

FIREFIGHTERS' PENSION SCHEME

NEW FIREFIGHTERS' PENSION SCHEME

DRAFT BLUE PRINT – PART D AMOUNT OF THE DEATH GRANT

NOTE BY ODPM

1. This paper deals with the amount of the Death Grant where a split pension has been made under B7 of the draft Blueprint. At the last FPC meeting there was discussion about whether in such cases the Death Grant should take account of the higher salary earned during the earlier period of service.
2. Where split pensions are awarded the scheme member would at the end of service have the option of taking two pension awards based on service before and after the change in roles or one award based on total service and current pensionable pay, whichever would provide the best provision.
3. The death grant under the current proposals would be three times that of the deceased's pensionable pay at the date of death, expressed as an annual rate, regardless of whether there had been a split pension.
4. There are two options for dealing with split pensions:
 - (i) The death grant for those who have had a split pension could be based on proportions of pensionable pay at the date of the split pension and at the date of death. For example, if one-third of service was at the higher pay rate (pay on last day in the higher role £25,000) and two-thirds at the lower (£20,000), the calculation would be: $\text{£}25,000/3 + \text{£}20,000/3 \times 2 = \text{£}21,6667 \times 3$; or
 - (ii) For those who have had a split pension, introduce a `mark-time` element for the calculation of death grants. The grant would be based on the greater of either pensionable pay (possibly re-valued by Pensions Increases) at the last day of service used for the split pension, or pensionable pay at the date of death, whichever is the greater:
For example:
Pensionable pay on last day of pensionable service for the split pension = £25,000pa
Pensionable pay on the date of death = £20,000pa
Death grant based on £25,000 x 3

Conclusion

5. Option (i) would be equitable in that the death grant would be based upon the two elements of the scheme member's pensionable pay. Whilst (ii), linked to PI, would be more generous to the survivor/estate of the scheme member, it would be more closely linked to the grant payable where there is no split pension, since the latter reflects pay on the final day of service expressed as an annual rate and consequently gives maximum benefit from any in-year pay award.
6. The FPC is invited to discuss.

*ODPM
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