
SCOTTISH STATUTORY INSTRUMENTS

2015 No. 142

The Police Pension Scheme (Scotland) Regulations 2015

PART 5

Pension accounts

CHAPTER 2

Calculation of adjustments

Calculation of “retirement index adjustment”

37.—(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”

38.—(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”

39.—(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”

40.—(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)

41.—(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 with the reduction having regard to actuarial neutrality compared to the present value of a pension payable at normal pension age, with future increases between the date of that member’s early retirement and normal pension age being in line with increases under the index adjustment;
 - (b) for a deferred or pension credit 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 with the reduction having regard to actuarial neutrality compared to the present value of a pension payable at state pension age with future increases between the date of that member’s early retirement and state pension age being in line with increases under PIA 1971.
- (4) In these Regulations—
- “actuarial reduction” means a reduction determined by the scheme manager in accordance with actuarial guidance; and
- “early payment reduction” means an actuarial reduction that is applied under paragraph (1).

Late payment supplement

42. 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 Chapter 2 of Part 7 (full retirement benefits).