

## Child's allowance – firefighter with service before 1 April 1972

Schedules 4 and 11 explain how a child's allowance may be less than the full amount if the firefighter had a period of service before 1 April 1972.

### Note

This section has been added at the end of Part D because it will apply only to those children of a regular firefighter with service before 1 April 1972 who did not elect to provide full widow's and children's benefits in respect of service 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 pension

you can ignore this section.

Further information about the options to improve widows' pensions and children's allowances is given at Annexe 5.

### Background and effect

Section C Gen 1 explains how a firefighter's service from 1 April 1972 attracts a half rate widow's pension, i.e. a pension equal to half of the firefighter's own pension entitlement. Earlier service, however, may attract only a flat rate pension unless the firefighter elected to make a payment (by lump sum, additional contributions, or reduction to his own pension) to increase the cover for widow's pension in respect of that service to third rate or half rate.

If a firefighter elected to uprate service before 1 April 1972 to attract a widow's half rate pension, the uprating also permitted children's allowances to take service before 1 April 1972 fully into account

If the firefighter chose not to uprate service before 1 April 1972 at all, or just to third rate, service before 1 April 1972 will not be taken into account in the assessment of children's allowances other than for the purpose of determining whether any of the firefighter's service should reckon at double length (i.e. to follow the calculation principle of 1/60th for each year of service for the first 20 years, 2/60ths for each year thereafter.)

In either case, if a flat rate child's pension should prove to be greater it will be paid instead.

The disregard of third rate uprating makes the effect of service before 1 April 1972 on children's allowances slightly easier to work out than on widows' allowances.

Also, because many years have now passed since the option to uprate service before 1 April 1972, most of the children who would have been affected by these complications will by now have grown up and would no longer qualify for a child's award. However, there may still be instances where a person qualifies as a "child" because of physical or mental infirmity and administrators may still have old cases to deal with.

## Child's allowance – firefighter with service before 1 April 1972

## D Gen 2 (continued)

**Assessment of child's ordinary allowance where pre 1.4.1972 service counts at flat rate or third rate**

If service before 1 April 1972 counts at flat rate or third rate for a widow's pension, a child's ordinary allowance will be the greater of –

- (a) a flat rate allowance (see Rule E9), or  
 (b) the appropriate percentage  $\times \frac{A - B}{60}$   $\times$  average pensionable pay

where

“the appropriate percentage” is that shown on page D Gen 1-Chart 1

A = pensionable service up to 30 years\*

B = pensionable service before 1.4.1972 up to 30 years\*

\* each year of service to 20 years counts as 1/60th and each year of service after 20 years counts as 2/60ths

Formula (b) gives a child's ordinary allowance based on half rate service only, taking appropriate account of double-reckoning after 20 years.

**Assessment of child's accrued allowance where pre 1.4.1972 service counts at flat rate or third rate**

If service before 1 April 1972 counts at flat rate or third rate for a widow's pension, a child's accrued allowance will be the greater of –

- (a) a flat rate allowance (see Rule E9), or  
 (b) the appropriate percentage  $\times \frac{H}{S}$   $\times$  firefighter's deferred pension

where

“the appropriate percentage” is that shown on page D Gen 1-Chart 1

H = half rate pensionable service (see Tables A and B on page C Gen 2-Chart 1) up to 30 years

S = total pensionable service up to 30 years

Formula (b) gives a child's accrued allowance based on half rate service only.

It is unlikely that a child's accrued allowance would be payable where the firefighter had more than 30 years' service. However, it could happen if you are entitled to a deferred pension, having more than 25 years' service (see the explanation of Rule B5, “Points To Note”, Point 6). This is why the pensionable service at “H” and “S” is limited to 30 years.

**Example**

Examples of the assessment of a child's reduced ordinary allowance and accrued allowance are given on pages D Gen 2-Examples 1 and 2.

**Points To Note**

1. All the other conditions relating to entitlement to children's allowances and when they are payable, apply to these reduced allowances.

## Child's allowance – firefighter with service before 1 April 1972

### D Gen 2 (continued)

#### Points To Note continued

2. If you have service before 1 April 1972 and did not elect to uprate that service for widow's and children's benefits, any children's allowances which become payable will be –

- calculated as if you were entitled to a pension based on your half rate service only, or
- at the flat rate, whichever is better.

The greater the proportion of service from 1 April 1972 onwards, the less likely that flat rate amendments will be better.

3. If you elected to uprate service before 1 April 1972 to attract a widow's third rate pension only, any children's ordinary allowances will be calculated as if you had made no uprating election. Children's allowances were not paid with widow's pensions at the third rate and so uprating your service before 1 April 1972 to third rate has no effect in this respect.

4. If you elected to uprate your service before 1 April 1972 to attract widow's half rate pension, any children's ordinary allowances will be based on the appropriate percentage (as set out in the table on page D Gen 1-Chart 1) of your full pension or notional pension even if you die –

- before completing payment of additional/further contributions, or
- before you start receiving a pension which was due to be reduced to pay for the uprating of your service.

5. Flat rate allowances (unlimited in number) will be paid to your children for any periods for which they are more favourable. This is likely to happen only if –

- your service was very short, or
- there are several children so that the total of the flat rate allowances would be greater than the group maximum in the table on page D Gen 1-Chart 1.

6. 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 the "formula-based" awards shown in this section, is to –

- index the flat rate award by Pensions Increase (Review) Orders from 1979 up to the date of the 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 child.

7. Whatever the principle used for assessing children's allowances, their level should not be affected by any reduction in the firefighter's own entitlement to benefits required by a pension sharing order issued by a court on divorce or annulment of marriage.

## Child's allowance – firefighter with service before 1 April 1972

### Example of assessment of children's ordinary allowance, reduced in respect of firefighter's service before 1 April 1972

#### Example A

*A former firefighter dies after retirement where an ordinary pension was in payment. He had 25 years' service, 2 of which were before 1 April 1972 and which count at third rate for widow's benefits. He chose not to uprate this service for half rate benefits. His average pensionable pay (APP) was £12,000 a year. He leaves a widow and one eligible child.*

Because he chose not to uprate previous service a comparison must be made between a child's flat rate allowance and the appropriate percentage of a pension based on service on and from 1 April 1972 only.

Formula: The child will receive the greater of:

- (a) a flat rate allowance based on the amount given in Rule E9, or
- (b) a child's ordinary allowance assessed as –

the appropriate percentage  $\times \frac{A - B}{60} \times \text{APP}$

where

"the appropriate percentage" is that shown on page D Gen 1-Chart 1

A = pensionable service up to 30 years\*

B = pensionable service before 1 April 1972 up to 30 years\*

\* each year of service to 20 years counts as 1/60th and each year of service after 20 years counts as 2/60ths.

Child's ordinary allowance will be:

$$18.75\% \times \left[ \frac{20 + (2 \times 5)}{60} - \frac{2}{60} \right] \times £12,000.00 = 18.75\% \times \frac{28}{60} \times £12,000.00$$

$$= £1,050.00 \text{ a year}$$

Assume that, revalued by the appropriate rate of Pensions Increase:

- the child's flat rate allowance would be = £357.00 a year
- the child's ordinary allowance would be £1,175.00 a year

The child would receive the greater sum, i.e. the ordinary allowance of £1,175.00 a year.

## Child's allowance – firefighter with service before 1 April 1972

**Example of assessment of children's accrued allowance, reduced in respect of firefighter's service before 1 April 1972**

### Example B

*A former firefighter dies before becoming entitled to receive his deferred pension of £4,000 a year. He had served for 12 years, 8 of which were before 1 April 1972 and counting at third rate for widow's benefits. He did not elect to uprate it for third rate cover. His wife had predeceased him and he leaves 2 eligible children.*

Formula: The children will receive the greater of –

- (a) a flat rate allowance based on the amount given in Rule E9, or  
 (b) a children's accrued allowance assessed as –  
 the appropriate percentage  $\times \frac{H}{S}$   $\times$  firefighter's deferred pension

where

“the appropriate percentage” is that shown on page D Gen 1-Chart 1

H = half rate pensionable service (see tables A and B on page C Gen 2-Chart 1)  
 up to 30 years

S = total pensionable service up to 30 years

Children's accrued allowance will be:

$$50\% \times \frac{4}{12} \times £4,400.00$$

$$= £733.33 \text{ a year}$$

Assume that, revalued by the appropriate rate of Pensions Increase:

- the child's flat rate allowance would be £400.00 a year for each child
- the children's total accrued ordinary allowance would be £750.00 a year

The children would receive the greater sum, i.e. the flat rate allowances of £400.00 a year each.