

Protected Pension Age

This guide provides some useful information on Protected Pension Age (PPA) for members of the British Transport Police Force Superannuation Fund (BTPFSF, BTP Fund or the Fund). It covers:

- Background information
- What is a Protected Pension Age and how do I know if I have one?
- Can a Protected Pension Age be lost?
- Tax Consequences
- Opting out

Background information

You can take your pension once you reach your Normal Retirement Age (NRA). In most pension schemes, including the Fund, you can also request to take your pension before your NRA, however a reduction will be applied to your benefits. This is because taking your pension early means that it is assumed they will be in payment for longer.

In April 2010, government legislation under the Finance Act 2004 increased the earliest age from which reduced benefits could be taken, known as the Normal Minimum Pension Age (NMPA). NMPA is now age 55 for members who joined their pension scheme on or after 6 April 2006.

The legislation is due to change again in 2028 under the Finance Act 2022. The new change will see the NMPA increasing again from age 55 to age 57. The change is due to come into effect on 6 April 2028.

The legislation does allow members to take benefits from an earlier age than their NMPA under certain circumstances, which are:

- the member has a PPA
- ill-health retirement, or
- serious ill-health retirement

What is a Protected Pension Age and how do I know if I have one?

Following the changes in the NMPA legislation there are now 2 forms of PPA, as follows:

PPA50 – only applies to members of the 1970 Section. If you were an active member of the 1970 Section of the Fund on 5 April 2006, you may be able to apply for your Fund pension benefits from age 50 if you apply for immediate payment on leaving employment.

PPA55 – if you are a member of any one of the 3 Sections of the Fund (1970, 2007 and CARE) and do not have a PPA50, you will then have PPA55. This is due to legislation that states that all members of the armed forces, police and fire public service pension schemes would have a PPA55, including the Fund, even if their scheme rules did not grant a PPA on members on 11 February 2021. This means, you can continue to potentially claim your benefits from age 55 beyond 5 April 2028.

Once you have a PPA in the Fund this cannot be lost or removed, other than in specific circumstances listed below. If you have more than one period of membership in the Fund, this rule applies to all of them.

We recommend that you get independent financial advice before making any important decisions about your pension arrangements.

Can a Protected Pension Age be lost?

There are a number of circumstances where a PPA50 may be lost, which could have serious tax consequences as a result. (Find out more information on this in the 'Tax Consequences' section on page 3 of this guide.)

In order to rely on a PPA50, all your benefits within the Fund must be taken at the same time.

Therefore, if you rely on a PPA50 to take benefits before age 55 you have to take payment of all your benefits from any other Sections you may have in the Fund. **Please contact us for more information about your options and the timescales involved. If you're already planning your retirement, you should get in touch straight away.**

A PPA50 can be lost if after taking benefits you are employed by:

- the same employer
- another employer in the same corporate group, or
- any sponsoring employer with which you are connected*

**Connected persons are defined in Section s993 of Income Tax Act 2007 and include spouses or civil partners, relatives, spouses or civil partners of relatives and companies controlled by either you alone or with another connected person.*

This means that if you rely on a PPA50 in order to take payment of your benefits in the Fund before age 55, you must stop work for any of the above employers at the time you take your benefits. If you continue to work for any of these employers, you will lose your PPA50 and you could face an 'unauthorised payment' tax charge.

If you leave work and claim your benefits having relied upon a PPA50 to do so and return to employment with any of the employers listed above, then your PPA50 is lost from the date you are re-employed unless you meet 1 of the following conditions:

- a break in employment of at least 6 months
- a break in employment of at least 1 month and the re-employment is materially different in nature to your previous role

In practice, this means that if you are not employed by any of the employers mentioned above or there is a break in employment of at least 6 months, you will not lose your PPA50.

If you are employed by an employer mentioned above, then there has to be a break in employment of at least 1 month or 6 months if the role is not materially different.

HMRC's tax guidance states that for employment to be a materially different a simple change in hours is not sufficient but rather the duties and/or the level of responsibility in the new employment must be different from those in the old employment.

Once you reach age 55, the above conditions no longer apply so the tax consequences on page 3 will not apply regardless of any subsequent employment.

The employment conditions and the need to take benefits at the same time do not apply to someone who has PPA55 and wishes to take benefits from age 55.

The right to a PPA50 and PPA55 obtained whilst a member in the Fund will generally no longer apply if you transfer your Fund benefits to another pension provider.

We recommend that you get independent financial advice before making any important decisions about your pensions arrangements. [Check the guidance and advice page for more information.](#)

Tax Consequences

If you rely on a PPA in order to take payment of your benefits before age 55 and you lose or subsequently lose the right to a PPA, then every payment (pension and lump sum) made from the Fund before you reach age 55 will be treated as an unauthorised payment. The tax on unauthorised payments can be as high as 55%.

Opting Out and PPA50

Generally, if you voluntarily opt out of the Fund, the earliest age you can claim your pension is age 55 regardless of whether you have a PPA50 or not.

It may be possible to take your benefits before age 55 only in certain circumstances. This will need to be agreed with your employer.

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