

Matthews Second Options Exercise

FAQs

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Matthews Second Options Exercise

What is the Matthews Second Options Exercise?

Following a European Court of Justice decision [O'Brien v Ministry of Justice](#) concerning fee paid judges in the Judicial Pension Scheme, the judgement ruled that remedy should be extended back before the [Part-time Workers Directive](#) was required to be implemented on 7 April 2000. As a binding judgement, the finding applies across all such claims and therefore the UK Government recognise the right applies to retained firefighters' claims or potential claims.

What period does this exercise relate to?

7 April 2000 to 30 June 2000.

Was there a Matthews First Options Exercise?

Yes.

Following a judgement decision [Matthews v Kent and Medway Towns Fire Authority & others](#) which allowed retained firefighters employed between 1 July 2000 and 5 April 2006 to join the Firefighters' Pension Scheme 2006 (FPS 2006) as 'special members', a time limited options exercise took place between 2014 and 2015 to allow those eligible individuals to join the FPS 2006.

Why can't I join the Firefighters Pension Scheme 1992 (FPS 1992)?

Backdated membership of the FPS 1992 could not be given as that scheme is now closed. The FPS 2006 was 'modified' to have special provisions that generally reflect the rules of the FPS 1992.

Am I affected by the Second Options Exercise?

Not all individuals are affected.

The second options exercise is available to any individual who was employed as a retained firefighter in England during the following periods:

7 April 2000 to 30 June 2000

7 April 2000 to 30 June **and** 1 July 2000 to 5 April 2006

1 July 2000 to 5 April 2006, who was not given the option to join the Modified FPS 2006 as part of the first options exercise.

Membership will be open to all such eligible individuals, this includes:

- Current firefighters
- Firefighters who have left the service.
- Firefighters who have left the service and are in receipt of a pension: and
- Firefighters who have left the service and are in receipt of ill health retirement benefits.

Further information is available in the [member guidance document](#) which is available on the www.fpsmember.org website.

Some example cases are available in [Appendix A](#)

What is the FPS 2006 Modified Scheme?

A 'modified' version of the FPS 2006, which has special provisions to reflect the rules of the FPS 1992.

What is a special member?

A special member is one of the following:

- a special firefighter member,
- a special deferred member,
- a special pensioner member,
- a connected special member

Further information defining each category of member is available in the [member guidance document](#) which is available on the www.fpsmember.org website.

What is a standard member?

A standard member is a member of the FPS 2006, who is not a special member.

I have service before 7 April 2000, can I purchase this as well?

If you were employed as a retained firefighter between 7 April 2000 and 30 June 2000 you will be able to have any continuous retained service before and including 7 April 2000 counted as pensionable service if purchased.

What is continuous retained service?

This is service that has no breaks/gaps whilst employed as a retained firefighter.

If you were a retained firefighter, left to become a wholetime firefighter and then returned as a retained firefighter or both a wholetime and retained firefighter, the service as a wholetime firefighter would count as a break in retained service.

Your Service and benefits

What is the limited period?

This is the period of service from 1 July 2000 to the earlier of:

- the date on which the member became a special member or as a standard member before 31st March 2015
- the date on which they ceased to be employed

What is the extended limited period?

This is the period of service beginning on the date on which the member was first employed as a retained firefighter to the earliest of:

- the date, if applicable, on which that member joined this Scheme as a special member or as a standard member in respect of service which that member could otherwise reckon as special pensionable service;
- the date, if applicable, on which that member ceased to be employed as a retained or a regular firefighter, and
- 31st March 2015;

What is the mandatory special period?

This is the period that relates to service purchased following an application under the first options exercise to purchase service during the limited period, beginning on the date selected by that member before 6th April 2006 and ending on the earlier of:

- the date on which the member joined the Scheme as a special member or as a standard member in respect of service which the person could otherwise reckon as special pensionable service, and

- the date, if applicable, on which the member was dismissed or retired from employment as a regular or retained firefighter;

This is also the period of service purchased following an application under the second options exercise to purchase service during the extended limited period, beginning on the date selected by that member before 6th April 2006 and ending on the last day of the extended limited period.

What is special pensionable service?

This is the period that relates to the service a special member accrues following payment of the relevant special pension contributions for the limited period or extended limited period.

How is my retained service calculated?

The usual method of assessing service for retained firefighters is used to assess potential special service which can be “purchased,” i.e. for each year is:

$$\frac{\text{Actual pensionable pay}}{\text{Reference pay}} = \text{special pensionable service}$$

Your personal calculation will be made up of the following:

- the period during which you were serving as a retained firefighter (noting the date, if any, when the firefighter became a regular member of FPS 2006)
- the earnings for each year of service during that period which you could count as pensionable if a scheme member.
- the earnings of a whole-time regular firefighter in a similar role and with similar service (i.e. “reference pay”).

What benefits will I receive?

Details of the benefits payable under the ‘Modified’ FPS 2006 are available on the [FPS member website](#).

I am now a Wholetime Firefighter does this affect my benefits for that role?

If you were a retained firefighter and immediately became a wholetime firefighter without any break, and remain a wholetime firefighter now, you would be classed as a special firefighter member.

Further information defining each category of member is available in the [member guidance document](#) which is available on the www.fpsmember.org website.

Your Options

How will I get my options?

Your Fire and Rescue Authority (FRA) should send you an 'expression of interest' letter with a claim form. You will need to return this to them, to enable them to provide you with your options.

When will I make an option?

Once you have returned your 'expression of interest' claim form your FRA will acknowledge your request and let you know when you can expect to receive your options to allow you to make a decision.

How long do I have to make an option?

Once you have received your options, you will have six months to make an election to join the Modified FPS 2006.

I was a member of FPS 2006; can I convert my Modified FPS 2006 service to FPS 2006 membership?

Maybe.

If you joined FPS 2006 from 6 April 2006 and are eligible to join the modified FPS 2006, you may be able to convert any special service accrued before 6 April 2006 to your FPS 2006 membership.

It will depend on the status of your membership, if you are a Special Member or Special Pensioner conversion is possible, whereas it is not for Special Deferred members.

If you are interested in considering this option, you must request the associated service credit quote from the fire authority at the same time as declaring your interest in joining/pay for additional eligible service in the modified scheme.

I was a member of the FPS 2006; can I convert my FPS 2006 membership to Modified FPS 2006 service?

Maybe.

If you were a member of FPS 2006 in respect of service which is linked and continuous to your pre-6 April 2006 retained service, you may have the option to convert your FPS 2006 membership to the modified FPS 2006.

It will depend on the status of your membership, if you are a Special Member or Special Pensioner conversion is possible, whereas it is not for Special Deferred members.

If you are interested in considering this option, you must request the associated service credit quote from the fire authority at the same time as declaring your interest in joining/pay for additional eligible service in the modified scheme.

I was part of the First Options Exercise and want to change my conversion choice, can I do this?

Yes.

If you are interested in considering changing your conversion option, you must request the associated service credit quote from the fire authority at the same time as declaring your interest in paying for additional eligible service in the modified scheme.

Who can advise me of the right choice to make?

Your decision is individual to your own circumstances, and it is key to understand that.

Your FRA will provide you with all the details you need to make a decision. This will be in the form of an options pack. Once you have received your options pack if you feel you need help deciding, you can contact an independent financial adviser.

What happens if I don't make a choice?

If you do not return the options form within 6 months, you may lose the right to join the modified FPS 2006.

We encourage that you return the form regardless of whether you are confirming or declining to become a member of the modified FPS 2006.

If you indicate a 'no' that you do not wish to pursue an option, then you will be sent an acknowledgement and no further action will be taken.

If you return the options form indicating a “Yes” – you do wish to take up option of joining/transferring service into the modified FPS 2006, you will receive an acknowledgement receipt of form by letter/email. The election will take effect from the date of receipt of the election form. The period that will count upon payment will be detailed in the statement of calculation.

Contributions

Am I going to pay more in contributions?

You have the choice about when you want to join the Modified FPS 2006. This will impact how much you will have to pay in terms of contributions.

All the information you need to make a choice will be provided in an options pack.

The choice is individual, and how much and how you can repay contributions will be a key piece to consider when you make your choice.

Will I need to pay any arrears in pension contributions?

If you choose to join the Modified FPS 2006 or to pay for more service, if you were part of the first options exercise, you will need to pay the arrears in contributions before you receive any benefits.

If you elect to pay by lump sum, then arrangements will be made for collection.

If you elect to pay by periodic contributions, FRAs will notify their payroll of the amount to be collected as well as giving details of special membership status and the ongoing “standard” contributions that are due.

A special membership pension record will be created. You will receive further details from the pension provider as to confirmation of your membership.

Further information relating to how you can pay your contributions is detailed within the [member guidance document](#) on the www.fpsmember.org website

Will I receive tax relief on the contributions I pay back?

If you join the modified FPS 2006, you may be entitled to receive certain tax relief on the historic contributions in respect of your eligible past service employee contributions.

This will not be by the usual PAYE or self-assessment route.

Instead, the regulations allow for tax relief to be deducted from the cost of purchasing historic service under the 2023 options exercise. The tax relief which is awarded is based on the basic taxation rates which applied during your historic period of membership.

Additionally, there is a provision in the regulations that allows for additional tax relief to be awarded where robust evidence is supplied which shows that you were a higher rate taxpayer during the historic period of membership.

Interest payments

Will I be paid interest?

Yes

Interest will be applied to any arrears of pension benefits.

You will be given an estimate of the interest that may be due in your options pack.

Is there interest due on money I owe to the scheme?

Yes.

Interest will be applied to the arrears of contributions due.

You will be given an estimate of the interest that may be due in your options pack.

Individual circumstances

My Spouse/partner was a member of the firefighters' pension scheme – why are you contacting me?

Some beneficiaries are eligible to a death grant and/or an additional death grant. The relevant FRA would therefore need to contact you to arrange any payment due.

I left the scheme due to ill health – how am I affected?

If you join the modified FPS 2006 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 FPS 2006.

I am in receipt of an injury pension – how will this affect me?

The protected right for those firefighters with unbroken retained employment from before 6 April 2006, who suffer a Qualifying Injury, to be treated as whole time regular firefighters **was removed** on 1 April 2014.

The removal of this protected right will not affect those former retained firefighters currently in receipt of injury and ill-health pensions or for those cases where the Qualifying Injury occurred prior to the date that the protected right is removed i.e. 1 April 2014.

However, if you were to join the Modified FPS 2006, this may impact your entitlement, and it is recommended that you discuss this with your FRA to understand the impact before making any decision.

Appendix A

Scenario one:

Q: Individual was a retained firefighter from June 1991 to February 1995 then in February 1992 transferred to another FRA as a wholetime firefighter.

They were employment as of 7th April 2000 but not as a retained firefighter, are they in scope?

A: Individual **is not** in scope as they were not in retained employment on 7 April 2000.

Scenario two:

Q: Individual was employed as a retained firefighter from 2004 to 2006. They were not written to in the first round – Is this member in scope for the second exercise?

A: As this period wasn't picked up during the first exercise then, yes, the individual **is in scope** to be considered under the second exercise.

Scenario three:

Q: Individual was originally contacted as part of the first options exercise, however, didn't take up the option as the service they could buy was limited to a couple of months. The member has service dating back to 1990 – Can they be considered under the second option exercise?

A: Providing the individual has continuous service prior to 1 July 2000 then, yes, the individual **is in scope** to be considered under the second exercise and should be given the option to buy back to the start date of any continuous service.

Scenario four:

Q: Individual was originally contacted as part of the first options exercise, however, didn't take up the option. The individual only has service post 1 July 2000 - Can they be considered under the second option exercise?

A: Providing the FRA can robustly demonstrate that they complied with the regulations of the first options exercise then the individual **is not** in scope and **should not** be considered under the second options exercise.

Scenario five:

Q: Individual originally elected to join the under the first options exercise, but either didn't pay their lump sum or stopped paying their instalments. Will they be deemed in scope for the second options exercise?

A: The individual will **only** be in scope if they have service pre-1 July 2000. There offer will be to purchase all their eligible service including what they have previously been offered.

Scenario six:

Q: FRAs have been asked to identify any retained firefighters who have transferred from retained to wholetime employment and are potentially affected by aggregation and notify the LGA of the number of these potentially affected retained firefighters.

Does this mean that they have had to have been employed as Retained on 07/04/2000 to qualify – but they may have left retained and moved to wholetime as consecutive employment or are we talking about concurrent employment?

A: The individual had to be in **retained** employment during the in-scope dates (7 April 2000 to 5 April 2006). Then, without a break or overlap in service, transferred to wholetime.

Appendix B

Legislation

What legislation has been produced?

To enable these changes to be made, new legislation and powers were needed.

[The Firefighters' Pension Scheme \(England\) \(Amendment\) Order 2014](#) regulations were consulted on between July 2013 and September 2013 and came into force on 1 April 2014 to introduce the 'Modified' FPS 2006 for retained firefighters to join as 'special members.'

[The Firefighters' Compensation Scheme and Pension Scheme \(England\) \(Amendment\) Order 2015](#) regulations came into force on 1 April 2015 to amend the FPS 2006 to include an extended deadline, and requirement for all eligible members to be provided their options, without them needing to provide an expression of interest first.

[The Firefighters' Pension Schemes \(England\) \(Amendment\) Order 2023](#) regulations were consulted on between March 2023 and June 2023 and came into force on 1 October 2023 to amend the FPS 2006, to provide further access to the 'Modified' FPS 2006 for retained firefighters.