

Firefighters' Pension Scheme Circular

Circular Number:	FPSC 7 /2007	Date Issued:	23rd August 2007
Action:	Draft Orders for consultation		
Title:	<i>FIREFIGHTERS' PENSION SCHEME (ENGLAND)(AMENDMENT) ORDER 2007; AND FIREFIGHTERS' PENSION SCHEME (AMENDMENT) (ENGLAND) ORDER 2007</i>		
Issued by:	Martin Hill Local Government and Firefighters' Pensions Division		

Summary:	Providing for amendment of the Firefighters' Pension Scheme 1992 and the New Firefighters' Pension Scheme 2006 to allow for pension problems caused by the phasing out of the Long Service Increment and the introduction of Continual Professional Development payments to be dealt with by the introduction of Alternative Pension Benefit arrangements. Providing also for two pensions, or split pension, arrangements in the 1992 Scheme.
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1. FIREFIGHTERS PENSION SCHEME 1992(FPS) AND NEW FIREFIGHTTERS' PENSION SCHEME 2006 (NFPS)

Continual Professional Development (CPD)

- 1.1 The National Joint Council for Local Authority Fire and Rescue Services (NJC) has agreed, with effect from 1st July 2007, a scheme to recognise and reward experienced employees who are able to demonstrate continual professional development over and above that required at "competent" level at each of the national standards. These continual professional development payments (CPD) will be subject to annual review and therefore are temporary for the purposes of the FPS and NFPS and not pensionable.
- 1.2 In response to a request from the NJC that payments should be pensionable, Ministers have determined that the payments should be pensionable but under special Additional Pension Benefit (APB) arrangements.
- 1.3 Under these APB arrangements, contributions paid on the allowance by firefighter members under Rule G2(1) of the FPS, or Part 11, rule 3 of the NFPS; and authority contributions paid under Rule G2(3) and (4) or Part 13, rule 2(3), which relate to these payments, will be used to purchase an increased pension, including increased benefits for dependants.
- 1.4 The additional benefits will be in the form of benefits payable from normal pension age (i.e. age 55) or on retirement under Rule B1 in the FPS; or normal retirement age (i.e. age 60) in the NFPS. In the case of a firefighter member who has resigned or been dismissed; or who makes a contribution election; it will be deferred in accordance with Rule B5 or Part 3, rule 3. If a firefighter member leaves his employment by reason of permanent disablement under Rule A15 or Part 3 rule 2, the APB will come into payment. If the ordinary pension becomes payable under Part 3, rules 5 (pension on member-initiated early retirement) and 6 (pension on authority-initiated early retirement) any APB benefits will be paid at the same time, but with actuarial reduction.
- 1.5 Any election not to make pension contributions under Rule G3 or Part 2, rule 5, will apply also to payment of contributions on CPD payments. It will not be possible for a firefighter member to make an election in respect only of CPD payments.
- 1.6 Rule B7 or Part 3, rule 9 (commutation: general); Rule B8 or Part 3, rule 10 (commutation: small pensions); and other benefits eligible for commutation will also apply to the total of APB.
- 1.7 Any APB will be regarded as part of the member's pension for the purpose of determining survivors' pensions under Parts C, D and E of the FPS and Part 4 of the NFPS; and pension credit under Part IA of the FPS or Part 6 of the NFPS.
- 1.8 The value of APB to which a member will be entitled will be determined annually on the anniversary of commencement of CPD payments in accordance with guidance and tables provided by the scheme actuary.

- 1.9 The amount of APB will be index linked to RPI in accordance with usual pension increase rules and those arrangements will apply exceptionally to the APB benefits relating to CPD that come into payment before age 55.
- 1.10 Where a firefighter in receipt of CPD retires before the end of a CPD year, the APB will be based on the value of contributions from the start of the CPD year up to retirement.
- 1.11 If the Order is approved, where firefighters commenced receipt of CPD from 1st July 2007 and have subsequently retired before the amendments come into force, recalculation of awards will be necessary.
- 1.12 Examples of how the arrangements will work for CPD payments are set out in Annex 1.

Long Service Increment

- 1.13 Firefighters with 15 years' continuous service have received an increment to their pay known as the Long Service Increment (LSI) and this been pensionable. As part of the 2003 pay settlement, the NJC agreed that LSI should be phased out. It was frozen at £990 per annum from 7th November 2003, and was reduced to £495 from 1st October 2006 although transitional and interim payments were made between the latter date and 30th June 2007 when payments ceased. LSI is being replaced by CPD.
- 1.14 The phasing out of LSI means that firefighters who have been in receipt of the increment have paid contributions on an element of pay which will not form part of their final salary; or in the case of those who have retired since 1 October 2006, a smaller element than they had expected.
- 1.15 Ministers recognise that with the phasing out of LSI some firefighters will receive less pension than they had expected. They have agreed that arrangements should be made so that a compensatory adjustment can be made.
- 1.16 It is proposed that arrangements should be made for firefighters who received LSI to be credited with Additional Pension Benefit. (Note that the method for determining this benefit will differ from Additional Pension Benefit derived from Continual Professional Development.)
- 1.18 The following amendments are being made to the schemes:
 - (i) FPS: average pensionable pay (Rule G1) for any firefighter who was entitled to LSI and retires, or is entitled to a deferred pension, between 1 October 2006 and 30 September 2007; and
NFPS: final pensionable pay (rule 2 of Part 11, chapter 1) for any firefighter member, who was entitled to LSI, and retires, or is entitled to a deferred pension under rule 3 of Part 3, between 1 October 2006 and 30 September 2007,

should be calculated on the basis of LSI at a rate of £990 per annum, and the reduction in LSI should be disregarded

- (ii) Any LSI payments received by a firefighter member retiring on or after 1 October 2007 should be disregarded for the purpose of calculating average pensionable pay (Rule G1 of the FPS); or final pensionable pay (rule 2 of Part 11, chapter 1 of the NFPS).
- (iii) A firefighter member who retires on or after 1 October 2007 and had received LSI, or was receiving LSI on 1 October 2006, should be entitled to Additional Pension Benefit. The amount of the benefit will be:

$$\frac{A + (B \times 2)}{60} \times \text{£}990$$

Where:

A = number of years pensionable service up to 30th June 2007 that exceeds 15 but does not exceed 20 years; and

B = number of years pensionable service up to 30th June 2007 that exceeds 20 years but does not exceed 30.

- 1.19 The additional benefit will be payable from normal pension age (i.e. age 55) in the FPS or normal retirement age (i.e. age 60) in NFPS. In the case of a firefighter member who has resigned or been dismissed; or who makes a contribution election, it will be deferred in accordance with Rule B5 of the FPS and payable at deferred pension age (i.e. age 60) or Part 3, rule 3 of the NFPS and payable at normal benefit age (i.e. age 65). If a firefighter member leaves his employment by reason of permanent disablement under Rule A15 or Part 3 rule 2, the APB will come into payment. If the ordinary pension becomes payable under Part 3, rules 5 (pension on member-initiated early retirement) and 6 (pension on authority-initiated early retirement) of the NFPS any APB benefits will be paid at the same time, but with actuarial reduction.
- 1.20 Rule B7 and Part 3, rule 9 (commutation: general) and Rule B8 and Part 3, rule 10 (commutation: small pensions) will also apply to the total of APB and other benefits eligible for commutation.
- 1.21 Any APB will be regarded as part of the member's pension for the purpose of determining survivors' pensions under Parts C, D and E or Part 4; and pension credit under Part IA or Part 6.
- 1.22 The amount of APB relating to LSI will be index linked to the RPI in accordance with usual pension increase arrangements.
- 1.23 If the Order is approved, awards to firefighters who were eligible for LSI and who have retired before the amendments come into force may need to be recalculated.

2. FIREFIGHTERS' PENSION SCHEME 1992 (FPS)

- 2.1 The FPS is a final salary pension scheme which means that if a member changes role, or becomes entitled to a different rate of pay in his existing role, with a reduction in pay it may impact adversely on pensionable pay at the point of retirement. An obvious example of this would be the case of a member in receipt of a flexible duty allowance who moved to a post which did not attract the allowance.
- 2.2 The NFPS allows for any reduction in pensionable pay by providing, in Part 3, rule 7, for two pensions, or split awards, to be paid if this is more favourable to

the member. Where a split pension is awarded the last day of service for the calculation of the first pension will be the last day on the higher rate of pay. The second pension is based on their pay and service after the reduction.

- 2.3 We propose to adopt the same approach in the FPS, with a modification because pension builds up in the Scheme at the rate of one 60th of average pensionable pay for the first 20 years of service, and at two 60th of APP thereafter. The modification would provide that where total pensionable service exceeds 20 years, the benefit of this double accrual is shared proportionately between the two pensions in a similar way to deferred pensions.
- 2.4 The alternatives would be for the member to either remain in the FPS with a pension based on the (lower) APP, or to take a deferred pension in the FPS and join either the NFPS or the Local Government Pension Scheme (LGPS), depending on the person's role, for future service.
- 2.5 An additional provision is being made in Part B (Personal Awards) to provide for the payment of two pensions to a firefighter member who
- on taking up a different role within the authority; or
 - becoming entitled to a different rate of pay in his existing role

suffers a reduction in the amount of his pensionable pay such that the amount to be taken into account in the calculation of the pension to which he will be entitled at normal pension age is less than it would otherwise have been.

- 2.6 The pension will be calculated as follows:

Pension 1: $A \times B/C \times D/60 = \text{First Pension}$

Pension 2: $E \times F/C \times D/60 = \text{Second Pension}$

A = average pensionable pay for the year ending with the person's last day of service on the higher rate of pay;

B = the person's pensionable service up to the last day of service on the higher rate of pay;

C = is the person's total pensionable service;

D = the total number of 60th to which the person would be entitled in the calculation of a single award (see paragraph 2.7 below);

E = average pensionable pay for the year ending with the person's last day of service;

F = the person's pensionable service for the period commencing with the first day of service at the lower rate of pay and ending with the last day of service.

Examples are included in Annex 3.

- 2.7 A person who is entitled to two pensions under this provision will be able, by written notice to the employing authority, to instruct the authority to make a single award calculated in accordance with Rules B1, B3 and B5, as applicable.
- 2.8 If the person makes a contribution election under Rule G3, he will be entitled to a single pension calculated as if it were a deferred pension under Rule B5.

2.9 The pensions will become payable on the date on which a pension would have been payable to the member under Rules B1, B3 and B5.

3. NEW FIREFIGHTERS' PENSION SCHEME 2006

3.1 We have identified a number of corrections which need to be made to the Firefighters' Pension Scheme (England) Order 2006 and these are set out at Annex 2.

4. CONCLUSION

4.1 Attached are copies of the draft Firefighters' Pension Scheme (England)(Amendment) Order 2007 which will make the necessary amendments to the FPS; and the Firefighters' Pension Scheme (Amendment) (England) Order 2007, which will amend the NFPS, and comments are invited. Any comments should be submitted by 20th September 2007.

Martin Hill

EXAMPLES OF CPD - ADDITIONAL PENSION BENEFIT

	Date of Birth	Date of Joining	Scheme	Retirement Date	Age	CPD (£) ⁱ	Contribution ⁱⁱ (£)	Cost ⁱⁱⁱ of an Additional Pension of £1 pa	Additional Pension (£pa)
Firefighter ^{iv} (fe)male	20/06/1959	20/06/1979	FPS	20/06/2009	48	500	187.50	18.50	10.14
Firefighter (fe)male	20/06/1977	20/06/1999	FPS	20/06/2029	30	500	187.50	10.00	18.75
Firefighter (fe)male	20/06/1962	20/06/1982	FPS	20/06/2012	45	500	187.50	17.00	11.03
Firefighter (fe)male	20/06/1967	20/06/1987	FPS	20/06/2017	40	500	187.50	14.50	12.93
Firefighter (fe)male	20/06/1985	20/06/2006	FPS	20/06/2017	22	500	187.50	8.00	23.44
Firefighter (fe)male	20/06/1982	20/06/2004	FPS	20/06/2017	25	500	187.50	8.50	22.06
Firefighter (fe)male	20/06/1976	20/06/1996	FPS	20/06/2017	31	500	187.50	10.50	17.86
Firefighter (fe)male	20/06/1976	20/06/96 FPS 20/06/07 NFPS	NFPS	20/06/2017	31	500	113.50	8.00	14.19
Retained firefighter (fe)male	20/06/1976	20/06/96 FPS 20/06/07 NFPS	NFPS	20/06/2017	31	500	113.50	8.00	14.19

ⁱ a CPD payment of £500 is assumed

ⁱⁱ total pension contributions in FPS of 37.5% (11% payable by firefighter) and NFPS (8.5% payable by firefighter) are assumed

ⁱⁱⁱ the cost of an APB of £1 pa depends on the age of the member at the time the contribution is paid; and the age at which APB is payable
- the later the age, the greater the benefit.

^{iv} gender neutral

NEW FIREFIGHTERS' PENSION SCHEME

CORRECTIONS TO BE MADE TO THE SCHEME

Rule	Amendment	Reason
Part 1, rule 2	Definition of "child". Delete "a scheme member" and replace by "a firefighter member, a deferred member and a pensioner member".	Scheme member is not defined and could include all the categories covered by Part 2, rule 1 including dependent and credit members whose children might not be eligible for benefits.
Part 1, rule 2	Definition of "nominated partner". Amend to refer to read "rule 1(6) of Part 2.	
Part 2, rule 2	Definition of "transfer value payment". Amend "him" to "a person".	
Part 2, rule 1(1)	Delete "entitled to be".	This was a point raised by the JCSI. Membership of the NFPS is automatic, although a member may make an election not to make pension contributions under rule 5(1). "Entitled" suggests that the firefighter must take some action to establish membership and this is misleading.
	Provision to make clear that a retained firefighter employed before 6 th April 2006 may be a member of the Scheme. It could be achieved by deleting rule 1(1)(b)(iii).	A retained firefighter appointed before 6 th April 2006 is not covered by rule 1(1) because he/she was not eligible for membership of the 1992 Scheme.
Part 2, rule 1(5)(a), (b) & (c)	After "firefighter member" add "deferred member and pensioner member"	As provided the person would only be classified as a "dependent member" if the Scheme member had died in service as a member. This is not the case. The provision in Part 4, rule 6 is correct.
Part 2, rule 1(6)	In line 1, after "a firefighter member" add "a deferred member and a pensioner member". Consequential changes to the subsequent references to "firefighter member" in (6), (7)	As provided only an active member can nominate a partner. This is not intended and it needs to be extended to cover deferred and pensioner members.

	and (8) will be required.	
Part 2, rule 1(6)(a) and (b)	Move the words “in a long-term relationship” from (a) to (b)	As drafted a member would not be able to nominate an unmarried partner until the relationship had lasted two years. It is implicit in (7)(a) that a decision on whether the relationship is long-term will be made when the question has to be considered, i.e. when the member dies. The provision therefore needs to be moved to the list of criteria in (6)(b).
Part 2, rule 1(7)	Add “at least” before “two years”.	As written, the rule requires a relationship to have been for a period of exactly two years.
Part 2, rule 1(9)	For “in to” substitute “into”.	
Part 2, rule 1(10)	For “is entitled to be a member” substitute “is a firefighter member”	
Part 2, rule 2(1)(b)	Amend to reflect the provisions of section 71 of the Pension Schemes Act 1993 to provide that a transfer payment in respect of the member’s rights under a personal pension scheme has been made to the Scheme which qualifies him for benefits under the Scheme.	As drafted the NFPS did not accurately reflect the provisions of section 71 of the 1993, the proposed amendment will rectify this. No change will be required to the interpretation of “personal pension scheme” in Part 1, rule 2(1).
Part 3, rule 2 and Annex 1	Add a rule dealing with the calculation of a higher tier pension awarded to a firefighter member who is entitled to two pensions under rule 7 of Part 3. The higher tier pension should be best of either an unenhanced first pension and a second pension enhanced in accordance with paragraphs 2 or 3 of Annex 1; or a single pension calculated in accordance with rule 7(7) and Annex 1.	We have identified a need to provide arrangements for calculating a higher tier pension in the case of a firefighter member who is entitled to two pensions under rule 7 of Part 3.
Part 3, rule 7(4)	The second pension will be the final pensionable pay as at the last day of service.	The amendment will be consistent with (7)(a).
Part 3, rule 9	A provision is required on the lines of rule B7(10) of the FPS to ensure that if a pension is terminated under rule 2(3) of Part 9 account is	There is no provision to require an authority to take account of an earlier commutation in the case of a person who has retired on health grounds and the ill-health award has been

	taken of an earlier commutation so that any subsequent pension and lump sum can be reduced accordingly.	cancelled, or who has received early payment of a deferred award. On cancellation these awards become deferred pensions, or if the person resumes service as a firefighter, the earlier service counts again as pensionable service.
Part 3, rule 9(9)(b)	Amend reference to Part 7A of the Compensation Scheme.	Increases in awards under Part 7 of the FCS applies to the FPS 1992 and Part 7A to the NFPS.
Part 3, rule 11(4)	Amend reference to Part 7 of the Compensation Scheme to Part 7A.	It is Part 7A of the Compensation Scheme which deals with reservists
Part 4, rule 2(1)(a)	Amend reference to “rule 2(4)” of Part 3 to “rule 2(3)”	The reference is incorrect.
Part 4, rule 7(3) & (4)	For “firefighter member” substitute “deceased”.	
Part 5, rule 1(4)	After “part-time” add “retained or volunteer”	The provision needs to refer also to retained and volunteer firefighters.
Part 5, rule 1(8)(b)	Amend reference to “paragraph (2)” to “paragraph (1)”	The reference is incorrect.
Part 5, rule 1(8)(b) & (9)	Amend to provide that the case of a person who dies having made only part payment is treated in the same way as a person who dies before any payment is made.	There is an anomaly in that in the case of a person who makes an election under rule 4 of Part 10 (reckoning of unpaid period of absence) but dies before any payment is made, the duty is reckoned as pensionable service, but there is no comparable provision in the case of a person who has part paid at death.
Part 5, rule 2(1)	In paragraph (b)(ii) delete “including” and substitute “excluding”.	On reflection, including the commuted lump sum in the calculation means that there is unlikely to be any post retirement death grant once the pensioner is in the third year of retirement. In consequence the provision could be regarded as creating an expectation which might not be delivered. We considered whether there might be a cap on the amount which would be received from the uncommuted pension but took the view that this would make it more complex for administrators. Neither the PCSPS nor the LGPS include the commuted lump sum in the calculation.
Part 6	Insert a provision providing for the payment of	Rule IA3 of the FPS provides for the payment of a lump sum

	a lump sum death grant where a pension credit member dies before pension credit benefit becomes payable. An amount equal to the annual rate of the pension to which the member would have been entitled if he/she had attained the normal benefit age under rule 3 of Part 3 (deferred pension) on the date of his/her death multiplied by 2.25 should be payable to the member's personal representative. The provision would be equivalent to Rule IA3 of the FPS 1992.	death grant where the pension credit member dies before any benefits become payable. A similar provision is required in the NFPS.
Part 6, rule 3(2)(b)	Delete	The provision, which reflects the equivalent provision in the FPS, is not required because it is the pension rather than the value of the pension which is commuted.
Part 6, rule 5	Omit (1)(b)(ii)(bb)	To maintain consistency with the treatment of the death grant for pensioners under Part 5, rule 2, the requirement to take into account "any lump sum received on commutation" should be removed.
Part 7, rule 2(2)	Add "additional" after "his forces period is not reckonable as"	Additional pensionable service is purchased under Chapter 2 of Part 11, not pensionable service.
Part 7, rule 2(3)	Add a provision that would set out an explanation of how pensionable service and pay will count for retained and volunteer firefighters. It should be average pensionable pay divided by reference pay for the previous 12 months.	Rule 2(3) works for regular firefighters but there needs to be a separate explanation of how pensionable service and pay will count for retained and volunteer firefighters.
Part 7, rule 2(3)	For the words after Sub-paragraph (b)(ii) substitute "is less than his notional pay for that first-mentioned period, he shall be treated as having no pensionable pay (and, accordingly, no liability to make pension contributions)"	

Part 7, rule 3(2)	Delete (b). Neither (3) nor (4) allow an award where there is a qualifying injury. Amend “paragraph (3) or (4)” to read “(3) and (4)”	
Part 8, rule 3(1)(b)(i)	Amend reference to “rule1” to “rule 2”.	
Part 8, rule 4(b)	Omit “(“the explanation”)”.	
Part 9, rule 9(2)(a)	Delete “or such longer period as the authority may allow”	The public sector transfer arrangements do not allow any discretion for a period longer than one year.
Part 9	Insert a provision allowing for a reduction of award in case of default.	Rule K3 provides a fire and rescue authority with the discretion to reduce any ill-health award by up to half its full amount where a person has brought about or contributed to his infirmity by his own default. A similar provision is included at Part 9, rule 2 of the Firefighters’ Compensation Scheme. To ensure consistency between the provisions of the NFPS and the FCS similar provision is needed in Part 9 of the NFPS.
Part 10, rule 1(b)(iv)	Omit “paragraph (2) of”.	
Part 10, rule 2(1)(d)	Before “ill health” the words “lower tier” and delete “other than any period included by way of enhancement”.	Under two tier ill-health arrangements, there is no enhancement. If a person is permanently disabled from regular employment he/she is entitled to a higher tier pension.
Part 10, rule 2(6)(b)	Add after “Part 5”, “rule 1”	The death grant under Part 5, rule 2 takes into account pension which has been purchased and should not be excluded.
Part 10, rule 4(1)	After Part 11 add “and Part 13”	The employer’s contribution is covered by rule 2(2) of Part 13.
Part 10, rule 4(2)	Amend “unpaid leave” to read “absence without pay”	The scheme makes a distinction between “leave” which implies the employer’s consent, and unapproved absence.
Part 11, rule 1(5)	Amend “December” to “September”	Formerly, HM Treasury set the earnings cap for pension schemes and no action was needed on the part of scheme administrators. From April 2006. with the new tax regime for pensions, the decision to maintain the earnings cap is a

		matter for a scheme regulator, and the necessary provision is included in Part 11, rule 1(5) for an annual increase in the cap for the NFPS. However we had wrongly assumed that HM Treasury had worked from the RPI increase from end of December each year, when it was September.
Part 11, rule 2(2)(a)(i)	Delete words in brackets.	The wording of the provision is not consistent with Part 3, rule 7.
Part 11, rule 2(4)	For paragraph “(6)” substitute “(7)”.	
Part 11, rule 2(6)	Amend to read “The final pensionable pay of ... shall be the determined by reference to the final pensionable pay of a regular firefighter employed in a similar role and with equivalent qualifying service”	The amendment is needed to clarify the intention with regard to calculating the pension of retained and volunteer firefighters.
Part 11, rule 4(1)(a)	Add after “rule 2” the words “or 5”	Part 10, rule 5 also permits service to be purchased to cover unpaid maternity and adoption leave.
Part 11, rule 5(2)(b)	Delete	A pension credit member is not a firefighter member and consequently the provision is not required.
Part 11, rule 7(5)(b)	A child’s pension under Part 4, rule 8(1) needs to be added after “a survivor’s pension”	
Part 11, rule 9(1)(a)	For “rule 8(1)” substitute “rule 7(1)”	
Part 12, rule 4(6)(a)	Delete “firefighter”	The firefighter may not be transferring as a firefighter to the other Club Scheme.
Part 12, rule 9(2)(a)	Delete “or such longer period as the authority may allow”	The Public Sector Transfer Club does not allow for any discretion on member schemes on extending the period during which a member may ask for a transfer. The FPS already reflects the Club rule (Rule f7(2))
Part 12, rule 10(3)(a)	Delete	The provision effectively defeats the intention of Chapter 3 to allow transfers in from non-Club schemes.
Part 12, rule 12	after “pensionable service” add “and qualifying service”	The certificate should show also “qualifying service” as this defines eligibility for benefits and, in some cases, the amount of the benefit.
Part 12, rule 12	Amend (1) to make clear that in addition to a	As provided for in the Scheme, when a person who has made

	“firefighter member” information should be provided when a person who has made a contribution election under rule 5 of Part 2.	a contribution election any deferred pension to which they are entitled would remain with the authority with which they were employed at the time they made the election. It would be administratively simpler if it transferred with them.
Part 13, rule 2(5)	Amend to repeal (b)	A person with a higher tier award will be entitled also to a lower tier ill-health pension so the effect of (5)(b) would be to remove requirement to make a payment to the FPF in respect of the lower tier award if the person also had a higher tier award.
Part 13, rule 3(4) and (5)(b)	Delete	There appears to be duplication here as (4) and (5) have similar effect. In the case of a lower tier award it is material that the person is offered employment, the person loses the pension whether or not the recipient accepts the job.
Part 14, rule 1(1)	Delete “regular”	The provision relates to all firefighters, not only regular firefighters.
Annex 1, paragraph 1(2)	Add after “Where a person” the words “who is a retained or volunteer firefighter”; and “final” before “reference pay”.	As drafted (2) does not make clear that it is applicable to retained and volunteer firefighters.
Annex 1, paragraph 1(3)	After “retained” add “or volunteer”	
Annex 1, paragraphs 2 & 3		

FIREFIGHTERS' PENSION SCHEME: SPLIT PENSIONS - EXAMPLES**Example 1**

Firefighter: Age 48. 14 years' service. APP ⁱ £28,000.00.

Re-deployed to a post paying £18,000.00 p.a. Serves a further 7 years and APP at retirement is £20,000.00.

Split Pension: Split pension (1) $\text{£}28,000.00 \times \frac{14}{21} \times \frac{22}{60} = \text{£}6,844.44$

Split pension (2) $\text{£}20,000.00 \times \frac{7}{21} \times \frac{22}{60} = \text{£}2,444.44$

Total of Split Pension (1) + (2) = £9,288.88

Single Award: $\text{£}20,000.00 \times \left(\frac{20}{60} + 2 \times \frac{1}{60} \right) = \text{£}7,333.33$

[Applies double accrual as per the FPS]

Example 2

Firefighter: Age 52. 14 years' service. APP £42,000.00 (includes 20% FDA ⁱⁱ of £7,000.00)

FDA terminates and pay reduces to £35,000.00. Serves a further 8 years and APP at retirement is £38,000.00.

Split Pension: Split pension (1) $\text{£}42,000.00 \times \frac{14}{22} \times \frac{24}{60} = \text{£}10,690.91$

Split pension (2) $\text{£}38,000.00 \times \frac{8}{22} \times \frac{24}{60} = \text{£}5,527.27$

Total of Split Pension (1) + (2) = £16,218.18

Single Award: $\text{£}38,000.00 \times \left(\frac{20}{60} + 2 \times \frac{2}{60} \right) = \text{£}15,200.00$

[Applies double accrual as per the FPS]

Example 3

Firefighter: Age 53. 15 years' service at APP £28,000.00. Re-deployed to a post paying £12,000.00 p.a. Serves a further 4 years and APP at retirement is £15,000.00.

Split Pension: Split pension (1) $\text{£}28,000.00 \times \frac{15}{19} \times \frac{19}{60} = \text{£}6,999.99$

Split pension (2) $\text{£}15,000.00 \times \frac{4}{19} \times \frac{19}{60} = \text{£}999.99$

Total of Split Pension (1) + (2) = £7999.99

Single Award: $\text{£}15,000.00 \times \left(\frac{19}{60} \right) = \text{£}4,749.99$

[No double accrual]

Example 4

Firefighter: Age 49. 17 years's service. APP £30,000.00.

Re-deployed to a post paying £15,000.00 p.a. Serves a further 6 years and APP at retirement is £18,000.00

$$\text{Split Pension: Split pension (1) } £30,000.00 \times \frac{17}{23} \times \frac{26}{60} = £9,608.70$$

$$\text{Split pension (2) } £18,000.00 \times \frac{6}{23} \times \frac{26}{60} = £2,034.78$$

$$\text{Total of Split Pension (1) + (2) } = £11,643.48$$

$$\text{Single Award: } £18,000.00 \times \left(\frac{20}{60} + 2 \times \frac{3}{60} \right) = £7,799.99$$

[Applies double accrual as per the FPS]

Example 5

Firefighter: Age 49. 25 years's service. APP £30,000.00.

Re-deployed to a post paying £15,000.00 p.a. Serves a further 8 years and APP at retirement is £18,000.00

$$\text{Split Pension: Split pension (1) } £30,000.00 \times \frac{25}{30} \times \frac{40}{60} = £16,666.66$$

$$\text{Split pension (2) } £18,000.00 \times \frac{5}{30} \times \frac{40}{60} = £1,999.99$$

$$\text{Total of Split Pension (1) + (2) } = £18,666.65$$

$$\text{Single Award: } £18,000.00 \times \left(\frac{20}{60} + 2 \times \frac{10}{60} \right) = £11,999.99$$

[Applies double accrual as per the FPS]

Example 6

Firefighter: Age 49. 14 years' service. APP £38,000.00 Redeployed to a post paying £35,000. . Serves a further 8 years and APP at retirement is £42,000.00.

$$\text{Split Pension: Split pension (1) } £38,000.00 \times \frac{14}{22} \times \frac{24}{60} = £9,672.73$$

$$\text{Split pension (2) } £42,000.00 \times \frac{8}{22} \times \frac{24}{60} = £6,109.09$$

$$\text{Total of Split Pension (1) + (2) } = £15,781.82$$

$$\text{Single Award: } £42,000.00 \times \left(\frac{20}{60} + 2 \times \frac{2}{60} \right) = £16,800.00$$

[Applies double accrual as per the FPS]

NB: Firefighter would elect a single award.

i)APP = Average Pensionable Pay
ii)FDA = Flexible Duty Allowance