

POLICE PENSION SCHEME

3/2012

WHO SHOULD READ: Chief Constables, Clerks to the Joint Boards, Chief Executive of Dumfries and Galloway and Fife Councils

ACTION: For information and action. Please draw this to the immediate attention of force personnel officers, pensions managers and members of the Police Pension Scheme (PPS) and the New Police Pension Scheme (Scotland) (NPPS).

SUBJECT: Bilateral Agreement with the British Transport Police Force.

The purpose of this circular is to:

- advise pension managers, force personnel Officers and members of the Police Pension Scheme (PPS) and New Police Pension Scheme (Scotland) (NPPS) of a revised transfer agreement which will allow police officers moving between service with civil police forces and the British Transport Police to have continuity of pension provision.

1. I attach at Annex 1 the Agreement made on 7 June 2012 on transfers from the Police Pension Scheme (PPS) 1987 and the New Police Pension Scheme (Scotland) (NPPS) to the British Transport Police Force superannuation Fund (BTPFSF), and from BTPFSF to the NPPS (Scotland), which comes into force from 1 April 2012. This new Agreement supersedes the Agreement dated 12 November 2004 which expired on 1 April 2006.

2. A new Agreement is needed because the NPPS (Scotland) was introduced for officers joining Scottish Forces on or after 6 April 2006, and a new section of the BTPFSF was introduced for officers joining the British Transport Police Force (BTPF) on or after 1 April 2007.

3. Annex 1 is largely self-explanatory, with examples given. However, the following features are drawn to your attention:

Scope of Agreement

4. This agreement covers transfers for members who joined Scottish Forces or the BTPF on or after 1 April 2006 and for whom no transfer payment has already been made in respect of that transfer. Officers who moved forces before 1 April 2006 had the opportunity to transfer their pension rights under the previous agreement.

Age Limits

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



Transfers involving breaks in service

6. Transfers between the BTPF and Scottish 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

7. The incoming payment from the BTPFSF is not called a transfer value but a transfer payment. Cash equivalent transfer values (CETV's) are calculated on the basis of the capital value of the pension to provide a stream of payments starting from the deferred pension age. Although this may mean that the transfer payments are less than the normal CETV's, paragraph 8 of Schedule 1A of the Occupational Pensions Schemes (Transfer Values) Regulations 1996 (as amended) permits this type of arrangement, as the benefits to the individual in the receiving scheme would be at least equal in value to those given up in the old scheme.

- As a backstop, 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

8. Service credits reflect the different benefit structures in the schemes and so can be significantly above or below year for year.

9. You are asked to draw this agreement to the attention of officers who have joined your force but who have still to make a pension transfer so that they can take advantage of this agreement within the time limits set down.

Carolyn Fraser
Policy Officer
27 July 2012

Contact Information:

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