

The Police Pension Scheme – Annual Statement 2020

You will find enclosed your annual pension benefits statement. Please read the following notes as they explain how the figures have been calculated.

Although every effort has been made to ensure that the data held is correct, should you find any information on your statement that is incorrect, please contact the Pensions Office.

I trust that the position is clear to you, however should you have any questions please do not hesitate to email your query to policeabs@cityoflondon.gov.uk

About your statement

The estimated benefit details are a guide only and do not confer any statutory rights

All calculations have been based on information held by the Pensions Office and are based upon your pensionable pay and pensionable service as at 31 March 2020.

Pensionable pay

The pensionable pay figure is based on your pay over the preceding year, which would include your basic pay, London weighting and any pensionable acting up payments. If you are a part-time officer, your pensionable pay will have been increased to a whole-time equivalent rate. Any payments not relating to the final year would be excluded from any final calculations. This pay figure has been used in all of the following calculations (except the lump sum death grant for part-timers) and has not been inflated to take account of future increases.

Present Value of Benefits

If you have less than 25 years' service, a deferred pension benefit will have been calculated, which means that your pension figure will have been enhanced to take account of your hypothetical pension entitlement at compulsory retirement age. Deferred pensions normally become payable at age 60.

If you have at least 25 or more, but less than 30 years' service, you will have a pension entitlement, although there would be a restriction on the amount of commutation lump sum that could be paid (details available on request). Your pension would be based on actual service, and payable from age 50 onwards.

If you have at least 30 years' service you would have an immediate entitlement to pension benefits upon leaving service.

Death Benefits

A death grant is payable if you die while serving, provided you are a member of the Police Pensions Scheme at the time of death. The grant will be paid either to your spouse/civil partner or, if there is no spouse/civil partner, it will be paid to your Estate.

It is important that you keep the Pensions Office informed of any changes to your partnership status, supplying photocopies of any relevant certificates and documents when necessary.

If you are unsure of the partnership status currently held by the Pensions Office then please contact them for confirmation.

Please note. If you are in receipt of a housing or rent allowance, the weekly value of this allowance should be added to the short term 13 week pension, if shown overleaf.

Widow / Widower's Pensions

You will find that your annual statement shows a potential widow/widower's pension figure. If you are married or in a civil partnership and have not already done so, please forward a photocopy of the relevant certificates (partner's birth certificate or passport and marriage/civil partnership certificate) to the Pensions Office.

Annual Allowance

The Annual Allowance (AA) is the amount by which the value of your pension benefits may increase in any one year without you having to pay a tax charge. The AA is currently £40,000. The AA usually only affects scheme members who are high earners, those who have a significant increase in their pay, those that combine sizeable periods of membership and those that pay large amounts of additional contributions.

It also has an effect on members of the 1987 scheme after 20 years of membership when you attain double accrual for each year that you work.

Most scheme members will not be affected by the AA tax charge however we have included the value of your pension input amount in this year's statement based on the information we hold with regards to your Police Pension Scheme benefit. You should add this value to any other pension benefits you have accrued during the year.

You may be allowed to bring forward any unused allowance from the last 3 years. This means that even if the value of your pension savings increase by more than £40,000 in a year you may not be liable to pay the AA tax charge. If you are at risk of exceeding the AA you should seek advice. Further information can be found at

<http://www.hmrc.gov.uk/pensionschemes/understanding-aa.htm>

If we think that the increase in your Police Pension Scheme benefits has exceeded the limit for 2019/20 then we will write to you separately by 6th October 2020.

Lifetime Allowance

The Lifetime Allowance (LTA) is a limit on the amount of pension benefit that can be drawn from pension schemes – whether lump sums or retirement income – and can be paid without triggering an extra tax charge.

The figure shown is the value of your accrued benefits in the Police Pension Scheme at 31st March 2020 in relation to an LTA figure of £1.055m.

While most people are not affected by the LTA, you should take action if the value of your pension benefits is approaching, or above, the LTA. The test for the LTA is done each time you access a pension benefit.

Age Discrimination

On 20 December 2018, the Court of Appeal ruled that the transitional arrangements introduced as part of the 2015 reforms to the Firefighters' Pension Scheme were discriminatory and, therefore, unlawful.

Following this ruling, the Government accepted that all public service pension schemes were similarly affected and is currently working on removing discrimination from the schemes for all affected members. More information can be found in written statement HWS187, which was released on 25 March 2020.

There is still uncertainty around the final approach to removing discrimination and for this reason it has not been possible to reflect the impact of the ruling in your ABS this year. You will therefore receive an estimate of the benefits built up in your current scheme membership to 31/03/2020 and a projection of benefits based on the current scheme regulations to the normal pension age for the current scheme you are a member of.