

Police Federation
Of England and Wales



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Lloegr a Chymru

Established by Act of Parliament

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GENERAL SECRETARY'S OFFICE

IR/sg

21 May 2012

JBB CIRCULAR NO : 014/2012

To: All JBBs

Dear Colleagues

POLICE PENSION SCHEME (PPS) 1987 – UPDATED COMMUTATION GUIDANCE

You may be aware that when the PPS commutation factors were revised in April 2011 one issue remained outstanding in the GAD guidance, namely the commutation calculation for members with a gap between leaving the scheme and pension benefits starting before age 55.

In the interim the Home Office had suggested that pension administrators pay 99% of the commutation amount that would be payable to a comparable member without such a gap. We understand the reason for this was that, in some circumstances, paying members with a gap the same amount as comparable members without a gap could result in an overpayment to the members with a gap. GAD had advised the Home Office that by paying members with a gap 99% of the amount payable to a comparable member without a gap, overpayments should not occur.

GAD has now updated the commutation guidance to include guidance on how to calculate commutation in these circumstances. Please find a copy attached. ***Please note that the main commutation factors have not changed.***

The Home Office has reminded pensions administrators that they need to reconcile lump sum payments which have already been made with the lump sums that result from the new guidance.

Represent · Influence · Negotiate

I trust that you will find this helpful.

Yours sincerely

A handwritten signature in blue ink that reads "Ian Rennie". The signature is written in a cursive style with a large, looped initial "I".

IAN RENNIE
General Secretary