

**FIREFIGHTERS' PENSION COMMITTEE**

**NEW FIREFIGHTERS' PENSION SCHEME**

**DRAFT BLUEPRINT**

Note by ODPM

1. The draft Blueprint for the new Firefighters' Pension Scheme is attached.
2. The Blueprint develops detailed proposal for the new Scheme and will form the basis of instructions to the lawyer who will draft the new Scheme.
3. The arrangements for handling the Committee's consideration of the proposals was set out in FPC(05)9 and discussed at the meeting of the Committee on 29 June. At this meeting, we would propose that the FPC should consider Parts A, B, E and G, which deal with the broad framework for the scheme, and the make-up of pension awards for scheme members.
4. Members are invited, following the meeting, to comment in writing on these Parts. It would be helpful if any comments could be submitted in advance of the next meeting so that they can be circulated to other Committee members for discussion. Subsequent meetings will concentrate on other Parts of the Blueprint, but there will obviously be issues that members will want to return to before ODPM finalise individual Parts.
5. Meetings booked so far will deal with the following:
  - 12 October 2005 - Parts C, D and M – Awards on death of scheme member (which will include survivors' benefits and death grants) and pension sharing on divorce.
  - 23 November 2005 - Parts F, H, K – Movement of pension benefits and appeals
  - 21 December 2005 - Parts I, L, J and N – Payment of awards and reservists
  - 10 January 2006 – Round-up to clear outstanding issues.
6. If additional meetings are needed they can be arranged, but the aim will be to consider the Blueprint as a whole over a sixteen week period.
7. Part N of the Blueprint sets out the suggested Glossary of Terms for the new scheme and FPC members may find this helpful when considering the proposed provisions in detail.

## Part A – General Provisions and Retirement

8. This sets out the basic framework for the scheme as follows:
- A1 Citation and commencement
  - A2 Interpretation
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  - A4 Application of general rules for pension credit members
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  - A6 Start date as scheme member
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  - A13 Disablement
  - A14 Election to opt out of the scheme
  - A15 Election to rejoin the scheme

Particular issues for discussion include:

- Enabling existing members of the FPS 1992 who transfer between Fire and Rescue Authorities (FRAs) to remain in that scheme even after the new scheme comes into operation. This means that although the FPS 1992 will be closed to new members, existing members will be able to maintain membership when moving to or from equivalent schemes in Scotland, Wales or Northern Ireland. Under the new financing arrangements those moving between FRAs in England will not be subject to a transfer value.
- The inclusion of retained duty and volunteer firefighters. Previously, both were excluded.
- The exclusion from the ill health provisions of those who do not meet health requirements for the scheme. This provision will need to be line with proposed amendments for the existing scheme.
- The proposal that retained duty service (RDS) firefighters have pensionable service assessed differently from part-time regulars is to deal with the different contracts now being agreed by FRAs for the retained service. Some on the RDS receive an annual retainer the value of which depends on the level of cover guarantee, plus payments for attendance, training etc. Others are paid on a fixed annual salary which covers the retainer, attendance and training. Because of the different pay structures it is suggested that pensionable service should be determined as a proportion of whole-time service equal to actual annual (pensionable) pay divided by a reference (whole-time) annual pay. The reference pay could be set based on the annual pay of a whole-time firefighter of equivalent rank/role and service. This method of assessing pensionable

service is how the Universities Superannuation Scheme treats lecturers who do not have a fixed part-time %. The following formula<sup>1</sup> is used to assess pensionable service for sole<sup>2</sup> variable time members:

$$\text{Notional part-time service fraction} = \frac{\text{Actual salary received}}{\text{Notional full-time equivalent level of pay}^*} \times 100\%$$

*\*this figure is defined by the employer, or is the default value specified by USS Ltd*

The period of pensionable service credited to the member for the year of active membership is therefore:

$$\text{Pensionable service} = \text{Notional part-time service fraction} \times 365 \text{ days}$$

9. In Part L of this Blue Print (L9), a draft provision has been included enabling Fire and Rescue Authorities who set up stakeholder pension schemes for RDS firefighters prior to 6 April 2006 to continue with those arrangements for existing members, if those members would prefer it, rather than joining the new pension scheme.

### **Part B – Personal Awards**

10. This sets out the pension awards payable to the scheme member. Pension awards will be based on the amount of accrued pensionable service (Part E) and average pensionable pay (Part G).
- B1 Ordinary retirement
  - B2 Payment of pension before the normal pension age at firefighter's request
  - B3 Payment of pension before the normal pension age at the employer's request- approved early retirement
  - B4 Ill health award
  - B5 Deferred pension
  - B6 Cancellation of Deferred Award
  - B7 Split pension
  - B8 Cancellation of Split Pension
  - B9 Repayment of aggregate pension contributions
  - B10 Commutation
  - B11 Commutation of small pensions

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<sup>1</sup> See Factsheet Twenty-one of the Universities Superannuation Scheme – Employees in Variable Time Employments.

<sup>2</sup> The Universities Superannuation Scheme also includes Concurrent Variable Time (where the scheme member is employed in a regular capacity and in addition works as an “irregular” employee) and Multiple Variable Time Appointments (where there are multiple variable time appointments).

- B12 Allocation
- B13 Limitation of allocated portion of pension
- B14 Pension Debt Members
- B15 Deduction of tax from certain awards

Particular issues for discussion include:

- The introduction of actuarially reduced pension awards from age 55 at the request of scheme members. To qualify for immediate pension on leaving service before the normal pension age a member who has qualified for a pension, must first leave service and then apply for an early retirement pension as a deferred pensioner. This means that the actuarial reduction will take account of how much earlier than age 65 (i.e. the deferred retirement age) the pension is being paid. A rough actuarial assessment is that there could be about a 5% reduction for each year.
- The introduction of approved early retirement, which would enable Fire and Rescue Authorities (FRA) to offer early retirement from age 55 to scheme members. The FRA would be responsible for the cost of early payment. FRAs will need to establish criteria (including for audit purposes) for deciding to whom and when approved early retirement could be offered.
- The introduction of Split Pension awards, which would be awarded where the firefighter changes roles and in doing so is subject to a reduction in salary. The award would be calculated based on service accrued and average pensionable pay at the date of change. The scheme member would start to accrue service for a second pension the day after the last day of service used for the Split award. When the scheme member next leaves the scheme, he/she would be eligible for two separate pensions or the Split award could be cancelled and one pension based on total service and current average pensionable pay could be awarded, if this would be better.
- Where a former scheme member with a deferred award rejoins the scheme within 6 months, the proposal is that the deferred award should be cancelled automatically and the pensionable service added to his/her current pensionable service.
- There will be an option for scheme members to commute up to  $\frac{1}{4}$  of the annual pension for a lump sum. The lump sum will be £12 for every £1 commuted.
- The commutation of small pensions will be subject to the requirements of the Finance Act 2004. This will restrict the occasions when this can happen. The draft sets out the requirements.
- Allocation will be permitted, although subject to certain changes to the current arrangements. HM Revenue and Customs will advise on this. At first the new tax regime excluded allocation, but this has now been amended. We are not convinced that Allocation is required.

- The introduction of a two-tier ill health pension. This results from the “Review of Ill Health Retirement in the Public Sector 2000” which drew attention to the fact that when retired on ill health grounds some employees who take ill health retirement will never be able to work again while others may satisfy the scheme’s criteria for ill health retirement yet still be fit enough to take up employment elsewhere. The report recommended that schemes should consider paying a reduced pension, or a medical severance payment, to those who would be capable of employment elsewhere. As public sector schemes are reviewed this recommendation is being addressed. The proposal for the new firefighters’ pension scheme is as follows:

- (i) The higher tier would be awarded where the scheme member is unable to undertake other regular employment. The award would be based on pensionable service accrued in the scheme plus an enhancement of service calculated as follows: service already accrued in the scheme + ((2% x Service) x (Prospective Service)).
- (ii) The lower tier would be paid where the scheme member would be able to undertake other regular employment.

Annex A sets out a graph comparing the new ill health awards with existing ill health arrangements.

Consideration needs to be given to the definition of `regular` employment. The Pensions Increase Act 1971 section 3(5) sets out the following: “permanently incapacitated by such infirmity from engaging in any regular full-time employment” but does not define `regular full time employment`. We need to define this for the new scheme. The Home Office are doing this for the new Police Pension Scheme. The definition they are considering is an annual average of 30 hours a week.

An alternative we have considered is that “regular employment” should be by reference the average conditioned hours worked over previous years. For example, for someone working whole-time over the last 5 years of service regular might be defined as  $\frac{3}{4}$  of a 42 hour week e.g. 31.5 hours. For someone working part-time hours of say 20 hours per week this would 15 hours per week. The Medical Adviser would have to be satisfied that the individual was fit for regular employment and would be able to work a minimum number of hours.

The FPC is invited to comment on these alternatives and submit for consideration any other options.

### **Part E – Qualifying and Pensionable Service**

11. This sets out service that would determine eligibility for a pension award and service that would be used to calculate the award.

- E1 Qualifying service
- E2 Reckoning of pensionable service

- E3 Service that will not count as pensionable service
- E4 To reckon an unpaid absence
- E5 Maternity, paternity and adoption leave

**12. Particular issues for discussion include:**

- The inclusion of a provision setting out qualifying service.
- The reckoning of unpaid periods to be more in line with the arrangements in the Local Government Pension Scheme.
- Pensionable service to be limited to 40 years by the normal pension age except where the scheme member works the additional period in which case the service would count towards the final pension award.

**Part G – Pensionable Pay and Contributions**

**13. This sets out what would make-up pensionable pay, how pension contributions would be collected and how additional pensionable service may be purchased.**

- G1 Pensionable pay
- G2 Pension contributions
- G3 Optional pension contributions during maternity and adoption leave
- G4 Election not to pay pension contributions
- G5 Election to purchase additional service
- G6 Purchase of additional service
- G7 Payment of periodical contributions for increased benefits
- G8 Effect of ceasing payment of periodical contributions before normal pension age
- G9 Discontinuance of periodical contributions
- G10 Effect of purchase additional service by lump sum

Particular issues for discussion include:

- Pensionable pay will be the best of the last 3 years of service. The proposal is that the calculation of average pensionable pay should be in line with the FPS 1992. For example, if the scheme member leaves on 31 August 2005, it would be the average derived from pensionable pay for the year 1 September 2004 to 31 August 2005. This would then be compared with the average derived from pensionable pay for the years 1 September 2003 to 31 August 2004, and 1 September 2002 to 31 August 2003. An alternative might be to count back in periods of paid days. For example, counting back in periods of 91 days before the last day of service would give 8 step backs within the 3 year period e.g. 1 September 2004 to 31 August 2005, 2 June 2004 to 1 June 2005, 4 March 2004 to 3 March 2005 etc. It would be the highest period out the 8 that would be used as the average pensionable pay. However, this could be administratively difficult to manage and might appear less straight forward to the scheme member.

- The existing scheme provides that where a scheme member has been in the scheme less than a whole year or if the averaging period contains a period of unpaid absence average pensionable pay would be the aggregate of pensionable pay for the period "multiplied by the reciprocal of the fraction of the year which that part represents". In other words, if pensionable pay was paid for only 320 days of a 365-day year, the pay received during that year would be averaged and then multiplied by 365/320. The FPC is invited to comment on whether this should be included in the new scheme and submit for consideration any other options.
- The purchase of additional service by the payment of a lump sum or by instalments. The amount to be limited so that pensionable service by normal pension age would not exceed 40 years. Some public sector schemes are now considering the possibility of scheme members buying an extra amount of pension rather than an additional period of service so that instead of buying an extra one year the scheme member buys an extra £500 to be added to the eventual pension.
- Where a Split pension has been awarded, the proposal is that any election to purchase additional service should continue. The FPC is invited to comment on whether a second election to purchase should be made instead.
- The new tax regulations have removed the need for an Earnings Cap. This is a limit on the level of pay that can be treated as pensionable. It applies to anyone who first becomes liable to pay pension contributions after 31 May 1989. The Earnings Cap has been increased each year in line with rises in the retail price index. For 2004-2005 it is £102,000. The Cap has not been included in the proposals for the new scheme.

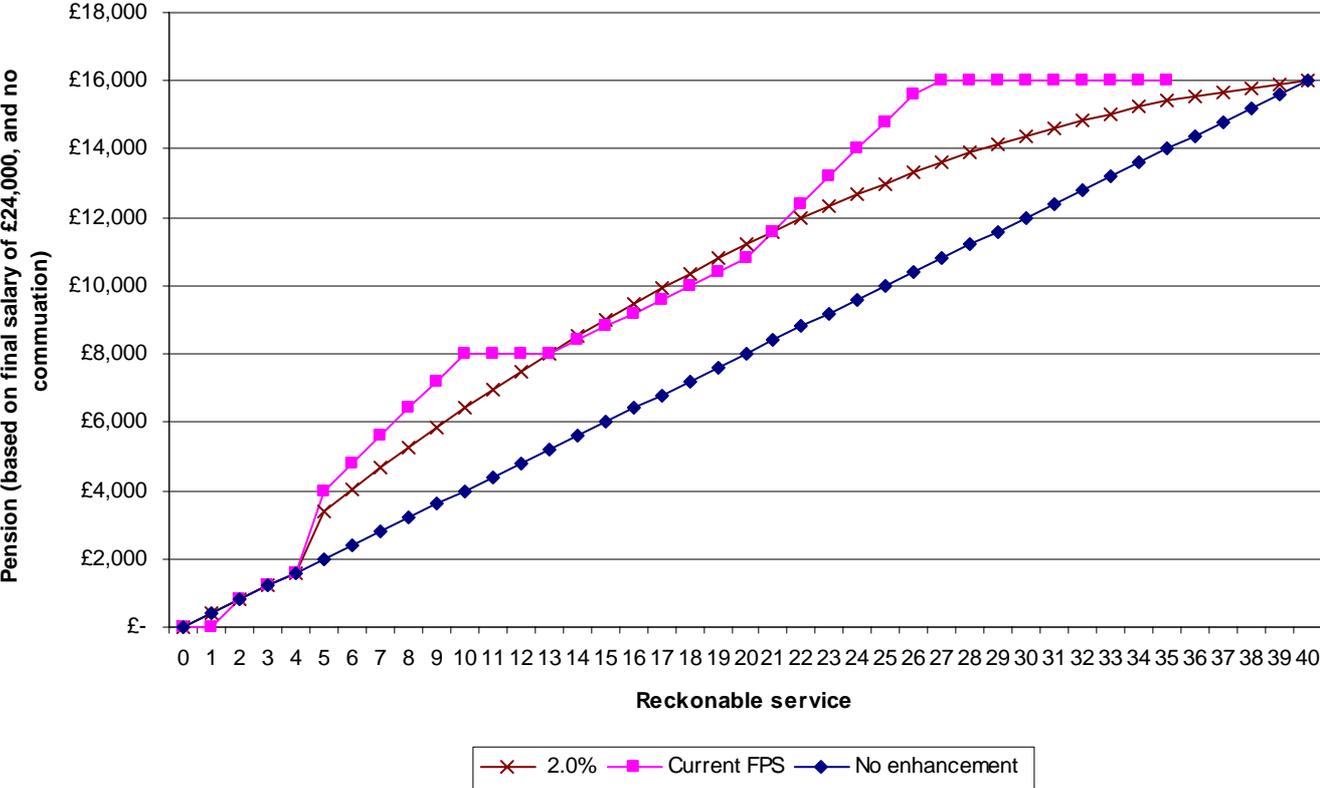
## **Conclusion**

**14.** The FPC is invited to:

- discuss;
- comment, in writing, in advance of the next meeting.

***ODPM***  
***September 2005***

Member's pension with enhanced service on ill-health retirement: 20 years old at entry



**THE NEW FIREFIGHTERS' PENSION  
SCHEME**

**DRAFT BLUEPRINT DOCUMENT**

**FIREFIGHTERS' PENSIONS TEAM  
LGFPS Division**

**September 2005**



## TYPES OF PENSION AWARD

<p><b>Ordinary pension – See B1</b> The standard pension payable at or after normal pension age.</p>	<p>The firefighter must –</p> <ul style="list-style-type: none"> <li>• have ceased employment</li> <li>• have attained NPA</li> <li>• have completed 2 years' qualifying service or attained State pension age.</li> </ul>	<p>It will be calculated on accrued pensionable service and average pensionable pay at date of leaving. There will be no actuarial reduction. There will be no enhancement.</p>
<p><b>Ill-health retirement pension without enhancement ( lower tier) – See B4</b> The pension payable to a firefighter who is required to leave on health grounds but who could undertake regular employment outside the fire and rescue service (definition to be agreed)</p>	<p>The firefighter must –</p> <ul style="list-style-type: none"> <li>• have completed 2 years' qualifying service</li> <li>• have had employment terminated by the authority on the grounds of ill-health</li> <li>• satisfy the requirements (as set out in scheme) for the payment of an ill-health retirement pension.</li> </ul>	<p>It will be calculated on accrued pensionable service and average pensionable pay at date of leaving.  There will be no actuarial reduction.  There will be no enhancement.</p>
<p><b>Ill-health retirement pension with enhancement ( higher tier) – See B4</b> The pension payable to a firefighter who is required to leave on health grounds and who cannot undertake regular employment outside the fire and rescue service (definition to be agreed)</p>	<p>The firefighter must –</p> <ul style="list-style-type: none"> <li>• have completed 5 years' qualifying service to receive enhancement</li> <li>• have had employment terminated by the authority on the grounds of ill-health</li> <li>• satisfy the requirements (as set out in the scheme) for the payment of an ill-health retirement pension</li> <li>• satisfy the medical requirements (as set out in the scheme) for the payment of ill-health enhancement.</li> </ul>	<p>It will be calculated on accrued pensionable service and average pensionable pay at date of leaving.  There will be no actuarial reduction.  There will be an enhancement based on length of accrued service and prospective service.  There is a possibility that the enhancement will be paid as a separate pension rather than be added to the accrued pensionable service to form the basis of one award.</p>
<p><b>Early retirement pension at scheme member's request– see B2</b> <b>(Deferred pension paid with actuarial reduction)</b> The pension payable with actuarial reduction, to a firefighter who leaves the service aged 55 or over but before NPA</p>	<p>The firefighter must –</p> <ul style="list-style-type: none"> <li>• have completed 2 years' qualifying service and be eligible for a deferred pension</li> <li>• have attained age 55 but not NPA</li> </ul>	<p>It will be calculated on accrued pensionable service and average pensionable pay at date of leaving.  There will be an actuarial reduction.</p>
<p><b>Early retirement pension at FRA's request – see B3</b> <b>(Approved Early Retirement)</b> The pension payable without actuarial reduction, to a firefighter who leaves the service at the request of the FRA aged 55 or over but before NPA</p>	<p>The firefighter must –</p> <ul style="list-style-type: none"> <li>• have completed 2 years' qualifying service</li> <li>• have attained age 55 but not NPA</li> <li>• have had employment terminated by the authority on efficiency or management grounds</li> <li>• be someone who does not satisfy ill-health requirements</li> </ul>	<p>It will be calculated on accrued pensionable service and average pensionable pay at date of leaving.  The pension will not be actuarially reduced, <b>BUT</b> the FRA will bear the cost of paying the pension award.</p>

<p><b>Split pension (Step-down) pension – See B7</b> The pension based on pensionable service accrued to the point at which a firefighter has a reduction in pay. Unless the scheme member opts out at this point, he/she will rejoin the scheme immediately and start to accrue a second pension.</p>	<p><b>Split pension</b> The firefighter must –</p> <ul style="list-style-type: none"> <li>• have suffered a reduction in pay resulting from a change in role.</li> <li>• If when the split pension and the second pension are to be paid, it is found that the scheme member would be better off if both periods of service were combined then one pension based on that combined service and current average pensionable pay would be awarded and the split pension would be cancelled.</li> </ul>	<p>The firefighter must –</p> <ul style="list-style-type: none"> <li>• have completed 2 years' qualifying service</li> <li>• have continued in employment without a break in service</li> <li>• not have attained NPA</li> <li>• have had a compulsory or voluntary reduction in rate of pay (i.e. not a reduction resulting from a reduction in hours where hourly rate remains the same)</li> <li>• <i>have elected for a step-down pension rather than any protection offered on average final pay (i.e. the best of the last 3 years' principle). To be considered whether election will be necessary. This could be automatic.</i></li> </ul>
<p><b>Deferred pension – See B5</b> The pension due to a firefighter who leaves the scheme with sufficient service to qualify for a pension (2 years) but who does not satisfy the criteria for any other form of pension.</p>	<p>The firefighter must –</p> <ul style="list-style-type: none"> <li>• have ceased employment or opted out of the scheme</li> <li>• have completed 2 years' qualifying service and be below State pension age</li> <li>• not have attained NPA</li> </ul>	<p>It will be calculated on accrued pensionable service and average pensionable pay at date of leaving or opting out of the scheme. It will be paid at the earliest of</p> <ul style="list-style-type: none"> <li>• age 65 without actuarial reduction</li> <li>• any age without actuarial reduction subject to the firefighter satisfying the (upper-tier?) ill health requirements</li> <li>• at firefighter's request, at or after age 55 and before age 65, with an actuarial reduction</li> </ul>

<p><b>Survivor Pension - see C1</b> Spouse Civil Partner 'Nominated' unmarried Partner The pension paid on the death of a scheme member.</p>	<p>The Scheme member must –</p> <ul style="list-style-type: none"> <li>• have completed 2 years' qualifying service or attained State pension age</li> </ul> <p>In the case of a former scheme member must -</p> <ul style="list-style-type: none"> <li>• have been awarded a deferred pension or be in receipt of a pension from the scheme</li> </ul>	<p><b>Death of Serving Scheme Members</b></p> <ul style="list-style-type: none"> <li>• Providing the scheme member was not precluded from the ill health provisions of the scheme, the pension will be ½ of the level of the higher tier ill health award that would have been awarded had the scheme member been retired on health grounds at the date of death.</li> <li>• If the scheme member was precluded from the ill health provisions, the pension will be ½ of the level of the lower tier ill health award calculated up to the date of death.</li> <li>• If the survivor is 12 or more years younger than the scheme member the pension will be reduced by 2.5% for every year or part year in excess of 12 up to 50%.</li> </ul> <p><b>Death of former Scheme Members and Pensioner Members</b></p> <ul style="list-style-type: none"> <li>• If the pension has still to come into payment, it will be ½ of the pension awarded to the scheme member.</li> <li>• If the pension is in payment and the scheme member did not</li> </ul>
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		<p>commute part of the pension into a lump sum at retirement, it will be ½ of the pension in payment.</p> <ul style="list-style-type: none"> <li>• If the scheme member's pension is in payment and part of it was commuted at the time of retirement, it will be ½ of the remaining pension in payment.</li> </ul>
<p><b>Children's pensions - see C5</b>  Legitimate or illegitimate child  Step child or adopted child; and  other child who was dependent  on (former) scheme member and  either is related to him/her or is  the child of his/her spouse, civil  partner or `nominated`  unmarried partner.</p>	<p>The Scheme member must –</p> <ul style="list-style-type: none"> <li>• have completed 2 years' qualifying service or attained State pension age</li> </ul> <p>In the case of a former scheme member must –</p> <ul style="list-style-type: none"> <li>• have been awarded a deferred pension or be in receipt of a pension from the scheme.</li> </ul>	<p><b>Death of Serving Scheme Members</b></p> <ul style="list-style-type: none"> <li>• Providing the scheme member was not precluded from the ill health provisions of the scheme, the child's pension will be ¼ of the level of the higher tier ill health award that would have been awarded had the scheme member been retired on health grounds at the date of death.</li> <li>• If there is more than one eligible child the maximum payable will be ½ of the notional ill health pension that would have been paid. The amount to be divided equally among the eligible children.</li> <li>• If the scheme member was precluded from the ill health provisions, the pension will be ¼ of the level of the lower tier ill health award calculated up to the date of death.</li> <li>• If the scheme member was precluded from the ill health provisions and there is more than one eligible child, the maximum payable will be ½ of the level of the lower tier ill health award calculated up to the date of death.</li> </ul> <p><b>Death of former Scheme Members and Pensioner Scheme Members</b></p> <ul style="list-style-type: none"> <li>• If the pension has still to come into payment, it will be ¼ of the pension awarded to the scheme member.</li> <li>• If the pension is in payment and the scheme member did not commute part of the pension into a lump sum at retirement, it will be ¼ of the pension in payment.</li> <li>• If the scheme member's pension is in payment and part of it was commuted at the time of retirement, it will be ¼ of the remaining pension in payment.</li> <li>• There will be an overall limit of ½ the pension (post commutation where this occurred) if there are two or more children.</li> </ul>

<b>Pension Sharing on Divorce – see M</b> Pensions payable to Pension Credit members	Pension Credit Members defined by section 124(1) of the Pensions Act 1995.	Entitlement in line with Pension Sharing Order and Government Actuary's Department (GAD) factors.
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**GENERAL PROVISIONS AND RETIREMENT  
PART A**

<p><i>Part A to set out:</i></p> <ul style="list-style-type: none"> <li>• <i>the operative date of the scheme</i></li> <li>• <i>name of the scheme</i></li> <li>• <i>membership of the scheme, including pension credit members and restrictions on health grounds</i></li> <li>• <i>eligibility for pension</i></li> <li>• <i>reckoning of qualifying and pensionable service</i></li> <li>• <i>normal pension age</i></li> <li>• <i>pension contributions</i></li> <li>• <i>effective date of retirement</i></li> <li>• <i>relevant service in the Armed Forces – reservists</i></li> <li>• <i>disablement and death and injury</i></li> <li>• <i>election to opt out of and into the scheme</i></li> </ul>	
<p><b>Citation and commencement</b></p> <p><b>A1</b></p> <p>The scheme will need to be called the Firefighters' Pension Scheme 2006. It will become operative on 6 April 2006 (the operative date of the Finance Act 2004 for changes in the tax regime for pension schemes) and the scheme will be registered in accordance with sections 153 – 155 of the Finance Act 2004.</p> <p><i>Although the FPS Order 1992 scheme will be closed to new members, current members of an equivalent scheme in Scotland, Wales or Northern Ireland transferring to the employment of an English FRA will be able to join the 1992 scheme. See F.</i></p>	
<p><b>Interpretation</b></p> <p><b>A2</b></p> <ul style="list-style-type: none"> <li>• A Glossary of Expressions is set out at Part N.</li> <li>• To explain how periods of time used in the scheme will operate so that there is clarity where anything is to be done within a specified period after or from a specified day or event.</li> </ul>	<p><i>See Rule A2(1) to (4) of the FPS 1992.</i></p>
<p><b>Application of scheme</b></p> <p><b>A3</b></p> <p>Membership of the scheme will be limited to employees of a Fire and Rescue Authority (FRA) whose roles include attendance at fires or who are required to attend other emergencies covered by sections 8 &amp; 9 of the Fire and Rescue Services Act 2004 (it should exclude those other members of staff who are now members of the Local Government Pension Scheme) and to former members of the scheme :</p> <ul style="list-style-type: none"> <li>• Firefighters will be members whatever duty system they are contracted to work, e.g. regular (whole or part-time), retained or volunteer firefighters (may include those who are no longer operational, but are still in the Firefighters' Pension Scheme 1992 and choose to join the new scheme);</li> <li>• pension debit members following a pension sharing order. A pension debit member will be a person whose benefits or future benefits under</li> </ul>	

<p>this Scheme have been reduced under section 31 of the 1999 Act.</p> <ul style="list-style-type: none"> <li>• Dependants in accordance with the Finance Act 2004, schedule 28 – spouses; registered civil partners; unmarried partners who are registered with the employing FRA as “nominated unmarried partners”; children of scheme members, whose dependency meets the requirements of schedule 28, paragraph 15 of the 2004 Act;</li> <li>• Pension credit members, who will be construed in accordance with section 124(1) of the Pensions Act 1995(a).</li> <li>• Spouse will be defined as the person to whom the firefighter is legally married.</li> <li>• Civil partner will be defined as a partner of a firefighter registered under the Civil Partnership Act 2004.</li> <li>• Unmarried partner will be defined as the unmarried partner of a firefighter who together with the firefighter has completed a joint declaration of partnership and registered it with the Scheme Administrator and will be known as a “nominated partner”. At the time of death: <ul style="list-style-type: none"> <li>- the nominated partner must have been living with the firefighter in an exclusive committed long-term relationship (long term in the context would normally mean for at least 2 years'); and</li> <li>- the firefighter and nominated partner must both have been free to marry or enter into a civil partnership; and</li> <li>- either the nominated partner was financially dependent on the firefighter or both partners were financially interdependent.</li> </ul> </li> <li>• Children will be defined in relation to the scheme member, a legitimate or illegitimate child, including any child of the scheme member not born until after the father died whose mother was pregnant before the father died, any child born to a female firefighter who dies during the birth, step-child or adopted child; any other child who was substantially dependent on the member and either is related to or is the child of the scheme member’s spouse, civil partner or nominated partner.</li> </ul> <p><i>See A6 of the FPS 1992 with regard to the reference for volunteer (who may be called auxiliary*) firefighters. These were excluded from the FPS 1992, but may now be given access to the scheme.</i></p> <p><i>* It is understood that the English meaning of `auxiliary` used in the 1992 Scheme relates to those appointed under the old civil defence rules.</i></p>	
<p><b>Application of general rules for Pension Credit Members</b>  <b>A4</b>  The application of provisions for pension credit members is set out at Part M.</p>	<p><i>See Rule IA4 of the FPS 1992 subject to amendment of references to FPS 1992.</i></p>
<p><b>Restriction on application of scheme on health grounds</b>  <b>A5</b>  Full membership of the scheme (i.e. access to both ordinary and ill health pension awards) will be subject to whether the firefighter meets the health requirements for access to ill health provisions which are set out at B4. This will be determined by the FRA on the basis of the advice of a qualified medical practitioner based on the estimated time of the likely</p>	

<p>onset of permanent disablement in relation to the normal pension age (see A9).</p> <p>Where the firefighter is excluded from the provisions of B4 (ill health retirement), he/she will pay a reduced contribution rate as set out in G.</p> <p><i>The provision will need to be consistent with the proposed amendment for the Firefighters' Pension Scheme 1992.</i></p>	
<p><b>Start date as a scheme member</b> <b>A6</b></p> <p>Pensionable service will accrue as set out in Part E.</p>	
<p><b>Pension eligibility</b> <b>A7</b></p> <p>A scheme member (which for the purposes of A7 excludes pension credit member) will qualify for a pension:</p> <ul style="list-style-type: none"> <li>• after accruing 2 years' qualifying service (see E1 for definition of qualifying); or</li> <li>• transferring into the scheme personal pension rights (section 71 of the Pensions Scheme Act 1973) where such transfer qualifies the person for benefits even if the period plus any pensionable service accrued in the scheme is less than 2 pensionable years; or</li> <li>• on attaining state pension age.</li> </ul> <p><i>For someone working part-time (regular or retained firefighters) he/she will qualify for a pension after 2 calendar years (or `qualifying` years) of employment as a member of the scheme – see E1.</i></p> <p><i>See E1 `qualifying service` See E2 `pensionable service`</i></p>	
<p><b>Reckoning of service for purposes of awards</b> <b>A8</b></p> <p>For the purpose of calculating a pension award, pensionable service will be worked out as a number of years with any excess days counting as so many 365ths of a year (to include a leap year). See Appendix 1</p> <p>What constitutes pensionable service is set out in E.</p> <ul style="list-style-type: none"> <li>• Part-time service would be a proportion of whole time service – see Appendix 1 for calculation : <math display="block">\frac{\text{weekly contractual hours}}{\text{weekly whole-time conditioned hours}} \times \text{period of part-time service}</math></li> <li>• For retained firefighters reckonable service would be the aggregate of each year's 'pensionable service' which would be determined as a proportion of whole-time service equal to actual annual (pensionable) pay divided by a reference (whole-time) annual pay. The reference pay would be set based on the annual pay of a full-time firefighter of equivalent role and length of service. See Appendix 1 for calculation.</li> <li>• 40 years service where pension contributions have been paid would buy a pension of 2/3<sup>rds</sup> of final pensionable pay by the normal</li> </ul>	<p><i>See A7(1), (2) &amp; (3) of the FPS 1992.</i></p>

<p>pension age - see G.</p> <ul style="list-style-type: none"> <li>• if a scheme member is able to reckon 40 years before the normal pension age and continues to work as a firefighter and remains in the scheme he/she will be able to accrue that additional service to count towards the final pension. A scheme member will not be able to buy additional service under G to increase service to over 40 years by the normal pension age. Nor will a scheme member be able to transfer-in service under F so that transferred in service + prospective service and any service already accrued in the scheme would exceed 40 years by the normal pension age.</li> <li>• The scheme member's pension benefits will be subject to the provisions of the Finance Act 2004 in that where the overall value of the benefits exceeds the Lifetime Allowance (£1.5m at A-Day) on the occasion of the Benefit Crystallisation Event there will be a tax charge on the excess.</li> </ul> <p><i>For the assessment of pensionable service for retained firefighters we propose to follow the Universities Superannuation Scheme (USS) for variable time employment. There was a challenge in regard to equal treatment in the USS. The scheme won the case but amended its provisions in line with the current proposal.</i></p>	
<p><b>Normal Pension Age</b> <b>A9</b></p> <p>The normal pension age for the scheme will be age 60.</p> <p><i>This may need to include the pension age for pension credit members and the deferred pension age?</i></p>	
<p><b>Pension contributions for purposes of awards</b> <b>A10</b></p> <p>Scheme members will be required to make pension contributions as set out in G2.</p>	
<p><b>Effective date of retirement</b> <b>A11</b></p> <p>For purposes of the scheme, a member shall be taken to retire (if leaving at the normal pension age) immediately after his last day of service.</p> <p>If a scheme member leaves the scheme for reasons other than retirement at the normal pension age his/her last day of service for scheme purposes will be the last day upon which pension contributions are paid.</p> <p><i>The current FPS 1992 uses `retire` to mean leaving the scheme. For the new scheme there should be a separation between `retire` and resignation or opting out. Perhaps the expression "retire" should be avoided and the scheme refer to "last day of membership", "last day of service" and "with immediate entitlement to benefits" or "without immediate entitlement to benefits".</i></p>	
<p><b>Relevant service in the Armed Forces - Reservists</b> <b>A12</b></p> <p>Any reference to relevant service relates to scheme members who are also members of the volunteer reserve forces, and comprises periods of military service and short periods of training. The volunteer reserve forces are</p>	

<p>currently:</p> <ul style="list-style-type: none"> <li>• The Royal Naval Reserve</li> <li>• The Royal Marines Reserve</li> <li>• The Territorial Army</li> <li>• The reserve Air Forces (the RAF Reserve and the Royal Auxiliary Air Force).</li> </ul> <p>It will be necessary to quote the references to relevant service in the armed forces. (See A12 of the FPS 1992) These are:</p> <ul style="list-style-type: none"> <li>(a) service specified in Schedule 1 to the Reserve and Auxiliary Forces (Protection of Civil Interests) Act 1951(a) (“the 1951 Act”), other than service specified in paragraph 5(b) of that Schedule,</li> <li>(b) part-time service under the National Service Act 1948(b), otherwise than pursuant to a training notice under that Act, and</li> <li>(c) service for the purposes of training only performed by a person mentioned in paragraph 7 of Schedule 1 to the 1951 Act for a period shorter than 7 days.</li> </ul>	
<p><b>Disablement</b> <b>A13</b></p> <p>The meaning of disablement.</p> <ul style="list-style-type: none"> <li>• References in this Scheme to a person being permanently disabled are references to his/her being disabled at the time when the question arises for decision and to his/her disablement being likely to be permanent.</li> <li>• Disablement means incapacity, occasioned by infirmity of mind or body, for the performance of duty of role, except that in relation to a child it means incapacity, so occasioned, to earn a living.</li> <li>• In respect of A5 disablement would mean whether at the time of employment a medical condition has been identified as likely to lead to ill health retirement before normal pension age.</li> </ul> <p><i>‘Permanent’ should have the meaning at A10(A) of the FPS 1992. See also Glossary of Expressions at Part N of this draft.</i></p> <p><i>The terms of payment for children are in the Finance Act 2004 Schedule 28, 15(2). For payment of disability grounds beyond age 23 the child must have been dependent on the firefighter at the date of the firefighter’s death. There should be a system of review as for firefighter’s ill health awards.</i></p>	<p><i>See Rule A10 (1), (2) and (4) of the FPS 1992</i></p>
<p><b>Election to opt out of the scheme</b> <b>A14</b></p> <p>A scheme member may at any time, by giving written notice to the FRA, elect not to pay pension contributions and opt out of the scheme. The option to take effect from the start of the next pay period after he/she gives written notice.</p> <p>Where the scheme member has accrued at least 2 years’ qualifying service he/she would be entitled to a deferred award. The FRA would decide whether an award should be made (e.g. they may decide that the firefighter is eligible for a pension but that it should be forfeited).</p> <p>Where the scheme member under the state pensionable age leaves the scheme with at least 3 months but less than 2 years qualifying service so</p>	<p><i>See G3 of the FPS 1992.</i></p>

<p>that he/she does not qualify for a deferred award he/she should be given the option of a transfer value in respect of the service accrued or the option of a refund of contributions subject to:</p> <ul style="list-style-type: none"> <li>• the requirements of the Finance Act 2004, section 166(1)(c) and tax chargeable under section 205;</li> <li>• deductions in respect of any contributions equivalent premium paid in respect of the member as is permitted by or under section 61 of the Pension Schemes Act 1993;</li> </ul> <p>Where a scheme member opts out within 3 months of first joining the scheme:</p> <ul style="list-style-type: none"> <li>• the person would be treated as never have joined the scheme, and would receive a return of contributions (and adjustment of tax and NI) through the payroll.</li> </ul> <p>Once a scheme member's election to opt out has taken effect he/she will no longer be subject to the provisions of the pension scheme except where he/she may have qualified for deferred benefits.</p> <p><i>Under new tax regime refunds permitted where it is for short service (s.166(1)(c).</i></p>	
<p><b>Election to rejoin the scheme</b> <b>A15</b></p> <p>A former scheme member who has opted out of the scheme may ask in writing to join or rejoin the scheme providing the person has less than 40 years' pensionable service in the scheme already and will be subject to the requirements at A5.</p> <p>If the person does not satisfy the FRA regarding health, he/she may still be able to rejoin the scheme, but may be excluded from the ill health retirement provisions as at A5.</p> <p>Where the person opted out of the scheme and before doing so was excluded from the ill health provisions of the scheme under A5, he/she may rejoin only on the basis that he/she is ineligible to receive ill health retirement benefits.</p> <p>Contributions will start on the first date after the notice is received on which an instalment of pay falls due.</p>	<p><i>See G3 (5), (6) (7) (8) under the FPS 1992 Order.</i></p>
<p><b><i>Application to temporary employment connected with fire and rescue service</i></b> <i>See A4 of the FPS 1992.</i> <i>Not required for the new scheme as it is usual for staff to be seconded by Fire and Rescue Authorities to the College (on a re-payment basis) which enables the secondee to continue to maintain pension with his/her employing FRA.. Before retirement the individual goes back to his/her employer and that Authority pays the pension.</i></p>	
<p><b><i>Application to permanent employment as an instructor</i></b> <i>See A5 of the FPS 1992. Not required for the new scheme as those transferring would be on secondment or would be employed as civil servants by the Fire Service College and therefore move onto the terms and conditions of the civil service and join the PCSPS.</i></p>	
<p><b><i>Qualifying Injury</i></b> <i>To be set out in the Firefighters' Compensation Scheme. Where a scheme member suffers a qualifying injury as defined under the Firefighters' Compensation Scheme, he/she may</i></p>	<p><i>See FPS 1992 A9.</i></p>

<p><i>be entitled to pension benefits under B4 (ill health pension) unless excluded under A5 from the ill health provisions. Benefits may also be payable under the Firefighters' Compensation Scheme.</i></p>	
<p><b><i>Death or infirmity resulting from injury</i></b>  <i>To be set out in the Firefighter's Compensation Scheme. Where a scheme member's death results from a qualifying injury, benefits may also be payable under this scheme and may include the payment of a Death Grant under D and Survivors' benefits under C.</i></p>	<p><i>See A11 of the FPS 1992,</i></p>

**PERSONAL AWARDS  
PART B**

<p><i>Part B to set out:</i></p> <ul style="list-style-type: none"> <li>• <i>types of pension awards – ordinary, ill health and deferred</i></li> <li>• <i>payment of awards before normal pension age – actuarially reduced and approved early retirement</i></li> <li>• <i>awarding of deferred and split pension awards</i></li> <li>• <i>cancellation of deferred and split pension awards</i></li> <li>• <i>repayment of aggregate pension contributions</i></li> <li>• <i>optional commutation of pension award</i></li> <li>• <i>commutation of small pensions</i></li> <li>• <i>allocation</i></li> <li>• <i>pensions for debit members</i></li> <li>• <i>deductions for tax purposes</i></li> </ul>	
<p><b>Ordinary retirement</b>  <b>B1</b>  A scheme member who retires at or after normal pension age will become entitled to a pension based on pensionable service (see E) and average pensionable pay (see G1) providing he/she has qualified for an award under A7 (i.e. 2 qualifying years of service).  A scheme member who has reached state pension age at the date of retirement but has less than 2 years qualifying service (see E1) would be eligible for an ordinary pension award regardless of the length of service—see A7.  If a scheme member is entitled to two pensions under the scheme (e.g. from employment as a regular <u>and</u> a retained firefighter) both would be payable as separate pensions (they will not be aggregated). (<i>But see B7 regarding split pension where 2 pensions may be aggregated</i>).   Pension awards will be calculated as follows:  <u>Pensionable service x average pensionable pay</u>  60  See Appendix 2 for examples.</p>	<p><i>See B1 FPS 1992</i></p>
<p><b>Payment of pension before the normal pension age at firefighters' request</b>  <b>B2</b>  Leaving the scheme before the normal pension age and receiving an actuarially reduced pension will be known as `voluntary early retirement`. Where a firefighter aged 55 or over has qualified for a pension award under A7, he/she may on resignation from the Service request payment of his/her</p>	

<p>award before age 65, the age at which the deferred pension would be payable under B5.</p> <p>A scheme member aged 55 or over who has qualified for a pension under A7 may also opt out of the scheme and may subsequently request early payment of his/her deferred award before age 65.</p> <p>Benefits would be paid at an actuarially reduced rate (which will take account of how much earlier than age 65 (the deferred pension age) the benefits were being paid.</p> <p>The actuarially reduced rate of pension will not be less than the rate of any guaranteed minimum pension payable from the state retirement age under section 14 of the Pensions Scheme Act 1993. See J2.</p> <p>The basis for the award would be calculated as under B1. The resulting pension would then be subject to the actuarial factor (supplied by the Government Actuary) reducing the pension (this is likely to be about 5% for each year before age 65 the pension is paid). Any commutation of pension for a lump sum would occur after the actuarial reduction of the pension.</p> <p><i>Possibly this should be incorporated with B3, B5 and B6. Abatement may apply if someone in receipt of an actuarially reduced pension was re-employed. The reference to GMP may still be required.</i></p> <p><i>It seems that to comply with preservation requirements a member leaving active service before the normal pension age should not be permitted to take `long service` pension from that age. In effect to qualify for immediate pension on leaving service before the normal pension age a member must first leave service and then apply for an early retirement pension as a deferred pensioner.</i></p>	
<p><b>Payment of pension before normal pension age at employer's request – approved early retirement</b></p> <p><b>B3</b></p> <p>Leaving the scheme before the normal pension age and receiving a pension at the employer's discretion will be known as `approved early retirement`.</p> <p>The FRA may determine that in the interests of the management of the service, a scheme member who has qualified for a pension award should be retired early either at or after age 55 but before the normal pension age.</p> <p>The authority will meet the cost of paying the pension early.</p> <p>The provision should provide the FRA with sufficient flexibility to cover matters such as the efficiency of the service, structural reasons, etc.</p>	
<p><b>Ill Health award</b></p> <p><b>B4</b></p> <p>Leaving the scheme for ill health reasons will be known as ill health retirement.</p> <p>Where a scheme member is permanently unfit under H1 to continue in employment and has qualified for a pension under A7 and is not excluded from the ill health provisions under A5, the FRA would need to consider payment of the following awards:</p> <ul style="list-style-type: none"> <li>• a lower tier pension calculated in accordance with B1 without any enhancement of service, awarded where the scheme member is able to undertake other regular employment, or</li> <li>• a higher tier pension with an enhancement if the scheme member is</li> </ul>	<p><i>See B3 FPS 1992</i></p>

<p>unable to undertake other regular employment. This would be a higher tier ill health award and would be based on service already accrued in the scheme plus an enhancement*. See Appendix 3 for examples. To receive an enhancement the scheme member must also have been in the scheme 5 qualifying years, or</p> <ul style="list-style-type: none"> <li>• where the firefighter has more than 2 years' qualifying service but less than 5 years' the ill health pension would be based on the pensionable service accrued in the scheme and calculated as at B1.</li> </ul> <p>*Calculation of enhancement: Service already accrued in the scheme + ((2% x Service) x (Prospective Service)).</p> <p>The payment of ill health benefits would be subject to review under K.</p> <p>Where the scheme member is permanently unfit under H1 to continue in employment but does not have access to the ill health provisions under A5 the calculation of the award would be in accordance with B5 i.e. he/she would be awarded a deferred pension payable at age 65.</p> <p>Where a firefighter has not qualified for a pension under A7 (i.e. has less than 2 years service and is not yet at state retirement age) and a refund of pension contributions would be made in accordance with B9. <i>If the permanent disability results from a qualifying injury benefits may be payable under the Firefighters' Compensation Scheme.</i></p> <p><i>HM Revenue and Customs to advise whether a higher tier award should be 2 pensions or a combined pension. This is to enable the enhancement to be removed if the person's health improves.</i></p>	
<p><b>Deferred pension</b> <b>B5</b></p> <p>A scheme member who satisfies the requirements of A7 will on</p> <ul style="list-style-type: none"> <li>• voluntary resignation from the service before the normal pension age; or</li> <li>• electing to opt out of the scheme - see A14 - and not pay contributions before the normal pension age;</li> </ul> <p>become entitled to a deferred pension payable from age 65 except in the case of B2 where the scheme member may request early payment on the basis of actuarial reduction.</p> <p>Where a former scheme member with a deferred award who while an active member of the scheme satisfied the requirements of A5 (i.e. had full access to the ill health provisions), suffers a breakdown in health unrelated to his/her employment as a firefighter so that he/she is unable to undertake regular employment (similar to the criteria used to assess whether a scheme member qualifies for a higher tier ill health pension under B4), he/she may request early payment of the deferred award before age 65.</p> <p>The FRA may pay the deferred award from the date of disablement or from the date of the former firefighter's request if the date of disablement cannot</p>	<p><i>See Rule B5 of the FPS 1992 and amendment Order 2004.</i></p>

<p>be identified</p> <p>A former scheme member who was excluded from the ill health provisions under A5 up to the date of leaving will not be able to request early payment of pension on the grounds of a breakdown in health even if this is work related and is accepted as a qualifying injury under the Firefighters' Compensation Scheme.</p> <p>Where a deferred award has been paid early on the basis of a qualifying injury or a breakdown in health the payment of the award will be subject to review under proposed K.</p> <p>Where a former scheme member has been given a deferred pension award, he/she may on reaching age 55 ask the FRA for it to be paid early on the basis of actuarial reduction in accordance with B2. Agreement to early payment would be subject to whether the balance of the pension that would come into payment was equal to or exceeded any Guaranteed Minimum Pension – see J.</p> <p><i>Possibly this should be incorporated with B2, B3 and B6. Provision needs to be consistent with the FPS 1992.</i></p>	
<p><b>Cancellation of Deferred Award</b> <b>B6</b></p> <p>If a former scheme member with a deferred pension under this scheme, which has not come into payment, is re-employed in a role which would enable him/her to rejoin the scheme, and does so within 6 months of leaving, the deferred award will be cancelled and the pensionable service used in that cancelled award would be added to the his/her current pensionable service under F.</p>	
<p><b>Split Pension</b> <b>B7</b></p> <p>A scheme member who satisfies the requirements of A7 will on changing roles so that there is a reduction in pensionable pay before normal pension age become entitled to a split pension. Where a split pension is awarded the last day of service for the calculation of the award will be the last day on the higher pay rate. The calculation of the award would be in accordance with B1.</p> <p>Unless the scheme member opts out immediately after the awarding of the split pension, a second pension will start to accrue from the next day. Both awards will become payable when pension is paid under B1, B2, B3 or B4.</p>	
<p><b>Cancellation of Split award</b> <b>B8</b></p> <p>Where a split pension under B7 was awarded because the scheme member changed roles resulting in a reduction in pensionable pay before normal pension age and service after that change then counted towards a separate award, when the scheme member leaves the scheme (i.e. takes ordinary or</p>	<p><i>See B5 FPS 1992.</i></p>

<p>early retirement or opts out or resigns) under B1, B2, B3, B4 or B5 the scheme member be able to take either:</p> <ul style="list-style-type: none"> <li>• the two separate awards; or</li> <li>• one award based on total pensionable service and final average pensionable pay.</li> </ul> <p>For the scheme member to decide which option to take the FRA will provide the scheme member with details of the awards.</p> <p>Where a scheme member moves to another FRA and rejoins the pension scheme within 6 months in order to change roles, which involves a reduction in pensionable pay, he/she will be subject to B7. The split award would not be cancelled under B8. On becoming eligible for an award under B1, B2, B3, B4 or B5 the scheme member would have the choice of taking either one award based on total pensionable service and final average pensionable pay or two separate awards.</p> <p><i>FRA's would have to provide details of the amount of pensions increases that may have accrued on the split award for the scheme member to make his/her decision.</i></p>	
<p><b>Repayment of aggregate pension contributions</b> <b>B9</b></p> <p>The terms of eligibility for a repayment of pension contributions (see also A14) would be when:</p> <ul style="list-style-type: none"> <li>• The scheme member leaves the service before becoming entitled to any other form of retirement benefit see A7. In which case, the scheme member would receive the aggregate of the pension contributions he/she had paid but subject to the requirements of the Finance Act 2004, section s 205. Or</li> <li>• remains in the fire service but opts out of the scheme after accruing less than 3 months service. In which case, a return of contributions would be made through the payroll – see A14.</li> </ul>	<p><i>See A8 &amp; B6 FPS 1992</i></p>
<p><b>Commutation</b> <b>B10</b></p> <p>The scheme member retiring at or after the normal pension age (B1) or retiring on ill health grounds (B4), or at the time early retirement (B2) or approved early retirement (B3) or deferred (B5) or split (B7) awards are to come into payment would be able to commute up to a maximum ¼ of the pension receiving £12 for every £1 of pension.</p> <p><i>This commutation would satisfy para 1-3 of schedule 29 of the Finance Act 200. It would not exceed the permitted maximum.</i></p>	<p><i>See B7 FPS 1992</i></p>
<p><b>Commutation of small pensions</b> <b>B11</b></p> <p>Where any pension payable under B to a scheme member is less than 1% of the standard life time allowance the FRA may (in accordance with Finance Act 2004) commute the pension for a gratuity.</p> <p>Commutation will have to be during a single period of 12 months, selected</p>	

<p>by the member, starting no earlier than his/her 60<sup>th</sup> birthday and before his/her 75<sup>th</sup> birthday. The commutation will extinguish all rights in the scheme.</p> <p>For this purpose, where the person is entitled to more than one pension, the pensions shall be treated as one for the purposes of this rule.</p> <p>The FRA may pay the person entitled to the pension a lump sum of such an amount as represents the capital value of the pension if –</p> <ul style="list-style-type: none"> <li>(a) the person consents, and</li> <li>(b) in a case where that person is a member and the pension is one, which may not be less than his/her guaranteed minimum, he/she has reached state pension age. and</li> <li>(c) The person commutes all pension rights under all registered schemes within 12 months of the first scheme commutation. This is because where the person is entitled to more than one pension those pensions may only be commuted if they do not in aggregate exceed the amount that is permitted to be commuted.</li> </ul> <p>The payment of a lump sum would discharge all liabilities.</p>	
<p><b>Allocation</b></p> <p><b>B12</b></p> <p>Subject to further advice from HM Revenue and Customs - <i>See Finance Act 2005.</i></p> <p>A scheme member receiving an ordinary, ill health or deferred pension under B can allocate a part of that pension to a beneficiary. That is his/her spouse, civil partner or nominated partner or some other person who the FRA are satisfied is substantially dependent on him/her.</p> <p>The person allocating must satisfy the FRA of his/her good health and that he/she has a normal life expectancy.</p> <p>Where the beneficiary of the allocated pension dies before the person who made the allocation, the allocated portion of the pension will no longer be deducted from the pension in payment, but there would be no repayment of deductions already made. A person who has allocated a portion of an ordinary pension may allocate a further portion of it—</p> <ul style="list-style-type: none"> <li>(a) in favour of the same beneficiary, or</li> <li>(b) if that beneficiary has died, in favour of some other beneficiary.</li> </ul> <p>A person who—</p> <ul style="list-style-type: none"> <li>(a) has allocated a portion of any pension to which this rule applies, and</li> <li>(b) proposes to marry or re-marry, form another civil registered partnership or form another nominated unmarried partnership, and</li> <li>(c) has not attained the age of 70,</li> </ul> <p>may allocate a further portion of the pension in favour of his spouse, civil partner or nominated partner.</p> <p>No more than one third of a pension may be allocated under this rule.</p> <p>In order to allocate a portion of a pension a person must give the FRA written notice of allocation specifying—</p> <ul style="list-style-type: none"> <li>(a) the portion, and</li> <li>(b) the beneficiary.</li> </ul> <p>A person's notice of allocation, which may be sent by post, must be</p>	<p><i>See B9 of the FPS 1992.</i></p>

<p>given—</p> <p>(a) if he/she has not retired but is entitled to retire with an ordinary pension, before his/her intended retirement,</p> <p>(b) if he/she is in receipt of a pension and has not attained the age of 70 and proposes to marry or re-marry, register or re-register a civil partnership or nominate or re-nominate an unmarried partner and the beneficiary is his/her spouse, civil partner or nominated partner, before but not earlier than 2 months before his intended marriage, civil partnership or nomination,</p> <p>(c) if the pension is a deferred pension, before but not earlier than 2 months before the pension comes into payment, or</p> <p>(d) in any other case, before but not earlier than 2 months before his intended retirement.</p> <p>Where a person has complied with paragraphs above the FRA shall forthwith notify him/her in writing that they have accepted the notice of allocation.</p> <p>Where the notice of allocation has been accepted the notice takes effect as from the earlier of—</p> <p>(a) the date on which the authority's notification was received, and</p> <p>(b) the date of the person's retirement.</p> <p>Where the notice of allocation has been accepted, the notice—</p> <p>(a) takes effect only if the relevant event occurs within 2 months of its being given, and</p> <p>(b) if it takes effect, does so as from the date of the relevant event.</p> <p>Where the person in receipt of the pension has not attained age 70 and proposes to marry, re-marry, register or re-register a civil partnership or nominate or re-nominate an unmarried partner the relevant event is the marriage, civil partnership or nomination.</p> <p>Where the pension is deferred before coming into payment it is the coming into payment of the pension. In other cases it is before but not earlier than 2 months before the intended retirement applies.</p> <p>Where a notice of allocation has taken effect and the pension to which it relates has become payable, the FRA shall, as from the pensioner's death, pay the beneficiary a pension which is the actuarial equivalent of the allocated portion.</p> <p>The actuarial equivalent shall be calculated from tables prepared by the Government Actuary and in force at the time when the notice took effect, which shall—</p> <p>(a) take account of the ages of the pensioner and the beneficiary at that time, and</p> <p>(b) make different provision according to when the notice took effect, and separate calculations shall be made in respect of separate allocations.</p> <p>For these purposes no account shall be taken of any increase under I 2 or I 4 in an award to a serviceman/woman.</p> <p><i>Subject to amendment - see Finance Acts 2004 and 2005.</i></p>	
<p><b>Limitation of allocated portion of pension</b></p> <p><b>B13</b></p> <p>Subject to amendment because of the new tax regime.</p> <p>In accordance with the Finance Act 2004, where a scheme member</p>	<p><i>See B10 of the FPS 1992.</i></p>

<p>allocates under rule B9 the allocated pension must not exceed the pension retained by the member and the value of the allocated pension rights will count towards the Lifetime Allowance of the member making the allocation.</p>	
<p><b>Pension Debit Members</b> <b>B14</b></p> <p>A pension debit member is a person whose benefits or future benefits under the scheme have been reduced under section 31 of the Welfare Reform and Pensions Act 1999</p> <p>Where a pension debit member, whose benefits have been made subject to a pension sharing order the amount of or percentage of pension rights quoted in the pension sharing order must be deducted from the capital value of the scheme member's benefits as at the date of the order. The deduction will affect normal pension awards, ill-health awards and deferred awards and survivor benefits.</p> <p>It will be the benefits as reduced which must be taken into account for commutation of pension (if voluntary commutation is agreed), commutation of small pensions, allocation and the limits on commutation or allocation.</p>	<p><i>See B12 of the FPS 1992</i></p>
<p><b>Deduction of tax from certain awards</b> <b>B15</b></p> <p>The FRA may deduct from any payment an amount which is chargeable to tax. This may include tax on refunds of pension contributions and amounts where an individual's "personal lifetime allowance" exceeds the statutory lifetime allowance and where no primary or enhanced protection has been agreed – see the Finance Act 2004.</p> <p><i>Currently the pension credit member (ex-spouse) can disregard the pension credit to purchase additional benefits in his/her own occupational pension scheme, but if the pension debit member (the firefighter) wishes to purchase additional benefits from the FPS the value of the pension debit must be taken into account. This thwarts the firefighter who wants to pay to make up for the pension loss. It seems this position may be reversed under the new tax regime.</i></p> <p><i>Relevant provisions may need to be included in Part L?</i></p>	<p><i>See B11 of the FPS 1992</i></p>
<p><b>Injury Award</b></p> <p><i>See B4 FPS 1992. Reference to be contained in the Firefighters' Compensation Scheme.</i></p>	

**SURVIVOR PENSIONS**  
**SPOUSES, CIVIL PARTNERS AND UNMARRIED PARTNERS**  
**PART C (1)**

*Part C to set out:*

- *survivor pensions – spouses, civil partners, `nominated` unmarried partners*
- *actuarial reductions in survivor pensions*
- *short-term increase in survivor pensions*
- *pension debit members*

## Survivor Pensions

### C1

A survivor's pension will be paid to:

- Spouse (widow/widower)
- Civil partner, i.e. partner registered under the Civil Partnership Act 2004
- nominated partner (who satisfies pension rule 3 in s.165(1) and paragraphs 15 and 16 of Schedule 28 of the Finance Act 2004) and
  - The unmarried partner of a scheme member who together with the scheme member has completed a joint declaration of partnership and registered it with the Scheme Administrator.
  - At the time of death, the unmarried partner must have been living with the scheme member in an exclusive committed long-term relationship (long term in the context would normally mean for at least 2 years'); and
  - the scheme member and nominated partner must both have been free to marry or enter into a civil partnership; and
  - either the nominated partner was financially dependent on the scheme member or both partners were financially interdependent.

of a serving or retired scheme member in the event of his/her death.

A survivor's pension would be paid where:

- A serving scheme member had qualified for a pension under A9;
- A former scheme member retired with a pension under B1 or B2 or B3;
- A former scheme member had retired with an ill health pension under B4; or
- A former scheme member dies (this to include an optant out of the scheme under A18), who has been awarded a deferred pension, which has not yet come into payment.
- A former scheme member dies while in receipt of a deferred pension.

The pension payable would be:

- For a serving scheme member - half of the scheme member's pension if he/she had been ill health retired under B4 on the higher tier **except** that if the scheme member had been precluded from the ill health provisions of the scheme under A5 it would be worth half of the ill health pension that would have been payable on the lower tier as set out at B4.
- For former scheme members - it would be half of the Scheme member's pension. If a commuted lump sum was paid at the time of retirement to the scheme member the pension would be half of the remaining pension after commutation.
- Where a former scheme member under B2 took an actuarially reduced pension the amount of the survivor's pension would be either:

- a) half of the scheme member's pension before the actuarial reduction has been applied; (e.g. scheme member's pension = £10,000 which on actuarial reduction is £8,500, the survivor pension would be £5,000 i.e. ½ of the £10,000) or
- b) where the scheme member commuted part of the actuarially reduced pension, ½ of the pension before actuarial reduction has been applied and after notional commutation has also been applied (e.g. scheme member's pension before actuarial reduction = £10,000 which on actuarial reduction of one-quarter leaves a pension of £8,500. He/she then commutes another quarter for a lump sum. The survivor pension would be £3,750 i.e. ½ of £7,500 ( £10,000 with a notional commutation of a quarter).

Where the scheme member or former member has been the subject of a pension sharing Order, C5 will apply.

A pension paid to an eligible survivor will be paid for life unless the rules of forfeiture were subsequently found to apply (e.g. the death of the scheme member resulted from criminal action by the survivor).

It will not be necessary to make a distinction between pre and post retirement marriages/partnerships. The amount payable under the scheme in both circumstances would be the same (as all will be post 1978).

In the case of spouses or civil partners, the retired member should be required to notify the scheme administrator of any marriage or civil partnership or change in circumstances post retirement in order to establish the eligibility of the spouse or civil partner.

In the case of nominated partner, the requirement for serving members to nominate their partnership with scheme administrators, should be extended to retired members, who should also notify any other changes in circumstances post retirement in order to establish eligibility of any post retirement unmarried partner.

Survivor pensions will not be withheld or restricted even if the spouse/partner is estranged. Entitlement to a survivor pension would cease in the case of:

- marriage, at the date of decree absolute;
- civil partnership, at the date of dissolution of partnership;
- nominated partner, at the date a revocation of the nomination is made.

*To be authorised under the Finance Act 2004 section 164(a) and satisfy pension rules 3 in section 165(10), the provisions of the scheme must satisfy the pension death benefit rules at paragraphs 15 and 16 of schedule 28.*

### **Actuarial reductions in survivor pensions**

#### **C2**

Where a pension is payable under C1 to a person who is more than 12 years younger than the deceased, the pension will be subject to a reduction of 2.5% for every year or part year above 12 years that the survivor is

<p>younger than the deceased scheme member, up to a maximum of 50%. That amount is the lesser of–</p> <p>(a) 50% of the pension as calculated under B1, B2, B3, B4, and B5 or</p> <p>(b) the pension so calculated x 2.5% x N,</p> <p>where N is the number of whole years or part years in excess of 12 by which the beneficiary is younger than the member.</p> <p><i>See the Principal Civil Service Pension Scheme 2002, rule E7(1). See E7(2) for the formula for reducing the pension.</i></p>	
<p><b>Short-term increase in survivor pensions</b></p> <p><b>C3</b></p> <p>Where a survivor pension is payable under C1 this can be supplemented as follows:</p> <ul style="list-style-type: none"> <li>• in respect of a serving member to the level of the scheme member’s pensionable pay for the first 13 weeks following death; or</li> <li>• in respect of a retired member to the level of the retired scheme member’s pension for the first 13 weeks following the death.</li> </ul> <p>It would not be payable in the case of an optant-out or in respect of someone with a deferred pension entitlement that had not yet come into payment.</p> <p>Where no survivor pension is payable but there is an eligible child who will be entitled to a pension the increase of 13 weeks may be transferred to that child (or children).</p>	
<p><b>Pension debit members</b></p> <p><b>C4</b></p> <p>Where a pension debit member dies and a survivor pension is payable under C1 the amount payable will take account of the reduction in pension benefits set out in the pension sharing order issued by a court on divorce or annulment of marriage or any similar pension sharing order in respect of dissolution of a civil partnership.</p>	<p><i>See Order no. 3691 rule C10.</i></p>
<p><b><i>Commutation of small pension</i></b></p> <p><i>See E5, E6 and E7 of the FPS Order 1992.</i></p> <p><i>May not be possible in view of new tax regime:</i></p> <ul style="list-style-type: none"> <li>• <i>the benefit must be less than 1% x life time allowance and</i></li> <li>• <i>the member was less than age 75 at death.</i></li> </ul> <p><i>The application of the limit over all pension entitlements is likely to restrict the circumstances where commutation triviality grounds can be achieved compared to the current rules.</i></p> <p><i>See also Part L where the payment of ‘small’ pensions could be paid at longer intervals than one month (e.g. 6 monthly?).</i></p>	
<p><b><i>Survivor’s special award</i></b></p> <p><i>Where the scheme member dies from the effects of a qualifying injury or infirmity of mind or body occasioned by a qualifying injury, the surviving spouse, civil partner or nominated partner may be entitled to additional benefits under the Firefighters’ Compensation Scheme.</i></p>	

<b>CHILDREN'S PENSIONS PART C (2)</b>	
<p><i>To set out:</i></p> <ul style="list-style-type: none"> <li>• <i>eligibility and payment of a child's pension</i></li> <li>• <i>child's pension in respect of debit member</i></li> </ul>	
<p><b>Child's pension</b> <b>C5</b></p> <p>A pension will be paid to an eligible child of</p> <ul style="list-style-type: none"> <li>• a scheme member who has qualified for a pension under A10 and who dies in service, unless he/she had opted out of the scheme without qualifying for a deferred award; or to</li> <li>• the child of a former scheme member now receiving a pension; or to</li> <li>• the child of a former scheme member who has resigned and has been awarded a deferred pension not yet in payment.</li> </ul> <p>The calculation of such awards would be as follows:</p> <ol style="list-style-type: none"> <li>(i) where the scheme member dies in service the child's pension would be worth up to ¼ of the notional ill health pension that would have been awarded under B4 under the higher tier.</li> <li>(ii) Where there is more than one eligible child the maximum children's pension will be ½ the notional higher tier ill health retirement pension where the scheme member dies in service so that the percentage amount is shared between the children.</li> <li>(iii) Where a former member dies the child's pension will be ¼ of the scheme member's pension – this may be a deferred pension or may already have come into payment - (if commutation has taken place it will be ¼ of the post commutation pension).</li> <li>(iv) Where an actuarially reduced pension is in payment, it will be ¼ of the pre-actuarially reduced pension, but if part of that pension was commuted, it will be ¼ of the post commuted pension. <i>(e.g. scheme member's pension before actuarial reduction = £10,000 which on actuarial reduction of one-quarter leaves a pension of £8,500. He/she then commutes quarter for a lump sum. The child's pension would be £1,875 i.e. ¼ of £7,500 (£10,000 with a notional commutation of a quarter).</i></li> <li>(v) Where there is more than one eligible child the maximum pension will be ½ of the former scheme member's pension (after commutation if this has taken place) so that the percentage amount is shared between the children.</li> </ol> <p>Where a pension sharing Order has been made the provisions of C7 would apply i.e. the amount deducted from the scheme member's pension will be ignored for the calculation of the child's pension.</p> <p>If there is no survivor's pension payable under C1 the percentage payable to a single child would be increased.</p> <p>An eligible child is the legitimate or illegitimate child including any child born after the death of the father and whose mother was pregnant with that</p>	

<p>child at the date of death, step-child or adopted child of a member of the scheme; or any other child who was substantially dependant on the member and either related to the member or the child of his/her spouse, civil partner or nominated unmarried partner. See A3.</p> <p><i>Need to take account of the pension death benefit rules at paras 15 &amp; 16 of Schedule 28 of the Finance Act 2004. A child will include: an illegitimate child, adopted child and a step-child of the member.</i></p>	
<p><b>Child's pension limitations</b> <b>C6</b></p> <p>A child's pension will only be payable if the child is below age 19 (<i>and substantially dependent</i>) on the scheme member or former scheme member at the date of death unless:</p> <ul style="list-style-type: none"> <li>• the child is in full-time education or on a course of at least one year's duration, in which case the pension is payable whilst full-time education continues but not beyond the child's 23<sup>rd</sup> birthday; or</li> <li>• the child is dependent by reason of permanent disability at the date of death of the scheme member, in which case the pension is payable for life. A child who becomes permanently disabled whilst in receipt of a pension cannot then be paid a pension for life.</li> </ul> <p>No pension is payable to any child who is in receipt of remuneration from training or employment in excess of £2,291 <i>per annum</i>. If the child is in receipt of remuneration from training or employment which is less than £2,291 <i>per annum</i>, the child's pension is reduced so that the reduced pension, plus the remuneration, does not exceed £2,291 <i>per annum</i>.</p> <p><i>Payment of children's pensions should be in line with the Finance Acts 2004 and 2005. See also proposals for Police Pension Scheme.</i></p>	<p><i>See D5 of the FPS 1992.</i></p>
<p><b>Child's award in respect of pension debit member</b> <b>C7</b></p> <p>Where a pension debit member dies and a child's pension is payable any pension sharing order issued by a court on divorce or annulment of marriage or dissolution of a civil partnership will be disregarded for the purposes of assessing a child's pension.</p>	<p><i>See D6 of the FPS (2001 Order No. 3691)</i></p>
<p><b>Child's special award</b></p> <p><i>Where the firefighter dies from the effects of a qualifying injury or infirmity of mind or body occasioned by a qualifying injury, an award will be payable under the proposed Firefighters' Compensation Scheme.</i></p>	
<p><b>Commutation of small pension</b></p> <p><i>See E5, E6 and E7 of the FPS Order 1992.</i></p> <p><i>May not be possible in view of new tax regime:</i></p> <ul style="list-style-type: none"> <li>• <i>the benefit must be less than 1% x life time allowance and</i></li> <li>• <i>the member was less than age 75 at death.</i></li> </ul> <p><i>The application of the limit over all pension entitlements is likely to restrict the circumstances where commutation triviality grounds can be achieved compared to the current rules.</i></p>	

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**AWARDS ON DEATH  
PART D**

<p><i>Part D to set out:</i></p> <ul style="list-style-type: none"> <li>• <i>payment of death grant</i></li> <li>• <i>guaranteed payment of pension – supplementary death grant</i></li> </ul>	
<p><b>Death Grant D1</b></p> <ul style="list-style-type: none"> <li>• On the death of a serving member a lump sum death grant becomes payable at an amount of three times that of the deceased's pensionable pay, expressed as an annual rate at the time of death or if he/she was absent from duty without pay, immediately before that absence began, except where an option to repay pension contributions had been made to buy back an unpaid period of service by a scheme member but he/she had died before payment could be made e.g. unpaid maternity leave, in such case it would be the pensionable pay that would have been paid had the person not been on unpaid leave.</li> <li>• The grant is to be paid to the estate (<i>or surviving spouse or civil partner or nominated partner who qualifies for it; or if there is not a surviving spouse or civil partner or nominated partner to the personal representative(s)</i>).</li> </ul> <p>In the case of a serving member who works a part-time duty system, pensionable pay for this purpose will be the part-time rate expressed as an annual rate.</p>	<p><i>See E1 of the FPS Order 1992</i></p>
<p><b>Guaranteed payment of pension - D2</b></p> <p>Where a pension (under B1, B2, B3, B4 or B5 – early payment of deferred pension) is in payment and the pensioner dies within 5 years of the pension coming into payment, the balance of the pension still owing up to 5 years will be paid as a death grant to the estate (<i>or surviving spouse or civil partner or nominated partner or personal representative who qualifies for it</i>).</p> <p>This would be the difference (if any) between five times the pension (where an actuarially reduced pension is in payment it would be the reduced pension) prior to any commutation less any instalments of pension paid and any commuted lump sum that may have been paid.</p> <p>A pensioner member who may also have been an active scheme member should be entitled to a payment in respect of their pension.</p> <p>See Appendix 4 for examples.</p> <p><i>Under the new tax regime Pension Protection lump sums will be taxed at 35%. It may be</i></p>	

<p>possible to avoid this tax charge depending on the drafting (see `pension protection lump sum` as defined by reference to the member's pension payments).</p>	
<p><b>Payment of balance of contributions to estate</b>  <i>See E4 of the FPS 1992 Order.</i>  <i>This would have set out that the balance of contributions should be payable to the estate of a member of the scheme or former member where the total awards paid out of the scheme is less than aggregate pension contributions. Unlikely to be needed in view of D2.</i></p>	

**QUALIFYING AND PENSIONABLE SERVICE**  
**PART E**

<p><i>Part E to set out:</i></p> <ul style="list-style-type: none"> <li>• <i>qualifying service</i></li> <li>• <i>reckoning of pensionable service</i></li> <li>• <i>non-pensionable service</i></li> <li>• <i>treatment of unpaid periods</i></li> <li>• <i>treatment of maternity, paternity and adoption leave</i></li> </ul>	
<p><b>Qualifying Service</b>  <b>E1</b>  Qualifying service is the amount of time the scheme member has been in the scheme and is used to decide whether the person has qualified for a pension award. Under A7 he/she needs to have been in the scheme 2 qualifying years to be eligible for a pension award under B1.  For part-timers qualifying service will be greater than pensionable service. (Qualifying service will be the length of time the part-time scheme member has been in the scheme. Pensionable service will be the service for which pension contributions have been paid).  Qualifying service will include:  (a) the period during which the person is a member of the scheme and for which he/she receives earnings that are pensionable pay for the purposes of the Scheme;  (b) any period of unpaid leave other than an unauthorised absence (<i>or during suspension from the scheme</i>) while the person is still a scheme member;  (c) any additional period the member is entitled to count under G for the purchase of additional service;  (d) any period of service brought into the scheme as a result of a transfer value under F;  (e) in the case of a member who under B7 is awarded a split pension because of a change in roles with a consequent reduction in salary, the qualifying service used to determine eligibility for the split award will count towards the qualifying period for any subsequent award; and  (f) where a former scheme member of the FPS 1992 left that scheme to join this scheme, the service used to determine eligibility for any pension awarded under the FPS 1992 may count towards qualifying service for an award under this scheme.</p>	
<p><b>Reckoning of pensionable service</b>  <b>E2</b></p>	<p><i>See Part F of the FPS Order 1992</i></p>

Pensionable service counts towards the pension benefits and is used to calculate pension awards. A8 sets out the amount of pensionable service that can be used in pension awards.

Pensionable service will include:

- service as a scheme member where pension contributions are paid or are deemed to have been paid (unpaid leave or unpaid sick leave should not count as pensionable).
- Service that has been credited to the scheme as a result of the acceptance of a transfer value from some other pension scheme or arrangement under F1.
- Any period of service that may have been included in a deferred or split award under this new scheme providing that in accordance with B6 or B8 the award has been cancelled and the scheme member has been re-employed and has rejoined the pension scheme.
- Any period of unpaid service purchased under E4.
- Any period of service purchased under G5 to 9.
- Any period of service where the scheme member has left the employment of the FRA with an ill-health award, which has been terminated under K and has become a scheme member in the employment of that or another FRA the pensionable service accrued before ill health retirement (but not any enhancement that may have been included in the ill health pension) should count again as pensionable. If the former scheme member rejoins the scheme the pensionable service should count towards the new pension. If the former scheme member does not rejoin the scheme he/she would have an entitlement to a deferred pension.
- Any period of service where a former scheme member left without a pension and without a transfer value or cash equivalent becoming payable by the FRA, and has not received a refund of pension contributions may if re-employed within 12 months count that earlier service towards any new pension.

*If a firefighter with a pension under the current scheme is subject to the cancellation of pension and this and the month allowed for return fall across the commencement date of the new scheme the firefighter should be able to rejoin current scheme and have normal service credit. This would also apply if firefighters who have awards under the current FPS which are cancelled under Part K of that scheme then return.*

*If the FRA recover or offset the employer's share of the refund rather than simply leaving it in the notional fund any return to service/scheme would require a full cost payment by the firefighter to reinstate previous service.*

**Service that will not count as pensionable service**  
**E3**

The following periods of service will not count for pension purposes other than for assessing whether a person has sufficient service to qualify for a pension (see qualifying service at E1):

- Unpaid absences, **unless** the FRA agree that the scheme member may pay additional contributions to buy-back the unpaid period.
- Any service that is the subject of other deferred pension awards under this scheme, which have not been the subject of cancellation

<p>under B6.</p> <ul style="list-style-type: none"> <li>• Any periods of service already included - <i>no double counting of a particular period.</i></li> <li>• Any period of absence from duty, which results from sickness or injury certified by a qualified medical practitioner to be due to his/her own misconduct?</li> <li>• Any period of additional maternity leave or adoption leave where the person had had the opportunity to pay contributions, but has declined.</li> </ul> <p><i>To include `misconduct` as a limiting fact because a firefighter can only work if `fit`.</i></p>	
<p><b>To reckon an unpaid period of absence</b> <b>E4</b></p> <p>The FRA may enable a serving scheme member to reckon as pensionable service all or part of any period of absence from duty without pay - <b>but not periods of sickness or injury certified by a qualified medical practitioner as due to his/her own misconduct.</b> In that event, the scheme member will be subject to the following cost:</p> <ul style="list-style-type: none"> <li>• his/her own pension contributions which would have been paid for the period; and</li> <li>• where the unpaid absence results from industrial action additional cost so that in total the scheme member would pay “the employer’s contribution” of pensionable pay for the unpaid period plus any contributions that would have been paid if he/she had made an election under proposed G to purchase additional service.</li> </ul> <p>Unpaid contributions must be paid within 6 months of the agreement to repay them.</p>	<p><i>See F4(1) (a) (b) (c) of the FPS Order 1992</i></p>
<p><b>Maternity, paternity and adoption leave</b> <b>E5</b></p> <p>Maternity, paternity and adoption leave should count for pension purposes on the following basis: A female firefighter would be entitled to reckon as pensionable the following service:</p> <ul style="list-style-type: none"> <li>• paid maternity leave</li> <li>• unpaid ordinary maternity leave</li> <li>• unpaid maternity leave in respect of which she has paid pension contributions to the FRA in accordance with G2.</li> </ul> <p>A person serving as a firefighter is entitled to reckon as pensionable service any period of:</p> <ul style="list-style-type: none"> <li>• paternity leave (as defined in the Paternity and Adoption Leave Regulations 2002.)</li> <li>• ordinary adoption leave (as defined in sections 75A and 75B of the Employment Rights Act 1996)</li> <li>• paid additional adoption leave (as defined in sections 75A and 75B of the Employment Rights Act 1996)</li> <li>• unpaid additional adoption leave in respect of which he/she has paid pension contributions to the FRA in accordance with G2.</li> </ul>	<p><i>See FPS Rule F2A (2004 Order)</i></p>

Any period of maternity or adoption leave in respect of which the person has the right to, but does not, pay contributions - any periods of pensionable service before and after any period of maternity or adoption leave in respect of which the person has the right to, but does not pay, contributions shall be treated as continuous.

*Maternity leave to be construed under sections 71 and 73 of the Employment Rights Act 1996 or any legislation replacing it.*

**TRANSFERS INTO AND OUT OF THE SCHEME  
PART F**

*Part F to set out:*

- *receipt of transfer values*
- *transfer payments between Fire and Rescue Authorities*
- *payment of transfer values*

**Receipt of transfer value  
F1**

The FRA may accept a transfer value offered to them in respect of a scheme member subject to the restrictions below.

The person must have made a written request within X period of time to the FRA for the transfer value to be accepted.

The aim is that the new scheme will be able to become a member of the Club arrangements.

A transfer value may not be accepted:

- If the scheme member had a guaranteed minimum in relation to the pension provided by the previous scheme unless the previous scheme is a club scheme or the transfer value offered is of at least the required amount. The required amount (*this will need to be set out*); or
- if the transfer value is in respect of service accrued or a deferred award under the Firemen's Pension Scheme Order(s) 1992 and 200X unless this is from an FRA in Scotland, Northern Ireland or Wales, as transfers between English FRAs will not require the payment of a transfer value under the proposed financing arrangements.
- If the transfer value is in respect of any pension credit rights.

To set out that where the receipt of a transfer value plus prospective service to the normal pension age would exceed 40 years the FRA should advise the scheme member that the transfer cannot be accepted.

The transfer value would be calculated as follows (*see Schedule 6 of the FPS 1992 but subject to amendment*):

(1) If the previous scheme is a club scheme, the period reckonable as pensionable service is one equal to the period that would enable the fire authority to pay a transfer value, calculated on the cash equivalent basis, of the same amount as the one received.

(2) A transfer value is calculated on the cash equivalent basis if it is calculated in the manner prescribed under paragraph 14 of Schedule 1A to the Social Security Pensions Act 1975 for the

*See Rule F7 of the FPS Order 1992 and 2001 Order (no. 3691)*

<p>calculation of cash equivalents.</p> <p>(3) In calculating the period any sum representing interest that is included in the transfer value received is not to be taken into account.</p> <p>If the previous scheme is not a club scheme the period reckonable as pensionable service is: <i>Calculation details to be provided later.</i></p> <p><i>Details will also be required for:</i></p> <ul style="list-style-type: none"> <li>• <i>The handling of outstanding payments.</i></li> <li>• <i>Any Additional Voluntary Contributions that may be offered as part of the transfer.</i></li> <li>• <i>Interest on any transfer value payments not made within 6 months of the person leaving his/her former employment.</i></li> <li>• <i>Forfeiture of pension – see K.</i></li> <li>• <i>Guaranteed minimum for scheme member and survivor see J.</i></li> <li>• <i>Pension debit members.</i></li> </ul> <p><i>See Schedule 6 of the FPS 1992 for calculation of transfer values.</i></p>	
<p><b>Transfer payments between Fire and Rescue Authorities</b> <b>F2</b></p> <p>Where a person has left the FRA in England and become a firefighter in Scotland, Wales or Northern Ireland (Devolved Administrations), in order to become entitled to reckon as pensionable service the period which would be used in the deferred award in the Devolved Administration’s Firefighters’ Pension Scheme the exporting FRA in England shall pay to the receiving FRA a transfer value based on the ‘CETV principle’ for the period to be counted as pensionable service <b>but</b> subject to the restriction that no transfer payments between FRAs shall be paid in respect of any pension credit rights.</p> <p>Where a firefighter in the Scheme leaves the FRA in England and moves to another FRA in England under the new financing arrangements there will no longer be a need for a transfer value to be paid. It will be necessary for the former FRA to provide details of pension history to the new FRA via a ‘certificate of pensionable service’ within 6 months of the move. The former FRA should copy the certificate together with an explanation of the loss of entitlement to an award from the former FRA to the scheme member. On acceptance of a certificate by the new FRA any entitlement of the scheme member to an award from the former FRA is cancelled. (<i>See F1 of the FPS 1992 Order and proposals for the Police Pension Scheme</i>).</p> <p>The calculation of a transfer-out will be as follows – <i>Calculation details to be provided later. (See Schedule 6 of the 1992 Order). This will also need to take account of civil partner and nominated partner pensions</i></p> <p><i>See Schedule 6 of the FPS Order 1992 for calculations.</i></p>	<p><i>See F8 of the FPS 1992 and 2001 (no. 3691).</i></p>

*Although the FPS Order 1992 scheme will be closed to new members, current members of an equivalent scheme in Scotland, Wales or Northern Ireland transferring to the employment of an English FRA will be able to join the 1992 scheme.*

**Payment of transfer values**

**F3**

Subject to the exceptions below the FRA may pay a transfer value in respect of a scheme member who has before attaining state pensionable age either ceased to serve as a firefighter or elected not to pay pension contributions (A14) and has become subject to another superannuation scheme (the receiving scheme).

The person must make the request within 6 months after becoming subject to the receiving scheme or such longer period as the FRA may allow, and have made a written request for a transfer value to be paid.

A transfer value may not be paid:

- if the person has received any payment of a pension to which he/she became entitled under B on ceasing to serve as a firefighter or to be a member of the scheme.
- If the person has a guaranteed minimum in relation to a pension provided by the scheme unless the receiving scheme is a contracted-out scheme or a contributions equivalent premium has been paid in respect of him/her by the FRA and has not been repaid.
- If the person has acquired a right to a cash equivalent and the right has been exercised by requiring the whole of the cash equivalent to be paid to the scheme managers of an approved scheme, which is not a club scheme.
- If the person has acquired a right to a part cash equivalent and would on taking that right remain entitled to a deferred pension.
- If the transfer value is in respect of any pension credit rights.

If a transfer value or cash equivalent is paid any award to which the person became entitled under B on ceasing to serve as firefighter ceases to be payable.

The amounts of the transfer values payable will be determined as follows: *Calculation details to be provided later.* (See Schedule 6 of the FPS 1992 but subject to amendment).

*See Schedule 6 Parts II and IV – possibly also Part III for the transfers between devolved authorities.*

*See F9 of the 1992 Order and 2001 Order No. 3691.*

**PENSIONABLE PAY AND CONTRIBUTIONS  
PART G**

*Part G to set out:*

- *Pensionable pay*
- *Pension contributions*
- *Optional pension contributions during maternity and adoption leave*
- *Election not to pay pension contributions*

## **Pensionable Pay**

### **G1**

To define pensionable pay:

- pensionable pay is the pay determined by the employee's role or in the case of a principal fire officer the salary appropriate to the overall responsibilities of the post;
- pensionable pay will be defined as core pay and any permanent emoluments, including any Retaining Allowance paid to a scheme member on a Retained Duty contract.
- Temporary emoluments, flexible duty allowances, payments for acting up and temporary promotion and emoluments such as overtime, flexible duty allowance, pay in lieu of notice or untaken annual leave or any allowance subject to review based on performance will not be pensionable. The long service bounty payment payable to retained firefighters will not be pensionable.
- the pensionable pay for a part-time regular firefighter is the pay on which contributions are based.

Where the scheme member was part-time average pensionable pay as used in the calculation of pension awards will be at the whole-time rate except where otherwise set out (e.g. for the death grant when it will be the part-time rate).

Where a scheme member gives up the right to receive part of his/her pay in return for the employer's agreement to provide the scheme member with some form of non-cash benefit the amount sacrificed will continue to form part of the scheme member's pensionable pay for the calculation of awards and pension contributions.

Pensionable pay is the pay on which:

- pension contributions are deducted; and
- which is used directly for calculating certain benefits; and
- which is used in the assessment of average pensionable pay for calculating other benefits.

Average pensionable pay as used in the calculation of pension awards is the aggregate of pensionable pay during the year ending with the relevant date. The relevant date is:

- for scheme member, survivor (spouse, civil partner, nominated partner) and child pension the date of the scheme member's last day of service (in death in service cases this would be the date of death);
- for an optant-out (A14) it would be the last date of membership; and
- for split pension awards (B7) it would be the last day at the higher pay rate before changing roles and accepting a reduction in pensionable pay.

Where average pensionable pay ending on the relevant date is less than it would have been ending on the corresponding date in whichever of the two preceding years yields the highest amount, the average pensionable pay

will be based on the higher rate.

Pensionable pay for contribution purposes during a period of maternity, paternity or adoption leave shall be the pay actually received, including the value of any statutory maternity, paternity or adoption pay under the Social Security Contributions and Benefits Act 1992(a).

Any reduction of pensionable pay as a result of any -

- sick leave;
- stoppage of pay by way of punishment;
- ordinary maternity, ordinary adoption or paternity leave;
- paid additional maternity or additional adoption leave;
- unpaid periods where the scheme member has paid the contributions; or
- unpaid additional maternity or additional adoption leave where contributions have been paid under proposed

shall be disregarded. (*The new tax regime may not allow these periods to be bought or may limit the amount and time.*)

If sick pay ceases so that contributions are no longer being paid, service for that unpaid period will not reckon for pension purposes neither will the period reckon for pensionable pay purposes.

Where the scheme member moves to a post with a lower pensionable pay a Split award under B7 will be calculated using either average pensionable pay at that date or the best of the preceding two years. The scheme member will then start a second pension based on pensionable service from the current date and average pensionable pay at the end of the second period of service. At normal pension age or when the scheme member leaves the scheme an assessment will be made as to whether it would be better to pay the two awards or whether the Split award should be cancelled and the two periods of service joined together and one award based on the total service and current average pensionable pay (which would be the best of the last three years) should be awarded.

## **Pension Contributions**

### **G2**

To set out:

- the rate of pension contributions will be X% of pensionable pay the make up of which would be set out in G1.
- Scheme members who are excluded from the provisions B4 (ill health retirement provisions – see A5) will pay a reduced contribution rate of Y% of pensionable pay.
- Tax relief will be given on pension contributions deducted from pensionable pay subject to the provisions of the Finance Act 2004. *The annual amount after which tax relief on contributions or the increase in the value of pension benefits will give rise to a tax charge will be in accordance with the 2004 Act (relievable pension contributions defined by section 188). (Annual allowance from A day to be £215K rising to £225K by April 2010. A member may pay in any tax year the greater of*

<p><i>100% of their relevant UK earnings (defined by section 189(2) or £3600). A member may pay contributions in excess of this but will not be entitled to tax relief on the excess). For defined benefit schemes the annual allowance is not calculated by reference to the amount of contributions paid. It is broadly based on the increase in the value of the member's benefits.</i></p> <p>Pension contributions will be paid as each instalment becomes due except that the FRA may determine to collect in some other way by arrangement e.g. as a simple contract of debt in any court of competent jurisdiction, or by deducting it from any payment by way of benefits to or in respect of the person in question.</p> <p>Pension contributions will be deducted from pensionable pay, which may include non-cash benefits (<i>see G1</i>), and that they will include:</p> <ul style="list-style-type: none"> <li>• all payments made by him/her to the FRA and not refunded;</li> <li>• all payments made by him/her and not refunded as a result of an election to purchase additional service;</li> <li>• any payments made under E to purchase unpaid absences.</li> </ul> <p>During a period of maternity, paternity or adoption leave basic pension contributions are not assessed on pay in relation to role but on the pay the scheme member was entitled to for that period including any statutory maternity, paternity or adoption pay under the Social Security Contributions and Benefits Act.</p>	
<p><b>Optional pension contributions during maternity and adoption leave G3</b></p> <p>A scheme member who is on maternity or adoption leave which would not otherwise count as pensionable service and who for the whole or part of the leave period is not entitled to receive pay (including statutory maternity or adoption pay under the Social Security Contributions and Benefits Act 1992), may elect to pay pension contributions in respect of that leave.</p> <p>The contributions will be calculated by applying G2 to the pensionable pay (including any statutory maternity or adoption pay under the Social Security Contributions and Benefits Act 1992) received by him/her immediately before the start of the unpaid period in question.</p> <p>An election must be made by giving notice in writing to the FRA before the expiry of the period of 30 days (or such longer period as the FRA) may allow) beginning with:</p> <ul style="list-style-type: none"> <li>• the day on which he/she returns to work, or</li> <li>• if he/she does not return to work after the leave period, the day he/she ceases to be employed by the FRS.</li> </ul> <p>Where the scheme member dies before the end of the period of 30 days to give notice of an election to pay `missing` contributions without having given the required notice, he/she shall be deemed to have given the notice and to have paid the contributions.</p>	<p><i>See G2A of FPS Order 2004.</i></p>

<p>Where a FRA receives a written election from a scheme member to pay the `missing contributions` they shall notify the person of the amount to be paid.</p> <p>Where the contributions are not paid within 6 months of the day of notice, the person concerned shall be entitled to reckon as pensionable service such proportion of the period in respect of which contributions were due, as the contributions paid relate to the total amount of contributions due.</p>	
<p><b>Election not to pay pension contributions</b>  <b>G4</b>  Where under A14 the scheme member opts out of the scheme no pension contributions will be due.</p>	
<p><b><i>PURCHASE OF ADDITIONAL SERVICE</i></b></p>	
<p><i>To set out:</i></p> <ul style="list-style-type: none"> <li>• <i>election to purchase additional service</i></li> <li>• <i>purchase of additional service</i></li> <li>• <i>payment of periodical contributions for increased benefits</i></li> <li>• <i>effect of ceasing payment of periodical contributions before normal pension age</i></li> <li>• <i>discontinuance of periodical contributions</i></li> <li>• <i>effect of purchase additional service by lump sum</i></li> </ul>	
<p><b>Election to purchase additional service</b>  <b>G5</b>  A serving member of the scheme - i.e. a scheme member but NOT a pension credit member - may subject to certain conditions purchase additional service by giving notice in writing to the FRA stating</p> <ul style="list-style-type: none"> <li>• how much service he/she wishes to purchase; and</li> <li>• indicating whether he/she wishes to purchase by lump sum or periodical contributions.</li> </ul> <p>The election to purchase additional service is irrevocable.</p>	
<p><b>Purchase of additional service</b>  <b>G6</b>  A scheme member may purchase additional whole-time service provided:</p> <ul style="list-style-type: none"> <li>• the person is a member of the scheme and has not opted out; and</li> <li>• the scheme member would be entitled to less than 40 years' pensionable service by the normal pension age.</li> </ul> <p>The scheme member can purchase whole and/or part years so that the amount purchased plus prospective service up to the normal pension age does not exceed 40 years.</p> <p>The purchase can be by lump sum or periodical contributions.  Periodical contributions will be a percentage of pensionable pay.  The rate of contributions to be deducted from pensionable pay to secure the additional benefits will be determined by the Government Actuary. A table will be provided.</p> <p>The FRA will have discretion to permit a part-time scheme member buying by periodical contributions to purchase pro-rata rate rather than at the full-time percentage rate.</p>	

<p><b>Payment of periodical contributions for increased benefits</b>  <b>G7</b></p> <p>An election to pay periodical contributions must be made at least 2 years before the scheme member's normal pension age, and no such election may be made:</p> <ul style="list-style-type: none"> <li>• if the FRA has notified the scheme member that they require him/her to retire under B3 and B 4 or</li> <li>• he/she has elected to retire with an actuarially reduced pension under B2.</li> </ul> <p>Where a person has elected under G5 to pay periodical contributions they are payable from his/her next birthday and continue to be payable until the earliest of -</p> <ul style="list-style-type: none"> <li>• his/her normal pension age</li> <li>• the last day of service where a deferred pension B5 or split pension B7 is awarded</li> <li>• the date he/she ceases employment</li> <li>• the date of any election to opt out of the scheme.</li> </ul>	
<p><b>Effect of ceasing payment of periodical contributions before normal pension age</b>  <b>G8</b></p> <p>Where a scheme member purchasing additional service by periodical contributions leaves the scheme before completing the contract the amount of service purchased up to the date of leaving will be calculated as follows: <math>A \times B/C</math> where:</p> <p>A = the number of 60ths/service purchased in the election  B = the total period(s) for which contributions had been made  C = the total period for which the contributions were due to have been made.</p> <p>If the scheme member does not complete the contract, the amount of service purchased will be calculated and used in the award as follows:</p> <ul style="list-style-type: none"> <li>• Where an ill health pension is awarded (this would include the calculation of a notional ill health pension where a survivor's pension is being calculated for death in service cases) the amount of service purchased up to the date of leaving will be added to the pensionable service before any enhancement, if applicable, is calculated.</li> <li>• If a pension is paid earlier than the normal pension age by the FRA under B3 (approved early retirement), the amount of service purchased up to the date of leaving the scheme will be added to the pensionable service.</li> <li>• If the scheme member requests early payment of the pension on an actuarially reduced basis under B2, the amount of service purchased up to the date of leaving the scheme will be added to the award before the actuarial reduction is calculated and the total pension will be subject to the actuarial reduction.</li> <li>• Where a scheme member qualifies for a deferred award (B5) and</li> </ul>	

<p>leaves before completing the election to purchase, the amount of service purchased up to the date of leaving the scheme will be added to pensionable service already accrued before the deferred award is calculated.</p> <ul style="list-style-type: none"> <li>• Where a scheme member qualifies for a split award under B7 and begins a second period of service, the amount of service purchased up to the last day of service used in the split pension will be added to that award and <i>the contract to purchase additional service will continue to run and subsequent service purchased will be added to the second pension.</i></li> </ul>	
<p><b>Discontinuance of periodical contributions</b>  <b>G9</b></p> <p>A scheme member who has elected to purchase additional service by the payment of periodical contributions may request a discontinuance of those contributions for an agreed period with the FRA of no more than 6 months because of financial difficulties. The amount of service already purchased will be calculated as follows: <math>A \times B/C</math> where:</p> <p>A = the number of 60ths/service purchased in the election  B = the total period(s) for which contributions had been made  C = the total period for which the contributions were due to have been made. No refund of contributions already made will be permissible.</p> <p>If the scheme member wishes to re-start the contract to purchase additional contributions, he/she may do so within one month of the discontinuance period ceasing. In view of the actuarial loss of the `delayed` payment of pension contributions an interest adjustment will be made by deducting the contributions from salary received on re-starting the contract. If salary has reduced then contributions should be paid at the rate that would have been had the contract not be interrupted.</p> <p>Where there are periods of unpaid service falling within the period of the contract the scheme member may within one month of the unpaid absence occurring ask to make up the missing contributions by deduction from salary. Otherwise the `missing period` will be deducted from the period the scheme member opted to purchase. To take account of the actuarial loss of the `delayed` payment of pension contributions an interest adjustment will be made by deducting the contributions from current salary. If salary has reduced then contributions should be paid at the rate that would have been had the contract not be interrupted.</p> <p>Where additional maternity leave, adoption leave or unpaid absences including strike action is unpaid but is still counted as pensionable under G (although no contributions are paid), if the scheme member has elected to purchase additional service the scheme member would need to pay those contributions during the unpaid period or within 6 months of returning to duty (or to such longer period as the FRA may agree) to be able to include that period in final pensionable service otherwise the period will be treated as if there had been a discontinuance of periodical contributions. If paying during the unpaid period, contributions should be at the rate of the</p>	

<p>pensionable pay that would have been paid during that period. If paying on return to duty, it should be at current pensionable pay.</p> <p>Where the scheme member wishes to cease contributions for more than 6 months the amount of service already purchased will be calculated as above, but if person wishes to restart the purchase of additional service, he/she will have to make a new election to purchase. This means making a fresh application in accordance with G6.</p>	
<p><b>Effect of purchasing additional service by lump sum</b> <b>G10</b></p> <p>Where a scheme member purchases additional service by a lump sum payment, he/she must do this within the first 12 months of service and if the lump sum is not paid within 3 months after the date on which the notice to purchase was given, shall be treated as not having been made. On completion of the purchase, his/her pensionable service will be increased by the full amount of the election for any award paid, subject to the following:</p> <ul style="list-style-type: none"> <li>• Where an ill health pension is awarded the amount of the election will be added to the pensionable service before any enhancement which may be applicable is calculated.</li> <li>• If the firefighter requests early payment of the pension on an actuarially reduced basis under B2, the amount of service purchased will be added to the award before the actuarial reduction is calculated and the total pension will be subject to the actuarial reduction.</li> <li>• If the FRA requires the scheme member to retire early (approved early retirement B3) the amount of service purchased will be added to the award.</li> </ul>	

***DETERMINATION OF QUESTIONS AND APPEALS  
PART H***

<p><i>Part H to set out:</i></p> <ul style="list-style-type: none"> <li>• <i>Determination by FRA</i></li> <li>• <i>Appeal against opinion on a medical issue</i></li> <li>• <i>Disputes under the Internal Disputes Resolution Procedure</i></li> </ul>	
<p><i>In principle, it is proposed that H (Determination of Questions, etc) should be the same for both the 1992 FPS and the new pension arrangements, as well as for any death and injury compensation scheme. For this reason these instructions identify the changes which need to be made to Part H and Schedule 9 of the 1992 Scheme Order.</i></p>	
<p><b>Determination by Fire and Rescue Authority</b> <b>H1</b></p> <p>Entitlement to any and if so what awards payable to scheme members under the Scheme shall be determined in the first instance by the FRA, who will need to consider the following questions (the questions specified here will differ in so far as the Firefighters' Compensation scheme questions dealing with qualifying injuries and degree of disablement will not be</p>	<p><i>See H1 of the FPS 1992</i></p>

appropriate here and some changes could be made to reflect the application of the DDA to the FRS):

- Whether the person has been disabled.
- Whether any disablement is likely to be permanent (see A13)
- Whether the person is capable of performing the role for which he/she is employed as a firefighter or suitable for any other duties appropriate to the role.
- Whether the person would be able to undertake work other than as a firefighter (which will also inform the level of ill health retirement award which will be paid i.e. higher or lower tier under B4).
- Whether reasonable adjustments (in accordance with the Disability Discrimination Act 1995, as amended) could be made to enable the firefighter to remain in his/her current role or to undertake any other role in the employment of the FRA. Or
- Any other issue wholly or partly of a medical nature

Before considering these questions the FRA will need to seek the written opinion of an independent qualified medical practitioner (see Glossary of Expressions) selected by them and the opinion of the independent qualified medical practitioner shall be binding on the FRA.

***(See H1 of 1992 Order***

*(1) The question whether a person is entitled to any and if so what awards shall be determined in the first instance by the fire authority.*

*(2) Subject to paragraph (3), before deciding, for the purpose of determining that question or any other question arising under this Scheme –*

- (a) whether a person has been disabled,*
- (b) whether any disablement is likely to be permanent,*
- (c) whether any disablement has been occasioned by a qualifying injury,*
- (d) the degree to which a person is disabled,*
- (e) whether a person has become capable of performing the duties of a regular firefighter, or*
- (f) any other issue wholly or partly of a medical nature,*

*the fire authority shall obtain the written opinion of an independent qualified medical practitioner selected by them and the opinion of the independent qualified medical practitioner shall be binding on the fire authority.*

*(2A) In his written opinion, the independent qualified medical practitioner must certify that –*

- (a) he has not previously advised, or given his opinion on, or otherwise been involved in, the particular case for which the opinion has been requested; and*
- (b) he is not acting, and has not at any time acted, as the representative of the member, the fire authority, or any other party in relation to the same case.*

*(3) If by reason of the person's refusal or wilful or negligent failure to submit to medical examination by the practitioner selected by them the authority are unable to obtain the opinion mentioned in paragraph (2), they may –*

- (a) on such other medical evidence as they think fit, or*
- (b) without medical evidence,*

*give such decision on the issue as they may in their discretion choose to give.)*

**Appeal against opinion on a medical issues**

**H2**

Where an opinion has been given under H1 and within 14 days of being

*See H2 of the FPS 1992.*

notified of the FRA's decision the person concerned applies to them for a copy of that opinion, the FRA shall supply a copy to the person together with a statement informing the person that he/she may appeal against it in accordance with the provisions of the Scheme.

The only changes which we would propose to the current arrangements are that:

- the person concerned should have 14 days in which to give notice of the intention to appeal and then a further 28 days in which to provide a statement of the grounds for the appeal. The FRA should then forward these to the Secretary of State who would ask the Chairman, or member, of the Board of Medical Referees to review. He/she would then indicate whether the appellant should be advised that there was a possibility that the appeal would be regarded as frivolous, vexatious or manifestly ill-founded and that therefore the full costs of any hearing might have to be paid by the appellant;
- the appellant should then have a further 28 days in which to submit all the evidence upon which he/she proposes to rely;
- in the event of the board determining that an appeal was frivolous, vexatious or manifestly ill-founded the FRA may require the appellant to pay the board's total fees and allowances.

**NOTE:**

*As currently drafted, the appeal provisions would include those where the individual disputes a decision as to whether he/she falls within the first or second tier for ill health retirement, but not where access to the ill health provisions has been refused.*

**(See H2 1992 Order**

**H2. (1) Where –**

- (a) *an opinion of the kind mentioned in rule H1(2) has been obtained, and*
- (b) *within 14 days of his being notified of the fire authority's decision on the issue the person concerned applies to them for a copy of the opinion,*

*the authority shall supply him with a copy, together with a statement informing the person concerned that, if he wishes to appeal against the opinion, he must give the authority written notice of his grounds of appeal, together with his name and address, within 14 days of the date on which he is so supplied.*

(2) *If the person concerned is dissatisfied with the opinion which has been supplied to him under paragraph (1), he may appeal against it by giving notice to the fire authority in accordance with paragraph 1 of Part I of Schedule 9.*

(3) *A fire authority shall be bound by any decision on any issue referred to in sub-paragraphs (a) to (f) of rule H1(2).*

(4) *Further provisions as to appeals under this rule are contained in Part I of Schedule 9 – see below*

**SCHEDULE 9**

**I. (1) Subject to sub-paragraph (2), written notice of appeal against the opinion of the kind mentioned in rule H1(2) stating –**

- (a) *the grounds of the appeal, and*
- (b) *the appellant's name and his address,*

*must be given to the fire authority within 14 days of the date on which he is supplied by them with a copy of the opinion.*

(2) **Where –**

- (a) *notice of appeal is not given within the period specified in sub-paragraph (1), but*
- (b) *the fire authority is of the opinion that the person's failure to give it*

*within that period was not due to his own default, they may extend the period for giving notice to such length, not exceeding 6 months from the date mentioned in sub-paragraph (1), as they think fit.*

**2.** (1) *On receiving a notice of appeal the fire authority shall supply the Secretary of State with 2 copies of the notice and 2 copies of the opinion.*

(2) *The Secretary of State shall refer the appeal to a board of medical referees (the board) and shall supply them with a copy of the notice and a copy of the opinion.*

**2A.** (1) *The board shall consist of not less than three medical practitioners appointed by, or in accordance with, arrangements made by the Secretary of State.*

(2) *One member of the board shall be a specialist in a medical condition relevant to the appeal.*

(3) *One member of the board shall be appointed as Chairman.*

(4) *Where there is an equality of votes among the members of the board, the Chairman shall have a second or casting vote.*

**3.** *The board shall secure that the appellant and the fire authority ("the parties") have been informed –*

(a) *that the appeal is to be determined by it, and*

(b) *of an address to which communications relating to the appeal may be delivered to the board.*

**4.** (1) *Subject to sub-paragraph (4), the board –*

(a) *shall interview and medically examine the appellant at least once, and*

(b) *may interview or medically examine him or cause him to be interviewed or medically examined on such further occasions as the board thinks necessary for the purpose of deciding the appeal.*

(2) *The board shall –*

(a) *appoint, and*

(b) *give the appellant and the fire authority not less than 21 days' notice of, the time and place for every interview and medical examination; if the board is satisfied that the appellant is unable to travel, the place shall be the appellant's place of residence.*

(3) *The appellant shall attend at the time and place appointed for any interview and medical examination by any member of the board or any person appointed by the board for that purpose.*

(4) *If –*

(a) *the appellant fails to comply with sub-paragraph (3), and*

(b) *the board is not satisfied that there was reasonable cause for the failure,*

*the board may dispense with the interview and medical examination required by paragraph 4(1)(a) or, as the case may be, with any further interview, and may decide the appeal on such information as is then available.*

(5) *Any interview under this paragraph may be attended by persons appointed for the purpose by the fire authority or by the appellant or by each of them.*

**5.** (1) *Where either party to the appeal intends to submit written evidence or a written statement at an interview held under paragraph 4, the party shall, subject to sub-paragraph (2), submit it to the board and to the other party not less than 7 days before the date appointed for the interview.*

(2) *Where any written evidence or statement has been submitted under sub-paragraph (1) less than 9 days before the date appointed for the interview, any written evidence or statement in response may be submitted by the other party to the board and the party submitting the first-mentioned evidence or statement at any time up to, and including, that date.*

(3) *Where any written evidence or statement is submitted in contravention of sub-paragraph (1), the board may postpone the date appointed for the interview and require the party who submitted the evidence or statement to pay such reasonable costs of the board and of the other party as arise from the adjournment.*

**6.** *The board shall supply the Secretary of State with a written report of its decision on the relevant medical issues and the Secretary of State shall supply a copy of the report to the appellant and to the fire authority.*

**7.** (1) *There shall be paid to the board –*

(a) *such fees as are determined in accordance with arrangements made by the Secretary of State, or*

<p>(b) where no such arrangements have been made, such fees and allowances as the Secretary of State may from time to time determine.</p> <p>(2) Any fees and allowances payable to the board under sub-paragraph (1) shall</p> <p>(a) be paid by the fire authority, and</p> <p>(b) be treated for the purposes of paragraph 8 as part of the fire authority's expenses.</p> <p>8. (1) Subject to paragraph 5(3) and sub-paragraphs (2) to (5), the expenses of each party to the appeal shall be borne by that party.</p> <p>(2) Where the board –</p> <p>(a) decides in favour of the fire authority, and</p> <p>(b) reports that in its opinion the appeal was frivolous, vexatious or manifestly ill-founded,</p> <p>the fire authority may require the appellant to pay them such sum not exceeding the amount of the fees and allowances payable to the member of the board appointed under paragraph 2A(2), as they think fit.</p> <p>(2A) Where the appellant gives notice to the board of withdrawing the appeal within a period of 10 working days prior to the date appointed for an interview or medical examination by the board under paragraph 4(2), the fire authority may require the appellant to pay such sum as they think fit, not exceeding the board's total fees and allowances under paragraph 7(1).</p> <p>(3) Where the board –</p> <p>(a) decides in favour of the appellant, and</p> <p>(b) does not otherwise direct,</p> <p>the fire authority shall refund to the appellant the amount specified in sub-paragraph (4).</p> <p>(4) The amount is the total of –</p> <p>(a) any personal expenses actually and reasonably incurred by the appellant in respect of any interview under paragraph 4, and</p> <p>(b) if any such interview was attended by a qualified medical practitioner appointed by the appellant, any fees and expenses reasonably paid by the appellant in respect of such attendance.</p> <p>(5) For the purposes of sub-paragraphs (2) and (3) any question arising as to whether the board's decision is in favour of the fire authority or of the appellant shall be decided by the board, or in default by the Secretary of State.</p> <p>9. Any notice, information or document which an appellant is entitled to receive for the purposes of this Part shall be deemed to have been received by him if it was duly posted in a letter addressed to him at his last known place of residence.)</p>	
<p><b>Appeal to the Fire and Rescue Authority Disputes under the Internal Disputes Resolution Procedures</b></p> <p><b>H3</b></p> <p>To set out the requirements of the Internal Disputes Procedure (IDRP), if required.</p> <p>The Internal Disputes Resolution Procedure in accordance with Section 50, 50A and 50B of the Pensions Act 1995 and Occupational Pension Schemes (Internal Disputes Resolution Procedures) Regulations 1996 provides for appeals to Fire and Rescue Authorities in connection with the application of the rules of the scheme but not disputes where other proceedings have already begun in any court or tribunal or the Pensions Ombudsman has commenced an investigation into a complain made or dispute referred to him. The following persons may submit an appeal:</p> <p>(a) active, deferred and pensioner members of the scheme,</p> <p>(b) those receiving survivor pensions in respect of deceased scheme members,</p> <p>(c) prospective members of the scheme i.e. persons who under their contract of employment can or will become members (this would include those persons excluded from the ill health arrangements</p>	

<p>under A5 but not medical appeal cases dealt with under H2),</p> <p>(d) Pension credit members i.e. ex-spouses and civil partners with pensions rights granted by a pension sharing order made on divorce or annulment of marriage or dissolution of a civil partnership,</p> <p>(e) A former scheme member who has opted out.</p> <p>(f) Persons whose claims to be in one of categories (a) to (d) are the subject of dispute.</p> <p>The application can be made by the applicant in person or by a nominated representative (which could be a family member), personal representatives where the person has died, or some other suitable representative in the case of a minor or a person incapable of acting for him or herself.</p> <p><i>Rule H3 in the FPS 1992 Order is not being repeated in the scheme. Crown Courts have limited experience of such appeals and it is burdensome for a Crown Court judge to have to adjudicate on what is essentially a civil matter. This being the case it may be necessary to set out the IDRP procedure as a replacement H3.</i></p> <p><i>H3(4) of the 1992 Order provides for the appointment of an appeal tribunal when a person is temporarily employed under Rule A4(2) of the 1992 Order. We are not aware that this provision has ever been used and do not consider that it is required.</i></p>	
<p><b>IDRP Procedures</b></p> <p><b>H4</b></p> <p>The procedures for appeals will fall into 2 stages:</p> <p>1<sup>st</sup> stage - The FRA will nominate a person to consider appeals made under these procedures e.g. the Chief Fire Officer, or in metropolitan or larger fire authorities the Chief Fire Officer may nominate a named representative.</p> <p>The appeal should be in writing (<i>this may need to be in a set format</i>).</p> <p>The nominated person:</p> <ul style="list-style-type: none"> <li>• will acknowledge receipt of the appeal within xxx days,</li> <li>• make a decision within 2 months from the date of the appeal application was received,</li> <li>• where a decision cannot be given within 2 months, provide an interim reply setting out the reasons for the delay and the expected date for the decision,</li> <li>• give a decision in writing, providing details of the evidence used in making the decision.</li> </ul> <p>2<sup>ND</sup> Stage In the event that the appellant is dissatisfied with the outcome of the appeal, he/she may make a second appeal in writing to the Appeals Committee of the FRA within 6 months of the decision. This should be submitted with a copy of the first decision and any documents considered by the appellant to be relevant to the appeal to the nominated represented of the Appeals Committee.</p> <p>The Appeals Committee will in writing:</p> <ul style="list-style-type: none"> <li>• acknowledge the appeal,</li> <li>• refer the application to the Committee for the issue of a decision within 2 months from the date the application was received,</li> <li>• where a decision cannot be made within this time, they will send an interim reply setting out the reasons for the delay and the expected date for the issue of a decision</li> </ul>	

<ul style="list-style-type: none"> <li>• issue a decision providing details of how the decision was reached and setting out that the Pensions Ombudsman may investigate and determine any complaint or dispute of fact or law in relation to a pension scheme. The Pensions Advisory Service (OPAS) is available to assist appellants.</li> </ul> <p>In the event that the appellant is still dissatisfied, he/she would be able to refer their case to the Pensions Ombudsman.</p>	
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**RESERVISTS  
PART I**

<p><i>Part I to set out:</i></p> <ul style="list-style-type: none"> <li>• those covered by the provisions</li> <li>• awards</li> <li>• awards on death of reservists</li> <li>• reservists who resume duty</li> <li>• reservists who do not resume duty</li> <li>• pensionable service</li> <li>• pension contributions</li> </ul>	
<p><b>Preliminary</b> <b>I1</b></p> <ul style="list-style-type: none"> <li>• A reservist will be a person subject to A12 and for this part of the scheme is a person who immediately before undertaking relevant service in the armed forces was a firefighter and is subject to call up in the Reserve Forces; and</li> <li>• while in the reserve forces the person is to be treated as having continued to be a firefighter during his/her period of relevant service in the armed forces, unless it is clear that this is not to be the case.</li> </ul> <p>To set out the position regarding contributions and what is paid by MOD.</p>	<p><i>See Part I of 1992 Order.</i></p>
<p><b>Awards to reservists</b> <b>I1</b></p> <p>A reservist permanently disabled from performing the duties of a firefighter at the end of his/her mobilisation may be entitled to an ill-health pension if:</p> <ul style="list-style-type: none"> <li>• the disability is unrelated to injury received during forces service or is not a qualifying injury as a firefighter, under B4 - subject to the restriction on access to the ill health retirement provisions set out in A5; and:</li> </ul> <p>and injury benefit will be payable under the proposed Firefighters' Compensation Scheme if the injury was received during forces service or from a qualifying injury before the period of forces service began.</p>	<p><i>See Part I of the FPS Order 1992</i></p>
<p><b>Awards on death of reservists</b> <b>I3</b></p> <p>Awards on death may be payable to or in respect of a reservist in the following circumstances:</p> <ul style="list-style-type: none"> <li>• where death occurs during a period of relevant service in the armed</li> </ul>	<p><i>See 13 of 1992 Order</i></p>

<p>forces;</p> <ul style="list-style-type: none"> <li>• where the individual dies either from the effects of an injury that occasioned the incapacity for the performance of duty or while receiving a pension;</li> <li>• where death is unrelated to an injury received during forces service or to a qualifying injury the spouses/civil partners/nominated partner pension will be payable under C1 as if the reservist had died after retirement as a firefighter; or</li> <li>• where death occurs during forces service which does not result from a qualifying injury, the benefits payable will be in accordance with proposed Parts C and D of the pension scheme.</li> </ul>	
<p><b>Reservists who resume service as firefighters</b>  <b>I4</b>  If as a result of an injury received during his/her forces period a reservist who has resumed duty as a firefighter -</p> <ul style="list-style-type: none"> <li>• is permanently disabled, or</li> <li>• dies, whether or not while serving as a firefighter</li> </ul> <p>the FRA shall in relation to any award payable have regard to the Firefighters' Compensation Scheme.</p>	
<p><b>Reservists who do not resume duty with their former Fire and Rescue Authority</b>  <b>I5</b>  If the reservist does not return to his/her former FRA after ceasing to be in the reserve forces, within one month of leaving the armed forces he/she should be treated as having left at the end of the period of relevant service in the armed forces.  A deferred pension under B5 would be awarded if the former firefighter satisfies the requirements on the basis of service in the FRS &amp; the reserve forces. He/she would be able to seek a transfer value of the deferred benefits to another pension scheme.</p>	
<p><b>Pensionable Service</b>  <b>I6</b>  A reservist will be treated as having continued during forces service to serve in his former FRA for pensionable service purposes under E1.</p> <p>Where the person had opted to purchase additional service under Part G by periodic instalments he/she will need to pay the additional contributions for that period to count as pensionable service.</p>	<p><i>See Rule 16 of the FPS Order 1992 No. 129</i></p>
<p><b>Pension Contributions</b>  <b>I7</b>  For the purposes of pension contributions a reservist's pay for the duration of forces service will be the pay he/she would have received if he/she had continued to serve in his/her former Fire and Rescue Service.  To set out that a reservist shall for the purposes of pensionable contributions be treated as having no pensionable pay (and accordingly not liable to pay contributions) in respect of any period during which the total</p>	<p><i>See Rule 17 of the FPS Order 1992</i></p>

<p>of -</p> <ul style="list-style-type: none"> <li>• His/her pay, and</li> <li>• Any payments under Part V of the Reserve and Auxiliary Forces (Protection of Civil Interests) Act 1951(a),</li> </ul> <p>is less than the pensionable pay described as the pay he/she would have received if he/she had remained in the former FRA.</p> <p><i>See The Reserve Forces (Call-out) (Financial Assistance) Regulations 2005. Regulation 5 covers pension payments.</i></p>	
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**SPECIAL ISSUES  
PART J**

<p><i>Part J to set out:</i></p> <ul style="list-style-type: none"> <li>• <i>Tax limits</i></li> <li>• <i>Guaranteed minimum pensions</i></li> <li>• <i>Survivor guaranteed minimum pensions</i></li> <li>• <i>Disclosure of information to scheme administrators</i></li> </ul>	
<p><b>HM Customs and Revenue limits</b> <b>J1</b></p> <p>We need to ensure that the new scheme is consistent with HM Revenue and Customs tax limits on the life time and annual allowances set out in the Finance Act 2004 and subsequent amendments.</p> <p><i>See Finance Acts 2004 and 2005</i></p>	
<p><b>Guaranteed Minimum Pensions – <i>contracting out arrangements</i></b> <b>J2</b></p> <p>Where a scheme member has an entitlement to a guaranteed minimum pension under section 14 or the Pensions Schemes Act 1993 the scheme needs to pay a pension that is at least equivalent to the guaranteed minimum earned when the person was contracted out from the State Earnings Related Pension Scheme between 6 April 1978 and 5 April 1997. The entitlement and liability to pay would be in relation to benefits under this scheme and would result from the transfer in of other pension benefits (e.g. from the Firefighters’ Pension Scheme Order 1992 or other pension schemes). He/she would be entitled from the date of attaining state pensionable age to a pension equal to his/her guaranteed minimum.</p> <p>Where a member has a guaranteed minimum the following would apply:</p> <ul style="list-style-type: none"> <li>• If no pension is payable to the member under the Scheme, or the weekly rate of the pension payable would be less than the guaranteed minimum, a pension, the weekly rate of which is equal to the guaranteed minimum, would be payable to the member for life from the date on which the member reaches state pension age.</li> <li>• If when the member reaches state pension age he/she is still in employment (whether or not it is scheme employment), and if it is</li> </ul>	<p><i>See FPS Order 1992 Rule J2</i></p>

<p>not scheme employment, he/she consents to a postponement of the entitlement payment can be delayed until he/she leaves employment.</p> <ul style="list-style-type: none"> <li>• Where the member continues in employment for a further period of 5 years after reaching state pension age, and does not then leave it, he/she would be entitled from the end of that period to so much of his/her pension as equals the guaranteed minimum, unless he/she consents to a further postponement of the entitlement.</li> <li>• Where postponement applies the amount of the guaranteed minimum to which the member is entitled would be increased in accordance with section 15 of the Pension Schemes Act 1993.</li> <li>• Where a scheme member has ceased to be in employment that is contracted-out by reference to the scheme, and either all his/her rights to benefits under the scheme, except rights in respect of his/her guaranteed minimum or rights under section 9(2B) of the Pension Act 1993 (“his contracting-out rights”), have been transferred under F, and he/she has no rights to benefits under the scheme apart from his/her contracting out rights, then from the date of reaching state pension age, he/she would be entitled to a pension payable for life equal to his guaranteed minimum. But the person is not to be regarded as a pensioner for the purposes of death benefits.</li> <li>• The guaranteed minimum would be payable from the date on which he/she is entitled to a lump sum and pension in respect of his/her rights under section 9(2B) of the Pension Schemes Act 1993.</li> <li>• No guaranteed minimum would be payable if the pension is forfeited under Part K (conviction of treason or Official Secrets Acts offences), or the pension is commuted under provisions for the commutation of small pensions and the conditions in regulation 60 of the Occupational Pension Schemes (Contracting-out) Regulations 1996 are met, but if any other provision of the Scheme is inconsistent with this, this prevails.</li> </ul> <p><i>Presumably, this will be required because of the transfer into the scheme of guaranteed minimum liability. See Armed Forces Pension Scheme 2005 D1 for template.</i></p>	
<p><b>Survivor guaranteed minimum pensions – <i>contracting out arrangements</i></b> <b>J3</b></p> <p>This applies where the surviving spouse or civil partner of a deceased active, deferred or pensioner member has a guaranteed minimum under section 17 of the Pension Schemes Act 1993 in relation to benefits in respect of the deceased member under this scheme, he/she is entitled to a pension equal to half the deceased's guaranteed minimum.</p> <p>If no pension would be payable to the surviving spouse or civil partner or the weekly rate of the pension payable would be less than the guaranteed minimum, a pension the weekly rate of which is equal to the guaranteed minimum is payable to the surviving spouse or civil partner for life.</p> <p>This would not apply if the pension is forfeited under K in a case where there has been a conviction for treason or a breach of the Official Secrets</p>	

<p>Acts or conviction for other offences (unlawful killing of the scheme member).</p> <p><i>See Armed Forces Scheme 2005 rule E28. This would only apply if a transfer of pension rights into the scheme had included a guaranteed minimum.</i></p>	
<p><b>Disclosure of information to scheme administrators</b> <b>J4</b></p> <p>The FRA may require any person receiving a pension to provide information to establish</p> <ul style="list-style-type: none"> <li>• identity, and</li> <li>• continuing entitlement to payment of any amount</li> </ul> <p>If evidence is not provided, the FRA may withhold the whole or any part of any benefits payable.</p> <p><i>See the Principal Civil Service Pension Scheme 2002 Rule J7.</i></p>	

**REVISION AND WITHDRAWAL OF AWARDS**  
**PART K**

<p><i>Part K to set out:</i></p> <ul style="list-style-type: none"> <li>• <i>review and cancellation of ill health pensions</i></li> <li>• <i>withdrawal of pension</i></li> <li>• <i>withdrawal of pension on conviction of certain offences – forfeiture</i></li> </ul>	
<p><b>Review and cancellation of ill health pensions</b> <b>K1</b></p> <p>As long as a person—</p> <ul style="list-style-type: none"> <li>• is in receipt of an ill-health pension, and</li> <li>• has not reached state pension,</li> </ul> <p>the FRA may consider, at such intervals as they in their discretion think proper whether he/she has become capable of:</p> <ul style="list-style-type: none"> <li>• carrying out any duty appropriate to the role from which he/she was retired on ill health grounds;</li> </ul> <p>and where a higher tier ill health pension was awarded</p> <ul style="list-style-type: none"> <li>• whether he/she is fit to undertake other regular employment.</li> </ul> <p>The FRA may also review pensions paid where the person —</p> <ul style="list-style-type: none"> <li>• is entitled to a deferred pension, and</li> <li>• has begun to receive payments in respect of the pension on becoming permanently disabled under B5.</li> </ul> <p><b>Higher tier ill health pension</b> - if the condition has improved so that the former scheme member could seek regular employment the enhanced pension would be cancelled and a new pension based only on the service that was accrued while the person was an active scheme member will be substituted. <i>If under the tax regime the higher tier ill health award is calculated in two parts: part 1 accrued service and part 2 enhanced service, it will be the 2<sup>nd</sup> part of the award that would be cancelled.</i></p> <p><b>Lower tier ill health pension</b> – If the condition worsens there would be no</p>	<p><i>See FPS Order 1992.</i></p>

<p>provision for substituting the lower tier award with a higher tier one. Nor could a lower award be replaced by a higher one because of general deterioration in health. If the condition has improved to the point where the individual could return to a role as firefighter the unenhanced award would be replaced by a deferred award. In such circumstances, the FRA would need to consider re-employing the person.</p> <p>If the condition that lead to ill health retirement resulted from a work related injury (a qualifying injury), the individual would be able to ask for a review under the Firefighters' Compensation Scheme.</p> <p>In a case of early receipt of a deferred award the FRA may determine that payment of the deferred pension shall be suspended, becoming payable again at age of 65 as set out in B5. (<i>See Finance Acts 2004 and 2005</i>)</p> <p>Where an ill-health pension is terminated, or payment of a deferred pension is suspended, under this rule any injury pension being paid under the Firefighters' Compensation Scheme will be subject to review under that scheme. The necessary provision to this effect will presumably need to be included in the Firefighters' Compensation Scheme.</p> <p>The FRAs should be able to use their discretion about the timing of any review and may be allowed to determine that there should not be a review on the advice of the independent medical practitioner.</p> <p><i>See also Finance Acts 2004 and 2005. See also the Principal Civil Service Pension Scheme for wording on how to switch from a higher tier to a lower tier award. There should be a system for reviewing a child's pension.</i></p>	
<p><b>Withdrawal of pension during service as a firefighter</b> <b>K2</b></p> <p>The FRA from whom a pension under B is payable may, at their discretion, withdraw the whole or any part of the pension for any period during which the person entitled to it is serving as a firefighter in any FRA.</p> <p>Where a person may be entitled to pensions in respect of both whole-time and part-time service, and whether the two pensions would be payable by a single authority or by two authorities, it should be possible if one pension is withdrawn because the person is serving as a firefighter for the other to continue to be paid.</p> <p>To include abatement arrangements for re-employment under the Finance Act 2004.</p> <p><i>It should be possible for a firefighter who has retired with two pensions one for whole-time and one for part-time service to return as a part-time firefighter and only have this element withdrawn.</i></p>	<p><i>See K4 FPS Order 1992 –</i></p>
<p><b>Withdrawal of pension on conviction of certain offences</b> <b>K3</b></p> <p>In the circumstances specified, the FRA by whom a pension (under B or C) is payable may withdraw the pension in whole or in part, and permanently or temporarily as they may specify.</p> <p>The circumstances are—</p>	

<ul style="list-style-type: none"> <li>• that the person entitled to the pension ("the pensioner") has been convicted of an offence of treason or one or more offences under the Official Secrets Acts 1911 to 1989(a), and in the case of a pension under C that the offence was committed after the death on which the pensioner became entitled to it, or</li> <li>• that the pensioner has been convicted of an offence committed in connection with his service as a member of a FRA which is certified by the Secretary of State either to have been gravely injurious to the interests of the State or to be liable to lead to serious loss of confidence in the public service, or</li> <li>• that the person who would receive the pension under C (widow(er), civil partner, nominated partner, or child) is convicted of the offence of unlawfully killing the scheme member.</li> </ul> <p>To set out that the offences mentioned—</p> <ul style="list-style-type: none"> <li>• an offence of treason, and</li> <li>• one or more offences under the Official Secrets Acts 1911 to 1989 for which the pensioner has been sentenced on the same occasion to a term of imprisonment of, or to two or more consecutive terms amounting in the aggregate to, at least 10 years.</li> </ul> <p>The FRA may, to such extent as they at any time in their discretion think fit—</p> <ul style="list-style-type: none"> <li>• apply for the benefit of any survivor benefits of the pensioner's, or</li> <li>• restore to the pensioner,</li> </ul> <p>so much of any pension as has been withdrawn under this rule.</p> <p><i>In accordance with K5 of the 1992 Order but also dealing with issues of survivors not benefiting from criminal offences against the scheme member. Excluding also reference to the `secured and unsecured pension`.</i></p>	
<p><b><i>Reduction of award in cases of default</i></b>  <i>See K3 of the FPS 1992. To be included in the Firefighters' Compensation Scheme.</i></p>	

**PAYMENT OF AWARDS AND FINANCIAL PROVISIONS  
PART L**

<p><i>Part L to set out:</i></p> <ul style="list-style-type: none"> <li>• <i>payment of employers' contributions towards pension liabilities</i></li> <li>• <i>Fire and Rescue Authorities (FRA) responsibility for the payment of pension awards</i></li> <li>• <i>Pension account/fund</i></li> <li>• <i>Reporting</i></li> <li>• <i>Payment of awards</i></li> <li>• <i>Duplication of benefits under scheme</i></li> <li>• <i>Payment of awards – supplementary</i></li> <li>• <i>Payment without probate</i></li> <li>• <i>Stakeholder pensions</i></li> </ul>	
<p><b>Payment of employers' contribution towards pension liabilities L1</b>  To set out that the FRA shall pay the contribution, as a percentage of</p>	

pensionable pay (as defined in G1 and G2) towards the future pension liability, paid by all serving members of the Firefighters' Pension Scheme i.e. all firefighters into their pensions account.

To set out that the FRA shall make a contribution as a percentage of pensionable pay (as defined in G1 and G2) towards the future pension liability for all serving members of the Firefighters' Pension Scheme i.e. all firefighters.

Where (under A14) a firefighter opts out of the scheme no employer pension contributions will be due.

Where a firefighter leaves the scheme with less than 2 years' service so that he/she does not qualify for a deferred award (and a transfer of accrued service is not requested) a refund of contributions to the employee will be made subject to:

- deductions in respect of any equivalent premium paid in respect of the member as is permitted by or under section 61 of the Pension Schemes Act 1993 and an amount equal to the income tax payable under section 598(2) of the Income and Corporation Taxes Act 1998 by virtue of the repayment.

Where a firefighter leaves the scheme with less than 2 years' service so that he/she does not qualify for a deferred award a refund of contributions to the FRA's operating account will be made.

Where a firefighter opts out within 3 months of first joining the scheme:

- the person will be treated as never having joined the scheme, and a refund of pension contributions will be made to the individual.

Where a firefighter opts out within 3 months of first joining the scheme:

- the person will be treated as never having joined the scheme, and a refund of pension contributions will be made to the FRA operating account.

**Fire and Rescue Authorities responsibility for payment of pension awards**

**L2**

To set out that Fire and Rescue Authorities shall have responsibility for paying firefighter pensions.

To set out that any award to or in respect of a scheme member will be paid by the FRA by whom he/she was last employed.

To set out that any award payable to or in respect of a pension credit member is payable by the relevant FRA employing the firefighter from whom the pension derives at the time of the pension sharing order, or if the firefighter had ceased serving as a firefighter when the order was made by the FRA where the firefighter was last employed.

*In accordance with the 1992 Order Rule L1. Rule L1(2) should be ignored as this should*

<p><i>be in the Firefighters' Compensation Scheme. See also 2001 Order Rule L1(3).</i></p>	
<p><b>Pension account/fund</b>  <b>L3</b>  To set out that every FRA shall maintain a separate pension account/fund.</p> <p>To set out that this can be the same pensions account/fund as for the existing Firefighter Pension scheme.</p> <p>To set out that payments, in addition to the employer and employee contributions as defined in [xx], shall be made to and from the FRA's pension account/fund according to guidance issued by the Secretary of State.</p> <p>To set out that the Secretary of State shall make payments into and take surpluses out of the FRA's pension account/fund according to calculations set out in guidance issued by the Secretary of State.</p> <p>To set out that arrangements should follow proper accounting practice as set out in the Chartered Institute of Public Finance Association (CIPFA)'s Statement Of Recommended Practice (SORP).</p>	<p><i>See 1992 Order Rule L2.</i></p>
<p><b>Reporting</b>  <b>L4</b>  To set out that the FRA shall provide reports and returns to the Secretary of State on payments into and out of their pension account/fund as required.</p>	
<p><b>Payment of awards</b>  <b>L5</b>  While a pension is payable it should be paid at regular intervals and the FRA shall discharge its liability in respect of making payments either in arrears or advance normally in respect of each month unless the pension is small [£XX or less?] in which case payment may be made at intervals that the FRA determine as reasonable (half-yearly/ or yearly?) but payment may be delayed to the extent necessary for determining any question as to the liability of the FRA.</p> <p>To set out that where-</p> <ul style="list-style-type: none"> <li>• pensions under [ proposed Part C] or lump sums under [proposed Part D] are payable this is from the day after the date of death.</li> <li>• an eligible (posthumous) child is born after the death of the scheme member any pension is payable from the date of the child's birth.</li> <li>• the FRA is not advised of the death of a pensioner of this scheme so that the pension has continued in payment, they may recover all or part of such overpayment as they think fit.</li> <li>• the deceased commuted a pension under proposed Rule B11 (commutation of mall pension), any survivor pensions payable under proposed Part C would be payable from the first anniversary of his/her death or such earlier date as the FRA in the circumstances think fit.</li> <li>• the person is entitled under proposed Rule B9 to a repayment of his/her aggregate pension contributions, the FRA are not obliged to make payment-</li> </ul>	

<p>(i) until the expiration of one year from the date of his/her leaving the scheme, or  (ii) until he/she requests payment  whichever is the earlier.</p> <p><i>Commutation of small pensions will be restricted to the provisions of the Finance Acts 2004 and 2005. This may need amendment in line with those restrictions.</i></p>	
<p><b>Duplication of benefits under scheme</b>  <b>L6</b>  To set out that in the case of a person receiving two or more pensions under this scheme all pensions will be payable, but may be subject where appropriate to the tax lifetime allowance as set out under J1.</p>	<p><i>See FPS Order 1992 rule L4. See also Finance Acts 2004 and 2005</i></p>
<p><b>Payment of awards – supplementary</b>  <b>L7</b>  To set out that the FRA has the discretion to pay an award to a minor to such other person as they feel appropriate. The award must be to the benefit of the minor.  To set out that if the FRA believe that a person entitled to an award is incapable of managing his/her affairs, they have the discretion to-</p> <ul style="list-style-type: none"> <li>• Pay all or part of the award to a person caring for the person concerned, or such other person as they determine.</li> </ul> <p>Apply the award, or the remaining part of it in such a manner as they think best for the person or his/her dependants.</p>	<p><i>See FPS Order 1992</i></p>
<p><b>Payment without probate</b>  <b>L8</b>  To set out that on the death of a person to whom there was due in respect of an award a sum not exceeding the amount specified in any order for the time being in force under section 6 of the Administration of Estates (Small Payments) Act 1965 and apply in relation to the death, the FRA may, as they think fit, without requiring the production of probate or any other proof of title—</p> <ul style="list-style-type: none"> <li>• where only one person appears to be beneficially entitled to the personal estate of the deceased, pay the sum to that person, or</li> <li>• in any other case, either pay the sum to one of the persons appearing to be so entitled or distribute it among all or any of them in such proportions as the authority may determine.</li> </ul> <p>To set out that-</p> <ul style="list-style-type: none"> <li>• an assignment of or charge on an award is void to the extent that it is in favour of a person other than a dependant of the person entitled to the award.</li> <li>• on the bankruptcy of a person entitled to an award the award does not pass to any trustee or other person acting on behalf of the creditors.</li> </ul> <p>To set out that-</p> <ul style="list-style-type: none"> <li>• where as a result of fraud, theft or negligence on the part of a firefighter in connection with his employment there has been a loss to the funds of</li> </ul>	<p><i>See FPS Order 1992 Rule L5 (3) and (11)</i></p>

<p>a FRA, the Authority may withhold all or part of any sums becoming due to him/her from the Authority in respect of a pension.</p> <p>To set out that the total amount withheld must not exceed the amount of the loss; and in the event of any dispute as to the amount of the loss nothing may be withheld unless the loss has become recoverable from the person entitled to the pension under the order of a competent court. To set out there shall not in any case be withheld any part of a sum due that is not attributable to service as a member of a FRA.</p> <p>To set out that In this rule a reference to an award is a reference to a pension, allowance, gratuity or other award under this Scheme.</p>	
<p><b>Stakeholder pensions</b></p> <p><b>L9</b></p> <p>A FRA may pay a contribution to a stakeholder pension scheme that the FRA may have set up prior to 6 April 2006 (for firefighters on the retained duty system) in respect of a firefighter who is not a member of this pension scheme. The contribution would be in proportion to that paid by the individual and may not exceed what the FRA would have paid into this pension scheme under the proposed financing arrangements for the scheme. [This contribution may not be made from the authorities pension account.]</p>	
<p><i>Where a person is awarded an injury pension under the Firefighters' Compensation Scheme any pension that becomes payable under B or C may be offset against any benefits paid under the Firefighters' Compensation Scheme.</i></p>	

**PENSION SHARING ON DIVORCE  
PART M**

<p><i>To set out:</i></p> <ul style="list-style-type: none"> <li>• <i>entitlement to pension for credit members</i></li> <li>• <i>commutation of pension credit benefits</i></li> <li>• <i>death grants</i></li> <li>• <i>deductions for tax purposes</i></li> </ul>	
<p><b>Pension Credit member's entitlement to pension</b></p> <p><b>M1</b></p> <p>Pension credit member should be defined in accordance with section 124(1) of the Pensions Act 1995 i.e. the divorced spouse/civil partner of a scheme member.</p> <p>The entitlement of pension credit member to a pension when he/she attains age 65 (deferred pension age) or if later when the pension sharing order under which he/she is entitled to the pension credit takes effect.</p> <p>The pension must be of an amount that its actuarial value is equal to the member's pension credit, as calculated from tables prepared by the Government Actuary and in accordance with the regulations under paragraph 5(b) of Schedule 5 to the 1999 Act.</p>	<p><i>See IA1 of the FPS 1992</i></p>

<p><b>Application of general rules for Pension Credit Members</b>  <b>M2</b>  To set out application and restriction of provisions pertaining to pension credit members.  The provisions of the scheme specified at (a) below will apply to pension credit members and awards payable to or in respect of them, apart from where otherwise stated or where a contrary intention is otherwise indicated.  (a)  B16 to B19 inclusive (Pension Credit Members);  H1 (determination by FRA);  K5 (withdrawal of pension on conviction of certain offences);  L1B (Authorities responsible for payment of awards);  L2 (Expenses and receipts of Fire and Rescue Authorities);  L3 (Payment of awards)  L5 (Payment of awards - supplementary).</p> <p>The other provisions of the scheme shall not apply to pension credit members and benefits payable to or in respect of them, except if and to the extent that they are also members of another description; and  Where a pension credit member is entitled to pension benefits in another capacity in the scheme (e.g. as a firefighter in their own right), any pension payable as a credit member cannot be added to the pension paid in their own right to form one pension award.</p>	
<p><b>Commutation of pension credit benefits</b>  <b>M3</b>  Where a pension sharing order results in a `small pension`, the FRA may in accordance with HM Revenue and Customs requirements (Finance Act 2004) commute for a lump sum the whole of the pension to which a pension credit member is entitled under M1. Commutation must occur during a single 12 months, selected by the member, starting no earlier than the pension credit member's 60<sup>th</sup> birthday and before his/her 75<sup>th</sup> birthday. Commutation will extinguish all rights in the scheme.  A person may commute a portion of the pension (if voluntary commutation is agreed for scheme members). This would not apply if the scheme member from whom the pension derived had already received a lump sum before the pension sharing Order was made.</p> <p><i>Provision should be in accordance with the Finance Acts 2004 and 2005. See also L for payment of pensions – to pay small pensions over 6 monthly or yearly instalments This option may be preferable to commuting.</i></p>	<p><i>See IA2 of the FPS 1992.</i></p>
<p><b>Death Grants where pension credit members dies before pension credit benefits become payable</b>  <b>M4</b>  If a pension credit member dies before any benefits deriving from the member's pension credit have become payable, a lump sum death grant is to be paid to the personal representatives of an amount equal to the annual rate of the pension to which the pension debit member would have been</p>	<p><i>See IA1 of the FPS 1992</i></p>

entitled if he/she had attained normal pension age on the date of his/her death (as calculated from tables prepared by the Government Actuary) multiplied by 2.25.	
<b>Deduction of tax from pension credit member pensions</b> <b>M5</b> The FRA may deduct from any payment an amount, which is chargeable to tax.	<i>See FPS 1992, B11.</i>

**GLOSSARY OF EXPRESSIONS**  
**PART N**  
**THE SCHEME RULE A2**

<b>Expression</b>	<b>Meaning</b>
The 1993 Act	The Pension Schemes Act 1993(a)
The 1999 Act	The Welfare Reform and Pensions Act 1999(b)
Adoption Leave	Leave under sections 75A and 75B of the Employment Rights Act 1996(a) (and "ordinary adoption leave" and "additional adoption leave" shall be construed accordingly).
Aggregate pension contributions	All payments made by the scheme member to a FRA under G2 and G3 including other contributions paid such as those in respect of additional, maternity, adoption, unpaid leave.
Amount	In relation to a pension ( <i>or allowance</i> ) the annual amount
Approved Early Retirement	Early retirement terms whereby the FRA pay a pension at or after age 55 but before the normal pension age.
Approved Scheme	<i>This may not be required.</i>
Award	A pension, ( <i>allowance, gratuity</i> ) or repayment of pension contributions.
Brigade	<i>This may no longer be required..</i>
Cash equivalent and Part cash equivalent	See the Pension Schemes Act 1993 (section 94(1)(a)). The first expression means a cash equivalent; and the second expression means the cash equivalent of any part of the benefits (continuation in employment after termination of pensionable service).
Child / Children	In relation to a person who has died, a legitimate or illegitimate child, step-child or adopted child of his/her; any other child who was substantially dependent on him/her and either is related to him/her or is the child of his/her spouse or civil partner or `nominate` unmarried partner.
Civil Partner	Construe as in the Civil Partnership Act 2004.
Club Scheme	Superannuation arrangements, which fall within (a), (b) or (d) of the

	definition of "approved scheme". <i>May be subject to amendment.</i>
Contracted-out employment Contracted-out scheme	Shall have the meaning as set out in the Pension Schemes Act 1993.
Contributions equivalent premium	Shall have the meaning as set out in the Pension Schemes Act 1993.
Disabled. Disablement. Permanently disabled. Permanent disablement.	Disabled and Disablement - incapacity occasioned by infirmity of mind or body so that the firefighter is unable to perform the duties appropriate to his/her role as a firefighter. Permanent disablement in respect of A5 - a medical condition that the Medical Adviser considers is likely to result in ill health retirement before the normal pension age. Permanently disabled - an infirmity that is expected to continue until normal pension age.
Firefighter	Can be either - <ul style="list-style-type: none"> <li>• Regular firefighter - which shall have the following meaning: "The expression means a whole-time or part-time member of a brigade, other than a retained or volunteer member of a brigade, appointed on terms under which he/she is, or may be, required to engage in fire fighting or, without a break in continuity of such an appointment, may be required to perform other duties as appropriate to his role as a firefighter (other than, or in addition to, engaging in fire fighting) and whose appointment is not a temporary one."</li> </ul> OR <ul style="list-style-type: none"> <li>• Retained firefighter - which shall have the following meaning: "A member of a brigade who- (a) is obliged to attend- (i) at the station to which he/she is attached for training and maintenance duties for an average of 2 ours each week (or such lesser time as the officer in charge of the station, subject to any orders of the Chief Officer, considers necessary) and promptly, at any time, in response to a call; and (ii) at any other station for reserve or standby duties in accordance with any orders he/she receives; and (b) receives a retaining fee and such other fees as appropriate in respect of those duties.</li> </ul>
Former Fire and Rescue Authority	To be construed as the FRA in which the scheme member previously served.
Guaranteed Minimum and Guaranteed Minimum Pension	As construed in accordance with Pension Schemes Act 1993. Any reference to guaranteed minimum in relation to a pension under a pension scheme is a reference to the amount certified by the Department of Work and Pensions as that minimum at that time.
Higher tier ill health pension	Shall have the meaning as set out in B4.
Independent qualified	A medical practitioner holding a diploma in occupational medicine or an

medical practitioner	equivalent qualification issued by a competent authority in an EEA State (which has the meaning given by the European Specialist Medical Qualifications Order 1995(b) or being an Associate, a Member or a Fellow of the Faculty of Occupational Medicine (c) or an equivalent institution of an EEA State.
Injury	Includes any injury or disease, whether of body or of mind
Lower tier ill health pension	Shall have the meaning as set out in B4.
Maternity Leave	Leave under sections 71 and 73 of the Employment Rights Act 1996(e) (and "ordinary maternity leave" and "additional maternity leave" shall be construed accordingly).
Nominated Partner	The unmarried partner of a firefighter who together with the firefighter has completed a joint declaration of partnership and registered it with the Scheme Administrator. At the time of death: <ul style="list-style-type: none"> <li>• the unmarried partner must have been living with the firefighter in an exclusive committed long-term relationship (long term in the context would normally mean for at least 2 years); and</li> <li>• the firefighter and unmarried partner must both have been free to marry (or would have been able to if the firefighter and unmarried partner had not been the same sex) (a statutory list could be included of relationships too close to marry - see Marriage Act 1949); and either the unmarried partner was financially dependent on the firefighter or both partners were financially interdependent.</li> </ul>
Normal Pension Age	<i>This is the earliest age a scheme member can take immediate payment of an ordinary pension without actuarial reduction. Construe as in Rule A 12.</i>
Paternity Leave	Leave under regulation 4 or 8 of the Paternity and Adoption Leave Regulations 2002(f)
Pension.	A pension under this Scheme
Pension credit	A credit under section 29(1)(b) of the 1999 Act, including a credit under corresponding Northern Ireland legislation.
Pension credit benefit	Construe in accordance with section 101B of the 1993 Act(c).
Pension credit member	Construe in accordance with section 124(1) of the Pensions Act 1995(a).
Pension credit rights	Construe in accordance with section 101B of the 1993 Act.
Pension debit	A debit under section 29(1)(a) of the 1999 Act.
Pension debit member	A person whose benefits or future benefits under this Scheme have been reduced under section 31 of the 1999 Act.

"Pensionable pay", "average pensionable pay"	Construe as in G1.
"Pensionable service"	Construe as in E2 – E5.
Pension sharing order	An order or provision mentioned in section 28(1) of the 1999 Act.
Qualified medical practitioner	A medical practitioner holding a diploma in occupational medicine or an equivalent qualification issued by a competent authority in an EEA State (for the purposes of this definition “a competent authority” has the meaning given by the General and Specialist Medical Practice (Education, Training and Qualifications Order 2003 <sup>(3)</sup> ) or being an Associate, a Member or a Fellow of the Faculty of Occupational Medicine <sup>(4)</sup> or an equivalent institution of an EEA State.
Qualifying injury"	Construe as in Firefighters’ Compensation Scheme.
Qualifying Service	Construe in accordance with E1.
Registered Civil Partner	A partner registered under the Civil Partnership Act 2004
Relevant Fire and Rescue Authority	Construe in accordance with Part L (Rule L1x).
Relevant service in the armed forces	Construe in accordance with A 14 and II.
Retirement date	Construe in accordance with A13.
Scheme managers	In relation to a scheme falling within (a) or (b) of the definition of "approved scheme", the Minister of the Crown or local or other authority or other person administering the scheme; in relation to any other scheme, the person responsible for its management.
Spouse	The person to whom the firefighter was legally married.
Survivor pensions	Pensions payable to the following: spouse (widow or widower); registered civil partner, or nominated partner. See terms above.

<sup>(3)</sup> S.I. 2003/1250, amended by S.I. 2004/1947.

<sup>(4)</sup> The Faculty of Occupational Medicine is a registered charity no. 1035415.

**CALCULATION OF PENSIONABLE SERVICE**

Pensionable service is set out under E1 where pension contributions have been paid with each day in excess of a year counting as so many 365ths. Pensionable service would be restricted to 40 years by the normal pension age except where the scheme member continues to work beyond the normal pension age and remains in the scheme.

**A8**

**To calculate pensionable service for whole time regular firefighters:**

**Example 1:**

Scheme member joined the scheme aged 25 years on 1 June 2007 and works whole-time up to the normal pension age on 30 November 2042 paying pension contributions for the whole period with no unpaid absences.

Pensionable service = 35 years 6 months = 35 years  $\frac{183}{365}$  days = 35.5013 years.

**To calculate pensionable service for part-time regular firefighters:**

$$\frac{A \times B}{C} = D$$

- A = period of time working part-time hours
- B = weekly part-time contractual hours
- C = weekly whole-time conditioned hours
- D = pensionable service

**Example 2:**

Scheme member joined the scheme aged 35 years on 1 June 2007 and works whole-time for 10 years and then switches to part-time working of 21 hours per week for 15 years (1 June 2017 to 30 November 2032) retiring at normal pension age on 30 November 2042 paying pension contributions for the entire period with no unpaid absences.

Pensionable service:

whole-time from 1 June 2007 to 31 May 2017) = 10 years

+

part-time from 1 June 2017 to 30 November 2032 of 21 hours per week

$$= (A) 15.5014 \times \frac{(B) 21}{(C) 42} = (D) 7.7507$$

Total = 10 + 7.7507 = 17.7507 or 17 years 274 days pensionable service

**Example 3:**

Part-time weekly contractual hours =

42 for 10 years = 10 years

$$21 \text{ for } 15 \text{ years} = \frac{(A) 15 \times (B) 21}{(C) 42} = (D) 7.5 \text{ years } 7 \text{ years } 182.5 \text{ days}$$

Total = 17 years 182.5 days or 17.5000 years

**To calculate pensionable service for retained firefighters:**

To calculate the amount of pensionable service accrued by scheme members employed on retained duty contracts it will be necessary to convert the pensionable service and pensionable pay into notional full-time equivalents. Using the following formula will mean that each year the scheme member will build up a period of pensionable service, which is linked to a consistent (and increasing) notional pensionable salary despite the person's actual earnings fluctuating. (Taken from USS Factsheet twenty-one – Employees in Variable Time Employment).

$$\frac{A}{B} \times 100\% = C \quad \times 365 \text{ to determine one year} = D$$

A = Actual salary received

B = Notional whole-time equivalent level of pay\*

\* the employer will define this figure

C = Notional part-time service fraction for retained firefighters

D = pensionable service accrued in scheme

**Example 4** (using the USS:)

Scheme member: age 30

Pensionable pay: £8000 over last 12 months

Equivalent pensionable pay for whole-time regular: £24,000

To calculate notional part-time service

$$\frac{\text{£8,000 (A)}}{\text{£24,000 (B)}} \times 100\% = (C) .3333 \times 365 = 121.6524 \text{ days or } 122 \text{ days (D) for one year}$$

## Appendix 2

### B1 – Calculation of pension awards

Pensionable service is set out under E1 where pension contributions have been paid with each day in excess of a year counting as so many 365ths.  
Pensionable service would be restricted to 40 years by the normal pension age except where the scheme member continues to work beyond the normal pension age and remains in the scheme.

Pensionable pay and average pensionable pay is set out under G.

The formula for the calculation of an ordinary pension award is:

A = pensionable service  
B = average pensionable pay  
C = pension per annum (pa)

$$\frac{A \times B}{60} = C$$

#### Whole-time firefighter

##### Example 1

Scheme member: age 60  
Pensionable service: 35 years  
Qualifying service: 35 years  
Average pensionable pay: £25,000

$$\frac{35 \times £25,000}{60} = £14,583.33 \text{ pa}$$

##### Example 2

Scheme member: age 60  
Pensionable service: 42 years (40 years maximum but works another 2 years which can count under A8)  
Qualifying service: 42 years  
Average pensionable pay: £25,000

$$\frac{42 \times £25,000}{60} = £17,500$$

#### Part-time regular firefighter

##### Example 3

###### Pension for a regular part-time firefighter

A = accrued pensionable service (this will be less than qualifying service)  
B = full-time equivalent average pensionable pay

C = pension

Scheme member: 60

Pensionable service: 25 years

Qualifying service: 27years 182 days

Whole-time equivalent average pensionable pay: £25,000

$$\frac{25 \times \pounds 25,000}{60} = \pounds 10,416.67 \text{ pa}$$

#### **Example 4**

Scheme member: age 60

Pensionable service: 36 years 91 days ((36.2493)

Qualifying service: 42 years

Whole-time average pensionable pay: £25,000

$$\frac{36.2493 \times \pounds 25,000}{60} = \pounds 15,103.88 \text{ pa}$$

#### **Retained firefighter**

#### **Example 5**

##### Pension for a retained firefighter

A = accrued pensionable service (Pensionable service over the qualifying period of service should be assessed as under Appendix 1 for each year and then aggregated to determine accrued pensionable service).

B = notional full-time equivalent level of pay

C = pension

Scheme member: 60

Pensionable service: 122 pensionable days each years for 10 years – 3.3425 years

Notional whole-time equivalent average pensionable pay: £25,000

$$\frac{(A)3.3329}{60} \times (B)\pounds 25,000 = (C)\pounds 1,388.71 \text{ pa}$$

## Appendix 3

### B4 Calculation Of Ill Health Retirement Awards

**Higher Tier Awards** – payable where the person qualifies for a pension award under A7 and the scheme member is unable to undertake other regular employment.

Higher tier ill health awards will be based on the amount of pensionable service accrued in the scheme up to the date of ill health retirement plus additional service, depending on the amount of qualifying service the scheme member has. The additional service will be known as enhancement of service. To ensure a smooth incremental enhancement the moderating factor of X% will be used in the calculation of the enhancement.

If the member has less than 5 years qualifying service no enhancement will be added to the service already accrued in the scheme.

If the member has 5 or more qualifying years' service then an enhancement would be given by using the moderating factor plus a proportion (the same percentage) of prospective service up to 40 years by normal pension age. An example, using a moderating factor of 2% would be:

To determine the amount of enhanced service:

Service already accrued in the scheme + ( (2% x Service) x Prospective Service\* ),

*(\*prospective service to be the time from the date of retirement to the earlier of the date of the member's 60th birthday, or the date on which the member would have completed 40 years service if they had continued to be contributing members of the scheme.)*

#### Whole-time

To calculate enhancement –  $(2/100 \times A) \times B = C$

A = pensionable service accrued in the scheme

B = whole-time prospective service up to the normal pension age restricted to 40 years

C = enhancement to be added to A

To calculate higher tier ill health pension -  $(D \times E = F)$

D = A + C the service to be used in the higher tier ill health pension award

E = average pensionable pay

F = higher tier ill health pension per annum (pa)

#### Example 1:

scheme member: age 30 years

accrued pensionable service: 7 years 68 days (7.1863)

qualifying service: 7 years 68 days (7.1863)

prospective service to normal pension age: 30 years

average pensionable pay: £24,000.

To calculate enhancement:  $(2/100 \times (A) 7.1863) \times (B) 30 \text{ years} = (C) 4.3118$  years

To calculate pensionable service if one award is paid:  $(C) 4.3118 + (A) 7.1863 = (D) 11.4981$  years. The resulting service should be used in the calculation of the higher tier pension.

To calculate pension –  $(D) \frac{11.4981}{60} \times (E) £24,000 = (F) £4,599.24 \text{ pa}$

60

To calculate pension(s) if two awards have to be paid:

1st Pension  $(A) \frac{7.1863}{60} \times (E) £24,000 = £2,874.52 \text{ pa}$

60

2<sup>nd</sup> Pension  $(C) \frac{4.3118}{60} \times (E) £24,000 = £1,724.72$

60

Total = £4,599.24 pa

### **Example 2:**

scheme member: age 40 years

accrued pensionable service: 25 years 91 days (25.2493)

qualifying service: 25 years 91 days

prospective service to normal pension age: 14.7507 years (20 years to normal pension age but this would exceed 40 years therefore  $40 - 25.2493 = 14.7507$  years.)

To calculate enhancement:  $(2/100 \times (A) 25.2493 \text{ current service}) \times (B) 14.7507 = (C) 7.4489$  years enhancement.

To calculate pensionable service:  $(A) 25.2493 + (C) 7.4489 = (D) 32.6982$

To calculate pension if one award is paid:

$(D) \frac{32.6982}{60} \times (E) £24,000 = (F) £13,079.28 \text{ pa}$

60

To calculate pensions if two awards have to be paid:

1<sup>st</sup> Pension  $(A) \frac{25.2493}{60} \times (E) £24,000 = £10,099.72 \text{ pa}$

60

2<sup>nd</sup> Pension  $(C) \frac{7.4489}{60} \times (E) £24,000 = £2,979.56 \text{ pa}$

60

Total = £13,079.28pa

### **Part-time**

Where the scheme member is or has been in the past working part-time the prospective service will need to reflect this:

To calculate prospective service:

A = pensionable service accrued in the scheme

A<sub>i</sub> = qualifying service

B = whole time prospective service

C = prospective service

$$\frac{A}{A_i} \times B = C$$

A<sub>i</sub>

To calculate enhancement

A to C as above

D = enhancement to be added to A

$$\left(\frac{2}{100} \times A\right) \times C = D$$

To calculate higher tier ill health pension - (E x F = G)

E = A + D the service to be used in the higher tier ill health pension award

F = whole-time average pensionable pay

G = higher tier ill health pension per annum (pa)

**Example 3:**

scheme member: age 30 years

accrued pensionable service: 7 years 68 days (7.1863)

qualifying service: 10 years 182 days (10.4986)

To calculate prospective service:

$$\frac{7.1863}{10.4986} \times 30 \text{ years (B)} = 20.5350 \text{ years (C)}$$

$$10.4986(A_i)$$

To calculate the enhancement:

$$\left(\frac{2}{100} \times (A) 7.1863 \times (C) 20.5350\right) = (D) 2.9514 \text{ years}$$

$$\text{average pensionable service} = (A) + (D) = (E) 10.1377 \text{ years}$$

To calculate pension if one award is paid:

$$\frac{(D) 2.9514 \times (F) \text{£}24,000}{60} = (G) \text{£}4,055.08 \text{ pa}$$

$$60$$

To calculate pension if two awards have to be paid:

1<sup>st</sup> Pension paid if one award is paid:

$$\frac{(A) \text{£}7.1863 \times (F) \text{£}24,000}{60} = \text{£}2,874.52 \text{ pa}$$

$$60$$

2<sup>nd</sup> Pension if two awards have to be paid:

$$\frac{(D) 2.9514 \times (F) \text{£}24,000}{60} = \text{£}1,180.56 \text{ pa}$$

$$60$$

Total: £4,055.08

**Example 4:**

scheme member: age 40 years

pensionable service: 20 years 182 days (20.4986 years)

qualifying service: 22 years 182 days (22.4986)

whole-time pensionable pay: £24,000

To calculate prospective service:

$\frac{20.4986 (A)}{19.5014 (B)^*} = 17.7678 \text{ years (C)}$

22.4986 (Ai)

\*If whole time throughout service then prospective service would have been 20 years to normal pension age (age 60), but this would need to be restricted to reflect limit of 40 years by age 60 (i.e. 19.5014)

To calculate enhancement:

$(\frac{2}{100} \times (A) 20.4986) \times (B) 17.7678 = 7.2843 \text{ years (C)}$

average pensionable service = 27.7829 (D) (A + C = D)

To calculate pension if one award is paid:

$\frac{(D) 27.7829}{60} \times (E)£24,000 = (G) £11,113.16 \text{ pa}$

To calculate award if two pensions are paid:

1<sup>st</sup> Pension

$\frac{(A)20.4986 \times (F)£24,000}{60} = £8,199.44$

2<sup>nd</sup> Pension

$\frac{(C)7.2843 \times (F)£24,000}{60} = £2,913.72$

Total = (G)£11,113.16pa

**Retained Firefighters** - Where the scheme member is a retained firefighter pensionable service will have been calculated in accordance with A8. Prospective service will need to reflect the proportion the service represents of an equivalent whole time firefighter.

To calculate prospective service:

A = pensionable service accrued in the scheme

Ai = qualifying service

B = whole time prospective service

C = prospective service

$\frac{A}{Ai} \times B = C$

Ai

To calculate enhancement

$$(2/100 \times A) \times C = D$$

To calculate pensionable service:

$$A + D = E$$

To calculate higher tier ill health pension - (E x F = G)

E = the service to be used in the higher tier ill health pension award

F = whole-time average pensionable pay

G = higher tier ill health pension per annum (pa)

**Example: 5**

scheme member: age 40 years

pensionable service: 3 years 125 days (3.3425 years)

qualifying service: 10 years

Whole-time average pensionable pay equivalent: £25,000

To calculate prospective service:

$$(A) 3.3425 \times (B) 20 = (C) 6.6850$$

10 (Ai)

To calculate enhancement:

$$(2/100 \times (A) 3.3425) \times (C) 6.6850 = (D) .4469$$

To calculate pensionable service:

$$(A) 3.3425 + (D) .4469 = (E) 3.7894$$

To calculate higher tier ill health pension if one award is paid:

$$(E) 3.7894 \times (F) £25,000 = (G) £1,578.92 \text{ pa}$$

60

To calculate award if two pensions have to be paid:

1<sup>st</sup> Pension

$$(A) 3.3425 \times (F) £25,000 = (G) £1,392.71 \text{ pa}$$

60

2<sup>nd</sup> Pension

$$(D) .4469 \times (F) £25,000 = (G) £116.21 \text{ pa}$$

60

Total = (G) £1,578.92

## Appendix 4

### D 2 - Guaranteed Payment of Pension – Supplementary Death Grant

A – B = C

A Guaranteed pension - 5 x the pension that would have been paid

B Pension payments already made - Total of any pension payments made + any commuted lump sum that has been paid

C Supplementary Death Grant -

#### Example 1

Pensioner awarded a pension of £5,000 pa

Committed £1,250 of pension (1/4 of pension) and received a commuted lump sum of £15,000 leaving pension of £3,750 in payment

Pension in payment 2 years

Pensioner dies in 3 year pension is in payment

Payments received = £3,750 x 2 = £7,500 paid

Committed lump sum = £15,000

Pension payments received £15,000 + £7,500 = £22,500

Pension guarantee =

Guaranteed payment = £5,000 x 5 = £25,000 - £22,500 = £2,500

#### Example 2

Pensioner awarded a pension of £12,500 pa

Committed £3,125 of pension (1/4 of pension) and received a commuted lump sum of £37,500 and leaving £9,375 in payment

Pension in payment 3 years

Pensioner dies in 4th year pension is in payment

Payments received = £28,125 + £37,500 = £65,625

Pension payments received £19,364.33 + £37,500 = £56,864.33

Pension guarantee – £12,500 x 5 = £62,500 - £56,864.33 = £5,635.67