



# **Employee Information Guide**

## **Retained Firefighters' Pension Settlement**

### **Second Options Exercise (2023)**

**Relating to individuals who have had retained service for all of the period 7 April 2000 to 30 June 2000 and/or 1 July 2000 to 5 April 2006<sup>1</sup> inclusive.**

This information guide sets out the pension benefits on offer to any individual who was employed as a retained firefighter in England during the period 7 April 2000 to 5 April 2006 inclusive. It also provides additional guidance on the options available to individuals who wish to join the new modified pension arrangements. Please note that this is an informal guide and should not be considered a substitute for the regulations.

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<sup>1</sup> Only certain individuals will be eligible to pay for this period of employment as part of the second options exercise.

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# Retained Firefighters' Pension Settlement - Employee Information Guide

## Section 1 - Introduction

If you were employed as a retained firefighter by an English Fire and Rescue Authority during the period 1 July 2000 and 5 April 2006 inclusive, you were not given the opportunity to join the membership of the Firefighters' Pension Scheme 1992 (FPS 1992) in respect of that employment. Following an employment tribunal, [Matthews v Kent and Medway Towns Fire Authority & others](#), the Government introduced the terms of the Retained Firefighters' Pension Settlement that offered pension entitlement for all employees who were employed as retained firefighters between 1 July 2000 and 5 April 2006 inclusive.

The pension benefits are incorporated within the Firefighters' Pension Scheme 2006 (FPS 2006). It does not constitute a scheme on its own but rather a new modified section of FPS 2006 with different benefits. However, for the purposes of this information leaflet we will refer to it as the "modified FPS 2006".

In November 2018, a European Court of Justice determination was made, [O'Brien v Ministry of Justice](#), concerning fee paid judges in the Judicial Pension Scheme. The judgement held that remedy could extend back before the Part-time Workers Directive and was required to be implemented to 7 April 2000. As a binding judgement, those findings apply across all such claims and therefore the UK Government recognised the right applies to retained firefighters' claims or potential claims.

Following negotiations on the scope and mechanics of the settlement, a [Memorandum of Understanding \(MoU\)](#) was agreed by all parties.

The MoU sets out the criteria of who is in scope for the second options exercise. Individuals must meet one of the following criteria:

- Retained firefighters employed on any date between 7 April 2000 and 30 June 2000 (inclusive);
- Retained firefighters employed on any date between 7 April 2000 and 30 June 2000 (inclusive) as well as on any date between 1 July 2000 and 5 April 2006 (inclusive);
- Retained firefighters employed on any date between 1 July 2000 and 5 April 2006 (inclusive), but not on any date between 7 April 2000 and 1 July 2000, who were eligible to take part in the first options exercise but were not given opportunity to do so.

## **Section 2 - What benefits does the modified scheme provide?**

### **Scheme Benefits**

The benefits on offer in the modified scheme will be comparable, albeit different to those provided under the terms of FPS 1992. The main terms of the modified scheme are as follows:

- a uniform accrual rate of 1/45<sup>th</sup>
- a normal pension age of 55
- a deferred pension age of 60
- fixed commutation factors which reflect those in FPS1992
- contribution rates to be set in accordance with FPS1992 i.e. 11% for service accrued prior to 1 April 2012 and tiered contributions for service accrued on or after 1 April 2012
- a time limited retrospective death grant of 2.5 x pensionable pay for those retained firefighters who would have been eligible to be members but died

before 6 April 2006

- a time limited retrospective additional death grant of 0.1 x pensionable pay for each full qualifying year of continuous retained service that the deceased member had prior to 7 April 2000.
- the option to purchase additional 1/45<sup>ths</sup> of pensionable service.
- the option to convert FPS 2006 service to service in the modified FPS 2006
- the option of transferring-in external pension benefits
- ill-health retirement benefits in accordance with FPS 2006
- the payment of a retrospective ill-health pension for those retained firefighters who left service due to ill-health during the period 1 July 2000 and 5 April 2006 inclusive – this will be subject to certification from an Independent Qualified Medical Practitioner (IQMP)
- the abatement of pensions on re-employment following retirement

**Important Note:** The modified FPS 2006 was subject to the pension reforms that applied to all public service schemes. Members of the modified FPS 2006 were transferred to the 2015 Firefighters' Pension Scheme (FPS 2015) on 1 April 2015, or later if they were taper protected. All remaining members were moved to FPS 2015 on 1 April 2022.

Further information on FPS 2015 can be found at [www.fpsmember.org](http://www.fpsmember.org)

## Commutation

As a member of the modified scheme, you will have an option to commute part of your annual special pension for a lump sum on retirement. The amount of lump sum that you will receive will be determined by applying a commutation factor.

**Important note:** The amount that a member can commute will be limited to the HMRC Pension Commencement Lump Sum Limit.

### **Ill-health pensions**

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 FPS 2006.

If you have membership under FPS 2015 and qualify for ill-health retirement under those rules, the pension you receive will include an "equivalent amount" which is the ill-health pension that you would have been entitled to from the modified FPS 2006 based on the service that you elect to pay for under the options exercise.

### **Injury Awards**

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.

This was because as retained firefighters have the right to be treated as part-time firefighters for the purpose of the pension scheme, they will also be treated on the same terms as part-time regular firefighters where any injury and/or ill-health awards are prorated according to the member's service.

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 was removed i.e. 1 April 2014.

### **Abatement**

Abatement is the process whereby a member's pension is withdrawn, in full or in part, if they become re-employed by a fire authority after retirement. The rules for abating any pension paid under the terms of the modified scheme will reflect the

corresponding provision of FPS 2006 scheme. Any application of the abatement rules would only apply for those who were re-employed prior to 1 April 2014.

### Opting out of modified FPS 2006

If you join the modified FPS 2006 and subsequently opt-out prior to becoming entitled to an immediate payment of pension you will become entitled to a special deferred pension which is payable from age 60. You will not be permitted to re-join the modified FPS 2006 at a later date.

### Death Grant

Any individuals who would have had an option to join the modified FPS 2006 but had died during the period 1 July 2000 to 5 April 2006 were given a special death grant of 2.5 times their pensionable pay at the time of death – payable to the surviving spouse.

As part of the second options exercise, this provision will be extended to include those who died during 7 April 2000 to 30 June 2000.

An additional top up to the special death grant in respect of individuals pre-7 April 2000 service. This will provide the surviving spouse with a single lump sum of 0.1 times the deceased members pensionable pay for each full qualifying year of service pre-7 April 2000.

### Taxation

If you join the modified FPS 2006 you will be entitled to receive certain tax relief on the historic contributions in respect of your past service accrued

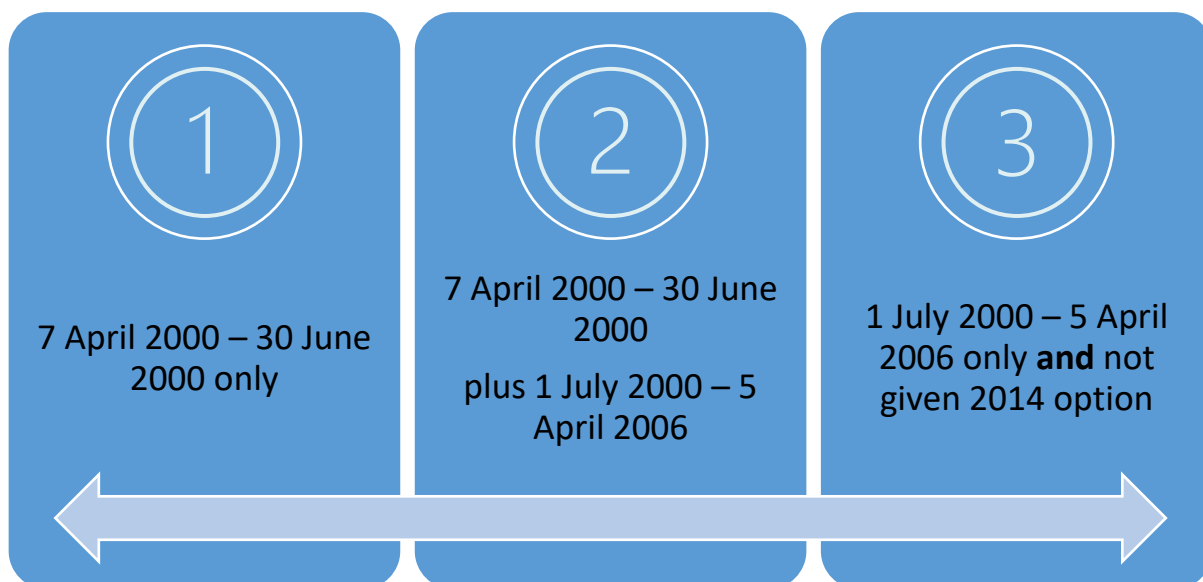
**Important note:** Retained firefighters who join the 2006 modified scheme as part of the second options exercise will be entitled to tax relief on their backdated employee contributions however you will not be able to seek this from HMRC through the usual PAYE or self-assessment route.



The tax relief shall be applied by way of a compensation deduction and will equal the amount of tax relief you would have been entitled to had you joined the scheme at the first date of the mandatory special period.

### Section 3 – Am I Eligible?

The diagram below sets out the dates you must have been employed as a retained firefighter to be eligible for the second 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.

There are three categories of special member, which has been defined below:

You will join as a **connected special member** if you:

- (i) took up employment as a retained firefighter before between 7 April 2000 and 6 April 2006,
- (ii) have continued in that or subsequent employment as a retained firefighter<sup>2</sup>; and is an active member of FPS 2015, and
- (iii) elect to join the modified FPS 2006 and pay the contributions.

You will join as a **special deferred member** if you:

- (i) were employed as a retained firefighter for all or part of the period between 7 April 2000 and 5 April 2006 inclusive, and before age 55 left<sup>3</sup> that employment on a date prior to joining the modified FPS 2006.
- (ii) join the modified scheme as a special firefighter member and subsequently leave your employment (or opt out of the modified FPS 2006) before age 55; or
- (iii) are already a member of FPS 2006 for your retained employment and subsequently join the modified FPS 2006 as a special firefighter, in respect of the same employment, and decide not to convert your standard service to modified FPS 2006 service i.e. you decide to continue with your FPS 2006 membership.

You will join as a **special pensioner member** if you:

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<sup>2</sup> You will also be entitled to join as special firefighter member if you satisfy points (i) and (iii) above, but ceased to be a retained firefighter on or after 6 April 2006 and immediately after, without a break in service, became a regular firefighter and continued as such until the date of your election.

<sup>3</sup> This will not apply if you left due to ill-health and are assessed as being entitled to a retrospective ill-health pension by an IQMP.

- were employed as a retained firefighter for all or part of the period between 7 April 2000 and 5 April 2006 inclusive, and had left that employment on a date prior to making an election to join the modified scheme; **and** you meet one of the following conditions;
  - (a) you had attained age 55 when you left your employment; **or**
  - (b) you have attained age 60; **or**
  - (c) you were medically discharged or left due to ill-health prior to 6 April 2006 and are certified by an Independent Qualified Medical Practitioner (IQMP) that you were permanently disabled for undertaking the role of a firefighter at the date of your discharge and that your permanent disablement has continued to the date of the medical assessment.

**Important note:** Anyone who joins as a special pensioner member will be entitled to receive backdated payment of their pension from the date that they would have first been entitled to receive it.

## **Section 4 – What more do I need to think about as someone who joins as a special firefighter member?**

### **Buying back your service in the modified FPS 2006**

If you join the modified FPS 2006 as a special firefighter member you will have the option of paying the historic contributions by means of a lump sum payment or periodical contributions. If you elect to pay by lump sum you will have 6 months from the date of electing to join the modified FPS 2006 to pay the lump sum. If the lump sum has not been received by the fire authority before the expiration of this period, your election to join the modified scheme will be treated as not having been made.

Alternatively, for service between 1 July 2000 and 5 April 2006 you will have the option of purchasing your past service rights by means of making periodic

contributions over a spreading period of 10 years (which will include additional interest), or up to the point where you attain age 55, whichever comes earlier. Upon attaining age 55, any outstanding balance should be paid within 3 months of becoming entitled to receive payment of your pension. You will have the option of paying this from your commuted lump sum, or from another source.

For those individuals that have service between 7 April 2000 and 30 June 2000, who have the option to pay back to the commencement of their retained employment, it is acknowledged that the period that an individual may be paying back will be for a longer period potentially going back as early as 1960 in some cases. As such, the period that an individual can pay periodic contributions is spread over 20 years.

**Important note:** The total level of commuted lump sum, for tax purposes, will be the amount of lump sum, prior to the payment of your historic contributions, not the residual lump sum after contributions have been deducted.

If you decide to opt out of the modified FPS 2006, cease paying periodic contributions or decline to pay any outstanding balance of historic contributions on retirement then you will receive a prorated service credit for the service that you have purchased. You will also become entitled to a special deferred pension. There will be no option for you to resume the periodical payment of contributions later. You do have the option to opt into FPS 2015. If you wish to opt into a pension scheme whilst still in employment. Further information is available at [www.fpsmember.org](http://www.fpsmember.org)

If you were to die whilst making periodical contributions in respect of your past service, your special pensionable service in the modified scheme will be credited with the full amount of special service that you had elected to purchase. This will be used to determine any survivor benefits that may be payable in respect of your pension.

If you were to become entitled to an ill-health pension whilst making periodical contributions in respect of your past service, you will have the option to pay any

outstanding balance by lump sum, including from a commuted lump sum. If you choose not to pay an outstanding balance, then the past service credit will be prorated to reflect the past service contributions actually paid.

### **Transferring external pension benefits into the modified FPS 2006**

If you join the modified FPS 2006 as a connected special member, you may have the option to transfer pension benefits from other external pension schemes into your special membership. Further details on this can be obtained from the fire authority.

### **Transferring deferred FPS 1992 service which is continuous from pre- 6 April 2006 retained service to the modified FPS 2006**

If you are eligible to join the modified FPS 2006 as a connected special member and have an existing deferred pension in FPS 1992 and you did not have a break in service before becoming employed as a retained firefighter, then you will have the option to transfer this FPS 1992 service into your membership of the modified FPS 2006.

The transfer would be undertaken under the terms of the Public Sector Transfer Club. If you choose this option, you will be required to elect to start your special membership in the modified scheme from the date that you were first employed as a retained firefighter. Any election to transfer this service would need to be made to your employing Fire and Rescue Authority within 12 months of receiving your options to join the modified scheme.

**Important note:** The modified scheme has a pensionable service cap of 30 years; this will still apply even if the total of your special pensionable service exceeded 30 years at the point of your retirement.

### **Converting service in the modified FPS 2006 to FPS 2006 membership**

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. The conversion of any service would be calculated in accordance with the preferential transfer terms that were on offer to FPS 1992 members who transferred to FPS 2006 scheme in 2007.

To qualify for this option there must be no break in service between your membership of the modified FPS 2006 scheme and FPS 2006. Therefore, if you did not choose to join the FPS 2006 from 6 April 2006, then you will also be required to pay the contributions in FPS 2006 for any service accrued on or after 6 April 2006 up to the date you joined FPS 2006. This additional service would then be credited to your standard service as 1/60th for each full year accrued. If you do not fully pay the historic contributions, then any service credit to your FPS 2006 membership will be prorated accordingly.

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.

If you were part of the first options exercise in 2014 and elected to convert your modified FPS 2006 service to FPS 2006 membership you may be able to revisit your decision. As being eligible for the second options exercise may have a material impact on your conversion decision that you made during the first options exercise.

### **Converting FPS 2006 membership to the modified FPS 2006 membership**

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 will have the option to convert your FPS 2006 membership to the modified FPS 2006. This will be conditional on you paying the difference in the employee contribution rates between the modified FPS 2006 and FPS 2006, including interest. On full payment of the top up contributions, the service in FPS 2006 would be credited to your special service in the modified FPS 2006 at a rate of 1/45<sup>th</sup> for every full year accrued.

If you were to default in the payment of these increased contributions, your election

to convert will be revoked as there will not be continuity of service between your membership of both schemes.

If you are interested in considering this option, you must make the request to convert at the same time as you elect to join/pay for additional eligible service in the modified scheme.

If you were part of the first options exercise in 2014 and elected to convert your FPS 2006 to the modified scheme, you may be able to revisit your decision. As being eligible for the second options exercise may have a material impact on your conversion decision that you made during the first options exercise.

## **Section 5 - What more do I need to think about as someone who joins as a special deferred member?**

### **Buying back your service in the modified FPS 2006**

If you join the modified FPS 2006 as a special deferred member you will have the option to pay the cost of your historic contributions by means of lump sum.

If you elect to pay by lump sum you will have 6 months from the date of electing to join the modified FPS 2006 to pay the lump sum, otherwise your election to join the modified FPS 2006 will be treated as not having been made.

Alternatively, you will have the option of purchasing your past service rights by means of making periodic contributions over a period of 10 years (which will include additional interest), or up to the point where you become entitled to receive payment of your deferred pension, whichever comes earlier. Upon becoming entitled to receive payment of your deferred pension, any outstanding balance could be paid at that time from your commuted lump sum, or from another source.

For those individuals that have service between 7 April 2000 and 30 June, who have the option to pay back to the commencement of their retained employment, it is

acknowledged that the period that an individual may be paying back will be for a longer period potentially going back as early as 1960 in some cases. As such, the period that an individual can pay periodic contributions is spread over 20 years.

If the value of your commuted lump sum is not sufficient to pay the full balance of your past service costs, you will be required to pay any outstanding balance within 3 months of becoming entitled to receive payment of your pension.

**Important note:** The total level of commuted lump sum, for tax purposes, will be the amount of lump sum, prior to the payment of your historic contributions, not the residual lump sum after contributions have been deducted.

If you decide to cease paying the periodic contributions or decline to pay any outstanding balance of historic contributions on retirement, then you will receive a prorated service credit for the service that you have purchased. There will be no option for you to restart the periodical payment of contributions later.

If you were to die whilst making periodical contributions in respect of your past service, your special pensionable service in the modified FPS 2006 will be credited with the full amount of special service that you had elected to purchase. This will be used to determine any survivor benefits that may be payable in respect of your pension.

Under the terms of the negotiated Settlement, if you join as a special deferred member, you will not have an entitlement to transfer any other pension benefits (be that from FPS 1992, FPS 2006 or any other external pension arrangements) into the modified FPS 2006; or to convert service between the FPS 2006 and the modified FPS 2006.



## Section 6 - What more do I need to think about as someone who joins as a special pensioner member?

### Buying back your service in the modified FPS 2006

If you join the modified FPS 2006 as a special pensioner member you will have to pay the cost of your historic contributions by means of lump sum **only**. You will have to pay the lump sum to the relevant fire authority within 6 months of electing to join the modified scheme. You will not receive any pension payments until the lump sum has been paid.

However, you will have the option of paying your lump sum from any commuted lump sum. Where this option is made, the fire authority responsible for implementing your pension entitlement will deduct the total cost of your historic lump sum payment from your commutation lump sum prior to it being paid to you. If the value of your commuted lump sum is not sufficient to pay the full balance of your past service costs, you will be required to pay any outstanding balance within 3 months of becoming entitled to receive payment of your pension.

**Important note:** The total level of commuted lump sum, for tax purposes, will be the amount of lump sum, prior to the payment of your historic contributions, not the residual lump sum after contributions have been paid.

If you elect to purchase your past service from some other source, other than your commuted lump sum, the full amount must be paid to the fire authority before the expiration of the 6-month period after you elect to join the modified FPS 2006; otherwise, your election to join will be treated as not having been made.

### Converting FPS 2006 membership to modified FPS 2006 already in receipt of an ordinary/ill-health pension under FPS 2006

If you joined the FPS 2006 in respect of your retained service and have since retired and are receiving payment of the pension, you can continue to receive payment of your FPS 2006 pension but will be able to convert an equivalent amount of service

into special service in the modified FPS 2006. There will be an offsetting mechanism to deduct the value of your FPS 2006 pension from the pension that will be paid under the modified FPS 2006. Essentially, you will end up receiving two pensions (one from FPS2006 and one from the modified FPS 2006) with a combined value equal to what you would have received from the modified FPS 2006 had you converted all your FPS 2006 service to the modified FPS 2006 scheme.

Under the terms of the negotiated Settlement, if you join as a special pensioner member you will not have an entitlement to transfer any other pension entitlement (be that from FPS 1992, FPS 2006 or any other external pension arrangements) into the modified FPS 2006. You will have an option to convert service between FPS 2006 and the modified FPS 2006.

### **Section 7 - What do I need to think about as someone who left employment due to poor health between 7 April 2000 and 30 June 2000 or 1 July 2000 and 5 April 2006 inclusive, if I am eligible under the second options exercise?**

If you are a former retained firefighter who has an entitlement to join the modified FPS 2006 and were medically discharged or left employment due to ill-health between 7 April 2000 and 30 June 2000 and/or 1 July 2000 and 5 April 2006 inclusive (if eligible under the second options exercise), you may be entitled to receive the payment of a retrospective ill-health pension. Your entitlement will be subject to certification by an Independent Qualified Medical Practitioner (IQMP) that you were permanently disabled for undertaking the role of a firefighter at the date of your discharge and that your permanent disablement has continued to the date of the medical assessment.

Where your entitlement to a retrospective ill-health pension has been confirmed, the payment of the ill-health pension will take effect from the date of your dismissal and will be conditional on the payment of all historic contributions, including interest.

The fire authority will also pay you a lump sum for any backdated ill-health pension

payments, to include interest.

## **Section 8 – What benefits are available to the surviving spouse, or child, of someone who could have joined but died in service prior to 6 April 2006?**

If you are the surviving spouse or civil partner of any person who was employed as a retained firefighter on or after the 7 April 2000 and continued in that employment until they died on or before the 5 April 2006, then you will be entitled to receive the payment of a death grant equal to 2.5 times the pensionable pay that the deceased earned in their last year of service, as determined by the fire authority. This entitlement will be subject to the submission of an application to the deceased member's last employing fire authority before the 31 March 2025.

If you are the surviving spouse or civil partner of any person who was employed as a retained firefighter on or after 7 April 2000 and has continuous retained service prior to this date. Then you will be entitled to receive an additional death grant payment equal to 0.1 x pensionable pay for each full qualifying year of continuous service prior to 7 April 2000. An application must be made to the fire authority before 31 March 2025.

Where there is no surviving spouse or civil partner, an eligible child of the deceased member, to be determined as on the date of the deceased's death, may make the application to the fire authority for the death grant before the 31 March 2025. Where the child is still a minor, the legal guardian of the child can make the application on behalf of the child.

If you are already in receipt of either a spouses, civil partner, or a child's pension from the first options exercise an adjustment may need to be made accordingly and any arrears paid.

## Section 9 – Explanation of Expressions

<b>Expression</b>	<b>Explanation</b>
Accrual rate	The proportion of a member's final salary that is built up for each full year of service
Abatement	The process of withdrawing all or part of a member's pension on re-employment following retirement.
Commutation	The conversion of part of a member's annual pension to provide a lump sum payment.
Contribution rate	The % of a member's pay that is payable to build up benefits under the scheme.
Death grant	A lump sum payable on the death of an active scheme member.
Deferred pension	A member who opts out of modified scheme prior to becoming entitled to immediate payment of their pension will become entitled to a deferred pension.

<b>Expression</b>	<b>Explanation</b>
Ill-health pension	A pension will become entitled to an ill-health pension if medically dismissed because of becoming permanently disabled for continuing in their role as a firefighter.
Normal Pension Age	The age at which pension benefits would be payable immediately on retirement i.e. this is age 55 in the modified scheme.
Time-limited additional death grant	A lump sum payable on death of an active scheme member for continuous retained service prior to 7 April 2000.
Time- limited death grant	A lump sum that will be available for the surviving spouse/civil partner (or child) of any person who would have been entitled to join the modified scheme but had died in service on or before 5 April 2006.

**If you have any questions about membership of the RDS Scheme or would like any further information about this options exercise please contact your FRA.**