

# Police Pension Scheme

## (2006 scheme membership)

### Deferred ABS Guidance Notes

#### **What are Deferred Benefits?**

You are entitled to deferred benefits, as quoted in your statement, because you paid into the Police Pension Scheme, and subsequently ceased membership of the scheme having attained the minimum membership requirement. The following information has been compiled in order to try and answer some questions you may have about your deferred benefits.

#### **What are the basics I should know about my benefits?**

Deferred benefits are in the form of a retirement pension and a tax free lump sum. This means that the scheme will, from a future date, pay you a regular monthly pension for the rest of your life. Your benefits have been calculated taking into account the length of time you paid into the pension scheme and your salary prior to leaving.

#### **Exchanging lump sum for pension**

The Police Pension Regulations 2006 allow you to exchange part, or all, of your lump sum for an increased annual pension for you only. Pensions for survivors cannot be increased in this way. In order to exchange lump sum for pension you must give notice before you become entitled to receive payment. Exchanging lump sum for pension is not allowed if benefits become payable for reason of permanent breakdown of health.

#### **When are deferred benefits payable?**

Deferred benefits are normally payable from age 65.

#### **In what circumstances can benefits be payable earlier?**

A request can be made for the benefits to be paid earlier from age 55. If Lancashire Constabulary agree to the earlier payment then the pension would be subject to reduction. The reduction applied would be 5% for each year between the date of retirement and age 65. Therefore a pension brought into payment at age 55 would be subject to a reduction of 50%. The reduction also affects the lump sum, which will be 4 times the reduced annual pension.

Also, if you suffer a permanent breakdown in health you can apply for your benefits to be paid early on health grounds. You will be required to undertake a medical examination. Pension benefits paid in these circumstances would not be subject to a reduction. Also, if you are under age 55, pensions increase is only payable immediately if you are certified permanently unfit for 'any' employment, otherwise the cumulative pensions increase becomes payable at age 55.

### **What happens if I die before receiving my benefits?**

If when you die the benefits under the Police Pension Scheme, i.e. the spouse's/civil Partner's pension, is less than the total pension contributions paid, a payment equal to the balance of those contributions will be paid to your estate.

### **What benefits would be payable to my spouse/civil partner?**

Widow's/widower's, civil partner's and partner's benefits – the amount will be half the pension you are entitled to on the day you die.

If your spouse, civil partner or partner is more than 12 years younger than you, his/her pension will be reduced to reflect the age difference. The reduction will be 2.5% for every year or part year over 12 years, up to a maximum reduction of 50%.

### **If I have children, would they be eligible to receive a pension?**

Yes, the scheme provides pensions for eligible children in the event of your death whilst entitled to deferred benefits. Please see the member guide on our website for more details.

### **Can I transfer my pension rights?**

Yes, you may elect to transfer your deferred pension rights to another pension scheme, subject to that pension scheme being suitably approved. Transfers from the Police Pension Scheme to other schemes that may provide "flexible benefits" are not permitted. Generally, a "flexible benefit" is a pension benefit which is calculated by reference to an amount of money such as money purchase or cash balance benefits. Upon joining your new pension scheme you should let them know that you have deferred benefits with the Police Pension Scheme, and they will write to us requesting details of the transfer value available.

The option to transfer should normally be exercised within 12 months of joining the new pension arrangement as most schemes set this as a time limit.

If you decide to transfer, the cash equivalent value of your deferred benefits will be transferred across to the new scheme. You should think carefully before making any decision to transfer your pension rights, and it is recommended that you seek independent financial advice.

### **Do I need to contact you at retirement?**

No, so long as you keep us up to date with your current address details we will write to you automatically at the appropriate time.

However, if two months before your 65<sup>th</sup> birthday you have received no communication from us then you should write to us as soon as possible stating your address and whether you wish to commute part of your pension.

### **How will my benefits keep their value?**

Your benefits will increase in line with inflation from the time you leave the scheme up until the date benefits are brought into payment. The increases are normally linked to the Consumer Price Index, and each April increases are added to your deferred benefits. Please note that there are restrictions on you being able to receive payment of the inflation increases whilst you are under 55.

## KEEPING US UP TO DATE

**Finally, please remember to let us know if your address changes so that we can keep you up to date with information about your pension benefits. You can do this by logging into 'My Pension Online' via our website.**

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*All data held is for the purpose of administering the pension scheme and paying pension benefits. The administrators have a legal obligation and a legitimate interest under the General Data Protection Regulation (GDPR) or any superseding legislation in processing data as a result of your membership of the scheme. This may include passing such data to the actuary, administrators, auditors, insurers, lawyers and such other third parties as may be necessary for the operation of the scheme. The Lancashire Police Authority and LPP who administer 'The Fund', are joint data controllers under the GDPR. Lancashire Police Authority and LPP remain legally responsible for collecting and processing personal data under the GDPR for the fund.*

## DISCLAIMER

*This document is for general use and cannot cover every personal circumstance as its contents are based on our understanding of the legislation and events at the time. In the event of any dispute over your pension benefits, the appropriate legislation will prevail as this document does not confer any contractual or statutory rights and is provided for information purposes only.*