

Annual Benefit Statement 2020 – Accompanying Notes

Personal Details

Partnership Status: C – civil partnership; D – divorced; M – married; P – nominated partnership; S – single; W – widow(er).

The partnership status shown on your statement reflects the information currently held by the Pensions Office. If this is incorrect please supply copies of the relevant certificates in order that your record can be updated.

PPS 2015 Start Date: This is the date at which you moved (or will move) into the Police Pension Scheme 2015.

Summary of Total Benefits at 31 March 2020

Pension accrued in the Police Pension Scheme 1987 and the Police Pension Scheme 2006 are final salary benefits. Pension accrued in the Police Pension Scheme 2015 are Career Average Revalued Earnings (CARE) benefits.

The section provides a summary of the benefits you have accrued in both parts of the Scheme. Sections 3 and 4 provide a breakdown of the value of the benefits you have accrued in each part of the Scheme.

Death in Service Lump-sum: The value of the death in service lump sum is dependent upon the Scheme you are in at the date of death.

| | 1987 Scheme | 2006 Scheme | 2015 Scheme |
|---------------------------|---------------------|---------------------|---------------------|
| Death in Service Lump-sum | 2 x pensionable pay | 3 x pensionable pay | 3 x pensionable pay |

Annual Survivor Pension: The survivor benefits are based upon the final salary survivor benefits accrued to later of 31st March 2015 or taper date, plus 2015 Scheme survivor benefits, plus any added years.

Nominated Beneficiaries: For members of the 1987 Scheme, the Death in Service Lump-sum must be paid to a spouse or civil partner. If the officer is not married or in a civil partnership the Lump-sum must be paid to the member's representatives to form part of the estate.

For members of the 2006 and 2015 Schemes, the Death in Service Lump-sum must be paid to a spouse, civil partner or nominated co-habiting partner. If none of these are applicable the officer may nominate beneficiaries to receive the Lump-sum. Please note, in these circumstances the administering authority retains absolute discretion as to whom the death grant is paid.

If this box is blank the Pensions Office does not hold any nomination details. If you are not married or in a civil partnership and do not have a nominated co-habiting partner and you wish to add a beneficiary or make amendments to those already shown please contact the Pensions Office to request the relevant form.

Career Average Pension Benefits as at 31 March 2020

(Payable from): The date shown is the Normal Pension Age (NPA) in the 2015 Scheme, i.e. age 60, but benefits can be drawn as early as age 55 or as late as age 75. If an officer retires before age 60 their 2015 Scheme benefits would be actuarially reduced; if they retire after age 60 their 2015 Scheme benefits would be actuarially enhanced.

Pensionable Pay for the year ending 31 March 2020: This is the amount of pensionable pay paid to you in the relevant year ending 31 March. In addition, if you had been on reduced contractual pay or no pay due to sickness or injury, or on ordinary or paid additional maternity, paternity or adoption leave or shared parental leave or on reserve forces leave, the pay figure will also include an Assumed Pensionable Pay for those periods.

Increase for the cost of living (added 1 April 2020): Your 2015 scheme pension will be increased by a revaluation order each year on 1st April. The revaluation order for the Police scheme is based on average weekly earnings and for the 2018/19 year will be applied at 3.65%. However, as this statement is at 31st March 2020 it does not include the latest revaluation as it is not applied until 1st April 2020.

1987 / 2006 Pension Benefits as at 31 March 2020 (payable from ...)

This is the current value of the benefits you have accrued in the final salary part of the scheme. If you joined the Police Pension Scheme after 1st April 2015 you will not have any final salary benefits unless you have transferred-in benefits from a previous final salary pension scheme.

Projections if you remain contributing to the Scheme until Normal Retirement Date

The projections have been based upon the Normal Pension Age (NPA) of the 2015 Scheme. Members who also have benefits in either the 1987 or 2006 Scheme have the option to retire and take these benefits at the NPA for that Scheme, however the 2015 Scheme benefits would then be deferred until State Pension Age.

For those officers with tapered protection who have not yet entered the 2015 Scheme a projected estimate of their potential CARE benefits has been calculated with reference to your current pensionable pay.

Value of Pension Debts

If your benefits have been subject to a Pension Sharing Order as a result of a divorce settlement, or you have elected to use 'Scheme Pays' to meet your tax liability as a result of exceeding the Annual Allowance in a previous year, the current value of the debit by which your total benefits will be reduced at retirement is shown here.

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 aren't 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.

Service History Details

This is the information currently held by the Pensions Office. If you believe that this is incorrect or have any other queries please contact the office at [policeabs@cityoflondon.gov.uk](mailto:abs@cityoflondon.gov.uk) remembering to quote your name and warrant number.

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.

The figures shown are an estimate and confer no statutory right. The City of London Pensions Office is not authorised or regulated to provide financial or other advice. The information provided is not intended to be and does not constitute financial advice or any other advice. You may therefore wish to speak to an independent financial adviser authorised by the Financial Conduct Authority (FCA).