your new job, or longer if PSNI Pensions Branch allow, make a request for a transfer out.</i>
<i>Notice of commutation - giving notice to PSNI Pensions Branch that you want to surrender part of your pension for a lump sum -</i>	<i>You cannot give notice of commutation earlier than 3 months before your intended date of retirement. You must give notice before your retirement date.</i>

