

RULE G3

Election not to pay pension contributions

Rule G3 explains how a regular firefighter can opt out of, or rejoin, the FPS.

Opting-out of the FPS

Membership of the FPS was once compulsory for all regular firefighters. Then changes resulting from the Social Security Act 1986 required compulsory membership of occupational pension schemes to cease.

Under Rule G3(1), if you wish to opt out of the FPS (hopefully only after you have given it serious thought – see “Points To Note” below) you may do so by electing that Rule G2 is not to apply in your case. In other words, to opt out of the FPS you have to elect not to pay pension contributions. The election should be given in the form of a written notice to your fire and rescue authority.

Rule G3(1A) makes it clear that if you are potentially entitled to additional pension benefits (APB) in respect of continual professional development (CPD) payments, you cannot opt out of just the APB provision and remain a member of the FPS for all the other benefits.

Date from which notice to opt-out takes effect

Under Rule G3(2) an election under Rule G3(1) takes effect on the first date –

- after the notice is received, and
- on which an instalment of pay falls due

(i.e. from the start of the following pay period).

Effect of opting-out

As the FPS has been a closed scheme since 6 April 2006, anyone who now opts out will have the two years' pensionable service necessary to provide a deferred pension under Rule B5.

An optant-out will still have cover for injury awards under the Firefighter's Compensation Scheme (England) Order 2006.

Rejoining the FPS

Because the FPS is a closed scheme, it is no longer possible for an optant-out to rejoin. A serving firefighter who is an optant-out and who wishes to have pension cover under a public service pension scheme can elect to join –

- the New Firefighters' Pension Scheme, provided he/she satisfies the admission requirements
- the Local Government Pension Scheme if he/she does not satisfy the admission requirements of the New Firefighters' Pension Scheme.

The only circumstances in which an optant-out may be permitted to rejoin the FPS would be if he/she had opted-out because of the mis-selling of personal pensions – see Rule G3(9). If a restitution payment is made the period covered by the opting-out election is treated as if such an election had not been made.

If, before the FPS became a closed scheme, you opted out and then rejoined, Rule G3(8) will not let you opt out again during the same period of service as a firefighter.

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Rule G3 (continued)

- Model form** A model form which can be used as a firefighter's written notice to opt out by electing that Rule G2 should not apply, is given at page G3-Form 1.
- Archived pages** Before the FPS became a closed scheme on 6 April 2006, it was possible for a firefighter to opt back in, subject to certain conditions. Also, if a firefighter opted out before completing two years' pensionable service a refund of contributions was payable. In case reference has to be made to these earlier provisions, an explanation follows these pages as "archived" material.
- Useful reference source**
- FSC 3/1988: right to opt out of FPS
 - FSC 4/1988: terms under which re-joining FPS would be allowed
 - FSC 2/1998: mis-selling of personal pensions and re-instatement
 - FPSC 9/2006: no further contributions due from start of pay period following receipt of election; transfer of employer contributions from Firefighters' Pension Fund
 - FPSC 2/2008 and FPSC 2/2008 (amended): introduction of additional pension benefits in respect of continual professional development payments

Points To Note

1. If you choose not to be a member of the FPS you must either participate in the State Second Pension (S2P) or arrange your own personal pension cover through a life assurance company, bank, building society or other similar financial institution, or elect to join the New Firefighters' Pension Scheme or the Local Government Pension Scheme (according to the admission requirements of these two public service pension schemes).
2. Seek good, professional advice if you consider opting-out of the FPS. You pay a high contribution rate but the financial support given to the Scheme by your fire and rescue authority is high, too. The fire and rescue authority is not permitted to pay contributions into a personal pension plan if you choose that as an alternative. 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.
3. Remember that if you opt out with sufficient pensionable service to be eligible for benefits under the FPS, your entitlement will be a deferred pension which will not normally come into payment until age 60 even if you leave the service before attaining this age. For example, a firefighter may complete 30 years' service at age 48 and decide that he wishes to opt out. 30 years is the maximum period of service which can be taken into account in the pension calculation and he does not wish to continue paying contributions for another 2 years to age 50 when he intends to retire. He must remember that if he opts out at age 48 he will be awarded a deferred pension. This will not be paid until age 60 (unless released early on health grounds). It will not be converted to an ordinary pension on retirement at age 50. He will have 10 years of retirement without entitlement to pension.

RULE G3
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**Model Form: Firefighter's election to leave the Pension Scheme
(Election not to pay pension contributions)**

**THE FIREMEN'S PENSION SCHEME ORDER 1992
Rule G3: Election not to pay pension contributions**

To the Chief Fire Officer, Fire and Rescue Authority

DECLARATION

I have read the guide to benefits for members of the Firefighters' Pension Scheme and their dependants.

I do not wish to be a member of the Firefighters' Pension Scheme and hereby elect, in accordance with Rule G3 of the Firemen's Pension Scheme Order 1992, that Rule G2 of that Order (payment of pension contributions) is not to apply in my case.

I understand that by making this election I shall –

- cease paying pension contributions with effect from the first pay day following this election
- cease to be an active member of the Firefighters' Pension Scheme.

I understand that by making this election I am giving up my right to benefits as a member of the Firefighters' Pension Scheme (apart from those already earned). These include –

- an index-linked retirement pension based on final pensionable pay and length of service
- retirement benefits normally available well below the age of 60
- double-reckoning of service after 20 years
- the option to commute part of the pension for a tax free lump sum
- dependants' benefits
- ill-health retirement benefits
- a death-in-service lump sum payment of 2 years' pensionable pay

I understand that I shall not have the option to rejoin the Scheme.

Signed Date Employee No.

Name

Role

Address

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When completed, return this form to (contact name and address)

RULE G3 ARCHIVED

Election not to pay pension contributions

Provisions no longer relevant to Rule G3 when the FPS became a closed scheme on 6 April 2006

Date from which notice to opt-out takes effect

Under Rule G3(3) and (3A) if you submit your opting-out election within 3 months of the date when you became a regular firefighter (or the most recent date if you have been a regular firefighter before) the election is treated as having effect from that date. In other words, you will be considered never to have been a member of the FPS from the first day of employment (or re-employment).

Provided no transfer of pension rights from another pension scheme has been made, your fire and rescue authority will repay to you all the contributions you have paid since you started (re-started) and for the purposes of Rules C6 and C7 (spouse's or surviving civil partner's benefits after a short period of service or where no other award is payable) you will be treated as never having paid any contributions.

Effect of opting-out

Annexe 4 explains which provisions of the FPS may still have effect if you opt out.

Rejoining the FPS

You can cancel your election that Rule G2 should not apply to you (i.e. opt back into the FPS) by giving a written notice to your fire and rescue authority under Rule G3(5). However, Rule G3(5A) requires that, for it to be accepted, you must not give this notice any later than your 45th birthday. Also, under Rule G3(6), the fire and rescue authority may require you to undergo a medical examination at your own expense and satisfy them as to your good health before allowing your election to opt out to be cancelled.

The only circumstances in which these age and health requirements can be disregarded are where the firefighter elected to opt out in favour of a personal pension plan because of poor financial advice and where Rule F6A (previous service following actionable loss) applies.

The implications of having opted-out because of the mis-selling of personal pensions are also covered in Rule G3(9). This ensures that if a restitution payment is made the period covered by the opting-out election is treated as if such an election had not been made.

Date from which notice to re-join takes effect

Rule G3(7) states that if you opt to rejoin the FPS by giving notice that you wish to cancel your election that Rule G2 should not apply, you will become a member again with effect from the first pay day after the fire and rescue authority receives that notice.

RULE G3 ARCHIVED
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**Provisions no longer relevant to Rule G3 when the FPS became a closed scheme
on 6 April 2006**

**Firefighters'
Pension Fund**

If a repayment of contributions is made under Rule G3(3A) (opting-out within 3 months of first joining the FPS) Rule G3(4A) requires that the fire and rescue authority should transfer corresponding employer contributions from the Firefighters' Pension Fund to any other fund maintained by them.

Points To Note

1. Annexe 4 explains which provisions of the FPS may still have effect if you opt out.
2. When the right to opt out first came into effect, there was a short period during which those who were aged over 45 could opt to re-join. They were given one opportunity and the time limit for exercising this right was 3 April 1989.
3. The Stakeholder Pension Scheme Regulations 2000 require most employers to offer stakeholder pensions to those employees who do not have access to an occupational pension scheme. However, if you opt out of the FPS and then find you are barred from readmission on age or health grounds, the Stakeholder Regulations do **not** require that the employer should offer you a stakeholder pension facility. Such provision need not be made for a person who has had access to the occupational scheme but who has left it and now finds him or herself excluded.