

Firefighters' Pension Schemes annual update

Contributions banding

The following [contributions banding factsheet](#) reminds Fire and Rescue Authorities (FRAs) of the contribution rates that apply for 2020-21 as set out in the scheme regulations.

FPS 2015 Additional Pension purchase limit for 2020-21

As detailed in [FPS Bulletin 2](#), no determination under [rule 2, \(1\)\(b\)\(i\) of schedule 1](#) was made by HM Treasury on the overall limit of extra pension for 2017-18. There has been no determination in any subsequent year.

Paragraphs (1)(b)(ii) and (2)(a)&(b) confirm that the limit on the Additional Pension that can be purchased in FPS 2015 is therefore increased on the 1 April for any scheme year beginning on or after 1 April 2016 as if it were a pension beginning on the first day of the previous scheme year to which the Pensions (Increase) Act 1971 applies.

The overall **Additional Pension limit has increased by 1.7% to £7,041 from 1 April 2020.**

Public Service Pension Indexation and Revaluation 2020

HM Treasury have issued [written statement HCWS123](#) confirming the Public Service Pension Indexation and Revaluation for 2020.

Public service pensions will be increased in line with the annual increase in the Consumer Prices Index up to September 2019. The increase from 6 April 2020 is 1.7%, as set out in the [Pension Increase \(Review\) Order 2020](#) [SI 2020/290].

FPS 2015 will use the figure of 4% as set out in the [Public Service Pensions Revaluation Order 2020](#) [SI 2020/230] for the earnings element of revaluation for active members to be applied at one second after midnight on 31 March 2020.

HMRC limits applicable from 6 April 2020

[The Finance Act 2004 \(Standard Lifetime Allowance\) Regulations 2020](#) [SI 2020/342] have amended the lifetime allowance limit to £ 1,073,100 from 6 April 2020.

The annual allowance limit as defined by the Finance Act 2004 (as amended) remains unchanged at £40,000 for 2020-21.

There have been changes to the tapered annual allowance. From 6 April 2020 the threshold and adjustment incomes will increase and the minimum tapered annual allowance a member can have will reduce as per the table below.

	2020 to 2021
threshold income	£200,000 (increasing from £110,000)
adjusted income	£240,000 (increasing from £150,000)
minimum tapered annual allowance	£4,000 (reducing from £10,000)

Automatic Enrolment Earnings Bands

All employers will need to know the earnings bands that apply for 2020/21 for the purposes of automatic enrolment under the Pensions Act 2008. The Department for Work and Pensions (DWP) published [Automatic enrolment: review of the earnings trigger and qualifying earnings band for 2020/21](#) on 27 February 2020. The tables below show the limits that apply for the 2020/21 year. Please note that the earnings trigger of £10,000 is unchanged since the 2015/16 year.

It should be noted that the earnings trigger of £10,000 is unchanged since 2015-16.

[The Automatic Enrolment \(Earnings Trigger and Qualifying Earnings Band\) Order 2020](#) [SI2020/372] was laid on 1 April 2020.

Table 1: Automatic enrolment (AE) earnings bands 2020/21

Earnings**	Age 16-21	Age 22 to <SPA*	Age SPA* to <75
Under lower earnings threshold (£6,240***)	Entitled worker	Entitled worker	Entitled worker
Between £6,240*** and £10,000	Non-eligible jobholder	Non-eligible jobholder	Non-eligible jobholder
Over earnings trigger for automatic enrolment (£10,000)	Non-eligible jobholder	Eligible jobholder	Non-eligible jobholder

* State Pension Age

** Earnings: separate contracts are treated separately

*** To align with National Insurance contributions lower earnings limit

Table 2: AE earnings bands per period

Pay reference period	Lower earnings threshold pa	Earnings trigger for automatic enrolment
Annual	£6,240.00	£10,000.00
6 months	£3,120.00	£4,998.00
3 months	£1,560.00	£2,499.00
1 month	£520.00	£833.00
4 weeks	£480.00	£768.00
2 weeks	£240.00	£384.00
1 week	£120.00	£192.00

Annual GMP increase

An increase of 1.7% should be applied from 6 April 2020 to:

- The post 5 April 1988 GMP element of a pension in payment if the individual reached State Pension Age (SPA) before 6 April 2016
- The post 5 April 1988 GMP element of a pension in payment if the individual reached SPA after 5 April 2016, and
- The pre 6 April 1988 GMP element of a pension in payment if the individual reached SPA after 5 April 2016.

This is set out in [The Guaranteed Minimum Pension Increase Order 2020 \[SI2020/235\]](#).

All relevant legislation can be viewed on our website under [annual update Statutory Instruments](#).