

Age discrimination remedy – member factsheet Contribution adjustments

Contents

Introduction	2
Contributions.....	2
Returning to Legacy scheme - FPS 1992 and Special FPS 2006	3
Timing of adjustment.....	3
Application of tax relief	5
Application of interest.....	6
Returning to the FPS 2006	7
Timing of adjustment.....	7
Application of tax relief.....	10
Application of interest.....	10
FPS 2015 Added Pension compensation refunds.....	10
Immediate Choice and retiring members.	11
Appendix A.....	12
FPS 1992.....	12
FPS 2006.....	14
Special FPS 2006	15
Appendix B.....	17
FPS 1992.....	17
FPS 2006.....	18

Introduction

Every member that is impacted by remedy will be rolled back to their legacy scheme for their membership during the remedy period (1 April 2015 to 31 March 2022). Due to the differences in contribution rates within the Firefighters' Pension Schemes, this will trigger a contribution adjustment.

This factsheet is intended for members to explain when a contribution adjustment will occur and how it will be actioned. It also sets out points to consider with regards to the timing of when the adjustment takes place.

[Appendix A](#) provides illustrative examples of contribution adjustments for active members who may receive an ABS-RSS from August 2024.

Contributions

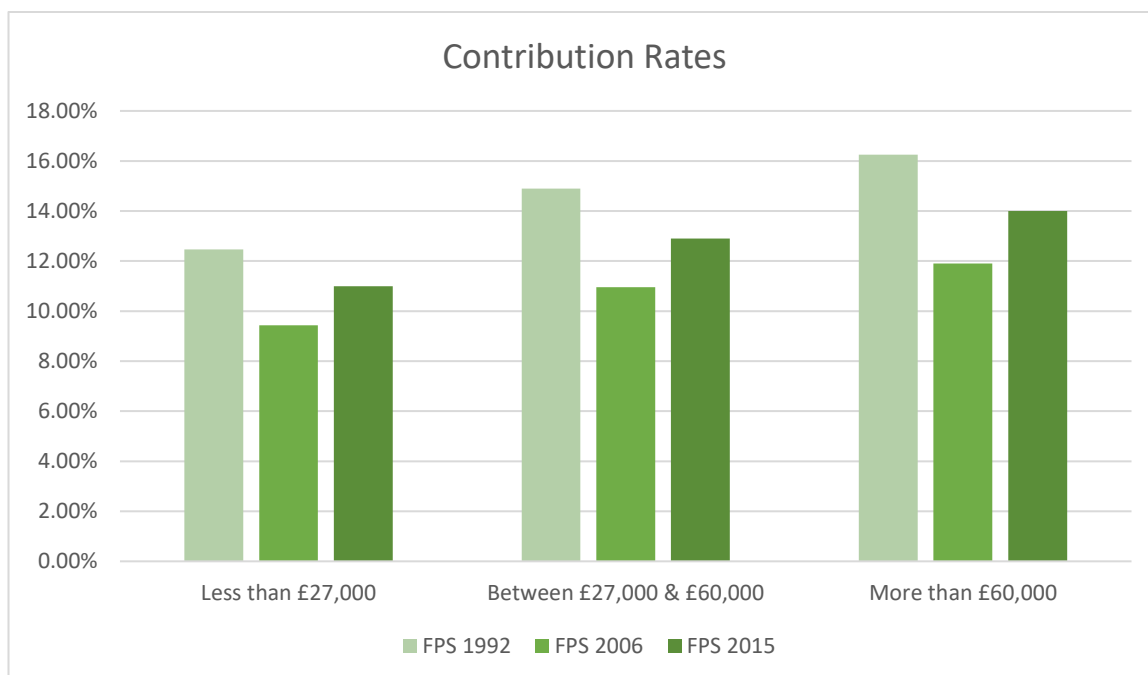
Under the existing legislation, there are different rates of member contributions between FPS 1992, FPS 2006, Special FPS 2006, and FPS 2015.

The contribution rates remained the same during the remedy period however the contribution bandings did change.

The table below illustrates the contribution rate percentages that apply for each salary banding (as an average) for each scheme.

This highlights that: -

- The contribution rate of the FPS 1992 is greater than the contribution rate of the FPS 2015.
- The contribution rate of the FPS 2006 is lower than the contribution rate of the FPS 2015.



When a member is rolled back into their legacy scheme, the amount of contributions they should have paid must be adjusted accordingly as per [Part 1, Chapter 1, regulation 2 \(1\)](#) of the Public Service Pensions and Judicial offices Act 2022.

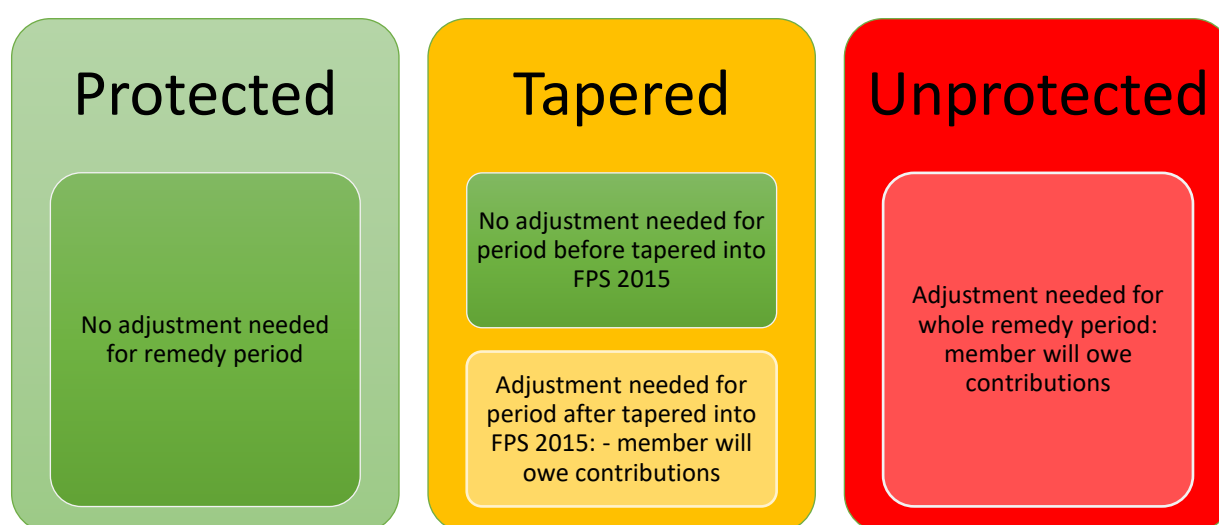
For members who return to FPS 1992, they will have additional contributions that will need to be paid, whereas members who return to FPS 2006 will receive a refund of contributions.

Returning to Legacy scheme - FPS 1992 and Special FPS 2006

An individual who was previously a member of FPS 1992 or Special FPS 2006 and was transitioned into FPS 2015 during the remedy period will be automatically rolled back into FPS 1992 or Special FPS 2006.

However, as they will have paid less contributions under FPS 2015 than they would have done had they have remained within FPS 1992 or Special FPS 2006, the regulations direct that the member must pay the difference between the pension contribution rates, to the scheme.

The table below summarises the position at rollback for FPS 1992 or FPS Special FPS 2006 and the adjustment that will be required, considering the protection status of the member during the remedy period.



Timing of adjustment

The contribution adjustment can be made at different times and your personal circumstances, such as marital status, the age you retire at, and whether you intend to keep legacy scheme benefits when you retire, may depend on when you choose to pay the adjustment.

The regulations stipulate that the adjustment amount must be paid net.

When the payment is made, it must be paid in full and from the same source, this can be either annually after receipt of your Remediable Service Statement (RSS) or deducted from your pension benefits at retirement. There is no facility for the contribution adjustment to be paid by periodical payments.

The table below illustrates the differences depending on when you choose to make the contribution adjustment and your remedy choice.

Protection status	Adjustment corrected before retirement	If you choose to take FPS 1992 benefits at retirement	If you choose to take FPS 2015 benefits at retirement
Protected	N/A	N/A	Compensation due to the member to be paid for the whole remedy period.
Tapered	Yes	N/A	Compensation due to the member to be paid for the whole remedy period.
	No	Contributions due from the member to be paid for the period after they were tapered into FPS 2015.	Compensation due to the member to be paid for the period before they were tapered into FPS 2015.
Unprotected	Yes	N/A	Compensation due to the member to be paid for the whole remedy period.
	No	Contributions due from the member to be paid for the whole remedy period.	N/A

Active and deferred members – your choice

A new document called an ABS-RSS which is a combination of an Annual Benefit Statement (ABS) and an RSS will be provided to you every year. This document will set out a comparison of your benefit options under both the legacy and reformed scheme for the remedy period along with details of any contribution adjustment. An example of a contributions page has been set out in [Appendix B](#).

Active members only: For your 2024 ABS-RSS administrators will provide you with a statement that shows the gross contribution adjustment, however, should you elect to settle this within the 12-week window after receiving your RSS a revised amount will be provided to you which takes into account tax relief. This is because HM Treasury have issued a late change in policy, regarding how tax relief is to be applied to active members with a contribution adjustment, which was too late to be reflected in your ABS-RSS. This means that the contributions adjustment is shown on your ABS-RSS will be overstated. Further information on this can be found in the '[Application of tax relief](#)' section.

You can choose to settle your contribution adjustment before or at retirement.

Before Retirement

- Each year, within three months of receiving your ABS RSS, you will have the option to pay the full liability of the contribution adjustment.
- Interest is calculated to the date of payment

At retirement

- You can make any contribution adjustment at the date of retirement as a deduction from your pension benefits.
- Interest is calculated to the date of retirement.

It is important that you have assessed what is the right choice for you based on your personal circumstances. If you make the contribution adjustment before you retire and then you elect for reformed scheme benefits at retirement, your contributions will need to be adjusted again.

Different interest rates will apply depending on when the contribution adjustment is made and your choice of remedy benefits.

The section on [application of interest](#) has more information about this.

Pensioner and deceased members as at 30 September 2023

You will be sent an RSS by 31 March 2025 which will set out a comparison of your benefit options under both the legacy and reformed scheme. This statement will also include details of how these options will affect your pension that is already in payment and will include information on any contribution adjustment.

You will have 12 months from the date of the RSS to make your choice of remedy benefits.

Any contribution adjustment due will be deducted from your pension benefits.

Application of tax relief

When you make pension contributions into a UK pension scheme you receive tax relief on those contributions. This can reduce the amount of tax you pay on your income. The tax relief is given based on the rate of income tax that you pay. For remedy, tax relief is given in two ways on contribution adjustments that you make depending on when you pay the contributions.

Active members

If you pay contributions as an active member i.e. before your retirement, the usual route for tax relief would either be through PAYE or Self-Assessment. PAYE would only apply if the contribution payment is deducted from your salary.

HM Treasury (HMT) are in the process of amending their Directions to allow for a scheme manager to deduct amounts representing tax relief for active members. This will allow active members to pay their contributions net of tax and will negate the need for PAYE or Self-Assessment. This means that active members can be treated in the same way as a non-active member as per below.

As set out in '[Active and deferred members - your choice](#)' section above, this policy change has come very late in the day. It has therefore not been possible to reflect this in your 2024 ABS-RSS, however, should you wish to settle your contributions within the 12-week window after receiving your RSS a revised amount will be provided to you which considers tax relief. This figure will be less than what is quoted on your statement.

Members who are not active members

If you are: -

- A deferred member, or,
- An active or deferred member who is retiring with benefits coming into payment immediately, or,
- An existing pensioner member, or,
- A beneficiary of a deceased member

When you pay your contribution adjustment it will be automatically adjusted to apply tax relief, this will be calculated based on your taxable earnings during the remedy period.

Application of interest

The regulations stipulate that, where a person is required to pay an amount to the scheme, interest must be applied as compound interest.

Interest will apply at the NS&I Direct Saver rate¹ from when the contributions were first due until such time as the contribution adjustment is paid.

If the contribution adjustment is settled before retirement

If when you retire you choose legacy scheme benefits. There is no further adjustment or interest payable.

If when you retire you choose reformed scheme benefits, you will be owed a compensation payment equal to the difference in the contributions for the whole of the remedy period.

The regulations determine that where a scheme manager is required to pay an amount to a person, interest must be applied at two rates: -

- Up to 28 days after the initial RSS was issued - Interest is applied at a rate of 8% as simple interest.
- From the 29th day from when the initial RSS was issued - Interest is applied at the NS&I Direct Saver rate, applied as compound interest.

The interest rates were determined by the Government's three objectives: -

- to reflect the position members would have otherwise been in without the discrimination having occurred.
- to recognise the circumstances of the award.

¹ NS&I (Direct Saver) historical interest rates - <https://www.nsandi.com/historical-interest-rates>

- to not unduly burden the taxpayer.

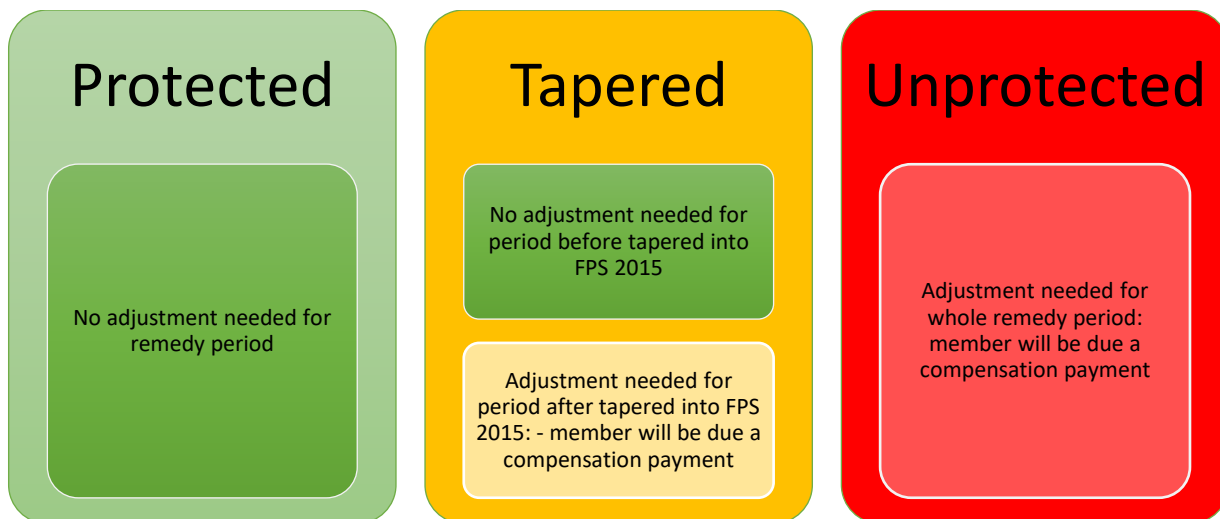
Further information on the application of interest can be found under the 'Interest Payments' FAQs on the [FPS members](#) website.

Returning to the FPS 2006

An individual who was previously an FPS 2006 member and was moved into FPS 2015 during the remedy period will be automatically rolled back to FPS 2006.

However, as they will have paid more contributions under FPS 2015 than they would have done had they have remained within FPS 2006, the regulations direct that the member must be paid a refund of the difference between the pension contribution rates.

The table below summarises the position at rollback for the FPS 2006 and whether any adjustment is required, considering the protection status of the member during the remedy period:



Timing of adjustment

The contribution adjustment can be made at different times and your personal circumstances, such as marital status, the age you retire at, and whether you intend to keep legacy scheme benefits when you retire, may influence when you choose to receive the compensation amount in respect of your contribution adjustment.

The regulations require a scheme manager to pay a refund as soon as reasonably practicable after they have determined the amount payable, however there is also flexibility in the regulations that allows for the scheme manager and member to waive this if they have the agreement in writing. To assist members with making an election on this a [contribution payment election form](#) has been made available on the [FPS member](#) website.

Standard FPS 2006 members therefore have the option to reclaim any contribution payments following receipt of their RSS at any time or defer receiving payment.

The table on the following page illustrates the differences depending on when you choose to make the contribution adjustment and your remedy choice.

Protection status	Adjustment corrected before retirement	If you choose to take FPS 2006 benefits at retirement	If you choose to take FPS 2015 benefits at retirement
Protected	N/A	N/A	Contributions owed from the member to be paid for the whole remedy period.
Tapered	Yes	N/A	Contributions owed from the member to be paid for the whole remedy period.
	No	Compensation due to the member to be paid for the period after they were tapered into FPS 2015.	Contributions owed from the member to be paid for the period before they were tapered into FPS 2015.
Unprotected	Yes	N/A	Contributions due from the member to be paid for the whole remedy period.
	No	Compensation due to the member to be paid for the whole remedy period.	N/A

Active and deferred members – your choice

A new document called an ABS-RSS which is a combination of an Annual Benefit Statement (ABS) and a Remediable Service Statement (RSS) will be provided to you. This document will set out a comparison of your benefit options under both the legacy and reformed scheme for the remedy period along with details of any contribution adjustment. An example of a contributions page has been set out in [Appendix B](#)

You can choose to settle your contribution adjustment before or at retirement. A contribution adjustment election form is available on the [FPS member](#) website.

Before Retirement

- Once you have received your ABS RSS, you will be able to choose to receive a compensation payment in respect of any contribution adjustment.
- Interest is calculated to the date of payment

At retirement

- You will receive a compensation payment in respect of any contribution adjustment at retirement.
- Interest is calculated to the date of retirement.

It is important that you have assessed what is the right choice for you based on your personal circumstances.

If you receive the contribution adjustment before you retire and then you choose reformed scheme benefits at retirement, your contributions will need to be adjusted again meaning that you will owe monies to the scheme. This will be deducted from your pension benefits.

Different interest rates will apply depending on when the contribution adjustment is made and your choice of remedy benefits.

The section on [application of interest](#) has more information about this.

If you are unclear what option you might choose at retirement, and you think there is a chance that you might choose reformed scheme benefits, you may wish to consider providing an indicative election for reformed scheme benefits.

- An indicative election is not binding, and you will be able to change your mind at retirement when you have your final set of options provided to you.
- An indicative election means that you will not receive a contribution adjustment before you retire.
- An indicative election means that if you elect for reformed scheme benefits at retirement, your contributions will not be adjusted now and again at retirement.
- An indicative election means that the contribution adjustment will be dealt with at your retirement when your choice is known.

Pensioner and deceased members as at 30 September 2023

You will be sent an RSS by 31 March 2025 which will set out both legacy scheme and reformed scheme benefits that you are entitled to for the remedy period, along with details about how these options will affect your pension that is already in payment, it will also include information of any contribution adjustment.

You have 12 months from the date of the RSS to make your choice of remedy benefits.

Any contribution adjustment due will be paid with your pension benefits.

Application of tax relief

When you make pension contributions into a UK pension scheme you receive tax relief. This can reduce the amount of tax you pay on your income. The tax relief is given based on the rate of income tax that you pay.

If you are receiving a refund for your contributions as a compensation amount, you will have been given too much tax relief and this will need to be adjusted from your payment.

This will be done automatically for you and your contribution adjustment statement will show how much has been adjusted for tax relief.

Application of interest

The regulations stipulate that, where an amount is paid to a person, interest must be applied at two rates: -

- Up to 28 days after an initial RSS has been issued – Interest is applied at a rate of 8% simple interest.
- From day 29 days onwards after an initial RSS has been issued - Interest is applied at the NS&I Direct Saver rate, as compound interest.

If the contribution adjustment is settled before retirement

If when you retire you choose legacy scheme benefits. There is no further adjustment or interest payable.

If when you retire you choose reformed scheme benefits, you will owe contributions for the whole of the remedy period.

The regulations determine that where a person is required to pay an amount to the scheme, interest must be applied as compound interest.

Interest will apply at the NS&I Direct Saver rate from when the contributions were first due until retirement.

The interest rates were determined by the Government's three objectives: -

- to reflect the position members would have otherwise been in without the discrimination having occurred.
- to recognise the circumstances of the award.
- to not unduly burden the taxpayer.

Further information on the application of interest can be found under the 'Interest Payments' FAQs on the [FPS members](#) website.

FPS 2015 Added Pension compensation refunds

Where an individual was a member of FPS 2015 during the remedy period and paid additional contributions to purchase added pension benefits in the FPS 2015, these must be refunded to the individual.

This is because there is no equivalent added pension entitlement in the legacy scheme for these amounts to be converted.

These payments must be paid back as soon as reasonably practicable after receipt of your RSS. If you have not already been contacted by your FRA about this payment, then information will be provided with your RSS.

Immediate Choice and retiring members.

Where a contributions adjustment has not previously been settled, all members and beneficiaries of deceased members will have any final contributions adjustment made either:

- At the point when benefits become payable, or
- Where benefits are already in payment, at the point when you choose your remedy option.

This factsheet has been prepared by LGA using the regulations as they stand in November 2024.

This factsheet will be reviewed, referencing any changes to the scheme regulations and policies that might be needed.

This factsheet should not be interpreted as legal advice.

Please address any queries on the content of this factsheet to bluelightpensions@local.gov.uk

For any queries you have regarding your own personal circumstances, you will need to contact your FRA directly. We are unable to answer any questions relating to your benefits.

November 2024

Appendix A

FPS 1992

Where your legacy scheme is FPS 1992, and during the remedy period you had membership of the FPS 2015, you will owe contributions after you have been rolled back into the legacy scheme.

Please note:

- The figures in these tables are for illustrative purposes only and assume that the period of adjustment is for the whole seven-year remedy period.
- The figures shown have been averaged to provide representative figures for different roles.
- To simplify the illustrations, the same marginal rate of tax has been used throughout the remedy period.
- For illustrative purposes, interest has been calculated up to 31 August 2024, but interest will continue to accrue until the contribution adjustment is settled.
- Your specific contribution adjustment will be unique to you, based on your income, personal tax position and the amount of membership you had in the FPS 2015 scheme within the remedy period.
- When you choose to settle your contribution adjustment will also be unique to you and your personal circumstances, such as when you plan to retire, the current amount that you owe and current amounts of interest.

Table 1: illustrative example of contribution adjustment (average salary of roles Firefighter to Area Manager).

Year	Pensionable Pay	FPS 2015 contributions (12.71%)	FPS 1992 contributions (15.2%)	Difference (member owes)	Net of tax relief @20%	Interest on net amount
2015/16	£40,333	£5,126	£6,130	£1,004	£803	£41.77
2016/17	£40,500	£5,147	£6,156	£1,008	£806	£33.54
2017/18	£41,166	£5,232	£6,257	£1,025	£820	£27.65
2018/19	£41,833	£5,316	£6,358	£1,041	£833	£20.36
2019/20	£42,833	£5,444	£6,510	£1,066	£853	£12.16
2020/21	£43,666	£5,649	£6,637	£987	£790	£3.34
2021/22	£44,166	£5,613	£6,713	£1,099	£879	£1.28
Totals		£37,527	£44,761	£7,230	£5,784	£140.11

The table illustrates that the member would receive £1,446 in tax relief and £140.11 interest would be owed this means that a total of £5,924.11 would be owed to the scheme as at 31 March 2022.

As all members moved to FPS 2015 on 1 April 2022, the amount you owe in contributions would not increase after this time, however the total amount due will continue to accrue interest as per the example below:

Table 2: illustrative example of how the contribution adjustment would continue to accrue interest.

Year	Interest Accrued on Net Amount
2022/23	£87.23
2023/24	£204.77
2024/25 (up to 31 August 2024)	£234.66 99.93

<u>2025/26 (Up to 31 August 2025)</u>	<u>£88.38</u>
Total	<u>£391.93</u><u>755.15</u>

The table illustrates that with the further interest, the total amount owed by the member to the scheme would be £6,539.15~~316.04~~ as at 31 August 2025~~4~~.

FPS 2006

Where your legacy scheme is FPS 2006, and during the remedy period you had membership of the FPS 2015, you will be owed contributions after you have been rolled back into the legacy scheme.

Please note:

- The figures in these tables are for illustrative purposes only and assume that the period of adjustment is for the whole seven-year remedy period.
- The figures shown have been averaged to provide representative figures for different ranks.
- To simplify the illustrations, the same marginal rate of tax has been used throughout the remedy period.
- Your specific contribution adjustment will be unique to you, based on your income, personal tax position and the amount of membership you had in the FPS 2015 scheme within the remedy period.
- When you choose to settle your contribution adjustment will also be unique to you and your personal circumstances, such as when you plan to retire, how likely you are to choose reformed scheme benefits at retirement and the current amount that is owed to you.

Table 3: illustrative example of contribution adjustment (average salary of roles Firefighter to Area Manager).

Year	Pensionable Pay	FPS 2015 contributions (12.71%)	FPS 2006 contributions (11.07%)	Difference (owed to member)	Net of tax relief @20%	Interest on net amount
2015/16	£40,333	£5,126	£4,465	£661	£529	£300
2016/17	£40,500	£5,147	£4,483	£664	£531	£270
2017/18	£41,166	£5,232	£4,557	£675	£540	£240
2018/19	£41,833	£5,316	£4,631	£685	£548	£209
2019/20	£42,833	£5,444	£4,742	£702	£562	£178
2020/21	£43,666	£5,649	£4,834	£815	£652	£143
2021/22	£44,166	£5,613	£4,889	£724	£579	£110
Totals		£37,527	£32,601	£4,926	£3,941	£1,450

The table illustrates that the member would receive £985 in tax relief and £1,450 interest would be payable which means that a total of £5,391 would be payable from the scheme to the member as at 31 August 2024.

Special FPS 2006

Where your legacy scheme is Special FPS 2006, and during the remedy period you had membership of the FPS 2015, you will owe contributions after you have been rolled back into the legacy scheme.

Please note:

- The figures in these tables are for illustrative purposes only and assume that the period of adjustment is for the whole seven-year remedy period.
- The figures shown have been averaged to provide representative figures for different ranks.
- To simplify the illustrations, the same marginal rate of tax has been used throughout the remedy period.
- Your specific contribution adjustment will be unique to you, based on your income, personal tax position and the amount of membership you had in the FPS 2015 scheme within the remedy period.
- When you choose to settle your contribution adjustment will also be unique to you and your personal circumstances, such as when you plan to retire, how likely you are to choose reformed scheme benefits at retirement and the current amount that is owed to you.

Table 3: illustrative example of contribution adjustment (average salary of roles Firefighter to Area Manager).

Year	Pensionable Pay	FPS 2015 contributions (12.71%)	FPS 2006 contributions (14.99%)	Difference (owed to scheme)	Net of tax relief @20%	Interest on net amount
2015/16	£40,333	£5,126	£6,046	£920	£736	£1
2016/17	£40,500	£5,147	£6,071	£924	£739	£3
2017/18	£41,166	£5,232	£6,171	£939	£751	£5
2018/19	£41,833	£5,316	£6,271	£955	£786	£9
2019/20	£42,833	£5,444	£6,421	£977	£782	£12
2020/21	£43,666	£5,649	£6,546	£849	£679	£9
2021/22	£44,166	£5,613	£6,620	£1,007	£806	£4
Totals		£37,527	£44,146	£6,571	£5,279	£43

The table illustrates that the member would receive £1,292 in tax relief and £43 interest would be owed this means that a total of £5,322 would be owed to the scheme as at 31 March 2022.

As all members moved to FPS 2015 on 1 April 2022, the amount you owe in contributions would not increase after this time, however the total amount due will continue to accrue interest as per the example below:

Table 2: illustrative example of how the contribution adjustment would continue to accrue interest.

Year	Interest on net amount
2022/23	£30
2023/24	£65
2024/25 (up to 31 August 2024)	£30
Total	£125

The table illustrates that with the further interest, the total amount owed by the member to the scheme would be £5,447 as at 31 August 2024.

Appendix B

FPS 1992

Example 1: Example of contributions page

Contributions

As part of remedy, you have been rolled back into the FPS 1992 for your membership during the remedy period. You were previously in the FPS 2015 for some or all this period.

The contribution rates in FPS 1992 are higher than FPS 2015. This means that for the period of time during the remedy period that you were a member of FPS 2015, you will owe a contribution adjustment.

Your contribution adjustment is made up from...			
A	Contributions already paid	£XXXX	Gross contributions already paid during remedy period as a member of FPS 2015.
B	Contributions due as a member of [legacy scheme]	£XXXX	Gross contributions that you should have paid as a member of FPS 1992
C (A-B)	Difference in contributions	£XXXX	This is the difference between what you have already paid for the remedy period and what you would have paid as a member of FPS 1992.

D	Interest owed	£XXXX	You owe interest on the contributions that are owed to the scheme calculated at XXXX
	Total contribution adjustment	£XXXX	

You can pay your contribution adjustment:

- Within 12 weeks of receiving your ABS RSS (this document)

OR

- At retirement it can be taken from any pension benefits.

The above figure is an estimate as the interest owed is payable from the date the contributions were first owed to the date of payment. Your contribution adjustment will therefore be recalculated based on the date the payment is made.

12

CONTRIBUTIONS



At retirement

- If you choose to remain with your current benefits, no adjustment will be needed for the remedy period.
- If you receive the contribution adjustment as an active member **before you retire** and then you choose FPS 2015 benefits at your retirement, you will be owed contributions at your retirement.
- If you do not receive the contribution adjustment **before you retire**, and you choose:
 - FPS 1992 benefits at your retirement, you will **owe** contributions.
 - **Conditional unprotected members:** FPS 2015 benefits at your retirement, you will not be **owed** anything further.
 - **Conditional taper members:** FPS 2015 benefits at your retirement, you will **be owed** contributions for the period that you were in FPS 1992 in the remedy period.

The above figure is an estimate as the interest owed is payable from the date the contributions were first owed to the date of payment. Your contribution adjustment will therefore be recalculated based on the date the payment is made.

Tax relief and interest

Interest will accrue on contributions owed to you up to the date of payment. Interest must be applied at two rates: -

- Up to 28 days after the initial RSS was issued - Interest is applied at a rate of 8% as simple interest.
- From the 29th day from when the initial RSS was issued - Interest is applied at the NS&I Direct Saver rate, applied as compound interest.
- You will receive tax relief on your contributions. Your status at the time of making the contribution adjustment may affect the method of tax relief.

Interest will accrue on contributions owed to the scheme up to the date of payment, this will be at the NS&I rate of interest.

For further information relating to the contribution adjustments please see our member factsheet published on the FPS member website:

<https://fpsmember.org/remedy/age-discrimination/remedy-contribution-adjustments>

FPS 2006

Example 2: Example of a contributions page

Contributions

As part of remedy, you have been rolled back into the FPS 2006 for your membership during the remedy period. You were previously in the FPS 2015 for some or all this period.

The contributions in the FPS 2006 are lower than the FPS 2015. This means that you are owed money to reflect the difference. This is known as a 'contribution adjustment'.

Your contribution adjustment is made up from...			
A	Contributions already paid	£XXXX	Gross contributions already paid during remedy period as a member of FPS 2015.
B	Contributions due as a member of [legacy scheme]	£XXXX	Gross contributions that you should have paid as a member of [legacy scheme].
C (A-B)	Difference in contributions	£XXXX	This is the difference between what you have already paid for the remedy period and what you would have paid as a member of FPS 2006.

Your contributions need to be adjusted to account for tax and interest. At the date of this statement, these would be as follows:

D	Tax relief	£XXXX	This is an adjustment made in respect of the tax relief you receive on the original higher pension contributions
E	Interest owed	£XXXX	Interest on the contributions that are due to you calculated to XX
F (C-D+E)	Total contribution adjustment	£XXXX	

You can pay your contribution adjustment:

- Within 12 weeks of receiving your ABS RSS (this document)

OR

- At retirement it can be taken from any pension benefits.

12

TAX AND ADJUSTMENTS TO YOUR PENSION



The above figure is an estimate as the interest owed is payable from the date the contributions were first owed to the date of payment. Your contribution adjustment will therefore be recalculated based on the date the payment is made.

At retirement

- If you receive the contribution adjustment as an active member before you retire and then you choose FPS 2015 benefits at your retirement, you will owe contributions at your retirement.
- If you do not receive the contribution adjustment before you retire, and you choose:
 - FPS 2006 benefits at your retirement, you will be **owed** contributions,
 - FPS 2015 benefits at your retirement, you will **owe** contributions for the period that you were in FPS 2006 in the remedy period.

Tax relief and interest

Interest will accrue on contributions owed to you up to the date of payment. Interest must be applied at two rates:

- Up to 28 days after the initial RSS was issued - Interest is applied at a rate of 8% as simple interest.
- From the 29th day from when the initial RSS was issued - Interest is applied at the NS&I Direct Saver rate, applied as compound interest.

You will receive tax relief on your contributions. Your status at the time of making the contribution adjustment may affect the method of tax relief.

Interest will accrue on contributions owed to the scheme up to the date of payment, this will be at the NS&I rate of interest.

Further information about tax and interest can be found in the contribution adjustments member factsheet which is available on the FPS member website:

www.fpsmember.org/remedy/age-discrimination-remedy-contribution-adjustments

Special FPS 2006

Example 3: Example of a contributions page

Contributions

As part of remedy, you have been rolled back into the Special FPS 2006 for your membership during the remedy period. You were previously in the FPS 2015 for some or all this period.

The contributions in the Special FPS 2006 are higher than the FPS 2015. This means that you will owe money to reflect the difference. This is known as a 'contribution adjustment'.

Your contribution adjustment is made up from...			
A	Contributions already paid	£XXXX	Gross contributions already paid during remedy period as a member of FPS 2015.
B	Contributions due as a member of [legacy scheme]	£XXXX	Gross contributions that you should have paid as a member of [legacy scheme].
C (A-B)	Difference in contributions	£XXXX	This is the difference between what you have already paid for the remedy period and what you would have paid as a member of Special FPS 2006.

Your contributions need to be adjusted to account for tax and interest. At the date of this statement, these would be as follows:

D	Tax relief	£XXXX	This is an adjustment made in respect of the tax relief you receive on the original higher pension contributions
E	Interest owed	£XXXX	Interest on the contributions that are due to you calculated to XX
F (C-D+E)	Total contribution adjustment	£XXXX	

You can pay your contribution adjustment:

- Within 12 weeks of receiving your ABS RSS (this document)

OR

- At retirement it can be taken from any pension benefits.

At retirement

- If you receive the contribution adjustment as an active member before you retire and then you choose FPS 2015 benefits at your retirement, you will owe contributions at your retirement.
- If you do not receive the contribution adjustment before you retire, and you choose:
 - Special FPS 2006 benefits at your retirement, you will **owe** contributions,
 - **Conditional unprotected members**: FPS 2015 benefits at your retirement, you will not be **owed** anything further.
 - **Conditional taper members**: FPS 2015 benefits at your retirement, you will **be owed** contributions for the period that you were in Special FPS 2006 in the remedy period.

Tax relief and interest

Interest will accrue on contributions owed to you up to the date of payment. Interest must be applied at two rates]

- Up to 28 days after the initial RSS was issued – Interest is applied at a rate of 8% as simple interest.
- From the 29th day from when the initial RSS was issued – Interest is applied at the NS&I Direct Saver rate, applied as compound interest.

You will receive tax relief on your contributions. Your status at the time of making the contribution adjustment may affect the method of tax relief.

Interest will accrue on contributions owed to the scheme up to the date of payment, this will be at the NS&I rate of interest.

Further information about tax and interest can be found in the contribution adjustments member factsheet which is available on the FPS member website:

www.fpsmember.org/remedy/age-discrimination-remedy-contribution-adjustments