

Devon and Cornwall Police

Re-Settlement Course

10 & 11 November 2011

WELCOME

**Charles Royle and
Company
Independent Financial Advisers**

**Retirement Specialists to the
Police Service**

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Re-settlement Course

- Objective
- Agenda
- Participation
- Questions
- Notes
- Breaks
- Questionnaire

POLICE PENSION SCHEME

Charles Royle and Company

An Overview

- Contribution Rate : 11% of basic salary
- Pension Available : 30 years service
- Maximum Pension : 2/3rds final basic salary
- Alternative : Tax-free commutation and reduced pension
- Pension Payable : For life
- Pension Increases : From age 55
- Widows Pension : 50% of main pension

Contribution Rate

- **11% of Basic Salary (including Competency payment)**

- **Excludes:**
 - Overtime Payments**
 - Rent/Housing Allowance**
 - Compensatory Grant**

Pension Available

- After 30 years service
- Paid on 1st of each month in advance
- Pension Accrual Rate - 1st 20 years $1/60$ th
next 10 years $2/60$ th
- Special rules for ill health retirement

Maximum Pension

- 2/3rds Final Basic Salary
- e.g. Officer retiring 31 August 2011

Rank	Pensionable Salary <small>(inc Competency Payment)</small>	Maximum Pension
Constable	£37,731 pa	£25,154 pa
Sergeant	£42,252 pa	£28,168 pa
Inspector	£51,963 pa	£34,642 pa

But...

Rent/housing allowance

Compensatory grant

Overtime

ARE NOT INCLUDED

Alternative

- Tax-free Commutation
- Reduced pension of 50% of pensionable salary
- Up to 25% of pension can be commuted
- Amount dependent upon age at retirement
- Improved tables from April 2011

Commutation Factors (April 2011)

Age at Retirement	Factor
49	23.50
50	22.10
55	20.50
60	18.60

Commutation: pension given up multiplied by age factor

Maximum commutation example

(based on Police Constable age 50 Pensionable salary £37,731)

Pre April 2011	£119,481
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Post April 2011	£138,975
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Important Note

- An element of the increased commutation may be taxed at a maximum 40%
- Commutation can be reduced to tax free level with balance used to enhance pension
- Request personal illustration from pension department at time of retirement
- All cases are different
- Calculations are based on information supplied to Charles Royle and Company by Police Federation and cannot be guaranteed

Making up the difference (Police Constable)

Difference between full and reduced pension

- £6,589 gross pa

Net difference - £5,271pa

Commutation - £138,975

Investment return needed to make up difference?

3.8%

Pension Payable

For Life

Pension Increases

- From age 55
- Ill health retirement increases immediately
- Widows pension increases immediately
- In line with inflation each April

Recent Increases:

April 2007	-	3.6%
April 2008	-	3.9%
April 2009	-	5.0%
April 2010	-	nil
April 2011	-	4.6%

Example of officer retiring at 50
(assuming previous increases)

Rank	Pension (50)	Pension (55)
Constable	£25,154	£29,737
Sergeant	£28,168	£33,300
Inspector	£34,642	£40,954

Widow's Pension

- 50% of main pension
- Not 50% of commuted pension
- Index linked immediately
- Payable until re-marriage or co-habits
- Extra pension for dependants

POLICE PENSION SCHEME

**Please return your
Registration Questionnaire**

Morning Coffee



