



Annual benefit statement

The annual benefit statement recently sent to you shows your current and projected pension benefits in Grampian Police as at 31 March 2009.

This statement does not show any service accrued by officers on part-time contracts who have worked additional pensionable hours. This will be resolved for future statements.

In addition, we like to keep you informed of any news and explain areas of your Pension Scheme which we feel will be of interest to you. We hope our e-newsletter achieves this.

Please note that the pensionable pay figure we have used in your annual benefit statement is based on the amount of pension contributions that you have paid in the year up to the 31 March 2009. The benefits quoted are based on the pensionable pay to 31 March 2009 and do not illustrate any previous higher pay that may apply.

Your actual retirement benefits are calculated on your pensionable pay rates in the 365 days leading up to your date of leaving. However, if any of the previous two years' pay are higher, these will be used in the final calculation.

Which pension scheme?

If you joined Grampian Police on or after 6 April 2006 (and do not have continuous service with a previous Police Force before this date) then you will be a member of the New Police Pension Scheme (**NPPS**).

If you joined Grampian Police before 6 April 2006 (and elected not to transfer to the **NPPS**) then you will be a member of the Police Pension Scheme (**PPS**).

Your annual benefit statement will clearly state the Scheme of which you are a member.

Security of pension

The rules for both the **PPS** and **NPPS** are written under statute, which means that your pension benefits are safe, secure and fully guaranteed.

How are my pension benefits calculated?

For **PPS** members, your ordinary pension benefits are calculated as 1/60th of your length of membership in your pension scheme (membership doubled after 20 years) multiplied by your final pensionable pay to date of leaving. You also have the option to give up part of your pension into a tax-free lump sum.

For **NPPS** members, your ordinary pension benefits are calculated as 1/70th of your length of membership in your pension scheme multiplied by your final pensionable pay to date of leaving. In addition, you will receive a tax-free lump sum based on four times your annual pension and will have the option to give up part of your lump sum to provide additional pension.

Payment of benefits

You are eligible for payment of your pension benefits under the following circumstances:

Type of Retirement	PPS	NPPS
Compulsory Retirement Age	Age 60 for federated ranks Age 65 for ranks non federated ranks	Age 60 for ranks up to and including Chief Inspector Age 65 for ranks above Chief Inspector
Early Retirement	Age 50 and have at least	Age 55 with at least 2

(member initiated)	25 years' membership Any age and have attained 30 years' membership Age 55 with at least 2 years' membership	years' membership
Ill Health	Any age with at least 2 years' membership	Any age with at least 2 years' membership
Interest of Efficiency (employer initiated)	Your Police Force may require you to retire if they consider that your retention in the police service would not be in the general interest of efficiency. You must, however, be eligible at that time for immediate payment of an age retirement pension, having attained at least 30 years' membership.	Your Police Force may require you to retire if they consider that your retention in the police service would not be in the general interest of efficiency. You must, however, be eligible at that time for immediate payment of an age retirement pension, having attained at least 35 years' membership and reached age 55.

Commutation (giving up pension for lump sum) – PPS only

If, on retirement, you prefer to have a lump sum as well as a pension you can provide one by commutation. To do this, you need to give written notice to the Pension Section no earlier than four months before your intended retirement and no later than the day before your pension is due to come into payment. You should state how much of your pension (up to a maximum of one quarter of your pension or 2.25 times pension if certain conditions apply) you wish to be converted into a lump sum.

For members of the **PPS**, the amount provided as a lump sum is decided by factors provided by the Government Actuary. The factors used are determined by your age in years and completed months on the day your pension commences.

The factors applied are the same for both men and women; for example at age 55, every £1 of pension commuted will provide £18 of lump sum.

Commutation (giving up lump sum for pension) – NPPS only

If, on retirement, you prefer to have a higher pension, you can exchange part of your lump sum for an increased annual pension for you only. Pensions for survivors cannot be increased in this way.

You can exchange any amount of your lump sum, including all of it if you wish. To do this you would give written notice to the Pension Section, no earlier than four months before your intended retirement and no later than the day before your pension is due to come into payment.

For members of the **NPPS**, the amount provided as extra pension is decided by factors provided by the Government Actuary. The factors used are determined by your age in years and completed months on the day your pension commences. The factors applied are the same for both men and women; for example at age 55, every £18.60 of lump sum commuted will provide £1 of additional pension per annum.

Lifetime allowance

The new “simplified” HM Revenue and Customs rules for taxation of pension came into force on 6 April 2006 (“A” Day). One of the changes was the setting of a lifetime allowance, whereby if a member exceeded this limit then a tax liability, in addition to normal income tax, would be applied. The lifetime allowance for 2009/10 is set at £1.75 million.

Your lifetime allowance is calculated as 20 times your annual pension plus your lump sum, plus the value of your AVC fund if this applies. When your pension benefits come into payment, you will be asked for details of any other pension benefits that you have accrued in order for the Pension Section to calculate if you have exceeded your lifetime allowance. This new limit is unlikely to affect all but the highest earners in the immediate future.

Death benefits

In the event of your death, pension benefits may become payable to a surviving spouse, civil partner, nominated unmarried partner and if applicable any eligible dependent children:

Death Benefit	PPS	NPPS
Death Grant	2 times your annual pensionable pay Nomination not available	3 times your annual pensionable pay Option to nominate a beneficiary
Spouse and Civil Partner Pension	Minimum of 2 years' membership 50% of notional ill health pension	Minimum of 2 years' membership 50% of notional ill health pension
Unmarried Partners	Not available	Minimum of 2 years' membership 50% of notional ill health pension Option to nominate unmarried partner
Children Pension	Minimum of 2 years' membership Normally payable until age 17 Amount of pension based on number of children and whether or not there is a surviving parent	Minimum of 2 years' membership Normally payable until age 19 Amount of pension based on number of children and whether or not there is a surviving parent

Change of Name/Marital Status/Gender

If you change your name, marital status or gender, please advise the Pension Section in writing, enclosing a copy of the relevant certificate.

New legislation – revised commutation factors

Since 1998, age and gender related factors were used in calculating the lump sums payable to those in the **PPS** who decided to commute part of their pension (vice versa for the **NPPS**).

New factors were introduced in September, with the main differences being:

- **PPS** and **NPPS** factors now the same for both males and females
- **PPS** factors now higher, therefore increasing the amount of lump sum
- **NPPS** factors now lower, therefore reducing the amount of annual pension exchanged
- **PPS** and **NPPS** factors now age related in complete years and months, which removes the previous situation for those in the **PPS** when the lump sum could be substantially smaller if retirement was delayed when retiring on or around a birthday.

For example, a male police officer (**PPS**) decides to retire on his 50th birthday. Under the old factors for each £100 of pension given up, he will receive £1,500 as a lump sum (£1,725 for a female).

The revised factors for both males and females at age 50 will provide £1,900 of lump sum for each £100 of pension given up.

New legislation – revised commutation factors (backdating)

The revised commutation factors were initially introduced to be backdated from 1 October 2007 and the Police Federation of England and Wales sought an earlier introduction date via Judicial Review. The judgement was that the factors should be introduced from 1 December 2006.

The Home Office confirmed on 1 April that the Home Secretary would not be lodging an appeal and as a result the revised factors will be introduced in England and Wales from 1 December 2006.

Responsibility for the police pension scheme in Scotland is devolved to Scottish Ministers who considered the judgment and decided that the new factors should be applied in Scotland from 1 December 2006.

This judgement primarily affected those officers who had left the Police Force since December 2006 and they have been contacted by the Pension Section and paid the relevant increase to their pension benefits.

Pending consultation – Police injury benefits

The review of police injury benefits consultation closed on 18 November 2008. It ran for 12 weeks and provided everyone with an opportunity to make their views heard.

The review gave people the chance to ensure that the Police has an injury awards system which:

- is suitable for modern day policing
- provides assistance to officers and their families as effectively as possible
- is administered efficiently and with consistency across all forces.

The proposals in the consultation document covered a range of issues, including the eligibility criteria for receiving an award, the structure of benefits under the scheme for both former officers and their survivors, and the role of police authorities and selected medical practitioners.

41 responses were received in total, including 30 force, police authority or staff side responses, and 11 responses from other organisations or individuals.

The Home Office published a response document, which can be accessed via their website:

<http://www.homeoffice.gov.uk/documents/cons-2008-police-injury-award/injury-awards-response>

It contains a digest of the responses received to the consultation on 24 April 2009.

Responses to the public consultation exercise demonstrated a good level of agreement with, or at least acceptance of, the majority of the proposals made. Further consultation with the police negotiating board (PNB), separate from the public consultation exercise, has resulted in good progress on 12 of the remaining proposals. Particular concerns were raised regarding five of the proposals, and the Home Office will continue to consult with the PNB with a view to resolving these issues.

Subject to the outcome of ongoing consultation with the PNB and the necessary parliamentary approval, the Home Office will bring forward the measures necessary to implement amendments to the police injury benefits system later in 2009.

Useful links

For those approaching retirement:

Retired Police Officers Association (Ron Hughes)

Email: inveron38@btinternet.com or tel: 01224 318882.

For those wishing to save more for their retirement:

Standard Life Police AVC/Stakeholder Scheme

Web: www.mypensioninfo.com/police or tel: 0800 33 33 15

For those needing general police welfare guidance:

Grampian Joint Branch Board of Scottish Police Federation

Web: www.grampianjbb.org.uk or tel: 01224 306255

Further information

If you have any queries regarding your statement, or feedback regarding the information provided, please do not hesitate to contact the Pension Section, quoting your national insurance number.

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Email: [*pensions@accpf.org.uk*](mailto:pensions@accpf.org.uk)

Website: [*www.accpf.org.uk*](http://www.accpf.org.uk)

Alternatively, you can telephone from 9.00am to 5.00pm (Monday to Friday) -
01224 814949.