Police Scheme FAQs

From 1 April 2022, all members of the Police Pension Scheme will become members of the 2015 CARE Scheme and the old Final Salary schemes will be closed to future pension build-up. You can find out more by viewing this information booklet.

1. Pension schemes from 1 April 2022

From 1 April 2022 all of our Police scheme members will join the 2015 CARE pension scheme and the 1987 and 2006 final salary schemes will be closed to future pension build up. This means that when your claim your pension after 1 April 2022, it will contain both final salary and CARE scheme benefits.

2. Differences between the legacy (final salary) and reformed (CARE) schemes

The main changes between the legacy and reformed schemes are;

- **a change to career-average pension schemes from final salary**
- **an increase in normal pension age**

The change to career average means your pensions are now calculated on your average salary throughout your career as opposed to the average of your best three consecutive years pay in the 10 years leading up to your retirement date.

3. Benefits of remaining in the reformed scheme from 1 April 2022

The 2015 schemes that were introduced following the recommendations of the Independent Public Service Pensions Commission.

The reform schemes aim to deliver an affordable and sustainable pension, whilst also being fairer to lower and middle earners.

The reformed schemes are some of the most generous available in the UK:

- **backed by the taxpayer**
- **index-linked**
- **offering guaranteed benefits on retirement**
- **comparing very favourably to the typical private sector scheme**

We understand that some members may feel anxious about moving to the CARE scheme and fear that their final salary pension benefits are being removed. To reduce this anxiety, we have produced a **short article that addresses a few of the myths we are aware of (opens in a new tab)**.

4. Retiring after 1 April 2022

The Police 1987 and 2006 legacy schemes will be closed to any future pension build up from 1 April 2022. This means that members who choose to retire after this date will receive both legacy and reformed scheme benefits.

Members who are entitled to both legacy and reformed scheme benefits will not have to wait until the reformed schemes Normal Pension Age (NPA) of 60 in order to claim their pension benefits.
If you have pension built up in either the 1987 or 2006 scheme – you will still be eligible to retire at the Normal Pension Age (NPA) or maximum service set out in the scheme rules.

This means that members of the 1987 scheme can claim pension benefits after reaching 30 years of service (25 years' service for those aged over 50). Members of the 2006 scheme can claim at age 55 or after 35 years of service. Claiming at your maximum service or NPA means you will not receive an early retirement reduction on any legacy scheme benefits.

However, if you choose to retire at your legacy schemes max service or NPA, you will receive a reduction in pension for any reformed scheme benefits built up between 1 April 2022 and your retirement date. This is because the NPA of the reformed scheme is set at 60 years. You will be able to defer these benefits until your reach your 60 years of age.

5. If you retire before the introduction of the 'deferred choice underpin' (DCU)

If you retire before the DCU is implemented, your pension will be calculated based on your current circumstances.

We will then contact you once the necessary legislation and support processes are in place to give you your choice between final salary and CARE benefits for the remedy period. The government expects schemes' to have these support processes in place on or before 1 October 2023.

Once you have made your choice, any pension payments due to you will be backdated to your retirement date.

6. Normal pension age for the 2015 CARE scheme

The normal pension age is 60 years for active members.

That is the age from which you can take you 2015 scheme benefits without reduction. Deferred members can take their pension benefits at their state pension age without deduction.

The minimum pension age is 55. This is the age where reduced benefits can be payable.

7. Members who received tapered protection

If you received tapered protection when the CARE scheme was introduced in 2015, you will be offered a choice of whether to receive final salary or CARE scheme benefits in relation to any continuous service between 1 April 2015 and 31 March 2022.

8. Pension changes and tax

The tax position of some members may change over the remedy period.

For some high earning members, the pension changes may cause your tax position to change, which could result in additional tax charges, or a reimbursement of tax previously paid.

In some cases:

- **the pension changes may mean that you will have to pay new or higher annual allowance charges, but typically only where your projected pension at retirement has increased.**
- **adjustments to lifetime allowance charges may be required, where retired members' accrual changes.**
- **you may also face changes in your contributions in respect of the remedy period, which may also affect your income tax position.**
- **if you are already retired, your total pension income may also change, and tax will be payable on any increase in your pension.**

9. Members who opted out of the pension scheme on or before 31 March 2015 and have not opted back in

If you opted out of the pension scheme on or before 31 March 2015 and have not been in either a legacy or reformed scheme since that date, you may not automatically be considered to be in-scope for the remedy process. This is because you will not have any pensionable service built up in the remediable period.

Some members in this position may consider that they would have taken a different course of action had they known that continued membership of their legacy scheme during the remedy period was an option. The UK government have included provision that will allow scheme members to elect to buy back opted out service between 1 April 2015 and 31 March 2022. The intention is that members will need to make a claim to the pension scheme in order for opted out service to be considered for buy back. Supporting evidence may be required with these claims.

The process is not yet finalised and guidance is being developed for cases where members wish to show they have taken such contingent decisions about their scheme membership. Consequently, there is no requirement at this time for members to log with their employer or the SPPA their intention to buy back remediable service. You may wish to note that given the position is not yet finalised, it remains unclear if an options exercise for purchasing remedy service will include the opportunity to extend that purchase to cover any period of non-membership between 1 April 2022 and 30 September 2023.

The implementation of this and all other aspects of the 2015 Remedy must be finalised by 1 October 2023. The SPPA website will be updated with more information as soon as it is available.

10. Members who may have made decisions about their pension prior to the McCloud / 2015 Remedy changes being announced – Contingent Decisions

Some members who are impacted by the **2015 Remedy** pension scheme changes may have made decisions about their pension.

We understand that these members may have made a different decision had the discrimination that was identified by the courts not occurred. This is known as a **contingent decision**.

The processes and guidance for members who wish to show they have taken such contingent decisions about their scheme membership is being developed. The implementation of this and all other aspects of the 2015 Remedy must be finalised by 1 October 2023.

We will update our website as soon as all contingent decision processes' and guidance are in place to support you.

11. Ill Health Retirement (IHR) cases to be reviewed

All Ill Health Retirement cases (including members refused IHR) will be reviewed by SPPA as soon as possible. This will involve reconsideration of cases where there may have been a different outcome (or higher pension award) under the alternative scheme.

Further information relating to Ill Health Retirement can be found in **Annex A (page 51) of HM Treasury's response to the 2015 remedy consultation (opens in new tab)**.

12. Weighted accrual

Members who move to the 2015 scheme from the PPS (1987 scheme) will stop accruing service in the PPS from the date the move over.

However, under the 2015 scheme there is provision that allows former PPS members to receive an additional service accrual in the PPS for each year they remain a member of the 2015 scheme. This is designed to reflect the doubling of service they would otherwise have gained, up to the maximum service available. This is calculated using a formula and is based on the pensionable service that would have been achieved if the member had continued to accrue service in the PPS, but for fairness takes into account the pension that is being accrued in the 2015 scheme.

For example:

- **if an officer had accrued 15 years in the PPS, and continued to serve to 25 years, the PPS accrual would convert from 15/60ths to 15/50ths.**
- **if an officer had accrued 15 years in the PPS, and continued to serve to 30 years, the PPS accrual would convert from 15/60ths to 15/45ths**

13. Weighted accrual in your PPS benefits if you opt-out of the CARE scheme

Currently, weighted accrual continues until you opt out of the 2015 scheme and become a deferred member of both the 2015 scheme and PPS.

14. Salary used to calculate your PPS/NPPS benefits under the 2015 scheme

The 2015 scheme contains a "final salary link", meaning that the legacy scheme benefits will be calculated using your final salary at the time you retire.

15. Opting back in to your legacy scheme within 5 years of leaving and before 1 April 2022

If you have previously opted-out of your final salary scheme and you have service between 31 March 2012 and 1 April 2015, you will be able to opt back in as long as you do so within 5 years of leaving and before 1 April 2022.

You will still be eligible to receive a choice between final salary and CARE benefits for any service built up within the remedy period.

16. Continuing service within the CARE scheme and retiring at 30 years' pensionable service

If you continue within the CARE scheme from 1 April 2022 and choose to retire once you reach 30 years' service, you will receive two pensions. One based on your final salary at the point you retire and one based upon your career-average earnings since joining the CARE scheme.

The CARE scheme has a normal pension age of 60 years. If you are under 55 when you retire, your CARE pension will not be immediately accessible. Deferred pension age in the CARE scheme is State Pension Age, however you can access the deferred benefits on an actuarially reduced basis from age 55.

You can choose to give up an element of each pension to get a lump sum.

17. Opting out of the CARE scheme but continuing to work

This would break the link to your final salary pension and weighted accrual as you will have left the pension scheme. Your final salary pension would be preserved and not accessible until age 60 other than on the grounds of medical unfitness, and any CARE pension deferred until State Pension Age, although it would be accessible upon retiring after age 55 on an actuarially reduced basis.

18. Transitional members who hold Lifetime Allowance Fixed or Enhanced Protection

When the UK Government introduced lifetime allowance (LTA), they also brought in protections through HM Revenue and Customs (HMRC), including fixed and enhanced protection, that allowed members to keep existing savings limits over the LTA threshold.

From 31 March 2022 all scheme members who are not already in the 2015 Scheme will be moved and start to accrue pension in that scheme on 1 April. This will impact members who hold fixed or enhanced protection.

HMRC rules dictate that members with fixed or enhanced protection, who move to the 2015 scheme from the 1 April 2022, will lose their protection if they accrue benefits under that scheme. Members will need to decide whether or not they want to retain their protections before 31 March 2022 and should consider taking independent financial advice to aid that decision.

Members who move to the 2015 Scheme and subsequently lose enhanced or fixed protection are required to notify HMRC within 90 days of the loss taking place. Members who start to contribute to the 2015 Scheme on 1 April 2022, will need to notify HMRC by 30 June 2022.

To avoid losing this protection scheme members may wish to opt out of the pension scheme on 1 April 2022. In doing this they will retain any fixed or enhanced protection but will not accrue any further pension entitlement.

Further information about protections can be found in the HMRC Pensions Tax Manual, in particular the section on **protection from the lifetime allowance charge**.

19. Benefits of staying in the CARE scheme if you are over 50 and have 25 years' service in the 1987 scheme on 1 April 2022

If you continue in service, you will begin to build up benefits in the 2015 CARE scheme which can be accessed from age 55.

If you continue to serve until reaching 30 years' calendar service as an officer, you will be able to access your full 1987 lump sum and will benefit from the final salary link.

20. Access to the PPS lump sum if you opt-out of the CARE scheme before reaching 30 years' pensionable service

From 1 April 2022 the restriction on the commutation of accrued pension to a lump sum (the commutation cap) for retiring officers who have not reached 30 years' service in the 1987 scheme has been removed. This means that officers can now benefit from unrestricted commutation options for their lump sum.