

Widow's accrued pension – firefighter with service before 1 April 1972

Schedules 3 and 11 explain how a widow's accrued pension may be less than half of her husband's pension if he had a period of service before 1 April 1972.

Note

This section has been added at the end of Part C because it will apply only to those widows whose husband was a regular firefighter with service before 1 April 1972 and who did not elect to provide full widow's benefits in respect of service accrued before that date.

Consequently, if you are –

- a female firefighter, or
- a male firefighter and all your service is after 31 March 1972, or
- a male firefighter with service before 1 April 1972 but you have elected to uprate it to provide a full widow's half rate pension,

you can ignore this section.

Further information about the options to improve widow's pensions is given at Annexe 5.

Background and effect

Before 26 August 1966

a firefighter's widow was entitled to a **flat rate** pension. It is described as "flat rate" because it was a set amount fixed by the FPS and bore no relation to her husband's own pension or rate of pay. The amounts were increased from time to time but were never particularly generous.

Rule E9 carries forward the right to payment of a flat rate award if it should prove to be greater than any other award due to a widow. This would be highly unlikely in respect of any firefighter serving today.

From 26 August 1966

firefighters were given the opportunity to elect to provide **third rate** cover for widow's benefits, i.e. a pension equal to one third of the firefighter's pension.

To provide this cover the firefighter had to –

- increase his basic contribution rate from 5% to 6% with effect from 26 August 1966, and
- pay for any service before then to attract third rate cover also.

If he chose to do this, payment for third rate cover in respect of the earlier service was made either by paying additional contributions over a number of years or by the firefighter having his own retirement pension reduced.

If the firefighter died in service before payment could be completed or effected by either of these methods it was deemed to have been made in full and the widow was entitled to a full third rate pension.

If an election to uprate was not made, a widow's pension remained at flat rate.

Widow's accrued pension – firefighter with service before 1 April 1972

C Gen 2 (continued)

Background and effect (continued)

All firefighters appointed after 25 August 1966 automatically had widow's third rate pension cover in respect of all service.

So, from 26 August 1966 if a firefighter died, the FPS would pay out either –

- a flat rate pension, or
- a third rate pension

to an eligible widow.

If a firefighter had elected for third rate cover but a flat rate pension proved to be greater, then the flat rate would be paid – it would be unfair to do otherwise.

Rule E9 carries forward the right to payment of a flat rate award if it should prove to be greater than any other award due to a widow.

From 1 April 1972

widow's **half rate** benefits were introduced. "Half rate" means that the widow's pension would be one half of the husband's pension (or notional ill-health pension if he died in service). Again, the basic contribution rate increased but this time everyone had to pay it and everyone had half rate cover from this date. On this occasion it was the uprating of previous service which was optional. And now things start to get complicated.

The firefighter who previously had flat rate service could:

- leave it as it was, in which case widow's benefits would be assessed as the greater of –
 - a flat rate pension, or
 - a half rate pension based on service from 1 April 1972 only; or
- uprate all service before 1 April 1972 to third rate in which case widow's benefits would be based on mixed third rate/half rate service; or
- uprate all service before 1 April 1972 to half rate in which case widow's benefits would be based on half rate service entirely.

The firefighter who previously had third rate service could:

- leave it as it was, in which case widow's benefits would be based on mixed third rate/half rate service; or
- uprate all service before 1 April 1972 to half rate in which case widow's benefits would be based on half rate service entirely.

Clearly, it is important to establish what elections a firefighter made, and when, before a widow's pension can be calculated. Standard option forms were used nationally and should still be held on a firefighter's file.

Widow's accrued pension – firefighter with service before 1 April 1972

C Gen 2 (continued)

Determination of amount payable

The amount of a widow's accrued pension is determined according to how much of the firefighter's service counts at flat rate, third rate or half rate when he ceased to be a FPS member. It could prove more difficult to assess than for a widow's ordinary pension because in the case of an ordinary pension –

- where a former firefighter dies while receiving a pension, any election to uprate service will already have been dealt with
- where a firefighter dies in service an election to uprate service is treated as having been paid in full.

In the case of a firefighter's deferred pension, however, he will have ceased to be a member of the FPS before normal retirement age and it could be that he left before payments due under an election to uprate service before 1 April 1972 had been paid in full.

Therefore, to determine the amount of a widow's accrued pension payable it is necessary to work out –

- how much service is fully uprated to half rate
- how much service is partly uprated to half rate
- how much service is fully uprated to third rate
- how much service is partly uprated to third rate.

Assessment of widow's accrued pension where pre 1.4.1972 service does not count at half rate

A widow's accrued pension where the firefighter's pensionable service before 1 April 1972 was not fully uprated to half rate is assessed as the greater of –

- (a) flat rate pension, or
- (b) $\frac{1}{6}$ x the part of the firefighter's pension corresponding to his half rate service, plus $\frac{1}{3}$ x the part of the firefighter's pension corresponding to his mixed rate service, but not exceeding, in total, half of the firefighter's deferred pension.

If a requisite benefit were to prove greater than either the flat rate pension or the limited half rate pension then it can be paid instead. A requisite benefit pension is calculated as –

$$\frac{\text{your pensionable service after 5.4.1978}}{160} \times \text{average pensionable pay}$$

It is most unlikely, however, that a requisite benefit pension or a flat rate pension would be greater than the pension provided by the formula in (b).

The formula in (b) uses the expressions "half rate" and "mixed rate" service. The tables and guidance on page C Gen 2-Chart 1 should help you to identify and calculate these periods of your pensionable service as a firefighter.

Widow's accrued pension – firefighter with service before 1 April 1972

C Gen 2 (continued)

Assessment of widow's accrued pension where pre 1.4.1972 service does not count at half rate (continued)

As any part of your pensionable service which counts in full at the half rate and the third rate will feature both as half rate and mixed rate service, your widow's accrued pension will include $1/6$ plus $1/3$ (i.e. $1/2$) of your deferred pension which corresponds to that service.

As the remainder of your mixed rate service equals your third rate service, the widow's accrued pension also includes $1/3$ of your deferred pension which corresponds to your service counting as third rate only.

The device of identifying half rate service and mixed rate service was necessary because, as can be seen from Table B on page C Gen 2-Chart 1. a particular period of pensionable service may be uprated to half rate by one method and third rate by another, e.g.

- any part of your service which is fully uprated from third rate to half rate will attract $1/6$ of your deferred pension corresponding to that part of your service
- if the same part of your service is only partly uprated from the flat rate to the third rate an appropriate portion of it will attract $1/3$ of the corresponding part of your deferred pension.

In this example the $1/6$ and $1/3$ cannot be added together.

All the other conditions relating to widow's pensions generally and widow's accrued pensions in particular, will apply to a widow's accrued pension paid under these provisions.

Effect of pension sharing order

Rule C10 applies in the case of a widow's accrued pension assessed on these principles as it would for the "normal" half rate awards. If a pension sharing order has been issued on divorce or annulment of marriage, a widow's accrued pension will be reduced in line with the required reduction in the firefighter's own benefits

Example

Examples of the assessment of a widow's reduced accrued pension in these circumstances are given on pages C Gen 2-Example 1.

Points To Note

1. Normally, Pensions Increase is applied after a determination of amount of award. When making comparisons with flat rate awards, however, it is important that account should be taken of the fact that the amount of flat rate awards allowed by Rule E9 have been set at their 1978 level. If a firefighter retires or dies after this date, the pay upon which his benefits will be based will reflect rises in the cost of living since 1978. The most equitable method of comparison, therefore, between the flat rate awards and "formula-based" awards shown in this section, is to –

Widow's accrued pension – firefighter with service before 1 April 1972

C Gen 2 (continued)

Points To Note continued

- index the flat rate award by all Pensions Increase (Review) Orders from 1979 onwards to the date of death of the firefighter (see “Effect of Pensions Increase” in the explanation of Rule E9), and
- index the formula-based award by all Pensions Increase (Review) Orders from the day following the end of the averaging period used to assess the average pensionable pay, to the date of death of the firefighter

and then to decide which would produce the greater pension for the widow.

2. A widow's accrued pension is reduced if the firefighter's pension has been made subject to a pension sharing order made by a court on divorce or annulment of marriage. However, if following divorce, annulment of marriage or judicial separation a firefighter's pension has been made subject to an “earmarking” order this will have no effect on the spouse's entitlement to an accrued pension. See Annexe 14 for more information about the effect of divorce, etc. on pension rights.

Widow's accrued pension – firefighter with service before 1 April 1972

The counting of half rate and mixed rate service

TABLE A	
Pensionable service which counts in full as HALF RATE <u>and</u> MIXED RATE	
Type of pensionable service:	This is fully uprated to HALF RATE because:
(a) as a regular firefighter on or after 1 April 1972	you must have paid pension contributions at a rate related to 6.75%, 8.75%, 10.75%, or 11% of your pensionable pay
(b) which counts under Rule F7 (interchange)	your transfer value will have been converted into service "fully paid up" for widow's and children's half rate awards
(c) as a regular firefighter, which counted on 1 July 1973, was not service on or after 1 April 1972, and amounted to less than one year	if you had less than one year's such service it would count as half rate service without payment for uprating

TABLE B	
Pensionable service which may be full or partly uprated to THIRD RATE or HALF RATE, and counts in full or in proportion as HALF RATE <u>or</u> MIXED RATE service	
Type of pensionable service:	How this counts towards HALF RATE or MIXED RATE service:
(a) for which you paid contributions related to 6% of your average pensionable pay	MIXED RATE: in full
(b) which you elected to uprate to half rate by payment of a lump sum	HALF RATE: in full
(c) which you elected to uprate to third rate by payment of a lump sum	MIXED RATE: in full
(d) which you elected to uprate to half rate by payment of further contributions	HALF RATE: in proportion, depending upon the proportion you have uprated to half rate when you cease to be an FPS member
(e) which you elected to uprate to third rate by payment of additional contributions	MIXED RATE: in proportion, depending upon the proportion you have uprated to third rate when you cease to be an FPS member
(f) which is to be uprated to half rate by reduction of pension	HALF RATE: in proportion, depending on the proportion you are deemed to have uprated to half rate when you cease to be an FPS member
(g) which is to be uprated to third rate by reduction of pension	MIXED RATE: in proportion, depending on the proportion you are deemed to have uprated to third rate when you cease to be an FPS member

"Points To Note" about Table B follow . . .

Widow's accrued pension – firefighter with service before 1 April 1972

The counting of half rate and mixed rate service (continued)

Points To Note (Table B)

1. Service uprated in full –
 - to mixed rate under (a) or (c) ⇒ may not have been uprated to the half rate at all, or may be partly uprated under (d) or (f), or fully uprated under (b)
 - to half rate under (b) ⇒ may be partly uprated to the mixed rate under (e) or (g), or fully uprated under (a) or (c)

2. The formula for proportional uprating under (d) is –

- (i) period for which contributions were paid
- (ii) period for which contributions should have been paid

where (ii) equals the period from 1 April 1973 to the completion of 25 years' service (ignoring any pensionable service which did not count on 1 July 1973) or, if longer, from 1 April 1973 to 1 April 1978.

For anyone who retired before 1 October 1978, the period at (ii) began on the date of his election. This was an error which could only be corrected for those still serving on 1 October 1978, the operative date of the Firemen's Pension Scheme (Amendment) Order 1978. The same applied for upratings under (e).

3. The formula for proportional uprating under (e) is –

- (i) period for which contributions were paid
- (ii) period for which contributions should have been paid

An election to uprate service to third rate by payment of additional contributions could have been made under the Firemen's Pension Schemes of 1966 or 1973.

If the election was made in 1973, (ii) will be the same as it is for (d) in Point 2 above.

If the election was made in 1966, (ii) will be the period from 26 August to 1966 until the completion of 25 years' service or, if longer, a period of 5 years.

For anyone who retired before 1 October 1978, the period at (ii) began on the date of his election, whether in 1973 or 1966 – see Point 2 above.

4. The formula for proportional uprating under (f) is –

- (i) period from 1 April 1972 until ceasing to be a member of FPS
- (ii) period from 1 April 1972 until firefighter could retire with an ordinary or short service pension

but it may not exceed a whole – see Point 8 below.

This proportion is an artificial one, based on a concept of a period while the firefighter was a member, during which the FPS was "at risk" of becoming liable to pay a widow's pension, in proportion to a period during which the FPS would have been "at risk" had he served on to normal retirement. The same concept applies to the proportion under (g) – see Point 5 below.

5. The formula for proportional uprating under (g) is –

- (i) period from 26 August 1966 until ceasing to be a member of the FPS
- (ii) period from 26 August 1966 until firefighter could retire with an ordinary or short service pension

but it may not exceed a whole – see Point 8 below.

This proportion is an artificial one – see Point 4 above.

Where a reduction of pension would result from the FPS 1973, not the FPS 1966, the date 1 April 1972 should have been inserted instead of 26 August 1966. This error will not be corrected, however, as to do so could only worsen pension rights for those concerned.

Widow's accrued pension – firefighter with service before 1 April 1972**The counting of half rate and mixed rate service (continued)****Points To Note (Table B) (continued)**

6. Any service which you count under Rule F4 (or Articles 51 or 52 of the Firemen's Pension Scheme Order 1973) after 1 July 1973 must be uprated to the half rate (and the mixed rate). It will, therefore, be included under both items (f) and (g) of Table B unless you –
- uprated it by payment of a lump sum in 1973,
 - then left the fire service with an entitlement to a deferred pension, and
 - later came back to count your service under Rule F4 on relinquishing your deferred pension entitlement.

However, if you left with a refund of contributions which included your lump sum uprating payment, you could not return that lump sum on rejoining. If you had previously been uprating by the contribution method, any additional or further contributions you had made would be refunded to you when you left (or when you relinquished a deferred pension entitlement on your return) and you could not resume payment by the contribution method. (See the explanation of Rule F4, "Points To Note", Point 3.)

7. In cases of uprating, both by payment of contributions and by reduction of pension, the proportions are to be worked out in completed years and months. However –
- the service of which a proportion is to be taken is to be calculated at its full length in years and days (including 29 February 1972 where it appears in a part year, as it often will),
 - in reduction of pension cases (where the proportions may need to be calculated by adding broken periods of service together) any broken periods should first be added together at their full length in years and days, and the aggregate periods then reduced to completed years and months to work out the proportion.
8. If it is necessary to calculate a widow's accrued pension where total pensionable service exceeds 25 years, some points should be borne in mind. This would be rare but it could happen if –
- you should transfer after completing 25 years' service, or
 - you are entitled to a deferred pension having more than 25 years' service.

The points to note are –

- your widow's accrued pension may not exceed half your deferred pension (without this limitation the proportion for uprating by the reduction of pension method could result in a higher amount than it should), and
- none of the proportions in Table B items (f) and (g) could exceed a whole.

Widow's accrued pension – firefighter with service before 1 April 1972

Example of assessment of spouse's accrued pension reduced in respect of firefighter's service before 1 April 1972

Example A

A former firefighter who had service before 1 April 1972, but who paid to uprate service in full by lump sum, dies after his deferred pension has been in payment for one year. His deferred pension before the addition of Pensions Increase was £1,579.06 a year.

This Example is for comparison purposes – it shows how simple a deferred pension is to work out where all the firefighter's service counts as half rate for the widow's accrued pension.

Formula: $1/2 \times \text{deferred pension}$

Spouse's accrued pension will be:

$$\begin{aligned} & 1/2 \times \text{£}1,579.06 \\ & = \text{£}789.53 \text{ a year.} \end{aligned}$$

Example B

A former firefighter had 9 years 237 days (9.6493 years) of service before 1 April 1972. He elected to uprate service by paying further contributions. His total pensionable service was 16 years 206 days (16.5644 years) and his deferred pension on retirement was £2,419.71 a year.

Firstly, the half rate service is calculated.

Formula: $\frac{a \times c}{b} + d$

where

- a = service from 1 April 1973 in months
- b = service from 1 April 1973 to 25 years in months
- c = service before 1 April 1972 in years and days
- d = service from 1 April 1972 in years and days

Half rate service is:

$$\frac{70 \times 9.6493}{172} + 6.9151 = 10.8421 \text{ years}$$

Next, the widow's accrued pension is calculated.

Formula: $\left(\frac{1}{3} \times \frac{\text{total service}}{\text{total service}} \times \text{deferred pension} \right) + \left(\frac{1}{6} \times \frac{\text{half rate service}}{\text{total service}} \times \text{deferred pension} \right)$

Widow's accrued pension will be:

$$\begin{aligned} & \left(\frac{1}{3} \times \frac{16.5644}{16.5644} \times \text{£}2,419.71 \right) + \left(\frac{1}{6} \times \frac{10.8421}{16.5644} \times \text{£}2,419.71 \right) \\ & = \text{£}806.57 + \text{£}263.97 \\ & = \text{£}1,070.54 \text{ a year} \end{aligned}$$

Another example follows . . .

Widow's accrued pension – firefighter with service before 1 April 1972

Example of assessment of spouse's accrued pension reduced in respect of firefighter's service before 1 April 1972 (continued)

Example C

A former firefighter joined the fire service before 1 April 1972 after serving as a police officer for 6 years 20 days. He served in the fire service for 11 years 33 days. His total pensionable service was 17 years 53 days (17.1452 years). His total service before 1 April 1972 was 9 years 112 days (9.3068 years). His deferred pension on retirement was £2,605.59 a year.

Firstly, the half rate service is calculated.

$$\text{Formula: } \frac{a \times c}{b} + d$$

where

- a = service from 1 April 1973 in months
- b = service from 1 April 1973 to 25 years in months
- c = service before 1 April 1972 in years and days
- d = service from 1 April 1972 in years and days

Half rate service is:

$$\left(\frac{82}{176} \times 9.3068\right) + (17.1452 - 9.3068) = 4.3361 + 7.8384 = 12.1745$$

Next, the widow's accrued pension is calculated.

$$\text{Formula: } \left(\frac{1}{3} \times \frac{\text{total service}}{\text{total service}} \times \text{deferred pension}\right) + \left(\frac{1}{6} \times \frac{\text{half rate service}}{\text{total service}} \times \text{deferred pension}\right)$$

Widow's accrued pension will be:

$$\begin{aligned} & \left(\frac{1}{3} \times \frac{17.1452}{17.1452} \times £2,605.59\right) + \left(\frac{1}{6} \times \frac{12.1745}{17.1452} \times £2,605.59\right) \\ & = £868.53 + £308.36 \\ & = £1,176.89 \text{ a year} \end{aligned}$$