

## **Understanding the Pension Reforms for Taper Protected Members of the 2006 Scheme**

### **How do I know if I am taper protected?**

You will be taper protected if you are a member of the Firefighters' Pension Scheme 2006 (NFPS 2006) and were born between 2 April 1962 and 1 April 1966.

### **What does that mean for me?**

You will remain in the NFPS 2006 scheme until the date your taper protection ends. The day after you taper protection ends you will move across to the Firefighters' Pension Scheme 2015 (FPS 2015).

Your existing 2006 scheme pension rights will remain fully protected in the 2006 scheme. If your taper protection date falls after you choose to retire, you will not move across to the 2015 scheme.

### **What is the difference between Career Average and Final Salary pension schemes?**

The 1992, 2006 and now the 2015 pension scheme are all Defined Benefit pension schemes. This means the pensions is calculated based on a set formula.

In a final salary scheme such as the 1992 and 2006 scheme, your pension is typically worked out as a fraction of your final salary for each year of service.

In a career average scheme, each year you build up a 'slice' of pension based on your salary in that year. At the end of each year, the slice is increased in line with the revaluation rate to maintain the value of the pension earned. When a member finally retires, their total pension is calculated by adding up the slices of pension they have built up each year throughout their career.

## What Contributions will I be paying?

Until you taper date, your contributions will continue to be paid into the 2006 scheme, details of the current contributions are:

Bottom of range (Full Time Equivalent rate)	Top of range (Full Time Equivalent rate)	Contribution for NFPS 2006 scheme members - April 2014
£0	£15,000	8.5%
£15,001	£21,000	9.4%
£21,001	£30,000	10.4%
£30,001	£40,000	10.9%
£40,001	£50,000	11.2%
£50,001	£60,000	11.3%
£60,001	£100,000	11.7%
£100,001	£120,000	12.1%

After you taper relief ends you will start to pay contributions into the 2015 scheme, the current contribution rates are shown below:

### Contribution for FPS 2015 scheme members – 1st April 2015

£0 and up to £27,000	10.00%
Over £27,000 and up to £50,000	12.20%
Over £50,000 and up to £142,500	13.50%
Over £142,500	14.50%

### Contribution for FPS 2015 scheme members – 1st April 2016

£0 and up to £27,270	10.00%
Over £27,270 and up to £50,500	12.50%
Over £50,500 and up to £142,500	13.50%
Over £142,500	14.50%

### Contribution for FPS 2015 scheme members – 1st April 2017

£0 and up to £27,543	10.50%
Over £27,543 and up to £51,005	12.70%
Over £51,005 and up to £142,500	13.50%
Over £142,500	14.50%

## When can I access my pension?

Unless you retire before transferring across to the 2015 scheme, you will have pension rights in both the 2006 and 2015 schemes. This means that you will have a 'two part' pension.

Part 1 – The first part of your pension remains fully protected in the 2006 scheme and, if you remain an active scheme member, can be taken, on retirement, from age 55 with an actuarial reduction (based on the existing 2006 scheme arrangements) or from age 60 without a reduction. Your 2006 scheme pension will be calculated on your 'final salary' at retirement.

Part 2 – The second part of your pension is in the 2015 scheme. If you remain an active member, this can be taken;

- From age 55 with a reduction,
- At age 60 without any reduction,
- After age 60 with a pension enhancement.

If you have left service before being entitled to take your 2015 scheme pension, it will come into payment in full at your state pension age.

Please see "taper protection table" for further guidance.

## At what rate will my 2006 and 2015 scheme pension be reduced?

The Public Service Pensions Act 2013 requires the Normal Pension Age to be age 60 and pension taken before that to be reduced. The table below sets out the reduction to your 2006 and 2015:

Scheme	Age - 55	Age – 56	Age - 57	Age - 58	Age - 59
2015	21.80%	17.90%	13.90%	9.50%	4.80%
2006	40.50%	37.60%	34.40%	31.10%	27.50%

## What pension will I get at retirement?

There is no cap on the amount of pension that can be earned in the 2015 scheme. The online calculator provides more details. <https://www.gov.uk/government/publications/firefighters-pension-scheme-reforms-pension-scheme-calculator>

## **Note on transfer out of pension scheme**

From 6 April 2015 transfers out from unfunded, defined benefit, public service pension schemes, to schemes from which it may be possible to acquire a right or entitlement to flexible benefits, will no longer be possible. Flexible benefits are defined in the Pension Schemes Bill 2014-15 which is delivering these as:

- (a) a money purchase benefit;
- (b) a cash balance benefit; or
- (c) a benefit, other than a money purchase benefit or cash balance benefit, calculated by reference to an amount available for the provision of benefits to or in respect of the member (whether the amount so available is calculated by reference to payments made by the member or any other person in respect of the member or any other factor).