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## ***Police Federation*** of England & Wales

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**From the General Secretary's Office**

Our Ref: Your Ref:

JF/mm/sg

**21 March 2007**

**JBB CIRCULAR NO : 16/2007**

**To: The Chairman and Secretary  
Joint Branch Board**

Dear Colleague

### **GENDER-BASED COMMUTATION IN THE POLICE PENSION SCHEME**

As a result of a letter circulated by an officer, you may receive an increase in queries from members regarding the fact that the commutation rates for female officers are higher than those for a male colleague of the same age.

The following may be of assistance in helping you respond to questions and concerns.

When an officer chooses to commute part of his/her pension for a tax free cash lump sum different rates are applicable according to gender (and, incidentally, age).

The reason for the gender-based commutation tables is that women statistically live longer than men. Hence their pensions are likely to be in payment for longer.

The lump sum is the actuarial equivalent of the surrendered portion of the pension at the date of retirement. The lump sum paid is actuarially equal to the amount of the pension that is given up for the rest of the officer's life.

As the life expectancy for a woman is longer, this is reflected in the commutation tables by a higher figure than a male counterpart of the same age.

The commutation tables also vary according to age as the younger an officer is at retirement the more likely the pension will be in payment for a longer period. Therefore the cash value of the surrendered part of the pension is higher.

It is the Government Actuary's Department (GAD), which, in accordance with the Police Pension Regulations (1987), arrives at the commutation figures. GAD takes account of appropriate interest rates and the expected mortality rates of former police officers. Our actuaries do check the GAD assumptions.

We have, at appropriate intervals, sought advice on the legal basis for the gender differential. In a 1994 judgement, where a claim was taken against the company Coloroll, the European Court of Justice ruled that it was not discriminatory to use actuarial factors that varied according to gender. Following this we sought the opinion of our Leading Counsel who advised that a court would not accept the use of actuarial tables in the PPS as unlawful in light of the Coloroll verdict.

We sought further advice in 2001 after the Human Rights' Act (HRA) came into force. The advice stated that the HRA did not impact upon previous rulings.

In December 2006, we requested another legal view. The advice given was again that the provision remained lawful. This provision is expressly provided for in Section 64 of the Pensions Act 1995 and Regulation 15 of the relevant regulations made thereunder. It is generally accepted that this complies with the principles of European law as established in cases before the European Court of Justice.

The fact remains that gender-based factors are not illegal, and even if some consider it to be unfair, there is no means available to us to implement a change.

We hope the above is useful to you but please do not hesitate to contact us should you require any further clarification.

Yours sincerely

A handwritten signature in black ink that reads "John Francis". The signature is written in a cursive style with a large, stylized initial 'J'.

**JOHN FRANCIS**  
**General Secretary**