

Age Discrimination Remedy



High level only



Can only speak of the facts



Relies on some knowledge of schemes



Myths and misunderstanding are ingrained



Will be offering training / seminars



Many many complex policy decisions still remain

Everyone is already in the FPS 2015.....
unless they were protected by the 2015
reforms

Terminology

- Legacy scheme = FPS 1992 and FPS 2006
 - Reformed scheme = FPS 2015
 - Remedy Period = 1 April 2015 to 31 March 2022
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What is changing?



From 1 April 2022 all protected members (those who will be at retirement age) will move into FPS 2015 if they wish to continue their service.



Effective by October 2023 benefits built up between 1 April 2015 to 31 March 2022 will be retrospectively amended to be on final salary scheme terms – FPS 2015 benefits built up on that period will be kept as an underpin

The finding of age discrimination

- Was on the transitional protections given in the reforms of 2015 only, it was not on the 2015 scheme itself.
 - Two categories of protection were given based on age
 - Protected members who at 1 April 2012 were within ten years of retirement age.
 - Taper protection for those within fourteen years of retirement age at 1 April 2012, this allowed a delayed move to FPS 2015 for members with all members being in the scheme by 31 March 2022
 - Moving people to FPS 2015 is not discriminatory
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FPS Schemes after reform

FPS 1992

- Protected Members (reach 55 by 31 March 2022)
- Taper Members (ends 31 March 2022)

FPS 2006 Special

- Protected Members (reach 55 by 31 March 2022)
- Taper Members (ends 31 March 2022)

FPS 2006

- Protected Members (reach 60 by 31 March 2022)
- Taper Members (ends 31 March 2022)

FPS 2015

- Transitional Members with service pre 1 April 2015
- Members with service from 1 April 2012
- Members with service from 1 April 2015

When did discrimination occur

- The discrimination started from 1 April 2015 and will continue until all members are treated the same on the basis of age.
 - From 1 April 2022 the discrimination will end.
 - The discrimination that needs to be remedied occurred between 1 April 2015 and 31 March 2022 this is known as ‘the remedy period’
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The remedy

- The discrimination will be removed in two parts;
 1. Prospectively for future benefits from 1 April 2022
 2. Retrospectively for benefits built up during the period of discrimination 1 April 2015 to 31 March 2022 (the remedy period).
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What is levelling up?

- Levelling up only refers to the period of discrimination
 - Once the discrimination is removed going forward everyone is treated the same.
 - You can't remove the protection of those in discrimination period ie level down
 - You can level everyone up to enjoy same protection in discrimination period
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Deferred Choice Underpin



Convert all CARE pension for remedy period to final salary pension and store original CARE as an underpin.



Maintain underpinned benefits



Offer choice at retirement of default final salary for remedy period or underpinned care

FPS 2006 Standard Members



Most likely cohort to choose reformed benefits

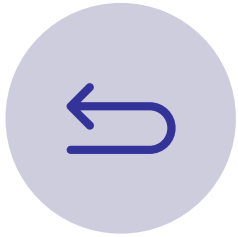


Better accrual rate and early retirement factors

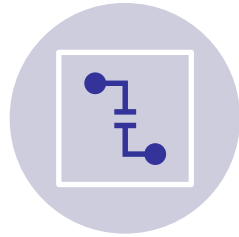


Reflects pay over remedy period

Complexity



CONVERT TO
FINAL SALARY



INCLUDES TAPER
MEMBERS



CONTRIBUTIONS
ADJUSTMENT



CALCULATION OF
PENSION
GROWTH



TAX

Remedy stages

Immediate term

- Immediate cases
- No legislation
- No software
- Policy decisions yet to be made
- Technical complexity

1 April 2022

- Protected members move to FPS 2015
- Process same as current taper process
- Challenging communication exercise

By October 2023

- Convert CARE benefits to final salary for remedy period
- CARE benefits kept as underpin
- Choice at retirement

How does this link to the Firefighters remedy hearing



The HMT consultation will now form the pensions bill and become law for public sector pension schemes

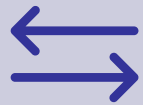


The remedy hearing has already made an interim tribunal order that final salary benefits should be offered if it is better to do so while the discrimination is still in place



An award for injury to feelings compensation is yet to be considered by the tribunal

From 1 April 2022 – One FPS 2015 Scheme



Transitional members

Transitional FPS 1992
Transitional FPS 2006
Transitional FPS 2006 Special



Members with service from 1
April 2012

FPS 2006 Transitional Members



Members with service from 1 April 2015

Transitional Benefits

Final salary



FPS 1992 – DOUBLE
ACCRUAL
GUARANTEE



FPS 2006 –
SERVICE ACCRUED



FINAL SALARY LINK



NORMAL
RETIREMENT AGE

FPS 2015

FPS 2015

- Survivor benefits

CARE
Build Up

- Builds pension annually based on pensionable pay and an accrual rate set by cost cap – currently 1/59.7 in England

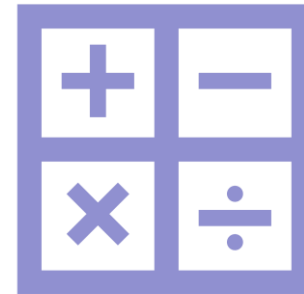
Retirement

- FPS 2015 – 60 or earlier with reductions

Double Accrual Guarantee



Recognises the expectation to double accrual for members in the 1992 Fire scheme.



Proportions the expected benefit by the service in FPS 1992 to 31 March 2022

FPS 1992 calculation

Pre Reform (30
years)

$$(40 \div 60) \times \text{£}30,000 = \text{£}20,000$$

Discrimination Period
(22 years 188 days in
FPS 1992)

$$(40 \div 60) \times (22.51507 \div 30) \text{£}30,000 = \text{£}15,010.05$$

Remedied (29 years
188 days in FPS
1992)

$$(40 \div 60) \times (29.51507 \div 30) \text{£}30,000 = \text{£}19,676.71$$

Communicating



An individual is that which exists as distinct entity. Individuality is the state or quality of being an individual; particularly of being a person separate from other people and possessing their own **needs** or **goals**, **rights** and **responsibilities**.

When someone retires depends on;

Age

Health

Lifestyle

Future goals
and
aspirations

Career
goals

Family

Next Steps

Project deliverables

1. Availability of communications compliant with EU accessibility
2. Drive sector collaboration and uniformity
3. Guidance on legislation changes
4. Provision of training packages
5. Facilitation of forums and groups

Risks

- Timeframes for policy development
 - Knowingly working without legislation and continuing to do so due to the impact of delays, further legal challenges etc
 - Reliance on further development of tax policy and guidance
 - Mutual dependencies of stakeholder landscape – scheme administration and management complexity
 - Technical complexity of scheme regulations
 - Legal challenges to the processes in place to implement remedy.
 - Lack of engagement from key stakeholders
 - Ineffective governance and monitoring
 - Insufficient resources
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Thank you for listening

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