Q. What is the level of my contribution each month?

A. The current contribution rates at 12.25% with parity of contributions for both men and women. It is possible that the contribution rates will increase by approximately 1% each year for the next couple of years but we await confirmation and details of any further changes.

Q. Can I make Additional Voluntary Contributions (AVC’s) to my pension fund?

A. Yes, you can choose between a “Free Standing” AVC which you arrange through your own Pension Company or financial advisor. There is no long an in-house AVC scheme.

Q. What allowances are pensionable?

A. Pensionable Pay includes:

- Basic Salary (plus any acting or temporary salary)
- London Weighting
- CRTP

Q. How is my final pension entitlement calculated?

A. The average of your final year's salary is used to calculate your pension but the best salary from the previous three years applies. So, if for any reason you had a higher salary in either of the two proceeding years that is the figure that will be used. A year is calculated from the date of retirement backwards in blocks of 365 days. This figure is called your Average Pensionable Pay (APP). For each year of service up to 20 years, you are given 1/60th of the APP and 2/60ths of APP for each year thereafter up to 30 years service. This is what is known as the double accrual period.

For example, if you retired with 30 years full-time service, your pension would be calculated as:

- 20 years @ 1/60th per year = 20/60
- 10 years @ 2/60th per year = 20/60
- Total entitlement = 40/60 or 2/3 salary which is the maximum.

For illustrative purposes only, if your APP after 30 years service was £36,000, your entitlement without commutation would be £36,000 x 40/60, which would be £24,000 per annum.
You can commute a maximum of a quarter of your pension as a lump sum. So, if you chose to commute, the figures would be £24,000/4=£6,000 which then has to be multiplied by your age factor, which for an officer aged exactly 50 years is 22.10, meaning a lump sum of £8,500 x 22.10 = £187,850.00.

Q. Are there any tax implications on my lump sum and pension?

A. Under the current tax regime the maximum lump sum that can be taken without being liable for a tax charge is 25% of the combined assessed value of the post commutation pension and lump sum. To assess the value of the post commutation pension HMRC currently use a factor of 20. For example value of benefits= 25000 x 20 Plus Lump sum 150,000 = 650,000. Maximum lump sum = 25% of 650,000 = 162,500

Q. Does my age upon retirement affect the amount that I will receive?

A. Yes. Your retirement age affects the multiplying factor used in calculating your lump sum. The highest factor is 15 for officers under 51. The factor reduces thereafter – for instance, the factor for someone retiring aged 52 is 14.9 and at 55 years it is 14.5.

Q. Why do women get a bigger pension than men?

A. Women no longer get a bigger pension than men. Both male and female officers receive an equal pension and lump sum, with the figures purely being calculated on age.

Q. What if I resign before doing 30 years service?

A. This depends on your length of service at the time of resigning.

- If you have less than 2 years service your pension contributions will be returned less an adjustment for tax and National Insurance (NI).
- Between 2-25 years service (but not age 55) you receive a Deferred Pension, which becomes payable at age 60 (including pensions increases).
- 25-30 years service (but not age 55) you receive a smaller lump sum (pension x 2.25) which is payable when you reach 50.
- Age 55 with any length of service, you are entitled to immediate payment including maximum commutation.
Q. Does being temporarily promoted or acting up to the next rank affect my pension?

A. Yes. Any salary from being temporarily promoted is included in your Average Pensionable Pay (APP). An acting salary should not count towards your pension; however, if contributions are made from the acting salary then an officer will receive that enhancement to their pension.

Q. Can my pension be forfeited?

A. Yes, but only in very limited circumstances. Regulation K5 of the Police Pension Regulations allows forfeiture in the event of you being convicted of Treason or for an offence which involved the abuse of your position as a police officer or bringing the Service into disrepute. The final decision rests with the police authority (MOPaC) and can be forfeited in whole or in part, permanently or temporarily. Normally MOPaC leaves your with at least 30%.

Q. What is the “Death in Service” benefit and who can receive it?

A. The Death In Service Lump Sum Grant is calculated as two times your pensionable salary and is paid to your spouse or civil partner if married, and your estate if not. In addition there is also a Widow(er)s Pension but this is only paid to a legally married spouse or civil partner and would cease in the event of them remarrying or cohabiting. A surviving child allowance is also paid.

Q. Is my pension index linked?

A. Yes, but only from the age of 55. At that point it would attract index linking back to the date of leaving. This remains the case if you move abroad too.

Q. When is the best time to retire?

A. When it is right for you, but if the lump sum is important, do not choose to go immediately following your 51st birthday or any subsequent birthday. This advice would change if the annual indexation of pay each September changes dramatically in the future.

Q. How long will I have to wait for my lump sum and first pension payment?

A. The lump sum is normally paid into your bank account on the first working day after your leave and the pension is paid on the 6th of each month.
Q. Under what conditions is my lump sum only 2.25 x my pension as opposed to the full 30 year or age 55 entitlement?

A. If you leave between 25 years and 29 years 364 days service and also during an extension after the age of 55, if you have not achieved 30 years service.

Q. Can I opt out of paying any further pension contributions once I have got 30 years service?

A. Yes you can, but:

(a) You would lose the Death in Service lump sum grant unless you opt into continuing your Group Insurance Scheme (GIS) premiums. However, if you wish to carry on contributing to the additional GIS scheme, this can be arranged and the details are available in the members section of www.metfed.org.uk.

(b) you would pay tax on the previously paid pension contributions that now remain in your pay;

(c) you would pay a higher rate of NI (Class 1) contributions as you are no longer in an occupational pension scheme;

(d) as of January 2013 the Government are introducing an automatic enrolment scheme to occupational pension schemes and members must opt out in a very small timeframe to remain out of the scheme if they are over 30 years service; and

(e) Your pension is calculated on the last day you were in the scheme and so will not reflect any subsequent pay increases.

Q. Will divorce affect my pension?

A. Not necessarily. It all depends on individual circumstances. The joint assets of the marriage and whether your spouse has his/her own pension will impact upon the outcome. The PFEW would recommend that you consult a solicitor who is a specialist in this area of law, such as RJW Divorce4Police, which has a department especially for police officers.

Q. There is a lot of talk about the Police Pension Scheme changing from a final salary to a career average scheme. Who will this affect and what is the difference?

A. The PFEW have produced a list of 47 FAQ’s relating specifically to the proposed changes to Police Pensions. That document can be found elsewhere on this website or on the PFEW site.
Q. What is the difference between a final salary pension scheme and a career average pension scheme?

A. With a career average scheme both employees and employers pay in contributions. But how much people will eventually receive in a career average scheme depends entirely on the design of the scheme. The general rule is that there is a guaranteed pension based on your average pay over your career.

Each year, a percentage of your salary is notionally put aside. The precise percentage can vary. This is known as the accrual rate. On retirement the cash value of all these annually calculated percentage pots is added up and that is the annual pension.

To protect the accumulating pension against inflation, each individual's notional pension has to be uprated each year.

With a final salary scheme a member is guaranteed a pension based on earnings at end of your career and length of service.