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The Clerk to the Police Authority
The Chief Constable

Your reference

Our reference
POL/89 500/16/1

Date
// May 1990

Dear Sir/Madam

HOME OFFICE CIRCULAR 43/1990
THE POLICE PENSIONS (AMENDMENT) REGULATIONS 1990

The purpose of this circular is to bring to the notice of police authorities the Police Pensions (Amendment) Regulations 1990 (SI 1990 No 805) - copy enclosed - which came into force on 1 May 1990.

2. The Regulations amend the Police Pensions Regulations 1987 and the Police Pensions (Purchase of Increased Benefits) Regulations 1987 to give effect to (a) the requirements introduced into the Social Security Pensions Act 1975 by Section 2 of and Schedule 1 to the Social Security Act 1985, and (b) Sections 9, 10 and 15 of the Social Security Act 1986.

3. Information about the consequences of the various changes has already been given to authorities in the following Home Office Circulars:-

<u>Circular</u>	<u>Date</u>
30/1986	8 April 1986
15/1988	11 March 1988
29/1988	12 May 1988
73/1988	2 September 1988
109/1988	12 December 1988
28/1989	31 March 1989
57/1989	28 July 1989

4. A detailed explanatory note on the effect of the Regulations is attached at Annex A. The actuarial tables appropriate for use in calculating transfer values and reckonable service credit under the revised arrangements are reproduced at Annex B.

5. Attention is drawn to the following points:-

(a) Section B of Home Office Circular 109/1988 advised authorities to follow the existing arrangements in respect

of in-service and Central Service transfers pending further advice. Please note that the position has since been reviewed and it has been decided that the arrangements for such transfers should remain unchanged.

(b) The actuarial tables for female officers take account of the fact that a widower is entitled to a pension equal to half of the guaranteed minimum pension payable to his wife in respect of service from 6 April 1988. The examples at the end of Annex B show the method of calculation of a transfer value and of reckonable service credit in relation to personal benefits. Reckoning of service towards a widower's GMP commences on the resulting notional starting date, or on 6 April 1988 if this is later.

6. This circular has no direct cost or manpower implications. An additional copy is enclosed for the information of the Chief Finance Officer.

Yours faithfully

Peter Jones

P W JONES
Finance Division 2

THE POLICE PENSIONS (AMENDMENT) REGULATIONS 1990

Regulation 1 deals with citation and commencement.

Regulation 2 deals with interpretation.

Regulation 3 amends the Police Pensions Regulations 1987 to give effect to the requirements introduced into the Social Security Pensions Act 1975 by Section 2 of and Schedule 1 to the Social Security Act 1985. Occupational pension schemes were previously able, but not required, to provide for the accrued pension rights of a member who left before pensionable age to be transferred, with his consent, to another scheme. The new entitlement created by the 1985 Act is a transfer value equal to the cash equivalent of the pension rights which the member has accrued. The entitlement applies only in respect of a transfer value which is used for:

- (a) buying into another occupational pension scheme;
- (b) buying an annuity from an insurance company; and
- (c) subscribing to such other pension arrangements as may be prescribed.

A transfer value can be used in one or more of these ways provided the total amount is allocated. The detailed amendments are as follows:-

- (1) makes provision for the amendments;
- (2) amends regulation F6 to provide for the acceptance of transfer values from a variety of pension schemes; refers to the appropriate method of calculation of reckonable service in respect of payments received on or after 6 April 1988; and introduces a revised minimum test for the acceptance of transfer values;

(3) amends regulation F9 to the effect that it does not apply in the case of a regular policeman in respect of whom a transfer value is payable under regulation F10. It also makes provision for the separate calculation of a transfer value relating to service on or after 6 April 1988;

(4) inserts new regulation F10, paragraphs (1) and (2) of which provide for the payment of a transfer value in respect of a regular policeman who -

(a) ceases to serve on or after 1 January 1986; or

(b) has elected under Regulation G4(1) not to pay pension contributions; and

(i) subsequently becomes entitled to new superannuation arrangements;

(ii) is entitled to reckon at least 2 years' pensionable service (unless he is intending to transfer his pension rights to an occupational or personal pension scheme);

(iii) if entitled to a pension has not received any payment in respect of it or given notice of commutation which has become effective;

(iv) has not received a refund of contributions or a gratuity; and

(v) 12 months before reaching either the age of compulsory retirement or age 60, or 6 months after ceasing to serve as a regular policeman (12 months if transferring to one of the main public service pension schemes in Great Britain or Northern Ireland, or to another club scheme), whichever is the latest, gives written notice that he wishes the regulation to apply to him.

Regulation F10(3) provides that a person may withdraw the notice that he wishes a transfer value to be paid in respect of him unless the

police authority have already entered into an agreement to make such a payment.

Regulation F10(4) provides that, subject to regulation F10(5), a police authority shall pay a transfer value under Part IV of Schedule F within 12 months of notice being given, or of age 60, if earlier. However, if disciplinary or court proceedings commence within 12 months of the date of ceasing to contribute to the scheme, and forfeiture is possible, the date by which payment must be made is 3 months from the conclusion of those proceedings, if this is later.

Regulation F10(5) provides that if a transfer is other than to one of the main public service pension schemes in Great Britain or Northern Ireland, or to another club scheme, the transfer value payable is, if payment is made, without reasonable excuse, more than 6 months after the period during which it should have been made, calculated in accordance with Part IV of Schedule F plus interest at the judgement of debt rate, or calculated as at the date on which payment is made, whichever is greater. In the case of a person who has transferred in previous service with another police authority, the sum payable must be at least equal to the transfer value received from the former force plus any pension contributions paid by the person concerned during his later service.

Regulation F10(6) provides that a person who has received a refund of contributions or a gratuity may have a transfer value paid in respect of him, provided he repays the award within 6 months of becoming subject to new superannuation arrangements (12 months in the case of a transfer to one of the main public service pension schemes in Great Britain or Northern Ireland, or to another club scheme), or within such longer period as the police authority may allow.

Regulation F10(7) provides that a person who has opted out of the police pension scheme, and who has 2 years' or more reckonable service prior to 6 April 1988, is entitled to a transfer value only in respect of reckonable service since that date. In any other case

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a transfer value is payable in respect of the whole period of reckonable service.

Regulation F10(8) defines occupational pension scheme, personal pension scheme and police authority.

Regulation 3(5) of the Amendment Regulations inserts Part IV into Schedule F to deal with the calculation of transfer values and reckonable service by reference to accrued rights. The tables to be used in the calculations are at Annex B.

Regulation 3(6) provides that, in respect of a person who ceased to serve on 1 January 1986 but before April 1988 with at least 5 years' pensionable service, the transfer value payable is the greater of that calculated under regulation F9 or F10, with the latter calculated as if the person concerned had left after 5 April 1988.

Regulation 3(7) provides for the payment of a transfer value in respect of a person who ceased to serve on or after 6 April 1988 and has pensionable service before that date. The transfer value payable is equal to the sum of:

(a) in respect of service prior to 6 April 1988, the greater of a transfer value payable under regulation F9 or regulation F10; and

(b) in respect of so much of the service on or after that date which, when added to the service at (a) above does not exceed 30 years, a transfer value payable under regulation F10.

Regulation 3(8) provides that regulation F10 shall apply to a person who ceased to serve before 6 April 1988 only if he was entitled to reckon at least 5 years' pensionable service.

Regulation 4(1) makes provision for the amendment of Part I and regulation L3 of the Police Pensions Regulations 1987.

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Regulation 4(2) amends regulation J1 so that its effect is extended to a person whose entitlement to a guaranteed minimum pension arises from the amendment of the Social Security Pension Act 1975 by the Social Security Act 1986.

Regulation 4(3) amends regulation J1 to provide for the payment of a pension to the widower of a regular policeman who dies on or after 6 April 1988, the pension being equal to half the guaranteed minimum pension to which she would have been entitled in respect of service after that date. Any entitlement to such a pension (a) will cease if the widower remarries before age 65, and (b) will be superseded by an entitlement to a larger pension under regulation E1(3) (adult dependent relative's special pension).

Regulation 4(4) amends regulation J1 to prevent payment of a dependent relative's special pension in respect of any period for which a guaranteed minimum pension has already been paid.

Regulation 4(5) amends regulation J1 to the effect that the forfeiture provisions of regulation K5(4) do not apply to a guaranteed minimum pension payable under regulation J1(4A).

Regulation 4(6) amends regulation J1 so that any pension of £104 or less which is payable under the new provisions may be commuted for a gratuity.

Regulation 4(7) amends regulation J1 to allow for transfers to approved insurance policies or annuities where the insurance company will accept only fixed liability for revaluation of the GMP.

Regulation 4(8) amends regulation L3 to allow references to widow and husband to be construed as references to widower and wife.

Regulation 4(9) amends regulation L3 to include a reference to regulation J1(4A).

Regulation 5 amends regulations B2(3), B3(3) and B5(1) to the effect that the requirement to have completed 5 years' pensionable service to qualify

for a short service, ill-health or deferred pension be reduced to 2 years. The reference in paragraph 3(2) of Part III of Schedule C (widow's accrued pension) in respect of a widow's election for a flat-rate pension is similarly amended.

Regulation 6 amends the Police Pensions Regulations 1987 to give effect to Section 15 of the Social Security Act 1986 to the extent that a regular policeman is not required to be a member of the police pension scheme, and a regular policeman who chooses not to be a member of the police pension scheme is not required to pay contributions to a police authority in respect of it for so long as he is not a member of it. The detailed amendments are as follows:-

- (1) makes provision for the amendments;
- (2) amends regulation A10 so that a regular policeman who has elected not to join, or to leave, the police pension scheme may reckon for pension purposes only that period during which he last paid pension contributions;
- (3) amends regulation A19 so that a regular policeman may be required to retire on grounds of efficiency of the force if, had he not opted out of the police pension scheme, he would have been entitled on such retirement to receive a pension of not less than two thirds of average pensionable pay;
- (4) amends regulation B2(1) to provide that a short service award is not payable to a regular policeman who was not paying pension contributions under regulation G2(1) during the period immediately preceding his retirement on age grounds;
- (5) amends regulation B3(1) to provide that an ill-health award is not payable to a regular policeman who was not paying pension contributions under regulation G2(1) during the period immediately preceding his retirement on ill-health grounds;

(6) amends regulation B5(2) so that a deferred pension is payable to a regular policeman who has opted out of the police pension scheme provided he has at least 2 years' pensionable service, is not entitled to an ordinary, short service or ill-health award, and no transfer value is payable in respect of him;

(7) amends regulation B5(4) so that a person who opts out of the police pension scheme with sufficient service to qualify on retirement for an ordinary pension cannot draw a deferred pension if he satisfies the requirements of regulation B1;

(8) amends regulation B6 to provide that a person who opts out of the police pension scheme within 3 months of his last becoming a regular policeman is entitled to a refund of his aggregate pension contributions provided he is not entitled to any other award and no transfer value is payable in respect of him;

(9) amends regulation C1(1) to remove entitlement to an ordinary pension from the widow of a regular policeman entitled to reckon at least 3 years' pensionable service who dies while serving having made an election not to contribute to the police pension scheme which was effective at the time of his death;

(10) amends regulation C6(1) so that a widow whose husband had opted out of the police pension scheme is not precluded from receiving a widow's requisite benefit and temporary pension provided he had at any time paid pension contributions under regulation G2(1). (New regulation G4(4), as inserted by regulation 6(17), ensures that no award is payable under regulation C6(1) in respect of a person who was deemed to have opted out from the date of joining the police);

(11) amends regulation C7(1) so that entitlement to a widow's award where no other award is payable is as outlined in the preceding paragraph;

(12) amends regulation D1(1) to remove entitlement to a child's ordinary allowance from a child of a regular policeman who dies while

serving having made an election not to contribute to the police pension scheme which was effective at the time of his death;

(13) amends regulation F2(1) to the effect that any period of service during which pension contributions were not payable under Regulation G2(1), and in respect of which no payment was made under Regulation F1(1A) to enable a period of unpaid maternity leave to reckon, is not reckonable for pension purposes;

(14) amends regulation G1(5) so that, in calculating an award, average pensionable pay is determined by reference to the date of a regular policeman's last day of service in a period during which pension contributions were paid to him, except that in the case of a policeman's injury award, widow's special award, widow's augmented award, widow's award where no other award payable, child's special allowance, child's special gratuity and adult dependent relative's special pension, average pensionable pay is determined by reference to the date of his last day of service;

(15) amends regulation G2 so that a regular policeman who has elected not to pay pension contributions is not required to do so;

(16) amends regulation G3(4) so that no additional or further pension contributions are payable from the date on which an election to opt out of the police pension scheme takes effect. If such an election is subsequently cancelled additional contributions again become payable from the date on which the election ceases to have effect;

(17) inserts the following new regulations:

Regulation G4, which enables a regular policeman with service on or after 6 April 1988 to elect not to pay pension contributions under regulation G2(1), such an election having effect from the next date on which an instalment of pay is due. An election made by a person who last became a regular policeman on or after 6 April 1988 will be deemed to have taken effect on that date provided the election was made within 3

months of joining. Any contributions paid during that period will be refunded. There will be one opportunity for a person who opts out to join or rejoin the scheme. This must be exercised by his 45th birthday, police authorities having discretion in all eligible cases to make late entry or readmission to the scheme conditional upon satisfactory completion of a medical examination; and

Regulation G5, which provides that any election made in anticipation of regulation G4 is regarded as having been made under the provisions of that regulation;

(18) applies regulation K1 to a person who, having opted out of the police pension scheme, is entitled to early payment of a deferred pension on retirement on grounds of ill-health. In the case of such a person whose disablement has ceased, and who has been invited to rejoin a police force, the deferred pension will cease until he reaches age 60;

(19) amends paragraph 2 of Part V of Schedule B to the effect that any reduction in a period of pensionable service which is due to the person concerned having opted out of the police pension scheme is ignored;

(20) amends paragraph 3 of Part V of Schedule B so that in the case of a person who has elected not to contribute to the police pension scheme the amount of any injury pension is reduced by the amount of any other pension to which he would have been entitled in respect of the same period of service had he not made such an election;

(21) amends paragraph 3 of Part III of Schedule C to the effect that a widow whose husband's election not to contribute to the police pension scheme had effect at the time of his death may not elect to receive a flat-rate award;

(22) amends paragraph 1 of Part III of Schedule D to the effect that no election may be made to enable a child to receive a flat-rate

award if his parent's election not to contribute to the police pension scheme had effect at the time of that parent's death.

Regulation 7 makes consequential amendments to the Police Pensions (Purchase of Increased Benefits) Regulations 1987. The detailed amendments are as follows:

- (1) makes provision for the amendments;
- (2) amends regulations 4(1) and 5(1) to the effect that a regular policeman in respect of whom pension contributions are not payable under regulation G2(1) of the Police Pensions Regulations 1987 may not elect to purchase increased benefits;
- (3) amends regulation 5(2) so that periodical contributions to purchase increased benefits are not payable after the date on which any election to opt out of the police pension scheme takes effect;
- (4) amends regulation 5(4) to the effect that periodical contributions again become payable in the event of an election to opt out of the police pension scheme being cancelled;
- (5) amends regulation 8(1) so that its provisions apply to a person who cancelled an earlier election to opt out of the police pension scheme;
- (6) inserts paragraph (1A) into regulation 8 to the effect that regulation 8(1) does not apply in the case of a person who has made an election to opt out of the police pension scheme and has not cancelled that election;
- (7) amends regulation 8(2) so that a person who has elected to opt out of the police pension scheme having previously elected to purchase increased benefits by means of periodical contributions is entitled to reckon that proportion of those benefits which results from the calculation $\frac{A \times B}{C}$, where -

C

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A = number of additional 60ths;

B = length of period or periods during which payment was made; and

C = period for which, if payment had been continuous to the retirement date as at the time of election, payment would have been made.

INCOMING TRANSFERS FROM CLUB SCHEMES
TO THE POLICE PENSION SCHEME, AND
CLUB AND NON-CLUB TRANSFER VALUES
PER UNIT OF BENEFIT ACCRUED AT DATE OF TRANSFER

MALES

Retirement age 60

Age last birthday at relevant date	Gross pension of £1 per annum	Deduction for N.I. modification of £1 per annum	Widow's Pension of £1 per annum		Deduction for GMP of £1 per annum
			Married	Unmarried	
16	2.98	1.98	1.86	1.86	- 1.93
17	3.08	2.04	1.92	1.92	- 1.96
18	3.18	2.11	1.98	1.98	- 1.99
19	3.28	2.18	2.04	2.04	- 2.03
20	3.39	2.25	2.11	2.11	- 2.07
21	3.50	2.32	2.18	2.18	- 2.11
22	3.62	2.40	2.25	2.25	- 2.15
23	3.74	2.48	2.32	2.32	- 2.19
24	3.86	2.57	2.39	2.39	- 2.22
25	3.99	2.66	2.46	2.46	- 2.26
26	4.12	2.75	2.53	2.53	- 2.30
27	4.26	2.84	2.61	2.61	- 2.34
28	4.40	2.93	2.69	2.69	- 2.38
29	4.54	3.03	2.77	2.77	- 2.42
30	4.69	3.13	2.85	2.85	- 2.47
31	4.84	3.23	2.93	2.93	- 2.52
32	5.00	3.34	3.01	3.01	- 2.57
33	5.16	3.45	3.09	3.09	- 2.62
34	5.33	3.56	3.18	3.18	- 2.66
35	5.50	3.68	3.26	3.26	- 2.70
36	5.68	3.80	3.35	3.35	- 2.74
37	5.86	3.92	3.44	3.44	- 2.79
38	6.05	4.05	3.53	3.53	- 2.84
39	6.25	4.18	3.62	3.62	- 2.89
40	6.45	4.32	3.72	3.56	- 2.94
41	6.66	4.46	3.84	3.50	- 2.99
42	6.88	4.61	3.96	3.40	- 3.04
43	7.11	4.76	4.08	3.30	- 3.09
44	7.34	4.92	4.22	3.20	- 3.14
45	7.58	5.08	4.36	3.10	- 3.19
46	7.84	5.25	4.48	3.00	- 3.24
47	8.11	5.43	4.60	2.90	- 3.29
48	8.39	5.62	4.72	2.80	- 3.34
49	8.67	5.81	4.84	2.70	- 3.39
50	8.97	6.01	4.94	2.60	- 3.44
51	9.29	6.22	5.02	2.50	- 3.50
52	9.63	6.45	5.08	2.40	- 3.56
53	9.99	6.70	5.13	2.30	- 3.62
54	10.37	6.96	5.17	2.20	- 3.68
55	10.78	7.23	5.20	2.10	- 3.74
56	11.22	7.52	5.22	2.00	- 3.80
57	11.70	7.84	5.24	1.90	- 3.87
58	12.22	8.19	5.25	1.80	- 3.94
59	12.77	8.56	5.25	1.70	- 4.02

Notes:

(1) When calculating the Deduction for GMP, the factor in the last column should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and one-half of the GMP amount in respect of service after that date.

(2) For incoming transfers the transfer value received should first be adjusted by the separate factor applied according to the yield on index-linked gilts at the beginning of the relevant month.

(3) The service credit should then be calculated by adding the value of the GMP received to the adjusted transfer value, and dividing by the value of 1/45th pension plus 1/90th widow's pension per year of service from the above factors.

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INCOMING TRANSFERS FROM CLUB SCHEMES
TO THE POLICE PENSION SCHEME, AND
CLUB AND NON-CLUB TRANSFER VALUES
PER UNIT OF BENEFIT ACCRUED AT DATE OF TRANSFER

FEMALES

Retirement age 60

<u>Age last birthday at relevant date</u>	<u>Gross pension of £1 per annum</u>	<u>Widower's guaranteed minimum pension of £1 per annum</u>		<u>Deduction for GMP of £1 per annum</u>
		<u>Married</u>	<u>Unmarried</u>	
16	3.76	.52	.53	- 2.63
17	3.88	.53	.53	- 2.67
18	4.00	.54	.54	- 2.71
19	4.13	.55	.55	- 2.75
20	4.27	.55	.55	- 2.80
21	4.41	.56	.56	- 2.85
22	4.56	.57	.57	- 2.90
23	4.71	.58	.58	- 2.95
24	4.86	.59	.59	- 3.01
25	5.02	.60	.60	- 3.07
26	5.18	.61	.61	- 3.13
27	5.35	.62	.62	- 3.19
28	5.53	.63	.63	- 3.25
29	5.71	.64	.64	- 3.31
30	5.90	.64	.64	- 3.37
31	6.09	.65	.65	- 3.43
32	6.29	.66	.66	- 3.49
33	6.49	.67	.67	- 3.56
34	6.70	.68	.68	- 3.63
35	6.91	.68	.68	- 3.70
36	7.13	.69	.69	- 3.77
37	7.36	.70	.70	- 3.84
38	7.60	.71	.71	- 3.91
39	7.84	.72	.72	- 3.98
40	8.09	.73	.70	- 4.05
41	8.35	.74	.68	- 4.12
42	8.62	.76	.66	- 4.19
43	8.90	.77	.64	- 4.26
44	9.19	.79	.62	- 4.34
45	9.48	.80	.60	- 4.42
46	9.78	.81	.57	- 4.50
47	10.09	.82	.54	- 4.58
48	10.42	.83	.51	- 4.66
49	10.77	.84	.48	- 4.74
50	11.13	.85	.45	- 4.83
51	11.50	.86	.41	- 4.92
52	11.88	.86	.37	- 5.01
53	12.28	.87	.33	- 5.11
54	12.70	.87	.29	- 5.21
55	13.14	.88	.25	- 5.31
56	13.60	.88	.21	- 5.42
57	14.08	.89	.17	- 5.53
58	14.59	.89	.13	- 5.65
59	15.13	.90	.10	- 6.18

Notes:

(1) When calculating the Deduction for GMP the factor in the last column should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and one-half of the GMP amount in respect of service after that date.

(2) To allow for the deduction from the transfer value on account of National Insurance modification, the preserved pension applicable to the member should be reduced by the amount of the NI modification before multiplying by the factor for "Gross Pension" shown above.

(3) To calculate the spouse's pension element the factor for the widower's GMP should be applied to one-half of the GMP amount in respect of service after 5 April 1988.

(4) For incoming transfers the transfer value received should first be adjusted by the separate factor applied according to the yield on index-linked gilts at the beginning of the relevant month.

(5) The adjusted transfer value from note (4) should be increased by adding the GMP value obtained under note (1), and reduced by the cost of securing the widower's GMP, which is obtained by multiplying the appropriate widower's GMP factor by the amount of the widower's GMP (one-half of the personal GMP for service after 5 April 1988).

(6) The service credit should then be calculated by dividing the adjusted transfer value by the value of 1/45th pension per year of service from the above factors.

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INCOMING TRANSFERS FROM NON-CLUB SCHEMES
TO THE POLICE PENSION SCHEME

MALES

Age last birthday at relevant date	Member's pension of fl p.a.	Widow's pension of fl p.a.		Deduction for GMP of fl p.a.
		Married	Unmarried	
20 and under	13.60	4.90	4.90	- 2.07
21	13.60	5.05	5.05	- 2.11
22	13.60	5.20	5.20	- 2.15
23	13.55	5.30	5.30	- 2.19
24	13.55	5.45	5.45	- 2.22
25	13.55	5.60	5.60	- 2.26
26	13.55	5.70	5.70	- 2.30
27	13.55	5.85	5.85	- 2.34
28	13.75	5.95	5.95	- 2.38
29	14.00	6.05	6.05	- 2.42
30	14.25	6.15	6.15	- 2.47
31	14.50	6.20	6.20	- 2.52
32	14.75	6.30	6.30	- 2.57
33	15.00	6.35	6.35	- 2.62
34	15.30	6.45	6.45	- 2.66
35	15.55	6.50	6.50	- 2.70
36	15.55	6.50	6.50	- 2.74
37	15.50	6.45	6.45	- 2.79
38	15.50	6.40	6.40	- 2.84
39	15.50	6.35	6.35	- 2.89
40	15.50	6.30	6.05	- 2.94
41	15.45	6.30	5.75	- 2.99
42	15.45	6.30	5.40	- 3.04
43	15.45	6.25	5.05	- 3.09
44	15.40	6.25	4.75	- 3.14
45	15.35	6.25	4.45	- 3.19
46	15.35	6.20	4.15	- 3.24
47	15.30	6.15	3.85	- 3.29
48	15.30	6.10	3.60	- 3.34
49	15.25	6.00	3.35	- 3.39
50	15.20	5.90	3.10	- 3.44
51	15.15	5.80	2.85	- 3.50
52	15.15	5.65	2.65	- 3.56
53	15.10	5.50	2.45	- 3.62
54	15.05	5.30	2.25	- 3.68

Notes:

(1) When calculating the adjustment for GMP the factor given should be applied to the sum of the GMP amount in respect of service up to 5 April 1988 and one half of the GMP amount in respect of service after that date.

(2) The transfer value received from the non-club scheme should first be adjusted by the separate factor applied according to the yield on index-linked gilts at the beginning of the relevant month.

(3) The service credit should then be calculated by adding the value of GMP received to the adjusted transfer value and dividing by the value of 1/45th pension plus 1/90th widow's pension per year of service from the above factors.

INCOMING TRANSFERS FROM NON-CLUB SCHEMES
TO THE POLICE PENSION SCHEME

FEMALES

Age last birthday at relevant date	Member's pension of £1 p.a.	Widower's guaranteed minimum pension of £1 p.a.		Deduction for GMP of £1 p.a.
		Married	Unmarried	
20 and under	15.90	.55	.55	- 2.80
21	15.95	.56	.56	- 2.85
22	16.00	.57	.57	- 2.90
23	16.05	.58	.58	- 2.95
24	16.05	.59	.59	- 3.01
25	16.10	.60	.60	- 3.07
26	16.15	.61	.61	- 3.13
27	16.15	.62	.62	- 3.19
28	16.45	.63	.63	- 3.25
29	16.75	.64	.64	- 3.31
30	17.05	.64	.64	- 3.37
31	17.35	.65	.65	- 3.43
32	17.65	.66	.66	- 3.49
33	17.95	.67	.67	- 3.56
34	18.25	.68	.68	- 3.63
35	18.55	.68	.68	- 3.70
36	18.55	.69	.69	- 3.77
37	18.55	.70	.70	- 3.84
38	18.50	.71	.71	- 3.91
39	18.50	.72	.72	- 3.98
40	18.45	.73	.70	- 4.05
41	18.45	.74	.68	- 4.12
42	18.40	.76	.66	- 4.19
43	18.40	.77	.64	- 4.26
44	18.35	.79	.62	- 4.34
45	18.25	.80	.60	- 4.42
46	18.20	.81	.57	- 4.50
47	18.10	.82	.54	- 4.58
48	18.05	.83	.51	- 4.66
49	18.00	.84	.48	- 4.74
50	17.90	.85	.45	- 4.83
51	17.85	.86	.41	- 4.92
52	17.75	.86	.37	- 5.01
53	17.65	.87	.33	- 5.11
54	17.55	.87	.29	- 5.21

(1) The transfer value received should first be adjusted by the separate factor applied according to the yield on index-linked gilts at the beginning of the relevant month.

(2) The adjusted transfer value from note (1) should then be increased by adding the amount obtained by multiplying the factor in the last column by the sum of the GMP in respect of service up to 5 April 1988 and one-half of the GMP amount in respect of service after that date.

(3) The transfer value should then be reduced by the cost of securing the widower's GMP, which is obtained by multiplying the appropriate widower's GMP factor from the table by the amount of the widower's GMP (one-half of the personal GMP for service after 5 April 1988).

(4) The service credit should then be calculated by dividing the adjusted transfer value by the value of 1/45th member's pension per year of service from the above factors.

ADJUSTMENT FOR MARKET CONDITIONS

Adjustment to be made to total transfer value calculated to allow for current yield on the FT-Actuaries index of index-linked stocks for redemption periods over 5 years with 5% inflation assumption.

Yield on Index-Linked Stocks at Relevant Date

Age last birthday at transfer	2%	3%	4%	5%
16	1.27	1.00	0.82	0.69
17	1.27	1.00	0.82	0.69
18	1.27	1.00	0.82	0.69
19	1.27	1.00	0.82	0.69
20	1.27	1.00	0.82	0.69
21	1.27	1.00	0.82	0.69
22	1.27	1.00	0.82	0.69
23	1.27	1.00	0.82	0.69
24	1.27	1.00	0.82	0.69
25	1.27	1.00	0.82	0.69
26	1.26	1.00	0.82	0.70
27	1.26	1.00	0.82	0.70
28	1.26	1.00	0.82	0.70
29	1.25	1.00	0.83	0.71
30	1.25	1.00	0.83	0.71
31	1.25	1.00	0.83	0.71
32	1.24	1.00	0.83	0.72
33	1.24	1.00	0.83	0.72
34	1.23	1.00	0.84	0.73
35	1.23	1.00	0.84	0.73
36	1.22	1.00	0.84	0.74
37	1.22	1.00	0.84	0.74
38	1.21	1.00	0.85	0.75
39	1.21	1.00	0.85	0.76
40	1.20	1.00	0.85	0.76
41	1.19	1.00	0.86	0.77
42	1.19	1.00	0.86	0.77
43	1.18	1.00	0.87	0.78
44	1.18	1.00	0.87	0.78
45	1.17	1.00	0.87	0.79
46	1.16	1.00	0.88	0.79
47	1.16	1.00	0.88	0.80
48	1.15	1.00	0.89	0.81
49	1.15	1.00	0.89	0.81
50	1.14	1.00	0.89	0.82
51	1.13	1.00	0.90	0.82
52	1.13	1.00	0.90	0.83
53	1.12	1.00	0.91	0.83
54	1.12	1.00	0.91	0.84
55	1.11	1.00	0.91	0.85
56	1.10	1.00	0.92	0.85
57	1.10	1.00	0.92	0.86
58	1.09	1.00	0.93	0.86
59	1.09	1.00	0.93	0.87
60	1.08	1.00	0.93	0.87
61	1.08	1.00	0.93	0.87
62	1.08	1.00	0.93	0.87
63	1.08	1.00	0.93	0.87
64	1.08	1.00	0.93	0.87

**EXAMPLE OF A CASH EQUIVALENT TRANSFER VALUE PAYABLE BY THE POLICE
SCHEME TO A NON CLUB SCHEME**

OFFICER'S NAME: ..Mrs A.N.OTHER.....

1. GENERAL INFORMATION

- (i) Date of application ..30.April.1990....
- (ii) Relevant date? ..30.April.1990....
- (iii) Marital status? ..Female: Married..
- (iv) Date of birth? ..22.March.1955....
- (v) Age last birthday at the relevant date? ..35.....
- (vi) Pensions increase not applicable in this case.
- (vii) a. GMP in respect of service before 6 April 1988 as at the relevant date?
= £7.69pw x 52 ..£399.88.p.a.=(a).
- b. GMP in respect of service on or after 6 April 1988 as at the relevant date?
= £3.00pw x 52 ..£156.00.p.a.=(b).
- c. GMP to be used in the calculation =
(a)+(1/2x(b)) = £399.88+£78.00 = £477.88.....
- d. Widowers GMP in respect of service on or after 6 April 1988 as the relevant date. ..£78.p.a.....
- (viii) a. Yield on index-linked stocks? ..4.13%.....
- b. AMC figure to be used in the calculation
= (0.84x0.87)+(0.73x0.13) = ..0.8257.....

2. ACCRUED BENEFITS

Pension at exit	=	£1250.00
Widows pension at exit	=	Not applicable
Widowers GMP at relevant date	=	£78.00
NI modification	=	£0.00

3. CALCULATION OF TRANSFER VALUE

	Benefits	factor		
Gross Personal pension	= £1,250.00	x 6.91	= £8,637.50	
Widow's pension	= £0.00	x	= £0.00	+
			= £8,637.50	-
Less National Insurance Modification	= £	x	= £0.00	
			= £8,637.50	= A
Add pensions increase (if applicable)				+
= PI factor or % x A	=	x £	= £	
			= £8,637.50	
Add widower's GMP x factor	= £78.00	x 0.68	= £ 53.04	+
			= £8,690.54	-
Less adjustment for PI on GMP payable by DSS	= £477.88	x 3.70	= £1,768.16	
			= £6,922.38	= B
Adjustment for Market Conditions	= 0.8257	x B	= £5,715.81	

Hence, transfer value payable = £5,715.81

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POLICE PENSION SCHEME

EXAMPLE OF A SERVICE CREDIT FOR A TRANSFER VALUE RECEIVED
FROM A NON-CLUB SCHEME

OFFICER'S NAMEMrs.A.N.Other.....

DATE OF JOINING ...30.April.1990.....

DATE OF BIRTH22.March 1960.....

A. Information required for the calculation

1. Relevant date? 30 April 1990
2. Age at relevant date? 30
3. Pay at relevant date? £12,000 p.a.
4. Marital status? Female/Married
5. Previous scheme is contracted out and so a GMP is included in the transfer value.
 - a. GMP in respect of service before 6 April 1988 at relevant date? £300 p.a.
 - b. GMP in respect of service on and after 6 April 1988 at relevant date? £80 p.a.
 - c. GMP to be used in the calculation of "Deduction for GMP" = (a) + $\frac{1}{2}$ (b) £340 p.a.
 - d. Widower's GMP for transfer calculation' = $\frac{1}{2}$ x (b) £40 p.a.
6. Amount of Limited Revaluation Premium to be added to the transfer value, if appropriate? £0
7.
 - a. Transfer value (capital sum)? £8,800
 - b. Figure to be used in calculation = a. + any LRP, if appropriate. £8,800
8.
 - a. Yield on index-linked stocks? 4.13%
 - b. AMC figure to be used in the calculation = (0.83 x 0.87) + (0.71 x 0.13) 0.8144

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B. Minimum Test

- (i) Annual Amount of GMP (5a + 5b) = (300+80) = £380 p.a.
- (ii) Relevant multiple for age at relevant date = 9.00
- (iii) Minimum acceptable transfer value
= (i) x (ii) = 380 x 9 = £3,420
- (iv) Amount of Transfer Value (7b) offered = £8,800

As (iv) exceeds (iii), transfer value may be accepted. (In any other case the transfer value must be refused, but if the sending scheme is able to secure the GMP liability by some other means, the Police Scheme can accept the balance of the transfer value.)

C. Amount (X) to be taken into account in calculation of reckonable service credit.

Transfer value (Capital sum - use figure from part 7) ÷ AMC figure = A that is
£8,800 ÷ 0.8144 = £10,805.50 = A

X = A + (GMP x "Deduction" factor) - (Widower's GMP x factor), that is

$$X = £10,805.50 + (340 \times 3.37) - (40 \times 0.64) = £11,925.70$$

D. Calculation of sum required (Y) to purchase one year's reckonable service, exclusive of widower's pension (GMP only) is

$$Y = \left(\frac{1}{45}\right) \times \text{Member's pension factor} \times \text{pay} \\ = \left(\frac{1}{45}\right) \times 17.05 \times £12,000 = £4546.67$$

E. Reckonable Service Credit

$$\frac{X}{Y} = \frac{11,925.70}{4,546.67} = 2.6230 \text{ years (to 4 decimal places)}$$

= 2 years 227 days (Personal benefits only)