

**Rule B13 requires certain benefits payable under Part B to be calculated in accordance with Schedule 2 Part VIA if a person has a period of service as a part-time regular firefighter.**

**Background**

Until 13 September 2004 there were no provisions which would enable a part-time regular firefighter to be a member of, or accrue benefits under, the FPS. From 13 September 2004 provisions were introduced which could cater for part-time service.

Many final salary pension schemes which work on "uniform accrual" principles, simply pro rate the pensionable service for their part-time members and apply this to whole-time equivalent pensionable pay when assessing the pension. For example, a Local Government Pension Scheme member who worked full-time for 40 years would get a pension of 40/80ths of whole-time final pay; a member who worked half-time for 40 years would get a pension of 20/80ths of whole-time final pay. This gives an equitable result.

This principle would not work in the FPS because of the "fast accrual" principle used for service after the first 20 years. For example, if service was treated pro rata for a firefighter working half-time, it could take 40 years to reach the fast accrual point. Also, if only part of the service was part-time, the benefits could be distorted if account was taken of whether the part-time service fell within the single accrual period or the fast accrual period.

Consequently the general principle introduced for firefighters was that pensions (and the injury gratuity) should be assessed initially as if the firefighter had been whole-time throughout his or her period of service. This means –

- treating any period of part-time service as if it is whole-time when pensionable service is assessed;
- using the whole-time equivalent of average pensionable pay if the firefighter is working part-time hours in the final year (or the previous two years where the "best of the last three years" principle is used for average pensionable pay);
- in the case of an ill-health pension, allowing the full length of ill-health "enhancement" which would be granted to a whole-time firefighter.

Having arrived at the pension which would be due to a whole-time firefighter, it would then be reduced down in accordance with the whole-time and part-time service (treated pro rata) of the firefighter as a proportion of the service which would count if he/she had been whole-time throughout.

Contributions are deducted on the (pro rata) pay actually received.

**Rule B13 (continued)**

**Effect of Rule B13**

Rule B13 directs that if a person is entitled to an award under Part B and some or all of his/her service taken into account for reckoning pensionable service is part-time service, then the award shall be calculated in accordance with Schedule 2 Part VIA.

On 21 November 2005, "compulsory retirement age" was replaced by "normal pension age" in Rule A13. Compulsory retirement age for those who held the rank of Assistant Divisional Officer or above (Station Manager B or above) was age 60. In some benefit calculations the use of age 60 would produce a higher amount than the use of age 55. Consequently the use of age 60 in certain cases was protected. A paragraph (2) was added to Rule B13 on 21 November 2005 to allow this protection for part-time members.

**Effect of Rule A7(4)**

When reckoning pensionable service, Rule A7(4) says that any period of service as a part-time employee shall be treated as service as a whole-time employee of a fire and rescue authority.

Consequently, when determining **eligibility** for any of the awards under Part B, part-time service should count at whole-time length. So, the 2 years' pensionable service required for eligibility for some awards would be achieved if a firefighter had served for 2 years even if working on part-time contracts throughout the period.

**Awards calculated in accordance with Schedule 2 Part VIA**

Not all awards in Part B are calculated in accordance with the method given in Schedule 2 Part VIA. Paragraph 1 of Part VIA specifies only the following awards –

- an ordinary pension under Part I
- a short service pension under Part II
- an ill-health pension under Part III
- a deferred pension under Part VI.

Note that these are all pensions. The other awards which could be paid under Part B – the short service lump sums – are not covered by these provisions.

Similarly, awards which have the above Part B pension as their base – e.g. certain widow(er)'s, civil partner's and children's awards – will reflect the reduction of the base pension under Schedule 2 Part VIA. Other Parts and Schedules of the FPS will refer to the formula in Schedule 2 Part VIA if it is relevant to the assessment of a particular benefit.

**Rule B13 (continued)**

**Formula for the assessment of specified awards**

Schedule 2 Part VIA directs that in the case of a person who can count part-time service as pensionable service the awards listed should be assessed according to the following formula –

$$\frac{A \times (B + C)}{D}$$

where –

"A" is the amount of the award due if using the average pensionable pay that would have been received if a whole-time employee of a fire and rescue authority (and treating all service as whole-time)

"B" is the period in years of pensionable service as a whole-time employee of a fire and rescue authority

"C" is the period in years of pensionable service as a part-time employee of a fire and rescue authority "expressed as a fraction, where the numerator is the total number of contractual hours during the part-time service and the denominator is the number of contractual hours for one year of whole-time service"

"D" is the period in years of pensionable service

Neither "(B + C)" nor "D" should exceed 30 years when entered in the formula.

**"A"**

"A" is the award the firefighter would have received if whole-time throughout his/her service.

This is enabled by the definition of pensionable service in Rule A7(4) and the direction in "A" to use the whole-time average pensionable pay for the calculation. The average pensionable pay will be assessed as for any whole-time firefighter, using the "best of the last three years" principle if appropriate (see Rule G1). If "A" is an ill-health pension, the additional 60ths awarded as ill-health enhancement to a whole-time firefighter will be included. 60ths purchased under Part G are **not** included.

**"B", "C" and "D"**

"B", "C" and "D" are used to give an equitably adjusted award. After they have been applied to "A" the award payable should be a fraction of "A". The fraction should have the same relationship to "A" as the service actually served by the firefighter has to the service he/she would have completed if whole-time throughout.

For example, if the firefighter served for 30 years at half-time he/she should received 15/30ths (i.e. one half) of "A". If a firefighter served for 20 years at quarter-time, he/she should receive 5/20ths (i.e. one quarter) of "A".

<b>Rule B13 (continued)</b>
-----------------------------

**"B", "C" and "D"  
(continued)**

Accepting that this is the principle, how the fire and rescue authority should calculate "B", "C" and "D" will depend upon how simple or complex the pattern of part-time service has been. It is unlikely that in reality the part-time/whole-time service will fall into neat years as given in the example above.

The most straightforward method of assessing "A", "B" and "C" would be –

**For "B":** Look at the calendar dates of whole-time service and count in full as years and days. Add on any period of service credit derived from a transfer value received from another pension scheme (this counts at whole-time in accordance with Schedule 6 Part II, paragraph 4).

**For "C":** Look at the calendar dates of part-time service and pro rate the period of years and days according to the hours worked as a proportion of whole-time for that period.

**For "D":** Look at the calendar dates of the total period worked and count in full as years and days. Add on any period of service credit derived from a transfer from another pension scheme (as added to "B").

Note that any 60ths "purchased" under Part G do not get included in the formula. These do not count as service nor pensionable service. They are not included in the benefit assessed as "A", nor in "B", "C" or "D". Benefits derived from purchased 60ths would be added to the pro rata benefit derived from  $\frac{A \times (B + C)}{D}$ .

The limit of 30 years applied to "(B + C)" and to "D" is to prevent any distortion of benefits. The pensionable service used in the calculation of "A" would have been limited to 30 years.

**Examples**

Examples of the use of the formula are given on pages B13-Example 1. Other examples are given on the Example pages of Rules B1, B2, B3, and B5 and the archived Example pages of Rule B4 (injury awards).

**Useful reference source**

- FSC 30/2004: introduction of pension provisions for part-time regular firefighters
- FPSC 4/2005: replacement of compulsory retirement age.

<b>Points To Note</b>
-----------------------

1. Short service lump sums replaced gratuities in the FPS with effect from 6 April 2006, to comply with new tax rules. But with the exception of the injury gratuity (provisions for which are now in the Firefighters' Compensation Scheme) Rule B13 did not apply to gratuities.

**Example of use of formula in Schedule 2 Part VIA**

**Example A**

*A firefighter joined the FPS on 1 June 1980. He receives a service credit of 2 years 260 days in respect of previous pension rights transferred into the FPS. He reduces his hours of work from whole-time with effect from 1 December 2004. His contractual hours will be 21 a week where the whole-time equivalent hours would be 42 a week. On 1 May 2005 he increases his hours to whole-time again. 31 August 2005 is his last day of service. He retires with an ordinary pension. If that pension was based on the assumption that he had been whole-time throughout his service it would be £24,000 a year.*

**Assessment following formula given in Schedule 2 Part VIA**

Formula:  $\frac{A \times (B + C)}{D}$

"A" = £24,000

"B" will have regard to the total of periods:

1.6.1980 to 30.11.2004	24 years	183 days
1.5.2005 to 31.8.2005	<u>0 years</u>	<u>123 days</u>
	24 years	306 days
Add transfer service credit	<u>2 years</u>	<u>260 days</u>
Total	<u>27 years</u>	<u>201 days</u>

Because this is whole time service it will count as 27.5507 years in the formula.

"C" will have regard to the period:

1.12.2004 to 30.4.2005	0 years	151 days
------------------------	---------	----------

Because the contract for this period was for 21 hours a week where the whole-time hours would be 42, this period of part-time service will count as:

$$21/42 \times 151/365 = 0.2069 \text{ years}$$

"D" will have regard to the period:

1.6.1980 to 31.8.2005	25 years	92 days
plus the transfer credit	<u>2 years</u>	<u>260 days</u>
Total	<u>27 years</u>	<u>352 days</u>

Because this is pensionable service which counts as whole time service it will count as 27.9644 years in the formula.

Firefighter's ordinary pension will be assessed as:

$$\frac{£24,000 \times (27.5507 + 0.2069)}{27.9644}$$

$$= £23,822.52 \text{ a year}$$

**Example of use of formula in Schedule 2 Part VIA**

**Example B**

*A firefighter joined the FPS on 1 August 1978. He works whole-time until 31 October 2004. He then reduces his hours of work with effect from 1 November 2004. His contractual hours will be 10 a week. On 1 April 2005 he increases his hours to 21 a week. On 1 August 2005 he increases his hours to 30 a week. 31 December 2005 is his last day of service. He retires with an ill-health pension. Throughout the period of part-time service, whole-time hours would have been 42 a week. If his pension was based on the assumption that he had been whole-time throughout his service, it would be £32,000 a year (including whole-time ill-health enhancement).*

**Assessment following formula given in Schedule 2 Part VIA**

Formula:  $\frac{A \times (B + C)}{D}$

"A" will be £32,000

"B" will have regard to the period:

1.8.1978 to 31.10.2004            26 years    92 days

Because this is whole-time service it will count as 26.2520 years in the formula

"C" will have regard to the total of periods:

1.11.2004 to 31. 3.2005	0 years 151 days which count as $10/42 \times 0.4137 =$	0.0985
1. 4.2005 to 31. 7.2005	0 years 122 days which count as $21/42 \times 0.3342 =$	0.1671
1. 8.2005 to 31.12.2005	0 years 153 days which count as $30/42 \times 0.4192 =$	<u>0.2994</u>
Total		<u>0.5650</u>

"D" will have regard to the period:

1.8.1978 to 31.12.2005: 27 years 153 days

Because this is pensionable service which counts as whole-time service it will count as 27.4192 years in the formula.

Firefighter's ill-health pension will be assessed as:

$\frac{£32,000 \times (26.2520 + 0.5650)}{27.4192}$

= £31,297.19 a year