

**A GUIDE TO**

**THE FIREFIGHTERS'**  
**PENSION SCHEME 1992**  
**(ENGLAND)**

**20 May 2014**

## THE FIREFIGHTERS' PENSION SCHEME 1992

When people first start working, a retirement pension is often one of the last things they think about. Then, as they get older and take on more responsibilities they begin to wonder how they will manage in retirement or how, if anything were to happen to them, their family would manage.

If you are a member of the Firefighters' Pension Scheme you belong to a public service pension scheme which provides very good benefits.

The Scheme's benefits include the following –

- an inflation-proofed pension based on your length of pensionable service and average final pay
- an option to convert part of the pension to a lump sum
- early payment of benefits if you have to retire on grounds of permanent ill-health
- death-in-service cover providing a lump sum death grant equal to twice pensionable pay
- a pension for your widow(er) or surviving civil partner
- children's and dependants' pensions.

This booklet is a brief guide to the Scheme. It summarises the main rules which apply at the date of issue (see page 2) but nothing it contains can override pensions legislation. In the event of a dispute or disagreement the rules and regulations which govern the Scheme would be used to reach a decision.

As a firefighter you are also covered by the Firefighters' Compensation Scheme (England) which would pay benefits to you, and/or to your dependants, should you become disabled or die as a result of an injury received in the exercise of your duties as a firefighter. The rules of the Compensation Scheme are set out in a separate booklet which can be obtained from the authority's pensions administrator. Contact details are given in "Where can I get more information?" on page 32 of this Guide

## **"A Guide to the Firefighters' Pension Scheme 1992 (England)"**

This guide reflects the rules of the Firefighters' Pension Scheme contained in the Firemen's Pension Scheme Order 1992 (as amended) as they apply to serving firefighters at the date of issue

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## BACKGROUND

The first national pension scheme specially designed for firefighters was introduced in 1926. This booklet sets out the rules of the Firefighters' Pension Scheme 1992 ("FPS") which came into effect on 1 March 1992 but which has been amended on many occasions since that date. Pension provision for firefighters is likely to be subject to substantial changes in 2015. You will be given information about the effect of those changes when they are confirmed.

The FPS is a statutory, public service pension scheme initially made under section 26 of the Fire Services Act 1947. This Act was repealed by the Fire and Rescue Services Act 2004, but section 36 of the 2004 Act allowed the Scheme to continue in force. It became a closed scheme on 6 April 2006 (i.e. new members could not be admitted) when the New Firefighters' Pension Scheme was introduced (see "Membership" on page 6).

Unlike occupational pension schemes in the private sector, the FPS does not have trustees nor does it have the type of pension fund which uses investments to help meet its liabilities. Although each fire and rescue authority is required to maintain a "Firefighters' Pension Fund" which:

- receives contributions from firefighter members and from the employing fire and rescue authority,
- pays out benefits to and in respect of members, and
- makes and receives transfer payments to and from other pension schemes

an authority does not have the power to invest the money. If the Fund has insufficient money to meet all of its pension liabilities, the Secretary of State will make up the shortfall; if the Fund is in surplus, the Secretary of State will take the excess to cover any shortfall in the Funds of other authorities.

Social Security rules can have an impact on the way pension schemes work. The FPS is "contracted out" of the State Second Pension arrangements, i.e. those which provide the additional component of pension paid on top of the Basic State Pension. To be given contracted-out status a pension scheme has to meet certain minimum requirements. Members of a contracted-out scheme pay a lower, contracted out rate of National Insurance contributions.

The FPS is a "registered" pension scheme for the purposes of the Finance Act 2004. This means that HM Revenue and Customs allow certain tax concessions. Pension contributions attract tax relief and certain benefits, provided they are within set limits, are exempt from tax charges.

Like other pension schemes, the FPS must comply with Pensions Acts although, as a public service scheme, it is exempt from some requirements. Regulations made under Pensions Acts require you to be given items of basic information about the Scheme; this booklet has been written to comply with those Regulations.

Some pension terms may be unfamiliar to you or have a special meaning in the context of the FPS. An explanation of terms and expressions is given on pages 28 and 29.

If you would like more information about the Scheme, see the contact details on page 32.

## MEMBERSHIP

On 6 April 2006, the Firefighters' Pension Scheme 1992 became a closed scheme. Consequently current active members of the FPS will be those who satisfied the membership conditions and joined before that date, who have not opted out of the Scheme, and who have not had any subsequent break in continuity of employment.

One of the conditions for membership was that a person should have been appointed as a regular firefighter by a fire and rescue authority on terms under which he or she may be required to engage in firefighting. Having joined the FPS, however, membership can continue if a person is required to perform just the non-firefighting duties appropriate to his or her role. This means, for example, that if a person becomes unfit for the "operational" aspects of the role, provided there is no break in the continuity of the employment, he or she would be allowed to remain a member.

## OPTING OUT

If you do not want to be a member of the FPS you can opt out at any time by giving written notice to the authority. The notice would take effect from the following pay day.

Under FPS rules, a member –

- with less than 3 months' service when the notice takes effect would receive a refund of any contributions he/she had paid (see page 8);
- with 3 months' or more but less than 2 years' qualifying service, would have a choice of a refund or a transfer of accrued pension rights to another pension arrangement (see page 14);
- with 2 or more years' service would have entitlement to a deferred pension (see page 10) or a transfer of accrued rights to another pension arrangement.

Because the FPS became a closed pension scheme in April 2006, a person who opts out now will usually have more than 2 years' service and so would qualify for the deferred pension or transfer option.

On opting out, you would cease to have any further cover under the FPS (other than that provided by any deferred pension). You would, however, continue to be covered by the provisions of the Firefighters' Compensation Scheme in the event of a qualifying injury.

If you subsequently change your mind and wish to rejoin the FPS you would not be permitted to do so. Instead, according to your eligibility, you would be allowed to join another suitable pension scheme provided by the fire and rescue authority. Also, under "automatic enrolment" requirements introduced by the Pensions Act 2008 and which impact on all UK employers, the authority will have to periodically re-enrol you into a pension scheme. (You would have the right to opt out again if you wish.)

Seek independent financial advice if you are thinking about opting out of the FPS. You would save the cost of contributions but would probably pay more by way of tax (contributions attract tax relief) and National Insurance contributions (while a member of the FPS you pay the lower, contracted-out rate). And you and your dependants would cease to have the cover which active membership of the FPS provides.

## **WHAT ABOUT PREVIOUS PENSION RIGHTS?**

On taking up your employment you would have been asked to give details about any previous membership of a pension scheme and to indicate whether you would like the authority to explore the possibility of a transfer of pension rights to the FPS. Now that the Scheme is closed, a transfer of pension rights is no longer possible.

If you have pension rights in some other arrangement but have lost contact with the administrators, the Department for Work and Pensions offers a Pension Tracing Service. All pension schemes (including the FPS) have to be registered with them and the Tracing Service can help pension holders and/or their dependants trace "lost" pension rights. The Pension Tracing Service can be contacted at:

Tyneview Park, Whitley Road, Newcastle upon Tyne, NE98 1BA      Tel: 0845 6002 537

## **HOW MUCH DO I PAY IN CONTRIBUTIONS?**

As a member of the FPS you pay a contribution which is a percentage of your pensionable pay. Current contribution rates are shown on page 27. Your fire and rescue authority pay an employer's contribution and additional charges for ill-health awards plus the cost of exercising certain discretions allowed under the rules. Employees' and employers' contributions are determined by the Secretary of State on the advice of the Scheme Actuary who will have regard to the total cost of Scheme benefits. They are reviewed regularly.

The pensionable pay upon which the contributions are assessed is the amount determined in relation to the duties of your role and certain payments which the authority may, at their discretion, treat as pensionable for providing "Additional Pension Benefits" – see page 13. If you are part-time, contributions will be deducted on your part-time pay. For anyone who first joined the Scheme after 31 May 1989 there was an "earnings cap" on pensionable pay, based on that imposed by HM Revenue and Customs.

## **CONTRIBUTIONS FOR UNPAID LEAVE**

During paid maternity, paternity or adoption leave you would pay contributions on whatever rate of pay you receive; if a period of additional maternity, paternity or adoption leave is unpaid, you will have the option to pay contributions on the rate you were receiving immediately before pay ceased (disregarding any "Keeping in Touch" days), if you wish to count that period as pensionable service.

If you have an unpaid period of absence for other reasons, you have the option to pay contributions based on the pay you would have received but for the absence in order that the period can count as pensionable service. But, in this case, you would be required to pay both the employee's and employer's contribution. (At their discretion the fire and rescue authority may agree to pay the employer's contribution for you.)

Contact the fire and rescue authority's pensions administrator if you require more information about these options.

## **HOW MUCH SERVICE DO I NEED TO QUALIFY FOR A PENSION?**

To be eligible for any of the pensions mentioned in this booklet, you must have at least 2 years' pensionable service in the FPS. If you have less, you would still be eligible if you have had a transfer of personal pension scheme rights into the FPS.

## **AT WHAT AGE WOULD I BE PAID MY PENSION?**

Normal pension age for all members of the FPS is age 55. If you choose to retire at or after this age, your pension would be put into immediate payment. Or you could retire earlier with immediate payment of benefits provided you have reached age 50<sup>1</sup> and have at least 25 years' service. (See "Age retirement pension" on page 10.)

An ill-health pension (see page 11) may be payable at any age.

If you leave the FPS before becoming entitled to payment of age or ill-health retirement benefits you may be awarded a deferred pension (see page 10). This would be payable from –

- age 60, or
- subject to appropriate medical certification, at any age on grounds of permanent ill-health which prevents you from undertaking firefighting or any of the other duties appropriate to your former role as a firefighter.

## **CAN I HAVE A REFUND OF CONTRIBUTIONS?**

A refund can be paid only if you leave the service or opt out of the FPS and –

- have less than 2 years' qualifying service in the FPS, and
- a transfer of personal pension rights has not been paid into the Scheme.

If you are eligible for a refund, this would be the total of all the contributions that you have paid. There would be no payment to you of any employer's contributions. Deductions would be made from the refund in respect of –

- the certified amount of any Contributions Equivalent Premium due; this is a payment that has to be made to "buy" you back into the State Second Pension – while a member of the FPS you will have been contracted out of that element of the State Pension Scheme; and
- tax – under current HM Revenue and Customs rules this is currently 20% in respect of the first £20,000 refunded and 50% in respect of any amount in excess of £20,000.

Because the FPS became a closed scheme in April 2006, it is unlikely that any serving members would now be entitled to a refund.

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<sup>1</sup> A Chief Fire Officer appointed before 1 July 2013 requires the authority's consent to be able to retire before age 55.

## HOW IS A PENSION CALCULATED?

How the various types of pension are calculated is explained on the following pages, but there are certain basic principles.

The FPS is a final salary pension scheme which means that your pension will be a proportion of final average pensionable pay. The proportion will depend, in part, upon how much pensionable service you have at the time of leaving the Scheme. For age and ill-health pensions, a principle of "fast accrual" is used. For each of the first 20 years of pensionable service, you will get 1/60th of average pensionable pay and for each of the following years you will get 2/60ths of average pensionable pay. Each day of pensionable service will count as 1/365th of a year. The maximum number of 60ths that you can count is 40 (after 30 years' service). For example, if you retire at age 55 with 30 years of pensionable service and average pensionable pay of £30,000, your pension would be assessed as –

$$(20 \times 1/60) + (10 \times 2/60) \times £30,000 = 40/60 \times £30,000 = £20,000.00 \text{ a year}$$

or, if you retire at age 50 after 27 years with the same pay, your pension would be –

$$(20 \times 1/60) + (7 \times 2/60) \times £30,000 = 34/60 \times £30,000 = £17,000.00 \text{ a year}$$

## WHAT IS PENSIONABLE SERVICE?

This is your service as a member of the Scheme and in respect of which you have paid contributions. If you have ever worked part-time, the starting point for assessment of your pension is to use the pensionable service you would be able to count if whole-time.

Various other periods may count as pensionable service, e.g. that credited on receipt of a transfer value from another pension arrangement, unpaid leave (including additional maternity, paternity and adoption leave) for which contributions have been paid, or service which previously counted towards a pension which has since been cancelled. "Purchased 60ths" paid for by additional contributions would also be included in the assessment of pension.

## WHAT IS AVERAGE PENSIONABLE PAY?

In most cases this will be your pensionable pay averaged over the last 365 days of pensionable service. It would not, however, include those payments which have been treated as pensionable for providing "Additional Pension Benefits" (see page 13).

If either of the two preceding periods of 365 days would produce a greater amount, the final pensionable pay from one of those earlier periods could be substituted. This protects your pension if you have a reduction in pay in your last couple of years' service. If you have a reduction in pay earlier on in your service, the "two pension option" (see page 13) could help you.

If at any time you have worked part-time, the starting point for assessment of your pension is to use the pensionable pay you would be able to count if whole-time.

## AGE RETIREMENT PENSION

This would be payable to a firefighter who, upon retirement, is age 50 or over with at least 25 years' service (it is referred to as an "ordinary pension" in the FPS rules), or age 55 or over with less than 25 but at least 2 years' service (this is referred to as a "short service pension"). The basic formula is used – see "How is a pension calculated?" on page 9.

For example, if you retire at 55, with 22 years' pensionable service and average pensionable pay of £28,000, your pension would be –

$$(20 \times 1/60) + (2 \times 2/60) \times £28,000 = 24/60 \times £28,000 = £11,200.00 \text{ a year}$$

Part of the annual pension can be commuted to provide a lump sum if you wish – see "Commutation" on page 14.

## DEFERRED PENSION

If you leave your employment as a firefighter and you

- have at least 2 years' pensionable service or, if less, have had a transfer of personal pension rights into the FPS, and
- are not eligible for immediate payment of an age retirement pension because you are not old enough and/or do not have the required length of service, and
- are not retiring on grounds of ill-health,

then you would be entitled to a deferred pension. You would also be entitled to a deferred pension if you opt out of the FPS while still in employment provided you have at least 2 years' pensionable service or have had a personal pension transfer into the FPS. A deferred pension is calculated by first assessing the "hypothetical" pension you would have received if your pensionable service had been continuous to normal pension age (55) or to age 60 for a firefighter in the role of Station Manager B and above<sup>2</sup>. Then the hypothetical pension is "pro rated" according to the period actually served.

For example if you would have completed 30 years at normal pension age and your average pensionable pay at the date you leave is £27,000, the first part of the assessment of the deferred pension would be to work out the hypothetical pension as follows –

$$(20 \times 1/60) + (10 \times 2/60) \times £27,000 = 40/60 \times £27,000 = £18,000.00 \text{ a year}$$

If your actual pensionable service at the date of leaving was 5 years, then the deferred pension would be 5/30ths of the hypothetical pension –

$$5/30 \times £18,000 = £3,000.00 \text{ a year.}$$

Part of the annual pension can be commuted to provide a lump sum if you wish – see "Commutation" on page 14.

Any part-time service would be taken into account after the whole-time deferred pension has been assessed – see "Adjustment for part-time service" on page 12.

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<sup>2</sup> This reflects the fact that the starting point for working out a deferred pension used to be the hypothetical pension due at "compulsory retirement age". This was age 55 for all ranks/roles below Station Manager B and age 60 for Station Manager B and above. Age 60 was protected for this purpose when "compulsory retirement age" was replaced in the Scheme by "normal pension age" (age 55).

If, in the previous example, 3 of the 5 years you had served were whole-time and 2 were half-time, the part-time deferred pension would be –

$$\frac{3 + (1/2 \times 2)}{5} \times \text{£}3,000.00 = \text{£}2,400.00 \text{ a year}$$

A deferred pension is put into payment at age 60. It can be paid earlier if you become permanently disabled for performing duties appropriate to your former role. Or, if you wish, it could form the basis of a transfer value paid to some other pension scheme.

## **ILL-HEALTH PENSION**

If you have at least 2 years' pensionable service, you may be considered at any age for an ill-health award. Before deciding to make such an award, the authority will seek the opinion of an independent qualified medical practitioner ("IQMP").

There are 2 tiers of ill-health award – lower tier and higher tier. The lower tier award provides a lower tier ill-health pension only; a higher tier award provides a lower tier ill-health pension plus a higher tier ill-health pension. The award made will depend upon your length of service and the extent of the disablement which causes you to retire.

If you have at least 2 but less than 5 years of pensionable service and are permanently disabled for the performance of the duties of your role, you would be entitled to a lower tier ill-health pension upon retirement, i.e. a lower tier ill-health award.

If you have at least 5 years' pensionable service and are permanently disabled for the performance of the duties of your role you would be entitled to a lower tier ill-health pension, i.e. a lower tier ill-health award. Should your disablement mean that, additionally, you are not capable of undertaking regular employment, you would also be entitled to a higher tier ill-health pension, i.e. a higher tier ill-health award. ("Regular employment" in this context means employment for at least 30 hours a week on average over a period of not less than 12 consecutive months beginning with the date on which the question of your disablement arises for decision.)

### **Calculation of lower tier pension**

If you have less than 5 years' pensionable service, the lower tier ill-health pension is calculated in the same way as an age retirement pension, i.e.

$$1/60 \times \text{pensionable service} \times \text{average pensionable pay}$$

Assuming your average pensionable pay is £30,000 and you had completed 3 years' service at the date of retirement, your lower tier pension would be calculated as –

$$1/60 \times 3 \times \text{£}30,000.00 = \text{£}1,500.00 \text{ a year.}$$

If you have 5 or more years' pensionable service, the lower tier ill-health pension is calculated in the same way as a deferred pension – see page 10. For example, assuming that you could have completed 30 years' service by age 55 but have completed only 12 years at the date of retirement, and your average pensionable pay is £30,000, the lower tier pension would be calculated as –

$$12/30 \times 40/60 \times \text{£}30,000.00 = \text{£}8,000.00 \text{ a year}$$

## Calculation of higher tier pension

This involves a two-stage calculation. The first stage assesses a pension including an enhancement of service; the next stage deducts from the resultant pension an amount equal to the lower tier pension. The difference is the higher tier pension.

The enhancement of a pension depends upon your length of pensionable service. This is illustrated in the table below (where "APP" means average pensionable pay).

Enhancement according to length of pensionable service		
5 or more years, but less than 10	⇒	each year of service will reckon as: $2/60 \times \text{APP}$
10 or more years, but less than 13	⇒	the formula is based on: $20/60 \times \text{APP}$
13 or more years	⇒	the formula is based on: $\text{pensionable service}^* + 7/60 \times \text{APP}$
*each year of service to 20 years = 1/60; each year of service after 20 years = 2/60ths		

The resultant pension, however, must not be greater than the age retirement pension that could be achieved at the normal pension age of 55, or age 60 in the case of Station Manager B and above. (And an age retirement pension must not be greater than 40/60ths of average pensionable pay.)

Assume that, in addition to the lower tier pension illustrated on the previous page, you were entitled to a higher tier pension. You have 12 years' service. The enhanced pension which forms the first stage of the calculation would be based on 20/60ths of average pensionable pay. With average pensionable pay of £30,000.00 this would give –

$$20/60 \times £30,000.00 = £10,000.00$$

The lower tier pension had been assessed as £8,000.00 a year and so the next stage of the calculation is to deduct this from the £10,000.00 assessed at the first stage –

$$£10,000.00 - £8,000.00 = £2,000.00$$

In this example, with entitlement to a higher tier award you would be paid a lower tier ill-health pension of £8,000.00 and a higher tier ill-health pension of £2,000.00 a year.

## General

If you had a period of part-time service, both the lower and higher tier pensions would first be assessed as if your service were whole-time throughout, and then pro rated as explained in "Adjustment for part-time service" below. Part of a lower tier pension (but not a higher tier ill-health pension) can be commuted to provide a lump sum – see "Commutation" on page 14.

## ADJUSTMENT FOR PART-TIME SERVICE

If you have ever worked part-time, the pension is first assessed as if you had worked whole-time throughout your service. Then account is taken of the part-time service you have accrued as a proportion of whole-time service.

For example, if you retire at age 55 having worked whole-time for 20 years and half-time for 6 years (i.e. 26 calendar years) the starting point for working out your pension would be to assume you had worked whole-time throughout those 26 years. Even if you have been working half-time during your final year, average pensionable pay is based on the whole-time pay. Let's suppose it is £36,000.00. The whole-time pension would be –

$$(20 \times 1/60) + (6 \times 2/60) \times £36,000 = 32/60 \times £36,000 = £19,200.00 \text{ a year}$$

Then account is taken of the hours actually worked during the calendar length of service:

$$20 + (1/2 \times 6) = 23 \text{ years}$$

The whole-time pension is then multiplied by the actual length of service as a proportion of the whole-time length to give the "part-time" pension –

$$23/26 \times £19,200.00 = £16,984.62 \text{ a year.}$$

## **TWO PENSION OPTION ("SPLIT AWARD")**

As explained on previous pages, the FPS is a final salary pension scheme. Your pension will normally be based on an average of your pensionable pay over the last year of service or, if greater, the average over one of the two previous years. In most cases, this ensures benefits are assessed on the highest level of pay in a firefighting career. But what if you have a reduction in pay which does not fall in those last 3 years?

On 1 April 2007 a new rule was introduced into the FPS; it allows a "two pension" option if a firefighter has a reduction in pensionable pay when taking up a different role or becomes entitled to a lower rate of pay in an existing role. Pension rights before the reduction in pay are "preserved" as a deferred pension and new pension rights start to accrue in respect of your period of service after the reduction. The first pension would be based on your pre-reduction pay, your second pension would be based on your post-reduction pay.

Both pensions would become payable when you are eligible to receive the second pension. But if, at that time, you would have been better off by not splitting your pension rights, you can ask the authority to cancel the split award and base your pension on your total pensionable service and final average pensionable pay. For example, cancellation may be to your advantage if, after the initial reduction in pay, you received a promotion.

## **ADDITIONAL PENSION BENEFITS ("APBs")**

Additional Pension Benefits ("APBs") are a form of contributions-based pension paid in addition to the main final salary FPS pension. They are a method of ensuring that an element of pay, which is treated as pensionable but which may not be present at the end of a firefighter's service, will nevertheless be recognised in respect of contributions paid.

APBs were first introduced to cater for the impact on pensionable pay of the phasing out of Long Service Increment ("LSI"). The removal of LSI affected the pension expectation of those firefighters who were receiving it. If you are entitled to a LSI APB this will already have been assessed and notified to you by the authority. The value as notified will continue to increase in line with Pensions Increase Orders. It will be paid to you when you become entitled to receive your main FPS benefits. No further LSI APBs will be awarded. They were a one-off form of protection.

However, APBs remain available to cater for other elements of pay which may not be permanent and so not suitable for final salary benefits, e.g. Continual Professional Development payments and certain other allowances and payments that the authority, at their discretion, may allow to be treated as pensionable.

The way in which APBs work is that you pay basic pension contributions on the relevant element of pay, and the authority pays contributions at the employer's contribution rate. The contributions which have been paid by you and the authority over the previous 12 months are totalled on every 1 July and the sum is then used to "buy" an amount of APB for that year by reference to factors provided by the Scheme Actuary. The amounts of APB at the end of each year are index-linked. They are totalled and paid to you as an additional pension when you become eligible to receive your main FPS pension.

## **TRANSFER OF PENSION RIGHTS OUT OF THE FPS**

If you leave the FPS having sufficient service to qualify for a pension but are not eligible for immediate payment because you are not old enough nor retiring on grounds of ill-health, as an alternative to a deferred pension you could request that your pension rights should be transferred to some other pension arrangement. A transfer value, a sum representing the capital value of your pension rights, would be assessed in accordance with guidance provided by the Scheme Actuary and offered to the managers of your new pension scheme. The transfer would take place only if you so instruct and if the fire and rescue authority are satisfied that the new scheme has the necessary approval of HM Revenue and Customs.

## **TRANSFER OF PENSION RIGHTS WITHIN THE FPS**

If you leave your employment with the fire and rescue authority and transfer to further employment as a firefighter with another authority, provided there is no break in service between employments, you would remain a member of the FPS. Although your pension rights will normally transfer with you, payments of transfer value are not exchanged between English fire and rescue authorities. An authority you leave would simply send a statement of your accrued pension entitlement to your new authority.

However, if you leave to take up employment as a firefighter in Scotland, Wales or Northern Ireland, a transfer payment would be paid because different funding arrangements apply. Provided there is no break in service between employments you would be subject to the FPS rules of the relevant country.

## **COMMUTATION**

If, on retirement, you prefer to have a lump sum as well as a pension you can provide one by "commutation". To do this you must give written notice to the fire and rescue authority, no earlier than 4 months before your intended retirement and no later than the day before your pension is due to come into payment. You would state how much of your pension (including any Additional Pension Benefit) should be commuted, i.e. converted into a lump sum. You can commute as much or as little as you like provided that you do not exceed the limits set out in the FPS rules. The limit depends upon the circumstances of your retirement as shown on the next page.

Circumstances of retirement	Commutation limit
<ul style="list-style-type: none"> <li>• With an ill-health pension, or</li> <li>• with an age retirement pension based on 30 years' pensionable service, or</li> <li>• with a deferred pension, or</li> <li>• at or after normal pension age (55).</li> </ul>	<p>Maximum commutation of one quarter of pension (only the lower tier ill-health pension can be commuted in the case of a higher tier ill-health award).</p>
<ul style="list-style-type: none"> <li>• With an age retirement pension at age 50 or over but below age 55, with 25 or more but less than 30 years' pensionable service.</li> </ul>	<p>Lump sum must not be greater than two and a quarter times the pension before commutation; a greater sum may be permitted at the discretion of the authority (who would have to fund the additional cost).</p>

The amount provided as a lump sum is decided by factors provided by the Scheme Actuary – see next page. The factor used will depend upon your age in completed years and months on the day your pension commences. Unlike previous factors which reflected whether the firefighter was male or female, current factors are “unisex”.

Please be aware that HM Revenue and Customs limit the amount of lump sum which you can receive tax-free. The limit is most likely to be exceeded if the relevant commutation factor is greater than 20. However, when your pension becomes due, the authority’s pensions administrator will be able to tell you how much you can commute while remaining within the tax limits.

### Example of calculation of commuted lump sum

A firefighter born on 10 October 1957 has a last day of service of 17 May 2015. He has completed 30 years of service and is entitled to the immediate payment of his pension.

He elects to commute the maximum amount which, in his case, can be one quarter.

His pension before commutation is £20,000 a year.

On the day his pension commences his age will be 57 years and 7 completed months; the relevant commutation factor shown in the table on the next page, is 20.6.

His lump sum will be:

$$\frac{\pounds 20,000.00}{4} \times 20.6$$

$$= \pounds 5,000.00 \times 20.6$$

$$= \pounds 103,000.00$$

His pension after commutation will be:

$$\pounds 20,000.00 - \pounds 5,000.00$$

$$= \pounds 15,000.00 \text{ a year.}$$

## Commutation Factors (at 12 November 2018)

Based on age in years and completed months on day pension commences

Years	Age in years and completed months on day pension commences											
	0	1	2	3	4	5	6	7	8	9	10	11
Below 50	24.0											
50	24.0	23.9	23.9	23.9	23.8	23.8	23.8	23.7	23.7	23.7	23.6	23.6
51	23.6	23.6	23.5	23.5	23.5	23.4	23.4	23.4	23.3	23.3	23.3	23.2
52	23.2	23.2	23.1	23.1	23.1	23.0	23.0	23.0	22.9	22.9	22.9	22.8
53	22.8	22.7	22.7	22.7	22.6	22.6	22.6	22.5	22.5	22.5	22.4	22.4
54	22.3	22.3	22.3	22.2	22.2	22.2	22.1	22.1	22.0	22.0	22.0	21.9
55	21.9	21.8	21.8	21.8	21.7	21.7	21.6	21.6	21.6	21.5	21.5	21.4
56	21.4	21.4	21.3	21.3	21.2	21.2	21.1	21.1	21.1	21.0	21.0	20.9
57	20.9	20.9	20.8	20.8	20.7	20.7	20.7	20.6	20.6	20.5	20.5	20.4
58	20.4	20.4	20.3	20.3	20.2	20.2	20.2	20.1	20.1	20.0	20.0	19.9
59	19.9	19.9	19.8	19.8	19.7	19.7	19.6	19.6	19.6	19.5	19.5	19.4
60	19.4	19.3	19.3	19.3	19.2	19.2	19.1	19.1	19.0	19.0	19.0	18.9
61	18.9	18.8	18.8	18.7	18.7	18.6	18.6	18.6	18.5	18.5	18.4	18.4
62	18.3	18.3	18.2	18.2	18.2	18.1	18.1	18.0	18.0	17.9	17.9	17.8
63	17.8	17.8	17.7	17.7	17.6	17.6	17.5	17.5	17.4	17.4	17.4	17.3
64	17.3	17.2	17.2	17.1	17.1	17.0	17.0	16.9	16.9	16.9	16.8	16.8
65	16.7	16.7	16.6	16.6	16.5	16.5	16.4	16.4	16.3	16.3	16.3	16.2
66	16.2	16.1	16.1	16.0	16.0	15.9	15.9	15.8	15.8	15.7	15.7	15.7
67	15.6	15.6	15.5	15.5	15.4	15.4	15.3	15.3	15.2	15.2	15.1	15.1
68	15.0	15.0	14.9	14.9	14.9	14.8	14.8	14.7	14.7	14.6	14.6	14.5
69	14.5	14.4	14.4	14.3	14.3	14.2	14.2	14.1	14.1	14.0	14.0	14.0
70	13.9	13.9	13.8	13.8	13.7	13.7	13.6	13.6	13.5	13.5	13.4	13.4
71	13.3	13.3	13.2	13.2	13.1	13.1	13.0	13.0	13.0	12.9	12.9	12.8
72	12.8	12.7	12.7	12.6	12.6	12.5	12.5	12.4	12.4	12.3	12.3	12.2
73	12.2	12.1	12.1	12.0	12.0	11.9	11.9	11.8	11.8	11.8	11.7	11.7
74	11.6	11.6	11.5	11.5	11.4	11.4	11.3	11.3	11.2	11.2	11.1	11.1
75	11.0											

## ALLOCATION

Allocation is an option to give up part of your pension at retirement to provide, on your death, a pension for a spouse or civil partner or dependant (in addition to those which are “automatically” provided by the FPS). It is an old provision which has remained preserved in the FPS since its early days even though dependants' benefits have improved from their original levels.

An election to allocate must be given no later than the day before benefits become payable and no earlier than 2 months before. (Acceptance is subject to medical evidence of a normal life expectancy.) The amount provided as a pension on allocation depends upon the age and sex of the firefighter and of the nominated beneficiary.

The fire and rescue authority's pensions administrator can give you a personalised quote before your pension becomes due if you are interested in this option.

## **CAN I MAKE VOLUNTARY PAYMENTS TO INCREASE MY BENEFITS?**

If you are an active member of the Scheme, and will not be able to count 30 years' pensionable service by normal pension age (55) you can elect to "buy" additional 60ths.

The additional 60ths would count not only in the assessment of your own pension, but in the assessment of widow(er)'s, civil partner's and children's benefits. They would not, however, be taken into account for assessing entitlement to benefits, e.g. you cannot count them towards the 25 years' pensionable service needed for retirement at or after age 50 and before 55, or towards service used for assessing entitlement to an ill-health pension.

To buy the additional 60ths you would pay additional contributions. The amount of additional contributions will depend upon your age at the birthday following your election to make the payments, and how many additional 60ths you wish to purchase. The Scheme Actuary provides factors from which the fire and rescue authority will determine the cost. (The authority's pensions administrator can give you a quotation and further details if you are interested in this option.)

An election to pay additional contributions must be made at least 2 years before normal pension age (55) and may only be made by a person who had not attained age 46 when last becoming a firefighter. Also, the fire and rescue authority may require you to undergo a medical examination (at your own expense) to satisfy them of your good health.

The additional contributions would be deducted with effect from your first birthday following your election, along with your basic contributions and will continue to be deducted until normal pension age.

Once you have begun paying the contributions, if you retire with an ill-health pension or die in service, benefits payable to you or your dependants respectively, would take into account the full number of 60ths you elected to "buy" in your election.

Should you leave or retire in other circumstances, before reaching normal pension age, you would be credited with the appropriate portion of 60ths "purchased" to date.

If this method of improving retirement benefits is not open to you or you prefer some other method of providing additional income in retirement you could, if you wish, pay free-standing voluntary contributions ("FSAVCs") to a life assurance company or similar, or set up a personal or stakeholder pension in addition to your membership of the FPS. However, these arrangements cannot be made through the FPS and the fire and rescue authority would not be permitted to advise you. You may find it helpful to seek the assistance of a qualified and registered independent financial adviser if you consider these options. (Financial advisers may charge for their services.)

## **DIVORCE OR DISSOLUTION OF CIVIL PARTNERSHIP THE EFFECT ON PENSION RIGHTS**

In the event of divorce, dissolution of civil partnership, annulment or judicial separation, a court may order a pension scheme to pay all or part of a member's benefit entitlement to his/her former spouse or civil partner. This would be in accordance with an "earmarking" order or a "pension sharing" order.

An earmarking order could apply to all or part of your retirement pension, potential lump sum, or possibly your death grant. If you have already retired, the order may require immediate payment of pension to your former spouse or civil partner. If you are an active or deferred member the order would not have effect until the benefits become payable.

A pension sharing order would have immediate effect. The court would instruct that a percentage of the value of your benefits should be deducted to provide "pension credit rights" for your former spouse or civil partner (who becomes a "pension credit member" of the FPS). The pension credit rights would remain in the FPS until he/she is eligible to draw them at age 60 (or put into immediate payment if he/she has already reached that age). They cannot be transferred to another pension arrangement. If a pension credit member dies before age 60, a death grant would be paid to his/her personal representatives. There are no survivor benefits attached to a pension credit.

The court will normally expect both parties to provide information about the current and prospective value of their pension rights together with the rules of the pension scheme(s) in which those rights are held. The authority's pensions administrator can provide this for you and can give you general information on the impact that divorce/dissolution may have on pension rights.

## **DEATH GRANT**

If you were to die in service as a member of the FPS, a death grant would be payable. This would normally be two times your pensionable pay as at the date of death or, if you were absent from duty without pay at that time, two times your pensionable pay immediately before the absence began. If you are working part-time hours the pensionable pay would be the part-time rate.

Tax rules prevent the payment of a death grant in respect of a person who has attained age 75 but it is unlikely that a firefighter would still be serving at that age.

The fire and rescue authority would pay the death grant to the firefighter's legal spouse or civil partner provided they were not living apart at the time of death. (This means more than a physical separation, e.g. as would be the case if the firefighter was away from home attending a training course; it implies recognition by at least one of the spouses or partners that the marriage or partnership is at an end.)

If the firefighter was unmarried, not in a civil partnership, or was "living apart", the death grant would be paid to his/her personal representatives.

There is no death grant payable if the firefighter had already left the service, or opted out of the FPS, at the date of death.

## WIDOW(ER)'S PENSION

When a FPS member dies (whether before or after retirement), if he/she had completed at least 2 years' pensionable service a pension will be paid to a surviving spouse.

Provided husband and wife were not living separately the widow(er)'s pension would be:

- in the case of a serving Scheme member – half of the total lower and higher tier ill-health pensions to which the firefighter would have been entitled if he/she had retired on health grounds on the date of death;
- in the case of a retired Scheme member where the marriage took place before the member ceased to be a firefighter – half of the former firefighter's pension as calculated before any reduction was made for commutation and/or allocation;
- in the case a firefighter, or former firefighter entitled to a deferred pension which was not in payment at the date of death – half of the deferred pension.

If the FPS member had worked part-time, account will be taken of this in the assessment of the widow(er)'s pension.

For firefighters with service before April 1972, the pension may be less than half. The authority's pensions administrator can give personalised details if required.

### Husband and wife living separately

If husband and wife were living separately at the date of death, the surviving spouse's pension would be calculated as –

pensionable service after 5.4.1978 x 1/160 x average pensionable pay

However, if a greater pension ("the full pension") would be payable if husband and wife were not living apart, the pension calculated by the formula shown above –

- must be increased to the level of any maintenance contributions the deceased was paying or liable to pay at the date of death for the support of spouse and/or child, but this must not be greater than the full pension
- may be increased to the full pension at the discretion of the fire and rescue authority.

### Post-retirement marriage

If a former firefighter marries after leaving the fire and rescue service the surviving spouse's pension would be assessed as the greater of the following –

pensionable service after 5.4.1978 x 1/160 x firefighter's average pensionable pay,  
or

$1/2 \times \frac{\text{service after 5.4.1978}}{\text{total pensionable service}} \times \text{firefighter's pension}$

### Same sex marriage

If a FPS member dies (before or after retirement), the widow(er) of a same sex marriage would be entitled to a pension based on similar principles to those set out above for a widow(er) but it would reflect service from 6 April 1988 only.

## SURVIVING CIVIL PARTNER'S PENSION

The surviving partner of a registered civil partnership would be entitled to a pension based on similar principles to those set out above for the widow(er) of a same sex marriage.

## **CHILDREN'S BENEFITS**

When a FPS member dies (before or after retirement) a pension will be paid to an eligible child. "Child", in this context, means a legitimate or illegitimate child, a step-child or adopted child of the member, and any other child substantially dependent on the member who is either related to him/her or a child of his/her spouse or civil partner.

A child will normally not be eligible if he/she –

- is age 18 or older;
- has ceased full-time education and is in paid employment; or
- is married or has entered into a civil partnership.

However, a child aged 18 or over will be eligible if –

- under age 23 and in full-time education or attending a course which lasts for at least a year, or
- at the date of the (former) firefighter's death was dependent upon him/her because of permanent disablement.

The amount of a child's pension due would depend upon the number of eligible children and whether or not the child or children have a surviving parent.

If a FPS member dies in service, where there is a surviving parent and less than 3 eligible children, each child would receive 18.75% of the combined lower and higher tier ill-health pensions; if there are 3 or more eligible children, 37.5% of the combined lower and higher-tier ill-health pensions would be divided equally by the number of children. If there is no surviving parent and less than 3 eligible children, each child would receive 25% of the combined lower and higher tier ill-health pensions; if there are 3 or more eligible children, 50% of the combined lower and higher-tier ill-health pensions would be divided equally by the number of children.

If a person dies after leaving the service or the FPS, the children would be entitled to a similar percentage, in similar proportions, of the pension in payment (or a deferred pension not yet in payment).

## **FLAT RATE PENSION**

Instead of the standard awards set out on the preceding pages, a widow(er), civil partner or child can elect, instead, to receive a "flat rate" award. This is the type of award that was provided in the early days of the FPS when dependants' awards were quite limited. Nowadays it is unlikely that a flat rate award would provide a better pension in respect of a firefighter appointed after the mid 1970s.

## **SURVIVORS' ADDITIONAL PENSION BENEFIT**

If a firefighter has entitlement to an Additional Pension Benefit ("APB"), whether or not it is in payment at the date of death, a portion is paid to a surviving spouse or civil partner and/or any eligible children. The portion will reflect the percentage of the main FPS pension that is paid, e.g. half to a widow, 18.75% to a single eligible child, etc.

## **DEPENDENT RELATIVE'S GRATUITY**

This can be paid at the discretion of the fire and rescue authority if the FPS member dies in service or after retirement (other than with a deferred pension). The recipient must be a relative who was substantially dependent on the Scheme member at the date of death and must not be entitled to any other award under the Scheme. A relative in this context means a widow(er), civil partner, parent, a grandparent, a child of the member or any child of these relatives. In normal circumstances, of course, the widow(er), civil partner, or child of the member will nowadays be entitled to an award under the main provisions of the FPS. This is another provision dating back to when Scheme rules did not offer the current level of dependants' awards.

The award can be of any amount provided it does not exceed the total contributions paid into the Scheme by the FPS member.

## **PAYMENT OF CONTRIBUTIONS TO ESTATE**

If the total actuarial value of benefits paid to an FPS member's surviving spouse, civil partner and children (plus any benefits paid to the member if death is after retirement) is less than the contributions he/she has paid into the FPS, the difference will be paid to the firefighter's estate.

## **BEREAVEMENT PENSION**

For the first 13 weeks following the FPS member's death, the surviving spouse or civil partner will be paid a "bereavement pension" which, for each week, is the difference between the survivor's pension and

- in the case of death in service, the weekly rate of pensionable pay of the firefighter at the date of death,
- in the case of death while in receipt of a pension, the weekly rate of pension being paid at the date of death, including any Pensions Increase.

A bereavement pension is not paid in respect of an optant out or a FPS member with deferred benefits which were not into payment at the date of death.

If there is no surviving spouse or civil partner to receive the bereavement pension, it could be paid instead to a child who is receiving a pension under the Scheme.

## **COMMUTATION OF TRIVIAL PENSIONS**

If a pension payable to a member of the FPS, or to an eligible dependant, is less than limits set by HM Revenue and Customs, and certain other requirements of the tax rules are satisfied (e.g. the age of the pensioner), the fire and rescue authority may commute the pension to a lump sum. (Alternatively, the authority may decide to pay a small pension at less frequent intervals than the intervals at which they normally pay pensions.)

## **PAYMENT OF BENEFITS**

Pensions are paid in regular instalments, at intervals of the fire and rescue authority's choosing, once they are satisfied that a person has entitlement to the award and subject to them having all the information they need. Lump sums by commutation are payable as soon as possible after they become due.

The authority has discretion as to whom a minor's award will be paid but they must have assurance that it would be used for the benefit of the minor. Similarly, if payment is due to a person who has become incapable of managing his/her affairs, the authority has discretion to pay it to another person as they think best.

If there has been a loss to the funds of the authority because of fraud, theft or negligence on the part of a firefighter in connection with his/her employment, the authority may withhold all or any of the sum lost subject, in the event of dispute, to the order of a court. (See also "Withdrawal of pension" on page 23.)

## **PENSIONS INCREASE**

Pensions payable under the FPS are increased in accordance with Pensions Increase Acts and Orders. Any increase due is paid with immediate effect to ill-health pensions and pensions for widow(er)s, civil partners and children. It is paid with age retirement pensions from age 55, taking account of any increases which have accumulated from the date of retirement if earlier. Similarly, any increases accrued from date of leaving are applied to a deferred pension when put into payment at age 60.

## **EFFECT OF TAX RULES**

The FPS has to comply with rules set by HM Revenue and Customs. There are, for example, limits on the amount of pension and lump sum which can be taken by a pension scheme member before tax charges apply.

The two main limits on your benefits are the annual allowance and the lifetime allowance.

The growth in the value of your pension each year (based on a "pension input period" – see "Explanation of Expressions" on page 29) must be compared with an annual limit set by the Treasury. If the value exceeds the limit, tax would be due, payable through self-assessment. Or you could elect that the authority should make the payment on your behalf and collect the sum due from your benefit entitlement (the "scheme pays" method).

When benefits are due the total value must be tested against the lifetime allowance, also set annually. If the value exceeds the limit, tax would be deducted by the fire and rescue authority and paid over to HM Revenue and Customs.

The testing of the value of benefits is in respect of all pension benefits you may have accrued, including from arrangements other than the FPS. Consequently the fire and rescue authority will ask you to provide statements in respect of any other pension arrangement you may have so that they can check the total value of benefits before making payment from the Scheme. The authority can give you more details of the way in which tax rules work, how benefits are valued, current limits, and the tax chargeable.

## WITHDRAWAL OF PENSION

In certain circumstances a benefit payable under the FPS can be reduced or withdrawn as explained below.

A Scheme member's benefits may be reduced by an "earmarking" or a pension sharing order issued on divorce, dissolution of a civil partnership, annulment or judicial separation – see page 18.

A fire and rescue authority may withdraw the whole or part of a Scheme member's pension in payment, for any period during which that person is employed by any fire and rescue authority, in any capacity.

A fire and rescue authority may withdraw a pension in whole or in part, permanently or temporarily, if the person otherwise entitled to the pension –

- has been convicted of an offence of treason, or one or more offences under the Official Secrets Acts 1911 to 1989 (in the case of a dependant the offence must have been committed after the death of the Scheme member); or
- has been convicted of an offence committed in connection with his/her service as an employee of a fire and rescue authority which is certified by the Secretary of State either to have been gravely injurious to the interests of the State or to be liable to lead to serious loss of confidence in the public service.

A pension is not payable to a dependant convicted of the murder of the FPS member from whose pension rights the pension would derive; if convicted of manslaughter of the member, the fire and rescue authority have discretion to withhold all or part of the pension.

If a person has been receiving an ill-health pension for less than ten years, and has not reached age 60 the fire and rescue authority must review – at such intervals as they think proper – the continuing entitlement of the person to receive the pension. To do this they will consider, with the help of a medical opinion, whether the person has recovered sufficiently to be capable of carrying out any duty appropriate to the role from which he/she was retired on health grounds. If a higher tier ill-health pension is in payment, the authority must also consider if the person has become fit enough to undertake any regular employment.

In the case of a lower tier award, if the person's condition has improved to the point at which he/she could return to his/her role as a firefighter and the fire and rescue authority offer such employment, the pension will cease. A person who takes up the employment would have the ill-health pension cancelled but the service upon which it was based would count towards a subsequent pension. If the person refuses the job offered, the ill-health pension would be cancelled and the service upon which it was based would count towards a deferred pension payable at age 60.

In the case of a higher tier award, if the person is considered fit to return to his/her former firefighter role, the position would be as described above (but service counting towards further pension entitlement would not include ill-health enhancement). If the person is considered fit for regular employment but not for his/her role as a firefighter, the higher tier pension would cease and the lower tier pension would continue in payment on its own.

Deferred pensions put into payment early on grounds of ill-health must be reviewed too.

## **RIGHTS OF APPEAL**

For a Scheme member, or a dependant, who is dissatisfied with a decision made by a fire and rescue authority (or the failure to make a decision), there are rights of appeal available. There are provisions for medical appeal if a person is dissatisfied with a medical opinion upon which a determination of award is based. And there are rights to have a grievance regarding awards or other pension-related issues considered under Internal Dispute Resolution Procedures (“IDRP”) which are based on the requirements of the Pensions Act 1995.

Looking at the medical appeal route first, if an authority are considering whether or not to make an award of an ill-health pension to a firefighter (or to allow early payment of a deferred pension on health grounds), they must first obtain the written opinion of an independent qualified medical practitioner (“IQMP”) as to whether the person is permanently disabled for the duties of his/her role and, if so, whether he/she would be capable of any other regular employment. The authority must notify the firefighter of their decision as to award and supply a copy of the medical opinion upon which their determination is based. If the FPS member is dissatisfied with the award and believes the problem lies in the medical opinion, then he/she can appeal against the opinion to a Board of Medical Referees. (Before this stage, however, if the member provides new evidence of a medical nature and the member and the authority agree, the IQMP can be asked to review the medical opinion in the light of the new evidence.)

A similar process applies if an ill-health award is reviewed and the person is dissatisfied with the outcome – see “Withdrawal of pension” on page 23.

If the grievance of the FPS member, a dependant, or a pension credit member is with a decision made by the fire and rescue authority rather than the content of a medical opinion, or is in respect of a non-medical aspect of the opinion, he/she can use IDRP to seek resolution. The grievance will be considered and a written response made.

Full details of the medical appeal procedures, the IDRP process, and relevant time limits can be supplied by the fire and rescue authority.

## **THE PENSIONS ADVISORY SERVICE ("TPAS")**

TPAS is an independent voluntary organisation which provides information and guidance on pension matters. They are available at any time to assist occupational pension scheme members and beneficiaries in connection with any pension query they may have or any difficulty which they have failed to resolve with their pension scheme administrators. Their service is free. TPAS cannot enforce pensions action but, if felt appropriate, could recommend a person to put his/her case to the Pensions Ombudsman. They can be contacted at –

The Pensions Advisory Service,  
11, Belgrave Road, London, SW1V 1RB

Telephone: 0845 601 2923

Website: [www.pensionsadvisoryservice.org.uk](http://www.pensionsadvisoryservice.org.uk)

## **THE PENSIONS OMBUDSMAN**

The Pensions Ombudsman can investigate a pension scheme member's complaint of maladministration or a dispute of fact or law between a scheme member and pension scheme managers or employer. However, the Ombudsman cannot help if court proceedings have begun in respect of the dispute or if an appeal has been made to the Board of Medical Referees under FPS rules.

The Ombudsman will expect the case to have first been put through Internal Dispute Resolution Procedures. Also, a complainant who writes to the Ombudsman direct will normally be requested to have the case dealt with initially by The Pensions Advisory Service (see page 24).

The Pensions Ombudsman can be contacted at –

The Office of the Pensions Ombudsman,  
11 Belgrave Road, London, SW1V 1RB

Telephone: 020 7630 2200

Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

## **THE PENSIONS REGULATOR**

The Pensions Regulator is a regulatory body which came into existence on 6 April 2005 having been set up under the Pensions Act 2004. (It replaced the earlier Occupational Pensions Regulatory Authority.) It ensures that pension scheme members' interests are protected and that schemes comply with the law.

It deals with issues about pension schemes as a whole. It does not deal with queries about individual's pension benefits but recommends that a person seeking free information and advice on all types of pensions should approach The Pensions Advisory Service.

## **INTER-RELATIONSHIP WITH THE STATE PENSION SCHEME**

### **Basic State Pension and "modification" of FPS pensions**

You accrue entitlement to the Basic State Pension (the "Old Age Pension") completely separately from the FPS but there is a historical relationship between the two schemes through "modification".

On 5 July 1948, a remodelled State Pension was introduced. To avoid an element of duplication of benefits, firefighters subsequently paid a "modified" (reduced) contribution to the FPS and, when they retired, their FPS pension was "modified". The reduction to pension was £1.70 for each year of service up to a maximum of £51 a year.

Over the years, the non-duplication aspect lost its significance and modification ceased on 31 March 1980. Consequently, modification of benefits will apply only in respect of service accrued before that date. Any firefighter who joined the FPS on or after 1 April 1980 will not have modification applied to his/her pension.

## **State Earnings Related Pension Scheme**

The State Earnings Related Pension Scheme ("SERPS") was introduced on 6 April 1978. It provided an earnings-related second tier element to the State Basic Retirement Pension. Occupational pension schemes that could guarantee to offer benefits at least as good as SERPS were allowed to "contract out". The FPS became such a scheme. FPS members were allowed to pay the lower, contracted-out rate of National Insurance. The guaranteed element of pension is called a "Guaranteed Minimum Pension" ("GMP"). This is notified to the pension scheme administrator by the National Insurance Contributions Office of HM Revenue and Customs. The pension scheme administrator must then ensure that the scheme pension paid to the member or spouse or civil partner meets the guaranteed level.

Another feature of the GMP is that, at State pension age, the State takes over full or partial responsibility for paying Pensions Increase on that portion of a contracted-out occupational pension which is equivalent to the GMP.

With effect from 6 April 1997 the terms under which pension schemes could contract out were changed. A contracted-out pension scheme simply had to guarantee that at least 90% of its members would receive benefits equivalent to or better than those set out in a reference scheme test defined by the Department for Work and Pensions. There was no longer a guarantee on an individual basis. GMPs do not apply to benefits accrued on and from 6 April 1997.

## **State Second Pension**

SERPS was replaced by the State Second Pension (also known as "S2P") on 6 April 2002. Like SERPS this provides a second tier element of State retirement benefits on top of the State Basic Retirement Pension. As with SERPS, the FPS is contracted out of S2P. Consequently, while a member of the FPS you will not be contributing to S2P.

## **State Graduated Pension Scheme**

The State Graduated Scheme ran from 3 April 1961 to 5 April 1975. It was like an early version of S2P or SERPS but contracting out was on an individual basis rather than applying to the whole scheme. Contracted-out members paid a lower level of Graduated Pension contribution to the State and had assurances regarding the level of benefits payable from their pension scheme.

## **State Pension Scheme forecasts**

As you can see from the very brief outline given above, the State Pension Scheme rules can be quite complicated and will vary from person to person. However, you can request a forecast of your State Retirement Pension from the State Pension Forecasting Team of the Department for Work and Pensions. The Team can be contacted at:

State Pension Forecasting Team, Future Pension Centre,  
Tyneview Park, Whitely Road, Newcastle upon Tyne, NE98 1BA

Telephone: 0845 3000 168

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## PENSION CONTRIBUTION TABLE

The following Table sets out the appropriate contribution rates according to a firefighter's pensionable pay. It is current with effect from 1 April 2019.

Pensionable pay	Contribution rate from 1 April 2019
Up to and including £15,609	11.0% of pensionable pay
More than £15,609 and up to and including £21,852	12.2% of pensionable pay
More than £21,852 and up to and including £31,218	14.2% of pensionable pay
More than £31,218 and up to and including £41,624	14.7% of pensionable pay
More than £41,624 and up to and including £52,030	15.2% of pensionable pay
More than £52,030 and up to and including £62,436	15.5% of pensionable pay
More than £62,436 and up to and including £104,060	16.0% of pensionable pay
More than £104,060 and up to and including £124,872	16.5% of pensionable pay
More than £124,872	17.0% of pensionable pay

The pensionable pay shown in Column 1 of the Table should not include any elements of pay over and above that determined in relation to the duties of the role, e.g. temporary payments and Continual Professional Development payments which would form the basis of Additional Pension Benefits. But, having established the appropriate contribution rate in Column 2 by disregarding such payments, they are taken into account when contributions are assessed and deducted.

In the case of a part-time firefighter, the pension contribution rate is assessed by reference to the pay that would have been received if whole-time. But contributions are then deducted on the part-time rate of pay.

Where there is a permanent material change to the terms and conditions of a firefighter's employment, which affects pensionable pay, from the date of the change the contribution rate must be re-assessed.

## EXPLANATION OF EXPRESSIONS

Expression	Explanation
active member	A serving firefighter who is a member of the Firefighters' Pension Scheme, i.e. not having opted out or retired on pension.
Additional Pension Benefits ("APBs")	See the explanation on page 13.
age retirement pension	See the explanation on page 10.
average pensionable pay	See the explanation on page 9.
child	A natural, adopted or step-child of the firefighter, or any other child who was substantially dependent on him/her and who is either related to the firefighter or a child of his/her spouse or civil partner. Dependency of the child has to be established in accordance with the rules of HM Revenue and Customs.
civil partner	The person with whom a firefighter has formed a civil partnership.
commutation	The conversion of part of an annual pension to provide a lump sum payment – see pages 14 to 16. Also, the conversion of the whole of a small pension to a lump sum – see "Commutation of trivial pensions" on page 21.
contracted-out	See "Inter-relationship with State Pension Scheme on pages 25 and 26.
death grant	A lump sum payable on the death of an active member of the FPS, or to a pension credit member who dies before their pension comes into payment: see page 18.
deferred pension	See the explanation on pages 10 and 11
FPS	In this Guide means The Firefighters' Pension Scheme as set out in the Firemen's Pension Scheme Order 1992 (as amended) which applies to firefighters employed by an English fire and rescue authority.
ill-health pension	See the explanation on pages 11 and 12.
Internal Dispute Resolution Procedures ("IDRP")	See "Rights of appeal" on page 24.
medical opinion/certification	A certificate containing the opinion of an independent qualified medical practitioner (i.e. a medical practitioner holding a diploma in occupational medicine or an equivalent or higher qualification issued by a competent authority – within the meaning of section 55(1) of the Medical Act 1983 – in an EEA State, or being an Associate, a Member or a Fellow of the Faculty of Occupational Medicine or an equivalent institution of an EEA State).
minor	A person below the age of 18.
normal pension age	The age at which, if a person retires, pension benefits would be payable immediately – this is age 55 in the FPS. (An age retirement pension can be paid earlier, on or after age 50, provided the firefighter has at least 25 years' pensionable service.)

<b>Expression</b>	<b>Explanation</b>
pensionable pay	This is the pay determined in relation to the performance of the duties of the role. Pension contributions will be assessed on it and it will be used in the calculation of basic FPS benefits. At the discretion of the fire and rescue authority certain other elements of pay may be treated as pensionable, e.g. continual professional development payments and allowances to reward additional skills and responsibilities outside the requirements of the firefighter's duties but within the wider functions of the job. These additional pensionable elements would not be used in the calculation of basic FPS benefits but the contributions paid on such pay (by both the firefighter and the employer) would be used as the basis of Additional Pension Benefits.
pensionable service	See the explanation on page 9.
pension credit rights	The pension rights, under the FPS, of a pension credit member. These would be derived from the member's pension rights, and transferred to a former spouse or a civil partner in accordance with a pension sharing order – see "Divorce or dissolution of civil partnership: the effect on pension rights" on page 18.
pension input period	is the 12-month period used to determine the growth in pension each year, as required by HM Revenue and Customs. The FPS nominates 31 March as the end of each pension input period.
permanently disabled	This means that the disablement is likely to continue until normal pension age (55).
regular employment	Employment for at least 30 hours a week on average, over a period of not less than 12 consecutive months beginning with the date at which the question of disability arises.
regular firefighter	A person who is employed – <ul style="list-style-type: none"> <li>• by a fire and rescue authority as a firefighter (whether whole-time or part-time), other than as a retained or volunteer firefighter, and</li> <li>• on terms under which he/she is, or may be, required to engage in firefighting or, without a break in continuity of such employment, may be required to perform other duties appropriate to his/her role as a firefighter (whether instead of, or in addition to engaging in firefighting) and whose employment is not temporary.</li> </ul>
S2P	State Second Pension – see page 26
SERPS	State Earnings Related Pension Scheme – see page 26
spouse	The person to whom a firefighter is legally married.
State pension age	This is currently subject to change. For the latest information, see <a href="http://www.gov.uk/calculate-state-pension">www.gov.uk/calculate-state-pension</a>
surviving civil partner	The person with whom the firefighter was in a registered civil partnership at date of death
widow(er)	The person to whom the firefighter was legally married at date of death.

## SUMMARY OF THE PROVISIONS OF THE FIREFIGHTERS' PENSION SCHEME 1992

Membership	was open to all regular firefighters appointed before 6 April 2006.
Basic contribution rate	is a percentage of your pensionable pay determined according to the pay bands shown in the Table on page 27. Currently, contribution rates range from 11% to 17%
Additional contributions	can be paid, by election and subject to eligibility, to "purchase" additional benefits, or to count certain types of unpaid leave as pensionable service.
Normal pension age	is age 55. However, a firefighter can choose to retire before this with immediate payment of retirement benefits provided he/she is aged 50 or over and has at least 25 years' service.
Basic principles of assessment of pension	<p>annual pension = service / 60 x average pensionable pay</p> <p>where:</p> <p style="padding-left: 40px;">each year of service to 20 years = 1/60th</p> <p style="padding-left: 40px;">each year of service after 20 years = 2/60ths</p> <p style="padding-left: 40px;">to a maximum of 40/60ths.</p> <p>If the firefighter has a period of part-time membership, the pension will be adjusted to reflect the part-time service.</p> <p>Average pensionable pay as used in the above formula is normally the firefighter's pay averaged over the last year of service; average pay for one of the two previous years can be substituted if greater. If the firefighter has a reduction in pay before this, the "two pension" option can be used; the first pension would be based on service before the reduction in pay, the second would be based on service accrued after.</p>
Commutation	allows a firefighter to give up part of his/her annual pension to provide a one-off payment of lump sum.
Ill-health award	can be payable from any age if the Scheme member is permanently disabled for performance of the duties of his/her role. It can be a lower tier or higher tier award. A lower tier award would be paid where the member is capable of regular employment (other than as a firefighter); a higher tier award would be paid where the member is not so capable. A lower tier award is normally assessed on ordinary, or deferred, pension principles; the higher tier award uses the same principles but with an enhancement of service.
Early leaver benefits	<p>apply if a firefighter leaves the fire and rescue service before a pension is payable. The options, dependent upon length of service, are:</p> <ul style="list-style-type: none"> <li>• a refund of contributions</li> <li>• a transfer of pension rights to another fire and rescue authority</li> <li>• a transfer of pension rights to another pension arrangement</li> <li>• a deferred pension.</li> </ul>

Additional Pension Benefits ("APBs")	APBs cater for elements of pay which may not be permanent and so not suitable for final salary benefits, e.g. Continual Professional Development payments and certain other allowances and payments that the authority, at its discretion, may allow to be treated as pensionable. Contributions are paid on this element of pay by the firefighter and the authority and are used to buy an APB. The amounts of APB at the end of each year are index-linked. They are totalled and paid to you as an additional pension when you become eligible to receive your main FPS pension.
Death benefits	are provided in the form of a death grant of twice pensionable pay for a member who dies in service, plus benefits for a surviving spouse or civil partner, and children's and other dependants' benefits.
Effect of divorce or dissolution of civil partnership	depends upon the decision of the court. If the court issues an "earmarking" order, all or part of the death grant, pension, or lump sum by commutation may be paid to the former spouse or civil partner at the time those benefits would normally be paid to, or in respect of, the Scheme member. If, instead, the court issues a pension sharing order, part of the firefighter's accrued value of pension rights will be deducted from the effective date of the order to provide benefits for the former spouse or civil partner who becomes a pension credit member in the Firefighters' Pension Scheme.
Pension credit member's benefits	are provided for the former spouse or civil partner of a Scheme member in the event of a court issuing a pension sharing order on divorce. The benefits, which are payable from age 60, are a pension and, provided the firefighter had not already commuted part of his/her pension, the option of a lump sum.
Pensions Increase	helps FPS benefits keep pace with cost-of-living increases. Pensions Increase Acts explain how and when it is to be applied and Pensions Increase (Review) Orders – normally issued annually – set out the amount by which benefits should be increased.
Rights of appeal	can be used if dissatisfied with a decision of the fire and rescue authority, or the medical opinion upon which certain decisions are based.
State Pension Scheme	inter-relates with the FPS. The FPS has "contracted-out" status and must ensure that benefits payable meet minimum requirements.

## WHERE CAN I GET MORE INFORMATION?

If you –

- need more information about any of the provisions of the Firefighters' Pension Scheme,
  - would like a statement of retirement benefits or transfer value, or
  - wish to see the Statutory Instruments which contain the rules of the Scheme,
- you should contact the fire and rescue authority's pensions administrator:

XXXXXXXXXXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXXXXXXXXXX  
XXXXXXXXXXXXXXXXXXXXXXXXXXXX

More pension information can be found on the website:

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Please remember that although the fire and rescue authority can give you details of benefit entitlement or options under the FPS, they are not permitted to advise you to take any particular course of action when a choice arises. If you are uncertain what steps to take, it is suggested that you seek the assistance of a suitably qualified independent financial adviser (some advisers may charge for this service).



