

Modification of Police Pensions

One of the questions that we get asked on a regular basis is why the Police Pension reduces at age 65 when the state pension commences. On giving the explanation we get asked why we don't put something in the magazine? The truth is that we have dealt with this subject many times in the past but when you were 55 years of age it was of no consequence at that moment and would not be until state pension was imminent so I suppose that from time to time it bears repeating. I intend to do what we usually try to do and that is to keep it simple without complicating the subject with too much detail. The legislation which applies to the abatement is contained in the Police Pension Regulations 1987, Schedule B, Part VII, paragraphs 1 and 3 but for our purposes what I think is needed is an explanation much like that which you would be given over the telephone.

Back in 1948 we were, for those who cannot remember, setting out our stall to become a progressive welfare minded state, having suffered so long as a result of the war. One of the requirements was that we would all pay into a central National Insurance fund, and then there would be a series of benefits available to all who had paid in to help us when we needed such assistance. The concept did away with the need for charity and it meant that we all paid into the scheme according to our incomes. Thus the better off helped to provide for the worse off but this was to be done without the stigma of charity.

The legislation, which brought this about, was contained in two Acts of Parliament, they were two of the most important Acts in the modern development of this country. The two Acts were the National Health Act and the National Insurance Act and together they dealt with almost every aspect of the system, which we now call 'The Welfare State'. They provided free health cover, both in respect of your General Practitioner and hospitalisation; they provided unemployment benefit; they provided benefits for those incapable of work or injured at work; they provided children's allowances; they provided care for the elderly and they provided a state pension, at the age of 60 years for women and 65 years for men. The list provided here is by no means comprehensive, but the intention was to provide a service for all from 'cradle to grave

In 1948 a Socialist Government implemented the legislation and

therefore it encapsulated doctrines of equality and this was manifest in the state pension system. The legislation recognised that there were a number of people who were in Occupational Pension Schemes although these were nowhere near the same number as now exist. The concept of equality was enshrined in the Act where it is stated that no person should receive more than one pension. If you had an occupational pension then it would be reduced or increased by the amount of the state pension and if you did not have an occupational pension then you received the state pension.

There were certain transitional arrangements made for people who at that time were already contributing towards an occupational pension and those of our members who were serving in 1948 will remember that they paid a small amount more on their National Insurance Stamp to protect both pensions.

For those who joined the police service (and other occupations) after 1948 the Government devised a system, which year by year ensured that at the time you reached 65 years of age you would only receive one pension. If that intention had been more appropriately drafted into the Regulations then all of us on reaching 65 years of age would have our police pension reduced by the amount of the state retirement pension to which we were entitled. For whatever reason, the drafts' people got it wrong and clearly did not allow for inflation and other rapid

changes to the economy with the result that only a proportion of the intention came into effect. The whole concept was abandoned in April 1980 and all police officers who joined after that date will receive a full occupational pension and a full state pension. If you joined on or after the 1 July 1948 but before 1 April 1980 you will have your police pension reduced (or modified) from state pensionable age at the rate of £1.70 a year for each year of service from 5 July 1948 to 31 March 1980, up to a maximum of 30 years, with the result that the highest reduction possible is £51.00 a year. The bonus was that if you served within those dates you had a 5p per week reduction in your police pension contributions.

However, there is usually a period of time between retiring and reaching state pension age and the abatement is applied to the original Police Pension which is then recalculated with the annual pension increases to give a new abated amount and the cumulative effect of this can reduce the police pension by around £6.00 a week at its maximum although for most people now reaching 65 years it will not be quite so much. It is worth repeating that whilst it is an absolute nonsense having our pensions reduced in the way they are, if the Government of 1948 had done things differently then we would only be receiving a very small part of our police pension at state retirement age. The law was last tested in August 1998 but it is clearly one of those anomalies that must go.