



PO Box 1307  
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## **A GUIDE TO THE CONTRACTED OUT PAYMENT EQUIVALENT (COPE), WHICH WE REFER TO BELOW AS GUARANTEED MINIMUM PENSION (GMP)**

This guide explains briefly what GMP is and how it affects the amount of pension we pay you. It is not intended to provide you with an in-depth explanation of GMP. If you need to know how your GMP is calculated, please write to **HM Revenue & Customs, NI Contributions Office, Retirement Pensions and Widows Benefits, BP4101, Benton Park View, Newcastle-upon-Tyne, NE98 1ZZ**. If you need to know how GMP affects your State pension, please telephone **The Pensions Service on 0845 6060265**. The Pensions Service will direct you to the appropriate Pension Centre for the area in which you live.

### **What Is GMP?**

GMP is simply the minimum amount of pension you **must**, by law, receive from your pension scheme for the years of work between 6 April 1978 and 5 April 1997. Your Police pension will usually be larger than the guaranteed minimum.

### **Who Will Tell Me How Much My GMP Is?**

The Department of Work and Pensions (DWP) will write to you when you near state pension age and tell you how much your weekly GMP is. They will also notify us. We convert the weekly amount to an annual amount. DWP also refer to the GMP as Contracted Out Deductions (COD).

### **Who Pays the GMP?**

The Police pension you receive from us includes this GMP amount. **It is not an extra amount to be paid.** In the unlikely event that your Police pension is smaller than the GMP amount your pension will be increased up to the GMP amount.

### **When Is It Payable From?**

Your GMP forms part of your Police pension from the date you become eligible to receive your State Retirement Pension from DWP.

### **Who receives a GMP?**

Anyone who contributed to a pension scheme for the period 6 April 1978 to 5 April 1997, which is contracted out of the State Earnings Related Pension Scheme (SERPS). Your Police pension is contracted out of SERPS.

### **Will I Have Lost Out by Contracting out of SERPS?**

No. Your GMP is an amount broadly equivalent to what you would have received if you had been in SERPS for that period of service.

### **How Much Will I Receive?**

Your GMP is earned during the period of your working life from April 1978 (when the scheme began) to April 1997 and is based on the amount of earnings on which you have paid contracted out National Insurance contributions. Therefore the amount of GMP varies from person to person depending on earnings.

### **Who Is Responsible For increasing My GMP?**

Your Police pension and State retirement pension are index-linked to protect them from the effects of inflation. The amount of your pensions increase (PI) is set by the Government and based on the Consumer Prices Index (CPI) in September. Your pensions are increased each April.

Although your GMP is included in your Police pension, DWP pay the PI on your GMP with your State retirement pension. To avoid you receiving the increases on your GMP twice your GMP is deducted from



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your Police pension before calculating the PI due to you in April. After we have calculated the PI due we add the GMP back on.

### **What is Post 88 GMP?**

If your service covers a period both before and after 6 April 1988 your GMP will be made up of two elements. The first in respect of your service to 5 April 1988 and the second for service from 6 April 1988.

Service between 6 April 1988 and 5 April 1997 qualifies for a Post 88 GMP. The PI due on this amount is calculated differently in that we pay the first 3% (or the actual PI percentage if lower) on this element of the GMP.

DWP will pay the PI on the GMP earned up to 5 April 1988 and on any amount over 3% on the GMP earned after 5 April 1988 with your State retirement pension.

If **all** of your employment took place before 6 April 1988 your GMP will not include a Post 88 element. Conversely if **all** of your service took place after 6 April 1988 your GMP will only be made up of a Post 88 element.

### **How Will my Increase be Calculated?**

Two simplified illustrations should help show this:

#### **Example 1. Service undertaken between 1980 and 1985**

Let us assume that a pensioner will have reached State pension age by April 2005 with a pension of £5,000 a year. They have GMP of £1,000 and the pension will be increased by 4%.

We would increase the existing £5,000 pension by paying 4% on the £4,000 that exceeds the GMP. This amounts to £160, which when added to the existing £5,000 gives a new annual rate of £5,160.

DWP would pay 4% on the GMP of £1,000 (£40.00) and add this to the State retirement pension. The total new pensions increase payments from DWP and us would be £200 (£160 + £40) a year, which is a 4% increase on the previous rate of pension of £5,000 a year.

#### **Example 2. Service undertaken between 1980 and 1996**

Again we will assume that a pensioner will have reached State pension age by April 2005. This time, however, they are in receipt of a pension of £10,000 a year, including a GMP of £2,000 (of which £1,000 was earned before 6 April 1988 and £1,000 from 6 April 1988). Again we will assume that the pension is to increase by 4%.

We would increase the existing £10,000 pension by paying 4% on the £8,000 that exceeds the GMP and 3% on the £1,000 GMP earned from 6 April 1988. That is £320 + £30 = £350 which, when added to the existing £10,000 gives a new rate of pension of £10,350 a year.

DWP would pay 4% on the £1,000 of GMP earned before 6 April 1988 and 1% on the GMP earned from 6 April 1988, making £40 + £10 = £50 a year. DWP would pay this additional £50 as part of the State retirement pension. The total new pensions increase payments from DWP and us would be £400 (£350 + £50) a year, which is a 4% increase on the previous rate of pension of £10,000 a year.



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**Belated Notification**

At the time we calculate the increase due on your Police pension we may not have been notified of the amount of any GMP to which you are entitled. This may result in your pension being overpaid because both DWP and us will be paying the PI on the same element of your pension (i.e. the amount covered by the GMP).

When we receive the appropriate notification from DWP we will recalculate your payments accordingly and notify you of the adjustments made.

In some cases where an individual has been on Incapacity Benefit and begins to receive State Retirement Pension instead, the reduction in their pension (on account of the scheme being notified of DWP inflation proofing the GMP) will not be matched by an equivalent increase in the payments from DWP. This is because individuals will have already been receiving some inflation proofing of their GMP from DWP as part of their Incapacity Benefit.

**Equiniti Administering Pensions on behalf of the Metropolitan Police Service**