

FIREFIGHTERS' PENSION SCHEMES

**COMPARISON OF PROVISIONS OF
THE FIREFIGHTERS' PENSION SCHEME 1992 (FPS) AND
THE NEW FIREFIGHTERS' PENSION SCHEME 2006 (NFPS)**

PROVISION	FIREFIGHTERS' PENSION SCHEME 1992	NEW FIREFIGHTERS' PENSION SCHEME 2006
Membership	The Scheme is open to all regular firefighters appointed before 6 April 2006. It became a closed scheme from that date.	The Scheme is open to all firefighters regardless of duty system or hours of employment.
Member's basic contribution rate	11% of pensionable pay.	8.5% of pensionable pay.
Employer's contribution rate	26.5% of pensionable pay (including additional charges for certain awards such as ill-health and approved early retirement benefits).	14.2% of pensionable pay (including additional charges for certain awards such as ill-health and approved early retirement benefits).
Pensionable pay	Pay determined in relation to the duties of the role. There is an "earnings cap" for those who joined the FPS after 31 May 1989.	Pay determined in relation to the duties of the role other than any temporary allowance or emoluments. Permanent emoluments will count and, in the case of a member on a retained duty contract, any retaining allowance. There is an earnings cap (£108,600 during tax year 2006/07).
Additional contributions	Can be paid, subject to eligibility, to "purchase" additional benefits.	Can be paid, subject to eligibility, to "purchase" additional benefits.
Previous service in a Firefighters' Pension Scheme	Can be added to current service subject to certain conditions and within certain time limits; it would count at the same length.	Service in the FPS can be transferred at a special rate during the Options Period (it would count at least at equal length, in most cases more). After the Options Period has ended a transfer can be made on Cash Equivalent Transfer Value terms (the service credit may not be as generous).
Pension rights held in other pension arrangements	Now a time-limited option for transfers. They would be on Cash Equivalent Transfer Value terms.	Can be transferred on request within 12 months of joining the NFPS. The transfer is on Cash Equivalent Transfer Value terms.
Normal pension age	Age 55. However a firefighter can choose to retire before this with immediate payment of retirement benefits provided he/she is aged 50 or over and has at least 25 years' service. (A Chief Fire Officer would need the fire and rescue authority's permission to retire before age 55.)	Age 60. However, a firefighter can choose to retire before this at age 55 or over with immediate payment of benefits but the benefits would be subject to an actuarial reduction at 5% for each year between the date of retirement and age 65 (deferred pension age).

GROUP A: Comparison Chart Final2

PROVISION	FIREFIGHTERS' PENSION SCHEME 1992	NEW FIREFIGHTERS' PENSION SCHEME 2006
Basic principles of assessment of pension	<p>Annual pension is based on a fast accrual formula –</p> $\frac{\text{service}^*}{60} \times \text{average pensionable pay}$ <p>* each year of service to 20 years = 1/60th each year of service after 20 years = 2/60ths</p> <p>to a maximum of 40/60ths. (40/60ths would be achieved after 30 years.)</p> <p>If a firefighter has a period of part-time membership, the pension will be adjusted to reflect it.</p>	<p>Annual pension is based on a uniform accrual formula –</p> $1/60 \times \text{pensionable service} \times \text{final (average) pensionable pay.}$ <p>There is a limit of 45 on the number of 60ths that can count.</p> <p>In the case of a part-time employee, the service would reflect the part-time hours worked (e.g. half-time for two years would give one year of pensionable service) but the final pensionable pay would be based on the whole-time equivalent rate.</p>
Commutation	<p>The commutation rule allows part of the pension to be converted to a lump sum. The amount that can be converted depends upon the reason for leaving and length of pensionable service. It can be up to one quarter of the pension in the case of retirement on health grounds, or at normal pension age, or on payment of a deferred pension. In other cases commutation is restricted so that it provides a lump sum no greater than two and a quarter times the uncommuted pension. The commutation factors vary according to the age and gender of the firefighter.</p>	<p>The commutation rule allows part of the pension to be converted to a lump sum. Up to one quarter of the pension can be commuted in all circumstances. There is a single commutation factor regardless of age or gender. Each £1 of pension commuted will provide a lump sum of £12.</p>
Ill-health award	<p>This award can become payable from any age if the firefighter is permanently disabled for the performance of the duties of his/her role. It can be a lower tier or higher tier award. A lower tier award would be paid where the member is capable of regular employment (other than as a firefighter); a higher tier award would be paid where the member is not so capable. A lower tier pension is normally assessed on deferred benefit principles; the higher tier award uses the same principles but with an enhancement of service. The enhancement is "banded" according to total pensionable service.</p>	<p>This award can become payable from any age if the firefighter member is permanently disabled for the performance of the duties of his/her role. It can be a lower tier or higher tier award. A lower tier award would be paid where the member is capable of regular employment (other than as a firefighter); a higher tier award would be paid where the member is not so capable. A lower tier pension is normally assessed on deferred benefit principles; the higher tier award uses the same principles but with an enhancement of service. The enhancement is based on a formula taking into account past service and prospective service.</p>
Early leaver benefits	<p>The benefits if a firefighter leaves before normal pension age and without entitlement to an ill-health pension will depend upon length of service and the firefighter's choice. There could be a refund of contributions, a transfer of pension rights to another fire and rescue authority, a transfer of pension rights to another pension arrangement, or a deferred pension.</p>	<p>The benefits if a firefighter leaves before normal pension age and without entitlement to an ill-health pension will depend upon length of service, the nature of the termination of employment, the age of the firefighter and/or the firefighter's choice. There could be a refund of contributions, a transfer of pension rights to another fire and rescue authority, a transfer of pension rights to another pension arrangement, a deferred pension, an authority-initiated early retirement pension, or a member-initiated early retirement pension.</p>

GROUP A: Comparison Chart Final2

PROVISION	FIREFIGHTERS' PENSION SCHEME 1992	NEW FIREFIGHTERS' PENSION SCHEME 2006
Refund	Payable where less than 2 years' pensionable service and no other benefits held in the FPS nor entitlement to other benefits from the FPS.	Payable where less than 3 months' pensionable service and no other benefits held in the NFPS nor entitlement to other benefits from the NFPS.
Deferred pension	Entitlement: 2 or more years' pensionable service (or a transfer of personal pension rights has been made to FPS if less). Calculated on principles which take potential fast accrual into account even if 20 years' service has not been completed. Paid from age 60 or earlier on grounds of permanent ill-health.	Entitlement: 3 months' or more pensionable service. Calculated on same principles as used for age retirement pension. Paid from age 65 or earlier on grounds of permanent ill-health. May also be paid between ages 55 and 65 subject to an actuarial reduction.
Authority-initiated early retirement pension	Not applicable.	Payable where firefighter has 3 months' or more pensionable service, has reached age 55 but not 60, and the fire and rescue authority have determined that he/she should be retired in the interests of the management of the service. Calculated on the same principles as used for age retirement pension. There would be no reduction of the pension to take account of the fact that it is being early.
Member-initiated early retirement pension	Not applicable.	Payable where firefighter has 3 months' or more pensionable service and has reached age 55 but not 60. Calculated on the same principles as used for age retirement pension but there would be an actuarial reduction of the pension to take account of the fact that it is being early.
Split pension	Not applicable.	This is a means of protecting the pension rights of a member of a final salary pension scheme whose pay is reduced. At the point of reduction the first pension would be "closed" and a new pension started. When the member retires, both pensions would be paid or, if more advantageous, the service on which the two pensions are based could be added together and a single pension paid.
Death grant	The death grant is twice the pensionable pay at date of death. It is paid to the surviving spouse or civil partner (provided that at the date of death they were not separated) or, if there is no such survivor, to the firefighter's estate. Nomination of a beneficiary or beneficiaries is not possible.	The death grant is three times the pensionable pay at date of death. For those who have worked variable hours or who have a split pension, account would be taken of variations in pay to ensure an equitable sum. The fire and rescue authority have absolute discretion as to the recipient but they can take account of any nomination made by the firefighter.

GROUP A: Comparison Chart Final2

PROVISION	FIREFIGHTERS' PENSION SCHEME 1992	NEW FIREFIGHTERS' PENSION SCHEME 2006
Surviving spouse's pension	<p>In the case of death in service, a widow(er) would be entitled to a pension based on half of the upper tier ill-health award to which the firefighter would have been entitled at the date of death. Where death is after retirement, it will be half of the pension (before commutation) paid to the firefighter. If husband and wife are living separately at the date of death, or the marriage took place after retirement, the widow(er)'s pension would take account of service after 5.4.1978 only.</p> <p>For the first 13 weeks following death, the widow(er)'s pension will be topped up to the level of the firefighter's pay (death in service) or pension (death after retirement).</p>	<p>In the case of death in service, a widow(er) would be entitled to a pension based on half of the upper tier ill-health award to which the firefighter would have been entitled at the date of death. Where death is after retirement, it will be half of the pension (after commutation but before any actuarial reduction) paid to the firefighter. If the widow(er) is more than 12 years younger than the firefighter, the pension will be reduced by 2.5% for every year or part year above the 12 years to a maximum of 50%.</p> <p>For the first 13 weeks following death, the widow(er)'s pension will be topped up to the level of the firefighter's pay (death in service) or pension (death after retirement).</p>
Surviving civil partner's pension	<p>A civil partner's pension is assessed on similar principles to those used for assessing a widow(er)'s pension but based on post 5.4.1988 service only.</p>	<p>A civil partner's pension is assessed on similar principles to those used to assess the spouse's pension.</p>
Surviving nominated partner's pension	<p>Not applicable.</p>	<p>A nominated partner's pension is assessed on similar principles to those used to assess the spouse's/civil partner's pension.</p>
Child's pension	<p>Where there is just one child, the pension is 18.75% of the upper tier ill-health award that would have been payable to the firefighter at the date of death. Two or more children would receive 37.5% of the ill-health award divided equally between them. If death is after retirement, similar percentages of the firefighter's pension (before commutation) would be paid.</p> <p>If there is no surviving parent, a single child would receive 25% and two or more would receive 50% divided equally between them.</p>	<p>Where there is just one child, the pension is 25% of the upper tier ill-health award that would have been payable to the firefighter at the date of death. Two or more children would receive 50% divided equally between them. If death is after retirement, similar percentages of the firefighter's pension (after commutation but before any actuarial reduction) would be paid.</p> <p>If there is no pension payable to a spouse or partner, a pension of an equivalent amount would additionally be paid to a single child, or shared between two or more children.</p>
Pensions Increase	<p>These "cost-of-living" increases are applied with immediate effect to ill-health pensions and pensions for widow(er)s, civil partners and children, and applied to age retirement pensions payable from age 55.</p>	<p>These "cost-of-living" increases are applied with immediate effect to ill-health pensions and pensions for widow(er)s, civil and nominated partners and children, and applied to age retirement pensions payable from age 55.</p>
Rights of appeal	<p>There is a right of appeal to a Medical Appeal Board regarding a medical opinion and a right of appeal to Crown Court against a decision of the fire and rescue authority. The firefighter may also use rights of appeal allowed under Internal Dispute Resolution Procedures as allowed under the Pensions Act 1995.</p>	<p>There is a right of appeal to a Medical Appeal Board regarding a medical opinion. The firefighter may also use rights of appeal allowed under Internal Dispute Resolution Procedures as allowed under the Pensions Act 1995 for an appeal against a decision of the fire and rescue authority.</p>