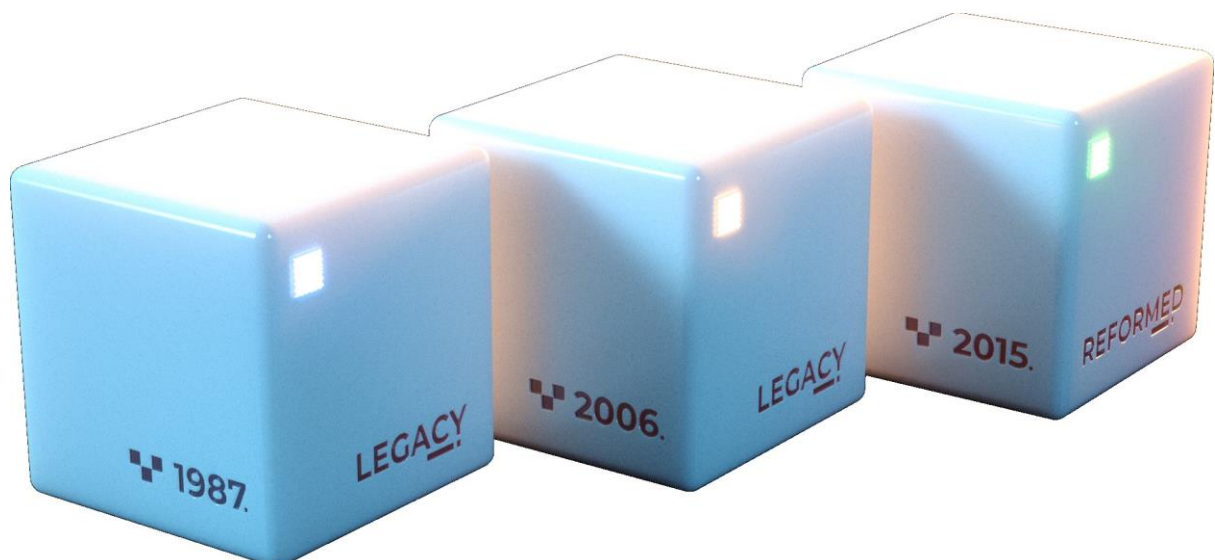




Member Remedy Factsheet

Illustrative examples of contribution adjustments for active members



NPCC – Member Remedy Factsheet – Illustrative examples contributions adjustments

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Background

1. From 1 October 2023, all remedy eligible members are rolled back to their legacy police pension scheme (PPS). For members that have some membership in the PPS 2015 scheme during the remedy period, there will need to be a contribution adjustment made to their membership to provide them with the benefits from their legacy scheme.
2. More information about the contribution adjustment can be found in the [contribution adjustment animation video](#) and the [Contribution Adjustment Member Remedy Factsheet](#).
3. The purpose of this document is to supplement the video and factsheet and to provide, at a high level, an illustrative example to aid decision making of how a contribution adjustment may look in practice for active members who will receive an ABS-RSS in August 2024. More information can be found in the member remedy factsheet about remediable service statements on the [member remedy documentation](#) webpage.

PPS 1987 legacy scheme

Key points

4. Where your legacy scheme is the PPS 1987, and during the period 1 April 2015 to 31 March 2022 you had membership of the PPS 2015, you will owe contributions after you have been rolled back into the legacy scheme.
5. Your contribution adjustment will be shown on your Remediable Service Statement (RSS). For active and deferred members this will be on your Annual Benefit Statement – Remediable Service Statement (ABS-RSS) that you receive by 31 August 2024.
6. The contribution adjustment can be settled either:
 - a. Within 12 weeks of receiving your ABS-RSS, or
 - b. Each year in August after receipt of your ABS-RSS up to your retirement, or
 - c. From your lump sum at retirement.
7. The policy on contribution adjustments has been set by HMT and Home Office in the [relevant legislation](#) and the scheme manager is unable to make different arrangements.

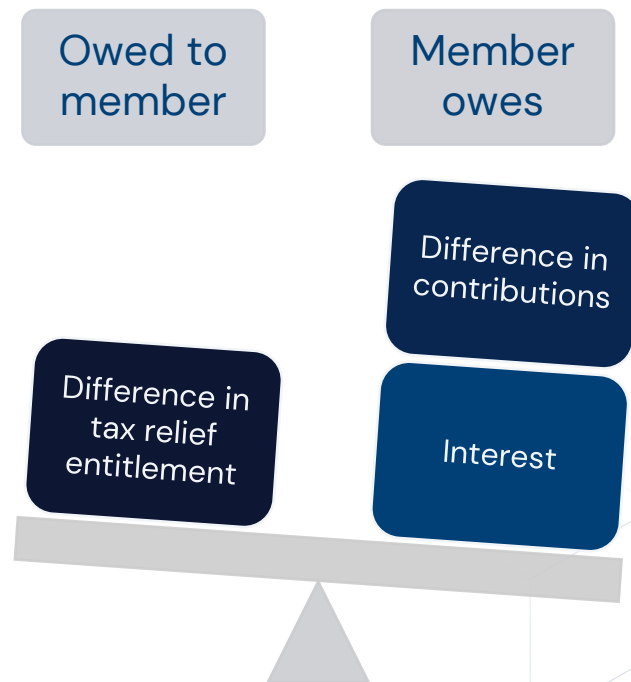
Tax relief

8. The gross contributions that you owe have been adjusted for tax relief you would have received if they had been paid at the correct time. This will have the effect of reducing the amount of contributions that you owe.

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Interest

9. Interest, based on the NS&I Direct Saver rate¹, will be added to the amount of contributions that you owe. This is a compound interest type and is calculated on contributions due for each year of the remedy period.
10. The interest calculation takes into account when the legacy scheme contributions first became due until either the end of the scheme year, or the date they are repaid or a calculation date.
11. Interest is applied on the whole amount owed in the period, but applied from the midpoint of that period.
 - a. For example: Where the scheme year is 1 April to 31 March, for the 2015/16 year, the mid-point is 1 October 2015. Interest on the amount for the 2015/16 year will accrue on the whole amount owed but be applied only between 1 October 2015 to 31 March 2016.
12. The interest for the first year is added to the contributions and the cumulative amount then has interest calculated for the second year. Interest continues to accrue on this basis up to when the contribution adjustment is settled, which for some members will be when they retire.
13. The adjustment to contributions for the PPS 1987 scheme can be shown as:



¹ NS&I Direct Saver historical interest rates – <https://www.nsandi.com/historical-interest-rates>

Illustrative examples

14. Please note:

- a. The figures in these tables are for illustrative purposes only and assume that the period of adjustment is for the whole seven-year remedy period.
- b. The figures shown have been averaged to provide representative figures for different ranks.
- c. To simplify the illustrations, the same marginal rate of tax has been used throughout the remedy period.
- d. For illustrative purposes, interest has been calculated up to 31 August 2024, but interest will continue to accrue until the contribution adjustment is settled.
- e. Your specific contribution adjustment will be unique to you, based on your income, personal tax position and the amount of membership you had in the PPS 2015 scheme within the remedy period.
- f. When you choose to settle your contribution adjustment will also be unique to you and your personal circumstances, such as when you plan to retire, the current amount that you owe and current amounts of interest.



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Constable, Sergeant, Inspector and Chief Inspector

Table 1: illustrative example of a contribution adjustment for a constable

Year	Pensionable pay	PPS 2015 contributions 13.44%	PPS 1987 contributions 14.25%	Difference (member owes)	Net of tax relief @20%	Interest on net amount
2015/16	£37,845	£5,086	£5,393	£307	£246	£1
2016/17	£38,444	£5,167	£5,478	£311	£249	£3
2017/18	£39,988	£5,240	£5,556	£316	£253	£5
2018/19	£39,721	£5,339	£5,660	£321	£257	£9
2019/20	£40,713	£5,472	£5,802	£330	£264	£12
2020/21	£41,130	£5,528	£5,861	£333	£266	£9
2021/22	£42,240	£5,677	£6,019	£342	£274	£4
Totals		£37,509	£39,769	£2,260	£1,809	£43

15. Table 1 shows that the contribution adjustment for a constable for the remedy period is £1,809 after tax relief has been applied. This amount would have £43 interest accrued as at 31 March 2022.
16. As everyone moved to the 2015 scheme with effect from 1 April 2022, the amount you owe in contributions does not increase after this time. However, the amount due will continue to have interest applied, as below:



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Table 2: illustrative example of how the contribution adjustment continues to accrue for a constable

Year	Interest on net amount
2022/23	£30
2023/24	£65
2024/25 (up to 31 August 2024)	£30
Total	£125

17. Table 2 shows that a further £125 interest has accrued between 1 April 2022 and 31 August 2024.

Table 3: illustrative example summarising information for ranks using 20% tax relief

Rank	Difference (member owes)	Net of tax relief @20%	Interest on net amount during remedy period	Interest on net amount after remedy period	Total amount due (to be paid by member)
Constable	£2,260	£1,809	£43	£125	£1,977
Sergeant	£2,368	£1,895	£44	£130	£2,069
Inspector	£3,138	£2,511	£59	£172	£2,742
Chief Inspector	£3,350	£2,680	£64	£184	£2,928

18. Table 3 shows the illustrative totals for other ranks and the interest that has accrued up to 31 August 2024.

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Superintendent and Chief Superintendent

Table 4: illustrative example of a contribution adjustment for a superintendent

Year	Pensionable pay	PPS 2015 contributions 13.78%	PPS 1987 contributions 15.05%	Difference (member owes)	Net of tax relief @40%	Interest on net amount
2015/16	£76,259	£10,508	£11,477	£969	£581	£3
2016/17	£77,469	£10,675	£11,659	£984	£590	£7
2017/18	£78,563	£10,826	£11,824	£998	£599	£12
2018/19	£80,038	£11,029	£12,046	£1,017	£610	£20
2019/20	£82,039	£11,305	£12,347	£1,042	£625	£27
2020/21	£82,881	£11,421	£12,474	£1,053	£632	£22
2021/22	£83,991	£11,574	£12,641	£1,067	£640	£10
Totals		£77,338	£84,468	£7,130	£4,278	£101

19. Table 4 shows that the contribution adjustment for a superintendent for the remedy period is £4,278 after tax relief has been applied. This amount would have £101 interest accrued as at 31 March 2022.

Table 5: illustrative example of how the contribution adjustment continues to accrue for a superintendent

Year	Interest on net amount
2022/23	£70
2023/24	£153
2024/25 (up to 31 August 2024)	£70
Total	£293

20. Table 5 shows that a further £293 interest has accrued between 1 April 2022 and 31 August 2024.

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Table 6: illustrative example summarising information for ranks using 40% tax relief

Rank	Difference (member owes)	Net of tax relief @40%	Interest on net amount during remedy period	Interest on net amount after remedy period	Total amount due (to be paid by member)
Superintendent	£7,130	£4,278	£101	£293	£4,678
Chief superintendent	£7,887	£4,732	£112	£324	£5,168

21. Table 6 shows the illustrative totals for other ranks and the interest that has accrued up to 31 August 2024



PPS 2006 legacy scheme

Key points

22. Where your legacy scheme is the PPS 2006, and during the period 1 April 2015 to 31 March 2022 you had membership of the PPS 2015, you will be owed contributions after you have been rolled back into the legacy scheme.
23. Your contribution adjustment will be shown on your Remediable Service Statement (RSS). For active and deferred members this will be on your Annual Benefit Statement – Remediable Service Statement (ABS-RSS) that you receive by 31 August 2024.
24. The contribution adjustment can be settled either:
 - a. Within 12 weeks of receiving your ABS-RSS, or
 - b. Annually after receipt of your ABS-RSS up to your retirement, or
 - c. Added to your lump sum at retirement.

Tax relief

25. The contributions that are owed to you will be adjusted to allow for tax relief you have already received when you paid them. Because contributions are made before any tax is applied, there is a need for us now to reduce the amount, which will have the effect of reducing the amount of owed to you.

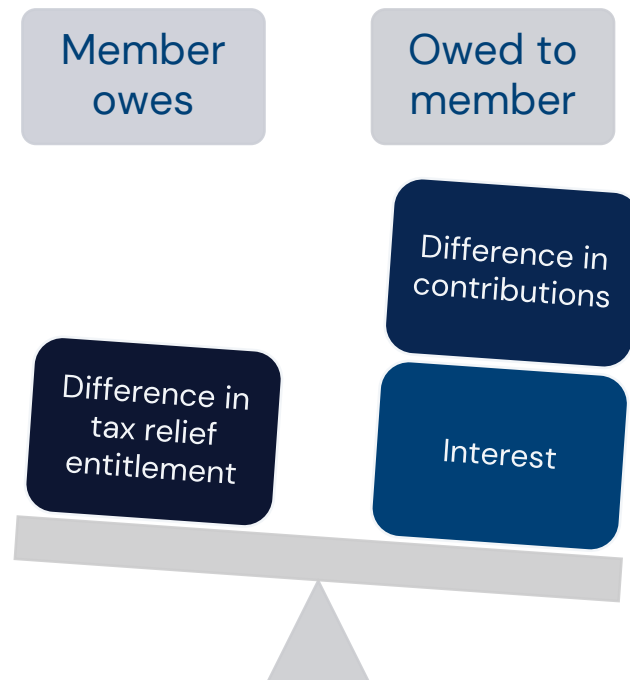
Interest

26. Interest, based on the judgment rate of 8%, will be added to the amount of contributions that are owed to you. This is a simple interest type and is calculated on contributions owed for each year of the remedy period.
27. The interest calculation takes into account when the legacy scheme contributions first became due and starts accruing from the 'mid-point' between that date and the end of the scheme year.
 - a. For example: Where the scheme year is 1 April to 31 March, for the 2015/16 year, the mid-point is 1 October 2015. Interest for the 2015/16 year will accrue between 1 October 2015 to 31 March 2016.
28. Interest at the 8% judgment rate is payable up to 28 days after the date of your first RSS.
29. Interest, based on the NS&I Direct Saver rate², will then be added to the amount of contributions that are owed to you. This is a compound interest type and is calculated on contributions owed from day 29 after the date of your first RSS, up to when the contribution adjustment is settled, which for some members will be when they retire.

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

NPCC – Member Remedy Factsheet – Illustrative examples contributions adjustments

30. The adjustment to contributions for the PPS 2006 scheme can be shown as:



Illustrative examples

31. Please note:

- a. The figures in these tables are for illustrative purposes only and assume that the period of adjustment is for the whole seven-year remedy period.
- b. The figures shown have been averaged to provide representative figures for different ranks.
- c. To simplify the illustrations, the same marginal rate of tax has been used throughout the remedy period.
- d. Your specific contribution adjustment will be unique to you, based on your income, personal tax position and the amount of membership you had in the PPS 2015 scheme within the remedy period.
- e. When you choose to settle your contribution adjustment will also be unique to you and your personal circumstances, such as when you plan to retire, how likely you are to choose reformed scheme benefits at retirement and the current amount that is owed to you.

NPCC – Member Remedy Factsheet – Illustrative examples contributions adjustments

Constable, Sergeant, Inspector and Chief Inspector

Table 7: illustrative example of a contribution adjustment for a constable

Year	Pensionable pay	PPS 2015 contributions 13.44%	PPS 2006 contributions 12.05%	Difference (owed to member)	Net of tax relief @20%	Interest on net amount
2015/16	£37,845	£5,086	£4,560	£526	£421	£300
2016/17	£38,444	£5,167	£4,633	£534	£427	£270
2017/18	£39,988	£5,240	£4,638	£542	£434	£240
2018/19	£39,721	£5,339	£4,786	£553	£442	£209
2019/20	£40,713	£5,472	£4,906	£566	£453	£178
2020/21	£41,130	£5,528	£4,956	£572	£458	£143
2021/22	£42,240	£5,677	£5,030	£587	£470	£110
Totals		£37,509	£33,629	£3,880	£3,105	£1,450

32. Table 7 shows that the contribution adjustment for a constable for the remedy period is £3,105 after the tax relief clawback has been deducted. This amount would have £1,450 interest accrued as at 31 August 2024.

Table 8: illustrative example summarising information for ranks using 20% tax relief

Rank	Difference (owed to member)	Net of tax relief @20%	Interest on net amount	Total amount due (to be paid to member)
Constable	£3,880	£3,105	£1,450	£4,555
Sergeant	£4,062	£3,250	£1,512	£4,762
Inspector	£5,385	£4,308	£1,511	£5,819
Chief Inspector	£5,747	£4,597	£1,610	£6,207

33. Table 8 shows the illustrative totals for other ranks and the interest that has accrued up to 31 August 2024.

NPCC – Member Remedy Factsheet – Illustrative examples contributions adjustments

Superintendent and Chief Superintendent

Table 9: illustrative example of a contribution adjustment for a superintendent

Year	Pensionable pay	PPS 2015 contributions 13.78%	PPS 2006 contributions 12.75%	Difference (owed to member)	Net of tax relief @40%	Interest on net amount
2015/16	£76,259	£10,508	£9,723	£785	£471	£336
2016/17	£77,469	£10,675	£9,877	£798	£479	£303
2017/18	£78,563	£10,826	£10,017	£809	£485	£268
2018/19	£80,038	£11,029	£10,205	£824	£494	£234
2019/20	£82,039	£11,305	£10,460	£845	£507	£199
2020/21	£82,881	£11,421	£10,567	£854	£512	£160
2021/22	£83,991	£11,574	£10,709	£865	£519	£121
Totals		£77,338	£71,558	£5,780	£3,467	£1,621

34. Table 9 shows that the contribution adjustment for a superintendent for the remedy period is £3,467 after tax relief has been applied. This amount would have £1,621 interest accrued as at 31 August 2024.

Table 10: illustrative example summarising information for ranks using 40% tax relief

Rank	Difference (owed to member)	Net of tax relief @40%	Interest on net amount	Total amount due (to be paid to member)
Superintendent	£5,780	£3,467	£1,621	£5,088
Chief superintendent	£6,397	£3,839	£1,796	£5,635

35. Table 10 shows the illustrative totals for other ranks and the interest that has accrued up to 31 August 2024.

Legislation

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

- A. [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](#)
- B. [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
- C. [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 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.

Version control

Date	Author	Publication	Reason for change
14/07/2024	Claire Neale	V1	N/A