

**Firefighters' Pension Scheme 1992 – Change to Commutation Factors:
Additional Guidance**

Following the issue of circular FPSC 5/2008 and associated GAD guidance on commutation in May 2008, we received a number of emails asking for further guidance on the application of the revised factors for commuting pension to lump sum in the FPS.

Clarification has been specifically requested on the interpretation of the table heading entitled '*Age in years and completed months on day pension commences*' (please refer to table 1 on page 7 of the GAD guidance), and in particular how FRAs should determine the relevant commutation factor that would apply in cases where the individual's pension does not commence on their birthday.

To aid clarification, we have provided an additional worked example below that illustrates how the revised commutation factors should be applied in cases where an individual's pension does not commence on their birthday. The worked example highlights that when determining the relevant commutation factor for any particular case, FRAs will need to establish the age of the individual in whole years and calendar months at the date that their pension commences e.g. if an individual's 50th birthday was 18th July 2007, then on 18th August 2007 they would be aged 50 years and 1 month.

Example – FPS: retiring from active service

Date of birth: 10 October 1954
Date pension commences: 13 May 2008
Total pension payable: £20,000 pa

Age on day pension commences: 53 years 7 months

Maximum pension that can be commuted: £5,000 pa

Lump sum payable = pension given up x factor from table 1
= 5,000 x **18.28**
= **£91,400**

August 2008

¹ Informal (non-statutory).