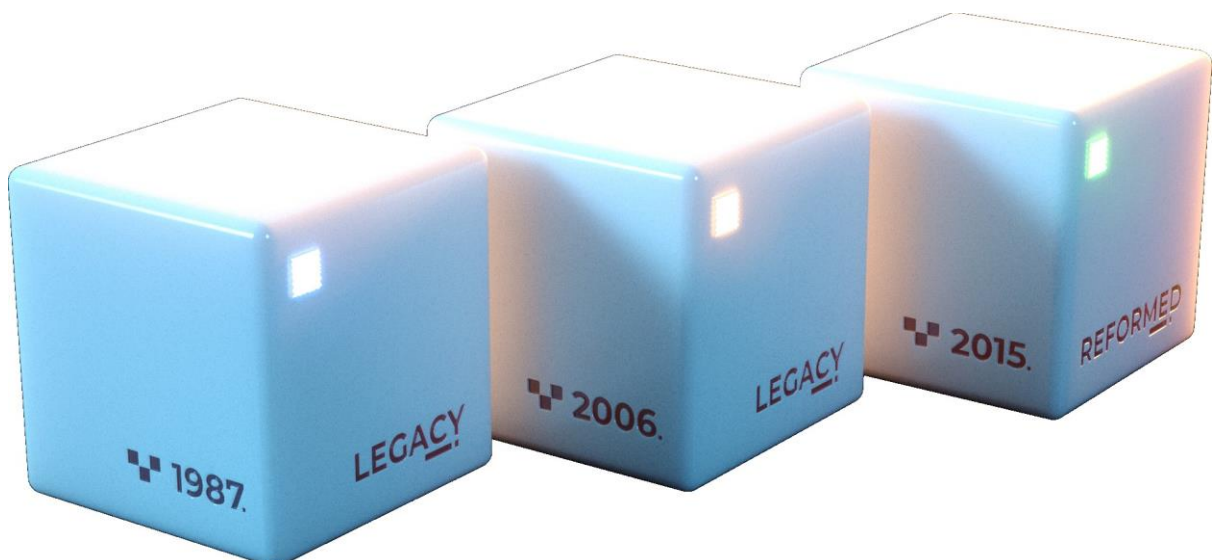


ABS–RSS information:

How your benefits in the PPS 2015 build up



Contents

The Police Pension Scheme 2015	2
CARE pay	2
CARE pension build up	3
Normal pension age.....	4
Transitional membership.....	4

The Police Pension Scheme 2015

Pensions typically fall into two categories, either a Defined Benefit (DB) scheme or a Defined Contribution (DC) scheme.

The Police Pension Scheme 2015 (PPS 2015) is a DB Scheme which means that there is a formula to work out your pension and provides you with a guaranteed income when you retire.

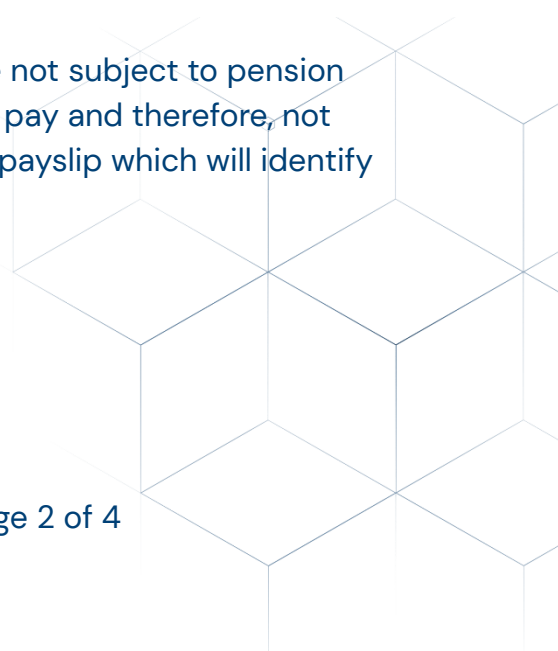
There are different types of DB schemes, such as ‘final salary’ or ‘Career Average Revalued Earnings’ (CARE).

The PPS 2015 is a CARE scheme, which means that the pension is built up year on year during the course of your career and is based on your CARE pay.

CARE pay

CARE pay is the actual pay that you receive in the scheme year on which you pay pension contributions. If you work part time, or have reduced earnings in the year, your CARE pay will be the actual pensionable pay that you have received.

Overtime and most allowances paid with your salary are not subject to pension contributions, this means that they are not pensionable pay and therefore, not included in your CARE pay. There will be details on your payslip which will identify which parts of your pay are pensionable or not.



CARE pension build up

During the scheme year, which runs from 1 April to 31 March, if you have membership of the PPS 2015 you will build up pension based on a fraction of your actual pensionable pay, and this is paid into your pension account.

For the PPS 2015 the fraction used is 1/55.3, this is also known as the accrual rate (the rate at which your pension builds up).

$$\frac{\text{CARE pay}}{55.3} = \text{CARE pension earned in year}$$

At the end of the scheme year, this amount is added to the total from previous years and revalued in April to keep it in line with the cost of living.

The revaluation rates used for the PPS 2015 is the Consumer Price Index (CPI) + 1.25%.

The CPI rate used in April is the annual rate in the previous September.

- i. *Previous year total + CARE pension earned in year = Total pension to be revalued*
- ii. *Total pension to be revalued × (CPI + 1.25%) = Value of CARE pension*

Pension account example

This example shows how the CARE pension has accrued over the period 1 April 2020 to 1 April 2024, this is based on a member joining as a Police Constable on 1 April 2020: –

Scheme year	Opening balance	Care pension earned in scheme year	Total of account at 31 March	Cost of living adjustment	Total value of annual CARE pension
2020-21	£0.00	£23,145 / 55.3 = £418.54	£418.54	0.50% + 1.25% = 1.75%	£425.85
2021-22	£425.85	£25,431 / 55.3 = £459.87	£885.75	3.10% + 1.25% = 4.35%	£924.25
2022-23	£924.25	£27,661 / 55.3 = £500.20	£1,424.45	10.10% + 1.25% = 11.35%	£1,586.13
2023-24	£1,586.13	£30,812 / 55.3 = £557.18	£2,143.31	6.70% + 1.25% = 7.95%	£2,313.17

Normal pension age

The normal pension age of the PPS 2015 for an active serving officer who retires is age 60, this is the age that you can retire and receive your pension with no reductions.

Your PPS 2015 pension can be paid from age 55, but as this is earlier than the normal pension age, it will be reduced to take account of the early payment. This is known as being actuarially reduced and the amount of the reductions is based on early retirement reduction factors which are set by the Government Actuary Department (GAD). The closer you are to the normal retirement age, the less the reduction is.

Transitional membership

If you have previous membership in either the Police Pension Scheme 1987 (PPS 1987) or the Police Pension Scheme 2006 (PPS 2006), then you will have transitioned to the PPS 2015. This is known as transitional membership and means that your pension will be calculated in two separate portions. Each portion is subject to the rules applicable to that scheme and means that when you retire, they can be paid separately at different times or together.

For information about how the PPS 1987 or PPS 2006 schemes are calculated please see [XXXXX](#).

Disclaimer

This factsheet has been prepared by NPCC using the regulations as they stand at July 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.