

# Police Service of Scotland

## Cancellation of pensionable membership

### Explanatory Factsheet

Please read the following information carefully

#### SECTION 1 – GENERAL INFORMATION

The Police Pension Scheme you are a member of provides a range of benefits giving you cover whilst in service and allows you to save while you are working in order to enjoy benefits once you retire.

**The Scottish Police Authority (the Employer) believes that the Scheme offers outstanding protection and value for money for you and your dependants. What's more, a large part of the cost of providing the excellent range of benefits is met by the Employer, so it's an extremely valuable and important part of your employment package. You can find a copy of the scheme booklet at <https://pensions.gov.scot/police/about-police-pensions/police-pension-scheme-2015>**

Opting out won't save you as much in take home pay as you may think. In most cases you will pay more tax if you opt out of the Scheme. A basic rate taxpayer paying pension contributions of £100 a month will pay £20 more tax if they opt out.

Whatever your reasons for considering opting out of the scheme, please give the implications of this careful consideration before making a final decision.

**You are strongly recommended to take independent financial advice before deciding to opt out.**

If you are opting out of the Scheme due to advice you have received you should ask for this advice in writing.

#### SECTION 2 – WHAT YOU NEED TO KNOW

- The Employer cannot ask you or force you to opt out
- If you are asked or forced to opt out, you can tell The Pensions Regulator – see [www.tpr.gov.uk/concern](http://www.tpr.gov.uk/concern)
- If you change your mind, you may be able to opt back in – email [sharedservicesteam2@scotland.police.uk](mailto:sharedservicesteam2@scotland.police.uk) if you want to do this
- If you stay opted out, your Employer will normally put you back into pension saving in around three years
- If you change your job, your new employer will normally put you back into pension saving straight away

If you have another job, your other employer might also put you into pension saving, now or in the future. This notice only allows you to opt out of the Police Pension Scheme you are a member of. A separate notice must be filled out and given to any other employer you work for, if you wish to opt out of that employer's pension saving as well.

### **SECTION 3 – IMPLICATIONS OF OPTING OUT**

**Please be aware that you will not be covered for death in service benefits, or pension benefits during the period in which you have opted out of the Scheme, and you will no longer be entitled to any ill health benefits from the Scheme.**

Your opt out takes effect from the first day of the pay period after your payroll team receive your signed opt out form. (*This may differ when being auto enrolled*)

The precise implications of opting out will depend on the individual circumstances of a member including factors such as: age; length of Pensionable Service; the scheme they are in; and any rights they have to Full Transitional or Tapered Protection.

**If you have pension benefits built up in the previous PPS 1987 or NPPS 2006, then you will lose entitlement to protections under those arrangements.**

Your previous pension scheme benefits can no longer be accessed at the age/service point, which applies whilst you were still a contributing member, if you opt out and become a deferred member. See Section 3 below.

You will no longer benefit from the provision of weighted accrual to reflect the expectation of double accrual in the PPS 1987 scheme.

You will lose the final salary protection on the PPS 1987 or NPPS 2006 benefits (unless you opt back into the PPS 2015 within a 5 year period). This means that those benefits will be calculated using your pensionable salary on the day you opt out and not your final pensionable salary when you come to eventually retire.

Any pension you have built up under the PPS 2015 Scheme will be increased in line with the cost of living if you opt out, whereas pension you build up as an active member under the PPS 2015 Scheme is increased each year at the more generous rate of 1.25% plus the cost of living increase.

### **SECTION 4 – EXISTING PENSION RIGHTS - YOUR OPTIONS**

#### **(1) LESS than 2 year's pensionable service**

##### **Refund of contributions**

If you opt out in the first three months of service, your decision is backdated to your date of joining.

If you have more than 3 months' but less than 2 years' pensionable service (including any service transferred in, other than from a personal pension) on opting out from the Scheme you can opt for a cash transfer sum out to another suitable registered pension scheme, or a refund of your pension contributions less a deduction for National Insurance and tax. Payment will be made by BACS transfer by the Scottish Public Pensions Agency (SPPA) within 2 months of the SPPA being notified that you have opted out.

If you have previously transferred in a personal pension, then you will not be eligible for a refund of your contributions regardless of your length of service.

## **(2) Two or MORE years' pensionable service**

### **Preservation of benefits Police Pension Scheme (1987)**

- If you have between 2 and 24 years 364 days pensionable service your rights are automatically preserved for payment, together with cost of living increase added on, at age 60.
- If you have over 25 years' service your benefits are payable at age 50 years together with the cost of living increase added on at age 55.
- If you opt out of the scheme with 30 years' service or over, your benefits will become payable immediately once you leave service. Pension increases are not payable until age 55, since you have opted out of the pension scheme. However if you retire on ill health you would need to be assessed as upper tier for pension increases to apply before 55.

### **New Police Pension Scheme (2006)**

- If you have between 2 and 34 years 364 days pensionable service your rights are automatically preserved for payment, together with cost of living increase added on, at age 65. However your benefits can be claimed with an actuarial reduction from age 55.
- If you were to be retired on ill health from preserved you would have to be assessed as upper tier for your benefits to be paid.

### **Police Pension Scheme (Scotland) 2015**

- If you have 2 or more years' pensionable service your rights are automatically preserved for payment, together with cost of living increase added on, at state pension age. However your benefits can be claimed with an actuarial reduction from age 55.
- If you were to be retired on ill health from preserved you would have to be assessed as upper tier for your benefits to be paid.

**Details of your entitlement will be forwarded to you by the SPPA within 2 months of the SPPA being notified that you have opted out.**

### **(3) TRANSFER of benefits**

You may be entitled to transfer the cash equivalent value of your existing pension rights to another suitable pension arrangement. Details of the cash equivalent transfer value can be requested from SPPA. If you decide to transfer your benefits these will be paid to your new pension provider. A copy of the transfer calculation will be given to your new pension provider. Please note you will not be entitled to transfer your pension to a money purchase arrangement offering flexible benefits.

## **SECTION 5 – RE-JOINING THE POLICE PENSION SCHEME**

You will re-join the Police Pension Scheme 2015.

If you opt out again within 12 months after opting in, you will not be able to opt in again until the end of that period of 12 months.

If you subsequently re-join the Scheme, you will not receive any benefit for any previous period of service for which you received a refund of contributions (unless you elect to repay within 6 months of re-joining), or for any period whilst you were opted out of the scheme.

If you were a previous member of the PPS 2015 and re-join within a 5 year period, your PPS 2015 pension will be increased as if during the gap in service you were an active member but received no pensionable earnings.

If you re-join after 5 years, any previous period of service will remain deferred in your original Scheme, unless you elect to transfer the value of your deferred benefits into the PPS 2015.

### **Questions?**

If you have any questions about information contained in this factsheet, please contact:

Email: [sppapolicepensions@gov.scot](mailto:sppapolicepensions@gov.scot)