

FIREFIGHTERS' PENSION SCHEME

NEW FIREFIGHTERS' PENSION SCHEME (NFPS) TRANSITIONAL ARRANGEMENTS

Introduction

1. This paper sets out in broad terms issues surrounding the transitional arrangements for the introduction of the NFPS.

Transitional Order

2. A separate Order will be drafted to close the existing Firefighters' Pension Scheme (FPS) to new entrants so that those joining from 6 April 2006 would become members of the NFPS, unless they opt out.
3. Existing Retained Duty System firefighters would need to opt into the NFPS and would receive a statement regarding the new arrangements as set out below before making any decision.
4. The Transitional Order would need to include the provision that existing members of the FPS may on transferring to Fire and Rescue Authorities in Scotland, Wales and Northern Ireland transfer their FPS benefits to the equivalent scheme in those areas.
5. From 6 April 2006, new entrant firefighters would become members of the NFPS and would be subject to the contribution rate for that scheme.

Re-joiners and Optants out

6. There remains the issue of those who may have opted out of the FPS prior to April 2006 and those who subsequent to the closure of the scheme opt out and whether they should be able to opt back into the FPS or the NFPS.
7. ODPM's position is that from April 2006 anyone who has previously resigned or opted out or subsequently resigns or opts out from the FPS, would if re-employed or rejoining a pension scheme have to join the NFPS.

8. The following options would be available to firefighters -

(i) Existing firefighters, who are members of the FPS, would be able to -

- (A) Stay in the FPS, or
- (B) Join the new scheme.

If they join the new scheme, they would have a further two options –

- (C) Defer any pension accrued in the FPS. Or
- (D) Transfer it into the NFPS.

We need to consider whether if option (C) is exercised FPS benefits should then be paid as a deferred pension (in the future this would be age 65) or whether the Transitional Order should 'ring fence' such pensions and allow payment at the normal pension age for the NFPS.

(ii) Existing firefighters, not members of the FPS, would be able to –

(E) opt to join the NFPS, providing they have not been refused (re-)entry to the FPS, unless this was on grounds of age as the FPS has an upper age limit of 45.

(iii) New firefighters recruited to take up duty from 6 April 2006 -

(F) would automatically join the NFPS; but

(G) would be able to opt out of the scheme.

(iv) The FRA would provide for existing scheme members –

- Folder – FRS personalised
- Explanatory letter –
 - details of change,
 - explanation of contents,
 - explanation of time limits,
 - requirement to return acknowledgement form
 - details of address for further enquiries,
 - helpline,
 - e-mail for further queries
- Table comparing features of FPS and NFPS plus Frequently Asked Questions
- NFPS short guide
- Personalised statement setting out –
 - current value of benefits in FPS
 - value of deferred pension at effective date of NFPS
 - value of transfer credit from FPS to NFPS
- Election form –
 - I do wish to transfer to NFPS
 - I do not wish to transfer to NFPS
- Nomination form for completion and return, only if electing to join the NFPS
- Acknowledgement form for return in all circumstances by (*date*)

- I enclose - my election to join the NFPS
- my nomination form (optional)
- my election not to join the NFPS

- Pre-paid envelope

(v) Where the person is not a member of the existing scheme, the FRA would provide in the case of regular and Retained Duty System firefighters -

- Folder – FRS personalised
- Explanatory letter
 - details of change,
 - explanation of contents,
 - explanation of time limits,
 - requirement to return acknowledgement form
 - details of address for further enquiries,
 - helpline,
 - e-mail for further queries
- Table comparing features of 1992 injury scheme with new Compensation Scheme
- NFPS short guide
- If a group money purchase arrangement for retained firefighters is in place at FRS and retained firefighter is a member :
 - include table comparing NFPS with money purchase scheme
 - give details of transfer available from group money purchase arrangement to NFPS and service credit it would "purchase"
- Election form –
 - I do wish to join NFPS
 - I do not wish to join NFPS
- Nomination form for completion and return, only if electing to join the NFPS
- Pensions history form as issued to new entrants for details of pension rights possibly available for transfer
- Acknowledgement form for return in all circumstances by *(date)*
 - I enclose - my election to join the NFPS
 - my nomination form (optional)
 - pensions history form

- my election not to join the NFPS

- Pre-paid envelope

(vi) **Where a person joins the NFPS after its introduction –**

- Folder – FRS personalised
 - Explanatory letter
 - introduction,
 - explanation of contents,
 - details of address for further enquiries,
 - helpline,
 - e-mail for further queries
 - NFPS short guide
 - Pensions history form for details of pension rights possibly available for transfer
 - Opting-out form
 - Nomination form for completion and return
 - Pre-paid envelope
10. Statements – would be issued within first 6 months of the operative date for the NFPS.
Option period – people would have 3 months from receipt of their statements to make their decisions and would be asked to acknowledge receipt of the statement package.
11. We have had discussions with a representative group of Human Resource and Pension Practitioners to consider the guidance and documentation which will be necessary, and will be working with them to ensure that common standards are met. The Committee will be kept informed of developments and have the opportunity to comment on the documentation.
12. The FPC is invited to comment.

ODPM
February 2006