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Dear Colleague

## **SCOTTISH FIRE AND RESCUE SERVICE CIRCULAR No 13/2008**

### **NEW FIREFIGHTERS PENSION SCHEME (NFPS)**

#### **1. Purchase of Additional Service**

- 1.1 This circular advises FRAs about the new guidance from the Scheme Actuary setting out the factors for the purchase of additional service under Chapter 2 of Part 11 of Schedule 1 of the New Firefighters' Pension Scheme. The guidance has been attached at Annex A.
- 1.2 The lump sum factors and periodic contribution factors are common for both male and female members.
- 1.3 A member can only purchase additional service to the point where the aggregate of the purchased additional service, accrued service (including transferred-in service) and prospective service to normal pension age does not exceed 40/60ths.
- 1.4 Although HM Revenue and Customs place no cap on the purchase of additional benefits, members are only able to receive tax relief on pension contributions of up to the amount of their relevant UK earnings that are chargeable to income tax for the tax year. Tax relief can only be claimed for a contribution in the tax year that the contribution is actually made.

- 1.5 As the scheme regulations prescribe that periodical contributions need to be deducted from the member's pensionable pay, this effectively imposes a cap on the amount of additional service that a member can purchase by periodic contributions. Subject to paragraph 1.3, a member can only elect to purchase additional service up to the point where the monetary cost of the periodic contributions does not exceed their firefighter's pensionable pay.

**2. Backdating elections to purchase of additional service**

- 2.1 The factors will apply from 6<sup>th</sup> April 2006. As the factors were not available previously, in cases where a member of the NFPS had indicated that they wanted to elect to purchase additional service in the NFPS, the election can be accepted with the relevant factors at the date of the election. In accordance with the guidance which was given for the options exercise (annexed to SFSC 27/2006, issued on 20 December 2006), members would be expected to make full payment of any arrears of contributions within six months of the date of notice being given to them.
- 2.2 The tables have been prepared for DCLG but we have confirmed with GAD they can be used in Scotland. Please note that the reference on page 2 to the DCLG website should read as a reference to the SPPA website and that any further queries should be referred to SPPA (not DCLG).

Yours sincerely

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Policy Officer