

RULE G2 Pension contributions

Rule G2 gives the rate of basic pension contribution payable by firefighters and fire and rescue authorities and explains how contributions are collected.

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| How much must be paid by a firefighter? | <p>Rule G2(1) and G2(1A) require a regular firefighter who took up employment with a fire and rescue authority before 6 April 2006 to pay a basic pension contribution of 11% of pensionable pay. They also require a regular firefighter who took up employment on or after that date to pay a contribution of 8.5% of pensionable pay.</p> <p>The FPS became closed to new members with effect from 6 April 2006 but, because the New Firefighters' Pension Scheme ("NFPS") was not in place in time for firefighters appointed on and from that date, the FPS provided temporary cover for them. The contribution rate they were required to pay, however, reflected the rate they would be required to pay once the NFPS became operative.</p> <p>Before 6 April 2006 the firefighter's contribution rate was "modified", i.e. reduced, by 1p a week. With effect from 6 April 2006 this modification was written out of the Scheme. – see "Points To Note", Point 2.</p> |
| Exceptions | <p>If a firefighter elects under Rule G3 not to pay contributions, no contributions will be due for so long as that election has effect (see explanation of Rule G3).</p> |
| How and when are the firefighter's contributions paid? | <p>Rule G2(2) states that the contributions are due on each instalment of pay at the same time as the instalment is paid. The fire and rescue authority is allowed to deduct the contributions from each instalment as it is paid (although it does have the right to use other means where necessary).</p> |
| How much must be paid by a fire and rescue authority? | <p>Rule G2(3) to (6) explain that, commencing with the financial year 1 April 2006 to 31 March 2007, the Secretary of State will notify fire and rescue authorities of the percentage of firefighters' pensionable pay to be paid into the Firefighters' Pension Fund for each financial year. This will be the pensionable pay of all firefighters employed by the fire and rescue authority who are required to pay pension contributions during that year. If a firefighter elects under Rule G3(1) not to pay pension contributions, no employer's contribution will be due in respect of that firefighter from the date on which the election takes effect.</p> <p>The employer's contributions are transferred to the Firefighters' Pension Fund from any other fund maintained by the fire and rescue authority.</p> |
| Tax | <p>Tax relief on contributions is given through "net pay arrangements". This means that your authority deducts your pension contributions from your taxable income before operating PAYE. In this way you get tax relief at your marginal rate of income tax without needing to make an additional claim to HM Revenue and Customs.</p> |

Rule G2 (continued)

- Useful reference source**
- FSC 4/1983: increase in contribution rate to 8.75% and then 10.75%
 - FSC 4/1991: increase in contribution rate to 11% (with introduction of death grant)
 - FSC 30/2004: introduction of pension provisions for part-time regular firefighters and provision for payment of additional contributions to count a period of unpaid additional maternity or adoption leave as pensionable service
 - FPSC 9/2006: cover for temporary members of the FPS pending introduction of NFPS and their contribution rate; contributions to be made by fire and rescue authorities with effect from 1 April 2006

Points To Note

1. In addition to the basic contributions, you may have other contributions to pay:
 - if you have service before 1 April 1972 and elected to uprate widow's and children's benefits by payment of additional or further contributions (see explanation of Rule G4),
 - if you have elected to purchase increased benefits (see the explanation of Rule G7),
 - if you have elected to pay contributions to be able to reckon a period of maternity or adoption leave which otherwise would not count as pensionable (see the explanation of Rule G2A).
2. Before 6 April 2006, a deduction of 1p a week was made from the percentage contribution rate. This deduction dates back to 5 July 1948. From that date a deduction of 2d (2 old pence) was made from everyone's contribution rate, to take account of injury benefits which were previously available to the fire service but which subsequently became provided to others, as part of National Insurance benefits introduced from that date. The reduction was to compensate for the fact that the benefits under the National Insurance Industrial Injuries Scheme, new in 1948, added nothing to existing fire service benefits. The 2d was decimalised in February 1971 and became 1p. The deduction was written out of the FPS with effect from 1 April 2006 when injury provisions were transferred from the FPS to the Firefighters' Compensation Scheme.
3. Until 31 March 1980 there was a further deduction of 5p a week from basic contributions for those whose pensions would be reduced at State pensionable age in respect of the State flat rate retirement pension. This was known as "flat rate modification". Flat rate modification of pensions ended with effect from 1 April 1980 in respect of service on or after that date. Since then all regular firefighters have paid the "unmodified" rate of pension contributions – see Annexe 8 which explains the effect of the State pension scheme on the FPS.
4. Retained firefighters once had to pay contributions but in respect of injury award cover only. For example under the Firemen's Pension Scheme Order 1971 a retained firefighter holding the rank of fireman had to pay 80 pence a year, deducted from the annual retaining fee. With effect from 1 April 1972, retained firefighters no longer had to make these contributions.

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| Rule G2 (continued) |
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| Points To Note continued |
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5. When you leave the fire and rescue service, if you have less than 2 years' service and you are not entitled to any other award or payment of a transfer value under the FPS, you may be entitled to a return of your aggregate pension contributions under Rule B6 subject to deductions for tax and for "buying back" into the State Second Pension arrangements.
6. There is also a contributions "underpin" to any benefits payable under the FPS. Under Rule E4, the value of benefits paid out of the Scheme must not be less than the amount you paid in by way of contributions
7. The operation of the Firefighters' Pension Fund is explained in more detail in Part LA.
8. Earlier rates for regular firefighters (before modification by the 1p or 5p referred to above) are shown below. (A "1956 Optant" means a firefighter serving on 10 July 1956 and who elected for old pension provisions to continue to apply in his case – see Annexe 6 for more information about 1956 Optants.)

| <u>Period</u> | <u>Firefighters other than 1956 Optants</u> | <u>1956 Optants</u> |
|---------------------------------|---|---------------------|
| Before 25 August 1966 | 5% | 5% |
| 26 August 1966 to 31 March 1972 | 6% (The rate remained at 5% for those who were serving on 26 August 1966 who did not elect to join the widow's "third rate" pension scheme.) | 5% |
| 1 April 1972 to 30 April 1983 | 6.75% | 5% |
| 1 May 1983 to 31 October 1983 | 8.75% | 6.25% |
| 1 November 1983 to 30 June 1991 | 10.75% | 7.5% |
| From 1 July 1991 | 11% | 7.75% |