

Illustration of unfairness caused to members who attain 30 years of combined membership across the police schemes with accrual under both PPS 1987 and the 2015 CARE Scheme

	Constable A	Constable B
Date of Birth	01/04/1977	01/04/1972
Date joined PPS 1987	01/04/1997	01/04/1997
Age when joined PPS 1987	20 years	25 years
PPS 87 accrual/age at 01/04/2012	15 years/35 years	15 years/40 years
PPS 87 accrual/age at 01/04/2015	18 years/38 years	18 years/43 years
Date joined 2015 CARE Scheme (neither qualified for full or tapered protection)	01/04/2015	01/04/2015
PPS 87 accrual as at 01/04/2022 (assumes PPS 87 benefits chosen for Remedy Period 01/04/2015 - 31/03/2022)	25 years	25 years
Age at 01/04/2022	45 years	50 years
Date combined membership of PPS 87 and 2015 CARE Scheme reaches 30 years	01/04/2027	01/04/2027
Age at completion of 30 years' combined membership of PPS 87 and 2015 CARE Scheme	50 years	55 years

Can member access PPS 87 benefit immediately?	Yes	Yes
Is full unrestricted commutation based on actuarial factors available from PPS 87?	Yes	Yes
Can member also access 2015 CARE Scheme benefits immediately?	No, if member retires/leaves at 01/04/2027 the 5 years' 2015 CARE Scheme accrual becomes a deferred pension	Yes
When are the 2015 CARE Scheme benefits accessible	From age 55 years at 01/04/32	Immediately on retirement at 30 years' service on 01/04/2027
Is an actuarial reduction factor applied to the 2015 CARE Scheme pension?	Yes, deferred pensions are payable from State Pension Age (SPA) currently age 67, and therefore if taken from age 55, the pension will be subject to an actuarial reduction calculated with reference to their SPA i.e.at least 12 years' reduction.	Yes, but because the member will be retiring at age 55 from active service on 01/04/2027, the pension will only be reduced for payment before Normal Pension Age (NPA) i.e. age 60 with 5 years' reduction.

Explanation of the illustration demonstrating the unfairness of treatment between members with benefits in PPS 87 and the 2015 CARE Scheme

Both Constable A and Constable B have been in police and pensionable service for 30 years, and retire at the same date with 25 years' accrual in PPS 87 and 5 years accrual in the 2015 CARE Scheme.

Whilst the older officer (Constable B) can access his pension from both schemes at retirement, the younger officer (Constable A) cannot.

This presents Constable A with a dilemma. Their choices are:

1. **Retire on completion of 30 years' service**

Take the PPS 87 pension at retirement – the commuted cash from PPS 87 will be subject to the more favourable actuarial factor due to their younger age. However, the CARE pension is treated as a deferred and either becomes payable from SPA (currently age 67, 17 years' after the commencement of his PPS 87 pension) or they access it from age 55 (5 years' after the commencement of their PPS 87 pension) with 12 years' of early retirement reduction resulting in a substantial reduction. **Constable A will have served for 30 years' as expected when they joined, but cannot access all of their accrued pension. Instead, the 2015 CARE Scheme pension will be deferred until SPA.**

2. **Retire on completion of 35 years' service**

Continue in service and membership of the 2015 CARE Scheme for a further 5 years until age 55, retire from active status and put both pensions into payment. The PPS 87 pension will be payable 5 years' later than promised/expected but will continue to be subject to the Final Salary Link. In addition, whilst they will be able to commute up to a quarter of their PPS 87 pension for cash, the actuarial factors applicable to the calculation of that commutation will have worsened over that 5 year period, making the commutation less attractive and valuable (compared to 1 above). The member will have accrued a further 5 years pensionable service in the 2015 CARE Scheme and will be able to access their 10 years' of accrued pension immediately (subject to an actuarial reduction for payment 5 years prior to NPA of age 60). **Constable A will have served for 35 years - an additional 5 years in excess of what they anticipated when they joined the force and PPS 87.**

3. **Retire on completion of 40 years' service**

Continue in service and membership of the 2015 CARE Scheme for a further 10 years until age 60 (the 2015 CARE Scheme NPA) and then retire from active status taking both pensions. The PPS 87 pension will be payable 10 years' later than promised, but will continue to be subject to the Final Salary Link. Whilst up to a quarter of the PPS 87 pension will be commutable, the actuarial factors applicable will be even less favourable (than options 1 or 2 above) making commutation even less attractive and valuable. The member will have accrued a further 10 years' of 2015 CARE Scheme pension giving a total of 15 years' which will be payable unreduced at retirement because they will be retiring from active status at the scheme's NPA of age 60.

Constable A will have served for a total of 40 years, an additional 10 years over what they anticipated when they joined the force and PPS 87.

When comparing the options available to Constable A in comparison to Constable B (who has the same service and membership profile), the choice that Constable A is forced to make is not only complex, but harsh and inherently unfair. The only difference between the two is that Constable B was 5 years older when he joined the force and PPS 87. This begs the question as to whether this treatment constitutes discrimination based on age, and if so whether it is justifiable. Irrespective of whether there is a case to answer in that regards, PFEW would like to explore with the Home Office possible methods of mitigating this inequitable situation.