

# Police Pension Scheme

## FAQs – change to the SCAPE discount rate

On 19 May 2026, HM Treasury announced a change to the SCAPE discount rate, which is used in public service pension calculations.

This change does not reduce the pension you have built up.

However, it may affect some calculations, including:

- transfer values (for all schemes)
- lump sums at retirement for PPS 1987 members

Some calculations are currently paused while updated factors are issued.

This FAQ document has been produced to help explain what the change is and what it means for police pensions.

### *Key points*

- The Government has changed a financial assumption used in pension calculations
- Your pension entitlement is not reduced
- Some payments or options may be different, including:
  - transfer values (CETVs)
  - PPS 1987 lump sums
- Some calculations are temporarily paused while updated factors are introduced

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## 1. What does SCAPE stand for?

SCAPE stands for:

- Superannuation Contributions Adjusted for Past Experience.

It is the Government's framework used to work out employer contributions and costs for public service pension schemes, including police pensions.

As part of this, the SCAPE discount rate is used to help calculate the value of future pension benefits in today's terms.

In simple terms, SCAPE is the system the Government uses to work out how much public service pensions cost.

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## 2. What is the SCAPE discount rate?

The SCAPE discount rate is a financial assumption set by the Government.

It is used to work out the current value of pension benefits that will be paid in the future. This helps determine how pension costs are calculated across public service pension schemes, including police pensions.

In simple terms, it is a way of putting a value today on pension payments that may be paid many years from now.

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## 3. Why is the SCAPE discount rate important?

The SCAPE rate affects how certain calculations are made within the pension scheme, including:

- how much a pension is valued for transfer purposes
- how pension can be exchanged (called commutation) for a lump sum at retirement from the PPS 1987 scheme
- how much a pension is reduced for early payment

It does not change the pension scheme rules or the pension you have already built up, but it can affect how certain options and adjustments are calculated.

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## 4. What has changed?

The Government has increased the SCAPE discount rate.

Since the current method was introduced in 2011, the rate has changed three times and, until now, had only ever been reduced.

The announcement on 19 May 2026 in a Written Ministerial Statement ([HCWS37](#)) marks the first increase in the SCAPE rate.

Because the SCAPE rate is used in pension calculations, this change means that updated actuarial factors are needed.

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5. Why has the SCAPE rate gone up this time?

The SCAPE rate is based on the Government's long-term expectations for the economy, including future economic growth.

Recent reviews have led the Government to conclude that future pension payments should now be valued slightly differently. This has resulted in the rate increasing rather than decreasing.

This is a national decision and applies consistently across all unfunded public service pension schemes.

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6. Is this change specific to police pensions?

No.

This is a national change that affects all unfunded public service pension schemes, including the NHS, teachers, civil service and firefighters' schemes.

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7. Why are changes like this made?

The Government regularly reviews the financial assumptions used for public service pensions.

This helps to make sure that:

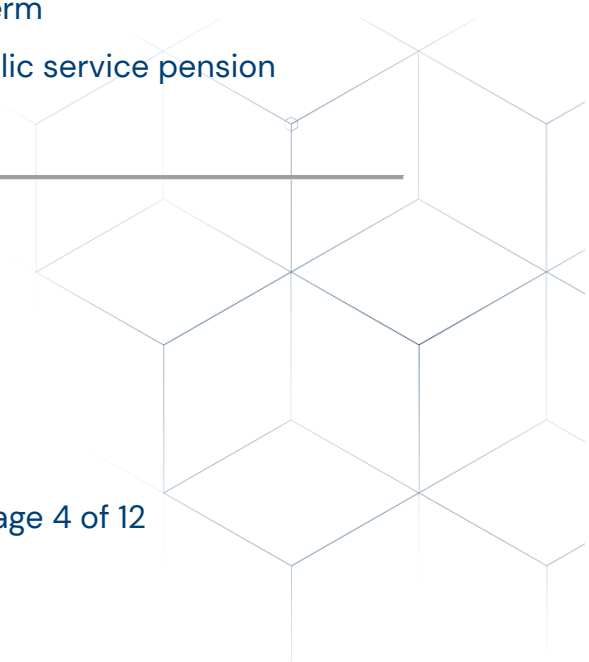
- pension costs are calculated fairly
  - schemes remain sustainable over the long term
  - a consistent approach is used across all public service pension schemes
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8. Does this change reduce my pension?

Your pension entitlement is unchanged.

This means:

- the pension you have built up is not reduced



- pensions already being paid are not reduced
- scheme rules have not changed.

The change only affects how certain aspects of the scheme are calculated, such as transfer values in all schemes and PPS 1987 lump sums.

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9. Will this affect future pension increases?

No.

Annual pension increases (linked to inflation) are not affected by the SCAPE discount rate.

This change only affects certain calculations, such as transfer values for all schemes and PPS 1987 lump sums.

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10. Does this affect transfers or divorce cases?

Yes, the SCAPE rate also affects Cash Equivalent Transfer Values (CETVs), including divorce, for all schemes.

These values may change once updated factors are applied. Any values provided during the change period may be provisional.

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11. Why are transfer value (CETV) calculations currently paused?

Transfer value (CETV) calculations are temporarily paused because of the recent change to the SCAPE discount rate.

This change means that the assumptions used to calculate transfer values are being updated. Updated actuarial factors are needed to make sure values are accurate and consistent across all public service pension schemes.

Until the updated factors are issued:

- any values calculated using the previous factors may no longer be accurate
- there is a risk that values could be too high or too low if they are not updated

For this reason, calculations are paused to ensure that members receive reliable and up-to-date figures.

In some urgent cases, a provisional value may still be provided, but this will be clearly marked as subject to change once the updated factors are available.

This approach is to protect members and ensure that any values provided are correct.

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12. Why might my transfer value (CETV) be lower than before?

Transfer values are calculated using Government assumptions about how future pension payments are valued today.

The recent increase in the SCAPE discount rate means that:

- future pension payments are now valued as lower in today's terms
- as a result, the calculated transfer value may also be lower than under previous factors

This reflects a change in how values are calculated and is not a reduction in your underlying pension.

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13. Does this affect my PPS 2006 benefits?

The PPS 2006 has a standard lump sum that is paid automatically. It is not affected by this change as it is not based on actuarial factors.

However, if you choose to give up your PPS 2006 lump sum in exchange for additional pension, this calculation does rely on actuarial factors and may therefore be affected by the change.

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14. Does this affect my PPS 2015 benefits?

In PPS 2015, the lump sum is calculated using a fixed rate of 12:1 and does not rely on actuarial factors. This means the maximum tax-free lump sum remains limited to 35.7% of your annual pension.

However, if your PPS 2015 pension is paid before your normal pension age, it will be reduced using early retirement factors. These factors are subject to change and may be affected by changes to the SCAPE discount rate.

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## Questions for PPS 1987 members

The following FAQs relate specifically to PPS 1987 members who have a retirement date on or after 21 May 2026 and will be taking a lump sum payment.

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### 15. How does this affect PPS 1987 lump sums at retirement?

If you choose to give up part of your pension to take a lump sum, the amount you receive depends on actuarial factors.

This is because the lump sum represents the value of the future pension you are giving up. In general, the later you retire, the lower the commutation factor, as the pension is expected to be paid for a shorter period.

Because of the SCAPE rate change:

- future pension payments are valued differently
- this means the lump sum offered for giving up pension may be lower than under previous factors

This only applies if you choose to take a lump sum by giving up part of your pension. If you do not take a lump sum, your pension is not affected.

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### 16. What does this mean for PPS 1987 commutation factors?

For members of the PPS 1987:

- the updated commutation factors are set nationally and will apply from the date they are issued by GAD
- members retiring on or after that point will receive a lower lump sum for each £1 of pension given up than under the previous factors

Your pension itself is not reduced unless you choose to exchange part of it for a lump sum.

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### 17. When do updated commutation factors apply?

Updated commutation factors apply from the point they are issued by the Government Actuary's Department (GAD).

From the date of issue, all calculations must use the updated factors.

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18. What happens if I retire on the same day updated factors are issued?

The updated factors apply from the date that they are issued.

This means your benefits will need to be calculated using the updated factors, even if you retire on the same day.

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19. How big is the impact likely to be?

The exact impact depends on your age and circumstances.

A broad indication is that the lump sum for PPS 1987 is likely to be around 5% lower than under previous factors.

To illustrate what this could mean in practice:

- *a member retiring at age 50 might previously have expected a lump sum of around £174,850 (before tax), which could reduce to around £166,075 using the updated factors*
- *a member retiring at age 55 might previously have expected a lump sum of around £157,950 (before tax), which could reduce to around £150,930 using the updated factors*

These are illustrative only and the actual impact will depend on your individual circumstances.

The impact is generally:

- greater for younger members, and
- greater for more senior members, because pensions are expected to be paid for longer and are higher in value.

Figures provided for a retirement on or after 21 May 2026 will have used incorrect factors and may therefore change.

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20. Why might my benefits be different from someone who retired earlier?

We understand this may feel unfair.

Pension benefits are based on a range of factors, including your service, pay, age at retirement and the assumptions used at the time your benefits are calculated

Pension schemes must use the rules and assumptions in place at the time benefits are taken. When those assumptions change, there will always be a cut-off point where:

- some members retire under the previous assumptions, and
- others retire under the updated ones

Differences in benefits can arise and are a normal part of how pension schemes operate when national assumptions change.

It does not mean one group is being treated unfairly. All members are treated consistently based on the rules and assumptions in place at the time their benefits are calculated, in the same way that tax rules or interest rates can change over time.

This approach is used across all public service pension schemes.

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21. Can I choose which factors apply to me?

No.

The factors used are set nationally and apply automatically based on your retirement date.

Administrators cannot apply previous factors once updated ones are in force.

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22. What if I've already had a retirement quote?

If you have received a quote:

- it may need to be reviewed if it was based on previous factors and your retirement date is on or after 21 May 2026
- you will be given the opportunity to review any decision to take a lump sum before retirement
- final figures will only be confirmed once the correct factors are applied

Your administrator will contact you if your quote needs to be updated.

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23. Can I revisit both my McCloud choice and my lump sum decision?

If you are a deferred choice member and you are retiring on or after 21 May 2026, and you have already been sent your retirement options, you will be able to amend your choices:

- Lump sum (commutation) decisions:

These should be revisited if the factors used to calculate them change before the date of your retirement.

- McCloud remedy choices:

These are intended to be final. They would only be revisited in limited circumstances, for example, if the original decision was based on incomplete or incorrect information.

Your administrator will contact you if your quote needs to be updated.

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#### 24. What happens if the wrong factors are used?

If benefits are calculated using incorrect factors after updated ones have come into force, this is likely to be treated as an administrative error.

In these cases:

- any overpayment will be considered in line with the scheme manager's usual processes
- any decision to recover overpaid amounts will be proportionate and based on the individual circumstances

The aim is to ensure members are treated fairly in each case.

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#### 25. Why do changes to the factors apply immediately?

Pension scheme rules require lump sums to reflect the correct actuarial value at the point of retirement.

Once factors are updated:

- the previous factors no longer meet this requirement
- they cannot continue to be used for new retirements

This is why the updated factors must be applied immediately.

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#### 26. What if I am planning to retire shortly?

If you are planning to retire soon:

- your final retirement figures may be different from any earlier estimates
- your pension administrator will confirm updated figures once the correct factors are available

You do not need to take any action at this stage. You will be contacted if your retirement is affected.

27. Will I still be able to take a lump sum from PPS 1987?

Yes.

You will still be able to take a lump sum at retirement.

The change only affects how much lump sum you receive if you choose to give up part of your pension.

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28. What if I have made decisions based on a previous estimate?

We understand that you may have made financial plans based on an earlier estimate or retirement quote.

Pension estimates are not guaranteed and are based on the factors and assumptions in place at the time they are produced. When national assumptions change, updated figures must be used.

This means that earlier estimates may no longer reflect the final benefits payable.

If your circumstances are affected:

- you will be given updated information as soon as it becomes available
  - you should review any decisions, such as taking a lump sum, before your retirement is finalised.
  - you may also wish to consider taking independent financial advice
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29. Do I have a right of appeal?

You can raise a complaint with your scheme manager by using the scheme's Internal Dispute Resolution Procedure (IDRP) if you believe your benefits have been calculated incorrectly or that proper process has not been followed.

However, the pension scheme must apply the factors and assumptions that are in force at the date of calculation, even if these have changed since an earlier estimate was provided.

This means that a change to national assumptions (such as the SCAPE discount rate) would not normally be grounds for a successful appeal on its own.

An appeal cannot change the national factors or assumptions that the scheme is required to use.

## Version history

Date	Author	Publication	Reason for change
20/05/2026	Claire Neale	V1	N/A

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## Disclaimer

This factsheet has been prepared by NPCC using the regulations as they stand in May 2026, however they should be used only as an informal view of the interpretation of the Police Pension Scheme as only a court can provide a definitive interpretation of legislation.

This factsheet should not be interpreted as legal advice.

