

Short guide to the Firefighters' Pension Scheme 1992



East Sussex
Fire & Rescue Service

The Scheme

This is a short description of the conditions of membership and main scheme benefits that apply if you pay into the Firefighters' Pension Scheme (FPS).

What kind of scheme is it?

The FPS is a statutory, public service pension scheme initially made under section 26 of the Fire Services Act 1947. The current scheme came into force on 1st March 1992 with the consent of the Treasury when it replaced the Firemen's Pension Scheme 1973. The provisions of the FPS are set out in The Firemen's Pension Scheme Order 1992 (as amended).

The FPS became a closed scheme with effect from 6th April 2006. The benefits under the scheme are based on the length of your pensionable service and your final salary. It is a tax approved scheme, registered under section 153 of the Finance Act 2004.

Who can join?

As the Firefighters' Pension Scheme 1992 became a closed scheme on 6th April 2006, current active members of the FPS are those who satisfied the membership conditions and joined before that date and who have not opted out of the Scheme or 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.

Can I opt-out of the FPS and re-join the FPS at a later date?

You can leave the FPS at any time by giving your fire and rescue authority notice in writing. The notice would take effect from the next pay period. However, if you subsequently wish to re-join the Scheme, you will not be allowed to, as the Scheme is closed.

You may be allowed to join the New Firefighters' Pension Scheme, however:

- You would not be able to transfer your FPS service to the NFPS if your potential NFPS service would then exceed 40 years
- If your fire and rescue authority so require, you would need to undergo a medical examination at your own expense to satisfy them of your good health.

You may wish to obtain independent financial advice before you make a decision to optout of the FPS.

What do I pay?

As a member of the FPS, the amount that you will pay in contributions depends on your pensionable pay but it is currently between 11% and 13%. Below are the pay bands and the rates which apply from April 2013.

If you work part-time, your rate will be based on the whole-time pay rate for your job, although you will only pay contributions on the pay you actually earn. As a member of the FPS, your contributions will attract tax relief at the time they are deducted from your pay and you will be contracted out of the State Second Pension scheme (S2P).

Whilst you are a member of the FPS you will, prior to State Pension Age, pay reduced National Insurance contributions.

Does my employer contribute?

Your Fire and Rescue Authority will pay a contribution equivalent to about 26.5% of your pensionable pay. Employee and employer contributions are determined by the Secretary of State on the advice of the Government Actuary's Department who will have regard to the total cost of the Scheme benefits. This will be reviewed regularly. Valuation of the FPS is expected to take place every four years.

Can I pay more to increase my benefits?

If you are an active member of the Scheme and will not be able to accrue 30 years pensionable service by age 55, you can purchase additional service by the payment of additional contributions.

To pay additional contributions, a written election to do so must be made at least 2 years before you reach age 55. Before you make a decision please contact your Administrative Authority for a cost quotation.

Can I transfer pension benefits into the FPS?

As the Scheme is now closed to new members, no transfers in can now be accepted.

Retirement

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.

When can I retire?

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. You could retire earlier with immediate payment of benefits provided you have reached age 50 and have at least 25 years' service although restrictions may apply. If you leave employment without fulfilling either of the above conditions, you will be awarded a deferred pension.

What are my FPS retirement benefits?

When you retire, you will receive a pension and have the option to take part of your pension as a tax-free lump sum.

What happens if I have to retire early due to ill health?

If you have at least 2 years' pensionable service (or, if less, you are entitled to an award under the Compensation Scheme) and you are permanently disabled for the performance of the duties of your role, you may be considered at any age for an ill-health pension. If you are also determined to be permanently disabled for any other regular employment, your benefits may be enhanced.

The Benefits

How much will my pension be?

The FPS is a final salary pension scheme which means that your pension will be a proportion of final average pensionable pay, excluding any element of pay in respect of which contributions have been paid towards Additional Pension Benefits. 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. 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 –

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

Any Additional Pensions Benefits (APBs) in respect of allowances would be calculated separately and included

What if I work part-time?

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 proportion of whole-time service you have accrued.

For example, if you retire at 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.

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 –

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

Can I exchange part of my pension for a lump sum?

You can exchange part of your annual pension for a one off tax-free cash payment.

The maximum that you can commute will depend on the circumstances of your retirement, and the amount of lump sum that you receive for each £100 of pension given up will depend on your age at retirement.

Example of pension and lump sum option calculation.

If, on retirement at age 55, a Scheme member has 25 years total pensionable service and has a final pay of £30,000. Their annual pension is:

$$(20 \times 1/60) + (5 \times 2/60) \times £30,000 = £15,000$$

If they decide to give up £1,000 pension for a cash lump sum, then their reduced annual pension is:

$$£15,000 \text{ less } £1,000 = £14,000 \text{ and they will get a tax free lump sum of:}$$

$$20.8 \times £1,000 = £20,800$$

If the same employee had worked half-time (i.e. 30 years, inc. doubling, at half-time = 15) their annual pension would be:

$$15/30 \times £15,000 = £7,500$$

If they decide to give up £500 pension for a cash lump sum, then their reduced annual pension is:

$$£7,500 \text{ less } £500 = £7,000 \text{ and they would get a tax free lump sum of:}$$

$$20.8 \times £500 = £10,400$$

What pay is used to calculate retirement benefits?

In most cases this will be your pensionable pay averaged over the last 365 days of pensionable service.

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 (known as best of the last three years).

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

Then, as explained above, your benefits are adjusted by reference to your pensionable service as reduced due to periods that were worked part-time.

Sometimes a firefighter may change roles or have a reduction in an element of pensionable pay earlier in their career. To protect pension rights, the firefighter could be awarded a "split pension". This would involve calculating the pension accrued up to the date of the pay reduction (using the pay before the reduction) and starting to accrue a new pension from the time of the reduction. When the firefighter retires, both pensions would be payable.

If the firefighter's pensionable pay rises back above the pay used to calculate their first benefits [revalued to reflect increases in the cost of living], the firefighter can choose

to have the benefit period merged so that all of their service will be used to calculate their final benefits on the higher pay.

Will my pension increase?

The FPS provides statutory pension increases. This means that, if you retire on or after age 55, your pension will be increased each year in accordance with Orders made under the Pensions Increase Act 1971. If you retire before age 55, the accumulated effect of inflation since you retired will be added to your pension when you reach age 55. Ill health pensions are increased each year in accordance with Orders made under the Pensions Increase Act 1971 regardless of age.

Protection for your Family

What benefits will be paid if I die?

If you die in service as a member of the FPS the benefits shown below are payable.

- A widow's, widower's, civil partner's pension equal to half of the ill-health pension that would have been awarded to the member if they had been retired on ill-health at the date of death. However, civil partner's pensions will be less than this if you have pensionable service in the scheme before 6 April 1988.
- Pensions for eligible children
- A lump sum death grant of 2 years pay. If you are part-time, it's 2 years part-time pay.

If you die whilst in receipt of, or you have entitlement to a pension, a widow's, widower's, civil partner's and pensions for eligible children will be payable. A widow's or widower's pension is equal to half of your pension calculated on your membership in the scheme after 1 April 1972 (if you have any pre 1 April 1972 membership, please contact the pensions section) and before any reduction is made for commutation, but a reduced pension may be payable if a husband and wife were living separately at the date of death. A civil partner's pension would be equal to half the pension calculated on your pensionable service in the scheme after 5 April 1988.

A full spouse's pension can only be paid to those married at date of leaving and married to the same person at date of death. Different rates apply to spouses if you are married after you leave the fire authority. Please contact the pensions section if you have any queries.

Leavers without an immediate entitlement to benefits

Deferred benefits

If you leave your employment as a firefighter (or opt out of the FPS) 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
- are not retiring on grounds of ill-health, then you would be entitled to a deferred pension.

Deferred benefits are calculated by first assessing the pension that you would have received if you had continued in employment to normal pension age. This is then

adjusted by reference to the pensionable service actually accrued in proportion to the pensionable service which you would have accrued by normal pension age.

Example: A member who would have completed 30 years at normal pension age and whose pensionable pay is £27,000. The hypothetical pension is:

$$(20 \times 1/60) + (10 \times 2/60) \times £27,000 = £18,000 \text{ per annum}$$

If they actually served 5 years, the deferred pension would be 5/30ths of the hypothetical pension:

$$5/30 \times £18,000 = £3,000 \text{ per annum}$$

Unless you decide to transfer your deferred benefits to another pension scheme, they will normally be paid at age 60 but they may be put into payment earlier in the event of becoming permanently disabled for firefighting or performing any other duties appropriate to your former role.

If you die before your deferred benefits come into payment, a widow's, widower's, civil partner's and pensions for eligible children will be payable. A widow's or widower's pension is equal to half of the deferred pension unless you marry after leaving in which case lower rates may apply. A civil partner's pension is equal to half of the pension calculated on service accrued after 5 April 1988.

Transferring your benefits

If you leave the scheme with a deferred pension and are not eligible for immediate payment of benefits, you may transfer the cash equivalent of your pension benefits into a new employer's scheme (if they are willing and able to accept it), into a personal or stakeholder pension scheme, or into a 'buy-out' insurance policy. The method of valuing the cash equivalent of your pension rights complies with the requirements of the Pension Schemes Act 1993 and any value quoted is guaranteed for three months.

Help with Pension Problems

Who can help me if I have a query or complaint?

If you are in any doubt about your benefit entitlements, or have a problem or question about your FPS membership or benefits, please contact the Pension Section at the address shown below. They will seek to clarify or put right any misunderstandings or inaccuracies as quickly and efficiently as possible.

If you are still dissatisfied with any decision made in relation to the Scheme you have the right to have your complaint independently reviewed under the Internal Disputes Resolution Procedure and, as the scheme is well regulated, there are also a number of other regulatory bodies that may be able to assist you. The various procedures and bodies are detailed below.

Rights of Appeal

If a Scheme member, or a dependant, is dissatisfied with a decision made by East Sussex Fire and Rescue (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 a right of appeal to Crown Court against an authority's decision of entitlement to, or amount of, an award. There are also rights of appeal available under the Internal Dispute Resolution Procedure (IDRP) based on the requirements of the Pensions Act 1995. Full details of medical appeal procedures, the IDRP process, Crown Court appeals, and the relevant time limits can be supplied by:

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

Internal Disputes Resolution Procedure

In the first instance you should write to the person nominated by the body who made the decision about which you wish to appeal. You must do this within six months of the date of the notification of the decision or act or omission about which you are complaining, or such longer period as the nominated person may allow. The nominated person will consider your complaint and notify you of his/her decision. If you are dissatisfied with that person's decision, (or their failure to make a decision), you may apply to the Scheme's administering authority to have it reconsidered.

The Pensions Advisory Service (TPAS)

TPAS is available at any time to assist members and beneficiaries of the Scheme in connection with any pension query they may have or any difficulty which they cannot resolve with their scheme administrators. TPAS can be contacted at:

11 Belgrave Road
London
SW1V 1RB
Telephone: 0845 601 2923

Pensions Ombudsman

In cases where a complaint or dispute cannot be resolved after the intervention of TPAS, an application can be made, within three years of the event, to the Pensions Ombudsman for adjudication. The Ombudsman can investigate and determine any complaint or dispute involving maladministration of the Scheme or matters of fact or law and his or her decision is final and binding (unless the case is taken to the appropriate Court on a point of law). Matters where legal proceedings have already started cannot be investigated. The Pensions Ombudsman can be contacted at:

11 Belgrave Road
London
SW1V 1RB
Telephone: 020 7630 2200

The Pensions Regulator

This is the regulator of work based pension schemes. The Pensions Regulator has powers to protect members of work based pension schemes and a wide range of powers to help put matters right, where needed. In extreme cases, the regulator is able to fine trustees or employers, and remove trustees from a scheme. You can contact the Pensions Regulator at:

Napier House
Trafalgar Place
Brighton
BN1 4DW
Telephone: 0845 600 0707

How can I trace my pension rights?

The Pension Tracing Service holds details of pension schemes, including the FPS, together with relevant contact addresses. It provides a tracing service for ex-members of schemes with pension entitlements (and their dependants), who have lost touch with previous schemes. All occupational and personal pension schemes have to register if the pension scheme has current members contributing into their scheme or people expecting benefits from the scheme. If you need to use this tracing service please write to:

The Pension Tracing Service
Tyneview Park, Whitley Road,
Newcastle upon Tyne,
NE98 1BA
Telephone: 0845 6002 537

Also, don't forget to keep your pension providers up to date with any change in your home address.

Further information and disclaimer

This short guide cannot cover every personal circumstance and does not cover rights that apply to a limited number of employees e.g. those whose total pension benefits exceed the Lifetime Allowance (£1.5 million in 2013/14) or whose pension benefits increase in any tax year by more than the Annual Allowance (£50,000 in 2013/14), those to whom protected rights apply, or those whose rights are subject to a Pension Sharing Order following divorce or dissolution of a civil partnership. In the event of any dispute over your pension benefits the appropriate legislation will prevail. This short guide does not confer any contractual or statutory rights and is provided for information purposes only.

More detailed information about the scheme is available from: www.esfrs.org