



Scottish Police Federation

5 Woodside Place Glasgow G3 7QF

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Attachment:
DRAFT summary of 2015 Pension Regs

Dear Colleague

Draft Summary 2015 Pension Regulations - Consultation

The UK Police Pensions Consultative Forum agreed there would be considerable benefit in preparing a summary to the 2015 pension regulations. Clearly the differing part of the United Kingdom will require their own scheme specific documents.

Please find attached an early draft of this document from the Scottish Public Pensions Agency which will be refined in line with suggestions made.

Please forward any comments to lesely.stevenson@spf.org.uk no later than **Friday 27th November 2015**.

Yours sincerely

CALUM STEELE
General Secretary

The Police Pension Scheme (Scotland) Regulations 2015

Summary of regulations

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Introduction

The Scottish Ministers made the above regulations in exercise of the powers conferred by Chapter 25 of the [Public Service Pensions Act 2013](#). The [Explanatory Notes](#) to the Act provide background context for the reform of existing public service pension schemes.

Background

In March 2011, Lord Hutton published his final conclusions on public service pensions reform. The framework outlined in Lord Hutton's report provided the foundation for the UK Government's Public Service Pensions Act 2013 which required new reformed public sector schemes, including the police scheme, to be introduced from 1st April 2015. Occupational pensions policy is a matter reserved to the UK Government so the requirements of that Act applied to the schemes in Scotland.

In March 2012 the Scottish Government commenced discussions with police pension stakeholders to deliver a new Scottish police pension scheme from 1st April 2015. Those negotiations were required to deliver a Career Average Revalued Earnings (CARE) scheme that remained within set financial cost limits. Unlike in the 1987 or 2006 final salary schemes, benefits are not calculated by reference to the length of pensionable service. The 2015 scheme uses the CARE method where pensions are calculated based on a fraction of earnings in each scheme year, revalued and aggregated cumulatively.

The UK Government's Public Service Pensions Act also required the scheme to have a normal pension age of 60.

Scheme design

The provisions contained in the Police Pension Scheme (Scotland) Regulations 2015 are based on [Reform Design Framework](#) Document, which was originally published in 2013 and updated in 2015.

Consultation

In accordance with the Public Service Pensions Act 2013, Scottish Ministers consulted with representatives of persons likely to be affected by the regulations prior to them being made. The consultation period ran from 11 November 2014 to 6 January 2014, with further consultations on consequential amendments and contribution rates.

A summary responses received to these consultations will be made available on the SPPA website.

Regulations

The scheme regulations ([S.S.I. 2015/142](#)) were laid before the Scottish Parliament on 26 March 2015 and came into force on 1 April 2015. Minor corrections were made by SSI 2015/

Disclaimer

This Summary is intended to be an interpretative guide to the regulations. The content of this Summary is for information purposes only and does not override any of the regulations contained in the statutory instrument.

This guide will be reviewed regularly. Please provide any comments and report any omissions, errors or other details to: policepensionsreform@gov.scot

Regulations

Part 1 Preliminary

Regulation 1 (Citation and Commencement)

- establishes the name of the regulations and 1 April 2015 as the date they come into force.
- This date was determined by the restriction on existing schemes under Section 18 of the Public Service Pensions Act (PSPA 2013), which states no benefits are to be provided in respect of a pension in relation that person's service after the existing schemes' "closing date". The "closing date", subject to the exceptions provided under transition protections outlined in Schedule 4 of these regulations, was 31 March 2015.
- Amendments relating to the 1987 and 2006 schemes are still made by Scottish Ministers under the Police Pensions Act 1976.

Regulation 2 (Interpretation)

- provides definitions of the key terms used in the regulations.

Regulation 3 (Members of the Police service in Northern Ireland)

- Defines such individuals in a separate regulation for the purposes of regulation 6.

Part 2 Establishment of the Scheme

Regulation 4 (Establishment and Scope)

- Sets up the scheme for members of the Police Service of Scotland, including those on relevant service, and Inspectors of constabulary.
- The regulations do not give access to the scheme to police cadets or special constables.
- The regulations apply to Scotland only. Regulations were also made for schemes established with effect from 1 April 2015 in England and Wales [SI 2015/445](#) and Northern Ireland [SR 2015/113](#).
- Names the scheme as the Police Pension Scheme (Scotland) 2015.

Part 3 Governance

This Part establishes the Scottish Ministers as the scheme manager. Scottish Ministers are the 'responsible authority' for the scheme as defined by PSPA 2013.

Regulation 5 (Scheme Manager)

- Establishes that the Scottish Ministers will be the scheme managers for the scheme and the other police schemes, and will be responsible for the administration of pensions and other benefits under these regulations.
- The Scottish Public Pensions Agency is responsible for the bulk of scheme administration.
- Police Scotland retain the responsibilities for ill health assessment and referral, and any costs arising, consistent with the procedures set in place by the existing final salary schemes.
- The Police AVC (Scotland) scheme is not connected to this scheme for the purposes of actuarial valuation. The AVC scheme regulations were made under [SI 1991/1304](#) (and amendments). The AVC scheme closed on 1 October 2010.
- The scheme manager can delegate its functions as required.

Regulation 6 (Scheme manager's obligation to pass on member's records)

- obliges the scheme manager to pass on any information or documents required by another relevant scheme manager where an officer joins a police force in another part of the United Kingdom.

- <<possible cross-border transfers issue>>

Regulation 7 (Police Pension board)

- Establishes a pension board - the Scottish Police Pension Board (SPPB) - as required by the PSPA 2013 to ensure the scheme manager complies with the scheme regulations and any other legislation relating to this scheme or other connected statutory schemes.
- The work of the Pension Board will be published on the SPPA website.

Regulation 8 (Membership of police pension board)

- Membership of and terms of appointment to SPPB is determined by the scheme manager but must have equal numbers of member and employer representatives.

Regulation 9 (Scheme advisory board)

- Establishes a scheme advisory board as required by the PSPA 2013. The Scottish Police Pension Scheme Advisory Board (SPPSAB) is responsible for advising on the desirability of changes to the scheme. The scheme manager is to determine how SPPSAB carries out its functions.
- Under Section 21 of PSPA 2013, any changes proposed are subject to full consultation with such persons (or representatives of such persons) as appear to the authority likely to be affected by them.
- Minutes of the SPPSAB will be published on the SPPA website.

Regulation 9 (Membership of scheme advisory board)

- Membership and terms of appointment to the board will be determined by the scheme manager.
- The board is constituted on a tri-partite basis and includes representation from Police Scotland, the Scottish Police Authority, Scottish Government, Scottish Police Federation and Association of Scottish Police Superintendents.
- The terms of reference can be found [here](#).

Regulation 11 (Conflict of interest)

- The scheme manager must at all times be satisfied that no member of either Board has a conflict of interest. A declaration will normally be requested before a board member is appointed. Board members must thereafter submit information if requested.

Part 4 Scheme Membership

This Part is split into five chapters covering different aspects of scheme membership.

Chapter 1: Eligibility for active membership

Regulation 12 (Eligible Service)

- Regulation 12 sets out who is eligible to be an active member of the scheme, and provides for officers on a career break of less than five years, or during a period of permanent service to remain in eligible service unless they are a member of another occupational scheme during that period.
- A “period of permanent service” means a period in which a person is absent from duty because of being called out, or recalled, for permanent service in Her Majesty’s armed forces following a notice or order made under the [Reserve Forces Act 1996](#).

Regulation 13 (periods of unpaid leave)

- Allows a person on either a career break or any other period of unpaid leave that does not exceed five years to remain an active member of the scheme. No benefits are accrued during this period.
- A Career Break means a period of unpaid leave, whether or not it exceeds five years, which is agreed with the employer in accordance with a determination under regulation 25(13) of the [Police Service of Scotland Regulations 2013](#).

Regulation 14 (period of permanent service)

- For the purpose of determining entitlement to benefits payable to or in respect of a member on permanent service, that person is taken to be an active member of the scheme during the duration of that service.

Chapter 2: Automatic enrolment

Regulation 15 (Application of Chapter)

- applies in relation to a continuous period of eligible service in a scheme employment. Any gap in eligible service of less than 5 years is disregarded for the purposes of this section.

Regulation 16 (Interpretation of Chapter)

- Provides definitions used throughout this Chapter in relation to automatic enrolment.

Regulation 17 (Automatic enrolment)

- Police officers are deemed to be members of the scheme on their first day of eligible service unless they opt out within the first three months of joining, or have already opted out of an existing scheme prior to transition.
- Members of another UK Police scheme join this scheme when they begin employment with the Police Service of Scotland.

Regulation 18 (Opting into this Scheme)

- Makes provision for a person to opt to become a member of the scheme and the date at which this takes effect.
- Where a member subsequently opts out within 12 months of joining, they may not then re-enter the scheme until after the end of the 12 month period from initially opting in.

Regulation 19 (When an opt-in takes effect)

- Confirms that the date membership becomes active in relation to a period of continuous eligible service is the beginning of the first pay period beginning on or after the date the opt-in is exercised.
- Discretion can be exercised where the scheme manager feels a different date would be more appropriate.

Regulation 20 (Automatic re-enrolment)

- Sets out the requirements of automatic re-enrolment under the Pensions Act 2008. This regulation will take effect from the staging date applicable to Police Scotland in May 2017.

Regulation 21 (Opting out of this scheme)

- Allows for a person to opt out of the Scheme by giving written notice to the scheme manager. The opt out takes effect from the date the scheme manager receives the notice.

- Participation rates are monitored by the Scheme Advisory Board and an opt-out notice may record information on the reasons for opting out.

Regulation 22 (Opting out before the end of the initial period of eligible service)

- allows for someone to opt out of the scheme and sets out that a person who opts out of the scheme within the first 3 months of employment or within one month of being automatically re-enrolled will not have been in pensionable service on that occasion.

Regulation 23 (Opting out after the initial period of eligible service)

- describes what happens when a person opts out of the scheme in any employment after the initial 3 months and the point from which the opt out applies. This would normally be from the beginning of the current pay period, unless the scheme manager determines a later date is appropriate.

Chapter 3: Pensionable Earnings and assumed pay

Regulation 24 (Pensionable earnings)

- this regulation follows the approach in the Police Pensions (Scotland) Scheme 2006.
- References to pensionable earnings in respect of contribution rates may have a different meaning and should instead be considered in the context of Part 10.

Regulation 25 (Pensionable earnings during a period of assumed pay)

- introduces the concept of assumed pensionable pay, which means that a member is protected from the effects of certain types of reductions in pay. This would include periods where the member is on pay reduced through sick leave, paid child-related leave, statutory pay and when called out for permanent service in the armed forces.
- The intention is that when pay is reduced in the circumstances defined in this regulation, the actual contribution amount paid by the employee is adjusted in relation to the reduced rate, but the level of benefit being accrued continues as before the pay reduction.

Chapter 4: Eligibility for ill-health benefits

Regulation 26 (Interpretation)

- Defines terms used throughout this chapter. Applies to new entrants to the scheme other than those who were members of a police scheme within the last five years and who were eligible for payment of ill-health benefits under that scheme.

Regulation 27 (Determination of eligibility for ill-health benefits)

- Set out the procedure for assessing eligibility on the grounds of medical fitness.
- Each new police officer and any police officer who has not been in the scheme before but later decides to opt in, or has previously opted out and now wishes to rejoin, must be assessed for ill health eligibility.
- Where a person is appointed to the Police Service and they have previously been a member of a CARE police scheme elsewhere in the UK within the last 5 years, they do not have to be assessed as long as they were previously eligible for ill health benefits
- A member who opts in to the scheme (excluding new members of the police force) must pay any fee charged for the examination and report.

Regulation 28 (Re-determination of eligibility for payment of ill-health benefits)

- The scheme manager may request that eligibility for payment of ill health benefits is reassessed. Where the assessment confirms the member is now entitled to ill-health benefits,

they will be taken to begin pensionable service (for the purpose of calculating ill-health benefits or entitlement for early payment on the grounds of permanent medical unfitness) from the date of that determination.

Regulation 29 (Reduced rate of member contributions)

- Allows an active member who is assessed as ineligible for ill-health benefits to be a member of the scheme and pay a reduced rate of contributions as determined in Part 10 (Contributions). For the period 2015-2019, the reduced rate is 10.96%, a reduction of 2.5%.

Regulation 30 (Selected medical practitioner's report)

- Requires a report to be submitted, if applicable, to the scheme manager and the applicant that confirming the likelihood of an officer becoming unable to perform duties, and the likelihood of that inability continuing until the officer reaches Normal Pension Age.

Regulation 31 (Appeals against selected medical practitioner's report)

- Sets out the process for appealing against a Selected medical practitioner's report where it determines against a member of the police force from joining the scheme with full entitlement. The appellant must produce evidence within two months that they have been examined by another registered medical practitioner who disagrees with the original report.

Regulation 32 (Revised Report by third registered medical practitioner)

- Outlines the procedure for referring the appeal to a mutually agreeable third party where the member gives written notice that they are not satisfied with the opinion of the selected medical practitioner. The scheme manager has 28 days in which to appoint the third practitioner.

Regulation 33 (Refusal to be medically examined)

- Where a member of the police force intentionally fails to undertake the process in this chapter, they may be excluded from payment of ill-health benefits if the scheme manager determines.

Chapter 5: Deferred membership

Regulation 34 (Meaning of deferred member)

- Provides a definition of deferred member and sets out when a person becomes a deferred member of the scheme. A deferred member must cease to be an active member of the scheme prior to State Pension Age, with a minimum of 2 years' qualifying service and not become a pensioner member.

Part 5 Pension Accounts

Part 5 is split into eight chapters and provides for the establishment of pension accounts for different types of members, and the information that should be specified in each account.

Chapter 1: Preliminary

Regulation 35 (Descriptions of accrued pension)

- this describes four categories of accrued pension: standard earned; club transfer earned; added (all beneficiaries) ; and added (self only).

Regulation 36 (Calculation of amount of accrued pension for purpose of deferment or retirement)

- sets out the various elements (including the value of pension earned each year, any transferred in pension, and any added pension purchased) that comprise a scheme member's accrued pension and will be used to calculate a person's deferred pension and/or full retirement pension. The respective amounts are the sum of opening balance of each component for the last scheme year and the index adjustment. The index adjustment is defined in Regulation 2 (Interpretation) and for standard earned pension is CPI plus 1.25%. For club transfer earned pension, the adjustment equates to the in-service revaluation index of the sending scheme.

Chapter 2: Calculation of adjustments

Regulation 37 (Calculation of "retirement index adjustment")

- sets out how indexation will be applied on a pro rata basis when a scheme member retires during the financial year.
- The in-service revaluation for the relevant type of accrued pension is multiplied by the number of complete months between 1 April and the date of leaving, and divided by 12 to give the proportion of the year for which the revaluation applies. A complete month includes an incomplete calendar month of at least 16 days.
- This additional payment is made at the beginning of the next scheme financial year.

Regulation 38 (Calculation of "retirement PIA index adjustment")

- sets out how indexation is applied to accrued added pension

Regulation 39 (Determination of "the age addition")

- makes provision for a member's pension account to be further increased, in line with actuarial guidance, for each year that the member continues to accrue pension after the age of 60 to reflect that the pension is being taken after the Normal Pension Age.
-

Regulation 40 (Determination of the "assumed age addition")

- makes provision for a member's pension account, where the member continues to accrue pension in the scheme after age 60, to be increased in the last year before the member leaves the scheme to reflect that the pension is being taken after Normal Pension Age or State Pension Age. It also requires that if a member leaves part way through the year then the increase should be calculated on a pro-rated basis.

Regulation 41 (Actuarial reduction on early payment of pension (early payment reduction))

- Retirement pensions are subject to actuarial reduction where an active member retires before reaching age 60 and where deferred and pension credit members have not reached the age at which their state pension becomes payable. However, pensions payable on the grounds of ill-health or permanent medical unfitness are not subject to reduction.
- The reduction applied is actuarially neutral, in that the member receives an equivalent amount of pension reduced as it is expected to be in payment for a longer period. The reduction is calculated in accordance with factors provided by the scheme actuary.
- Different methodology is used by the actuary in producing the factors for active and deferred/pension credit members. This is because the reduction for active members takes into account future increases of pension in line with the scheme index adjustment, whereas for deferred members, increases under the Pension Increase Act 1971 are considered. However the calculation undertaken by the administrator is the same:

$$\text{Accrued Pension} \times (1 - \text{reduction factor})$$

The factor is determined by period of time to NPA or SPA.

Example:

For an active member retiring at age 56 with a retirement pension of £15,000, the calculation would be $£15,000 \times (1 - 0.875^*) = £1,875$. This leaves a resulting pension payable of £13,125.
* this factor is appropriate at the time of writing and is subject to change

- The pension is actuarially reduced prior to any commutation option.

Regulation 42 (Late payment supplement)

- Provides similar provision to “the age addition” for a deferred member pension account to be increased, in line with actuarial guidance, for each year that the member continues to accrue pension after State Pension Age.

Chapter 3: Pension accounts: general

Regulation 43 (Establishment of pension accounts: general)

- Regulation 43 introduces the concept of an ‘account’ which is used to record and administer benefits that are accrued and paid. Regulation requires the scheme manager to open and maintain such accounts. Benefits in respect of pension credit are not dealt with as active membership and so are contained within a separate account. A member can have more than one type of account at any given time, further to the dual capacity membership described in Part 13
- Each member must be credited with an accrual amount for each scheme year that they are in active service. The accrual amount for each scheme year is deposited into the member’s active account. The account balance will then be revalued after the end of each scheme year in line with the percentage change in prices provided for by an HMT order under section 9(2) of the Public Service Pensions Act 2013 plus 1.25%.
- Regulation 49 provides that each member who is active in the scheme will accrue a pension at the rate of 1/56.1th (an ‘accrual rate’) of pensionable earnings in each scheme year during which they are in active service.
- Where the member ceases active membership, the active account is closed and a new deferred or pensioner account is opened into which the account balance is transferred depending on the status of those benefits. The account balance in deferred or pensioner accounts is indexed in line with the Pensions (Increase) Act 1971 – this is currently the Consumer Price Index (CPI).
- Regulation 44 requires the scheme manager to close all pension accounts, with the exception of any pension credit accounts, where a contributions refund or a transfer payment is made in respect of the member’s pension rights. Rights under the scheme are extinguished following a refund or transfer of benefits.

Regulation 44 (Closure and adjustment of pension accounts on transfer out or repayment of balance of contributions)

- makes provision for a scheme member’s account to be closed if the accrued benefits are transferred to another scheme or if contributions are repaid. All rights under the scheme must then be extinguished.
- Where a person is a member in a “dual capacity” (see regulation 189), the pension credit account need not be extinguished where the deferred member’s account is transferred out.

Chapter 4: Active member’s account

Regulation 45 (Application of Chapter)

- Applies in relation to a continuous period of pensionable service

Regulation 46 (Establishment of active member’s account)

- explains when a pension account must be established for each active member from the date of entering pensionable service.

Regulation 47 (Receipt of a transfer value payment)

- sets out that if a transfer value payment is received from another pension scheme (other than a connected scheme) in relation to an active member of the scheme, that on receipt of payment, the scheme manager must credit the active member's account with an amount calculated under regulation 181.

Regulation 48 (Receipt of a club transfer value payment)

- sets out that if a transfer value payment is received from another club scheme in relation to an active member of the scheme, that on receipt of payment the scheme manager must credit the member's account with an amount of club transfer earned pension calculated under regulation 183.
- This portion of club transfer earned pension will continue to be revalued at the sending scheme's in-service revaluation rate whilst the member remains active in the police scheme.

Regulation 49 (Amount of pension for a scheme year)

- sets out that the amount of standard earned pension is 1/56.1th of the member's pensionable earnings for each year the account is open, and the inclusion of club transfer earned pension, transfer earned pension and added pension components where applicable.
- e.g. where a member's pensionable earnings in a scheme year are £35,000, the amount of standard earned pension for that year would be: $£35,000 \times 1/56.1 = £623.89$

Regulation 50 (Opening balance, index adjustment PIA index adjustment and age addition)

- confirms, for each year that an active member's account is open, that each active member's account must specify the relevant opening balance, plus index adjustments and age addition as necessary.
- Using the example in regulation 49, and assuming CPI for that year was 2.25%, the opening balance of standard earned pension for that scheme year in the following year would show: $£623.89 \times (1.25\% + 2.25\%) = £645.73$.

Regulation 51 (Closure and re-establishment of active member's account)

- sets out the process for closing and where necessary, re-opening the active member's account.

Regulation 52 (Active member's account to remain open during periods of unpaid leave)

- ensures that where a member is either on a period of unpaid leave not exceeding 5 years or a career break, the active member's account remains open. The scheme manager records the period as pensionable service but with no pensionable earnings.
- Where a period of leave other than a career break exceeds 5 years, the active member's account must be closed and a deferred member account opened.

Regulation 53 (Adjustment of active member's account after period of unpaid family leave or unpaid sick leave)

- Where a member returns to work following a period of unpaid leave and opts to pay contributions to cover the period under regulation 162, the active member's account should be adjusted accordingly. The rate of pensionable earnings should be that applicable before the period of unpaid leave commenced. If the contributions are not repaid in full, the account should be adjusted appropriately as determined by regulation 163(4)

Chapter 5: Deferred member's account

Regulation 54 (Application of chapter)

- sets out that the chapter will refer to the establishment of a deferred members account, and where there are two or more periods of pensionable service, each are treated separately.

Regulation 55 (Establishment of deferred member's account)

- Confirms the action to be taken when an active member becomes a deferred member.

Regulation 56 (Provisional amount of deferred pension)

- confirms the elements that must be included in the deferred account for each financial year. The pensions increase is applied each year whilst the individual is in deferred membership.

Regulation 57 (Adjustment of provisional amount)

- Describes the required content in the account when a deferred member becomes entitled to a retirement pension. Each provisional amount of retirement earned pension must specify any commutation amount and any late payment supplement or early payment reduction.

Regulation 58 (Closure of deferred member's account after gap in pensionable service not exceeding 5 years)

- makes provision for a scheme member who returns to pensionable service after a break of not more than 5 years. In this case the scheme member's deferred benefits return to the active account and the break in service is re-valued in line with the revaluation rate for active members.

Chapter 6: Retirement Account

Regulation 59 (Establishment of retirement account)

- provides for the establishment of a pension account when an active member becomes entitled to immediate payment of a full retirement or an ill health award.

Regulation 60 (Amount of retirement earned pension and retirement added pension)

- sets out what elements must be included in the description of a full retirement pension and a full retirement added pension. Adjustments are made to the account in relation to any early payment of pension and commutation amount. The age addition will also apply if someone remains in pensionable service more than a month after reaching Normal Pension Age.

Regulation 61 (Closure of retirement account)

- makes provision for a pension account to be closed where a retirement earned pension ceases to be payable, or where a pensioner who retired with an ill health award returns to pensionable service and their award ceases to be payable.

Chapter 7: Pension accounts for pension credit members

Regulation 62 (Establishment of pension credit member's account)

- sets out that a pension account must be established for each pension credit member and more than one account is permissible.

Regulation 63 (Other pension accounts)

- The pension credit member's account will be in addition to any other account established if that person is also a member of the scheme in another capacity.

Part 6: Retirement pensions payable on grounds of permanent medical unfitness

Chapter 1: General

Regulation 64 (Medical unfitness)

- This replaces the definition of “disablement” in previous regulations. It means an inability caused by infirmity of mind or body to perform a) the ordinary duties of a member of the police force, or b) to engage in any regular employment. Infirmity means a disease, injury or medical condition, including a mental disorder, injury or condition.

Regulation 65 (Permanent medical unfitness)

- A selected medical practitioner may determine a member or former member of the police service to be permanently medically unfit where they are unfit at the time of the decision and are likely to remain so until normal pension age (or death if this is expected sooner) as decided under regulation 66.

Regulation 66 (Decision of selected medical practitioner)

- Sets out that the SMP must decide whether the member is deemed to be permanently medically unfit up to normal pension age for either undertaking the ordinary duties of a member of the police force, which would entitle the member to retire on the grounds of ill health and become entitled to a lower-tier ill health pension, or unable to engage in any regular employment, which would entitle the member to payment of an enhanced upper tier ill health pension.

Regulation 67 (Refusal to be medically examined or attend interviews)

- This allows the employer to make a determination on evidence and medical advice where the member wilfully or negligently fails to attend medical examination or interview with the SMP. Similarly, the employer can take action in the event of an appeal case if the member refuses to be medically examined.

Regulation 68 (A report under this part)

- Defines references to reports in regulation 71, 73 and 76.

Chapter 2: Compulsory ill-health retirement

Regulation 69 (Application of Chapter)

- This chapter relates to active members of the scheme and those deemed to be in eligible service.

Regulation 70 (Former member of the police force)

- This chapter also includes former members of the police force applying for retirement on the grounds of ill health.

Regulation 71 (Referral of medical questions for purpose of regulation 72)

- Confirms the questions that should be referred by the employer to the Selected Medical Practitioner. The SMP must then assess the case, make a decision and include it in the report, which is final subject to an appeal or further consideration.
- The questions that must be asked to determine a member's eligibility for ill health retirement are
- i) Whether the member is medically unfit for performing the ordinary duties of a member of the police force, and whether this medical unfitness is likely to be permanent
- ii) Whether the member is medically unfit for engaging in any regular employment and whether this medical unfitness is likely to be permanent.
- For these purposes, "permanent" means to Normal Pension Age as outlined in regulation 66.

Regulation 72 (Compulsory retirement on the grounds of permanent medical unfitness)

- Where the procedure outlined in regulation 71 has been completed and the SMP has determined the person is permanently medically unfit for performing the duties of a member of the police force, the employer may require the person to retire, or continue to serve.

Regulation 73 (Compulsory retirement of member who was required to continue to serve)

- Where a member is required to continue to serve, the employer has discretion to consider whether unfitness has ceased, worsened or improved. They must then refer the questions to the SMP for further assessment.

Regulation 74 (Compulsory retirement void if appeal successful)

- A member is not required to retire where they appeal the decision of the SMP and the appeal board decides that the member is not permanently medically unfit for performing the ordinary duties of a member of the police force.

Chapter 3: Early payment of full retirement pension on grounds of permanent medical unfitness

Regulation 75 (Application of Chapter)

- This chapter refers to deferred members of the scheme, whether serving police officers or not.

Regulation 76 (Referral of medical questions for purpose of early payment of full retirement pension on grounds of permanent medical unfitness)

- In these cases, early payment means payment before the deferred member's state pension age. The referral procedure is the same as for active members.

Part 7: Retirement Benefits

Chapter 1: General

Regulation 77 (Application of part)

- This relates to retirement benefits payable in respect of pensionable service in the scheme.

Regulation 78 (Qualifying Service)

- sets out what periods of membership could count as qualifying service and what will not count as qualifying service.
- For transitional members, qualifying service under a previous/existing scheme shall also be included.
- For part time members, qualifying service equates to the whole time equivalent period.

Regulation 79 (Descriptions of full retirement pension)

- Describes the types of retirement pension, consistent with the types of accrued pension under regulation 35.

Chapter 2: Full retirement benefits

Regulation 80 (Entitlement to full retirement pension (active members))

- sets out the conditions that need to be met for an active member to receive immediate payment for life of a full retirement pension. They must have reached minimum pension age, with at least 2 years' qualifying service or a had a transfer credit otherwise than from an occupational scheme. They must claim the pension under regulation 82 – in writing to the scheme manager in the appropriate format and giving the relevant period of notice outlined in regulation 82. When they become entitled to the retirement earned pension, they are also entitled to any retirement added pension purchased.

Regulation 81 (Entitlement to full retirement pension (deferred member))

- sets out the conditions that need to be met for a deferred member to receive immediate payment for life of a full retirement pension. They must have reached state pension age, be permanently medically unfit, or have reached minimum pension age and applied for early payment of pension subject to actuarial reduction. Upon becoming entitled to a full retirement earned pension, any added pension also becomes payable.

Regulation 82 (Claim for payment of full retirement pension (active members))

- Active members must apply to the scheme manager in writing for payment of pension and must comply with the relevant period of notice. If the application is before NPA, the notice must state whether the member has opted to buy out the early payment reduction.

Regulation 83 (Notice period for active members)

- The minimum notice period for an inspector of constabulary, Chief Constable, Deputy Chief Constable or Assistant Chief Constable is 3 months. For all other ranks, the minimum notice period is 1 month.

Regulation 84 (Full retirement pension payable at member's state pension age (deferred members))

- Deferred member pensions become payable monthly from the day of the deferred member's state pension age.

Regulation 85 (Full retirement pension payable early on grounds of permanent medical unfitness (deferred members))

- In these cases, the pension becomes payable monthly from the date the member is taken to claim the pension. This is either the date the member first asked the employer to refer question to the SMP, or the date the employer did so on its own initiative.

Regulation 86 (Claim for early payment of full retirement pension otherwise than on the grounds of permanent medical unfitness (deferred members))

- Deferred members who claim early payment of pension otherwise than on the grounds of medical fitness must give at least one month's notice in writing. They must state whether they wish to buy out the early payment reduction and must include the date upon which they wish the pension to become payable. The pension is payable monthly thereafter.

Regulation 87 (Members who have been dismissed or forced to resign)

- Explains the entitlement of those members who have reached minimum pension age and been dismissed or forced to resign. They are entitled to either a refund of contributions where they have less than 2 years' service, or entitled to immediate payment of pension. The member may choose to defer payment of the pension until a later date up to state pension age.

Regulation 88 (Annual rate of full retirement pension (active members))

- Explains that the annual rate of pension for active members is the amount in the retirement account, minus any early payment reduction and/or commutation amount. The early payment reduction is not applied where the member opts to buy out the reduction.

Regulation 89 (Annual rate of full retirement pension (deferred members))

- The annual rate of pension for deferred members is calculated by taking the provisional amount in the deferred member's account, and adding any late payment supplement, or subtracting any early payment reduction or commutation amount. There is no reduction for early payment where the deferred member has opted to buy out the reduction, or where the pension becomes payable on the grounds of permanent medical unfitness.

Regulation 90 (Full retirement pension ceases to be payable)

- Stipulates a full retirement pension ceases to be payable where a member re-enters pensionable employment within 28 days of retirement, and an active member's account re-established. The pension and any lump sum already paid must be recovered, the retirement account closed and the active member's account treated as if it had never been closed.

Chapter 3: Ill-health pension

Regulation 91 (Payment thresholds)

- Ill-health pensions are payable on a two-tier basis depending on the severity of the condition. Where the report by the selected medical practitioner asserts that the member is permanently unfit for performing the duties of a police officer, the member is entitled to a lower tier ill health pension. Where they are also deemed to be unfit for engaging in any regular employment, they also meet the upper tier threshold and are entitled to an enhanced upper tier ill-health pension.

Regulation 92 (Entitlement to payment of ill-health pension)

- Sets out the conditions that must be met for entitlement to an ill-health pension.

Regulation 93 (Claim for payment of ill-health pension)

- Defines the claim date for the purposes of appeals to the sheriff or tribunal. Ill-health pensions are payable monthly from the date the member was required to retire.

Regulation 94 (Annual rate of ill-health pension)

- Explains the method of calculating lower tier and upper tier ill health pensions.
- Lower tier pensions are calculated in the same manner as a full retirement pension, but without any reduction for early payment.
- The enhanced upper tier element for a member with less than 5 years' aggregate service is 3 x the accrued pension, or Final pay / 56.1 x 50% of assumed period of pensionable service. For 2006 transition members, the accrued pension includes pension accrued in that scheme.
- The enhanced upper tier element for a member with more than 5 years' aggregate service the annual rate is Final Pay / 56.1 x 50% of the assumed period of pensionable service.

- The “assumed period of pensionable service” is the period from the retirement date to Normal Pension Age.
- For a 2006 scheme transition member, the “aggregate service” includes service in that scheme.
- Note service is the PPS does not count towards aggregate service.

Example 1:

A 25 year old active member with 3 years’ service is awarded an enhanced upper tier ill health pension. She has earnings of £23,000 p/a and has accrued £1,200 pension during her service.

As she does not have five years’ pensionable service, her enhanced upper tier pension is the lesser of $£1,200 \times 3 = £3,600$ or $(£23,000/56.1) \times (60-25)/2 = £7175\text{p/a}$
Her Total Pension is $£1,200 + £3,600 = £4,800 \text{ p/a}$.

Example 2:

A 35 year old member retires on grounds of enhanced upper tier ill health. He has pensionable earnings of £35,000 and has accrued £5,000 pension.

Enhance upper tier pension is: $(£35,000/56.1) \times (60-35)/2 = £7798.57$
Total pension is $£5,000 + £7,798.57 = £12,798.57$

- If the member is part-time, the enhancement is scaled down proportionately. The relevant proportion is actual pensionable service / whole-time equivalent service for the period of employment.

Example 3:

A 30 year old active member worked part-time at 40% hours for three year then full time for a further 3 years. Her pensionable pay is £30,000 and she has accrued £2,200 pension. Her qualifying service is 6 years, and pensionable service is 4.2 years. Her enhanced upper tier ill health pension is:

$(£30,000/56.1) \times (60-30)/2 \times (4.2/6) = £5614.97$
Her total pension is therefore $£2,200 + £5,614.97 = £7814.97$

Regulation 95 (Deferment of accrued added pension attributable to recent payments)

- Excludes added pension from the ill-health benefits where the added pension has been purchased by lump sum within 12 months of the date of ill-health retirement. In this circumstance the member becomes a deferred member in respect of the added pension amount.

Chapter 4 Reduction of ill-health benefits

Regulation 96 (Referral of medical question for purpose of reduction of benefits)

- Where the employer is considering exercising the powers under regulation 97, they must refer the question to the SMP of whether the person has brought about medical unfitness by the person’s own default.

Regulation 97 (Reduction of pension in case of default)

- Allows for a reduction in the payment of ill-health benefits where the scheme manager decides the member has brought about or contributed to their own medical unfitness. The reduction ceases to have effect when the member reaches normal pension age, or when a pensioner member who became entitled to an upper tier pension reaches state pension age.

Regulation 98 (Refusal to be medically examined)

- Allows the employer to make a reasonable determination on the matter of medical unfitness where the member fails to submit requested evidence or to attend a requested interview.

Regulation 99 (Decision of employer void if appeal against decision of selected medical practitioner is successful)

- Where the appeal board decides a member did not bring about or substantially contribute to their medical unfitness through their own default, the initial decision by the employer is void.

Chapter 5: Review of ill-health benefits

Regulation 100 (Review of lower tier ill-health pension)

- Allows for the scheme manager to review an award for lower tier ill-health benefits up to the member's normal pension age.
- The review may be carried out periodically at the discretion of the employer. However, it must be carried out when the employer has been informed that the "medical unfitness" has worsened.

Regulation 101 (Cancellation of lower tier ill-health pension if medical unfitness ceases)

- Where a review under regulation 100 has been carried out and the scheme manager determines the member is fit to work, the member will be given notice that they can rejoin the police at an equivalent rank within three months. The ill health pension may cease to be payable when the member does not rejoin the force within three months of receiving the notice.

Regulation 102 (Entitlement to enhanced upper tier ill-health pension following claim for payment)

- Makes provision for a scheme member in receipt of a lower tier ill-health pension to claim for an upper tier ill health pension. The scheme manager may carry out a review of the member's condition and reassess the member's entitlement.
- Claim for enhanced upper tier ill health pension cannot be made more than 5 years after the lower tier pension became payable.
- The claim date is the date the employer was notified that the medical unfitness had worsened.

Regulation 103 (Entitlement to enhanced upper tier ill-health pension following periodic review)

- If the review finds that the member now meets the upper tier threshold, and it is less than five years since the lower tier pension became payable (unless the deterioration in the person's condition was due to a progressive medical condition included in Schedule 2), an enhanced upper tier ill-health pension is payable from the claim date.

Regulation 104 (Review and cancellation of enhanced upper tier ill-health pension)

- Allows for the scheme manager to review an award for upper tier ill-health benefits at five yearly intervals up to the member's State pension age.
- Allows the scheme manager to cease payment of upper tier ill-health benefits where it has been determined that the member no longer meets the upper tier threshold.

Regulation 105 (Cancellation of ill-health pension: failure to receive appropriate medical treatment)

- Allows the scheme manager to cease payment of a lower tier ill-health pension where the scheme manager determines the medical unfitness would have ceased had the member received or agreed to receive appropriate medical treatment, but had wilfully refused

Regulation 106 (Review and cancellation of full retirement pension which came into payment early on grounds of permanent medical unfitness)

- Reviews to ill health pensions brought into payment early under 81(3) can be taken up to the pensioner member's state pension age at intervals of not less than 5 years, at the employer's discretion.
- Questions must be referred to the SMP.

Regulation 107 (Referral of medical questions for purpose of a review)

- Outlines the questions that must be referred by the scheme manager to the selected medical practitioner in the event of a review, and the procedure thereafter.

Regulation 108 (Refusal to be medically examined)

- Allows the employer to make a reasonable determination on the matter of medical unfitness where the member fails to submit requested evidence or to attend a requested interview during a review.

Regulation 109 (Decision of employer void if appeal against decision of selected medical practitioner is successful)

- In the event of an appeal by the member following a review, if the appeal board decides against the decision reached by the employer, the decision of the employer is void.

Chapter 6: Payment options

Regulation 110 (Options under this Chapter)

- Makes provision for payment options:
 - to buy out early payment reduction,
 - to defer payment of a retirement added pension
 - commutation of pension.

Regulation 111 (Exercising an option under this Chapter)

- Stipulates options must be exercised by the member in a form required by the scheme manager.

Regulation 112 (Option to buy out early payment reduction)

- Allows the member or their employer to make payment to buy out the actuarial reduction upon retirement prior to normal pension age, or state pension age for deferred members. Costs depend on guidance provided by the scheme actuary and should be made by the member, employer (or both) by special payment as the scheme manager requires.
- The method used to calculate the cost of buy-out depends on the size of the reduction as calculated under regulation 41, multiplied by a factor determined by the member's age at retirement in years and whole months.
- Using the example in regulation 41, for member retiring at age 56 0 months with a reduction of £1875, the cost to buy-out the reduction would be:

$$£1,875 \times 19.90^* = £37,312.50$$

* appropriate factor at the time of writing, which is subject to change

- Following receipt of the payment, which is made prior to the member's retirement, the scheme manager will pay the retirement pension in full from that retirement date.

Regulation 113 (Option to defer payment of retirement added pension)

- Allows the member to opt to defer payment of added pension where they become entitled to it upon or after reaching normal pension age.
- A deferred member's account must be set up and on claiming payment the member must give one month's notice written notice to the scheme manager. The retirement added pension is calculated in accordance with regulation 89, including any late payment supplement.

Regulation 114 (Option to commute part of pension)

- Allows the member to exchange part of the accrued pension for a lump sum before the first payment of pension is made. The resulting lump sum
 1. must not exceed 25% of the "cash value" of the member's pension.
 2. cannot be any amount that results in a "scheme chargeable payment", and
 3. The post commutation pension cannot be less than the member's Guaranteed Minimum Pension (it is extremely unlikely that this would ever apply)
- As the lump sum cannot breach any of these limits, the maximum available should be determined by whichever is the lowest limit of the three.
- Commutation limits for 2015 transition members are calculated slightly differently (see 2(b) below).
- 1. The "Cash Value" has been determined by the actuary as being the same as the Cash Equivalent Transfer Value that would be used in a pension sharing on divorce calculation. Therefore the limit to the lump sum would be 25% of the CETV.
- 2. A "Scheme chargeable payment" would be triggered by an "unauthorised payment", under the Finance Act 2004. A Pension Commencement Lump Sum would be an unauthorised payment where it exceeds the lower of:
 - a) 25% of the member's Lifetime Allowance (taking into consideration an primary or enhanced protection, and any lump sum or pension payable under any other pension scheme, including for transition members the 1987 and 2006 schemes) and
 - b) 25% of HMRC's assessment of the value of the member's crystallised benefits at retirement (this limit permits the member to commute up to 35.7% of their 2015 pension)
- 3. Administrators should compare the member's proposed post-commutation pension against the value of their GMP. This is the amount attributable to any GMP rights transferred into the scheme.
- The option to commute must be taken before benefits have crystallised (i.e. before any pension has been paid).
- The member can commute any amount up to the maximum available. For each £1 of pension exchanged, £12 is added to the lump sum.
- Where a member retires before NPA, the early payment reduction is applied to the pension prior to calculating commutation.
- To calculate the maximum available under HMRC rules for a standard 2015 member, the following formula is used:
- $(20 \times \text{pre commuted pension}) / (3 + (20/12))$

Examples are available in the [Guidance](#) on commutation.

Part 8 Benefits for pension credit members

Regulation 115 (Interpretation)

Regulation 116 (Entitlement to pension credit member's pension)

- sets out the conditions when a pension (or pensions if there is more than one pension credit) may be paid to a pension credit member.

Regulation 117 (Claim for payment of pension credit member's pension)

- Allow for a pension credit member to claim early payment where they have reached minimum pension age but not state pension age.
- Application must be made at least one month in advance of the date from which it is claimed

Regulation 118 (Payment of pension credit member's pension)

- The pension credit member's pension is payable monthly following the claim date.

Regulation 119 (Annual rate of pension credit member's pension)

- sets out how the annual rate of the pension credit member's pension is to be calculated.

Regulation 120 (Pension credit member's rights)

- states that pension credit benefits are not to be aggregated with other benefits that are payable to the pension credit member under the scheme.

Regulation 121 (Option for pension credit member to commute part of pension)

- sets out when a pension credit member is able to commute part of their pension for a lump sum.
- The same 12:1 rate of commutation applies to a pension credit member as to any other member. Each £1 of pension exchanged, the member receives £12 tax-free lump sum
- The amount available for a pension credit member to commute is determined by HMRC limits. The resulting lump sum should not be an amount that would trigger a scheme chargeable payment under Part 4 of FA 2004.

Regulation 122 (Option for pension credit member to commute whole pension (serious ill-health))

- Allows a pension credit member to exchange their pension benefits for a lump sum in the event of shortened life expectancy. This must be certified by a selected medical practitioner.
- The option must be exercised in writing before the first payment of pension is made.
- The amount of lump sum is 5 times the annual amount of the pension credit member's pension including Pension Increase but without any early reduction.
- The payment of a commuted whole pension extinguishes all scheme liability.

Part 9 Death Benefits

Chapter 1: Application of part

Regulation 123 (Application of Part)

- Introduces the benefits payable on death in respect of members of the scheme. Defines active members as meaning a person who is an active member of this scheme, or taken to be under Chapter 1 of Part 4.

Chapter 2: Pensions for surviving adults

Regulation 124 (Surviving Adults)

- Defines the persons entitled to survivor's benefits as surviving spouse, surviving civil partner or surviving adult partner. The last category of person is defined in regulation 125.

Regulation 125 (Meaning of "surviving adult partner")

- Defines a surviving adult partner as a person nominated in writing by the member to receive a survivor pension. This is subject to the surviving partner meeting set criteria, including co-habitation in an exclusive relationship, financial interdependence, able to marry or form a civil partnership.

Regulation 126 (Meaning of “surviving adult’s pension”)

- Describes the types of pensions payable to a surviving adult, being surviving adult’s earned pension, lower or upper tier ill-health and added pension.

Regulation 127 (Entitlement to surviving adult’s pension)

- Provides for the payment of a surviving adult’s pension where the member had at two years’ qualifying service, was a deferred member or a pensioner member of the scheme.
- The scheme manager has discretion to withhold payment of a surviving adult’s pension where a marriage took place or civil partnership was formed less than six months prior to the member’s death.
- Particular care should be taken by the scheme manager when considering exercising this discretion. Note that surviving adult partners are not within the scope of this regulation due to the requirement to meet the conditions in regulation 125. It is possible that a spouse or civil partner could previously have been nominated by the member as a surviving adult and therefore withdrawal of the pension is unlikely to be appropriate.

Regulation 128 (Surviving adult’s pension payable in respect of pension debit member)

- The benefits payable to the surviving adult of a pension debit member should be calculated after the relevant reduction in respect of the shareable rights, under Section 31 of the Welfare Reform and Pension Act 1999, has been applied.

Regulation 129 (Annual rate of surviving adult’s pensions payable on death of pensioner member)

- Describes the rates of various survivor pensions payable in the event of the death of a pensioner member. This is generally 50% of the amount specified in each of the pensioner member’s accounts, without the subtraction of an early payment reduction if applied. For ill health pensions, this is the amount ignoring any commuted amount.
- Surviving adult’s pensions are increased in line with inflation under the Pensions (Increase) Act 1971.

Regulation 130 (Annual rate of surviving adult’s pensions payable on death of deferred member)

- The annual rate is 50% of the amount specified in the deferred member’s account
- Surviving adult’s pensions are increased in line with inflation under the Pensions (Increase) Act 1971

Regulation 131 (Annual rate of surviving adult’s pensions payable on death of active member)

- For an active member with at least two years’ service, this is 50% of the notional upper tier pension that would have been payable at the time of death. The amount in respect of any added pension is 50% of the amount specified in the member’s account had it become payable at the time of death.
- Surviving adult’s pensions are increased in line with inflation under the Pensions (Increase) Act 1971

Regulation 132 (Reduction in pensions in cases of wide age disparity)

- In line with previous provisions, this requires a reduction in a surviving adult’s pension where the dependant is more than 12 years younger than the member. The calculation remains the same as the 2006 scheme and amounts to 2.5% of pension for each year the surviving adult is younger. The annual rate of pension is reduced by the *lower* of:
- 50% of the pension payable under regulations 129, 130 or 131, and

- $2.5 \times (N-12) \%$, where N is the number of whole years by which the surviving adult is younger than the member.
- **Example**
- An officer dies age 54 years 3 months, leaving a surviving adult age 40 years 2 months. The number of whole years the surviving adult is younger than the member is 14. Thus the surviving adult's pension of £5,500 is subject to reduction and is reduced by:
- $2.5 \times (14-12)\% = 5.0\% = £275.00 \text{ p/a}$

Chapter 3: Pensions for eligible children

Regulation 133 (Meaning of "eligible child's pension")

- Describes the types of pensions payable to an eligible child. These are child's earned pension, child's lower or upper tier ill health pension, and child's added pension.

Regulation 134 (Meaning of "eligible child")

- Defines an eligible child in relation to the member, and also the conditions that must be met to allow the child to qualify for a pension. The qualifying conditions are in line with the 2006 scheme.

Regulation 135 (Eligible child's pension)

- Defines what type of pension is payable to the eligible child, and at when it is payable.

Regulation 136 (Annual rate of eligible child's pension)

- Links the amount of eligible child's pension to a corresponding surviving adult's pension. Where there are one or two eligible children, the amount is 50% of the surviving adult's pension. Where there are more than two children, the pension is reduced by an appropriate fraction.

Chapter 4 Payment of pensions for surviving adults and eligible children

Regulation 137 (Payment of pensions under this part)

- Makes dependant's pensions payable from the day following the member's death. In the event a pension is payable to a child under the age of 18, it must be paid to a corresponding surviving adult, or to another person determined by the scheme manager. It also requires the child's pension to be applied for the benefit of the child in these circumstances.

Regulation 138 (Suspension and recovery of pensions paid under this part)

- Allows for dependants pension to cease and for payment to be recovered in circumstances where the scheme manager has not been provided with fully accurate information.

Regulation 139 (Provisional awards of eligible child's pensions: later adjustments)

- Allows for an adjustment to be made to a child's pension in payment where it later transpires that not all eligible dependants have been in receipt of benefits.

Regulation 140 (Adjustment of benefits to comply with FA 2004 where members die over 75)

- Benefits may be adjusted to comply with statutory requirements.

Regulation 141 (Guaranteed minimum pensions for surviving spouses and civil partners)

- Ensures that regardless of entitlement under this scheme, any entitlement the member had to a guaranteed minimum pension is reflected in the rights available to a surviving spouse or civil partner. A pension equal to the weekly rate of GMP is payable to them for life.

Chapter 5: Nominations for lump sum death grants

Regulation 142 (Nominations for lump sum death grants)

- A scheme member can make a revocable nomination for a person to receive a lump sum on death. The nomination must be made in the format the scheme manager requires.

Regulation 143 (Invalid nominations of individuals)

- In the event of an invalid nomination, the payment defaults to the member's legal personal representatives. A nomination is rendered invalid if the nominated person predeceases the member, or is convicted of the offence of murder of the member.

Regulation 144 (Recovery of payment if nomination found to be invalid)

- The scheme manager may recover payment of the lump sum death grant where it becomes known the nomination was invalid.

Chapter 6: Payment of lump sum death grants

Regulation 145 (Payment of lump sum death grants: general)

- Lump sums are payable on the death of a member or pension credit member, whether or not there is a surviving adult's pension or death gratuity payable. The lump sum must be paid within two years of the member's death. Chapter 7 indicates the amount payable.

Regulation 146 (Persons who may be paid lump sum death grant)

- Mirroring the 2006 regulations, this provides for the lump sum to be paid to the surviving spouse or civil partner unless they and the member were subjects of a separation order or decree and the member was not required to contribute to support the other party. The payment could also be made to surviving adult partner where they claim a surviving adult's pension and meet the criteria. If neither of these is applicable the scheme manager can pay the sum to the nominated individual. In the absence of a nomination, the sum is paid to the deceased's legal personal representatives.

Regulation 147 (Pension protection lump sum death benefit)

- Describes the rules that apply where the lump sum is considered a pension protection lump sum for the purposes of Finance Act 2004.
- Tax can be deducted from the sum where liability exists.
- Useful information can be found in the HMRC [Registered Pension Scheme Manual](#).

Regulation 148 (Payment of pension instead of lump sum death grant for members who have reached 75)

- Where the deceased had reached the age of 75, regulations require that an index-linked pension is paid instead of a lump sum death grant for a period of up to five years. The pension is payable to the relevant party as outlined in regulation 146.

Chapter 7: Amount of lump sum death grant

Regulation 149 (Meaning of "final pay")

- Defines the 'final pay' used to calculate the amount of lump sum death grant. This is the greater of the annual rate of earnings in the 12 months immediately before the member's death, or the annual rate paid to the member in any of the ten scheme years before the last active scheme year.

Regulation 150 (Meaning of "annualised final pay")

- Provides the method of calculating annualised final pay where there is less than 12 months' pensionable service immediately before the date of death.
- Earnings for transition members include earnings in respect of membership of the existing final salary scheme
- **Example**
- **An officer's period of service 272 days. In that period, the officer earns £21,500. Their annualised final pay is therefore $£21,500 * 365 / 272 = £28,851.10$**

Regulation 151 (Amount of lump sum death grant payable on death of active member)

- sets out that on the death of an active member the lump sum death benefit payable is three times the member's final pay.
- For a member with less than 12 months' service, the lump sum is 3 x the annualised final pay.
- Using the example in Regulation 150, the lump sum death grant payable would be: $£28,851.10 \times 3 = £86,553.31$
- If a person has more than one active account, a lump sum death benefit is payable in respect of each of these accounts.

Regulation 152 (Amount of lump sum death grant payable on death of pension credit member)

- gives the power for a lump sum death benefit to be paid in the event that a pension credit member dies before any benefits derived from a pension credit have been payable to him/her.
- This equates to 3 times the annual rate of pension

Regulation 153 (Amount payable under court order to former spouse or civil partner)

- Directs that the payment should be made according to any court order that applied to the member.

Chapter 8: Death Gratuities

Regulation 154 (Application of Chapter)

Regulation 155 (Death gratuities – dependents)

- In line with the 2006 scheme, this allows the scheme manager to grant a gratuity to any dependant of a pensioner member who dies within two years of retirement, or dies as a result of an injury sustained whilst on duty.
- The gratuity should not be more than the aggregate of all contributions made by the member to the scheme.
- Unlike some other public service pension schemes, the police scheme does not have a five year (or ten year in the case of the Local Government Pension Scheme) guarantee, so this regulation gives some discretion for additional payment to be made in the case of death shortly following retirement.

Regulation 156 (Death gratuity – estate)

- In line with the 2006 scheme, this ensures a payment is made to the deceased's legal personal representatives where the sum of all member contributions is less than any payments made from the scheme to the member prior to death.

Chapter 9: Prevention of duplication of benefits

Regulation 157 (Payment of one benefit only in respect of deceased member)

- This prevents a person from receiving both a dependant's pension and an award under the Injury Benefit Regulations, allowing the person to choose which payment they wish to receive. If no preference is expressed the scheme manager must arrange payment of whichever is the greater award.

Part 10 Contributions

Regulation 158 (Amount of pensionable earnings)

- Contributions are deducted at a set rate from a member's pay in each pay period.
- Contributions attract tax relief, i.e. they are taken before the pay is subject to tax.
- The rate of pensionable earnings is the rate to which the member is entitled to for that pay period, which could include arrears of pay. For the purposes of tiered contributions, not currently applicable in Scotland, the rate of pensionable pay for a part-time member is treated as the whole-time equivalent.
- During any period where pay has been reduced ("assumed pay"), contributions are taken on the rate of reduced or statutory pay.

Regulation 159 (Annualised rate of pensionable earnings)

- Provides the formula for calculating annualised rate of pensionable earnings. Where the member is paid earnings in the year in 12 instalments, the annualised rate is 12 x the amount of pensionable earnings paid. In circumstances where the member is paid under another arrangement, the formula is Amount paid multiplied by 365 divided by the number of days in the relevant pay period. However, this regulation is not immediately applicable in Scotland as all members of the 2015 scheme pay the same rate of contributions.

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Regulation 160 (Rate of member contributions)

- Active members must pay contributions to the scheme at 13.46% of their pensionable earnings. This rate will be reviewed with each scheme valuation. A reduced member contribution rate of 10.96% is payable by members who are deemed ineligible for payment of ill-health benefits under regulation 27.
- These rates are derived from the scheme valuation and are set until at least 1 April 2019, when the 2016 scheme valuation will have effect.

Regulation 161 (Payment of member contributions)

- Member contributions are deducted from pensionable pay by the employer in each pay period. An employer may make contributions on behalf of the member where this is agreed by the scheme manager. The member is not obliged to pay contributions during periods of unpaid child-related leave.

Regulation 162 (Option to pay member contributions for period of unpaid leave)

- An active member who has returned to employment following a period of unpaid leave (usually child-related or sick leave), they can opt to pay the amount of contributions that would have been payable during the period. This can be done for each period of sick leave up to a maximum of 6 months, although the most permitted is 12 months in total. The member must write to the scheme manager within three months of returning to work in order to be eligible to pay contributions for the period of leave. The scheme manager must confirm in writing the amount due from the member. In calculating the amounts due, the pensionable pay to be used is that which applied immediately before the beginning of the unpaid leave.

Regulation 163 (Payment of member contributions for unpaid leave)

- When a member opts to pay member contributions for a period of unpaid leave, the total due must be paid within 6 months of the notice being given to the member by the employer.
- The amount may be paid by lump sum or by instalments from the member's salary.

Regulation 164 (Employer contributions)

- The employer must pay contributions to the scheme in respect of each member at the regular rate of 23.1% of pensionable earnings. This rate is determined by the actuary following the scheme valuation. Contributions should be paid at regular intervals determined by the scheme manager. The scheme manager can require other charges to be made in respect of administration.
- The overall employer rate set in the [scheme valuation](#) contains an additional notional component of 0.8%, which relates to the capitalised charge due by the employer in respect of members retiring on the grounds of ill-health. The amount payable in real terms is a charge equal to twice the retiree's average salary at retirement.

Regulation 165 (Deduction of payments for added pension under Schedule 3)

- Refers to Schedule 3 which contains provisions to make payments for added pension. The option to make periodical payments means deductions can be made in the same manner as contributions to the scheme, attracting tax relief.

Regulation 166 (Refund of all member contributions and payments for extra pension made by member)

- Describes the circumstances where a member may receive a refund of scheme contributions and payments for extra pension. To be given a refund, they must have less than two years' membership, not have transferred in from a money purchase scheme and must be below normal pension age. Any refund will be subject to a deduction under the rules of the Finance Act 2004.

Regulation 167 (Member repays refund of contributions on rejoining this scheme)

- This applies to an officer who has previously left the scheme and received a refund of contributions under regulation 166. If the officer subsequently rejoins the scheme after a gap in service of less than 5 years, they are entitled to repay the amount previously refunded and regain the amount of accrued pension held at the last day of pensionable service for the earlier period.
- The refund must be repaid to the scheme manager within 6 months of the date of the officer rejoining.

Part 11 Transfers

Chapter 1: Preliminary

Regulation 168 (Application of Part)

- This part supplements Part 4 of the Pension Schemes Act 1993 (PSA1993), which is the primary legislation relating to transfers between pension schemes.
- Part 11 deals with the making and receiving of transfer values in respect of benefits accrued in this or another pension scheme. This is further to paragraph 3(10) of schedule 3 to the PSAP 2013 which provides that scheme regulations may cover "the payment or receipt of transfer values or other lump sum payments for the purpose of creating or restoring rights to benefits (under the scheme or otherwise)."
- The PSA 1993 frames the rights of members to transfer value payments and provides for their administration. A transfer value is the capitalised value of some or all of a member's

unclaimed accrued pension rights. A transfer value payment may be made or accepted by the scheme at the request of the member. If accepted, the effect of the request is to use the payment to purchase pension rights equal to the value of that payment in the scheme (transfer in) or in another scheme approved by HMRC (transfer out).

- Payments take the form of a Cash Equivalent Transfer Value (CETV) calculated in accordance with [guidance](#) from the scheme actuary, with special terms applying to transfers that are made under [Public Sector Transfer Club](#) ("the Club") arrangements.

Regulation 169 (Interpretation of Part)

- Provides definitions of the key terms used in this part. Transfers can be made and received under the rules of the Public Sector Transfer Club or on a cash equivalent basis, subject to the rules of PSA1993.

Chapter 2: Transfers Out

Regulation 170 (Transfer payments made to other schemes or pension arrangements)

- provides the right for a deferred member, to whom the relevant provisions of PSA1993 apply and an additional right for a deferred member to whom these provisions do apply, to request the payment of a transfer value in respect of benefits accrued under the scheme.

Regulation 171 (Application for a statement of entitlement)

- makes provision for deferred members who wish for a transfer value payment to be made to apply to the scheme manager for a statement of entitlement.

Regulation 172 (Statement of entitlement)

- sets out the specifications the authority must adhere to in the statement of entitlement. The statement confirms the Cash Equivalent Transfer Value of accrued benefits and is fixed for a 3 month period beginning on the date the individual applies for the statement, or longer in the event of administrative delay caused by insufficient information.

Regulation 173 (Request for transfer payment to be made)

- sets out the process to be followed when a member wishes to apply for a transfer value payment. The member must apply in writing, specifying the name of the receiving scheme and meeting any other conditions required by the scheme manager as part of the operational procedure.
- The request can be withdrawn if the member submits written notice at any point prior to the transfer payment being made.

Regulation 174 (Calculating the amount of a transfer value or club transfer value)

- makes provision for an increase to be made to the transfer value where it is paid 6 months after a timescale set out in PSA 1993.
- It also ensures that the transfer value is no less than a minimum of all contributions made by the member to the scheme plus any amount transferred in to the scheme.

Regulation 175 (Request for transfer out after member repays to scheme manager a refund received under regulation 166)

- Where a former member of the scheme has received refund of contributions under regulation 166 and joins a new scheme under new employment, they may take the option of requesting a transfer of accrued rights under this scheme.
- In order to be entitled to do so, they must:

- return the contributions, (plus interest at 5% per year on the refunded amount where the application is made more than 12 months after the refund was paid), and
- Apply within 12 months of joining a Club scheme, or
- Apply within 6 months of entering any other qualifying arrangement.

Regulation 176 (Effect of transfers out)

- provides that a member's accrued rights in the scheme are extinguished once a transfer has been made.

Chapter 3: Transfers in

Regulation 177 (Application of Chapter)

- applies in relation to an active member of this scheme who has accrued rights under another pension scheme. This chapter concerns the process and effect of a transfer into the scheme.
- Regulation 140 establishes the right of a member to apply for a transfer payment from another pension scheme or arrangement to be accepted by the scheme. The nature of the 'sending' scheme is prescribed and limited to a (tax) registered occupational pension scheme, personal pension scheme or buy-out policy. Transfer payments from Free Standing Additional Voluntary Contribution (FSAVC) schemes are prohibited as are payments relating to rights that are directly attributable to a pension credit.

Regulation 178 (Interpretation of Chapter)

- provides for definitions of terms used within this Chapter

Regulation 179 (Request for acceptance of a transfer payment)

- provides that an active member may request that the scheme manager accept a transfer payment request. The request must be made within 12 months of the first day of eligible service. The request must specify the amount to be transferred and any other conditions the scheme manager requires. In practice this means the member must have first received a transfer value quotation prior to requesting the transfer value payment.
- The nature of the 'sending' scheme is prescribed and limited to a (tax) registered occupational pension scheme, personal pension scheme or buy-out policy. Transfer payments from Free Standing Additional Voluntary Contribution (FSAVC) schemes are prohibited as are payments relating to rights that are directly attributable to a pension credit.

Regulation 180 (Transfer statement)

- sets out the process that a scheme manager should follow before making a transfer payment request. Before the member makes a request for transfer, the scheme manager may require the member to be issued with a transfer value statement, guaranteed for 2 months from the date of the statement.
- The transfer value is calculated in accordance with factors and guidance provided by GAD.

Regulation 181 (Amount of transferred pension)

- sets out that the amount to be transferred in will be calculated in accordance with actuarial guidance. The transfer value will be converted to an amount of earned pension and is applied as an 'earnings credit' for the scheme year in which the "transfer date" falls.
- The "transfer date" is the earlier of the date two months from the date a transfer statement was issued, or the date the transfer payment was received by the scheme manager.

- The amount of transferred pension applied in a scheme year is subject to a limit. The limit is equal to 50% of the member's annual rate of pensionable earnings at the point of joining the scheme.

Regulation 182 (Club transfer statement)

- sets out the process that a scheme manager should follow before making a club transfer payment request. If the payment is accepted under Club rules, then an amount of pension is credited to the member ('club transfer earned pension') calculated in accordance with those arrangements.

Regulation 183 (Amount of club transfer earned pension)

- sets out that the amount of club transfer earned pension to be credited to an active members account is the amount specified in the club transfer value statement or an amount calculated by the scheme manager in accordance with actuarial guidance.
- This amount of pension is thereafter revalued at the sending scheme's in-service revaluation rate.

Chapter 4: England and Wales and NI transfers

Regulation 184 (Interpretation)

- This chapter relates to officers moving between the Police Service of Scotland and forces in England and Wales or the Police Service of Northern Ireland.
- <<cross border transfers adjustments>>

Regulation 185 (Transfers Out)

- When an officer joins another police pension scheme in the UK, the member's accrued benefits under this scheme become accrued benefits under the new scheme. Relevant records should be passed on as require by regulation 6. Exceptions apply to members in receipt of a pension, who have been paid a refund, or have had a gap in pensionable service of over 5 years.

Regulation 186 (Transfers in)

- Mirroring the provision under regulation 185, where an officer who has previously been an active member of another UK pension scheme ceases membership of that scheme and becomes active in this scheme, benefits accrued in the previous scheme become benefits under this scheme. The same exceptions would apply, where a member is in receipt of benefits, has received a full refund or has had a break in service of over 5 years.

Part 12 Actuarial valuations and employer cost cap

Regulation 187 (Appointment of scheme actuary and actuarial valuations)

- Scheme valuation is the process whereby the scheme actuary assesses the financial position of the scheme. The process compares the scheme's assets to its liabilities (i.e. the notional investment fund against the money expected to be needed to pay benefits both now and in the future). Its purpose is to ascertain whether the scheme is in surplus or deficit at a particular point in time - using a set of financial and demographic assumptions - and to set an appropriate contribution rate for the next four years
- Lord Hutton set out how the valuation process could be improved to aid clarity and comparability across schemes. He also recommended that there should be an employer cost cap mechanism whereby employer (and thus taxpayer) costs would be capped at a level, set by the findings of the 2012 scheme valuation, and there would be a mechanism for bringing them back to that level if the cap was breached.

- Following a series of consultations on 13 March 2014, the Chief Secretary to the Treasury published the UK Government's final policy on valuations and the employer cost cap; details of these can be accessed on www.gov.uk
- HM Treasury directions ('the directions') and regulations set out the legal framework for undertaking and operating valuations and the employer cost cap. The framework covers the technical details of the processes involved and also sets out what the Scottish Ministers are required to provide for in scheme regulations in order to comply with the requirements.
- Regulation 187 therefore sets out that a scheme actuary must be appointed by the Scottish Ministers to provide a consulting service, scheme valuations and reports. This is the Government Actuary's Department (GAD). GAD is responsible for undertaking scheme valuations of this and connected schemes, and preparing reports on those valuations. All requirements in the Directions must be met when carrying out the valuations, the data for which must be provided by the scheme manager.
- A valuation of the police scheme was undertaken with data as at 31 March 2012. The [report](#) is available on the SPPA website.

Regulation 188 (Employer cost cap)

- introduces the employer cost cap for the scheme in Scotland which is set at 12.3% for the period 1 April 2015 to 31 March 2019.
- The employer cost cap is determined by subtracting the normal member contributions expected to be payable over the implementation period (13.7%) from the contribution rate, payable from 1 April 2015, required to cover the expected cost of benefits accruing by members over the implementation period 26.0%). The employer cost cap may also be referred to as the 'target cost' for the scheme.
- Following a subsequent scheme valuation, if the costs of the scheme go beyond a set margin (currently 2%) either side of the cost cap, Scottish Ministers must consult relevant persons to agree on the most suitable way to achieve the new target cost for the scheme.
- If no agreement is reached, the scheme accrual rate must be adjusted.

Part 13 Supplementary

Chapter 1: Dual capacity members

Regulation 189 (Meaning of "dual capacity member")

- Describes how a person can be a member of the scheme in more than one capacity, having any two of an active, deferred or pensioner status.
- A pension credit member can also hold dual capacity membership
- Membership in respect of two or more separate periods of continuous periods of pensionable employment. <<5 year gap>>?

Regulation 190 (Payment of benefits to or in respect of a dual capacity member)

- Benefits payable to a dual capacity member are treated separately for each capacity. Death grants may be calculated by reference to the amounts relevant in another capacity.

Chapter 2: Payment of benefits: general

Regulation 191 (Reduction in pension debit member's benefits)

- Where a member is a pension debit member, with shareable rights deductible under Section 31 of the Welfare Reform and Pension Act 1999, the appropriate percentage should be deducted from the pension debit member's pension.
- Any shareable rights are deductible from any repayment of scheme contributions or added pension contributions made to the member.

Regulation 192 (Late payment of retirement index adjustment)

- Permits a delayed payment beyond the end of the last year that a member is active of any part of a pension attributable to a retirement index adjustment.
- This regulation is necessary because at the point of payment, the change in CPI will not necessarily be known. A subsequent adjustment to the rate of pension will therefore be necessary by the administrator.

Regulation 193 (Commutation of small pensions)

- Allows for a one-off payment of benefits in place of a pension for members who have reached state pension age where their entitlement does not exceed the small pensions commutation maximum (currently £30,000 in 2015/16).
- The one off payment discharges all liability under the scheme.
- The amount payable is calculated in accordance with guidance provided by the scheme actuary.
- The guidance is available [here](#).

Chapter 3: Guaranteed minimum pensions

Regulation 194 (Interpretation and Application)

Regulation 195 (Guaranteed Minimum under section 14 of PSA 1993)

- sets out the circumstances to apply in terms of pensions payable, and the postponement of pensions, and the interaction with the guaranteed minimum pension.

Regulation 196 (Contracting-out rights)

- Where a deferred member has transferred out accrued rights but rights in respect of GMP have been retained, or where the only right to benefits under the scheme are contracting out rights, benefits equal to the GMP are payable from GMP age. This is age 65 for a male and 60 for a female.
- When such a pension is put into payment, the pensioner is not eligible for death benefits under Part 9.
- From April 2016 public service pensions will no longer be contracted out due to the introduction of the single tier state pension.

Chapter 4: Appeals in relation to payments of benefits

These regulations govern appeals in relation to the payment of benefits, both medical and non-medical, to the sheriff (in the case of an officer) or an employment tribunal (in the case of an inspector of constabulary)

Regulation 197 (Appeals to sheriff)

- A member may appeal to the sheriff against:
 - A refusal of the scheme manager to accept a claim for benefit or to for payment of a benefit larger than is paid
 - A decision made under regulations 65 and 105 on whether refusal of medical treatment is made on reasonable grounds
 - A decision under regulation 97 where the amount of pension payable is reduced

Regulation 198 (Appeals to tribunal)

- Makes provision for the appeal by an inspector of constabulary against
 - A refusal of the scheme manager to accept a claim for benefit or to for payment of a benefit larger than is paid

- A decision made under regulations 65 and 105 on whether refusal of medical treatment is made on reasonable grounds
- A decision under regulation 97 where the amount of pension payable is reduced

Regulation 199 (Limitations on appeals)

- Limits the appeals that can be made under Regulations 197 and 198. Appeals cannot be made against any other decision of the scheme manager, employer or authority where discretion has been exercised as provided for in the regulations.
- Circumstances where discretion may be exercised by the scheme manager, employer or authority include:
 - When an opt in takes effect if rather than the start of the following pay period, the scheme manager feels a different time is more appropriate 19(b)
 - discretion on eligibility for ill health benefits where the member fails to submit to medical examination or attend interviews necessary for a medical practitioner to make a decision 33(2)
 - discretion to reconsider whether the medical unfitness of a member who was required to continue to serve has ceased, significantly worsened or significantly improved 73(2)
 - discretion to accept shorter period of notice of retirement 83(4)
 - discretion as to timing of review of permanent medical unfitness 100(3)
 - discretion as to timing of review of ill-health benefits 104(3)
 - discretion as to timing of review of pension which came into payment early on grounds of permanent medical unfitness 106(3)
 - discretion to make a decision where a question is referred to the medical practitioner and the member fails to submit to medical examination or attend interview 108
 - discretion to accept period of cohabitation of less than 2 years for purposes of nominated partner's pension 125(2)
 - discretion to withhold surviving adult's pension when the marriage or civil partnership took place less than 6 months before an officer's death 127(3) and (4)
 - discretion in respect of lump sum death grant 146(3),(4) and (5)
 - discretion as to death grant gratuity 155(2)
 - discretion to treat a request for a transfer payment as having been made earlier than it was 179(3)
- Such grievances would be subject to the Internal Disputes Resolution Procedure (IDRP) as outlined on the SPPA website.

Chapter 5: Forfeiture and set-off

Regulation 200 (Pension supervising authority)

- Defines the Pension supervising authority as the Scottish Police Authority, which may require the scheme manager to withhold benefits payable to a member under this chapter.

Regulation 201 (Forfeiture: offences committed by members)

- gives the power to the pension supervising authority to instruct the scheme manager to withhold pensions in part, and temporarily or permanently, to a member or any person in respect of that member when the member has been convicted of a relevant offence. This includes an offence under the Official Secrets Act, or an offence committed in connection with the member's duty as a member of the police service.
- Following an application by the Scottish Police Authority, Scottish Ministers may also issue a certificate forfeiting the pension where the offence committed has been "gravely injurious to the state", or has led to serious loss of confidence in the police service.
- Following receipt of the certificate, the Scottish Police Authority will determine the level of forfeiture applicable, and the scheme administrator must then withhold benefits appropriately.
- Only benefits in excess of any Guaranteed Minimum are subject to forfeiture.

- The Scottish Police Authority can exercise discretion to instruct the scheme manager to restore benefits payable to the member or those in respect of an eligible child or surviving adult to the full entitlement.

Regulation 202 (Forfeiture: offences committed by a member's beneficiary)

- gives the power to a scheme manager to withhold pensions payable to any person in respect of a deceased member when that person has been convicted of a "relevant criminal offence" in connection with the death of the member.

Regulation 203 (Forfeiture: relevant monetary obligations and relevant monetary losses)

- gives the power to the scheme manager to withhold the payment of benefits to a member under the scheme if the member owes a relevant monetary obligation or has caused a relevant monetary loss to the authority. The regulation defines relevant monetary obligation, and relevant monetary loss as being caused by the member's criminal, negligent or fraudulent act or omission. The withholding of benefits will be subject to certain provisions.

Regulation 204 (Set-off)

- makes provision for the scheme manager to set off a relevant monetary obligation against a member's entitlement to benefits under this scheme. The regulation defines the types of relevant monetary obligation. The application of set off will be subject to certain provisions.

Regulation 205 (Forfeiture and set off: procedures)

- sets out the procedure that the authority and scheme manager must follow if the authority requests the scheme manager to withhold benefits or apply a setting off. The member must be written to by the authority and the scheme manager must present to the member a certificate showing the amount being withheld and the effect of the withholding or set-off on the member's benefits.

Regulation 206 (Forfeiture: Appeals to sheriff)

- Allows the member, or a person claiming a benefit in respect of a member, to appeal to the sheriff where the pension authority has proposed to withhold any benefit payable to the member. The court will confirm or reject the proposal or amend it accordingly, and the scheme manager must comply with the court order.

Regulation 207 (Forfeiture: Appeals to tribunal)

- Where an inspector of constabulary has grounds to appeal a decision of the pension authority, the member or person claiming benefit in respect of that member may appeal to tribunal. Appeals to tribunal are set out in regulation 215. The member's appeal is subject to regulation 199, which limits appeals where discretion has been exercised under the regulations.

Chapter 6: Payment and deduction of tax

Regulation 208 (Scheme manager to be scheme administrator for purposes of Part 4 of Finance Act 2004)

- The scheme manager assumes administrator responsibility for the functions imposed by [part 4 of the Finance act 2004](#).
- This principally concerns registration of the scheme, ensuring rules on taxation are adhered to and any other matter that requires the scheme to be compliant with HMRC legislation.

Regulation 209 (Payment on behalf of members of lifetime allowance charge)

- Permits the member to request that the scheme pays a lifetime allowance charge on behalf of the member, which will be reclaimed by the scheme before the member's benefits come into payment.

Regulation 210 (Reduction of benefits where lifetime allowance charge payable)

- Where the member has not requested a scheme administrator to pay an amount in respect of the lifetime allowance charge under regulation 180, this allows for a scheme administrator to pay an amount that a member owes in respect of the lifetime allowance charge in certain circumstances, and for the administrator to reduce the member's benefits.
- The reduction is calculated in accordance with actuarial guidance.
- <<insert link to guidance>>

Regulation 211 (Information about payment of annual allowance charge)

- sets out the process that the scheme manager must take to notify a member where the member's pension accrued for that year exceeds the annual allowance for that year.
- The member must be notified by 31 July in the year following the relevant tax year.
- Unlike the Lifetime Allowance charge, it is the responsibility of the member rather than the scheme administrator to determine whether an Annual Allowance charge is to apply and make the relevant payment to HM Revenue & Customs.
- <<transition member>>
- <<GAD guidance>>

Regulation 212 (Reduction of benefits where annual allowance charge paid by scheme manager)

- Beyond production of Pension Savings Statements, the scheme only has one other function relating to annual allowance charges – that of providing a 'scheme pays' facility. A member who has incurred an annual allowance charge of more than £2,000 can elect that the scheme administrator pays this. The scheme will recover the amount paid plus interest by reducing the value of the member's benefits by an equivalent sum upon retirement. It is effectively a loan to settle a current tax bill but repayable at retirement.
- The basis and terms for this facility are set out in section 237B of the Finance Act 2004. Paragraphs 16(14) to (16) supplement the Finance Act 2004 provisions in making clear the responsibilities and effects that flow from operating the 'scheme pays' facility within the scheme.
- This regulation sets out the process to be followed by the scheme manager where the member has given valid notice to the scheme manager of joint and several liability for an annual allowance charge, the scheme manager has paid the charge and must reduce the benefits payable to the member under the pension scheme. The reduction is calculated consistent with actuarial guidance.

Chapter 7: General

Regulation 213 (General prohibition of unauthorised payments)

- Forbids the making of payments deemed unauthorised by Part 4 of the Finance Act 2004.

Regulation 214 (Calculation of periods of membership and service)

- Describes how pensionable service is calculated. Part days are rounded up to full days, and days converted to years to four decimal places.
- For example, 200 days equates to $200/365 = 0.5479$ of a year.

Regulation 215 (Procedure on appeals to tribunal)

- Describes the procedure of appeals to Scottish Ministers.

- An appeal must be made in writing and clearly state the grounds on which the appeal is based. Upon receipt of the appeal, the scheme manager must appoint a tribunal of three persons, including an experienced solicitor and a former member of the police force who has previously held the rank of superintendent or above.
- The tribunal must give reasonable notice to each party of the date of hearing. Both parties to the appeal may be legally represented, cite evidence and cross examine witnesses.
- The tribunal is not required to follow a set procedure, but must align with the practice of the sheriff as per Regulation 197, and identical rules of evidence apply to that regulation.
- The tribunal may make any order as appears just following determination of the appeal, and each party must receive a written copy of that order. Where there is contention on any point of law as a result of the tribunal's decision, either party may appeal to the sheriff.

Regulation 216 (Evidence of entitlement)

- provides powers allowing the scheme manager to request evidence from a member who is in receipt of benefits to ensure that that member is still eligible for those benefits. Where evidence is not produced, the scheme manager may withhold all or part of the benefits.

Regulation 217 (Provision of benefit information statements to members)

- this implements the requirements of section 14 of the PSPA 2013. Section 14 requires the scheme manager to provide an annual pension benefit information statement to each active scheme member. HM Treasury Directions set out the detailed requirements of what the annual statement should include and how it may be provided.
- the first benefit statement should be issued by 1 September 2016 and annually thereafter. Administrators should consult the directions to ensure compliance.

Regulation 218 (Transitional provisions)

- Introduces Transitional provisions for existing scheme members, which are covered in Schedule 4

Schedule 1 Medical decision: appeals and reconsideration

- Outlines the procedure for appeals against medical decisions. Relating to regulations 67, 71, 96, 107 and 199

Schedule 2 Progressive medical conditions

- Details the progressive medical conditions referred to in regulations 102. Under regulation 102, a former officer can only move from a lower tier ill-health pension to an enhanced upper tier ill-health pensions if the officer is deemed to be permanently medically unfit and the claim is made within 5 years of retirement. However, this time limit does not apply if the change is attributable to one of the progressive medical conditions specified in Schedule 2. The eleven conditions are:
 - AIDS
 - Alzheimer's disease
 - Cancer
 - Creutzfeld-Jacob disease
 - Huntington's chorea
 - Motor neurone disease
 - Multiple sclerosis
 - Nieman Pick disease
 - Non-variant Creutzfeld-Jacob disease
 - Parkinson's disease
 - Variant Creutzfeld-Jacob disease
- This list may be amended from time to time.

Schedule 3 Payments for added pension

- Added Pension is a new feature of police pension schemes, replacing "added years" or "added 60ths" available under the 1987 and 2006 schemes.
- The added pension facility optional and is intended to provide a degree of flexibility for members' retirement planning. It enables an active member, or an employer on behalf of a member, to purchase added pension up to limits determined by HM Treasury. Additional contributions are made (either periodically or by a lump sum payment) to provide for an increase to their pension income in retirement and (optionally) the pension income of their surviving partner and dependent children in the event of the member's death.
- The initial maximum amount of added pension available to purchase is £6,500 per annum. The schedule details how the payments can be made, how costs are determined and the effects of cancellation.
- The cost calculations are detailed in [guidance](#) from the scheme actuary.

PART 1 General

1. (Interpretation)

- Provides definition for the key terms used in the transitional provisions

2. (Meaning of "overall limit of added pension")

- The maximum amount of added pension that can be purchased in 2015/16 is £6,500.
- The limit in subsequent years is determined by Treasury Order, or if no determination is made, is subject to increases in line with inflation. The amount is determined notionally by the Pension Increase Act 1971, with the notional start date of the pension limit being 1 April of the previous scheme year.

- An amount of retirement added pension can be commuted to a lump sum under regulation 114.
3. (Amount of accrued added pension may not exceed overall limit of added pension)
- At no point may the amount held in an added pension account exceed the overall limit of added pension. This requires the scheme manager to cancel any periodical payments by the member if the limit is breached
4. (Refund of overpayments)
- Where the limit has been exceeded, the scheme manager must refund to the member any payments that have caused the limit to be breached.

PART 2 Exercising the added pension option

5. (Added pension option exercisable by member)

- An active member has the option of purchasing additional pension to increase retirement benefits for a period of service (self-only), or increase retirement and death benefits for a period of service (all beneficiaries).
- The member should apply in writing to the scheme manager in the form provided. This “option notice” should confirm whether the added pension is being purchased by lump sum, or by periodical payments. Periodical payments are taken on a monthly basis in a deduction from the member’s pay.
- The option can be taken more than once, but only one lump sum payment can be made in any scheme year (April-March).
- Option to purchase by lump sum is only available to members who have been active in the scheme for a continuous period of 12 months, and they must have been given a statement confirming the amount of pension to be purchased by the lump sum payment.

PART 3 Periodical payments for added pension

6. Application of part

7. Member’s option to make periodical payments for added pension

- Describes the format of the option notice for periodical payments. This must clearly state the period over which payments are to be made, and the specify the level of payment
- The amount of payment can either be a fixed amount, or a percentage of the member’s pensionable earnings. There is no limit to the amount, subject to the overall limit of added pension under (2), and the member’s ability to pay contributions under Part 10.

8. Cancellation of option by member

- The member may cancel the option in writing to the scheme manager. The cancellation takes effect from the start of the scheme year following the receipt of the cancellation notice.

9. Periodical payments

- Payments are deducted by the employer from the member’s gross pensionable pay.
 - The period of payment for member taking up the option within three months of joining the scheme begins in the pay period following the submission of an option notice.
 - For other scheme members, the payment period will normally begin at the start of the next scheme year, and

- Ends when a member ceases to be active in the scheme or the date stated in the option notice, whichever is earlier.
- Where the member goes on a period of “assumed pay” they are eligible to cease periodical payments or pay at a rate determined by their actual pay during the period. Payments can be resumed following the end of assumed pay.
- Members cannot continue payments during unpaid leave or a career break.

10. Amount of added (self only) pension for a scheme year (periodical payments)

- For each scheme year the member makes periodical payments, the amount of added (self only) pension is added to the member’s account for that year. The amount is revalued by annual change in the Consumer Prices Index.
- Actuarial factors for added (self only) pension have regard to the cost in the scheme year of the benefits being purchased. Factors for added (self only) pension are determined by gender, and the member’s age at the start of the scheme year.

11. Amount of added (all beneficiaries) pension for a scheme year (periodical payments)

- For each scheme year the member makes periodical payments, the amount of added (all beneficiaries) pension is added to the member’s account for that year. The amount is revalued by annual change in the Consumer Prices Index.
- Actuarial factors for added (all beneficiaries) pension have regard to the cost in the scheme year of the member and dependant benefits being purchased. Factors are unisex, and dependant on age at the start of the scheme year.

PART 4 Lump sum payments for added pension made by member

12. Application of part

13. Member’s option to make a lump sum payment for added pension

- Describes the format of the option notice for lump sum payments. The scheme manager may set a minimum amount of lump sum payment.
- The lump sum is payable immediately upon taking the option, and may be taken by the employer by deduction from the member’s pay, or another method. If a single payment is made by the member, it may qualify for tax relief and the member should contact HMRC to receive a rebate.

14. Statement of amount of added pension

- The scheme manager may require for the member to have a statement of entitlement prior to taking up the option of a lump sum payment. The statement should state the amount to be credited to the added pension account. The statement should also specify the overall amount of added pension and inform the member where any breach is likely.
- The amount of added pensions on the statement will be credited to the member’s added pension account if the lump sum payment is received within one month of the statement being provided to the member.

15 Amount of added (self only) pension (lump sum payment)

- When the scheme manager has received the lump sum payment, an amount will be credited to the member’s account for that scheme year.
- Where the payment is received by the scheme manager within one month of the provision of a statement of entitlement, the amount of added pension credit is the amount contained on the statement.

- Otherwise, the amount credited is determined by the amount of lump sum received and actuarial factors determined in regard to the costs of providing the benefits, and the member's gender and age, and any other actuarial considerations.

16. Amount of added (all beneficiaries) pension (lump sum payment)

- When the scheme manager has received the lump sum payment, an amount will be credited to the member's account for that scheme year.
- Where the payment is received by the scheme manager within one month of the provision of a statement of entitlement, the amount of added pension credit is the amount contained on the statement.
- Otherwise, the amount credited is determined by the amount of lump sum received and actuarial factors determined in regard to the costs of providing the benefits, and the member's gender and age, and any other actuarial considerations.

Example of added pension calculations

Examples are provided in the actuary's '[Purchase of added pension factors and guidance](#)' note applicable at the option date. Separate tables are provided for "self only" and "all beneficiaries" added pension.

Formulae for the purchase of added pension by periodical payment:

- *Added Pension Credit = Periodic payment ÷ factor, or*
- *Added Pension Credit = Periodic payments over a scheme year ÷ factor.**
*This formula applies to members who take up the option within three months of joining the scheme, so commence contributions during, rather than at the start of, the scheme year.

Formula for the purchase by lump sum:

- *Added Pension Credit = £Lump sum payment ÷ Factor*

Schedule 4 Transitional provisions

- Parts 1-5 detail the transitional provisions for existing 1987 and 2006 scheme members, including for members of police schemes elsewhere in the UK.
- Introduces the concept of continuity of service for transition members, who have service in an existing scheme and move to the 2015 scheme.
- There are exceptions for full and tapered protection members. These provisions are enabled by 18(5) of the Public Service Pensions Act 2013.
- Depending on a member's age and in some circumstances how much service a member has, they may qualify for full or tapered protection.
- Where a member has full protection, they will remain a member of the respective existing final salary scheme.
- Where a member qualifies for tapered protection, they will join the 2015 scheme at a date between 24 May 2015 and 31 January 2022.
- Tapering dates are shown in a series of tables in the [Reform Design Framework document](#).
- Broad protections are shown below:

	1987 Scheme Members	2006 Scheme members
Full Protection	Aged at least 45 @ 1/4/2012 and active on 31/3/2012 and 31/3/2015	Aged at least 45 @ 1/4/2012 and an active member of the scheme on 31/3/2012 and 31/3/2015
	Over 38 years old @ 1/4/2012 and over 20 years' pensionable service under the 1987	

	1987 Scheme Members	2006 Scheme members
	scheme regulations	
Tapered Protection (must be active at 31/3/12 and 31/3/15)	Aged 41 to 45 @ 1/4/2012	Aged between 41 and 45 on 1/4/2012.
	Aged between 34 and 38 with 20 years' pensionable service at 1/4/2012	
	Aged between 38 and 45, with between 16 and 20 years' pensionable service @ 1/4/2012	
	Less than 38 years old and with less than 20 years' service on 1/4/2012, but whose age and pensionable service when added together is between 54 and 58.	
	Active in NI scheme on 31/3/2012 and active in the 1987 section on 31/3/2015 and would reach 55 between 2/4/2022 and 1/4/2026	

PART 1 General

1. (Interpretation)

- Provides definition for the key terms used in the transitional provisions

2. (Meaning of "tapered protection closing date")

- This date is the date of the transitional member's last day of service in the existing final salary scheme. This is determined by age and service as explained above.
- Where a member falls into more than one category of protection, they will benefit from whichever category provides the latest closing date.

3. (Pensionable service under a police scheme)

- For the purposes of this schedule, a transition member is in pensionable service in a police scheme (in Scotland or elsewhere in the UK) whilst on a career break or any other period of unpaid leave of 5 years or less where the 'employment relationship' continues. See also Regulation 13.
- Note, this does not mean that time spent on a career break or period of unpaid leave whilst under the 1987 scheme regulations is considered for the purposes of 'pensionable service' for protections under Part 2 of Schedule 4.

4. (Continuity of service (1987 transition members))

- Introduces continuity of service for a transition member previously in the 1987 scheme. Service is regarded as continuous as long as there is no gap in service in excess of 5 years, starting on or before the transition date and ending on when the officer joins the 2015 scheme.
- A gap in pensionable service does not include any period where the officer is a member of another public service scheme or police pension scheme in Northern Ireland. This excludes the 2006 scheme or a police scheme in England and Wales.

5. (Continuity of service (2006 transition members))

- Introduces continuity of service for a transition member previously in the 2006 scheme. Service is regarded as continuous as long as there is no gap in service in excess of 5 years, starting on or before the transition date and ending on when the officer joins the 2015 scheme.

- A gap in pensionable service does not include any period where the officer is a member of another public service pension scheme or police pension scheme in Northern Ireland

6. (Meaning of “active member” of the 1987 scheme or the equivalent NI police pension scheme)

- Defines the meaning of “active member” in relation to the 1987 scheme or 1988 Northern Ireland scheme where an individual is deemed active on a given date if on that date they are in pensionable service.

7. (Meaning of “active member” of the 2006 scheme or the equivalent NI police pension scheme)

- Defines the meaning of “active member” in relation to the 2006 scheme or 2009 Northern Ireland scheme where an individual is deemed active on a given date if on that date they are in pensionable service.
- For these purposes, a person can be regarded as being active if they are on a gap in pensionable service not exceeding five years. Periods where an individual is an active member of certain other public service schemes does not constitute gap in pensionable service.

8. (Meaning of “active member” of an existing scheme)

- Extends transition provisions to individuals in respect of membership of another public service pension scheme, as defined in PSPA 2013.

PART 2 Exceptions for full protection members of the 1987 scheme

9. (Meaning of “full protection member” (the 1987 scheme)

- A person is a full protection member if paragraph 11 applies. This allows them to retain membership under 1987 scheme up to retirement.
- Protection is lost when the officer ceases pensionable membership under the scheme.
- In the case of an officer who opts out of the 1987 scheme and subsequently wished to resume pensionable service, regulation 50 would apply. This suggests an officer opting out after achieving maximum service under the 1987 scheme would be entitled to join this scheme. Otherwise, under the protections, they would be entitled to membership of the 2006 scheme up to the maximum permitted under those regulations.

10. (Exception for full protection member during protection period)

- This provides the exceptions available under Section 18 of PSPA 2013. The period of protection for a fully protected member of the 1987 scheme begins on 1 April 2015 and ends when pensionable service ends.
- Benefits accrued during the period of protection will continue to be provided under the 1987 regulations.

11. (Active member of the 1987 scheme on scheme closing date)

- The principal conditions for being eligible for full protection are included in the table on page 37.
- For the purposes of determining “pensionable Service”, it is the pensionable service that counts as reckonable for the payment of benefits under the 1987 scheme. For a part-time member, this includes the duration of service.
- However gaps in service, including career breaks, do not count for the purpose of determining pensionable service. The provision to “buy-back” service whilst on a career break is not available.

PART 3 Exceptions for full protection members of the 2006 scheme

12. (Meaning of “full protection member” (the 2006 scheme))

- A person is a full protection member of the 2006 scheme if paragraph 14 applies. This allows them to retain membership under 2006 scheme up to retirement

13. (Exception for full protection member during protection period)

- The protection period for a fully protected member extends from 1 April 2015 to the point they cease to be in pensionable service under the scheme. To retain protection upon leaving the 2006 scheme they must return to pensionable service within 5 years.
- Whilst the individual is a member of the 2006 scheme, all conditions apply and all benefits are payable under the regulations of that scheme.

14. (Active member of the 2006 scheme on scheme closing date)

- Officers who were active in the 2006 scheme on 31 March 2015 may be eligible for full protections. On 31 March 2012 they must have been :
 - Age 45 or over and;
 - active in either the 2006 scheme, an existing Northern Ireland Police Pension scheme or an “existing scheme” under the PSPA 2013.

PART 4 Exceptions for tapered protection members of the 1987 scheme

15. (Meaning of “tapered protection member” (the 1987 scheme))

- A person is a full protection member if paragraph 17 applies. This allows them to retain membership under 1987 scheme for a certain period under the transition arrangements.
- Tapered Protection is lost if the officer ceases pensionable membership under the 1987 scheme, or if they reach their tapered protection closing date, whichever is earlier.
- The tapered protection closing date is the last day of pensionable service under the existing scheme. From the following day, the officer will be a transition member with continuity of service.

16. (Exception for tapered protection members during protection period)

- The period of tapered protection extends from 1 April 2015 up until their tapered protection closing date, or when the leave pensionable service.
- Whilst the individual is a member of the 1987 scheme, all conditions apply and all benefits are payable under the regulations of that scheme.

17. (Active member of the 1987 scheme on scheme closing date)

- The principal conditions for being eligible for tapered protection are included in the table on page 37.
- Tables for calculating tapering protection dates are contained in the [Reform Design Framework](#) Document.
- Provision extend to officers who were members of the 1988 Northern Ireland Police Pension scheme .
- All scheme member were written to in March 2015 and advisee of their tapered protection closing date.

PART 5 Exceptions for tapered protection members of the 2006 scheme

18. (Meaning of “tapered protection member” (the 2006 scheme))

- A person is a full protection member if paragraph 17 applies. This allows them to retain membership under 2006 scheme for a certain period under the transition arrangements.
- Tapered Protection is lost if the officer ceases pensionable membership under the 2006 scheme, or if they reach their tapered protection closing date, whichever is earlier.
- The tapered protection closing date is the last day of pensionable service under the existing scheme. From the following day, the officer will be a transition member with continuity of service.

19. (Exception for tapered protection members during protection period)

- The period of tapered protection extends from 1 April 2015 up until their tapered protection closing date, or when the leave pensionable service.
- Whilst the individual is a member of the 2006 scheme, all conditions apply and all benefits are payable under the regulations of that scheme.

20. (Active member of the 2006 scheme on scheme closing date)

- The principal conditions for being eligible for tapered protection are included in the table on page 37.
- Officers who were active in the 2006 scheme on 31 March 2015 may be eligible for full protections. On 31 March 2012 they must have been :
 - Age between 41 and 45 and;
 - active in either the 2006 scheme, an existing Northern Ireland Police Pension scheme or an “existing scheme” under the PSPA 2013.
- Tables for calculating tapering protection dates are contained in Table 1 of Annex A in the [Reform Design Framework](#) Document.
- All scheme member were written to in March 2015 and advised of their tapered protection closing date.

PART 6 Payment of ill-health pension to transition members with continuity of service

21. (Meaning of “ill-health pension” in relation to the existing police pension scheme)

- References to ill-health pension in respect of the existing schemes mean ill-health awards under B3 of the 1987 scheme regulations, and Regulation 30 of the 2007 Regulations.

22. (Meaning of “normal pension age under the existing police pension scheme”)

- Defines normal pension age in the respective final salary schemes.
- For 2006 scheme members, this is age 55
- For 1987 Scheme members, this is the voluntary retirement age under A4(4) of the 1987 scheme, or otherwise age 60.

23. (Transition member who has not reached normal pension age under the existing police pension scheme)

- This regulation outlines the amount of ill health pension payable in respect of a transition member who becomes entitled to an ill-health pension under Chapter 3 of Part 7.
- Under the regulations, a ‘single source’ model exists for the payment of ill-health pensions. Under the ‘single source’, the ill health pension and any lump sum are not payable under the existing scheme. Instead all payments are made from the 2015 scheme, until the member reaches Normal Pension Age. Under the changes made to primary legislation by the Police Pension Scheme (Consequential Provisions) (Scotland) 2015 ([SSI 2015/118](#)) in relation to the single source payment method referred to above, the period of service that relates to the existing scheme is treated so that it does not count towards a Benefit Crystallisation Event under Section 216 of the Finance Act 2004. The changes ensure that members will not be subject to unintended tax charges as a consequence of the single source model for ill-health pension payments.

- Where a member is assessed as being eligible for a **lower-tier** ill health pension, the annual rate of pension is the sum of:
 - a) the annual rate of pension under Chapter 3 of Part 7 (normally the amount of accrued earned pension without reduction), and
 - b) i) **for a 1987 transition member**, the better of the amount of ill-health pension payable had the member retired on ill health at the scheme closing date, or the amount of ordinary, short term or deferred pension payable under the 1987 regulations with the “weighted accrual” formula in regulation 39 of Schedule 4 below applied
 - b)ii) **for a 2006 transition member**, the annual rate of ill health pension that would have been payable if the member had retired from that scheme, plus the lump sum to which they would have been entitled to receive under regulation 28(1)(b) of the 2007 regulations, (amounting to 4 x times the pension).
- Where a member is assessed as being eligible for **enhanced upper tier ill-health** pension, the annual rate of pension is the sum of:
 - a) the annual rate of lower tier pension payable under Chapter 3 of part 7 (normally the rate of accrued earned pension without reduction) and;
 - b) the annual rate of an enhanced upper tier ill-health pension payable under Chapter 3 of part 7, and;
 - c)i) for a **1987 transition member**, the better of the amount of ill-health pension payable had the member retired on ill health at the scheme closing date, or the amount of ordinary, short term or deferred pension payable under the 1987 regulations with the “weighted accrual” formula in regulation 39 of Schedule 4 below applied.
 - c)ii) for a **2006 transition member**, the annual rate of ill health pension that would have been payable if the member had retired from that scheme, plus the lump sum to which they would have been entitled to receive under regulation 28(1)(b) of the 2007 regulations, (amounting to 4 x times the pension).
- The level of enhanced upper tier ill-health pension payable under Chapter 3 of Part 7 is dependent on the amount of “aggregate service” a member has. Service in the 1987 scheme is not included in determining “aggregate service”.
- Under the changes made by SSI 2015/118, it would be possible for the existing scheme service could be transferred out of the scheme whilst a person is in receipt of an ill-health pension. Should a transfer payment be made, the amount of pension in payment must be reduced accordingly.

Example 1 - 1987 Transition Member with lower tier award

Member retires at age 37 having accrued 14 years 216 days under the 1987 scheme up to 31/3/2015, and after 9 months' membership of the 2015 scheme. They are eligible for lower tier ill –health pension under the 2015 scheme.

Final pay (see regulation 149): £40,000

Benefits payable under the 1987 scheme:
 $£40,000 * (14.5918 + 7.000 \text{ enhancement}) / 60 = £14,394.53$

Benefits payable under the 2015 scheme:
 Earnings in 2015 scheme = $£30,000 * 1/56.1 = £534.76$

Total pension = $£14,394.53 + £534.76 = £14,929.29$

Example 2 - 1987 Transition Member with enhanced upper tier award (with 5 years or less in the 2015 scheme)

A member retires at age 37 having accrued 14 years 216 days under the 1987 scheme up to 31/3/2015, and after 9 months' membership of the 2015 scheme. They are awarded an enhanced upper tier ill-health pension under the 2015 scheme.
Final pay (see regulation 149): £40,000

Benefits payable under the 1987 scheme:
 $£40,000 * (14.5918 + 7.000 \text{ enhancement}) / 60 = £14,394.53$

Benefits payable under the 2015 scheme:
Earnings in 2015 scheme = $£30,000 * 1/56.1 = £534.76$

Rate of enhanced upper tier ill-health pension is the lesser of

- o $£534.76 * 3 = £1604.28$
- or**
- o $(£40,000/56.1) * (23/2) = £713.01 * 11.5 = £8199.64$

= £1604.28

Total pension = £14,394.53 + £534.76 + £1604.28 = £16,533.57.

**Example 3
1987 Transition Member with enhanced upper tier award (> 5 years)**

A member retires with an enhanced upper tier award aged 42 years 291 days. They have accrued 15 years 361 days' service in the 1987 scheme and have 5.5 years' pensionable service in the 2015 scheme, accruing £4,500 pension.
The "assumed period of pensionable service" is 17 years 73 days (17.200)
The member's Average pensionable pay was £40,000 at the scheme closing date.
Their final pay is £47,000.

Benefits payable under the 1987 scheme:
Is the better of
a) $£40,000 * (15.9890 + 7.000) / 60 = £15,326.00$
or
b) $£47,000 * 17.1000 / 60 = £13,395$ (calculated in accordance with paragraph 39 of Schedule 4 – "weighted accrual")

Benefits payable under the 2015 scheme:
Lower tier = £4,500
Enhancement = $(£47,000/56.1) * (17.200 / 2) = £7204.99$

Total pension - £15,326.00 + £4,500 + £7204.99 = £27,030.99

**Example 4
2006 transition member Lower tier**

A member retires at age 38 on lower tier ill-health benefits having accrued 7 years' service in the 2006 scheme and 6 years in the 2015 scheme having accrued earned pension of £3,500. Final pay is £36,000

Benefits payable under the 2006 scheme
 $£36,000 * 7.000 / 70 = £3,600$
Pension Commencement Lump Sum = $£3,600 * 4 = £14,400$

Benefits payable under the 2015 Scheme
£3,500

Total benefits = £3,600 + £3,500 = £7,100
Plus lump sum £14,400

Example 5

2006 Transition member enhanced upper tier

The member in example 4 retires on grounds of permanent medical unfitness and meets the upper tier threshold.
Assumed period of pensionable service is 22 years

Benefits payable under the 2006 scheme

Member received the Standard ill-health pension under Regulation 30 of the 2006 scheme
 $£36,000 * 7.000 / 70 = £3,600$
Plus Pension commencement lump sum
 $£3,600 * 4 = £14,400$

Benefits payable under the 2015 scheme

Lower tier = £3,500
Upper tier = $(£36,000 / 56.1) * (22 / 2) = £7,058.82$

Total benefits = £3,600 + £3,500 + £7,058.82 = 14,158.82
Plus Pension commencement lump sum = £14,400

24. (When transition member reaches normal pension age under the existing police pension scheme)

- When a transition member in receipt of an ill-health pension reaches Normal Pension Age under the existing scheme, the proportion of pension payable that relates to the existing scheme ceases to be payable under the 2015 scheme and instead becomes payable under the existing scheme.
- A lump sum does not become payable in respect of a 2006 transition member, as it will already have been paid upon retirement.
- Any amount commuted or transferred out should be subtracted from the amounts payable under the 1987 scheme, having first been notionally increased from the date of retirement by PI.

PART 7 Payment of death benefits in respect of transition members with continuity of service

25. (Annual rate of surviving adult's pension payable under this scheme when a 1987 transition member dies as a pensioner member)

- This regulation applies in the event of death of a 1987 transition member who dies whilst in receipt of a pension.
- Benefits to surviving adults of transition members are not payable under the 1987 scheme, they are payable under the 2015 scheme.
- The amount of surviving adult's pension payable in these circumstances comprises the amount of pension payable under regulation 129. This is 50% of the pension in payment at the time of death;
plus
the amount of annual pension that would have been payable in respect of the member under Part C (and subject to E8) of the 1987 regulations.
- The amount payable under the 1987 regulations is subject to the same conditions and ceases to be payable under the same circumstances as it would have been under the 1987 regulations (See e.g. Regulation C9 of SSI 1987/257).

26. (Annual rate of surviving adult's pension payable under this scheme when a 2006 transition member dies as a pensioner member)

- This regulation applies in the event of death of a 2006 transition member who dies whilst in receipt of a pension.
- Benefits to surviving adults of transition members are not payable under the 2006 scheme, they are payable under the 2015 scheme.
- The amount of surviving adult's pension payable in these circumstances comprises the amount of pension payable under regulation 129. This is 50% of the pension in payment at the time of death;
plus
the amount of annual pension that would have been payable in respect of the member under 41(2) of the 2006 regulations., usually 50% of the amount of pension in payment at the time of death.
- The amount payable under the 2006 regulations is subject to the same conditions and ceases to be payable under the same circumstances as it would have been under the 2006 regulations.

27. (Annual rate of surviving adult's pension payable under this scheme when a 1987 transition member dies as a deferred member)

- This regulation applies in the event of death of a 1987 transition member who dies entitled to a deferred pension.
- Benefits to surviving adults of transition members are not payable under the 1987 scheme, they are payable under the 2015 scheme.
- The amount of surviving adult's pension payable in these circumstances comprises the amount of pension payable under regulation 130. This is 50% of the amount of deferred pension in the deferred pension account, plus any amount in respect of deferred added (all beneficiaries) pension purchased by the member ;
plus
the amount of annual pension that would have been payable in respect of the member under Regulation C4 of the 1987 regulations.
- The amount payable under the 1987 regulations is subject to the same conditions and ceases to be payable under the same circumstances as it would have been under the 1987 regulations (See e.g. Regulation C9 of SSI 1987/257).

28. (Annual rate of surviving adult's pension payable under this scheme when a 2006 transition member dies as a deferred member)

- This regulation applies in the event of death of a 2006 transition member who dies whilst entitled to a deferred pension.
- Benefits to surviving adults of transition members are not payable under the 2006 scheme, they are payable under the 2015 scheme.
- The amount of surviving adult's pension payable in these circumstances comprises the amount of pension payable under regulation 130. This is 50% of the amount of deferred pension in the deferred pension account, plus any amount in respect of deferred added (all beneficiaries) pension purchased by the member ;
plus
the amount of annual pension that would have been payable in respect of the member under 41(2) of the 2006 regulations, usually 50% of the amount of the value of the deferred pension that would have been payable at the time of death.
- The amount payable under the 2006 regulations is subject to the same conditions and ceases to be payable under the same circumstances as it would have been under the 2006 regulations.

29. (Annual rate of surviving adult's pension payable under this scheme when a 1987 transition member dies as an active member)

- This regulation applies in the event of death of a 1987 transition member who dies whilst an active member of this scheme.
- Benefits to surviving adults of transition members are not payable under the 1987 scheme, they are payable under the 2015 scheme.
- The amount of surviving adult's pension payable in these circumstances comprises the amount of pension payable under regulation 131. This is 50% of the notional upper tier pension that would have been payable had the member met the threshold at the date on death;
- plus
- the amount of annual pension that would have been payable in respect of the member under Part C (and subject to E8) of the 1987 regulations.
- The amount payable under the 1987 regulations is subject to the same conditions and ceases to be payable under the same circumstances as it would have been under the 1987 regulations (See e.g. Regulation C9 of SSI 1987/257).

30. (Annual rate of surviving adult's pension payable under this scheme when a 2006 transition member dies as an active member)

- This regulation applies in the event of death of a 2006 transition member who dies whilst an active member of this scheme and has a minimum of 2 years' qualifying service.
- Benefits to surviving adults of transition members are not payable under the 2006 scheme, they are payable under the 2015 scheme.
- The amount of surviving adult's pension payable in these circumstances comprises the amount of pension payable under regulation 131. This is 50% of the notional upper tier pension that would have been payable had the member met the upper tier threshold at the date on death;
- plus
- the amount of annual pension that would have been payable in respect of the member under 41(3) of the 2006 regulations. This is 50% of the amount of standard and enhanced top-up ill-health pension under the 2006 scheme.
- The amount payable under the 2006 regulations is subject to the same conditions and ceases to be payable under the same circumstances as it would have been under the 2006 regulations.

31. (Payment of eligible child's pension in respect of any transition member)

- This regulation applies to the eligible child of a 1987 or 2006 transition member that dies as either an active, deferred or pensioner member.
- Benefits to eligible children of transition members are payable under the 2015 scheme.
- The annual rate payable is the sum of the child's earned pension under regulation 136, plus the amount that would have been payable under the existing scheme.
- The amount payable under the existing scheme regulations is subject to the same conditions and ceases to be payable under the same circumstances as it would have been under the existing scheme regulations.

32. (Lump sum death grant payable on death of active member)

- This applies where a transition member dies in service. A lump sum death grant is payable under regulation 151, but is not payable under any equivalent regulation of the existing scheme.

33. (Death gratuities – dependants)

- Gives the scheme manager discretion to pay a gratuity where conditions are met in respect of a deferred or pensioner member who dies as the result of an injury sustained whilst on duty, or who dies as a pensioner member within 2 years of retirement.

- The conditions for payment must be met under both Regulation 155 of this scheme, and either regulation 44 of the 2006 scheme or regulation E2 of the 1987 scheme.
- The amount of gratuity that may be paid by the scheme manager cannot exceed the total of the contributions paid by the member.

34. (Death gratuity – estate)

- Gives the scheme manager discretion to pay a gratuity where conditions are met in respect of a deferred or pensioner member who dies as the result of an injury sustained whilst on duty, or who dies as a pensioner member within 2 years of retirement.
- The conditions for payment must be met under both Regulation 156 of this scheme, and either regulation 45 of the 2006 scheme or regulation E3 of the 1987 scheme.
- Where the amount of contributions paid by the member are less than the sum of the amounts listed below, the scheme manager must pay the difference to the executors
- The amounts are:
 - The amount of pension and lump sum already paid to the member in respect of their service as an officer
 - The capitalised value of any surviving adult's or eligible child's pension in respect of the member
 - The actuarial value of any pension credit
 - Any gratuity paid under regulation 155 to a dependant

PART 8 (Transitional provisions relating to the existing police pension scheme)

35. (pensionable service under the existing police pension scheme)

- Members with added 60ths or added years can continue contributing under these contracts whilst they are members of the 2015 scheme. Pensionable service will continue to accrue under the old scheme.
- They may choose to end payments at any point after joining this scheme without having to apply on the grounds of financial hardship.
- To qualify for retirement benefits under the old schemes, the officer must retire from the 2015 scheme
- The officer's final salary at the point of retiring from the 2015 scheme is used for the purpose of calculating entitlement under the final salary scheme.

36. (Becoming a deferred member of the existing police scheme)

- Transition members do not become deferred members of the existing scheme until they become a deferred member of the 2015 scheme.
- If they opt out of this scheme, any contract for additional service under the existing scheme also ceases to be payable.
- If a transition deferred member with at least 2 years' qualifying service opts back into the 2015 scheme within 5 years, they cease to be a deferred member of the 2015 scheme and the existing scheme. If they previously had a contract to purchase added 60ths or added years, the contract cannot be resumed

37. (Qualifying for benefits on retirement under the existing police pension scheme)

- Service under the 2015 regulations counts towards determining an officer's eligibility for retirement under existing scheme regulations. The pensionable service under the existing scheme also includes accrued rights earned as a result of a transfer in to the 2015 scheme from another occupational scheme.
- For this purpose, calendar service is used - part-time service counts as if it was full-time.

38. (Refund of contributions under the existing police pension scheme)

- Applies to transition members who opt out of the 2015 scheme. Where they have under two years' qualifying service across both schemes, they are eligible to be paid a refund of their contributions under the existing scheme less the amount equal to income tax payable under section 205 of Finance Act 2004.

39. (Calculation of weighted accrual for service in the 1987 scheme)

- This applies to transition members with service in the 1987 scheme. These members are entitled to an enhanced accrual in respect of their service under the 1987. The formula for this 'weighted accrual' applies throughout a transition member's pensionable service in the 2015 scheme, meaning the weighted accrual will have to be calculated at the end of each financial year for the purposes of Annual Allowance calculations.
- The formula for calculating a transition member's accrual in the 1987 scheme is:

$$\text{Accrual} = n \times r/q$$

n – the accrual that the officer would have built up had they remained in the 1987 scheme throughout their career, *had they been full time throughout* subject to the 40/60ths maximum.

r = pensionable service in the 1987 scheme to transition date, subject to a maximum of 30 years. For the purposes of *r*, part time members are *not treated as full time throughout* - the reckonable service is used.

q = calendar years' service in the 1987 and 2015 schemes, subject to a maximum of 30 years. Part time service is treated as being full-time service.

- To then calculate the pension entitlement under the 1987 scheme, the accrual is multiplied by the average pensionable pay over the preceding 12 months (or the full-time equivalent for part-time officers)
- For example, a member accrued 15 years' service under the 1987 scheme before moving to the 2015 Scheme, where they served a further 20 years.

$$n = 40/60 \text{ or } 30/45$$

$$r = 15$$

$$q = 30 \text{ (restricted)}$$

$$\text{Accrual} = (30/45) \times (15/30) = 15/45\text{ths.}$$

- An officer retiring on pensionable pay of £36,000 would therefore have earned £12,000 pension in the 1987 scheme. They have the option of commuting part of the pension to a lump sum under the relevant factors.

<<part-time example??>>

40. (Calculation of lump sum under the 1987 scheme)

- When calculating the amount of commutation available under Regulation B7(4) of the 1987 regulations, service under the 2015 counts when calculating the total pensionable service.
- For the purpose of B7(4), the part-time service of a transitional member counts as if it was full-time service.

41. (Declaration under existing police pension scheme continues to have effect)

- Where a transition member has not made a declaration under this scheme that there is a dependant adult, any previous declaration made under the existing scheme that remained

valid at the scheme closing date continues to have effect for payment of death benefits under this scheme.

42. (Nomination under existing police pension scheme continues to have effect)

- Where a member has not nominated a person to receive a lump sum on death grant under this scheme, any previous declaration made under the existing scheme that remained valid at the scheme closing date continues to have effect for payment of death benefits under this scheme.
- The existing scheme nomination remains valid until a nomination is made under this scheme.

PART 9 Transfer of final salary benefits

43. (Meaning of “final salary benefits”)

- Final salary benefits are those benefits accrued under a final salary Defined Benefits scheme.
- This may be part of a transfer value relating to accrual under pre-transition public service pension scheme.
- Where only part of the entitlement under a final salary scheme is related to the person’s final salary, final salary benefits relates to that part. An exempt part could be for example an element of added pension under another public service pension scheme.

44. (Acceptance of club transfer value payments)

- Any part of a transfer payment, including club transfer payment, received by the scheme manager that relates to final salary benefits, must be paid into the 2006 scheme.
- The service credit will then be linked to the pensionable pay at retirement for the purpose of calculating benefits.

45. (Joining this scheme or the 2006 scheme)

- Where a person joins this scheme and transfers in final salary benefits into the 2006 scheme, they will join the 2015 scheme unless they are a protected 2006 scheme member.
- They will be treated as a transition member, with continuity of service, meaning the final salary link is established to the 2006 benefits and the 2006 service counts as qualifying service.
- If the member qualifies for protection under the 2006 scheme and club transfer rules, they will instead join that scheme.

PART 10 Pensionable service after the scheme closing date

46. (Transition member with continuity of service)

- This regulation requires that a transition member with continuity of service joins the 2015 scheme after the scheme closing date, or tapered protection date.
- Where they do not have continuity of service (see Schedule 4, paragraphs 4 and 5 and re-enter pensionable employment, they will join this scheme after their transition date or after they cease to be a full protection member.

47. (Active member of the 1988 NI police pension scheme on scheme closing date who joins 1987 scheme)

- Extends protections under the 1987 scheme for persons who were active members of the NI police pension scheme 1988 on 31 March 2012 and the scheme closing date. Access

to the 1987 scheme is given to those individuals who have not had a gap in pensionable service between leaving the NI scheme and entering pensionable service in Scotland.

- The protection period ceases when the member ceases to be a full protection member or tapered protection member.

48. (Active member of the 1988 NI police pension scheme on scheme closing date who joins 2006 scheme)

- Extends protections under the 2006 scheme for persons who were active members of the NI police pension scheme 1988 on 31 March 2012 and the scheme closing date. Access to the 2006 scheme is given to those individuals who have had a gap in pensionable service not exceeding 5 years between leaving the NI scheme and entering pensionable service in Scotland.
- The protection period ceases when the member ceases to be a full protection member or tapered protection member.

49. (Active member of the 1987 scheme on scheme closing date)

- This applies to a 1987 scheme member with full or tapered protection.
- If they were active in the 1987 scheme or the 1988 Northern Ireland scheme on 1 April 2012, and active in the 1987 scheme on the scheme closing date, they have access to the 2006 scheme where they leave and return to pensionable service within 5 years.
- They may then be a full protection or tapered protection member under the 2006 scheme.

50. (Deferred member of the 1987 scheme on scheme closing date)

- This refers to an individual who was a deferred member of the 1987 scheme at the scheme closing date and has a gap in pensionable service of less than 5 years.
- Unless they were a protected member of the 2006 scheme, they join the 2015 scheme and become a 1987 transition member.
- Membership of the certain schemes does not constitute a gap in pensionable service.

51. (Active member of the 2009 NI police pension scheme on scheme closing date)

- Allows access to the 2006 scheme for an officer who qualifies for protections under the 2009 Northern Ireland scheme when they enter pensionable service in Scotland.

52. (Active member of the existing England and Wales scheme on the scheme closing date)

- Allows access to the 2006 scheme for an officer who qualifies for protections under the 2006 England & Wales scheme when they enter pensionable service in Scotland.

53. (Active member of an existing scheme on the scheme closing date)

- Allows access to the 2006 scheme for protected members of other final salary public service pension schemes (covered by PSPA 2103) where they meet the conditions for protection under the 2006 scheme upon commencing service as a police officer.
- Five years or less must have lapsed since membership of the other public service scheme ended