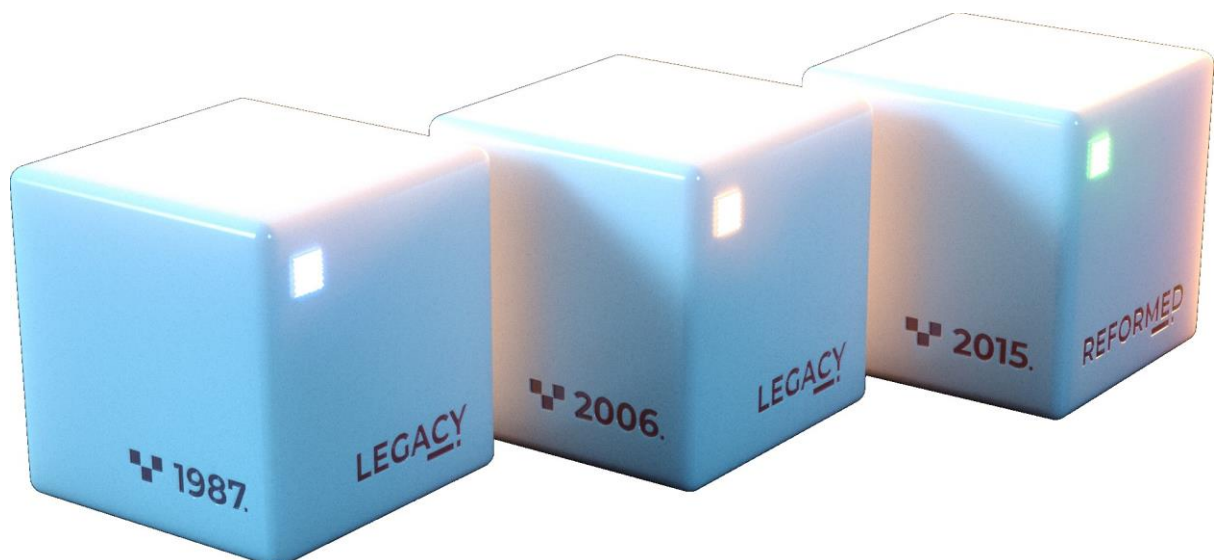




NPCC Police Pensions Member remedy factsheet

Contribution adjustments



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Introduction

When a member is rolled back to their legacy scheme for their membership during the remedy period (1 April 2015 to 31 March 2022) this may trigger a contribution adjustment due to the differing contribution rates across the Police Pension Schemes (PPS).

Every member that is affected by remedy will receive a Remediable Service Statement (RSS) that will set out their options and any contribution adjustment.

This document is intended for members to explain when a contribution adjustment will occur and how it will be dealt with. It also sets out some points to consider about the timing of when the adjustment is corrected.

Contributions

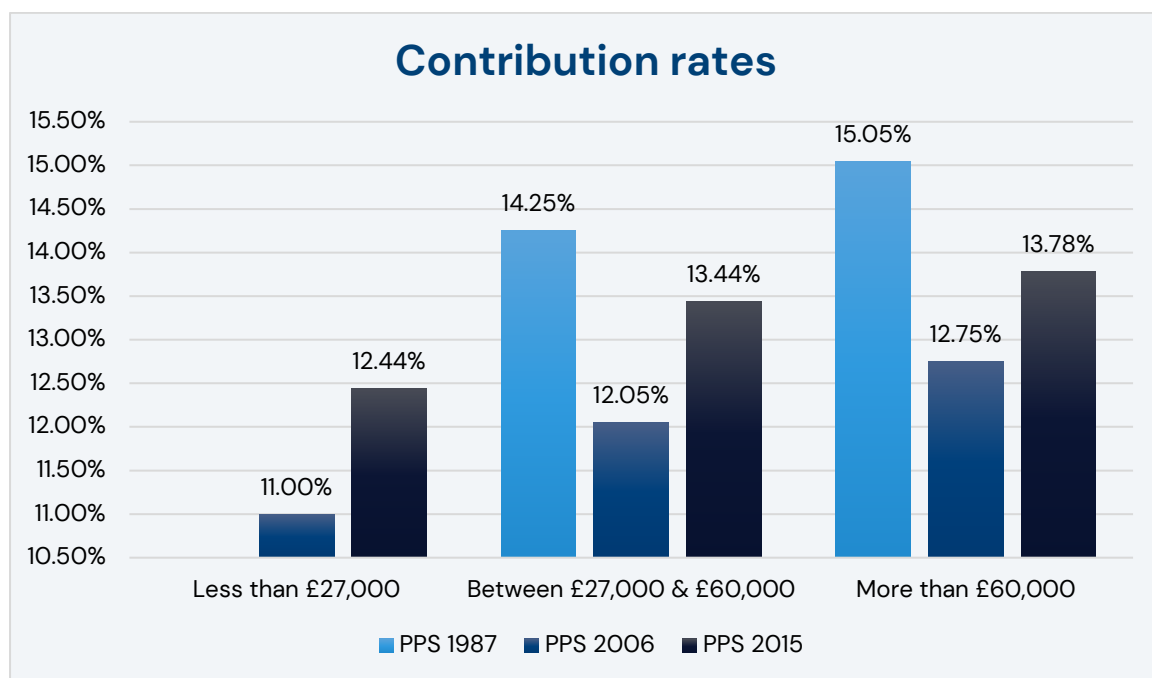
Under the existing legislation, there are different rates of member contributions between the three Police Pension Schemes¹.

The contribution rates and salary bandings remained the same during the remedy period 1 April 2015 to 31 March 2022.

The table below shows the contribution percentage that applies for each salary banding for each scheme.

This highlights that: –

- The contribution rate of the PPS 1987 is greater than the contribution rate of the PPS 2015.
- The contribution rate of the PPS 2006 is lower than the contribution rate of the PPS 2015.



When a member is rolled back to their respective legacy scheme for the remedy period, the amount of contributions they should have paid must be adjusted as set out in the [legislation](#).

For members [returning to the PPS 1987 scheme](#), they will have additional contributions that they will have to pay, whereas members [returning to the PPS 2006 scheme](#) will receive a compensatable refund of the additional contributions that they have paid.

¹ PPS 1987 – Regulation G7 – [Pension contributions payable by regular policeman](#)
 PPS 2006 – Regulation 7 – [Pension contributions payable by regular police officers](#),
 PPS 2015 – Regulation 170 – [Rate of member contributions](#)

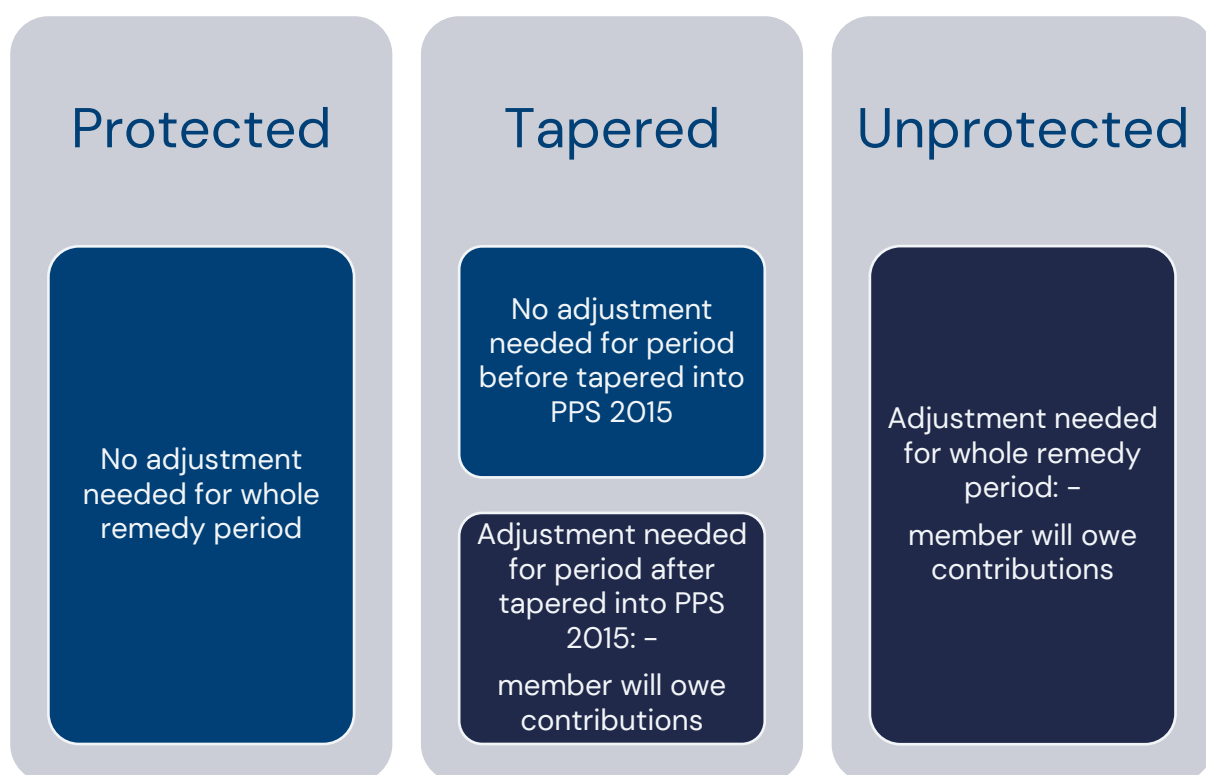
Returning to the PPS 1987

A person who was previously a PPS 1987 member and was moved into PPS 2015 during the remedy period will be automatically rolled back to the PPS 1987.

However, during the remedy period they will have paid less contributions under the PPS 2015 than they would have done if they had stayed in the PPS 1987.

The [regulations](#) direct that the person must pay pension contributions equal to the difference to the scheme.

The table below summarises the position at rollback for the PPS 1987 and whether any adjustment is required, taking into account the protection status of the member during the remedy period.



Timing of adjustment

The remediable service regulations set out that the net liability for the contributions must be paid in full, to the scheme manager.

The adjustment can be made at different times and your personal circumstances, such as marital status and the age you retire at, and whether you intend to keep legacy scheme benefits when you retire, may depend on when you choose to pay the adjustment.

NPCC – NPCC – Member Remedy Factsheet – Contributions adjustments

When the payment is made, it must be paid in full and from the same source, this can be either annually after receipt of the RSS or deducted from pension benefits. There is no facility for the contribution adjustment to be paid by periodical payments as this option is only available for the contributions relating to the re-instatement of Opted Out Service.

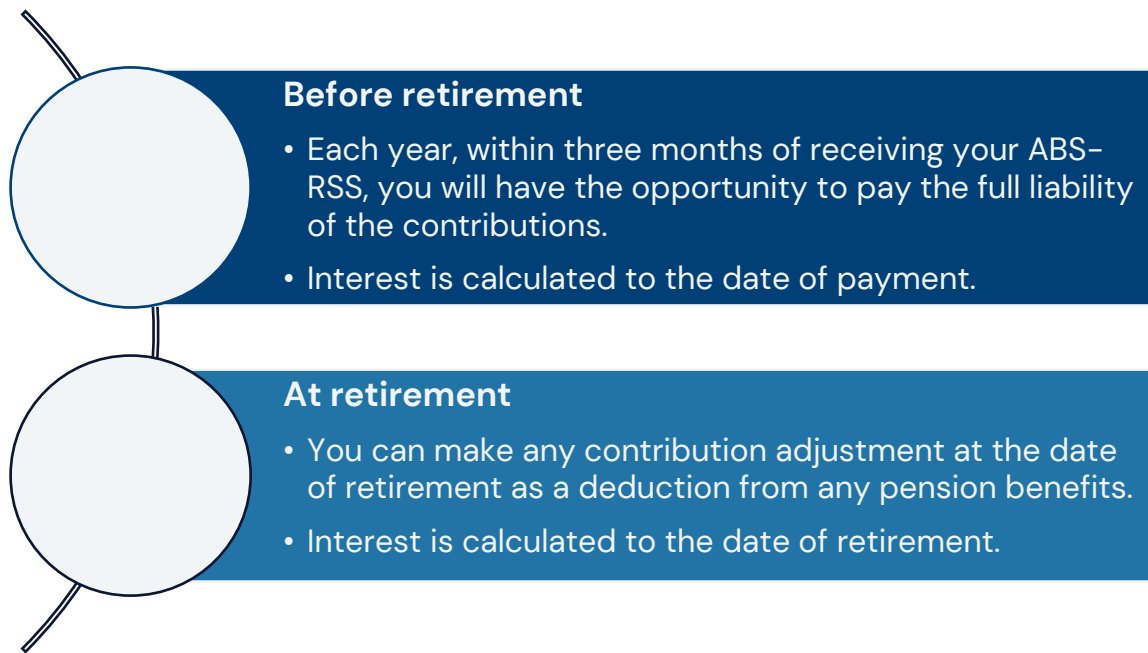
The table below illustrates the differences depending on when you choose to make the contribution adjustment and your choice of benefits for remedy.

Protection status	Adjustment corrected before retirement	If you choose to take PPS 1987 benefits at retirement	If you choose to take PPS 2015 benefits at retirement
Protected	N/A	N/A	Compensation owed to the member to be paid for whole remedy period
Tapered	Yes	N/A	Compensation owed to the member to be paid for the whole remedy period
	No	Contributions owed from the member to be paid for period after taper into PPS 2015	Compensation owed to the member to be paid for the period before taper into the PPS 2015
Unprotected	Yes	N/A	Compensation owed to the member to be paid for the whole remedy period
	No	Contributions owed from the member to be paid for whole remedy period	N/A

Active and deferred members – your choice

Your Annual Benefit Statement (ABS) will be combined with the RSS and this new document, the ABS-RSS, will set out both the legacy scheme and the reformed scheme benefits that you are entitled to for the remedy period along with details of any contribution adjustment.

You can choose to settle your contribution adjustment before or at retirement: –



It will be important for you to make sure that you have fully assessed what is the right choice for you as the legacy scheme may not be the best option for you.

If you make the contribution adjustment before you retire and then you choose reformed scheme benefits at your retirement, your contributions will need to be adjusted again.

Pensioner and deceased members as at 30 September 2023

You will be sent an RSS by 31 March 2025 which will set out both the legacy scheme and the reformed scheme benefits that you are entitled to for the remedy period along with details about how these options will affect your pension that is already in payment and will also include information of any contribution adjustment.

You will have 12 months from the date of the RSS to make your choice of remedy benefits. Any contribution adjustment due will be deducted from your pension benefits.

Application of tax relief

When you make pension contributions into a UK pension scheme you receive tax relief on those contributions. This can reduce the amount of tax you pay on your taxable income. The tax relief is given based on the rate of income tax that you pay. For remedy, tax relief is given in two ways on contribution adjustments that you make depending on when you pay the contributions.

Active members

If you pay contributions as an active member, before your retirement, you will be given the tax relief either through PAYE or Self-Assessment. PAYE only applies if the contribution payment is deducted from your salary.

If you are unable to have the full payment deducted from your salary and you choose to make the contribution adjustment from a private source, you will need to self-assess to claim back any tax relief.

For payments via PAYE or Self-Assessment, the tax relief is applied at the time you make the contribution adjustment payment.

If you believe you would have been entitled to a higher rate of tax relief if you had made the contribution during the remedy period, for example you were a higher rate taxpayer (40%) and now you are a 20% taxpayer, you may be able to claim compensation.

Members who are not active members

If you are: –

- A deferred member, or,
- An active or deferred member who is retiring with benefits coming into payment immediately, or,
- An existing pensioner member, or,
- A beneficiary of a deceased member

When you pay your contribution adjustment it will be automatically adjusted to apply tax relief, this will be calculated based on your taxable earnings during the remedy period.

Application of interest

The government have determined that where a person is required to pay an amount to the scheme, interest must be applied as compound interest.

Interest will apply at the NS&I Direct Saver rate² from when the contributions were first due until such time as the contribution adjustment is paid.

If the contribution adjustment is settled before retirement

If when you retire you choose legacy scheme benefits. There is no further adjustment or interest payable.

If when you retire you choose reformed scheme benefits, you will be owed a compensation payment equal to the difference in the contributions for the whole of the remedy period.

The government have determined that where a scheme manager is required to pay an amount to a person, interest must be applied at two rates: –

- Up to 28 days after the initial RSS was issued – Interest is applied at a rate of 8% as simple interest.
- From the 29th day from when the initial RSS was issued – Interest is applied at the NS&I Direct Saver rate³, applied as compound interest.

The interest rates were determined by the Government’s three objectives: –

- Firstly, to reflect the position members would have otherwise been in without the discrimination having occurred.
- Secondly, to recognise the circumstances of the award.
- Thirdly, to not unduly burden the taxpayer.

Further information on the application of interest can be found under the ‘Interest Payments’ FAQs on the national police pensions website –

<https://policepensioninfo.co.uk/faqs/>

² NS&I Direct Saver historical interest rates – <https://www.nsandi.com/historical-interest-rates>

³ NS&I Direct Saver historical interest rates – <https://www.nsandi.com/historical-interest-rates>

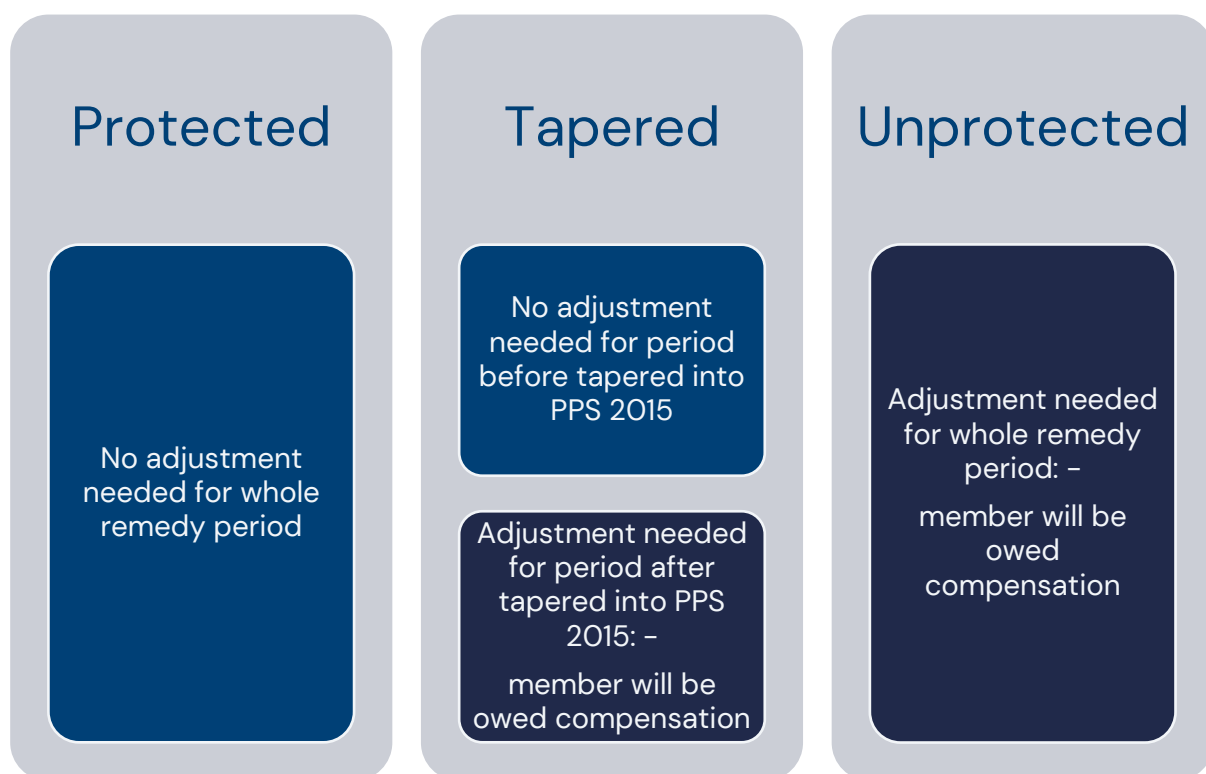
Returning to the PPS 2006

A person who was previously a PPS 2006 member and was moved into PPS 2015 during the remedy period will be automatically rolled back to the PPS 2006.

However, during the remedy period they will have paid **more** contributions under the PPS 2015 than they would have done if they had stayed in the PPS 2006.

The [regulations](#) direct that the scheme manager must pay an amount of compensation equal to the difference to the person.

The table below summarises the position at rollback for the PPS 2006 and whether any adjustment is required, taking into account the protection status of the member during the remedy period.



Timing of adjustment

The remediable service regulations set out that the net liability for payment of amounts owed to a person must be paid from the scheme manager.

The adjustment can be made at different times and your personal circumstances, such as the age you retire at, and whether you intend to keep legacy scheme benefits when you retire, may depend on when you choose to receive the compensation payment in respect of your contribution adjustment.

The payment can be made to you at particular points, this can be either annually after receipt of the RSS, or if you are likely to choose reformed benefits at retirement, it can be held on account and any outstanding amounts due when you retire can be deducted from your pension benefits.

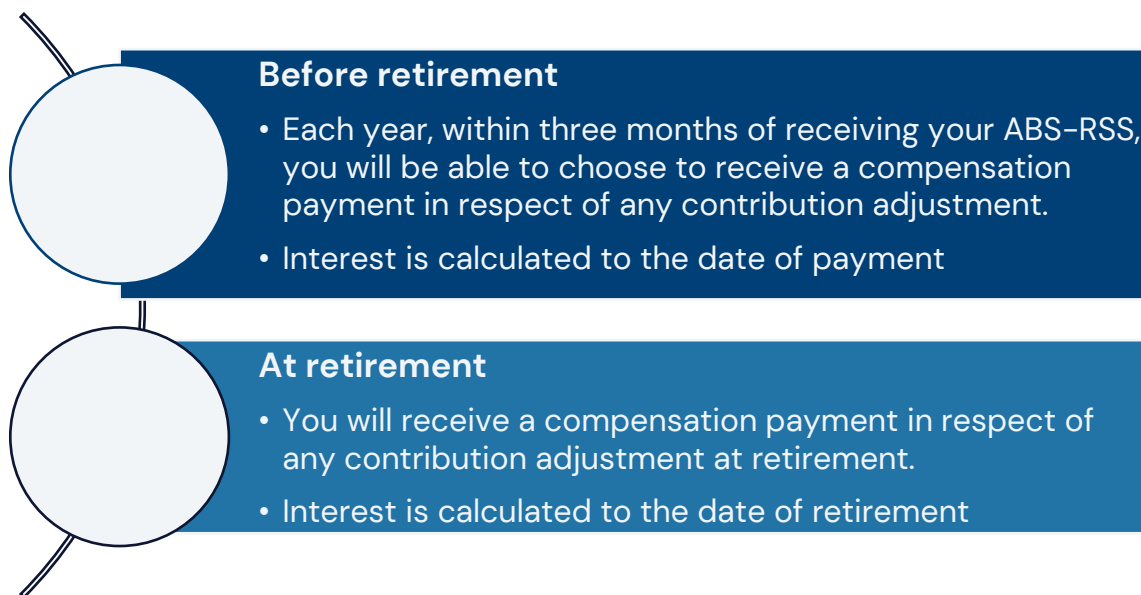
The table below illustrates the differences depending on when you choose to make the contribution adjustment and your choice of benefits for remedy.

Protection status	Adjustment corrected before retirement	If you choose to take PPS 2006 benefits at retirement	If you choose to take PPS 2015 benefits at retirement
Protected	N/A	N/A	Contributions owed from the member to be paid for whole remedy period
Tapered	Yes	N/A	Contributions owed from the member to be paid for whole remedy period
	No	Compensation owed to the member to be paid for the period after taper into the PPS 2015	Contributions owed from the member to be paid for the period before taper into the PPS 2015
Unprotected	Yes	N/A	Contributions owed from the member to be paid for whole remedy period
	No	Compensation owed to the member to be paid for the whole remedy period	N/A

Active and deferred members

Your Annual Benefit Statement (ABS) will be combined with the RSS and this new document, the ABS-RSS, will set out both the legacy scheme and the reformed scheme benefits that you are entitled to for the remedy period along with details of any contribution adjustment.

You can choose to settle your contribution adjustment before or at retirement: –



It will be important for you to make sure that you have fully assessed what is the right choice for you as the legacy scheme may not be the best option for you.

If you receive the compensation payment before you retire and then you choose reformed scheme benefits at your retirement, your contributions will need to be adjusted again and you will owe contributions to the scheme manager, the outstanding amount will be deducted from your pension benefits.

Different interest rates will apply differently depending on when the contribution adjustment is made and your choice of remedy benefits. The section on [application of interest](#) has more information about this.

If you are unclear what option you might choose at retirement, and you think there is a chance that you might choose reformed scheme benefits, when you receive your ABS-RSS, you may therefore wish to consider providing an indicative election of reformed scheme benefits.

- An indicative election will not be binding, and you will be able to change your mind at retirement when you have your final set of options provided to you.
- An indicative election means that you will not receive the compensation payment in respect of the contribution adjustment before you retire.
- An indicative election means that if you elect for reformed scheme benefits at retirement, your contributions will not be adjusted now and again at retirement.
- An indicative election means that the contribution adjustment will be dealt with at your retirement when your choice is known.

Pensioner and deceased members as at 30 September 2023

You will be sent an RSS by 31 March 2025 which will set out both the legacy scheme and the reformed scheme benefits that you are entitled to for the remedy period, along with details about how these options will affect your pension that is already in payment, and will also include information of any contribution adjustment.

You will have 12 months from the date of the RSS to make your choice of remedy benefits. Any contribution adjustment due will be paid with your pension benefits.

Application of tax relief

When you make pension contributions into a UK pension scheme you receive tax relief. This can reduce the amount of tax you pay on your taxable income. The tax relief is given based on the rate of income tax that you pay.

If you are receiving a compensatable refund for your contributions, you will have been given too much tax relief and this will need to be adjusted from your payment.

This will be done automatically for you and your contribution adjustment statement will show how much has been adjusted for tax relief.

Application of interest

The government have determined that where a scheme manager is required to pay an amount to a person, interest must be applied at two rates: –

- Up to 28 days after an initial RSS has been issued – Interest is applied at a rate of 8% as simple interest.
- From the 29th day from when an initial RSS has been issued – Interest is applied at the NS&I Direct Saver rate⁴, applied as compound interest.

If the contribution adjustment is settled before retirement

If when you retire you choose legacy scheme benefits. There is no further adjustment or interest payable.

If when you retire you choose reformed scheme benefits, you will owe contributions for the whole of the remedy period.

The government have determined that where a person is required to pay an amount to the scheme, interest must be applied as compound interest.

⁴ NS&I Direct Saver historical interest rates – <https://www.nsandi.com/historical-interest-rates>

Interest will apply at the NS&I Direct Saver rate⁵ from when the contributions were first due until retirement.

The interest rates were determined by the Government's three objectives: –

- Firstly, to reflect the position members would have otherwise been in without the discrimination having occurred.
- Secondly, to recognise the circumstances of the award.
- Thirdly, to not unduly burden the taxpayer.

Further information on the application of interest can be found under the 'Interest Payments' FAQs on the national police pensions website – <https://policepensioninfo.co.uk/faqs/>

PPS 2015 Added Pension compensatable refunds

Where a person was in the PPS 2015 scheme during the remedy period and paid additional contributions to purchase added pension benefits in the PPS 2015, these must be paid back to a person.

This is because there is no equivalent added pension entitlement in the legacy scheme for these amounts to be converted.

These payments must be paid back as soon as reasonably practicable after receipt of your RSS. If you have not already been contacted by your force about this payment, then information will be provided with your RSS.

Immediate Choice and retiring members.

Where a contributions adjustment has not previously been settled, all members and beneficiaries of deceased members will have any final contributions adjustment made either: –

- At the point when benefits become payable, or
- Where benefits are already in payment, at the point when you choose your remedy option.

⁵ NS&I Direct Saver historical interest rates – <https://www.nsandi.com/historical-interest-rates>

Legislation

The legislation that applies to adjusting contributions for the remediable service is: –

[The Public Service Pensions and Judicial Offices Act \(PSPJOA 2022\)](#)

- Pension contributions – active and deferred members– Sections [16](#) and [17](#)
- Remediable service statements – [Section 29](#)

[The Public Service Pensions \(Exercise of Powers, Compensation and Information\) Directions 2022 \(The Directions\)](#)

- Interest and process – Chapter 4, Directions 13 to 19
- Remediable Service statements – Direction 20, paragraph 1b

[The Police Pensions \(Remediable Service\) Regulations 2023 \(Police Scheme Remediable Regulations\)](#)

- Remediable service statement – [Part 2](#)
- Payment of amounts owed to the scheme manager – [Regulation 66](#)
- Payments of amounts owed to a person – [Regulation 67](#)

Disclaimer

This factsheet has been prepared by NPCC using the regulations as they stand in January 2024, however they should be used only as an informal view of the interpretation of the Police Pension Scheme as only a court can provide a definitive interpretation of legislation.

This factsheet should not be interpreted as legal advice.