

ABATEMENT OF PENSIONS

At least once or twice every week we are asked why the police pension reduces when the state pension commences. On each occasion someone in the NEC office explains and usually the caller asks if we could put something in the magazine. The truth is that we do deal with this subject in the magazine and this has been done for many years but, I suppose if we are 55 years of age it is of no consequence at that moment and will not be until the date of our 65th birthday arrives.

I thought on this occasion rather than follow the previous articles almost word for word I would try to adopt a simple approach without getting bogged down in too much detail. Only recently I was asked by a member that whilst he accepted the reduction he would be obliged if I would let him know the legislation and methodology behind the reduction. I looked it all up and there were an enormous number of pages given over to explaining the law and setting out the calculations. I realised that what was required was an explanation something like the one we try and give on the telephone when a member calls us up to discuss this subject.

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. Part of that new era was that we would all pay into a central insurance fund then there would be a series of benefits available to all who had paid in to help that individual when he or she 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 and, regardless of what comes later in this article, they were two of the most important Acts in the historical development of this country. It is significant that, until relatively recently they have, with all their faults, provided this

country with a basis for this style of care and concern for all its citizens.

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. However, the legislation was drawn up and implemented by a Socialist Government 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 equality concept 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.

However, 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 state retirement pension to which we were entitled. For whatever reason, and this is where the complex calculations come into effect, 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 as from April 1980 and therefore all police officers who joined after that date will receive a full occupational pension and a full state pension. As I stated at the start of this article, I was not going to bog the reader down with figures or complex formulas and the reason for that is that the basic figure is relatively simple. 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 between 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 this increases the amount of £51 each year by whatever percentage the police pension increases and the cumulative effect 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 receiving a very small part of our police pension at state retirement age.