

**The City of London Police
Police Pension Scheme 1987 - Commutation Option Form**

A member entitled to a pension may give up a portion of their pension for a lump sum. In order to commute you must give written notice of commutation specifying the portion to be commuted, not earlier than 4 months before your intended retirement, nor later than the day before the pension comes into payment. Please note that we require your notice of commutation BEFORE your last day of service if you wish to avoid penalty tax charged in respect of both your lump sum and residual pension.

Your options are described below. If you choose option 1, no commutation, proceed to the declaration at the bottom of the page. If you choose to take a lump sum option please tick the relevant option box and the declaration at the bottom of the page. If you opt for Option 4 figures may need to be provided.

Tick one box only

Option 1: I certify that I do not wish to commute any of my pension for a lump sum

Option 2: The maximum Tax Free lump sum under HMRC rules

Option 3: The maximum commutation lump sum available under Scheme rules
I understand that a tax charge of 40 per cent will be levied on the excess above HMRC maximum.

If you choose this option please complete the attached mandate for payment of tax.

Option 4: Less than the maximum available under options 1 or 3 in order to obtain*:

a. A lump sum of:

b. A residual pension of:

c. A percentage of my pension of _____ to be converted to a lump sum

***only a, b or c needs to be completed if this option is taken**

Declaration

Name:

DOB:

Warrant Number:

Address:

Please action my option to commute as detailed above

Signed:

Date:

For any queries, please contact Graham Newman on 020 7332 1132.

Pension Lump Sum Payments in excess of HMRC Limits

If the value of a retirement lump sum is in excess of 25% percent of the overall value of your benefits calculated in accordance with HMRC rules, the part of the lump sum which is above that limit becomes an unauthorised payment and is subject to a charge of 40% tax. New commutation factors, applicable to retirements at or after 19th April 2011, result in payments exceeding HMRC tax limits, if you commute to the maximum that the Police Pension Scheme rules allow.

To facilitate your choice of either a retirement lump sum within tax free limits or the maximum available under scheme rules but with a deduction of tax on the excess over HMRC limits, we have provided you with figures showing the lump sum payable and the residual amount of pension after commutation in both cases. For a lump sum in excess of HMRC limits, it is shown with the appropriate deduction for tax and net amount payable.

Payment of the tax liability is the responsibility of the beneficiary of the payment. However, if you opt for the commutation lump sum that attracts a tax penalty, HMRC will accept payment of your unauthorised payment charge from the scheme administrator, on agreement by the party liable. We therefore request that you sign the attached mandate in order that we may discharge the tax liability on your behalf. The advantage to you of completing the mandate is you will not have to make payment of the tax due yourself or provide details to HMRC of the payment giving rise to tax charge and will therefore have nothing further to do.

All unauthorised payments are reported by the City of London to HMRC, who will compare the unauthorised payment entries on our report against their database of tax paid on unauthorised payments.

Mandate

This is required only if you chose Option 3

Authority for the City of London to pay the tax liability on an unauthorised payment

I authorise you to withhold the tax I am due to pay of 40 per cent of that portion of my retirement lump sum which is in excess of HMRC limits as it is an unauthorised payment, on the understanding that you will pay this tax over on my behalf to HM Revenue & Customs.

I understand by giving you this authority I do not need to report the unauthorised payment to HMRC on my self assessment tax return.

Signed.....

Print
Name.....

Date.....