

FIREFIGHTERS' PENSION COMMITTEE

MATTERS ARISING FROM 39th MEETING

This paper updates members on the items discussed at the 39th meeting of the Firefighters' Pension Committee on 12th January 2011.

1. Restricting Pension Tax Relief: 'Scheme Pays' (paragraph 3.2)

Under draft HMRC legislation, individuals affected by Annual Allowance tax charges should be given an option to pay the charge through their pension scheme, so that the scheme pays the tax liability and the member repays the charge at a later date. The offsetting adjustment for 'scheme pays' is to be broadly fair and accurate, so that the individual and other members of the scheme cannot be advantaged or disadvantaged as a result. It should also minimise the administrative burden on public service schemes.

A series of options have been discussed with the Government Actuary's Department (GAD), other public service schemes and HM Treasury including a service deduction mechanism and a pension debit approach, similar to the arrangements for pension sharing on divorce (PSOD). Further discussions are taking place to explore how the PSOD arrangement might be used fairly and effectively across all public service schemes.

2. Firefighters' Pensions: Pension Contributions (section 4)

Paragraph 4.10 - At the last meeting it was agreed that DCLG would amend the table included in committee paper FPC(11)2 to:

- (i) reflect changes in yields generated after taking account of potential opt-out rates; and
- (ii) to include an additional column to show the effects of affording protection for the NFPS.

Please refer to agenda item 4 and associated committee paper FPC(11)6.

Paragraph 4.12 - DCLG also agreed to investigate and check whether the Secretary of State had prescribed a maximum contribution rate as provided by the Pensions Act 2008. In response, DCLG confirms that the both Firefighter pension schemes are exempt from providing the NEST provision since they already have auto-enrolment and provide

benefits better than those that can be provided via NEST. DWP can set rates for contributions to NEST but cannot dictate how much private and public sector schemes ask their members to contribute to the much costlier DB arrangements.

3. Future arrangements for management of Committee

As an action point from the last meeting members were invited to submit further comments on the future arrangements of the FPC.

No comments were received.

***Department for Communities and Local Government
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