

## Understanding the Pension Reforms for Unprotected Members of the 1992 Scheme

### How do I know if I am unprotected?

You are unprotected if you are a member of the Firefighters' Pension Scheme 1992 (FPS 1992) and were born after 1 April 1971.

### What does that mean for me?

At 1 April 2015, you will move across to the Firefighters' Pension Scheme 2015 (FPS 2015). Your existing 1992 scheme pension rights will remain fully protected in the 1992 scheme.

### What Contributions will I be paying?

The Contributions into the 2015 scheme are shown below:

#### Contribution for FPS 2015 scheme members – 1<sup>st</sup> 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 – 1<sup>st</sup> 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 – 1<sup>st</sup> 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%

## **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.

## **When can I access my pension?**

As you will have pension rights in both the 1992 and 2015 scheme you will have a 'two part' pension.

Part 1 – The first part of your pension remains fully protected in the 1992 scheme and can be taken, on retirement, from age 50 if you have completed 25 or more year's service. Your service in the 2015 scheme will also count towards your 25 year total. Your 1992 scheme pension will still be calculated on your 'final salary' at retirement and you will continue to have access to the same commutation rights for your 1992 scheme pension.

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 the attached "Retirement Decision Tree" for further information.

## **Will I lose out on double accrual in the 1992 scheme?**

There will be an enhancement to your protected 1992 scheme pension to proportionally reflect the double accrual on the 1992 scheme service you have already built up. Firefighters who complete 30 years' service (1992 and 2015 schemes combined) before retiring will have each year of their 1992 scheme service converted to 45ths from 60ths.

## Why will my 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 2015 scheme pension only, your 1992 scheme pension will be taken unreduced:

Age - 55	Age - 56	Age - 57	Age - 58	Age - 59
21.80%	17.90%	13.90%	9.50%	4.80%

## 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).