

GOVERNMENT ACTUARY'S RESPONSIBILITIES

The Government Actuary is adviser to the Government on the actuarial aspects of the State pension scheme and of occupational pension schemes in the public service.

This Annexe explains the responsibilities of the Government Actuary in relation to the FPS.

Government Actuary

An actuary is a person who is professionally qualified to assess the cost of providing pension benefits. The actuary does this by analysing statistical and financial data to provide a basis for calculating the expected cost of future benefit expenditure.

Public service pension schemes have a great many similar features, generally differing from one another only where the nature of the occupation requires different pension provision – for instance, earlier retirement and the fast accrual of pension benefits in the armed forces, police and firefighters' pension schemes.

The Government Actuary provides a single source of impartial actuarial advice which enables Ministers responsible for public service pension schemes to maintain continuity and consistency, both between schemes and over the lengthy periods to which pension provisions relate.

In the case of funded pension schemes, particularly in funded schemes, there is a statutory requirement for periodic valuations. Although there is no similar requirement for the FPS which is unfunded the financial basis of the scheme is still kept under general review.

Overall cost of the Scheme

The Government Actuary's assessment of the FPS is based on a "new entrant contribution rate". This is an assessment of the cost of providing the benefits likely to be paid to an average new entrant to the FPS over the course of his or her career.

The cost is expressed in terms of a percentage of pensionable pay which, if paid throughout the career of the average new entrant, would exactly cover the cost of his or her benefits if the actuarial assumptions proved to be correct. The actual cost of the benefits which may become payable in respect of an individual member may be above or below the average, depending on the individual circumstances. The scheme involves a pooling of risks which are shared by all members contributing to the Scheme.

The Government Actuary's last assessment of the overall cost of the FPS (taking no account of the cost of injury benefits) was in 1991, and amounted to 37.5% of pensionable pay over an average career.

The cost of the FPS is met partly by members' contributions and partly by fire authorities in the first instance. Since July 1991 contributions have been -

- 11% of pensionable pay for regular firefighters, except
- 7.75% for those subject to Part IV of Schedule 11 (1956 Optants).

Calculations by the Government Actuary	<p>The Firemen's Pension Scheme Order 1992 makes specific provision for calculations by the Government Actuary for the purposes listed in the table at the end of this Annexe.</p> <p>Some of the calculations can be performed by the fire authority by referring to tables provided by the Government Actuary as set out in the Firemen's Pension Scheme Order, some by factors supplied by the Government Actuary and issued in Fire Service Circulars. Where these tables do not cover a particular case because the number of likely cases and the diversity of circumstances make standard table factors inappropriate, the Government Actuary will provide a one-off calculation at the request of a fire authority.</p>
Other advice from the Government Actuary	<p>Although not statutorily required to do so, the Government Actuary also provides other ad hoc actuarial advice when requested, such as converting disablement gratuities to annuities for the purpose of Schedule 2, Part V, paragraph 3(7) – calculation of an injury pension.</p>
Payment of fees to the Government Actuary	<p>The Government Actuary's Department (GAD) has a system of charging for any actuarial work undertaken. If, therefore, a fire authority directly requests the Government Actuary to provide actuarial calculations for them, they must expect to be charged a fee</p>
Provisions of the FPSO 1992 where Government Actuary provides guidance	<p>The provisions of the Firemen's Pension Scheme Order 1992 where the Government Actuary provides guidance –</p> <ul style="list-style-type: none">• at the request of the fire authority• in the form of tables in the Order• in the form of tables issued with Fire Service Circulars <p>are listed on page Annexe 11-Chart 1.</p>
Address	<p>If you need guidance from the Government Actuary's Department write to:</p> <p>Government Actuary's Department Finlaison House 15 – 17 Furnival Street London EC4A 1AB</p>

ANNEXE 11
Government Actuary's responsibilities

Provisions of the FPSO 1992 where the Government Actuary provides guidance

PURPOSE	PROVISION OF FPSO 1992	COMMENTARY REFERENCE
Reducing a short service or ill health gratuity	Schedule 2, Part IV, para 3	"Adjustments to short service gratuity" in explanation of Rule B2 and "Adjustments to ill-health gratuity" in explanation of Rule B3
Commutation#	Rule B7(3)	Explanation of Rule B7
Commuting a small pension	Rule B8(2)	"Method of calculation" in explanation of Rule B8
Allocation#	Rule B9(13)	Explanation of Rule B9
Reduction of pension at State pensionable age*	Schedule 2, Part VII, para 1(2), table	"Points To Note", Point 2 in section B Gen 2 (reduction of pension at State pensionable age)
Reduction of pension relating to uprating of widow's pension*	Schedule 2, Part VIII, para 5, Table	Annexe 5 (see Table C)
Widow's requisite benefit and temporary pension	Rule C6(5)	Explanation of Rule C6
Balance of contributions to estate	Rule E4(2)	"Meaning of relevant amounts" and "Points To Note", Point 3 in explanation of Rule E4
Limitation on amount of gratuity in lieu of surviving spouse's pension	Schedule 5, Part II	Explanation of Rule E5
Limitation on amount of gratuity in lieu of child's allowance	Schedule 5, Part III	Explanation of Rule E6
Limitation on discretion to grant a gratuity in lieu of pension	Rule E7(4)	Explanation of Rule E7
Payments in respect of previous service*	Schedule 6, Part I	"Cost" in explanation of Rule F4
Service reckonable on receipt of transfer value#	Schedule 6, Part II	Explanation of Rule F7
GMP test*	Rule F7(4)	Explanation of Rule F7
Transfer values* and cash equivalents#	Schedule 6, Part III, paras 6 and 6A; Schedule 6, Part IV	Explanation of Rules F8 and F9; Annexe 14 (in the case of pension sharing)
War Service*	Schedule 7, Part IV	Explanation of Rule F6
Additional and further contributions*	Rule G4	Explanation in section B Gen 1 and Annexe 5
Purchase of increased benefits*	Schedule 8, Part I, para 5	Explanation of Rule G6
Payment to a pensioner whose unsecured ill-health pension is terminated	Rule K1(6)	"Effect on future entitlement to pension" in explanation of Rule K1
Effect of pension debits (pension sharing on divorce or annulment)#	Rules B12, C10, D6	Explanation of Rule B12, C10, D6 and Annexe 14
Pension credit member's entitlement to pension#	Rule IA1(2)	Explanation of Rule IA1 and Annexe 14
Commutation of pension credit pension#	Rule IA2(4)	Explanation of Rule IA2 and Annexe 14
Death grants where pension credit member dies before pension credit benefits become payable#	Rule IA3	Explanation of Rule IA3 and Annexe 14

*Tables included in the Scheme

#Tables prepared by GAD and issued through Fire Service Circulars