2015 Remedy
Deferred Member Guidance

SPPA
Scottish Public Pensions Agency
Buidheann Peinnseanan Poblach na h-Alba

Contribution Adjustments

New Police Pension Scheme 2006



Introduction

Moving back to the New Police Pension Scheme 2006 scheme

The 2015 Remedy may have affected the contributions you have made. If you are eligible for the 2015 Remedy, your pension was returned to the New Police Pension Scheme 2006 (NPPS 2006), also called the legacy scheme, for the remedy period (1 April 2015 to 31 March 2022) to enable you to make a remedy choice when you retire.

By moving your pension back to the NPPS 2006 for the remedy period, you will have overpaid your contributions and are owed a refund.

You have a decision to make about receiving your refund now or deferring until you make your remedy choice at retirement.

This guidance is to help you understand more about the impact of the 2015 Remedy on your contributions.

Your Deferred Annual Benefit Statement (DB-RSS) is combined with a Remediable Service Statement (RSS), showing your NPPS 2006 and CARE 2015 scheme benefits (also called the reformed scheme), along with details of any contributions you are owed for the remedy period. This is called an DB-RSS.

The DB-RSS is available on the SPPA's self-service portal

This guidance is only for those members who were returned to the NPPS 2006 for the remedy period.

If your DB-RSS tells you that you were put back into the PPS 1987, you will find guidance here.

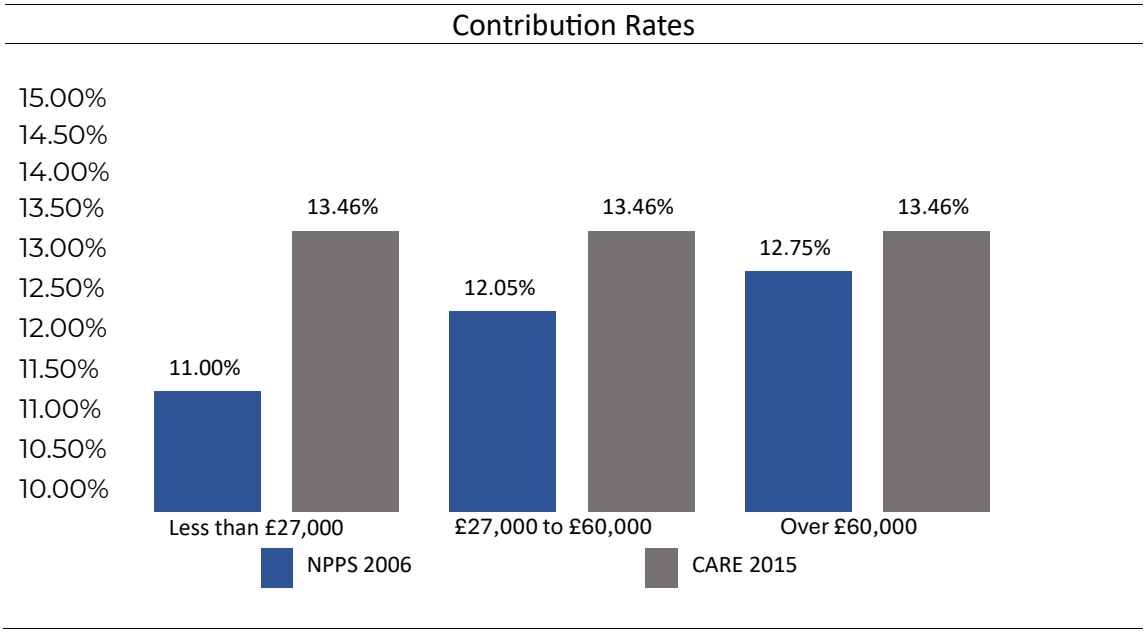
If you need your DB-RSS in a different format please contact us

Contributions

The NPPS 2006 and the CARE 2015 scheme have different rates of member contributions.

The contribution rates and salary bandings remained the same during the remedy period 1 April 2015 to 31 March 2022.

The chart below shows the contribution percentage for each salary banding for the NPPS 2006 and CARE 2015 scheme. It shows that the contribution rate for the NPPS 2006 is lower than the CARE 2015 scheme.



By moving your pension back to the NPPS 2006 for the remedy period, you will have overpaid your contributions and are owed a refund.

The legislation directs that members must be repaid the difference in contributions equal to the difference in the schemes.

You have to decide whether you want to take your refund now or defer until retirement. You have three months to tell us your decision. If you do not tell us your decision, your refund will be paid to you automatically.

Refund repayment options

The legislation directs that the scheme manager must offer a choice to members to receive a refund now or to defer the payment until retirement.

When and how you choose to receive your refund is your choice, but you should consider the benefits you think you'll choose at retirement when you decide.

Refund before retirement

If you choose to take the refund now, upon receipt of your decision, we will recalculate the amount specified in your DB-RSS to include any additional interest accrued to an anticipated payment date.

Once we have processed your decision, we will initiate payment to the bank account you stated in your submission. Depending on when in the month we receive your decision, and due to significant volumes, this process may take up to 8 weeks to complete.

If you take your refund now, when you retire, if you choose:

- CARE 2015 scheme benefits then you will need to repay the refund you received plus interest accrued. This amount will be deducted directly from your retirement benefits.
- NPPS 2006 benefits then no adjustments are needed as you paid the correct contributions throughout the remedy period.

Once you know when you want to receive your refund you can use the MSS Engage form to let us know your choice.

Refund at retirement

You can defer taking your refund until you retire.

When you retire if you choose:

- CARE 2015 scheme benefits then no adjustment will be needed as you will have paid the correct rate of contributions
- NPPS 2006 benefits then you will receive the refund including interest accrued net of tax.

If you would like to defer receiving your refund until you retire, you must let us know within three months of receiving your DB-RSS. If you do not tell us, payment will be automatically issued to you.

Once you know when you want to receive your refund you can use the MSS Engage form to let us know your choice.

Application of tax relief

When pension contributions are made into a UK pension scheme, tax relief is received on those contributions. This can reduce the amount of tax paid on taxable income.

A tax relief deduction will be automatically applied to the refund (plus interest) at your historical marginal rate which is the rate you were paying during the remedy period. This adjustment is calculated based on your taxable earnings during the remedy period as reported to us by your employer.

Application of interest

The government has determined that where a scheme manager is required to pay an amount to a member or their representative, interest must be applied at two rates:

- Interest is applied at a rate of 8% as simple interest for up to 28 days after an initial DB-RSS has been issued.
- From the 29th day after an initial DB-RSS has been issued, interest is applied at the National Savings & Investments (NS&I) Direct Saver rate, applied as compound interest.
  https://www.nsandi.com/historical-interest-rates

Where a person is required to pay an amount to the scheme, interest must be calculated as compound interest which accrues from day to day.

Interest will apply at the NS&I Direct Saver rate from when the contributions were first due until retirement.

Legislation

The legislation relating to the adjustment of contributions for remediable service can be found below.

The Public Service Pensions and Judicial Offices Act (PSPJOA 2022)

- Pension contributions – active and deferred members– Sections 16 and 17
- Remediable service statements – Section 29

The Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022 (The Directions)

- Interest and process – Chapter 4, Directions 13 to 19
- Remediable Service statements - Direction 20, paragraph 1b

The Police Pensions (Remediable Service) Regulations 2023 (Police Scheme Remediable Regulations)

- Remediable service statement – Part 2
- Payment of amounts owed to the scheme manager – Regulation 64
- Payments of amounts owed to a person – Regulation 65

The Police Pensions (Contributions) Amendment (Scotland) Regulations 2014 (legislation.gov.uk)

- PPS 2006 - Regulation 7

The Police Pension Scheme (Scotland) Regulations 2015 (legislation.gov.uk)

- PPS 2015 - Regulation 160