



East Sussex
Fire & Rescue Service

A GUIDE TO

THE NEW FIREFIGHTERS'
PENSION SCHEME 2006
(ENGLAND)

FOR RETAINED FIREFIGHTERS
("STANDARD" MEMBERS)

April 2014

THE NEW FIREFIGHTERS' PENSION SCHEME (ENGLAND)

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 left too late there may not be enough time to build up a pension to meet retirement needs. It's never too early to start a pension.

Your job allows you to be a member of the New Firefighters' Pension Scheme (England). As a member, you belong to a public service scheme which provides very good benefits.

These benefits include the following –

- an inflation-proofed pension based on your final pay and length of service
- an option to convert part of the pension to a lump sum
- payment of pension before normal retirement age if:
 - you have to retire on grounds of permanent ill-health,
 - you are required to take authority-initiated early retirement, or
 - you choose to take member-initiated early retirement
- death-in-service cover providing a lump sum death grant equal to three times pensionable pay
- a pension for your widow(er), civil partner, or nominated partner
- children's pensions.

This booklet sets out the NFPS provisions as they apply to retained firefighters who are "standard" members of the Scheme, i.e. those who first took up their appointment on or after 6 April 2006 or who, if serving before that date, were not eligible for or declined the option to have pension cover under a modified version of the NFPS as "special" members.

(The modified NFPS for special members mirrors some of the provisions of the Firefighters' Pension Scheme 1992; it was offered by way of a negotiated settlement following claims made under the Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2000. A separate booklet which sets out the terms of the modified NFPS is available).

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 34 of this booklet.

A guide to the New Firefighters' Pension Scheme 2006 (England) for retained firefighters (standard members)

This guide reflects the rules of the New Firefighters' Pension Scheme contained in the Firefighters' Pension Scheme (England) Order 2006 (as amended) as they apply to serving retained 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 explains the rules of the New Firefighters' Pension Scheme ("NFPS") as set out in the Firefighters' Pension Scheme (England) Order 2006 which came into effect on 6 April 2006. The previous Scheme – the Firefighters' Pension Scheme 1992 ("FPS") – continues in force for firefighters who were serving before that date and who wish to remain members of that Scheme.

The NFPS is a statutory, public service pension scheme made under section 34 of the Fire and Rescue Services Act 2004.

Retained firefighters were excluded from the FPS but became eligible for membership of the NFPS on its introduction in 2006. Their exclusion from the FPS was challenged under the Part-Time Workers (Prevention of Less Favourable Treatment) Regulations 2000 and this resulted in a settlement which allowed certain retained firefighters with service between 1 July 2000 and 6 April 2006 to have "special" membership of the NFPS based on their employment during this period. They could not be admitted to the FPS because that is now a closed Scheme. However, the rules of the NFPS were adapted for these special members so that, in places, they reflect the rules of the FPS.

A separate booklet explains the terms for "special" retained members. This booklet concentrates on the NFPS rules for "standard" retained members.

The NFPS is a final salary scheme. This means that pensions are based on a proportion of the pensionable pay of the Scheme member in (normally) his/her final year of service; the proportion depends upon the number of years of service at the date of leaving. Whilst this type of pension arrangement lends itself easily to the work patterns of regular firefighters with set contractual hours and standard rates of pay, it is not so straightforward to accommodate the variable hours and pay of firefighters who undertake retained duties.

The intent is that there should be equitable treatment of regular and retained firefighters within the benefit structure. This booklet sets out the way in which this is achieved.

The booklet does not apply to retained firefighters who are paid on an annual salary basis. In those cases, provided that the method of arriving at an annual salary does not take into account elements of pay that should not be treated as pensionable, contributions can be deducted on that salary and the principles of benefit assessment will be those used for regular firefighters – see "A Guide to the New Firefighters' Pension Scheme 2006 (England) for Regular Firefighters (Whole-time and Part-Time)".

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

The NFPS 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.

Unlike occupational pension schemes in the private sector, the NFPS 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

the 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 NFPS is "contracted-out" of the State Second Pension arrangements, i.e. those which provide the additional element 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.

Some pension terms may be unfamiliar to you or have a special meaning in the context of the NFPS. An explanation of terms and expressions is given on pages 28 and 31.

If you would like more information about the NFPS, see the contact details on page 34.

WHO CAN JOIN?

Membership of the NFPS is open to any person taking up employment with a fire and rescue authority as a firefighter on terms under which he or she is, or may be, required to engage in firefighting, and whose role includes resolving operational incidents, or leading and supporting others in the resolution of such incidents. It does not matter what duty system they are contracted to work – they can be whole-time or part-time regular firefighters, volunteers, or retained duty system firefighters. (Other employees of the authority are covered by the Local Government Pension Scheme).

If you are eligible to join the NFPS, you would be admitted automatically upon taking up your employment.

Once admitted to the NFPS, if you are required to perform duties appropriate to your role but not specifically those outlined above (e.g. if you become unfit for "operational" work), provided there is no break in the continuity of your employment you would be allowed to remain a member.

OPTING OUT

If you do not want to be a member of the NFPS you can opt out at any time by giving a signed, written notice to the fire and rescue authority. (If the notice is in electronic format, you must include a statement confirming that you personally submitted the notice.)

The notice would take effect from the start of the following pay period. If you opt out, this will be in respect of the whole Scheme; you cannot, for example, choose to opt out of just the Additional Pension Benefit provision.

If you have less than 3 months' qualifying service at the time the notice takes effect, you would normally receive a refund of the contributions you have paid (see page 9).

If you have 3 months' or more qualifying service you would have a choice of –

- a transfer of accrued pension rights to another pension arrangement (see page 17), or
- a deferred pension (see page 13).

You would cease to have any further cover under the NFPS (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 NFPS you may do so, provided you satisfy the membership conditions at that time. Your written, signed election to rejoin would take effect from the start of the following pay period.

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 optants-out back 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 NFPS. 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 NFPS you pay the lower, contracted-out rate). And you and your dependants would cease to have the pension cover which active membership of the NFPS provides.

WHAT ABOUT PREVIOUS PENSION RIGHTS?

On taking up your employment you will be asked to give details about any previous membership of a pension scheme and to indicate whether or not you would like the fire and rescue authority to explore the possibility of a transfer of pension rights to the NFPS. The NFPS can accept a transfer from –

- another occupational pension scheme registered with HM Revenue and Customs (this includes some overseas schemes), or
- a personal or stakeholder pension scheme

but will not accept a transfer of pension credit rights, i.e. rights based on a portion of the pension of a former spouse or civil partner as required under a pension sharing order on divorce or dissolution of a civil partnership.

Depending upon the type of pension scheme from which the transfer is requested, certain restrictions and time limits may apply – the fire and rescue authority will advise you. An application for a transfer must be made in writing. The authority would provide you with an estimate of the benefits the requested transfer would "purchase" in the NFPS. You should compare this with any pension options offered by your previous scheme and decide, within the time limits, whether you wish the transfer to proceed.

If you do have pension rights in some other arrangement but have lost contact with the administrators, the Department for Work and Pensions offer a Pension Tracing Service. All pension schemes (including the NFPS) have to be registered with them and the Tracing Service can help pension holders and/or their dependants trace "lost" pension rights. They 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 NFPS you pay a contribution which is a percentage of your pensionable pay. Current contribution rates and how they are determined are shown on page 27. The 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 from which the contributions are deducted 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 15. For retained firefighters it is not possible to achieve total consistency with regular firefighters' pensionable pay but, generally, it will be the main "constant" elements of pay, e.g. annual retainer, disturbance payment, payment for work activity, and overtime. And any items of pay which would not be treated as pensionable for regular firefighters, for example certain reimbursements of expenditure, are treated as non-pensionable for retained firefighters, too. It is on the elements of pensionable pay that pension contributions will be assessed.

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 (including authorised sick leave), you will 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. 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).

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 3 months' qualifying service in the NFPS. If you have less, you would still be eligible if you have had a transfer of personal pension scheme rights into the NFPS, or have reached normal retirement age (age 60).

AT WHAT AGE WOULD I BE PAID MY PENSION?

Normal retirement age for standard retained firefighter members of the NFPS is age 60. If you choose to retire at or after this age, your pension would be put into immediate payment. (See "Age retirement pension" on page 12.)

If you have reached age 55 but not age 60, you could –

- at the fire and rescue authority's discretion, be granted an "authority-initiated early retirement pension" (see page 12). This may be awarded in circumstances where the fire and rescue authority determine that you should be retired in the interests of the economical, effective and efficient management of the service. There would be no reduction to the pension.
- choose to take a "member-initiated early retirement pension" (see page 13). In this case, however, your pension would be reduced to reflect early payment.

An ill-health pension (see page 14) may be payable at any age.

If you leave the NFPS before becoming entitled to payment of any of the above awards you may be awarded a deferred pension (see page 13). This would be payable from –

- normal benefit age (65), or
- at your request, between ages 55 and 65, but subject to the reduction which would apply in the case of a member-initiated early retirement pension, or
- at your request and subject to appropriate medical certification, at any age, on grounds of permanent disability which prevents you from undertaking regular employment.

CAN I HAVE A REFUND OF CONTRIBUTIONS?

If you opt out of the Scheme within three months of joining (or of being automatically enrolled – see "Opting Out" on page 6) you are treated as if you have never been a member. The contributions you have paid would be returned through payroll with appropriate adjustments made to tax and National Insurance. If you leave the Scheme in other circumstances and you –

- have less than 3 months' qualifying service in the NFPS, and
- have not reached normal retirement age (60), and
- a transfer of personal pension rights has not been paid into the Scheme

the contributions you have paid would be returned as a Scheme refund. Deductions would be made from the Scheme 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 NFPS you would 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.

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 NFPS is a final salary pension scheme which means that your pension will be a proportion of final pensionable pay. The proportion will depend, in part, upon how much pensionable service you have at the time of leaving the Scheme. For each year of pensionable service, you will get 1/60th of final pensionable pay. Each day of pensionable service will count as 1/365th of 1/60th. For example, if a firefighter retires at age 60 with 20 years 28 days of pensionable service and final pensionable pay of £32,000, the pension would be assessed as –

$$20 \frac{28}{365} \times \frac{1}{60} \times £32,000 = £10,707.58 \text{ a year}$$

WHAT IS PENSIONABLE SERVICE?

For regular firefighters, this is their period of service as a member of the NFPS and in respect of which they have paid contributions. If their hours of employment are less than whole-time, the "calendar" (qualifying) length of service would be pro-rated to reflect their part-time hours. For example if a regular firefighter worked half-time during six "calendar" years of service, the pensionable service for the pension calculation would be three years.

For retained firefighters, however, a totally different approach has to be used, based on pay. The actual pensionable pay they receive is compared with the pay that would have been received over the same period by a whole-time regular firefighter in the same role and with similar service. The NFPS calls this "reference pay". The comparison will normally be made over each financial year (1 April to 31 March) during the firefighter's pensionable employment. It will indicate the proportion of pensionable service which will count in each financial year. Suppose a retained firefighter worked for 3 financial years – from 1 April 2007 to 31 March 2010. Assume the pay of a whole-time regular firefighter in a similar role over the same 3 year period was –

1.4.2007 to 30.5.2007	£24,000
1.7.2007 to 30.6.2008	£26,000
1.7.2008 to 30.6.2009	£28,000
1.7.2009 to 30.6.2010	£30,000

These rates of pay would be the starting point for working out the retained firefighter's pensionable service. Next we need to break down these rates of pay to show how much would actually have been received by the whole-time regular firefighter within each of the financial years –

Year 1:	1.4.2007 to 30.6.2007:	91/365	x	£24,000	=	£ 5,983.56
	1.7.2007 to 31.3.2008:	274/365	x	£26,000	=	<u>£19,517.81</u>
						<u>£25,501.37</u>
Year 2:	1.4.2008 to 30.6.2008:	91/365	x	£26,000	=	£ 6,482.19
	1.7.2008 to 31.3.2009:	274/365	x	£28,000	=	<u>£21,019.18</u>
						<u>£27,501.37</u>
Year 3:	1.4.2009 to 30.6.2009:	91/365	x	£28,000	=	£ 6,980.82
	1.7.2009 to 31.3.2010:	274/365	x	£30,000	=	<u>£22,520.55</u>
						<u>£29,501.37</u>

Then the pensionable pay received by the retained firefighter has to be established. For this example, let's suppose pay records show that the pensionable pay received by the retained firefighter was –

Year 1:	£6,429.12
Year 2:	£4,132.56
Year 3:	£8,528.21

To work out the service credit for each financial year, we divide the pensionable pay received by the retained firefighter by the pensionable pay received by the whole-time regular firefighter –

Year 1:	£6,429.12/£25,501.37	=	0.2521	of a year
Year 2:	£4,132.56/£27,501.37	=	0.1503	of a year
Year 3:	£8,528.21/£29,501.37	=	<u>0.2891</u>	of a year
Total:			<u>0.6915</u>	years' pensionable service

It is 0.6915 years (approximately 252 days) that would be the pensionable service used in the pension calculation.

Various other periods may count as pensionable service, e.g. service credited on receipt of a transfer value from another pension arrangement, or unpaid leave (including additional maternity, paternity and adoption leave) where the firefighter has paid contributions, or "purchased" service where contributions have been paid to improve retirement benefits, or service which previously counted towards a NFPS pension which has been cancelled.

WHAT IS FINAL PENSIONABLE PAY?

For parity with part-time and whole-time regular firefighters, the pensionable pay used in the pension formula for a retained firefighter will be the final pensionable pay that would have been used for a regular whole-time firefighter in a similar role and with similar qualifying service. In most cases this would be the (whole-time) 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 15).

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 15) could help you.

AGE RETIREMENT PENSION

This award would be payable to a firefighter who has sufficient service to qualify for a pension (see page 8) and who retires at or after age 60. The basic formula is used, i.e.

$$\text{annual pension} = 1/60 \times \text{pensionable service} \times \text{final pensionable pay}$$

If, in line with the explanation of pensionable service and final pensionable pay given above, a retained firefighter who has served for 25 calendar years has been credited with 14.6047 years of pensionable service by reference to retained earnings and the pensionable earnings of a regular firefighter in a similar role, and assuming that at the date at which the retained firefighter retires with entitlement to an age retirement pension, a regular firefighter in a similar role would have final pensionable pay of £30,000, the assessment of the retained firefighter's pension would be—

$$14.6047/60 \times £30,000 = £7,302.35 \text{ a year}$$

Part of the annual pension can be commuted to provide a lump sum if the firefighter wishes – see "Commutation" on page 17.

AUTHORITY-INITIATED EARLY RETIREMENT PENSION

This award would be payable to a firefighter who has sufficient service to qualify for a pension (see page 8), who has reached age 55 but not age 60, and whose fire and rescue authority have determined that he/she should be retired in the interests of the economical, effective and efficient management of their functions. The basic formula is used, i.e.

$$\text{annual pension} = 1/60 \times \text{pensionable service} \times \text{final pensionable pay}$$

For example, a retained firefighter aged 55 who has been credited with 10 years' pensionable service and whose final pensionable pay by reference to that of a whole-time regular firefighter is £27,000, would receive immediate payment of pension of –

$$10/60 \times £27,000 = £4,500 \text{ a year}$$

There would be no reduction of the pension to take account of the fact that it is being paid early (the authority would meet the cost of early payment).

Part of the annual pension can be commuted to provide a lump sum if the firefighter wishes – see "Commutation" on page 17.

MEMBER-INITIATED EARLY RETIREMENT PENSION

This award would be payable to a firefighter who has sufficient service to qualify for a pension (see page 99), who has reached age 55 but not age 60, and who voluntarily chooses to retire with immediate payment of benefits (i.e. who is not required to retire on grounds of ill-health or in the interests of the management of the service.) The first part of the calculation uses the basic formula, i.e.

$$\text{annual pension} = 1/60 \times \text{pensionable service} \times \text{final pensionable pay}$$

but then a reduction – based on factors provided by the Scheme Actuary are applied to reflect the cost of early payment. For example, a firefighter who retires at age 58, having completed 10 years' pensionable service with final pensionable pay of £27,000 and a relevant actuarial factor (at the date of issue of this guide) of 0.689, would have entitlement to a pension assessed as –

$$(1/60 \times 10 \times £27,000) \times 0.689 = £3,100.50 \text{ a year}$$

Part of the annual pension (after reduction) can be commuted to provide a lump sum if the firefighter wishes – see “Commutation” on page 17.

DEFERRED PENSION

If you leave the NFPS (either because you cease to be a firefighter or because you opt out of the Scheme) having sufficient service to qualify for a pension (see page 8) but not being eligible for immediate payment because you are not old enough nor retiring on grounds of ill-health, then you would be entitled to a deferred pension. This would be assessed on the basic formula, i.e.

$$\text{annual pension} = 1/60 \times \text{pensionable service} \times \text{final pensionable pay}$$

For example, a retained firefighter aged 35 who has been credited with 6 years' pensionable service and whose final pensionable pay would be £28,000 if a whole-time regular firefighter, is entitled to a deferred pension of –

$$6/60 \times £28,000 = £2,800 \text{ a year}$$

As its name suggests, payment of a deferred pension would not be immediate. It would normally be put into payment at age 65. You could, however, request earlier payment at or after age 55. If the fire and rescue authority agree to the earlier payment then the pension plus any Pensions Increase (i.e. "cost of living" increases) would be paid right away but subject to a similar actuarial reduction as would apply in the case of a member-initiated early retirement pension (see page 13). If the firefighter in the above example requests payment at age 59, then assuming a Pensions Increase factor of 2.3 and an actuarial reduction factor of 0.725, the firefighter would receive immediate payment of

$$£2,800.00 \times 2.3 \times 0.725 = £4,669.00 \text{ a year}$$

A firefighter entitled to a deferred pension who suffers ill-health before it is due to come into payment, to the extent that he/she is permanently disabled from undertaking regular employment (i.e. a similar test to that which decides if a serving firefighter would be eligible for a higher tier ill-health award), can have the deferred pension put into immediate payment

without reduction. (However, there would be no higher tier ill-health pension element as there would be in the case of the higher tier ill-health award).

Part of a deferred pension can be commuted to provide a lump sum if the firefighter wishes – see "Commutation" on page 17.

ILL-HEALTH PENSION

A serving firefighter who has sufficient service to qualify for a pension (see page 9) and who is permanently disabled for the performance of the duties of his/her role may be considered at any age for an ill-health pension. There are two tiers of ill-health award –

- a lower tier award which provides a lower tier pension
- a higher tier award which provides a lower tier pension plus a higher tier pension

The higher tier award is made where the firefighter has at least 5 years' qualifying service and is not only permanently disabled for the performance of the duties of his/her role as a firefighter but is also permanently disabled from undertaking regular employment.

"Qualifying service" is the "calendar" length of Scheme membership. For example, if a retained firefighter has been a member for 5 years from 1 July 2009 to 30 June 2014, he/she will have sufficient service to qualify for a higher tier award regardless of the length of pensionable service to be used in the pension formula.

The lower tier ill-health pension is based on the formula:

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

For a retained firefighter, the lower tier pension would be assessed on similar principles to those used in the assessment of an age or deferred pension. The method of assessment of a higher tier ill-health pension, particularly for a retained firefighter, is a bit more complicated. It is based on a proportion of prospective service, i.e. the service the firefighter will not be able to achieve because of the ill-health retirement. This is the formula:

$$(2\% \times A) \times \left(\frac{A}{B} \times C\right) \times \frac{D}{60}$$

where:

A is the pensionable service accrued in the Scheme before ill-health retirement, i.e. assessed on similar principles to the pensionable service used in an age or deferred pension calculation

B is qualifying service, i.e. calendar length of Scheme membership

C is the pensionable service that the firefighter would have accrued from the date of ill-health retirement until normal retirement age (60) had he/she continued to be a contributing member of the Scheme as a whole-time regular firefighter

D is the final pensionable pay ("reference pay")

For example, if a retained firefighter has been a member of the Scheme for 16 years (16 years' qualifying service), has 4 years pensionable service credited up to the date of leaving and – if a whole-time regular firefighter – would have completed a further 12 years'

pensionable service by normal retirement age and would have final pensionable pay of £29,501.37, the higher tier ill-health pension would be assessed as –

$$(2\% \times 4) \times \left(\frac{4}{16} \times 12\right) \times \frac{\underline{\pounds 29,501.37}}{60} = \pounds 118.01 \text{ a year}$$

It would be added to the lower tier ill-health pension to form the higher tier ill-health award. A lower tier, but not a higher tier ill-health pension can be commuted to provide a lump sum – see "Commutation" on page 17.

TWO PENSION OPTION ("SPLIT AWARD")

Unlike the other pensions mentioned here, which generally reflect the age and/or grounds for retirement, the two pension option is a device to protect the final salary benefits of a firefighter who has a reduction in pensionable pay. In the event of such a reduction, the pension rights accrued up to the date of leaving would be assessed as if a deferred pension, and a second pension would start to accrue from the following day.

When the firefighter eventually leaves in circumstances where the second pension becomes payable, the first pension would be payable too. Alternatively, the firefighter could choose to add the service upon which the first pension would be based, to the service upon which the second service is based and have a single pension calculated on the second period's final pensionable pay. This could be the best option if final pay in the second period now exceeds the final pensionable pay for the first (allowing for inflation).

Part of split pensions can be commuted to provide a lump sum – see page 17.

ADDITIONAL PENSION BENEFITS ("APBs")

Additional Pension Benefits ("APBs") are a form of contributions-based pension paid in addition to the main final salary NFPS 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. The only members of the NFPS who will have entitlement to a LSI APB are those longer-serving firefighters who transferred from the Firefighters' Pension Scheme 1992. No further LSI APBs will be awarded. It was 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 NFPS pension. (But note that if your main NFPS pension is paid on member-initiated or authority-initiated early retirement, the APB would be subject to an actuarially assessed reduction).

CAN I PURCHASE ADDITIONAL SERVICE?

An active member of the Scheme who will not be able to accrue 40 years' pensionable service by age 60 can purchase additional service by the payment of additional contributions or by lump sum. Purchased service would count as pensionable service in the assessment of benefits.

Firstly a firefighter would decide how many additional years of pensionable service he/she wishes to add to those that would accrue in the course of service, and then – if taking the additional contribution option – would pay an additional percentage of pensionable pay up to the date of retirement. The percentage factors are supplied by the Scheme Actuary and reflect the age of the firefighter at the birthday following the election to pay. (The closer to retirement, the higher the contribution rate.)

The use of these factors is straightforward for whole-time firefighters. For example, suppose a whole-time regular firefighter who will achieve 25 years' pensionable service at age 60 wants to purchase an additional 3 years and each year costs 1.54% of pensionable pay. He/she would be required to pay an additional 4.62% (i.e. 3 x 1.54%) of (whole-time) pensionable pay until normal retirement age, on top of standard contributions. Then, upon retirement at age 60, assuming final pensionable pay of £32,000, the pension would be assessed as –

$$(25 \times 1/60) + (3 \times 1/60) \times £32,000 = £14,933.33 \text{ a year}$$

In the case of a retained firefighter, because the pay is variable, the rate at which purchased years accrue would be variable, too. It would be necessary to discuss with the pensions administrator the best method of collection of contributions in an individual case. There could be various options.

For example, it may be possible to assess the amount of contribution that would be payable by a whole-time firefighter on whole-time pay each year and to have this deducted as a set amount, rather than as a percentage of pay. But this would only be possible where the pensionable pay for each pay period is high enough to accommodate the fixed deduction. An alternative approach may be to deduct a set percentage of actual pensionable pay and, at the end of every financial year, to work out – based on pensionable pay received as proportion of the pay of a whole-time firefighter in the same role – what proportion of a year has been purchased. Or payment could be by a single lump sum.

To pay additional contributions, an election to do so must be made at least 2 years before normal pension age (60) and you must not be due to retire (e.g. on health grounds) in the immediate future. The additional contributions would be deducted with effect from your next birthday following your election, along with your basic contributions. They would be assessed on your pensionable pay excluding any element treated as pensionable for APBs.

If you leave or cease paying contributions for any other reason before reaching age 60, you would be credited with the appropriate portion of service "purchased" to date. If you choose to pay by lump sum you must make your election to do so within 12 months of the date you became a firefighter, and the payment must be made within 3 months of the date on which you gave notice that you wished to pay.

The fire and rescue authority can give you further details about purchase and provide a copy of the actuarial factors used for deciding the additional contributions due.

TRANSFER OF PENSION RIGHTS OUT OF SCHEME

If you leave the NFPS having sufficient service to qualify for a pension (see page 9) but 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 trustees or 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.

You may leave employment with the fire and rescue authority to transfer to another authority where you remain a member of the NFPS. (If the new employment is at a lower rate of pay, the two pension option (see page 15) would be available to you.) Although your pension rights will normally transfer with you, payments of transfer value are not exchanged between English fire and rescue authorities. However, a transfer value would be paid between an English authority and an authority in Wales, Scotland or Northern Ireland where different funding arrangements apply.

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. (Note that you may not commute any portion of a higher tier ill-health pension).

You can commute as much or as little as you like provided that it is not more than one quarter of your pension (or reduced pension if you have chosen to receive it early).

For each £1 of pension that you commute, you would receive £12 as a lump sum. For example, if you were entitled to a pension of £16,000 a year and you chose to commute the maximum portion of one quarter, this would be £4,000. Your total benefits would be:

Pension: £16,000.00 - £4,000.00 = £12,000.00 a year

Lump sum: £4,000.00 x 12 = £48,000.00

Please be aware that HM Revenue and Customs limit the amount of lump sum which a pension scheme member can receive tax-free. If it looks as if limits are likely to be exceeded, the authority's pensions administrator will be able to tell you how much you can commute while remaining within the tax limits.

ALLOCATION

Allocation is an option to give up part of your pension at retirement to provide, on your death, a pension for a spouse, civil partner, nominated partner or other dependant. It is an old provision which has carried forward to the NFPS from earlier versions of the Scheme 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. It is subject to medical evidence of good health and normal life expectancy. The amount provided as a pension on allocation depends upon the age and sex of the firefighter and of the nominee.

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.

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 entitlement to pension to his/her former spouse or civil partner. This could be in accordance with an attachment order, sometimes referred to as an "earmarking" order, or under the terms of a "pension sharing" order.

The authority's pensions administrator can provide pensions information, if so requested, for the court proceedings.

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 NFPS). The pension credit rights would remain in the NFPS until the pension credit member is eligible to draw them at age 65, or put into immediate payment if he/she has already reached that age.

The pension credit cannot be transferred to another pension arrangement. If the pension credit member dies before, or within five years of, payment of his/her pension, a death grant would be paid. There are no survivor pensions attached to a pension credit.

DEATH GRANT

If a member of the NFPS dies in service, a death grant would be payable. For a regular whole-time firefighter this would normally be three times his/her pensionable pay as at the date of death. For a part-time regular firefighter or a retained firefighter, the death grant would be the greater of –

- (a) 3 times actual (i.e. part-time or retained) pensionable pay at the date of death, expressed as an annual rate, or
- (b) 3 times a proportion of the pensionable pay of a whole-time regular firefighter in a similar role.

In the case of (b), for a retained firefighter the proportion would be based on the total pensionable service credited to him/her at the date of death, and his/her total qualifying service. For example, if a retained firefighter had 5 years 291 days (5.7973 years) of qualifying service (the "calendar" length of scheme membership) of which 1.6915 years counted as pensionable, and a whole-time regular firefighter in an equivalent role would be on an annual rate of pay of £28,000, (b) would be assessed as –

$$3 \times 1.6915/5.7973 \times £28,000 = £24,509.00$$

Apportionment would also be applied if the firefighter was covered by the "two-pension" option following a reduction in pay (see page 15).

If a NFPS pensioner member dies having received a pension for less than 5 years after retirement, there would be a post-retirement death grant based on the difference between the amount of pension received and the pension that would have been payable over the 5 year period. Because all the adjustments for variable-time service will have been made at the time of a retained firefighter's retirement, no additional special arrangements are necessary. This would apply also where the pension in payment was a deferred pension, but there is no death grant payable where a deferred pension has not come into payment.

The fire and rescue authority has absolute discretion as to whom to pay the death grant but you may nominate the person(s) that you would wish to be the recipient(s). The authority would take your wishes into account when making their decision.

SURVIVOR PENSIONS

In the event of a NFPS member's death (whether before or after retirement) a pension will be paid to a surviving spouse, or civil partner, or nominated partner and/or child. (See the definitions in "Explanation of expressions" on pages 28 and 31).

If the deceased was a serving NFPS member –

- the spouse's or partner's pension would be half of the higher tier award to which the firefighter would have been entitled if he/she had retired on health grounds on the date of death;
- the child's pension would be one quarter of the higher tier ill-health award; where there is more than one eligible child, the pension would be one half of the higher tier award divided between the children.

If the deceased had left the NFPS, was entitled to a deferred pension, but that pension had not yet come into payment –

- the spouse's or partner's pension would be half of the deferred pension;
- the child's pension would be one quarter of the deferred pension; where there is more than one eligible child, the pension would be one half of the deferred pension divided between the children.

If the deceased was in receipt of pension from the NFPS at the time of death –

- the spouse's or partner's pension would be half of the deceased's pension*;
- the child's pension would be one quarter of the deceased's pension*; where there is more than one eligible child, the pension would be one half of the deceased's pension* divided between the children.

*i.e. the value of the pension before any reduction for early payment but after commutation

Note that if the spouse or partner is more than 12 years younger than the deceased, the spouse or partner's pension as mentioned above in respect of serving, deferred or pensioner members, will be reduced by 2.5% for every year or part year above the 12 years, to a maximum of 50%.

If the deceased leaves no eligible spouse or partner but there is an eligible child or children, the pension paid to the child/children would be equivalent to that which would have been paid to an eligible spouse or partner. If there is more than one child, the pension would be divided equally between the children. It would stop when the children cease to be eligible.

The calculation of these awards for retained firefighters will have regard to the principles for assessing pensionable service and pensionable pay for firefighters as shown on previous pages, but no other special terms apply.

In the case of death after retirement, or after a deferred pension has been put into payment, for the first 13 weeks after the date of death a short-term "bereavement pension" is payable to the spouse or partner. This brings the level of spouse or partner's pension up to the weekly rate of pension being received by the retired firefighter at the date of death. There are no special provisions here for a retained firefighter – all the relevant adjustments would have been made at the time of retirement.

A bereavement pension is also payable in the event of death in service, for the first 13 weeks after the date of death. This brings the level of spouse or partner's pension up to the level of firefighter's pensionable pay. In the case of a retained firefighter, the pensionable pay for this purpose will be a proportion of that paid to a whole-time regular firefighter in a similar role.

The proportion is worked out on similar principles to those used for working out the pensionable pay on which a death grant would be assessed (see page 19). The retained firefighter in the death grant example had 5 years 291 days of qualifying service (5.7973 years) of which 1.6915 years counted as pensionable service, and the pensionable pay of a whole-time regular firefighter in a similar role was £28,000. Using the same details for the bereavement pension, this would mean that for the first 13 weeks following the firefighter's death in service, the weekly rate of the bereavement pension would be –

$$£28,000/52.2 \times 1.6915/5.7973 = £156.51$$

If no pension is payable to a spouse or partner but a pension is payable to a child or children, they would receive the bereavement pension. (If there is more than one child, the bereavement pension would be divided between them).

There is no bereavement pension due in the case of a deferred pension which had not come into payment at the date of death.

A spouse's or partner's pension is payable for life, even if he/she marries, remarries, forms a civil partnership or a subsequent civil partnership. Also, there is no difference in treatment according to whether the marriage/partnership commenced before or after the Scheme member's retirement.

A child is eligible to receive a pension if below age 18, or below age 23 and in full-time education. Eligibility ceases on marriage, civil partnership or upon ceasing full-time education and entering remunerated employment, if earlier. A child who is permanently disabled and dependent on the firefighter at the date of death may be entitled to receive a pension for life.

Contact the fire and rescue authority's pensions administrator if you wish to have more detailed information on any of these points, or would like to discuss your personal circumstances.

COMMUTATION OF TRIVIAL PENSIONS

If a pension payable to a member of the NFPS, or to an eligible dependant, is less than limits set by HM Revenue and Customs, subject to certain other requirements of the tax rules being satisfied (e.g. the age of the pensioner) the fire and rescue authority may commute the pension to a lump sum. The assessment of the lump sum would be based on factors provided by the Scheme Actuary.

Alternatively, the authority may decide to pay a small pension at less frequent intervals than the intervals at which they normally pay pensions.

EFFECT OF TAX RULES

The NFPS 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 pages 30 and 31) 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 fire and rescue authority should make the payment on your behalf and collect the sum due from your benefit entitlement (this is referred to as 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 NFPS. 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.

PENSIONS INCREASE

Benefits payable under the NFPS are increased in accordance with Pensions Increase Acts and Orders.

PAYMENT OF BENEFITS

Pensions are paid in arrears in monthly instalments by the fire and rescue authority. Lump sums by commutation are paid by the authority as soon as possible after they become due.

The authority has discretion as to whom an award for a minor (a person below age 18) 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 22).

WITHDRAWAL OF PENSION

In certain circumstances a benefit payable under the NFPS can be reduced or withdrawn.

Benefits may be reduced by an "earmarking" or 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 retired NFPS member's pension for any period during which that person is serving as a firefighter with any fire and rescue authority (i.e. on re-employment after retirement) and can abate a pension for the period that a pensioner is employed in any capacity with any fire and rescue authority.

They may also withdraw part or all of a pension, permanently or temporarily, if the person otherwise entitled to the pension has been convicted of an offence –

- of treason, or 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);

- 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 likely to lead to serious loss of confidence in the public service; or
- under section 34(6) of the Fire and Rescue Services Act 2004 (acts or omissions for obtaining awards or other sums).

A pension is not payable to a dependant convicted of the murder of the firefighter from whose pension rights the pension derives; in the case of manslaughter of the firefighter, 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 10 years, and has not reached State pension age, the authority must, at such intervals as they think fit, review his/her continuing entitlement 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 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, when eligible, under deferred pension rules – see page 13.

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

Deferred pensions in payment early on grounds of ill-health must be reviewed too. If the person is found fit for regular employment, payment is suspended until age 65.

RIGHTS OF APPEAL

If a NFPS member, or a dependant, 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.

The NFPS contains arrangements for Internal Dispute Resolution Procedures (“IDRP”) based on the requirements of the Pensions Act 1995. There are also provisions for medical appeal if a person is dissatisfied with a medical opinion upon which a determination of award is based.

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 NFPS 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 22.

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

Full details of the medical appeal procedures, the IDRPs 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

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 NFPS 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 23).

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

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 (see page 24).

INTER-RELATIONSHIP WITH THE STATE PENSION SCHEME

Your entitlement to the Basic State Pension is accruing completely separately from your benefits under the NFPS but the Schemes are inter-related because the NFPS is a "contracted-out" pension scheme.

The State Earnings Related Pension Scheme ("SERPS") was introduced on 6 April 1978. It provided a second tier element to the Basic State Pension. Occupational pension schemes that could guarantee to offer benefits at least as good as SERPS were allowed to "contract out". Members of a contracted-out scheme pay a lower, contracted-out rate of National Insurance. The guaranteed element of the benefits is called a "Guaranteed Minimum Pension" or "GMP". The GMP for a scheme member 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 contracting-out is that, at State Pension Age, the State takes over full or partial responsibility for paying Pensions Increase on that portion of an 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. From this date, a contracted-out pension scheme simply had to guarantee that at least 90% of 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. The NFPS came into effect on 6 April 2006; therefore the only NFPS members who will have a GMP entitlement will be those who have transferred pension rights to the NFPS from a contracted-out pension scheme in which they were a member before 6 April 1997.

SERPS was replaced by the State Second Pension (also known as “S2P”) on 6 April 2002. S2P is still in force. Like SERPS it provides a second tier element of State retirement benefits on top of the Basic State Pension. The NFPS is contracted out of S2P. Consequently, while a member of the NFPS you will not be contributing to S2P.

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

Website: www.gov.uk/future-pension-centre

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 2014.

Pensionable pay	Contribution rate from 1 April 2014
Up to and including £15,000	8.5% of pensionable pay
More than £15,000 and up to and including £21,000	9.4% of pensionable pay
More than £21,000 and up to and including £30,000	10.4% of pensionable pay
More than £30,000 and up to and including £40,000	10.9% of pensionable pay
More than £40,000 and up to and including £50,000	11.2% of pensionable pay
More than £50,000 and up to and including £60,000	11.3% of pensionable pay
More than £60,000 and up to and including £100,000	11.7% of pensionable pay
More than £100,000 and up to and including £120,000	12.1% of pensionable pay
More than £120,000	12.5% of pensionable pay

In the case of a retained firefighter, the amount of pensionable pay for the purpose of Column 1 is the firefighter's reference pay, i.e. the pay that would be paid to a whole-time regular firefighter employed in a similar role and with similar qualifying service.

This 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.

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.

EMPLOYMENT AS A RETAINED AND AS A REGULAR FIREFIGHTER

If you are a regular firefighter who also undertakes retained duties, you should have a separate pension record for each contract (or part contract if regular and retained duties are covered by a single contract). This helps ensure an equitable accrual of pension rights reflecting regular or retained duties.

This is particularly important if you are a member of the "old" Firefighters' Pension Scheme as a regular firefighter and of the NFPS as a retained firefighter, or if you are employed by more than one fire and rescue authority.

EXPLANATION OF EXPRESSIONS

Expression	Explanation
active member	A serving firefighter who is a member of the New Firefighters' Pension Scheme, i.e. not having opted out or retired on pension.
additional pension benefits ("APBs")	See the explanation on page 15.
age retirement pension	See the explanation on page 12.
authority-initiated early retirement pension	See the explanation on page 12.
child	A natural, adopted or step-child of the firefighter, or any other child who was dependent on him/her and who is either related to the firefighter or a child of his/her spouse, or civil partner, or nominated partner. Dependency 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 into a lump sum payment – see page 17, or the whole of a "trivial" pension – see page 21.
contracted-out	See "Inter-relationship with the State Pension Scheme" on page 25.
death grant	A lump sum payable on the death of a serving firefighter, or a pensioner or pension credit member of the NFPS in certain circumstances – see page 19.
deferred pension	See the explanation on page 13.
final pensionable pay	See the explanation on page 11.
FPS	The Firefighters' Pension Scheme 1992
ill-health pension	See the explanation on page 14.
Internal Dispute Resolution Procedures	See "Rights of Appeal" on page 23.
medical opinion/certification	A certificate containing the opinion of an independent qualified medical practitioner.
member-initiated early retirement pension	See the explanation on page 13.
modified NFPS	The NFPS as it applies to retained firefighters serving before 6 April 2006 who, under the terms of the Retained Firefighters' Pension Settlement, qualified and elected for a version of the Scheme which reflects the FPS rules.
NFPS	The New Firefighters' Pension Scheme 2006.
nominated partner	The partner of a firefighter who is neither a spouse nor a civil partner and who, together with the firefighter, has completed a joint declaration of partnership and registered it with the fire and rescue authority. For entitlement to benefits, at the time of the firefighter's death the nominated partner must

Expression	Explanation
nominated partner (continued)	have been living with the firefighter in an exclusive, committed, long-term relationship (normally for at least two years) and both the firefighter and partner must have been free to marry or form a civil partnership. The partner must have been financially dependent on the firefighter, or the partner and the firefighter must have been financially interdependent. Details of how to nominate a partner can be obtained from the fire and rescue authority.
normal benefit age	Age 65. The age at which a deferred benefit would be paid
normal retirement age	The age at which, if a person retires, pension benefits would be payable immediately – this is age 60 in the NFPS.
partner	In this guide it means both a civil partner or a nominated partner.
pensionable pay	See "How much do I pay in contributions?" on page 8.
pensionable service	See the explanation on page 10.
pension credit rights	The pension rights, under the NFPS, 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 under a pension sharing order – see page 18.
pension input period	This is the 12-month period used to determine the growth in pension each year as required by HM Revenue and Customs. Fire and rescue authorities nominate 31 March as the end of each pension input period.
permanently disabled	Means that the disablement is likely to continue until normal retirement age (60) in the case of an active member, or to normal benefit age (65) in the case of a deferred member.
qualifying service	This is the service which is used to decide if a person is eligible for benefits under the NFPS. It includes the period, i.e. the full "calendar length" (even in the case of a retained member) during which a person is a member of the NFPS and paying contributions, together with any period of unpaid leave (including additional maternity, paternity and adoption leave) in respect of which contributions are paid, service credit brought into the Scheme as a transfer of pension rights, service which counted as qualifying for the earlier part of a split award or which counts as a result of the cancellation of a deferred or ill-health pension on re-employment, and service which counted as qualifying in the Firefighters' Pension Scheme 1992 if a person transfers from that Scheme to the NFPS.
reference pay	The pensionable pay, for any period, of a whole-time regular firefighter employed in a similar role and with equivalent qualifying service.
regular employment	Employment for at least 30 hours a week on average, over a period of not less than 12 months.
special member	A retained firefighter subject to the terms of the modified NFPS.
spouse	The person to whom a firefighter is legally married.
standard member	A retained firefighter subject to the terms of the unmodified NFPS.
state pension age	This is currently subject to change. For the latest information, see www.gov.uk/calculate-state-pension
two pension option	A way of protecting final salary pensions after a reduction in pay – see page 15.

Expression	Explanation
widow(er)	The person to whom the firefighter was legally married at date of death.

SUMMARY OF THE PROVISIONS OF THE NEW FIREFIGHTERS' PENSION SCHEME

Membership	is open to all firefighters whose role includes resolving operational incidents or leading and supporting others in the resolution of such incidents, regardless of duty system or hours of employment.
Basic contribution rate	is a percentage of your pensionable pay determined by the pay bands shown in the Table on page 27. Currently, contribution rates range from 8.5% to 12.5%.
Additional contributions	can be paid, by election and subject to eligibility, to "purchase" additional service or to count certain types of unpaid leave as pensionable service.
Previous pension rights	as a member of the NFPS, or with another pension arrangement (including the Firefighters' Pension Scheme 1992), may be transferred to add to current service as a Scheme member.
Normal retirement age	is age 60.
Basic principles of assessment of pension	<p>provide a proportion of final pensionable pay according to pensionable service accrued at the date of calculation:</p> $1/60 \times \text{pensionable service} \times \text{final pensionable pay}$ <p>For a retained firefighter, pensionable service would reflect the hours worked by an annual assessment based on pay received as a proportion of "reference pay". The final pensionable pay would be based on reference pay, too.</p>
Two pension option "split award"	is a means of protecting final salary pension rights where pay is reduced in a final salary pension scheme. At the point of reduction the first pension would be "closed" and a new pension started. When the member retires, both pensions would be paid or, if more advantageous, the service on which the two pensions are based could be added together and a single pension paid.
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 NFPS pension.
Ill-health award	can be payable from any age if the NFPS member is permanently disabled for the performance of the duties of his/her role. It can be a lower tier award or a higher tier award. The lower tier award, which is a lower tier ill-health pension (assessed using the basic pension formula), would be paid where the member is capable of regular employment (other than as a firefighter). The higher tier award, which is a lower tier ill-health pension plus a higher tier ill-health pension (assessed using a proportion of prospective service), would be paid where the member is not capable of regular employment.
Commutation	allows a firefighter to give up part of his/her annual pension to provide a one-off payment of a lump sum.

Early leaver benefits	<p>Apply in the event of a firefighter leaving the fire and rescue service before normal retirement age. The benefits, dependent upon length of service, the nature of the termination of employment, the age of the member and/or the choice of the member are:</p> <ul style="list-style-type: none"> • a refund • a transfer of pension rights to another fire and rescue authority • a transfer of pension rights to another pension arrangement • a deferred pension • an authority-initiated early retirement pension • a member-initiated early retirement pension.
Death benefits	<p>Are provided in the form of a death grant of three times pensionable pay for a member who dies in service (adjusted pro rata for a retained firefighter) or a five year guarantee where the firefighter has retired and a pension is in payment, plus dependants' benefit cover for a surviving spouse, or civil partner, or nominated partner and for children.</p>
Effect of divorce or dissolution of civil partnership	<p>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 NFPS 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 NFPS.</p>
Pension credit member's benefits	<p>Are provided for the former spouse or civil partner of a NFPS member in the event of a court issuing a pension sharing order on divorce. The benefits are payable from age 65 and comprise a pension, and the option of a lump sum provided the firefighter had not already commuted part of his/her pension. A death grant of two and a quarter times the annual pension would be paid if the pension credit member dies before his/her pension is due to come into payment. There is a five year guarantee where the pension is in payment, provided the pension credit member is under age 75. In these circumstances a death grant based on the difference between instalments paid and instalments due – for five years – would be paid to the person's estate.</p>
Pensions Increase	<p>A "cost-of-living" increase is applied to members' and dependants' pensions, usually on an annual basis, in accordance with Pensions Increase Acts and Orders.</p>
Rights of appeal	<p>Can be used if dissatisfied with the decisions of the fire and rescue authority, or the medical opinion on which certain decisions are based.</p>

WHERE CAN I GET MORE INFORMATION?

If you –

- need more information about any of the provisions of the New Firefighters' Pension Scheme,
- require forms on which to nominate a partner for death benefits, or to indicate to whom you would wish any death grant to be paid,
- 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 pension's administrator:

West Yorkshire Pension Fund
P.O. Box 67
Bradford
BD1 1UP
Telephone: 01274 434999
Email: pensions@wypf.org.uk

More pension information can be found on the website:

www.esfrs.org

Please remember that although the fire and rescue authority can give you details of benefit entitlement or options under the NFPS, 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 an independent financial adviser (some advisers may charge for this service).