

**SPPA**

## SCOTTISH PUBLIC PENSIONS AGENCY

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Dear Sir or Madam

### **POLICE PENSIONS CIRCULAR No 2004/5**

#### **Bilateral Agreement with the British Transport Police Force**

**This circular should be brought to the immediate attention of force personnel officers and the administrators of the Police Pension Scheme. This agreement impacts on officers both former and current who have transferred from the British Transport Police since 30 April 1998.**

1 A draft copy of the bilateral agreement between the Police Pension Scheme and the British Transport Police Force Superannuation Fund (BTPFSF) was circulated with the draft regulation changes for consultation in July. I attach at **Annex A** the final version of the Agreement, signed on 12 November, which came into force on 1 December 2004. The amendments to the Police Pensions Regulations needed to give effect to the Agreement are set out in the Police Pensions Amendment Scotland Regulations 2004 – Scottish Statutory Instrument No 486/2004. – A copy of the SSI can be obtained from the HMSO website [www.hmso.gov.uk](http://www.hmso.gov.uk). Details of this SSI are outlined in SPPA Police Pensions Circular 2004/4.

#### Need for Agreement

2. The Agreement enables the transfer of pensions between the British Transport Police Force (BTPF) and Scottish Home Department forces (HD forces) under terms broadly similar to those which would apply if the British Transport Police Force Superannuation Fund (BTPFSF) were a member of the Public Sector Transfer Club. The BTPFSF is not a member of the Club. A similar agreement was introduced from July for England and Wales by the Home Office.

3. Previously the terms for officers transferring between BTPF and HD forces have been less favourable than they would be under Club rules. The PNB agreed that with effect from 30 April 1998 there would be mutual recognition of rank and service for pay purposes in order to facilitate interchange between BTPF and HD Forces. The PNB also agreed that

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transfers of pension rights should be improved. It has only recently been possible to secure the necessary approvals for the bilateral agreement.

4. The key issues of the agreement for pensions administrators to note are :

- The details in Annex 1 on transfer payments – outward transfers.
- The details in Annex 2 on calculation of service credits – inward transfers.
- The details in Annex 3 setting out the transitional arrangements

5. Annexes 1 and 2 are largely self explanatory, with examples given. However, the following features are drawn to your attention:

### Age limits:

- The standard provisions of the bilateral agreement apply where the member has not reached age 55. A transfer of a member joining the new scheme on or after age 55 will be subject to the agreement of both schemes.

### Transfers involving breaks in service:

- Transfers between the BTPF and HD Forces may be made under the Agreement provided the gap between service finishing in one force and starting in the other is no more than a month. Where the break in service is more than a month the receiving scheme is not obliged to accept a transfer payment and calculate the service credit under the terms of the Agreement, but has the discretion to do so. Forces should note that where an officer with a break in service greater than a month is allowed to reckon service for pay and allowances, favourable consideration should be given to applying the Agreement to the pension transfer.

### Transfer payments not CETVs:

- The incoming payment from the BTPFSF is not called a transfer value but a transfer payment. Cash equivalent transfer values (CETVs) are calculated on the basis of the capital value of the pension to provide a stream of payments starting from the deferred pension age. Unlike in the Police Pension Scheme the deferred pension age is 55 in the BTPFSF. Under the Agreement the age on which the BTPFSF transfer payment is based is also 60 - in order to even up the values. Although this may mean that the BTPFSF transfer payments are less than the normal CETVs, regulation 8(8) of the Occupational Pensions Schemes (Transfer Values) regulations 1996 permits this type of arrangement, as the benefits to the individual in the receiving scheme would be equivalent in value to those given up in the old scheme. However, an officer is able to opt for a transfer under a normal CETV under non-Agreement terms if he or she wishes.

### Transfer exchange rates:

- Pensions administrators will note that in the example transfer from BTPFSF to the Police Pension Scheme the officer receives a better than year-for-year service credit in the Police Pension Scheme. This is not a mistake. The accrual rate in the BTPFSF is 45ths, the same as the average accrual rate in the Police Pension Scheme, and the reduction in BTPFSF pension by the 'Basic State Pension Offset' is balanced by the fact that BTPFSF members receive an additional retirement lump sum. It is reasonable to expect nearly year-for-year service credits.

**More information about the BTPFSF:**

- A fact sheet giving the key features of the BTPFSF is at **Annex B to this circular**.

**Need for transitional arrangements**

6. Without the provisions in Annex 3 the agreement applies to officers who transfer between the BTPF and an HD Force **on or after 1 December 2004**. The transitional arrangements in Annex 3 provide valuable backdating for the agreement in two stages as follows:

- The provisions of the agreement are backdated to cover pension transfers in respect of officers who transferred between the BTPF and an HD Force on or after 1 February 2001 but before 1 December 2004. This gives the agreement **mandatory** back-dating to 1 February 2001, the date the Strategic Rail Authority (SRA) was set up. The key relevant paragraphs in Annex 3 are 1.1. and 2.1.
- The provisions of the agreement are backdated to cover pension transfers in respect of officers who transferred between the BTPF and an HD Force on or after 30 April 1998 but before 1 February 2001. This gives the agreement **discretionary** back-dating to 30 April 1998, the effective date of the PNB Agreement. The key relevant paragraphs in Annex 3 are 1.2 and 2.2.

7. "Mandatory back-dating" means that the relevant pension scheme (the BTPFSF or the force on behalf of the Police Pension Scheme) must apply the provisions of the agreement as if it had been in force at the time that the officer transferred. In a case where a BTPFSF transfer value was received before 1 December a force must, without need for an application, first ask the BTPFSF to recalculate the transfer value as a transfer payment. The BTPFSF will advise the force of the amount of the revised payment but not make any actual payment. The force must then recalculate the service credited due to the BTPFSF transfer value and up-rate the pension where necessary, with back-dated effect. **If no transfer value was made before 1 December, a force must allow that officer a full year from 1 December 2004 to apply for a BTPFSF transfer payment to be accepted under the new arrangements.**

8. "Discretionary back-dating " means that the relevant pension scheme (the BTPFSF or the force on behalf of the Police Pension Scheme) is not obliged to apply the provisions of the agreement as if it had been in force at the time that the officer transferred, but in view of the PNB agreement forces should give favourable consideration to a request made by or on behalf of an officer to recalculate any service credited due to a transfer value already paid in respect of that officer or, **if no such payment has been made before 1 December, a request by that officer for such a transfer payment to be accepted under the new arrangements. Such requests should be made by 28 February 2005.**

9. Back-dating arrangements extend to multiple transfers between the BTPF and HD Forces. Paragraph 4 of Annex 3 to the Agreement covers the cases of officers who have transferred between the BTPF and an HD Force more than once since 30 April 1998. Such a case would involve both schemes co-operating to retrace the sequence of transfer values already paid and up-rate the service credited at each turn in order to produce the amount the officer would have finished up with, had the Agreement been in place at the time of each transfer value. Forces will need to note where the back-dating is mandatory and where it is discretionary but,

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again, favourable consideration should be given to applying the Agreement to all transfers falling within its scope.

**10. You are asked to draw this agreement to the attention of officers and former officers or, if applicable, their survivors so that they can take advantage of its back-dating arrangements within the time limits set down.** Please note that only serving officers may apply for a new transfer payment (i.e. where an officer has transferred but not requested a transfer payment to be made) to be accepted under the Agreement. Officers, former officers or the survivors can have the service credit from a transfer value already paid before 1 December recalculated and their pension up-rated if necessary. The Agreement applies not only to surviving relatives but also to other individuals entitled to receive a benefit in respect of an officer. There are limited numbers of officers involved but the Agreement also allows for the deadlines in paragraphs 6 and 7 above to be extended, where both the force and the BTPFSF agree that a person was unable to meet the time limit set for applications, to a new date as they think reasonable.

Yours sincerely

A handwritten signature in blue ink that reads "J. Preston." followed by a vertical line.

Jim Preston

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ANNEX A

AGREEMENT BETWEEN THE SCOTTISH EXECUTIVE, THE STRATEGIC RAIL  
AUTHORITY, THE RAILWAYS PENSION TRUSTEE COMPANY LIMITED AND  
MANAGEMENT COMMITTEE OF THE BRITISH TRANSPORT POLICE FORCE  
SUPERANNUATION FUND

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**1. This Agreement is made this 12 day of November 2004 between the Scottish Executive, the British Transport Police Authority (BTPA), The Railways Pension Trustee Company Limited and the Management Committee of the British Transport Police Force Superannuation Fund (BTPFSF) on transfers between the Police Pension Scheme within Scotland and the BTPFSF – hereafter called this Agreement. This Agreement does not apply to transfers between any other schemes or to transfers between the Police Pension Scheme in England and Wales and the BTPFSF (which is covered by a separate agreement).**

2. Following the recommendations of the Winship Report on the operation of the BTPF which identified barriers to interchange between the BTPF and the Home Department Forces the Police Negotiating Board (PNB) agreed that there should be mutual recognition of rank and service for pay purposes in order to facilitate interchange between the BTPF and HD Forces. The PNB agreement took effect from 30 April 1998. The Winship Report also identified pensions as a possible barrier to interchange, and the PNB agreed to take this issue forward separately from that of pay and rank but with a view to benefiting transfers falling on or after the same date.

3. Up till now the terms for officers transferring pension rights from BTPF to HD Forces have been less favourable than they would be under the rules of the Public Sector Transfer Club. This Agreement addresses this issue and provides that officers who transfer their pension rights between HD Police Pension Scheme and the BTPFSF will receive broadly equivalent service credits in the new scheme irrespective of any change in salary between leaving one scheme and joining the other. However, as the benefits in the two schemes are not the same, a transfer may produce a higher or lower service credit, as appropriate. Transfers from HD Forces to the BTPF have since 6<sup>th</sup> April 1992 enjoyed the special concession agreed by the Management Committee of a year-for-year transfer credit, with the BTPFSF accepting the shortfall in cost. This Agreement supersedes this arrangement, and formalises the process for transfers in either direction.

4. This Agreement comes into force on 1 December 2004 but, from that day, has full backdated effect from 1 February 2001, the date when the Strategic Rail Authority, the predecessor to the BTPA, was established. In order to meet the original intentions of the PNB this Agreement also includes a discretionary provision for its transfer arrangements to be extended on application to an officer who has last transferred between the BTPF and an HD Force on or after 30 April 1998.

5. The detailed arrangements for transfer payments under this Agreement are set out in Annexes 1 and 2. They apply to officers who join the receiving force on or after 1 December 2004 and become members of either the Police Pension Scheme or the BTPFSF, as appropriate. The transitional provisions that extend these arrangements to officers who joined the receiving force on or after 30 April 1998 but before 1 December 2004 are set out in Annex 3.

6. The BTPFSF and the Police Pension Scheme have both confirmed that their benefits are equalised between men and women in respect of service after 17 May 1990, with the possible exception of differing treatment of Guaranteed Minimum Pensions.

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7. Each party to this Agreement (the Scottish Executive, the BTPA, the Railways Pension Trustee Company Limited and the Management Committee of the BTPFSF) shall inform all the others of any changes to scheme rules which affect the payment and receipt of transfer payments, or the scheme's ability to apply the arrangements described in this Agreement.

8. This agreement will be subject to review and revision in the event of changes to scheme rules or legislative changes. The first review shall take place on or before 1 April 2006. The factors in Annex 2 may be reviewed and revised from time to time by the Government Actuary's Department, after consultation with the parties to the Agreement.

9. In the case of any doubt arising from the detailed arrangements in this Agreement being silent on an issue, the policies and procedures applied by the Public Sector Transfer Club shall be adopted, provided that the result is consistent with the aims of this Agreement.

***1.1.1 Signed and dated by all parties***

For and on behalf of the Scottish Ministers

Name Ian Clapperton

Position Director of policy, Scottish Public Pensions Agency (SPPA)

***For and on behalf of the British Transport Police Authority***

Name Richard Hemmings

Position Chief Executive and Clerk to the British Transport Police Authority

for and on behalf of the Management Committee of the British Transport Police Force Superannuation Fund

Name Elizabeth Anne

Position Chairman of the Committee

For and on behalf of Railways Pension Trustee Company Limited

Name Susan Adeane

Position Company Secretary

Name Stephen Kairis

Position Authorised Signatory

1 **TRANSFER PAYMENTS**

**Application for a Bilateral Transfer**

*1.1* The member must apply for a transfer in writing to the new scheme within 12 months of last joining an HD Force or the BTPF, as the case may be, if these arrangements are to apply. (A request for an estimate of a transfer payment will not be regarded as an application to transfer benefits under these arrangements.) The application should be copied to the previous scheme.

*1.2* A bilateral transfer is normally available provided the member has not reached age 55. A transfer of a member joining the new scheme on or after age 55 will be subject to the agreement of both schemes.

*1.3* An application may be withdrawn, in writing, at any time before the previous scheme makes arrangements to make the transfer payment.

Breaks between pensionable service

*1.4* **A transfer application made in accordance with 1.1 and 1.2 must be accepted in the case of any direct transfer from an HD force to the BTPF or in the other direction. For the purpose of this agreement a direct transfer includes a transfer involving up to one month's break in service between the HD force and the BTPF.**

*1.5* **Where there has been a break in service exceeding 1 month, and a deferred benefit has been retained in the previous scheme, and the officer's service in the previous force is recognised for the purposes of rank and pay by the receiving force, a transfer application made under 1.1 or 1.2 may be granted under these arrangements at the discretion of the new scheme.**

*1.6* **Where there has been a break in service but a transfer payment has been made from the previous scheme to an interim employer (including a transfer under the Public Sector Transfer Club) these arrangements shall not apply.**

**Guarantee Date**

*1.7* The relevant date for calculating a Bilateral transfer payment is the 'Guarantee Date' as defined in The Occupational Pensions Schemes (Transfer Values) Regulations 1996, i.e. it

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must be within 3 months (or exceptionally 6 months) of the date of the member's application. In practice it will normally be the date when the transfer payment is calculated.

- 1.8 A Bilateral transfer payment should be guaranteed for three months from the guarantee date. This is to ensure consistency with other transfer payments, and should ease administration. If a request to make the transfer payment is made within three months of the guarantee date, it will not be necessary to recalculate the transfer payment.

### The Calculation

- 1.9 A Bilateral transfer payment should be calculated as follows:

From the Police Pension Scheme:

$$[PP \times F_p + CWP \times F_{wid} - NI \times F_{ni} - (PRE \text{ GMP} + 0.45 \times POST \text{ GMP}) \times F_{gmp}] \times AMC$$

From the British Transport Police Force Superannuation Fund:

$$[N_1 \times PAY \times (F_p + 0.5 \times F_{wid}) / 45 - N_1 \times BSP \times F_{offset} / 30 + LS_1 \times F_{ls}] \times 1.0383 \\ - (PRE \text{ GMP} + 0.45 \times POST \text{ GMP}) \times F_{gmp}$$

plus

$$N_2 \times PAY \times (F_p + 0.5 \times F_{wid}) / 45 - N_2 \times BSP \times F_{offset} / 30 + LS_2 \times F_{ls}$$

all multiplied by AMC.

#### Benefits:

PP = personal pension, before commutation or National Insurance modification \*

CWP = pension payable on the death of the member to their spouse \*

NI = National Insurance modification - see paragraph 1.11

PRE GMP = GMP accrued before 6.4.88, including revaluation to the guarantee date

POST GMP = GMP accrued after 6.4.88, including revaluation to the guarantee date

PAY = pensionable pay used to calculate preserved pension, before basic state pension offset\*

BSP = Basic State Pension used to calculate the preserved benefits.

LS<sub>1</sub> = Lump sum for BTPFSF service prior to 1 September 2000 before the 3.83% uplift is applied (excluding any lump sum by commutation) \*

LS<sub>2</sub> = Lump sum for BTPFSF service after 31 August 2000 (excluding any lump sum by commutation) \*

N = pensionable service in PPS at date of leaving, used to calculate preserved benefits.

N<sub>1</sub> = pensionable service in BTPFSF prior to 1 September 2000

N<sub>2</sub> = pensionable service in BTPFSF after 31 August 2000



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\* These benefits should be revalued, where appropriate (see paragraph 1.10)

### Factors:

$F_p$  = factor for personal pension

$F_{ls}$  = factor for lump sum

$F_{wid}$  = factor for widow or widower's pension, according to marital status

$F_{ni}$  = factor for national insurance modification

$F_{gmp}$  = factor for GMP

$F_{offset}$  = factor for state pension offset, according to marital status

The appropriate factors should be taken from the tables in force at the guarantee date, using the member's age and marital status at the guarantee date. Examples of transfer payment calculations follow the tables of factors in Annex 2.

*1.10* Allowance should be made for **revaluation to the guarantee date**, where appropriate - usually where the individual's last day of service and the guarantee date fall into different tax years. The accrued pension benefits should be calculated at the last day of service, and then increased in line with the previous scheme's uprating arrangements, but excluding any discretionary increases in deferment.

*1.11* Where applicable, any **National Insurance modification** must be taken into account in the calculation of the transfer payment. The amount of modification should be expressed as an annual rate, and the relevant factor from the table should be applied to that amount. Where the accrued benefits are to be uprated, the deduction can be made before the pensions increase is applied.

*1.12* The transfer payment is adjusted to allow for market conditions by multiplying by the **Adjustment for Market Conditions** (AMC). This factor depends on the member's age at the guarantee date, and the relevant yield. The yield on the first working day of the calendar month into which the guarantee date falls should be used; this is normally published on the following working day in the Financial Times.

*1.13* The AMC factors are shown in Table 3 of Annex 2. Where the appropriate yield is not an integer, the factor should be obtained by interpolating between the closest two factors, to produce the AMC factor for the transfer payment calculations.

### **Contracted Out Rights**

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*1.14* As both schemes are contracted out of the State Earnings Related Pension Scheme (SERPS), the contracted out liabilities (both GMPs and section 9(2B) rights) will be transferred to the new scheme. (If a CEP has already been paid, it should be recovered if a transfer payment is subsequently paid). If the transfer payment is in respect of service that includes periods of contracted out service after 6 April 1997, the previous scheme must also show the value of the section 9(2B) rights.

*1.15* The transfer payment must be adjusted to reflect increases on the **Guaranteed Minimum Pension** (GMP) which is the responsibility of the State Scheme after State Pension Age. Annual GMP figures can be obtained by multiplying the weekly GMP figures by 52. The GMP in respect of service up to 5 April 1988 and the GMP in respect of service after that date should be combined as described in the Note to Table 1 or 2, and multiplied by the appropriate payment factor in the tables, and the resulting figure deducted from the transfer payment.

### **Late Payment of a Transfer Payment**

*1.16* Under the Public Sector Transfer Club arrangement, where a transfer payment is made more than 6 months after the Guarantee Date, the transfer payment will not be revised to allow for interest or to reflect the actual date of payment. Payment, however, must be made within 12 months of the Guarantee Date. Under this agreement, however, the parties will aim to make transfer payments within 6 months of the Guarantee Date.

### **Minimum Transfer Payments**

*1.17* Where the previous scheme has received a transfer payment from another scheme, the transfer payment should be calculated in the normal way and no special adjustment made for any previous incoming transfer payment; i.e. no minimum transfer payment shall apply.

### **1.18 Information required from the previous scheme**

It will be necessary for the previous scheme to advise the new scheme of the following:

- a. member's name;
- b. member's date of birth;
- c. last date of service;
- d. the guarantee date for the purposes of the calculation;
- e. the member's age and marital status at the guarantee date;
- f. the member's sex;
- g. the pensionable pay figure used in the calculation;
- h. reckonable service, and for the BTPFSF the split between pre 1 September 2000 service and post 31 August 2000 service;

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- i. qualifying service;
- j. the national insurance modification applicable;
- k. the rate at which any pensions increase has been applied to the accrued pension benefits;
- l. the following information on the GMP:
  - i. the amount of the GMP accrued after 5 April 1988 and the total GMP, as at the guarantee date,
  - ii. the rate of revaluation applicable to the GMP, and
  - iii. whether revaluation subsequent to the last day of service has actually occurred;
- m. the AMC figure used in the calculation;
- n. the transfer payment amount before the adjustments for the GMP and AMC take place;
- o. the total transfer payment amount;
- p. reckonable service after 6 April 1997, which counts as section 9(2B) rights;
- q. transfer payment in respect of section 9(2B) rights only.

In most instances, the new scheme will prefer to receive a copy of the previous scheme's calculation sheet so that reckonable service may be compared and any differences explained to the transferring member.

### **Outgoing Transfers for members working Part Time**

- 1.19* The scheme benefits of a member who has been employed, wholly or partially, on a part-time basis should be calculated in accordance with the scheme's own rules. The normal Bilateral factors should then be applied to the member's benefits (including any increase due since leaving the scheme) in order to calculate the Bilateral transfer payment.

The previous scheme should make available to the new scheme the member's full-time equivalent rate of pensionable pay (after revaluation, if applicable) to enable the new scheme to calculate the service credit.

### *1.20* **Minimum Funding Requirement (MFR)**

Transfer payments paid under this Agreement do not require an MFR underpin. This exemption is by virtue of regulations 7(3) and 8(8) of the Occupational Pension Schemes (Transfer Value) Regulations 1996, which excludes transfers between schemes where a definite benefit is given.

## 2 SERVICE CREDITS IN THE NEW SCHEME

2.1 The new scheme calculates the service credit by applying the Bilateral transfer payment tables in reverse. The age, marital status, GMP and adjustment for market conditions should be the same as the previous scheme. The pensionable pay to be used in the calculation is discussed below in paragraph 2.5. The formula to be used is:

$$[TP \div AMC + (PRE\ GMP + 0.45 \times POST\ GMP) \times F_{gmp}] \div 1yr$$

where:

TP = transfer payment to be paid by previous scheme

1yr = cost of 1 year's pensionable service in new scheme, and is calculated as follows:

Police Pension Scheme:

$$PAY / 45 \times [F_p + 0.5 \times F_{wid}]$$

British Transport Police Force Superannuation Fund:

$$[ PAY \times (F_p + 0.5 \times F_{wid}) / 45 - BSP \times F_{offset} / 30 + PAY_1 \times F_{ls} / 30 ] \times 1.0000$$

(post 31 August 2000 membership)

If the service credit in the BTPFSF is long enough so that it extends back before 1 September 2000, then the cost of one year of pre 1 September 2000 pensionable service in the BTPFSF is:

$$[ PAY \times (F_p + 0.5 \times F_{wid}) / 45 - BSP \times F_{offset} / 30 + PAY_1 \times F_{ls} / 30 ] \times 1.0383$$

(pre 1 September 2000 membership)

where:

Pay<sub>1</sub> = minimum of PAY and 12 x BSP.

Other Symbols are defined in paragraph 1.9.

2.2 The higher cost of pre 1 September 2000 service credit arises because service in the BTPFSF before 1 September 2000 qualifies for a 3.83% service enhancement under Rules 13(2)(b) and 14(2)(b) of the BTPFSF.

2.3 The tables to be used are those in force at the guarantee date, and will be the same as used for the transfer payment calculation.

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### **Time Limits**

- 2.4 A service credit must be provided within two months of the receipt of a request from the member, in accordance with the Occupational Pension Schemes (Disclosure of Information) Regulations 1996.

### **Pensionable Pay**

- 2.5 The pensionable pay figure should be the same as that used by the previous scheme. Where, at the guarantee date, the previous scheme has increased the preserved benefits at leaving to allow for pensions increases (see paragraph 1.10) or GMP revaluations, the pensionable pay figure used in the service credit calculations will also have to be increased. The pensionable pay used should be the pensionable pay at leaving increased by the same rate that the previous scheme used to increase the accrued pension benefits.

### **Qualifying Service**

- 2.6 Where service credited is less than service actually served in the previous scheme, the transferred service will count at its actual length in the previous scheme for the purposes of the preservation requirements. Qualification for other scheme benefits will depend on the new scheme's rules.

### **Service Credit for Section 9(2B) rights**

- 2.7 The pensionable service credits arising from the element of the transfer payment in respect of service in contracted-out pension schemes before 6 April 1997 and from 6 April 1997 must be calculated separately.

### **Transfer payments with non aggregated service**

- 2.8 Where an individual has had more than one period of service with his previous scheme, and for whatever reason has not aggregated his/her benefits, then separate bilateral transfers should be calculated.

### **Incoming Transfers for Members Working Part Time**

- 2.9 The new scheme should calculate the full-time equivalent service credit using the member's full-time pensionable pay in the previous scheme (or the equivalent where the member worked part time) after revaluation, if applicable. This transferred-in service would be applied to the member's full-time equivalent final pensionable pay when calculating benefits under the new scheme, then added to the benefits accrued by the individual whilst a member of the new scheme.

Table 1 – Bilateral Factors for Males

Age last Birthday at Guarantee Date	Gross Pension of £1 per annum	Lump Sum of £1	Widow's pension of £1 per annum		Basic State Pension Offset of £1 per annum		Deduction For GMP of £1 Per annum	Deduction for NI Modification of £1 pa
			Married	Unmarried	Married	Unmarried		
18	2.50	0.22	1.27	1.27	1.51	1.51	1.35	1.65
19	2.50	0.22	1.27	1.27	1.51	1.51	1.35	1.65
20	2.50	0.22	1.27	1.27	1.51	1.51	1.35	1.65
21	2.60	0.22	1.30	1.30	1.59	1.59	1.38	1.72
22	2.70	0.23	1.34	1.34	1.68	1.68	1.42	1.79
23	2.81	0.24	1.37	1.37	1.77	1.77	1.45	1.86
24	2.92	0.25	1.42	1.42	1.87	1.87	1.49	1.93
25	3.04	0.26	1.47	1.47	1.98	1.98	1.52	2.01
26	3.16	0.27	1.52	1.52	2.10	2.10	1.56	2.08
27	3.29	0.28	1.58	1.58	2.22	2.22	1.60	2.17
28	3.42	0.29	1.63	1.63	2.35	2.35	1.64	2.26
29	3.56	0.30	1.68	1.68	2.49	2.49	1.68	2.35
30	3.71	0.31	1.74	1.74	2.64	2.64	1.72	2.44
31	3.85	0.32	1.80	1.80	2.79	2.79	1.76	2.54
32	4.01	0.34	1.86	1.86	2.95	2.95	1.80	2.64
33	4.17	0.35	1.93	1.93	3.13	3.13	1.84	2.75
34	4.34	0.36	2.00	2.00	3.31	3.31	1.89	2.86
35	4.52	0.38	2.07	2.07	3.51	3.51	1.93	2.98
36	4.70	0.40	2.14	2.14	3.71	3.71	1.98	3.10
37	4.90	0.41	2.21	2.21	3.93	3.93	2.02	3.23
38	5.10	0.43	2.28	2.28	4.17	4.17	2.07	3.36
39	5.31	0.44	2.36	2.36	4.41	4.41	2.12	3.50
40	5.52	0.46	2.44	2.34	4.67	4.63	2.17	3.64
41	5.74	0.48	2.52	2.30	4.94	4.86	2.22	3.79
42	5.97	0.50	2.60	2.23	5.23	5.09	2.27	3.94
43	6.21	0.52	2.68	2.17	5.54	5.34	2.32	4.10
44	6.46	0.54	2.77	2.10	5.86	5.60	2.37	4.27
45	6.72	0.56	2.86	2.03	6.20	5.88	2.43	4.44
46	7.00	0.58	2.94	1.97	6.56	6.18	2.48	4.62
47	7.29	0.61	3.02	1.90	6.95	6.50	2.54	4.81
48	7.60	0.63	3.10	1.84	7.36	6.84	2.60	5.01
49	7.92	0.65	3.19	1.78	7.80	7.21	2.66	5.22
50	8.23	0.68	3.28	1.73	8.25	7.59	2.72	5.44
51	8.55	0.71	3.35	1.67	8.70	7.98	2.78	5.68
52	8.88	0.73	3.42	1.62	9.19	8.40	2.84	5.93
53	9.23	0.76	3.50	1.57	9.70	8.84	2.91	6.19
54	9.59	0.79	3.58	1.52	10.25	9.32	2.98	6.46
55	9.98	0.82	3.65	1.47	10.84	9.84	3.05	6.73
56	10.40	0.85	3.71	1.42	11.46	10.39	3.13	7.00

57	10.84	0.89	3.76	1.36	12.13	10.98	3.20	7.28
58	11.31	0.92	3.81	1.31	12.84	11.62	3.29	7.58
59	11.81	0.96	3.86	1.25	13.61	12.32	3.37	7.89

**Note:** When calculating the deduction for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and 45% of the GMP amount in respect of service after that date.



**Table 2 – Bilateral Factors for Females**

Age last Birthday at Guarantee Date	Gross Pension of £1 per annum	Lump Sum of £1	Widow's pension of £1 per annum		Basic State Pension Offset of £1 per annum		Deduction for GMP of £1 per annum	Deduction for NI Modification of £1 pa
			Married	Unmarried	Married	Unmarried		
18	2.90	0.21	0.52	0.52	1.50	1.50	1.68	2.90
19	2.90	0.21	0.52	0.52	1.50	1.50	1.68	2.90
20	2.90	0.21	0.52	0.52	1.50	1.50	1.68	2.90
21	3.02	0.22	0.53	0.53	1.59	1.59	1.73	3.02
22	3.14	0.23	0.54	0.54	1.68	1.68	1.77	3.14
23	3.26	0.24	0.57	0.57	1.78	1.78	1.81	3.26
24	3.39	0.24	0.58	0.58	1.88	1.88	1.86	3.39
25	3.53	0.25	0.60	0.60	1.99	1.99	1.90	3.53
26	3.67	0.26	0.62	0.62	2.11	2.11	1.95	3.67
27	3.82	0.28	0.64	0.64	2.24	2.24	2.00	3.82
28	3.98	0.28	0.65	0.65	2.37	2.37	2.05	3.98
29	4.13	0.30	0.68	0.68	2.51	2.51	2.10	4.13
30	4.30	0.31	0.70	0.70	2.66	2.66	2.15	4.30
31	4.48	0.32	0.72	0.72	2.82	2.82	2.21	4.48
32	4.66	0.33	0.74	0.74	2.99	2.99	2.26	4.66
33	4.85	0.35	0.76	0.76	3.16	3.16	2.32	4.85
34	5.04	0.36	0.78	0.78	3.35	3.35	2.38	5.04
35	5.25	0.38	0.81	0.81	3.55	3.55	2.44	5.25
36	5.46	0.39	0.83	0.83	3.76	3.76	2.50	5.46
37	5.69	0.41	0.85	0.85	3.99	3.99	2.56	5.69
38	5.92	0.42	0.86	0.86	4.22	4.22	2.63	5.92
39	6.16	0.44	0.89	0.89	4.48	4.48	2.69	6.16
40	6.41	0.46	0.93	0.90	4.74	4.73	2.76	6.41
41	6.67	0.48	0.94	0.88	5.02	5.00	2.83	6.67
42	6.94	0.49	0.96	0.85	5.32	5.28	2.90	6.94
43	7.22	0.51	0.98	0.82	5.63	5.57	2.98	7.22
44	7.51	0.53	1.00	0.79	5.96	5.88	3.05	7.51
45	7.82	0.56	1.01	0.75	6.31	6.21	3.13	7.82
46	8.14	0.58	1.04	0.71	6.69	6.56	3.21	8.14
47	8.47	0.60	1.05	0.67	7.09	6.93	3.29	8.47
48	8.82	0.62	1.07	0.62	7.51	7.32	3.37	8.82
49	9.18	0.65	1.08	0.58	7.96	7.75	3.46	9.18
50	9.55	0.67	1.09	0.54	8.42	8.18	3.55	9.55
51	9.90	0.70	1.10	0.49	8.89	8.62	3.65	9.90
52	10.27	0.73	1.11	0.45	9.38	9.09	3.75	10.27
53	10.66	0.76	1.12	0.41	9.91	9.59	3.85	10.66
54	11.06	0.79	1.13	0.37	10.47	10.12	3.95	11.06
55	11.49	0.82	1.13	0.32	11.06	10.68	4.06	11.49
56	11.93	0.85	1.13	0.27	11.69	11.28	4.18	11.93
57	12.40	0.89	1.13	0.22	12.36	11.92	4.30	12.40
58	12.89	0.92	1.12	0.18	13.07	12.61	4.42	12.89
59	13.41	0.96	1.10	0.14	13.82	13.35	4.55	13.41



**Note:** When calculating the deduction for GMP, the factor given should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and 45% of the GMP amount in respect of service after that date.



**Table 3 – Adjustments for Market Conditions**

<b>Age Last Birthday at Guarantee Date</b>	<b>Relevant Yield at Relevant Date</b>			
	<b>2.00%</b>	<b>3.00%</b>	<b>4.00%</b>	<b>5.00%</b>
<b>16 - 25</b>	1.60	1.23	1.00	0.84
<b>26 - 28</b>	1.57	1.22	1.00	0.85
<b>29 - 31</b>	1.54	1.21	1.00	0.85
<b>32 - 33</b>	1.51	1.20	1.00	0.86
<b>34 - 35</b>	1.50	1.19	1.00	0.86
<b>36 - 37</b>	1.46	1.18	1.00	0.87
<b>38</b>	1.45	1.18	1.00	0.87
<b>39</b>	1.44	1.17	1.00	0.88
<b>40</b>	1.43	1.17	1.00	0.88
<b>41</b>	1.42	1.17	1.00	0.88
<b>42</b>	1.40	1.16	1.00	0.88
<b>43</b>	1.39	1.16	1.00	0.88
<b>44</b>	1.38	1.15	1.00	0.89
<b>45</b>	1.37	1.15	1.00	0.89
<b>46</b>	1.36	1.15	1.00	0.89
<b>47</b>	1.35	1.14	1.00	0.89
<b>48</b>	1.33	1.14	1.00	0.90
<b>49</b>	1.32	1.13	1.00	0.90
<b>50</b>	1.31	1.13	1.00	0.90
<b>51</b>	1.30	1.13	1.00	0.90
<b>52</b>	1.29	1.12	1.00	0.91
<b>53</b>	1.28	1.12	1.00	0.91
<b>54</b>	1.25	1.11	1.00	0.91
<b>55</b>	1.23	1.11	1.00	0.91
<b>56</b>	1.20	1.10	1.00	0.92
<b>57</b>	1.17	1.08	1.00	0.92
<b>58</b>	1.15	1.06	1.00	0.92
<b>59</b>	1.12	1.04	1.00	0.92

The Relevant Yield is the gross redemption yield on the FT Actuaries Index of British Government Index linked Stock of duration greater than 5 years on a 0% inflation assumption. If the yield falls below 2% then a yield of 2% should be used.

## EXAMPLE 1 TRANSFER FROM THE POLICE PENSION SCHEME TO THE BTPFSF

### Data

The following information will be provided by the PPS for the BTPFSF

a. Member name	Mr I Jones
b. Member date of birth	1 January 1969
c. Last date of service	31 January 2004
d. Guarantee date	1 February 2004
e. Member age	35
Marital status	Married
f. Member sex	Male
g. Pensionable Pay	£40,000.00 pa
h. Reckonable Service	15 years 0 days
i. Qualifying Service	15 years 0 days
j. National Insurance modification	£0.00 pa
k. Revaluation rate applied to accrued benefits	N/A <sup>1</sup>
l. i. Pre 6 April 1988 GMP	£520 pa (£10 pw)
Post 5 April 1998 GMP	£780 pa (£15 pw)
Total GMP	£1,300 pa (£25 pw)
ii. GMP revaluation rate applicable	N/A
iii. Have the figures in i. been revalued?	N/A
m. AMC figure to be used:	
Yield on Monday 2 February 2004	2.12%
AMC found by interpolation:	
AMC = 0.12 x 1.19 + 0.88 x 1.50 = 1.4628	

### Calculation of Transfer Payment

n. Transfer payment before allowance for GMP and AMC:

$$PP = 15/30 \times 40/60 \times 40,000 = £13,333.33 \text{ pa}^2$$

$$CWP = PP / 2 = £6,666.67 \text{ pa}$$

Now

$$PP \times F_p + CWP \times F_{wid} - NI \times F_{ni} = 13,333.33 \times 4.52 + 6,666.67 \times 2.07 - 0 = £74,066.67^3$$

The member's service credit in the BTPFSF will be based on **£74,066.67**

o. Total transfer payment amount

$$[ 74,066.67 - (\text{PRE GMP} + 0.45 \times \text{POST GMP}) \times F_{gmp} ] \times \text{AMC}$$

<sup>1</sup> This usually applies when the individual's last day of service and guarantee date fall into different tax years, see annex 1 paragraph 1.10

<sup>2</sup> The personal pension has been calculated by the uniform accrual method. A maximum pension (40 sixtieths) could have been achieved by compulsory retirement age (55 assumed in this example).

<sup>3</sup> Figures written in these examples have been rounded for presentation purposes, but all calculations have used the exact values. Performing calculations with the figures as written may lead to rounding errors.

$$= [ 74,066.67 - ( 520 + 0.45 \times 780 ) \times 1.93 ] \times 1.4628$$

$$= \text{£}105,885.71$$

The transfer payment made from the PPS to the BTPFSF will be **£105,885.71**

p. Reckonable service after 6 April 1997 6 years 300 days

q. Transfer payment in respect of section 9(2B) rights

$$PP = 13,333.33 \times ( 6 + 300/365 ) / 15 = \text{£}6,063.93 \text{ pa}$$

$$CWP = PP / 2 = \text{£}3,031.96$$

Now

$$( PP \times F_p + CWP \times F_{wid} ) \times AMC$$

$$= ( 6,063.93 \times 4.52 + 3,031.96 \times 2.07 ) \times 1.4628$$

$$= \text{£}49,274.58$$

The transfer payment in respect of section 9(2B) rights only is £49,274.58

### Calculation of the Service Credit in the BTPFSF

The service credit in the BTPFSF will be calculated using the transfer payment before allowance for GMP and AMC: **£74,066.67**.

Note that the Basic State Pension for a single person on 1 February 2004 was £4,027.40 pa.

The cost of one year's post 31 August 2000 service in the BTPFSF is

$$1 \text{ yr} = \text{PAY} \times ( F_p + 0.5 \times F_{wid} ) / 45 - \text{BSP} \times F_{offset} / 30 + \text{PAY}_1 \times F_{ls} / 30$$

$$= 40,000 / 45 \times ( 4.52 + 0.5 \times 2.07 ) - 4,027.40 / 30 \times 3.51 + 40,000 / 30 \times 0.38$$

$$= \text{£}4,973.24$$

The post 31 August 2000 service credit is

$$74,066.67 / 4,973.24 = 14.893 = 14 \text{ years } 326 \text{ days}$$

There are only 3 years 153 days between 31 August 2000 and the date the member joined the BTPFSF, 1 February 2004. Therefore the member will be credited with 3 years 153 days of post 31 August 2000 service in the BTPFSF, and the remaining 11 years 173 days of service credit will be converted to pre 1 September 2000 service.

The pre 1 September 2000 service credit is

$$( 11 + 173 / 365 ) / 1.0383 = 11.051 = 11 \text{ years } 19 \text{ days}$$

The member's service credit is:

Pre 1 September 2000 service credit 11 years 19 days

Post 31 August 2000 service credit 3 years 153 days

Note that the pre 1 September 2000 service credit will be eligible for a 3.83% uplift, so the adjustment of the pre 1 September 2000 service credit does not disadvantage the member.

The calculation of section 9(2B) rights will be calculated similarly to all membership but will be based on the post 97 element of the transfer payment before allowance for AMC, namely  $\pounds 49,274.58 / 1.4628 = \pounds 33,685.11$

The cost of one year's post 5 April 1997 service in the BTPFSF has already been calculated as  $\pounds 4,973.24$

The section 9(2B) rights post August 2000 service credit is

$\pounds 33,685.11 / \pounds 4,973.24 = 6.773 = 6 \text{ years } 283 \text{ days (rounding up part days)}$

There are only 3 years 153 days between 31 August 2000 and the date the member joined the BTPSF, 1 February 2004. Therefore the member will be credited with 3 years 153 days of post 31 August 2000 service in the BTPFSF, and the remaining 3 years 130 days of service credit will be converted to pre 1 September 2000 service.

The pre 1 September 2000 service credit is adjusted

$( 3 + 130 / 365 ) / 1.0383 = 3.232 = 3 \text{ years } 85 \text{ days}$ , which when added to the original 3 years 153 days provides 6 years 238 post 5 April 1997 membership

## EXAMPLE 2 TRANSFER FROM THE BTPFSF TO THE POLICE PENSION SCHEME

### Data

The following information will be provided by the BTPFSF for the PPS

a. Member name	Mr J Smith
b. Member date of birth	1 January 1969
c. Last date of service	31 January 2004
d. Guarantee date	1 February 2004
e. Member age	35
Marital status	Married
f. Member sex	Male
g. Pensionable Pay (before the state pension offset)	£40,000.00 pa
h. Reckonable Service	15 years 0 days
of which:	
pre 1 September 2000 service	11 years 212 days = 11.581
post 31 August 2000 service	3 years 153 days = 3.419
i. Qualifying Service	15 years 0 days
j. National Insurance modification	£0.00 pa
k. Revaluation rate applied to accrued benefits	N/A <sup>4</sup>
l. i. Pre 6 April 1988 GMP	£520 pa (£10 pw)
Post 5 April 1998 GMP	£780 pa (£15 pw)
Total GMP	£1,300 pa (£25 pw)
ii. GMP revaluation rate applicable	N/A
iii. Have the figures in i. been revalued?	N/A
m. AMC figure to be used:	
Yield on Monday 2 February 2004	2.12%
AMC found by interpolation:	
AMC = 0.12 x 1.19 + 0.88 x 1.50 = 1.4628	

### Calculation of Transfer Payment

- n. Transfer payment before allowance for GMP and AMC:  
 Note that the Basic State Pension for a single person on 1 February 2004 was £4,027.40 pa.  
 With respect to pre 1 September 2000 membership  
 Firstly  $LS_1 = N_1 \times PAY_1 / 30 = 11.581 \times 40,000 / 30 = 15441.33$ . Now  
 $[ N_1 \times PAY \times (F_p + 0.5 \times F_{wid}) / 45 - N_1 \times BSP \times F_{offset} / 30 + LS_1 \times F_{ls} ] \times 1.0383$   
 $= [ 11.581 \times 40,000 \times (4.52 + 0.5 \times 2.07) / 45 - 11.581 \times 4,027.40 \times 3.51 / 30 +$   
 $15,441.33 \times 0.38 ] \times 1.0383$   
 $= 59,800.05$

<sup>4</sup> This usually applies when the individual's last day of service and guarantee date fall into different tax years, see annex 1 paragraph 1.10

With respect to post 31 August 2000 Membership:

$$\begin{aligned} \text{Firstly } LS_2 &= N_2 \times \text{PAY}_1 / 30 = 3.419 \times 40,000 / 30 = 4558.67^5. \text{ Now} \\ N_2 \times \text{PAY} \times (F_p + 0.5 \times F_{\text{wid}}) / 45 - N_2 \times \text{BSP} \times F_{\text{offset}} / 30 + LS_2 \times F_{\text{Is}} \\ &= 3.419 \times 40,000 \times (4.52 + 0.5 \times 2.07) / 45 - 3.419 \times 4027.40 \times 3.51 / 30 + \\ &\quad 4,558.67 \times 0.38 \\ &= 17,004.39 \end{aligned}$$

$$\text{Total} = 59,800.05 + 17,004.39 = \text{£}76,804.44$$

The member's service credit in the PPS will be based on **£76,804.44**

o. Total transfer payment amount

$$\begin{aligned} &[76,804.44 - (\text{PRE GMP} + 0.45 \times \text{POST GMP}) \times F_{\text{gmp}}] \times \text{AMC} \\ &= [76,804.44 - (520 + 0.45 \times 780) \times 1.93] \times 1.4628 \\ &= \text{£}109,890.52 \end{aligned}$$

The transfer payment made from the BTPFSF to the PPS will be **£109,890.52**

p. Reckonable service after 6 April 1997 6 years 300 days

of which:

pre 1 September 2000 service 3 years 147 days = 3.403

post 31 August 2000 service 3 years 153 days = 3.419

q. Transfer payment in respect of section 9(2B) rights

With respect to pre 1 September 2000 section 9(2B) rights

$$\begin{aligned} \text{Firstly } LS_3 &= N_1 \times \text{PAY}_1 / 30 = 3.403 \times 40,000 / 30 = 4,536.99. \text{ Now} \\ [N_1 \times \text{PAY} \times (F_p + 0.5 \times F_{\text{wid}}) / 45 - N_1 \times \text{BSP} \times F_{\text{offset}} / 30 + LS_3 \times F_{\text{Is}}] \times 1.0383 \\ &= [3.403 \times 40,000 \times (4.52 + 0.5 \times 2.07) / 45 - 3.403 \times 4,027.40 \times 3.51 / 30 + \\ &\quad 4,536.99 \times 0.38] \times 1.0383 \\ &= 17,570.77 \end{aligned}$$

With respect to post 31 August 2000 Pensionable service:

$$\begin{aligned} \text{Firstly } LS_4 &= N_2 \times \text{PAY}_1 / 30 = 3.419 \times 40,000 / 30 = 4,558.90. \text{ Now} \\ N_2 \times \text{PAY} \times (F_p + 0.5 \times F_{\text{wid}}) / 45 - N_2 \times \text{BSP} \times F_{\text{offset}} / 30 + LS_4 \times F_{\text{Is}} \\ &= 3.419 \times 40,000 \times (4.52 + 0.5 \times 2.07) / 45 - 3.419 \times 4027.40 \times 3.51 / 30 + \\ &\quad 4,558.90 \times 0.38 \\ &= 17,004.39 \end{aligned}$$

The transfer payment in respect of section 9(2B) rights only before allowing for AMC is £17,570.77 plus £17,004.39 = £34,575.16. Including the allowance for AMC is £34,575.16 x 1.4628 = £50,576.55

### Calculation of the Service Credit in the PPS

The service credit in the PPS will be calculated using the transfer payment before allowance for GMP and AMC: **£76,804.44**.

The cost of one year's service in the PPS is

$$\begin{aligned} 1\text{yr} &= \text{PAY} / 45 \times [F_p + 0.5 \times F_{\text{wid}}] \\ &= 40,000 / 45 \times (4.52 + 0.5 \times 2.07) \\ &= \text{£}4,937.78 \end{aligned}$$

<sup>5</sup> Note that  $1.0383 \times LS_1 + LS_2 = \text{£}20,591.39$  should be equal to the members BTPFSF lump sum

The service credit in the PPS is

$$76,804.44 / 4,937.78 = 15.554 = 15 \text{ years } 203 \text{ days (rounding up part days)}$$

Calculation of section 9(2B) rights is as follows using the section 9(2B) transfer value before allowance for AMC of £34,575.16

The section 9(2B) service credit in the PPS is

$$34,575.16 / 4,937.78 = 7.002 = 7 \text{ years } 1 \text{ day}$$



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## TRANSITIONAL ARRANGEMENTS

### Transfer Payments

- 1.1 A member who joined an HD Force or the BTPF on or after 1 February 2001 but before 1 December (*the original Agreement showed November in error and action is being taken to amend this to correctly show December*)2004 and has had no transfer payment made from the previous scheme to the new scheme in respect of that transfer may apply for such a payment to be made under these arrangements. The application must be made in writing to the new scheme by 30 November 2005.
- 1.2 A member who joined an HD Force or the BTFP on or after 30 April 1998 but before 1 February 2001 and has had no transfer payment made from the previous scheme to the new scheme in respect of that transfer may apply for such a payment to be made under these arrangements. The application must be made in writing to the new scheme by 28 February 2005. In such a case it will be at the discretion of the new scheme whether the application is granted.

### Service Credits in the New Scheme

- 2.1 A member, including a retired member, who transferred into an HD force or the BTPF on or after 1 February 2001 and has had a transfer payment made before 1 December 2004 from the previous scheme to the new scheme in respect of that transfer, should have his or her transfer payment recalculated if necessary by the sending scheme, and the service credit recalculated on the revised transfer payment by the receiving scheme, without the need for an application, on the basis of these arrangements.
- 2.2 A member, including a retired member, who transferred into an HD force or the BTPF on or after 30 April 1998 but before 1 February 2001 and has had a transfer payment made before 1 December 2004 from the previous scheme to the new scheme in respect of that transfer may apply to have his or her transfer payment recalculated by the sending scheme, and the service credit recalculated on the revised transfer payment by the

receiving scheme in accordance with these arrangements, at the discretion of the new scheme. The application must be in writing to the receiving scheme by 28 February 2005.

- 2.3 For the purpose of Sections 2.1 and 2.2 “retired member” shall mean a pensioner member and a member who has retained a deferred benefit in the scheme and shall also include a surviving relative receiving a pension from the scheme in respect of a former member.
- 2.4 The service credit granted as a consequence of a recalculation under Sections 2.1 or 2.2 shall not be less than any service previously credited in respect of the transfer payment. Corrections to earlier payments arising as a result of a recalculation under Sections 2.1 or 2.2 will be waived by both schemes.
- 2.5 The scheme rules of the BTPFSF were amended with effect from 1 September 2000 so as to improve benefits on service prior to 1 September 2000. Recalculations of transfer payments and service credits should use the rules applicable as at the original guarantee date.

### **Breaks in Service**

- 3.1 Sections 1 and 2 above apply to cases involving a direct transfer from the BTPF or an HD Force. Where there has been a break in service exceeding 1 month a transfer payment or recalculation of the service credit under these arrangements is discretionary and may be agreed only where the officer’s service in the previous force was recognised for the purposes of rank and pay by the receiving force.
- 3.2 In cases involving a break in service exceeding 1 month an application must be made within the same time scale as is required for a case of a direct transfer under paragraphs 1.1, 1.2, or 2.2 above respectively. In a case which would have fallen under paragraph 2.1 if there had been a direct transfer, an application for recalculation must be made in writing to the new scheme by 30 November 2005.

### **Multiple Transfers**

4.1 The provisions for a force giving backdated service credit under paragraph 2.1 or 2.2 above also apply to cases where an officer has since made one or more further transfers between an HD Force and the BTPF, provided such transfers were without a break in service.

4.2 Where there has been a break in service, as set out in Section 1.5 of the main conditions, backdated service credit for an earlier transfer may be granted at the discretion of the receiving scheme.

### **Flexibility**

5.1 Where both schemes agree that a person was unable to meet the time limit set for applications in paragraph 1.1, 1.2, 2.2 or 3.2 above, they may exercise discretion to extend that time limit to a new date as they think reasonable.

## BRITISH TRANSPORT POLICE FORCE SUPERANNUATION FUND

The British Transport Police Authority provides pension arrangements for BTP Officers under the BTPSF and the in-house Additional Voluntary Contribution (AVC) scheme named BRASS (British Rail Additional Superannuation Scheme).

- **Retirement**

The BTPSF provides a tax-free lump sum and an annual pension.

- **Lump Sum**

Determined as  $1/30^{\text{th}}$  of final average salary (limited to 12 times final average State pension) multiplied by the number of years membership (up to a maximum of 30 years)

- **Pension**

Determined as  $1/45^{\text{th}}$  of Final Average salary less  $1/30^{\text{th}}$  times final average basic State pension multiplied by the years of membership (up to a maximum of 30 years)

Additionally members have the option of giving up pension for more tax free cash OR giving up tax free lump sum for extra pension.

Members can also give up some of their pension to provide extra pension for a named dependant. This is in addition to the automatic dependants pension payable to the member's spouse

On retirement a member can also choose to take a higher pension to State pension age and a lower one from State pension age or vice versa (this is known as the flexible pension option)

- **Death in service**

The BTPSF provides a death in service lump sum benefit of 4 times average pensionable salary from the first day of entry into Fund membership together with automatic spouses' pensions. Spouses' pensions are calculated as one half of the member's pension had the member retired on incapacity grounds.

Up to two eligible children also qualify for a pension providing they are under age 18 or over age 18 and still in full time education or are physically or mentally handicapped

- **Death in retirement**

The BTPFSF provides a spouse's pension calculated as one half of the member's pension before the exercising of any options. Up to two eligible children also qualify for a pension providing they are under age 18 or over age 18 and still in full time education or are physically or mentally handicapped.

- **Incapacity**

In the event that an Officer has to leave service under incapacity grounds, subject to 5 years' membership being completed, benefits based on actual membership completed may, subject to Management Committee approval, be paid straight away. Additionally, subject to Management Committee approval, the pension calculation can be enhanced by up to 7.5 additional years' membership.

- **Early Retirement**

Currently Officers can retire early (between age 50 & 55) and take benefits early. If the Officer has completed 30 years membership no reduction applies, if 30 years' membership has not been achieved the reduction is calculated as 2% per year between the earlier of:

The date when 30 years' membership would have been completed; or

The date of attaining age 55 years;

And the actual date of leaving

- **BRASS**

BRASS is available to all members but is specifically helpful to officers who cannot achieve 30 years' membership of the BTPFSF or who have significant non-pensionable earnings.

- **Withdrawal Benefits**

Individuals who leave service will be granted deferred benefits based on the salary and membership accrued at the date of leaving.

Deferred benefits can be transferred to a new employer's arrangement providing it is approved by the Inland Revenue or is a statutory scheme.