



# Modified New Firefighter Pension scheme (MNFPS) (Also known as retained modified)

January 2015



# The Scheme

## Why has it been introduced now?

- This new scheme was introduced after a legal case *Matthews v Kent and Medway Towns Fire Authority* [2006] UKHL went through the House of Lords and led to legislation which gave the right to join a pension scheme
- It established that retained firefighters should be treated equally as they were employed under the same type of contract as WT firefighters

## Is it a new scheme?

- Not exactly, it adds provisions to the 2006 scheme and seeks to provide similar but not identical benefits to the 1992 Firefighters' Scheme



# Terminology

## “Modified Pension Scheme”

- The scheme is open to those individuals employed as retained firefighters between 1 July 2000 and 5 April 2006.
- This could be:
  - Current firefighters
  - Firefighters who have left the service
  - Firefighters who have left the service and are in receipt of a pension
  - Firefighters who have left the service and are in receipt of ill health retirement benefits



# Terminology contd.

## “Special Member”

- You will become a ‘special member’ if you join the modified scheme. You are eligible to become a special member

## “Limited Period”

- The maximum period you can purchase past contributions which will give you pension membership

## “Mandatory Special Period”

- The period of special contributions a special member chooses to pay within the limited period



# Terminology contd.

## “Special Firefighter Member”

- A special member who has been continuously employed with the Service since before 6 April 2006
  - If you are a current member of the NFPS 2006 you must convert (transfer) all 2006 membership up to the date of election into the Modified Scheme to be a special FF.
  - If a current employee has been a member of the NFPS 2006 for more than 3 months in the past and is not a member now, they cannot join as a special FF member.
  - A retained FF who immediately transferred to WT service on or after 6 April 2006 and remains employed in that role.



# Terminology contd.

## “Special Deferred Member”

- A special member who has:
  - Either left the Service before age 55; or
  - Joined the NFPS 2006, is still a member and doesn't convert their membership to the modified scheme
  - Joined the NFPS 2006 for more than 3 months, left, and is still employed with the Service not having re-joined the NFPS 2006



# Terminology contd.

## “Special Pensioner Member”

- Was employed by the Service and left after reaching the age of 55
- Who was a special deferred member and then turns 60
- Was a special firefighter member and turns 55 and retires as a member of the scheme
- Anyone who is ill health retired under the Modified Scheme



# Terminology contd.

- Actual pay
  - Where pay records are not held (prior to 1<sup>st</sup> April 2006), this will be an estimate based on your average earnings including incident and pay award data
  - If you have P60s or payslips then these can be used



# Terminology contd.

- Reference pay
  - The pensionable pay of a whole time regular firefighter employed in a similar role and with equivalent qualifying service
- Calculation of modified service =  
Special pensionable service for each financial year = (actual pay/reference pay) x 365



# Joining

- If you want to purchase special membership then you will need to pay the pension contributions for the period you want to purchase.
- The cost of this has been notified to you



# Modified Scheme Vs 2006 Scheme

## Key features

MNFPS	NFPS 2006
Normal retirement age of 55	Normal retirement age of 60
Deferred benefit age of 60	Deferred benefit age of 65
Death in service benefits (info on request)	Death in service benefits is 3x pensionable pay
Accrual rate = 1/45th	Accrual rate = 1/60th
Contribution rate = 11% for service before 1 <sup>st</sup> April 2012 and then between 11% and 17%	Contribution rate = 8.5% to 12.5% from 1 <sup>st</sup> April 2014
Commutation factor is fixed and linked to age at retirement and FPS 1992*	Commutation factor is 12 to 1



# What You Should Have Received

- Covering Letter
- Options Election Form
- Options Exercise Statement
- Understanding Your Options Exercise Statement
- Repayment Fact Sheet
- The Retained MNFPS: Informal Guidance



# Understanding Your Statement

What has it been based on?

- ECFRS has looked at your historic earnings to ascertain the contributions you *would* have paid had you been a member of the scheme.
- If we had no earnings data, an estimate has been made based on individual or station averages.
- Figures on the statement is a snap shot as of 31.3.14 unless indicated otherwise
- For special pensioners the figures includes interest up to 30.11.14



# What Contributions Do I Pay?

- Up until April 2012 you will pay an annual contribution of 11% on your pensionable pay.
- From April 2012 onwards this contribution rate fluctuates dependent on your level of pay.
- All past contribution rates mirror that of the FPS 1992.



# Making Your Election

## I want to join the scheme

- You will need to tick the box which begins “I elect to become a member”.

## What does the commencement date refer to?

- This refers to the date your pension membership will begin.
- This can be between 1 July 2000 and 5 April 2006.
  - But may be different if you start or leave employment between that period



# Making Your Election

## I don't want to join the scheme

- You tick the box which begins “I do not wish to proceed”.
- This will end the process and you forfeit any future membership of the scheme.



# Confirmation of Membership Options

- These boxes may not apply to you, you don't *have* to tick any of the boxes.

## Confirmation of Membership Options:

- I wish to convert my service under the modified pension arrangements to my standard New Firefighters' Pension Scheme 2006 Scheme service
- I wish to convert my standard New Firefighters' Pension Scheme 2006 Scheme service to my membership under the modified pension arrangements
- I wish to transfer my deferred 1992 Scheme pension benefits to my membership under the modified pension arrangements (this will be carried out after you have joined the scheme)
- I wish to be considered for a retrospective ill-health pension under the modified pension arrangements



# Confirmation Of Calculation Statement

- Do I agree with the statement? (note the figures are up to 31.3.14 unless indicated otherwise)
- If you don't then what do I need to provide?
  - Evidence of annual pay; either p60 or payslips if you have more definite pay records



# Confirmation of Payment Plan

## Lump sum

- Must be paid within 6 months of the date your election form is received

## Periodical payment

- Calculated over 10 year period
  - But may be settled sooner if you:
    - Retire, turn 60 and choose to retire, leave employment or opt out or make a ‘contributions election’
    - If you don’t settle the balance upon leaving etc. then conversion will be revoked



# Deadlines

- The deadline for electing to join the scheme is 31<sup>st</sup> March 2015
- The government may extend the deadline to give a further period of 6 months
- All initial letters to individuals are being sent first
- Second calculation letters will follow asap



# When will I join?

- The agreement will become binding when you have paid the lump sum or the first periodical payment
- The date of joining will be back to the date you sent your election form back



# Transfer of other pension(s)

- If you join the scheme as a special firefighter member, you may have the option to transfer pension benefits from other pension schemes into your special membership
- The modified scheme has a pensionable service cap of 30 years



# Tax and self assessment

- If you join the scheme you may be entitled to tax relief on the historic pension contributions
- You may also be entitled to a NI rebate
- Further guidance is being produced by the Department for Communities and Local Government



# Ill health pensions

- If you join the modified scheme as a special firefighter member and subsequently become permanently disabled for undertaking your role as a firefighter, you will be eligible to retire on the ill health terms of the 2006 scheme
- If you left employment due to poor health between 1<sup>st</sup> July 2000 and 5<sup>th</sup> April 2006 you may be entitled to a retrospective ill health pension



# What About the 2015 Scheme?

- The new Fire Scheme will come in on the 1<sup>st</sup> April
- You may have full protection in the MNFPS/NFPS
- You may have tapered protection in the MNFPS/NFPS
- You may have no protection and will join the new scheme
- Your status is given at section 11 on your statement



Any questions?

