Home Office

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# BENEFITS OF YOUR POLICE PENSION SCHEME 2015

The Home Office believes that the police pension scheme 2015 (PPS 15) offers outstanding protection and value for money for you and your dependents. A large part of the cost of providing a range of benefits is met by the police force as the employer, so it's an extremely valuable and important part of your remuneration package.

**Please note that this document covers some of the key points about the PPS 15 and reflects the current regulations. It is not intended to be a full guide to the PPS 15 but to explain the main details in simpler language than is used in the regulations. Although it must be remembered that nothing in this document can override the regulations.**

**Further information about the police pension schemes can be found on: [https://www.gov.uk/government/collections/police-pension-schemes](https://www.gov.uk/government/collections/police-pension-schemes).**

## 1. FINANCIAL COVER

The PPS 15 doesn't just provide you a pension at retirement age, you also get valuable financial cover for you and your family during service, including ill-health and death in service provisions.

## 2. MONTHLY COST

The police force (as the employer) make contributions at roughly double your contribution to make up the balance of the cost of your benefits. Your contribution to the total cost is set depending on your salary band. For example, for an officer earning £41,000 per year, their contribution rate is 13.44%, so their monthly contribution (after tax relief) is £367.36.

## 3. RETIREMENT LUMP SUM

You can give up part of your pension to get a lump sum when you retire. For example, a 30 year old constable starting in April 2021 in the PPS 15, who remains a constable until retirement at age 60, could retire with a tax free lump sum (in today's money terms) of £70,000 if annual pay awards equal CPI increases.

## 4. DEATH IN SERVICE

As a member of the PPS 15 scheme, your dependants will receive a lump sum of up to 3 times your salary at time of your death in service. Typically, this will be paid to your surviving spouse or civil partner. If you don't have a spouse or civil partner, it can be paid to a nominee. Further detail can be found on page **4**.

# WHY BE A PENSION SCHEME MEMBER?

## 5. RETURN ON INVESTMENT

If your contributions were invested and you receive 5% annual return, then your pension pot would only be enough to roughly match the first 10 or so years of payments that would be due from the pension scheme. Your payments would run out sooner if you were to achieve annual investment returns lower than 5%, or would last longer if you were able to achieve annual investment returns in excess of 5%.

## 6. COMPARED WITH COMPANY INSURANCE TERMS

Your contributions in the PPS 15 are less than 14% of your salary. If you were to save in some of the private sector schemes, you may need to contribute significantly more of your salary to enable you to purchase an annuity with matching increases in retirement and dependant pension payable on your death in retirement. You may also not have certainty about the benefits that you would be able to purchase at retirement. Investing instead, would mean that you neither have an ill-health pension if you can no longer work, nor death benefits.

## 7. RETIREMENT AGE

Your normal pension age in the PPS 15 is 60, but you don't necessarily have to wait until age 60 to retire. You can apply to take your benefits at any time after age 55, but they will be reduced to reflect that you are taking them before age 60.

If you were in the PPS 87 before joining PPS 15 then you can still retire on reaching your PPS 87 voluntary retirement age and if you retire before age 60 your benefits in the PPS 15 will be reduced to reflect that you are taking them before age 60. You also retain the option to retire on completing 25 years' service if you are age 50 or over or after 30 years' service. If these events occur before you reach age 55, your PPS 87 benefits would be able to come into payment whilst your PPS 15 benefits would be deferred with payment from State Pension Age (SPA), or any time from age 55 with reduction to reflect that you are taking them before SPA.

If you were in the PPS 06 before joining PSS 15 then you can still retire from age 55, with a reduction in your PPS 15 benefits if you are taking them before age 60.

If you are ill-health retired from the PPS 15, you may be able to retire before age 55 without any actuarial reduction applied to your benefits.

# Frequently Asked Questions

Our top 6 Frequently Asked Questions (FAQs) section is here to help you understand your PPS 15, how to get the most from it and to support you in making the right choices for your needs.

**This document does not constitute financial advice. If you require financial advice, please consult an independent financial adviser.**

## TOP 6 FAQS

### Q1: Is it worth saving into the PPS?

**A:** In the vast majority of cases the benefits received exceed the member's own contributions into their pension. Members of the PPS 15 contributing to a pension also benefit from contributions from their employer and the government in the form of tax relief (which means some of your money that you would have paid as income tax goes into your pension instead).

### Q2: Retirement can seem like a long way off. When should I start contributing to a scheme?

**A:** Although retirement might seem like a long way off, it's never too early to start saving. Saving through the PPS is easy and, if you are eligible, you don't actually have to do anything because your employer will enrol you. The earlier you start to save, the more scheme benefits you will have built up by the time you retire.

### Q3: Will my police pension be enough?

**A:** While no one can ever guarantee that an individual's pension will provide all the income for their lifestyle, the PPS is one of the most valuable schemes in the UK. Saving into the PPS means you will have more money to continue doing the things that you enjoy when you retire.

**Q4: What happens if I die?**

**A:** There are various benefits that may be payable to your survivors. Typically, these are a spouse, civil partner or unmarried partner and any children that qualify. Certain benefits may be payable to another beneficiary or your estate. Some of these require you to have nominated your beneficiaries. Please contact your pensions administrator for further information.

**Q5: How do I nominate my beneficiaries?**

**A:** You will need to record the details of your beneficiaries using a form from your pension administrator. Completing the form will reduce the amount of information required from your beneficiaries at what will inevitably be a distressing time for them.

**Q6: What happens if I leave service?**

**A:** Normally, your pension would stay in the scheme for your future benefit and you would become a 'deferred' member, unless you choose to transfer the value of your benefits to another suitable arrangement. If you have been a member for less than 2 years you may, in some circumstances, be able to have a refund of the current value of your contributions minus tax.