
SCOTTISH STATUTORY INSTRUMENTS

2015 No. 142

The Police Pension Scheme (Scotland) Regulations 2015

PART 5

Pension accounts

CHAPTER 2

Calculation of adjustments

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).