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STATUTORY INSTRUMENTS

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**2015 No. 445**

**The Police Pensions Regulations 2015**

**PART 5**

Pension accounts

CHAPTER 1

Accrued pension

**Descriptions of accrued pension**

- 44.** For the purpose of these Regulations, the descriptions of accrued pension are—
- (a) accrued standard earned pension;
  - (b) accrued club transfer earned pension;
  - (c) accrued added (all beneficiaries) pension; and
  - (d) accrued added (self only) pension.

**Calculation of amount of accrued pension for purpose of deferment or retirement**

**45.—(1)** For the purpose of calculating an amount of retirement earned pension or retirement added pension or the provisional amount of a description of deferred pension, the amount of accrued pension is an amount calculated in accordance with this regulation.

(2) The amount of accrued club transfer earned pension is to be calculated separately in relation to each sending scheme.

(3) The amount of accrued standard earned pension is the total of the following amounts specified in the active member's account at the end of the last day of pensionable service—

- (a) the sum of the opening balance of standard earned pension for the last active scheme year and the index adjustment for that opening balance;
- (b) the amount of standard earned pension for the last active scheme year;
- (c) the sum of the opening balance of transferred pension for the last active scheme year and the index adjustment for that opening balance; and
- (d) the amount of transferred pension for the last active scheme year.

(4) The amount of accrued club transfer earned pension is the total of the following amounts specified in the active member's account at the end of the last day of pensionable service—

- (a) the sum of the opening balance of club transfer earned pension for the last active scheme year and the index adjustment for that opening balance; and
- (b) the amount of club transfer earned pension for the last active scheme year.

(5) The amount of accrued added (self only) pension is the total of the following amounts specified in the active member's account at the end of the last day of pensionable service—

- (a) the sum of the opening balance of accrued added (self only) pension for the last active scheme year and the PIA index adjustment for that opening balance; and
  - (b) the amount of accrued added (self only) pension for the last active scheme year.
- (6) The amount of accrued added (all beneficiaries) pension is the total of the following amounts specified in the active member's account at the end of the last day of pensionable service—
- (a) the sum of the opening balance of accrued added (all beneficiaries) pension for the last active scheme year and the PIA index adjustment for that opening balance; and
  - (b) the amount of accrued added (all beneficiaries) pension for the last active scheme year.

## CHAPTER 2

### Calculation of adjustments

#### Calculation of “retirement index adjustment”

**46.**—(1) The retirement index adjustment for an amount of accrued earned pension is—  
amount of accrued earned pension × retirement index percentage

where—

“amount of accrued earned pension” means an amount of any description of accrued earned pension; and

“retirement index percentage” means the retirement index percentage calculated under paragraph (2) for that description of accrued earned pension.

(2) The retirement index percentage is—

$$A \times \frac{B}{12}$$

where—

*A* means—

- (a) for accrued club transfer earned pension, the in-service revaluation index that applies in relation to the sending scheme for the leaving year; and
- (b) for accrued standard earned pension, the in-service revaluation index that applies in relation to this scheme for the leaving year;

*B* is the number of complete months in the period between the beginning of the leaving year and the end of the last day of pensionable service; and

“complete month” includes an incomplete month that consists of at least 16 days.

#### Calculation of “retirement PIA index adjustment”

**47.**—(1) The retirement PIA index adjustment for an amount of accrued added pension is calculated in accordance with paragraph (2).

(2) The retirement PIA index adjustment is the amount by which the annual rate of a pension of an amount equal to the amount of accrued added pension would have been increased in the leaving year under PIA 1971 if—

- (a) that pension were eligible to be so increased; and
- (b) the beginning date for that pension were the day after the last day of pensionable service.

### **Determination of “the age addition”**

**48.**—(1) This regulation applies in relation to each scheme year in which an active member’s account is open that is subsequent to the scheme year in which the member reaches normal pension age under this scheme, other than—

- (a) the scheme year in which the account is required to be established under this Part; and
- (b) the scheme year immediately following that.

(2) At the beginning of the scheme year, for each description of pension, the scheme manager in accordance with actuarial guidance must determine the age addition to be awarded for that scheme year by reference to the opening balance of that description of pension for the previous scheme year.

(3) In these Regulations, “the age addition” means an additional amount of pension determined by reference to the proportion of the previous scheme year for which a member had reached normal pension age under this scheme.

### **Determination of “the assumed age addition”**

**49.**—(1) This regulation applies if—

- (a) a deferred member’s account is established under this Part for a member who reached the member’s state pension age in the last year of pensionable service at least one month before the last day of pensionable service; or
- (b) a retirement account is established under this Part for a member who reached normal pension age under this scheme in the last year of pensionable service at least one month before the last day of pensionable service.

(2) For each description of accrued pension specified in the account, the scheme manager in accordance with actuarial guidance must determine the assumed age addition to be awarded.

(3) In these Regulations “the assumed age addition” means—

- (a) for an amount of accrued standard earned pension not attributable to a transferred pension, the age addition that would have been awarded for standard earned pension had the member not left pensionable service in the leaving year, determined by reference to the proportion of the leaving year for which the member was an active member of this scheme who had reached normal pension age under this scheme;
- (b) for an amount of accrued standard earned pension attributable to a transferred pension, the age addition that would have been awarded for transferred pension had the member not left pensionable service in the leaving year, determined by reference to the proportion of the leaving year for which the member was an active member of this scheme who had reached normal pension age under this scheme;
- (c) for an amount of accrued club transfer earned pension, the age addition that would have been awarded for club transfer earned pension had the member not left pensionable service in the leaving year, determined by reference to the proportion of the leaving year for which the member was an active member of this scheme who had reached normal pension age under this scheme;
- (d) for an amount of accrued added (self only) pension, the age addition that would have been awarded for added pension of that description had the member not left pensionable service in the leaving year, determined by reference to the proportion of the leaving year for which the member was an active member of this scheme who had reached normal pension age under this scheme;
- (e) for an amount of accrued added (all beneficiaries) pension, the age addition that would have been awarded for added pension of that description had the member not left pensionable service in the leaving year, determined by reference to the proportion of the

leaving year for which the member was an active member of this scheme who had reached normal pension age under this scheme.

### **Actuarial reduction on early payment of pension (early payment reduction)**

**50.**—(1) An actuarial reduction (“early payment reduction”) is applied when calculating the annual rate of pension payable to—

- (a) an active member who becomes a pensioner member of this scheme before reaching normal pension age under this scheme;
  - (b) a deferred member who becomes a pensioner member of this scheme before reaching the member’s state pension age; or
  - (c) a person who becomes a pension credit member of this scheme before reaching the member’s state pension age.
- (2) An early payment reduction is not applied when calculating—
- (a) the annual rate of ill-health pension under this scheme; or
  - (b) the annual rate of full retirement pension which comes into payment early on grounds of permanent medical unfitness.
- (3) An early payment reduction is calculated by reference to the following—
- (a) for an active member who claims payment of a full retirement pension before reaching normal pension age, normal pension age under this scheme;
  - (b) for a deferred member of this scheme who claims payment of a full retirement pension before reaching the member’s state pension age, the member’s state pension age.

(4) In these Regulations—

“actuarial reduction” means a reduction determined by the scheme manager in accordance with actuarial guidance or actuarial tables; and

“early payment reduction” means an actuarial reduction that is applied under paragraph (1).

### **Late payment supplement**

**51.** In this Part, “late payment supplement”, in relation to the provisional amount of a description of deferred pension, means an additional amount of pension determined by the scheme manager (in accordance with actuarial guidance or actuarial tables) to be appropriate if a deferred member of this scheme is over the member’s state pension age when the member becomes entitled to payment of a full retirement pension under Part 7, Chapter 2 (full retirement benefits).

## **CHAPTER 3**

### **Pension accounts: general**

#### **Establishment of pension accounts: general**

**52.**—(1) The scheme manager must establish and maintain one or more pension accounts for each member of this scheme in accordance with this Part.

(2) A pension account—

- (a) may be kept in any form the scheme manager considers appropriate; and
- (b) must specify the details required by these Regulations.

(3) References in these Regulations to any amount specified in a pension account are references to the amount that is required by these Regulations to be so specified and not, if different, the amount actually so specified.

### **Closure and adjustment of pension accounts on transfer out**

**53.**—(1) Except as otherwise provided in this regulation, the scheme manager must close all pension accounts relating to a member of this scheme if—

- (a) a transfer payment is made in respect of all of the member’s accrued rights under this scheme; or
- (b) all member contributions and payments for added pension made by the member are refunded to the member under Part 10 (contributions).

(2) Paragraph (1) does not require the scheme manager to close an account that includes amounts to which the transfer payment does not relate or is not attributable.

(3) An account that is not closed because of paragraph (2) must be adjusted as the scheme manager considers appropriate to reflect the extinguishment of rights under this scheme<sup>(1)</sup>.

(4) Paragraph (1)(a) does not require the scheme manager to close a pension credit member’s account if the transfer payment is made in respect of the accrued rights of a member who is both—

- (a) a pension credit member of this scheme; and
- (b) an active member, deferred member or pensioner member of this scheme.

## **CHAPTER 4**

### **Active member’s account**

#### **Application of Chapter**

**54.** This Chapter applies in relation to a continuous period of pensionable service under this scheme.

#### **Establishment of active member’s account**

**55.**—(1) The scheme manager must establish a pension account for a member who is in pensionable service under this scheme from the day on which the member begins that pensionable service.

(2) For the purpose of these Regulations, an account established under paragraph (1) is called an active member’s account.

#### **Receipt of a transfer value payment**

**56.**—(1) This regulation applies if a transfer value payment is received from another pension scheme (other than a connected scheme) in relation to an active member of this scheme.

(2) On receiving the transfer value payment, the scheme manager must credit the active member’s account with the amount of transferred pension calculated under regulation 191 (amount of transferred pension).

#### **Receipt of a club transfer value payment**

**57.**—(1) This regulation applies if a club transfer value payment is received from another club scheme in relation to an active member of this scheme.

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(1) Regulation 177 provides for extinguishment of rights following the refund of all members’ contributions and payments for added pension made by the member. Regulation 186 provides for extinguishment of rights following the making of a transfer value payment.

(2) On receiving the club transfer value payment, the scheme manager must credit the active member's account, in relation to the sending scheme, with the amount of club transfer earned pension the member is entitled to count under regulation 193 (amount of club transfer earned pension).

#### **Amount of pension for a scheme year**

**58.**—(1) This regulation applies in relation to each scheme year in which an active member's account is open.

(2) The active member's account must specify, in relation to each description of pension, the amount of that description of pension for the scheme year.

(3) The amount of club transfer earned pension for a scheme year must be specified separately in relation to each sending scheme.

(4) The amount of standard earned pension for a scheme year is  $\frac{1}{55.3}$  of the member's pensionable earnings for that year<sup>(2)</sup>.

(5) The amount of transferred pension for a scheme year is the amount (if any) which the member is entitled to count under regulation 191 (amount of transferred pension) for that year.

(6) The amount of club transfer earned pension for a scheme year is the amount (if any) which the member is entitled to count under regulation 193 (amount of club transfer earned pension) for that year.

(7) The amount of added pension of any description for a scheme year is the amount (if any) credited to the active member's account in that scheme year under Chapter 3 or 4 of Schedule 3 (payments for added pension).

(8) For the purpose of paragraph (4), in respect of a period of assumed pay under this scheme, "pensionable earnings" means the member's assumed pay.

#### **Opening balance, index adjustment, PIA index adjustment and age addition**

**59.**—(1) This regulation applies in relation to each scheme year in which an active member's account is open other than the scheme year in which that account is established.

(2) The active member's account must specify the following—

- (a) the opening balance of standard earned pension, club transfer earned pension (if any) and transferred pension (if any) for the scheme year and the index adjustment for each opening balance;
- (b) the opening balance of added (self only) pension (if any) and added (all beneficiaries) pension (if any) for the scheme year and the PIA index adjustment for each opening balance;
- (c) if applicable, the age addition awarded at the beginning of the scheme year for each description of pension.

(3) In these Regulations, "opening balance" in relation to standard earned pension, club transfer earned pension or transferred pension—

- (a) for the scheme year immediately following the scheme year in which the active member's account is established, means the amount of that pension for the previous scheme year at the end of the previous scheme year; and
- (b) for any subsequent scheme year, means the sum of the following amounts—

(2) See Part 4, Chapter 3 for the amount of pensionable earnings a member is taken to receive during a period of assumed pay.

- (i) the opening balance of that pension for the previous scheme year and the index adjustment for that opening balance;
  - (ii) the amount of that pension for the previous scheme year as at the end of the previous scheme year; and
  - (iii) if applicable, the age addition awarded at the beginning of the previous scheme year.
- (4) In these Regulations, “opening balance” in relation to added pension—
- (a) for the scheme year immediately following the scheme year in which the active member’s account is established, means the amount of that pension for the previous scheme year at the end of the previous scheme year; and
  - (b) for any subsequent scheme year, means the sum of the following amounts—
    - (i) the opening balance of that pension for the previous scheme year and the PIA index adjustment for that opening balance;
    - (ii) the amount of that pension for the previous scheme year as at the end of the previous scheme year; and
    - (iii) if applicable, the age addition awarded at the beginning of the previous scheme year.

#### **Closure and re-establishment of active member’s account**

**60.**—(1) The scheme manager must close an active member’s account in relation to a continuous period of pensionable service under this scheme when the scheme manager establishes in relation to that period of service—

- (a) a deferred member’s account under Chapter 5; or
- (b) a retirement account under Chapter 6; or

(2) If a deferred member or pensioner member re-enters pensionable service under this scheme, the scheme manager must re-establish an active member’s account under this Chapter when the scheme manager closes—

- (a) the member’s deferred member’s account under Chapter 5; or
- (b) the member’s retirement account under Chapter 6.

#### **Active member’s account to remain open during periods of unpaid leave**

**61.**—(1) This regulation applies to the following periods of unpaid leave—

- (a) a career break; or
- (b) any other period of unpaid leave—
  - (i) that does not exceed 5 years; and
  - (ii) during which the employment relationship continues<sup>(3)</sup>.

(2) During a period of unpaid leave mentioned in paragraph (1)(a) or (b), the scheme manager must make entries in the active member’s account as if, during that period, the member—

- (a) was in pensionable service under this scheme; but
- (b) received no pensionable earnings.

(3) The active member’s account must be closed and a deferred member’s account opened if a period of unpaid leave other than a career break exceeds 5 years.

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(3) See regulation 22 for periods of unpaid leave during which the employment relationship continues.

### **Adjustment of active member's account after period of unpaid family leave or unpaid sick leave**

62.—(1) This regulation applies in respect of an active member of this scheme who opts to pay member contributions under regulation 172 (option to pay member contributions for period of unpaid leave) on the return from a period of unpaid leave mentioned in that regulation.

(2) On payment of the full amount of contributions for the period of unpaid leave, the active member's account is to be adjusted so that for the period of unpaid leave the member is taken to receive pensionable earnings at the rate that applied at the beginning of the period of unpaid leave.

(3) If the member does not pay the full amount by the end of the payment period under regulation 173(1) (payment of member contributions for unpaid leave), the active member's account is to be adjusted so that for the period determined by the scheme manager under regulation 173(4) the member is taken to receive pensionable earnings at the rate that applied at the beginning of the period of unpaid leave.

## **CHAPTER 5**

### **Deferred member's account**

#### **Application of Chapter**

63.—(1) This Chapter applies in relation to a continuous period of pensionable service under this scheme.

(2) For a person who is a deferred member of this scheme in relation to 2 or more continuous periods of pensionable service, this Chapter applies separately in relation to each of those periods of service.

#### **Establishment of deferred member's account**

64.—(1) This regulation applies when an active member of this scheme becomes a deferred member of this scheme in relation to a continuous period of pensionable service.

(2) The scheme manager must—

- (a) close the active member's account for that period of service; and
- (b) establish a pension account for the deferred member for that period of service.

(3) For the purpose of these Regulations, an account established under paragraph (2)(b) is called a deferred member's account.

#### **Provisional amount of deferred pension**

65.—(1) The deferred member's account must specify the provisional amount of each description of deferred pension.

(2) The provisional amount of each description of deferred earned pension is the sum of—

- (a) the amount of the relevant accrued earned pension calculated under regulation 45 ("accrued amount");
- (b) the retirement index adjustment for the accrued amount; and
- (c) the assumed age addition (if any) for the accrued amount.

(3) The retirement index adjustment is not applied in relation to an amount of accrued earned pension if a transfer payment was made before the end of the last active scheme year in respect of the member's rights to that accrued pension.

(4) The provisional amount of each description of deferred added pension is the sum of—



- (a) the amount of the relevant accrued added pension calculated under regulation 45 (“accrued amount”);
  - (b) the retirement PIA index adjustment for the accrued amount; and
  - (c) the assumed age addition (if any) for the accrued amount.
- (5) In this regulation—
- “relevant accrued earned pension” means—
- (a) for a deferred standard earned pension, accrued standard earned pension;
  - (b) for a deferred club transfer earned pension, accrued club transfer earned pension.
- “relevant accrued added pension” means—
- (a) for a deferred added (self only) pension, accrued added (self only) pension; and
  - (b) for a deferred added (all beneficiaries) pension, accrued added (all beneficiaries) pension.

#### **Adjustment of provisional amount**

**66.**—(1) This regulation applies when a deferred member of this scheme in relation to a continuous period of pensionable service becomes entitled to payment for life of a full retirement pension for that period of service.

(2) For the provisional amount of each description of deferred pension, the deferred member’s account must specify—

- (a) the late payment supplement (if any);
- (b) the early payment reduction (if any); and
- (c) the commutation amount (if any).

#### **Closure of deferred member’s account after gap in service not exceeding 5 years**

**67.**—(1) This regulation applies when a deferred member of this scheme in relation to a continuous period of pensionable service re-enters pensionable service under this scheme after a gap in service not exceeding 5 years.

(2) The scheme manager must—

- (a) close the deferred member’s account in relation to that period of service and treat the deferred member’s account as if it were never established;
- (b) re-establish the active member’s account under Chapter 4 in relation to that period of service; and
- (c) make entries in the active member’s account as if, during the gap in service, the member—
  - (i) was in pensionable service under this scheme; but
  - (ii) received no pensionable earnings.

### **CHAPTER 6**

#### **Retirement account**

#### **Establishment of retirement account**

**68.**—(1) This regulation applies in relation to a continuous period of pensionable service under this scheme.

(2) For a person who is a pensioner member of this scheme in relation to 2 or more continuous periods of pensionable service, this Chapter applies separately in relation to each of those periods of service.

(3) When an active member of this scheme becomes entitled to payment for life of a retirement pension in relation to that period of service, the scheme manager must—

- (a) close the active member's account for that period of service; and
- (b) establish an account for the pensioner member for that period of service.

(4) For the purpose of these Regulations, an account established for a pensioner member under paragraph (3)(b) is called a retirement account.

### **Amount of retirement earned pension and retirement added pension**

**69.**—(1) The retirement account must specify the amount of retirement earned pension and retirement added pension.

(2) The amount of retirement earned pension is the sum of—

- (a) the amount of accrued earned pension calculated under regulation 45 (“accrued amount”);
- (b) the retirement index adjustment for the accrued amount; and
- (c) the assumed age addition (if any) for the accrued amount.

(3) The amount of a description of retirement added pension (if any) is the sum of—

- (a) the amount of the relevant accrued added pension calculated under regulation 45 (“accrued amount”);
- (b) the retirement PIA index adjustment for the accrued amount; and
- (c) the assumed age addition (if any) for the accrued amount.

(4) For each amount of retirement earned pension and retirement added pension, the retirement account must specify—

- (a) the early payment reduction (if any); and
- (b) the commutation amount (if any).

(5) In this regulation, “relevant accrued added pension” means—

- (a) for a retirement added (self only) pension, accrued added (self only) pension; and
- (b) for a retirement added (all beneficiaries) pension, accrued added (all beneficiaries) pension.

### **Closure of retirement account**

**70.** The scheme manager must close a retirement account if—

- (a) a retirement earned pension ceases to be payable under Part 7; or
- (b) an ill-health pension under this scheme ceases to be payable under Part 7.

## **CHAPTER 7**

### **Pension accounts for pension credit members**

#### **Establishment of pension credit member's account**

**71.**—(1) The scheme manager must establish a pension account for each pension credit member of this scheme (“the pension credit member's account”).

(2) If a pension credit is derived from 2 or more pension debit members, the scheme manager must establish a pension credit member's account in relation to each pension debit member.

(3) On the establishment of a pension credit member's account, the pension credit member's account must specify the amount of credited pension, and for that amount—

- (a) the early payment reduction (if any); and
  - (b) the commutation amount (if any).
- (4) On the establishment of the pension credit member's account, the accounts established under this Part for the pension debit member must be reduced by the relevant amount.
- (5) In this regulation—
- “amount of credited pension” means an amount equal to the pension credit calculated in accordance with regulations made under paragraph 5(b) of Schedule 5 to WRPA 1999; and
  - “relevant amount” is the amount determined by the scheme manager in accordance with actuarial guidance having regard to—
- (a) the cash equivalent that would have been payable under Chapter 2 of Part 4A (requirements relating to pension credit benefit: transfer values) of PSA 1993(4) in respect of the pension credit member's right to benefits under this scheme attributable (directly or indirectly) to the pension credit; and
  - (b) sections 29 (creation of pension credits and debits) and 31 (reduction of benefit) of WRPA 1999.

#### **Other pension accounts**

**72.** If a pension credit member of this scheme is also an active member, deferred member or pensioner member of this scheme, the scheme manager must establish a pension credit member's account in addition to any other account established for the member under this Part.

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(4) Part 4A was inserted by the Welfare Reform and Pensions Act 1999 (c. 30) section 37.