

Your Guide

to the **Police** Pension Scheme (Scotland) 2015

CARE about your future



For members joining on or after
1 April 2015



Your guide to the Police Pension Scheme (Scotland) 2015

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Working as a police officer in Scotland gives you access to a good quality pension scheme that offers benefits at retirement based on your average earnings. This guide explains how the Police Pension Scheme (Scotland) 2015 (Police 2015) works and how you can make the most of your membership.

Explore more online

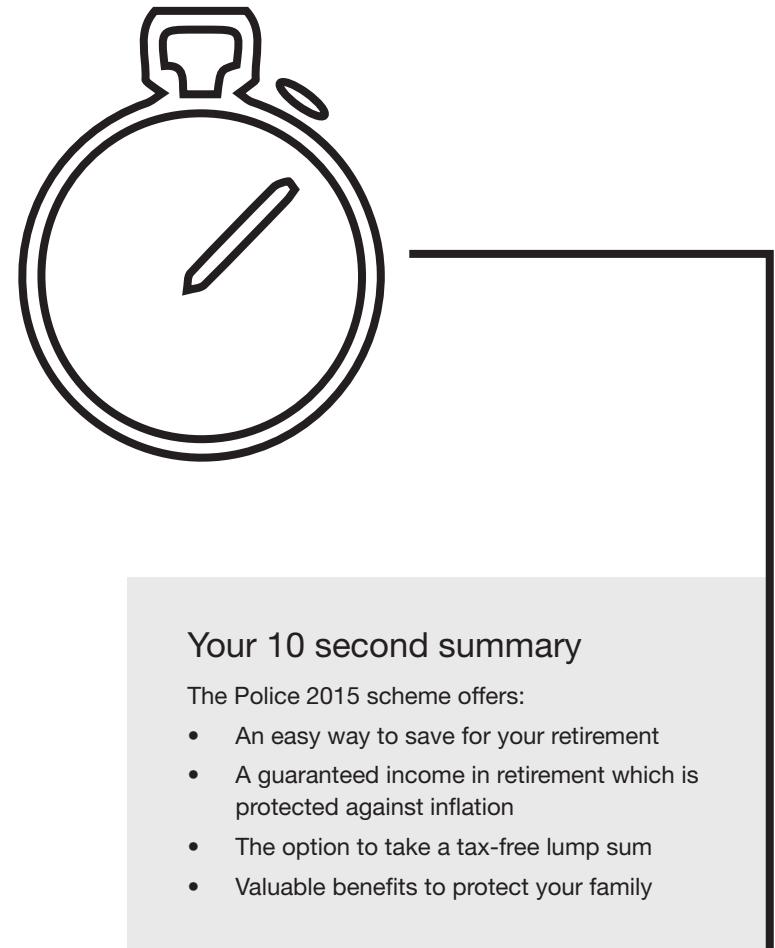
Take a look around our dedicated website: www.2015.sppa.gov.uk and you will find some valuable resources including:

- Useful publications including factsheets, guides and case studies
- A list of frequently asked questions which are regularly updated to reflect questions you raise
- A short video explaining how the scheme works
- An interactive tool to help you find information specific to your circumstances
- Copies of the formal rules and regulations that govern the scheme
- Information about how you can contact us



Find your way

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Your 10 second summary

The Police 2015 scheme offers:

- An easy way to save for your retirement
- A guaranteed income in retirement which is protected against inflation
- The option to take a tax-free lump sum
- Valuable benefits to protect your family

Introducing SPPA

(the Scottish Public Pensions Agency)

SPPA is an Agency of the Scottish Government and we administer the Police 2015 scheme on behalf of Scottish Ministers.

We're responsible for the day to day running of the schemes and deal with queries from all current, retired and former members.

Our Policy Team are responsible for updating the formal regulations that govern the schemes and works closely with the Scottish Parliament and the UK Government.

We also look after the pension schemes for firefighters, NHS and teachers.

We store information about you to help us administer the Police pension schemes. You have the right under the Data Protection Act 1998, to request and be given a copy of all the computerised information we hold about you. There will be a charge for this.

For general information you can visit our website at www.2015.sppa.gov.uk

You can write to us:

Scottish Public Pensions Agency,
7 Tweedside Park,
Tweedbank,
Galashiels,
TD1 3TE



Why save for retirement?

We are living longer and healthier lives and can look forward to enjoying a longer, more active retirement, than ever before.

This is good news of course but it does mean that we need to save while we are working so that we can enjoy life to the full when we retire.

The Police 2015 scheme offers you the chance to join a pension scheme that offers guaranteed benefits and the opportunity to take a tax-free lump sum when you retire. It also offers financial support if you are unable to work due to ill-health and may also pay benefits to your dependants on your death.

Membership and contributions

Who can join the scheme?

All police officers in service of Police Scotland are eligible for membership and join automatically on appointment.

You may be asked to have a medical (free of charge) to confirm that you will be eligible for ill-health benefits. If it's found that the likely cost of providing ill-health benefits is disproportionately high, you can still join the scheme but you will not receive ill-health benefits if you become unable to work and you will pay contributions at a reduced rate.

Police officers who were previously in the Police Pension Scheme or New Police Pension Scheme (Police 1987 and Police 2006) joined the scheme automatically on 1 April 2015. Some members, who were approaching retirement when the Police 2015 scheme was set up, are also joining automatically but after 1 April 2015 and at a date dependent on their circumstances.



How much will I pay?

All police officers irrespective of rank will pay a flat rate of 13.46% of pensionable pay.

Your contributions are deducted from your pay before tax is applied – so you pay less tax. If you work part-time you will only make contributions based on your part-time earnings.

Pensionable pay

This is the pay we use to work out your monthly contributions to the Police 2015 scheme and the amount of pension you earn in any one year.

It includes your basic salary, and certain regular allowances but it doesn't include overtime pay, housing allowance or transitional rent allowance.

Buying extra pension

The Police 2015 scheme offers you the flexibility to buy up to a maximum of £6,500 of extra pension payable at normal pension age*.

You can do this in two ways:

Buy additional pension

You can either pay extra each month or if you have been in the scheme for at least 12 months, you can pay a one off lump sum. Please go to www.2015.sppa.gov.uk for more information about this option.

Compensation scheme

If you are entitled to a payment under the compensation scheme you can pay some or all of this payment into the Police 2015 scheme in order to boost your benefits in retirement. Please go to www.2015.sppa.gov.uk for more information about this option.

Buy out the early retirement reduction

You can take your benefits in full at age 60. You can retire earlier if you wish but your pension will be reduced for early payment. You can pay extra contributions and buy out some or all of this reduction. Please see page 10 for more details.

*This is the maximum amount set by HM Treasury with guidance from the scheme actuary and is subject to change.

Pensionable pay

This is the pay we use to work out your monthly contributions to the scheme and the amount of pension you earn in any one year. It is your normal pay plus certain regular allowances.



Your benefits when you retire

The scheme provides flexibility and choice on how and when you can take your benefits. Use this section to understand the options you will have.

When can I retire?

Your normal pension age is 60 if you are paying into the scheme when you retire and draw your pension. However, if you leave the scheme, and are not paying into it when you retire, your normal pension age will be the same as your State Pension age.

Your normal pension age is when you can take your benefits in full without a reduction for early payment.

How does the scheme work?

The Police 2015 scheme is a Career Average Revalued Earnings (CARE) scheme. This means that you will earn 1/56.1 of your pensionable pay as a pension amount for each year you are a member of the scheme. So to work out how much pension you will earn in any one year, simply divide your pensionable pay by 56.1.

The pension you have earned at the end of every scheme year (31 March) is revalued the first day of the following scheme year (1 April) by inflation to maintain its buying power. For members who are paying into the scheme, this is currently in line with increases to the Consumer Prices Index (CPI) plus 1.25%.

If you leave the scheme your pension pots will be revalued in line with CPI increases until you retire.

When you retire, all your pension benefits are added together to work out your final pension.

Your benefits earned in the final year of service are revalued along with all your previous years' pension benefits at the following 1 April.

State Pension age (SPA)

This is when you can claim your State Pension. You can use an online calculator to find out what your State Pension age is and see more general information about State Pensions by visiting www.gov.uk

The SPA for women retiring from November 2018 will rise to 65 and will rise to age 66 for men and women retiring from October 2020.

The UK Government plans to increase the SPA from 66 to 67 and to introduce automatic reviews every five years with the first review planned to take place in 2017.

CARE – How it works

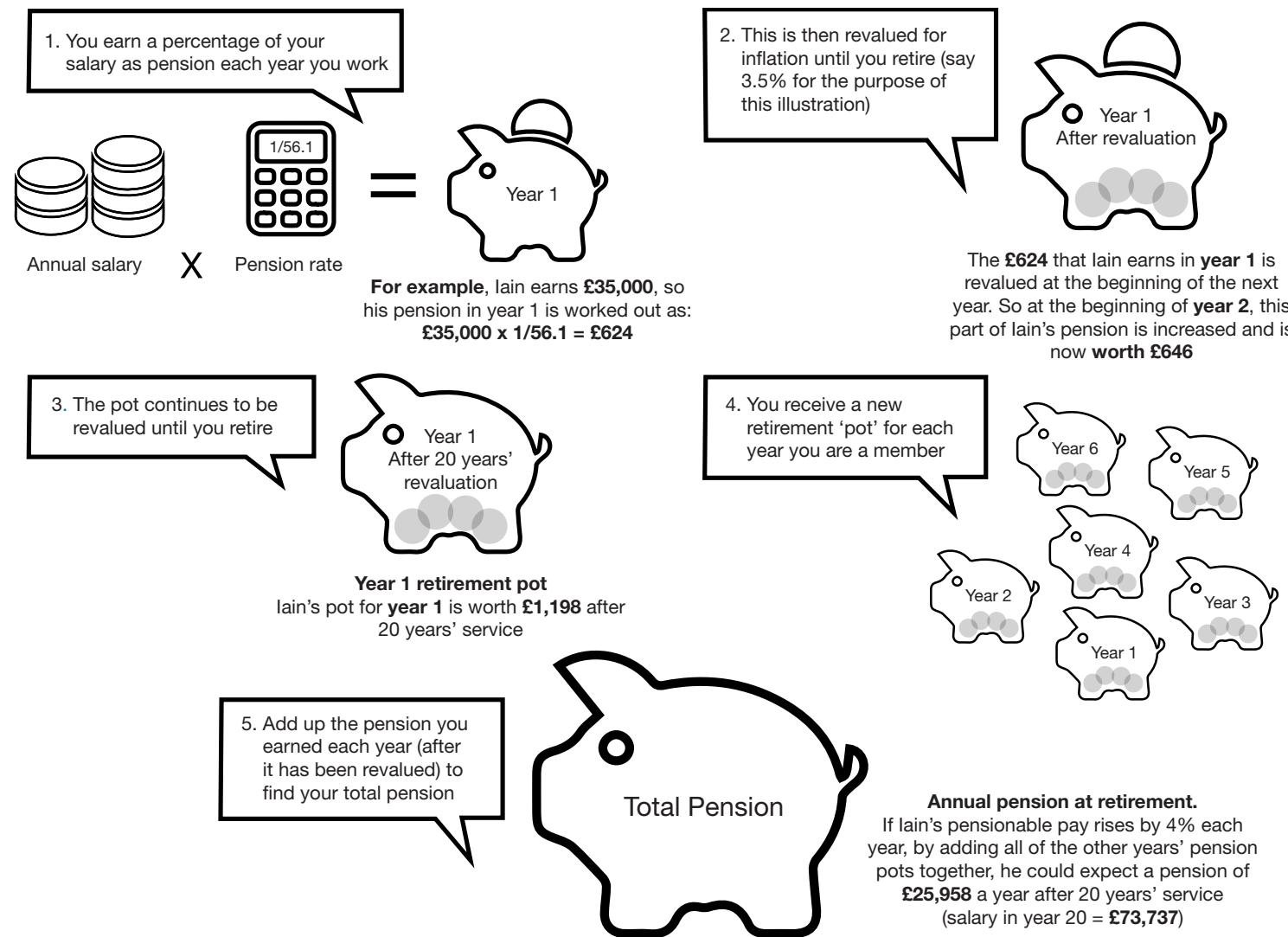
Let's see how it works in practice:

In our example we assume Iain pays into the scheme until he retires. As his pension is revalued by CPI + 1.25% we have assumed revaluation of 3.5% and that his salary grows by 4%. His actual pension will depend on inflation and the pay awards he receives.

The parameters used here are purely illustrative and are not recommendations.

This diagram has been prepared by Hymans Robertson LLP.

Consumer Prices Index (CPI)
CPI is calculated by government and is a way of measuring inflation by looking at the cost of consumer goods and services.



Increases to pensions in payment

Your pension, including any payments received from the previous Police pension schemes, will increase each year in line with increases in the Consumer Prices Index (CPI).

Taking a tax-free lump sum

You can exchange some of your pension for a tax-free cash lump sum and receive £12 for every £1 a year pension you give up.

Let's see how this works in practice.

Retiring late

If you remain in pensionable employment and take your pension after your normal pension age your benefits will be increased to reflect the fact that they are being taken later. Your pension would be subject to an 'age addition' in respect of the period between reaching your normal pension age and claiming your benefits.

How are my benefits paid?

Pensions are paid monthly in arrears on the last day of the month and taxed as earned income.

You may be initially taxed at an emergency rate until HM Revenue & Customs send us your correct tax code.

Providing for your dependants

A pension will be paid to your surviving spouse or registered civil partner of half your own pension ignoring any reduction if you exchanged some of your pension for a lump sum.

More information about benefits paid to your dependants can be found in the 'Protecting your family' section.



Meet David

David's pension is £20,000 a year.

He would like to take a lump sum of £50,000 so his reduced pension will be worked out as follows:

$£50,000/12 = £4,167$

David's reduced pension will be £20,000 -
 $£4,167 = £15,833$



Early retirement

If you stay in the scheme until you retire, your normal pension age is 60. However, the scheme can help you if you would like to take early retirement or to wind down before fully retiring. It also offers support to officers who have to retire early due to ill-health. This applies to all ranks. For more information please read our early retirement factsheet available on the website.

When can I retire?

Unless you are applying to retire due to ill-health, with your employer's agreement you can apply to take your benefits at any time after age 55 but they will be reduced to reflect the fact that you are taking them early.

Early Retirement Reduction Buy Out option

If you are entitled to an immediate payment of a full retirement pension but you are not yet 60 the scheme offers you flexibility to choose to buy out the early reduction that would be applied.

Police Scotland may make this payment on your behalf as a lump sum payable to you under a compensation scheme. If it does make a special payment, it will be deducted from the payment you would have received under the compensation scheme.

If you are interested in this option, our factsheet is available to download from the website or you can ask SPPA for a quotation.

If you have earned benefits in either the Police 1987 or the Police 2006 scheme, the rules dealing with early retirement may be different and you should refer to the 'Guide for members who joined before 1 April 2015' on our website for more information.



Early retirement due to ill-health

If you have to retire early because of ill health, you can apply for ill-health benefits. You must provide medical evidence that your illness permanently prevents you from working.

It doesn't automatically mean that you will be retired on ill-health grounds if you are assessed as permanently disabled for the performance of your duties as a police officer. Police Scotland will always consider your specific disabilities and overall capabilities to see whether there are alternative duties which you could undertake whilst remaining a police officer.

If you do qualify, there are two levels of ill-health pension depending on the severity of your illness:

1. A standard ill-health pension

This becomes payable if you're permanently unable to carry out your duties as a police officer, but you could take on other work outside the police force. If you qualify, you will receive a pension based on the benefits you have earned so far.

2. An enhanced ill-health pension payable in addition to a standard ill-health pension

This additional payment is made if you are unable to carry out any regular employment at all (of at least 30 hours a week). If you qualify, this top-up has the effect of increasing your pension by up to half of the additional pension you might have built up had you been able to continue working.

Police Scotland has discretion to review the payment of ill-health awards from time to time.

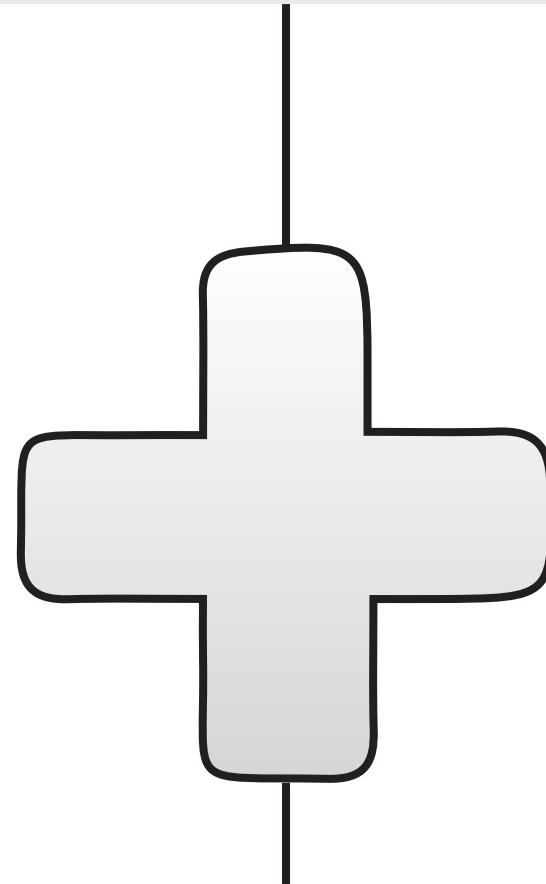
Awards if you suffer an injury on duty

There are separate arrangements for the payment of injury awards to officers who suffer injury on duty, which are outside the pension scheme.

Officers with short service

If you need to retire on the grounds of ill-health but have been in the scheme for less than two years, you will receive a lump sum payment which will be at least the value of your total contributions into the scheme. This payment is taxable.

The scheme may be able to help you if you have to retire early due to poor health.



Tax and pensions

Annual allowance

This is the maximum total pension value you can earn any one year. If you earn more than this allowance (£40,000 a year for 2014/2015 tax year) you will be taxed on the excess, currently at a rate of 40%.

Lifetime allowance

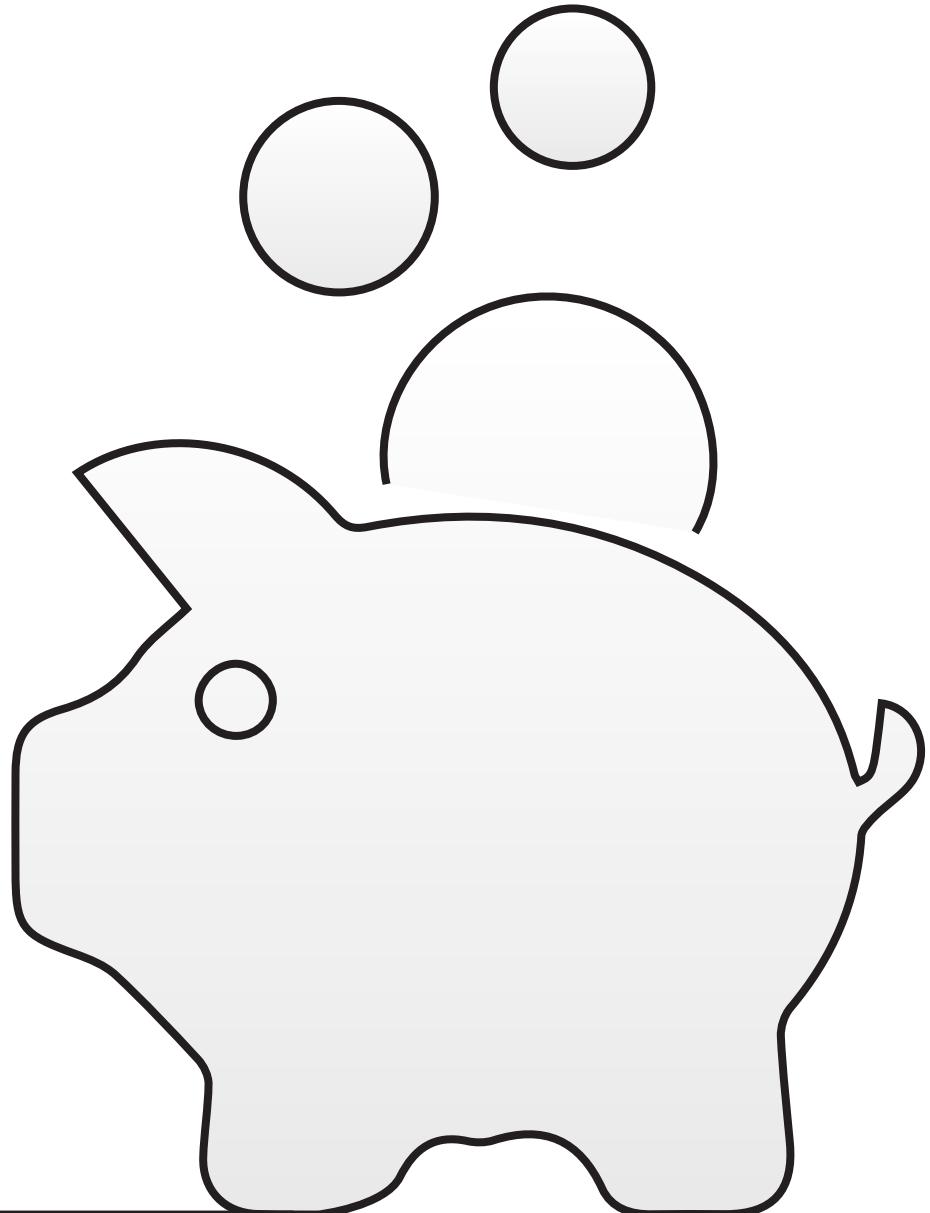
This is the total value of all your pension benefits (except the State Pension) you can receive tax efficiently at retirement. The lifetime allowance for 2014/2015 is £1.25 million.

Any benefits with a value in excess of the lifetime allowance will be subject to an effective tax charge – currently 55% – at the point that you take your pension.

For assessment purposes, your benefits are valued by multiplying your pension (plus any pension already in payment) by 20. If you exchange part of your pension a tax-free lump sum, your benefits will be valued by multiplying the reduced pension by 20 and adding this to the lump sum you have taken.

Benefits from all the pension schemes you have joined during your career are included in the calculations. Speak to a financial adviser if you think you may exceed one or both of them.

If you exchange part of your pension a tax-free lump sum, your benefits will be valued by multiplying the reduced pension by 20 and adding this to the lump sum you have taken.



Your options if you leave the scheme

If you leave or opt out of the scheme, you have a choice of options for your benefits depending on how long you have been a scheme member. In this section we explain the options you have and the things you should consider.

If you leave Police Scotland, or leave the scheme while still employed as a police officer in Scotland, your normal pension age will become the same as your State Pension age. You can find out what your State Pension age is by visiting: www.gov.uk and clicking on the 'Working, Jobs and Pension' link.

Your service includes any service you have in either the Police 1987 or Police 2006 schemes and any service you have transferred in from another scheme.

Leaving the scheme with less than three months' service

If you leave the scheme within the first three months of joining you will receive a refund of your contributions less tax deductions and have no benefits remaining in the scheme.

Leaving the scheme with more than three months service but less than two years

You have a choice. You can either:

- transfer your benefits to another registered pension scheme;
- keep your benefits in the scheme (known as a deferred pension). Your deferred pension will be revalued every year in line with the Consumer Prices Index (CPI) increases until you retire; or
- take a refund of your contributions less tax deductions.

Important note

If you think you may re-join the scheme at some point in the future, you may wish to delay claiming a refund until you have a firm idea of your plans. If you re-join the scheme within five years of leaving, we will revisit your pension and revalue it line with CPI increases plus 1.25%. If you do not return within five years, it will be increased by CPI alone.

Leaving the scheme having completed at least two years' service

Once you have been in the scheme for at least two years, your benefits will remain in the scheme and be revalued every year in line with CPI increases until you retire.

You can transfer these benefits to another public service scheme if you wish and special terms are available.

You are not able to transfer pension benefits to any private sector defined contribution (DC) scheme offering the flexible benefits introduced by Chancellor of the Exchequer George Osborne in his March 2014 Budget.

A transfer value quotation is available on request from SPPA.

Leaving the scheme while still a serving police officer in Scotland (opting out)

If you leave the scheme while still serving as a police officer in Scotland, the law requires Police Scotland to automatically re-enrol you into the scheme – usually every three years. If you still do not wish to be a member you will need to tell Police Scotland that you wish to leave the scheme once again. This is known as opting out.

If you opt out of the scheme you will be giving up the chance to save for your retirement in a tax-efficient scheme that's subsidised by your employer and underwritten by government.

Leaving to join another UK Police force

If you are leaving Police Scotland to take up post with a police force in other part of the UK you are not able to continue your membership in the Police 2015 scheme as other home nations have their own arrangements. Your benefits in the Police 2015 scheme will be revalued in line with CPI increases.

If you wish to maintain CPI plus 1.25% increases, you will need to transfer your benefits to your new scheme.

Protecting your family

The scheme offers financial support to your family and other dependants in the event of your death. In this section we explain what those benefits are and who can receive them.

Surviving Qualifying Partner

Benefits may be payable to someone, with whom you are not married to or in a registered civil partnership with, but are considered as your partner. A form is available on our website or by phoning SPPA. This form is purely for administrative purposes and is not a guarantee that your partner will receive benefits. Further information will be required on the death of the member. The information required must prove that:

At the time of your death, you and your partner were living together as partners in an exclusive, committed and long term relationship for a continuous period of two years, and;

Either your partner was financially dependant on you or the two of you were financially interdependant,; and

You and your partner were either free to marry each other (if you are of the opposite sex) or free to form a civil partnership with each other (if you are of the same sex). You can obtain a form from our website at www.2015.sppa.gov.uk

Death before retiring and while an active member

Lump sum death benefit

If you die as an active member, a lump sum payment of three times your annual pensionable pay at the time of your death will be paid to your adult dependant. If you work part-time, the lump sum will be three times actual pensionable pay.

If you wish this payment to be made to someone else because you do not have an adult dependant, you can tell us by completing a nomination form.

In addition to the lump sum the following pensions will be paid to your dependants:

Adult dependant's pension

If you have at least three months' qualifying service, your adult dependant will receive a pension for life of half the ill-health pension that you would have received if you had been permanently disabled for regular employment at the time of your death.

Children's Pension

A pension will be paid equal to one quarter of your pension at the date of your death. If you leave three or more children then they will share half of your pension between them.

If when you die, the various payment from the scheme (excluding the lump sum) are less than your total pension contributions, and extra award equal to the balance will be paid to your estate.

Death in retirement

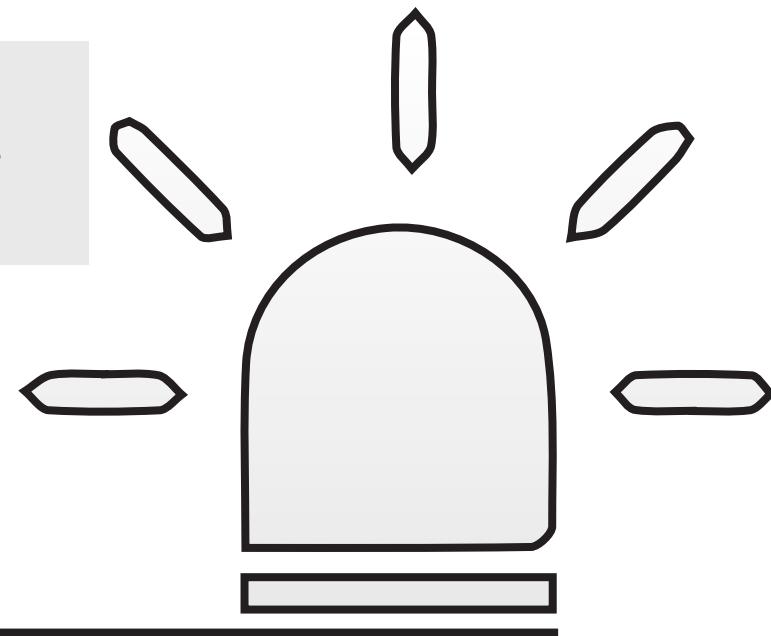
Adult dependant's pension

If you die while you are receiving your pension, your adult dependant will be paid half the pension you were receiving at the date of your death.

Children's pension

A pension will be paid of one quarter of the pension you were receiving at the date of your death. If you leave three or more children then they will share half of your pension between them.

An active member is someone who is paying into the scheme.



Death after leaving the scheme

Adult dependant's pension

If you die before retiring but having left the scheme, your dependant will be paid half the pension you had earned while an active member of the scheme (revalued in line with increases in the Consumer Prices Index (CPI) to the date of your death).

Children's pension

A pension of one quarter of the pension you had earned whilst an active member of the scheme will be payable (revalued in line with increases to CPI to the date of your death). If you leave three or more children then they will share half of your pension between them.

Death or injury while on duty

If you die within 12 months as a result of an injury, your dependant may be entitled to a gratuity under the Police (Injury Benefit) Regulations. This does not form part of the pension scheme.

An **adult dependant** is usually someone you're in a legally recognised relationship with such as your spouse or registered civil partner. If you're single we may agree to make a payment to a surviving unmarried partner.

Your dependant is still eligible if they are also a member of the Police 2015 scheme in their own right.

Payments may be reduced if your adult dependant is more than 12 years younger than you and may not be paid if you have been married for less than six months.

Children's pensions are payable until age 19, or age 23 if they are in full time education. A pension may be paid for life if your child is permanently disabled at the date of your death.



Special information for former members of the Police Pension Scheme Scotland (1987 and 2006 schemes)

The Police 1987 scheme closed to new joiners on 5 April 2006 and Police 2006 scheme closed to new joiners on 31 March 2015.

Any benefits you earned in the scheme are protected at your normal, or ordinary, pension age using your final pensionable pay when you leave or retire.

In some situations you may be treated differently to members who only have service in the Police 2015 scheme.

What scheme was I in?

Generally, you will have been in the:

- **Police 1987 scheme** if you joined the Police Pension Scheme before 6 April 2006; or
- **Police 2006 scheme** if you joined the New Police Pension Scheme on or after 6 April 2006.

When can I retire

You reach your normal pension age in the Police 1987 scheme when you have 30 years' service or 25 years' service and you're over age 50.

The normal pension age in the Police 2006 scheme is 60.

When you retire, your pension will be worked out in two parts:

1. the benefits you earned in the previous Police Pension Scheme up to 31 March 2015*; plus
2. the benefits you earn in the Police 2015 scheme.

*If you were awarded tapered protection, this will be any pension earned until your protection expired and you joined the Police 2015 scheme.

How do I know if I have protection?

To qualify for protection you must have been paying into either the Police 1987 or Police 2006 schemes on 1 April 2012 and 1 April 2015.

Full protection

Police 1987 scheme

You will stay in the Police 1987 scheme if on 1 April 2012 you were either age 45 or older, or age 38 or older but within 10 years of receiving a maximum unreduced pension.

Police 2006 scheme

You will stay in the Police 2006 scheme if on 1 April 2012 you were age 45 or older.

Tapered protection

You will join the Police 2015 scheme at a date depending on your circumstances if you were within four years of qualifying for full protection.

You will receive a letter from SPPA if you qualify for either full or tapered protection or you can use our calculator –‘What does it mean for me?’ on our website www.2015.sppa.gov.uk

All other members automatically joined the Police 2015 scheme on 1 April 2015.

For more information about how your benefits are treated please read our ‘Guide for members who joined before 1 April 2015’ which can be downloaded from this website at www.2015.sppa.gov.uk

This protection ensures all benefits earned under Police 1987 and 2006 schemes remain linked to your final pensionable pay, including where you re-join the Police 2015 scheme.

It also ensures that benefits will be enhanced for Police 1987 members in recognition of any expectation you have to double accrual.

Tax-free lump sums at retirement

The way you receive a tax-free lump sum is different for any benefits you have earned in either the Police 1987 scheme or the Police 2006 scheme. Please refer to the guides on our website: www.2015.sppa.gov.uk for more information.

Career breaks of less than five years

If you re-join the Police Service of Scotland following a break of less than five years and you were a member of either the Police 1987 or Police 2006 schemes before your break, you will either:

- re-join the Police 2006* scheme if you would have qualified for full protection; or
- re-join the Police 2006* scheme if you would have qualified for tapered protection and this has not expired**. You will then join the Police 2015 Scheme at a later date; or
- if you do not qualify for protection you will join the Police 2015 scheme and your pension at retirement will be paid in two parts:
 - your pension from the Police 2015 scheme; plus
 - your pension from the Police 2006 scheme.

In all other cases you will join the Police 2015 scheme.

*It is not possible to re-join the Police 1987 scheme as this closed on 5 April 2006.

** If your period of tapered protection expires whilst you are on your career break you will re-join the Police 2015 scheme.

You will be able to link your new service with periods of previous service as if you had always been an active member. This ensures all benefits earned under Police 1987 and 2006 schemes will remain linked to your final pensionable pay in accordance with the rules of these schemes, including where you re-join the Police 2015 scheme.

Career breaks of more than five years

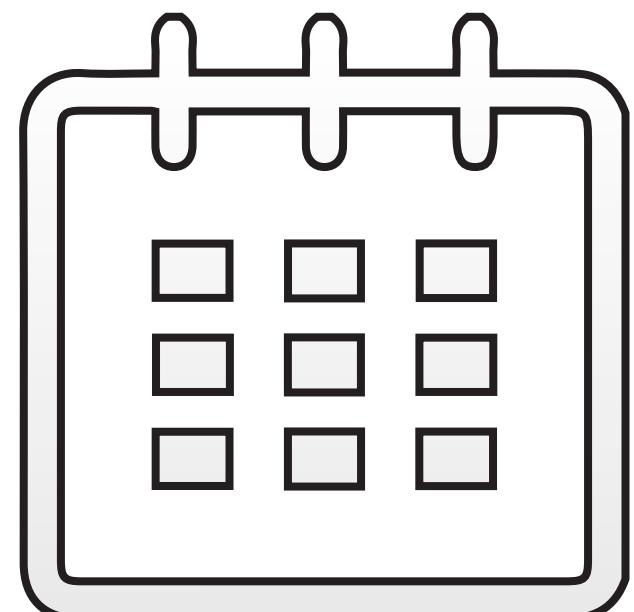
Police Officers may only take a career break of more than five years with the specific agreement of the Chief Officer. If this is granted, you will be treated as being on unpaid leave throughout rather than service having ended with the expectation that you will re-join at a later date. In these exceptional circumstances you will join the pension scheme as described above for officers on a break of five years or less.

Added years contracts

The Police 1987 and Police 2006 schemes allowed you to pay more and buy extra years' service if you were likely to fall short of the maximum 30 years' service (35 years in the 2006 scheme).

If you have already started these payments then you will be able to continue.

Added years contracts are not available under the Police 2015 scheme but the ability to buy Added Pension is (see the 'Buying additional pension' section on page 6).



Useful information

Financial advisers

Financial advisers are regulated by the Financial Conduct Authority, which means they must provide advice most suited to your personal circumstances. They normally charge a fee, which you will be responsible for paying. Your employer may be able to help you find a source of independent financial advice or you can go online to find a list of financial advisers at: www.unbiased.co.uk

Money Advice Service

www.moneyadviceservice.org.uk

The Money Advice Service was set up by the UK Government to offer free, impartial guidance on financial matters.

How to trace previous pension rights

If you need to track down a lost pension scheme you can contact the Pension Tracing Service at:

The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU

Telephone: 0845 6002 537

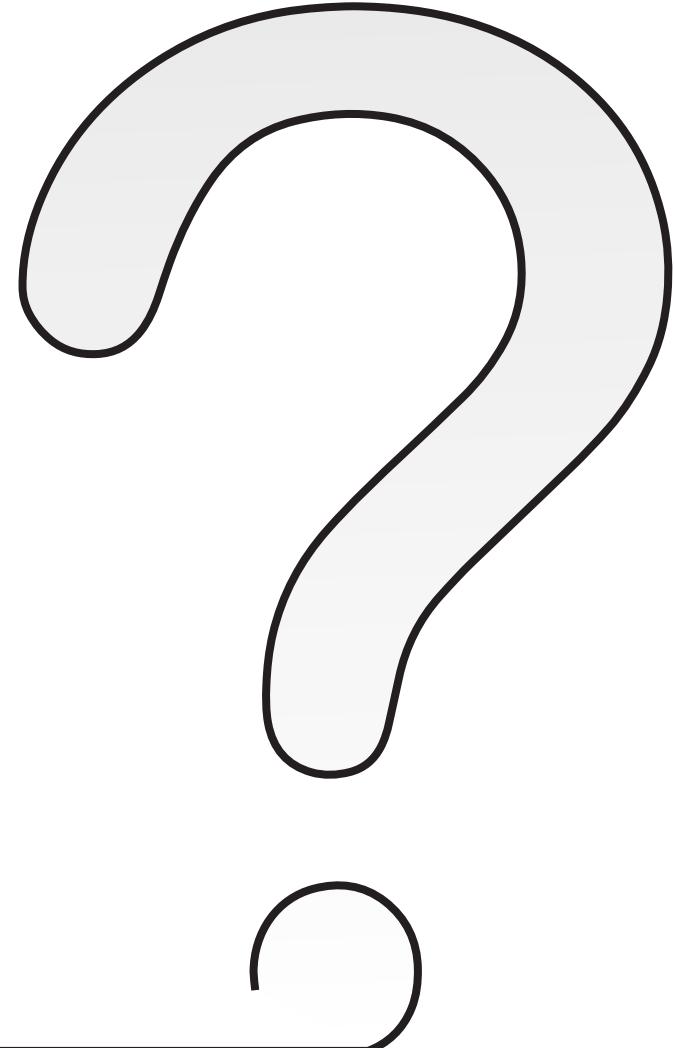
Or you can go to www.gov.uk and click on the 'Working, jobs and pensions' link.

Enquiries and disputes

A pension scheme is a valuable benefit for employees and pensioners. The scheme is run in accordance with clearly defined rules. However, should you have any enquiries about your own pension arrangements, please contact your HR department or the scheme administrator at the following address:

Scottish Public Pensions Agency, 7 Tweedside Park, Tweedbank, Galashiels, TD1 3TE

Telephone: 01896 893000



The Pensions Advisory Service (TPAS)

www.pensionsadvisoryservice.org.uk

TPAS is available to help you (and other beneficiaries) with any difficulties you have failed to resolve with the SPPA. You can contact TPAS by using their online 'Contact us' form or use their live web chat room. Details are given on the website.

You can also contact the Pensions Advisory Service via your local Citizens Advice Bureau.

Pensions Ombudsman

www.pensions-ombudsman.org.uk

Complaints or disputes may be referred directly to the Pensions Ombudsman at any stage. However, the Pensions Ombudsman will normally expect you to complete the internal disputes resolution procedure before contacting them. You can contact the Pensions Ombudsman at:

11 Belgrave Road, London, SW1V 1RB

Telephone: 0207 630 2200

Email: enquiries@pensions-ombudsman.org.uk

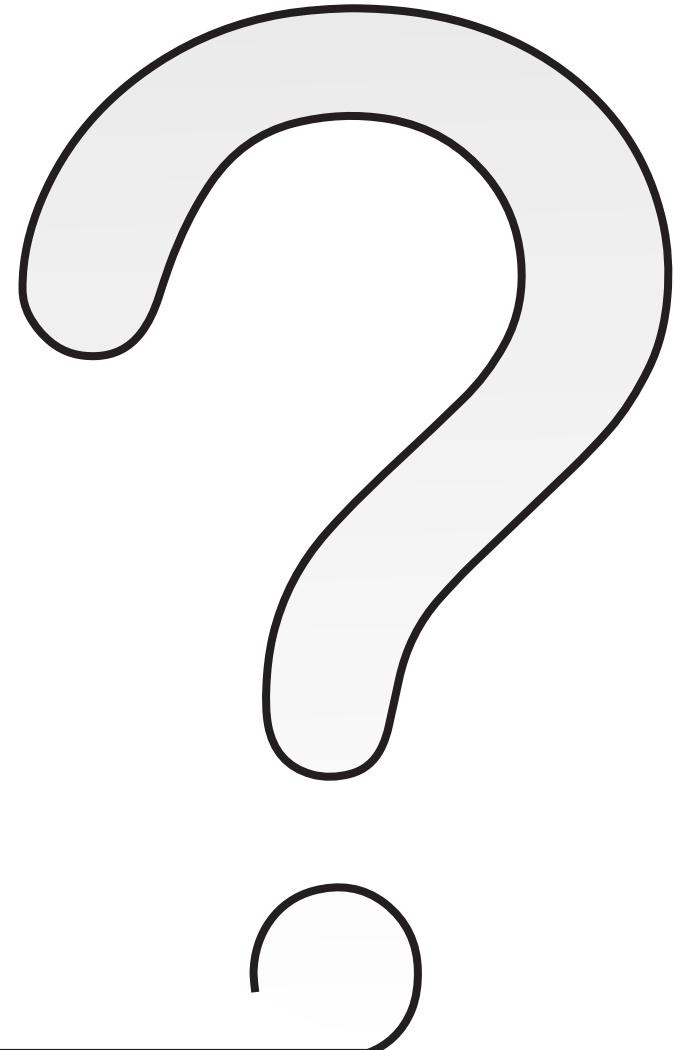
The Pensions Regulator (TPR)

www.tpr.gov.uk

TPR is the regulator of work based pension schemes in the UK and is able to intervene in the running of pension schemes if employers or professional advisers fail in their duties. TPR is also responsible for ensuring employers meet their obligations under the Pensions Act 2008 which governs automatic enrolment of employees into a workplace pension. You can contact TPR at:

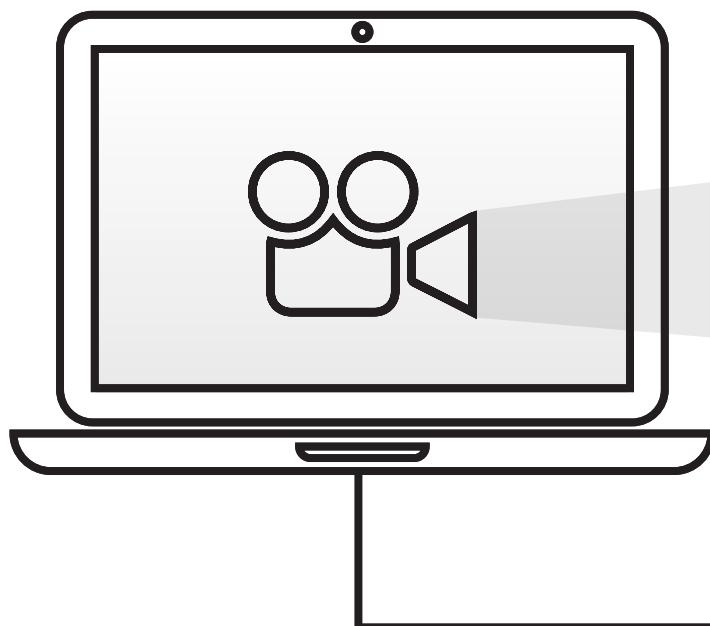
Napier House, Trafalgar Place, Brighton, East Sussex BN1 4DW

Email: customersupport@tpr.gov.uk



We have taken great care to ensure that all information is correct at the time of publication. Please be aware that this publication does not give a complete or legally binding statement of the law and the regulations governing the scheme.

Nothing in this publication overrides the regulations which set the conditions of entitlement and determine the rate at which scheme benefits are payable. In the event of any conflicting information, the regulations will prevail.



We have tried to keep this guide as simple and straightforward as possible. More detailed information, including a glossary of some of the more technical terms used can be found on our website. There is also a video which gives you an overview of how the scheme works.