

ANNEXE 4

OPTANTS-OUT

Membership of the Firefighters' Pension Scheme used to be compulsory for all regular firefighters. Then with effect from 6 April 1988, in line with the requirements of the Social Security Act 1986, employers could no longer insist that their employees should join their occupational pension scheme. Employees could opt out of the scheme and instead –

- make their own pension arrangements (e.g. a personal pension), or
- rely on the State pension scheme as their main source of retirement income.

The Firemen's Pension Scheme Order 1973 had to be amended to reflect this and to give firefighters the right to opt out of the FPS. Amendments were also made to the Scheme rules to allow certain injury-related benefits to continue to apply to regular firefighters who were no longer members.

The procedure for opting out of, or rejoining, the FPS is given in the explanation of Rule G3. (To opt out of the Scheme a firefighter elects under Rule G3 not to pay basic pension contributions under Rule G2.)

This Annexe shows how the FPS works in respect of optants-out.

If you are considering opting out of the Firefighters' Pension Scheme remember that your pension choice is one of the most important decisions you may have to make. It concerns not only you and your plans for a comfortable and secure retirement, but also any dependants you have.

Do not take the short-term view. Some people find it difficult to envisage a time when their pension will be their sole or main source of income. Others are more concerned with their current commitments than future pension prospects. In either case, paying as little as possible for pension provision might now seem a good idea. But both you and your dependants might subsequently regret this decision. Think carefully before giving up guaranteed income in retirement before being tempted into a less secure and/or less beneficial arrangement because you believe, or are led to believe, that it would save you money.

If you do opt out of the Firefighters' Pension Scheme, certain parts of it will still apply to you. The parts which apply (and any adjustments for optants-out) are listed below.

Compulsory retirement on grounds of age [Rule A13]	Applies irrespective of FPS membership.
Compulsory retirement on the grounds of efficiency of the brigade [Rule A14]	Applies irrespective of FPS membership.
Compulsory retirement on grounds of disablement [Rule A15]	Applies irrespective of FPS membership.
Ordinary pension [Rule B1]	Cannot apply unless you are a member of the FPS at your retirement date and satisfy the other qualifying conditions.
Short service pension [Rule B2]	Cannot apply unless you are a member of the FPS at your retirement date and satisfy the other qualifying conditions.
Ill-health award [Rule B3]	Cannot apply unless you are a member of the FPS at your retirement date and satisfy the other qualifying conditions.
Injury award [Rule B4]	In the event of your retirement on ill-health grounds as a result of a qualifying injury you would be eligible for an injury award based on your degree of disablement and total service as a regular firefighter. The pension element would be reduced by the <u>full</u> amount of the ill-health pension you would have received had all your service been pensionable (in the case of a member of the FPS the reduction would be three-quarters of the ill-health pension) and by any relevant DWP benefits (as for an FPS member).
Deferred pension [Rule B5]	With a period of pensionable service under the FPS of at least 2 years when you opt out of the FPS you will be eligible for a deferred pension payable at age 60 (or earlier, should you become permanently disabled). While you remain in the fire service you will be eligible to transfer any service after 5 April 1988 to another pension arrangement. Service before that date cannot be transferred unless you leave the fire service altogether.
Repayment of aggregate pension contributions [Rule B6]	This award may be relevant where you opt out of the FPS or leave the fire service altogether and you have no entitlement to other awards under the Scheme.

Spouse's ordinary pension [Rule C1]	This award will not be paid if you have opted out of the FPS at your date of death irrespective of your length of pensionable service.
Spouse's special award [Rule C2]	Eligibility for this award is not affected.
Spouse's augmented award [Rule C3]	Eligibility for this award is not affected.
Spouse's accrued pension [Rule C4]	This award would apply in the event of your death if entitled to a deferred pension (whether or not in payment at that time).
Widow's requisite benefit and temporary pension [Rule C6]	Your spouse may be eligible to benefit under this rule if you have a period of reckonable service of less than 2 years.
Spouse's award where no other award payable [Rule C7]	An award may arise under this provision if you have a period of reckonable service under the FPS and your spouse does not qualify for any other benefits.
Child's ordinary allowance [Rule D1]	This award cannot apply if an election to opt out of the FPS is effective at your date of death, irrespective of your length of pensionable service.
Child's special allowance [Rule D2]	Eligibility for this award is not affected.
Child's special gratuity [Rule D3]	Eligibility for this award is not affected.
Child's accrued allowance [Rule D4]	This award would apply in the event of your death if entitled to a deferred pension (whether or not in payment at that time).
Lump sum death grant [Rule E1]	There is no entitlement to this award where an election to opt out of the FPS is effective at your date of death.
Adult dependent relative's special pension [Rule E2]	Eligibility for this award is not affected.
Dependent relative's gratuity [Rule E3]	Eligibility for this award is not affected.

Pensionable service [Rule F2]	Only periods for which you paid pension contributions under Rule G2 can reckon towards awards under the FPS which are not injury-based.
Average pensionable pay [Rule G1]	Where you qualify for an award under the FPS it will be based on your pay for the period of a year up to the date you opted out of the FPS, except for the purposes of Rules B4, C2, C7, D2, D3 and E2 which will be based on your pay up to your last day of service.
Opting-out provision [Rule G3]	If you opt out within 3 months of joining the fire service your election will be backdated to your entry date, your contributions will be refunded and you will be deemed never to have been a member of the FPS.
Purchase of increased benefits [Rule G8]	If you were buying extra benefits under the FPS when you opted out of the Scheme you would be eligible to reckon part of those benefits in proportion to the period for which the extra contributions were made and the period for which you were expected to make those payments.
Medical appeal provisions [Rule H2]	Insofar as you may have grounds to dispute medical decisions the relevant appeal provisions would apply.
Other appeal provisions [Rule H3]	Insofar as you may have grounds to dispute decisions or claim entitlements the relevant appeal provisions would apply.