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4 April 2006

Dear Sir/Madam

SCOTTISH FIRE SERVICE CIRCULAR 9/2006

FIREFIGHTERS PENSION SCHEME (FPS)

1. New Firefighters' Pension Scheme (NFPS) Order

- 1.1 This circular sets out the intended arrangements for the introduction of the NFPS.
- 1.2 The NFPS will be effective from 6 April 2006. Although the Order, which will need to be made under powers devolved from section 34 of the Fire and Rescue Services Act 2004, will not be signed and laid by this date, it will be introduced retrospectively from 6 April. New recruits joining the service from and including the 6 April will become members of the NFPS, unless they choose to opt out.

2. Membership

- 2.1 Membership will be open to firefighters, who will be defined as persons whose role on joining the Fire and Rescue Service includes attendance at fires or other emergencies.
- 2.2 It is not intended that all persons who are recruited to the Fire and Rescue Service at senior levels should be entitled to membership. The scheme has been designed for those who following recruitment will be engaged in firefighting and other emergency response, rather than the management of such responses. The Local Government Pension Scheme will remain the pension scheme for other employees of FRAs.

3. New Recruits employed from 6 April 2006

- 3.1 An amendment to the existing scheme is now being drafted that will:
 - close the existing scheme to new recruits to the service from 6 April 2006,



- set out a bridging arrangement whereby new recruits (regular whole and part-time firefighters) from 6 April 2006 will be placed in the existing scheme temporarily until the Order for the new scheme has been made;
- provide for post-5 April 2006 entrants, their spouses, civil partners and dependants to cease to be members or dependants of members of the existing scheme on the day the new scheme is brought into operation; and
- provide for post-5 April 2006 entrants to pay the lower rate of pension contributions of 8½% (with no modification) while temporarily in the existing scheme and for everyone else to continue to pay at the higher rate (11% - note that we are in process of removing the modification).

3.2 Consultation on this draft has recently been issued and a copy of the consultation letter is enclosed as an attachment to this circular for information. The first draft Order introduces the two-tier ill-health system into the current scheme. Although as outlined in Scottish Fire Circular 2/2006 issued on 10th February it was intended to introduce this change from April you should note that this change will now be introduced from 1st July. The second draft order deals with the creation of a separate Compensation Scheme. This scheme combines the non-pensionable compensation payments from the Firefighter's Pension Scheme and those benefits paid under the Conditions of Service (Grey Book). The Compensation scheme is being introduced as a consequence of the new tax regime from 6 April. Anyone wishing a copy of these Orders should e-mail dorothy.hamilton@scotland.gsi.gov.uk or alternatively a copy can be obtained by following this link to the [pensions reform page](#) on the SPPA website

3.3 New recruits to the Retained Duty System (RDS) will not be able to join the existing scheme during this bridging period. Paragraph 4.6 below explains the position for this group.

3.4 We expect the interim period between 6 April and the Regulations coming into force to be up to 6 months. When the new Order comes into effect those new recruits affected will be transferred to the NFPS automatically. No refund of contributions will be required as they will have paid the correct rate for the new scheme rather than the rate for the existing scheme of 11%. Those affected will **NOT** have an option to stay in the existing scheme.

3.5 Recruitment literature issued to new entrants joining from 6 April 2006 will need to set out the temporary arrangements and what will happen once the new scheme is in operation. Attached at Annex B is the text of a scheme guide which you will be able to adapt for the use of your FRA - see section 6 below.

3.6 In the event that during the interim period mentioned in 3.4 above a benefit becomes payable, payments would be in accordance with the rules of the existing scheme.

4. New Scheme Options Exercise

4.1 We will be issuing more specific guidance about the options exercise available to existing firefighters in due course but we are planning that within 6 months of the NFPS coming into effect, FRAs should provide statements to firefighters, including those who are not members of the existing pension scheme, setting out the options available. Thereafter, firefighters should have 3 months from receipt of their statements to make their decisions. They will be expected to acknowledge receipt of the statement package to avoid any later disputes about the information made available to them.



4.2 The option to transfer from the existing scheme to the NFPS will be a one-off exercise. FRAs will need to set up a record of the actions taken.

4.2 The following options would be available to existing firefighters, who are members of the existing scheme:-

- Stay in the existing scheme; or
- Join the NFPS.

If they join the NFPS, they would have a further two options:-

- Defer any pension accrued in the existing scheme, which would be payable at age 60 (the deferred pension age for the existing scheme is remaining at age 60 for the foreseeable future); or
- Transfer it into the NFPS.

4.4 Existing firefighters, who are not members of the FPS, would be able to:-

- opt to join the NFPS, providing they have not been refused (re-) entry to the existing scheme unless this was on grounds of age as the existing scheme has an upper age limit of 45 for those who opt out and then seek to rejoin; and
- they satisfy the requirements for rejoining the NFPS.

4.5 RDS firefighters serving immediately before 6th April 2006 would need to:-

- opt into the NFPS and should receive a statement regarding the new arrangements as set out below before making any decision. Their options exercise will take place at the same time as that for members of the FPS. They will not be able to join the new scheme immediately, but on joining the new scheme, they will be able to seek retrospective membership to 6 April 2006. Further advice about this group will be issued later.

In the recent House of Lords judgement concerning the case of RDS firefighters having access to the existing scheme the case was remitted back to the Employment Tribunal for reconsideration. This has still to be heard.

4.6 New entrant RDS firefighters joining between 6 April 2006 and the coming into operation of the Order would need to:-

- opt into the NFPS and should receive a statement regarding the new arrangements as set out below. They will be able to back date their entry to the scheme to 6 April 2006. Arrangements will need to be made for the payment of contributions for the back-dated period. In the event that during the period they are unable to join the scheme they suffer a qualifying injury payments would be in accordance with the existing injury benefit rules.

4.7 The NFPS will provide survivor benefits for nominated dependent partners. The benefits will be the same as for a widow(er) or surviving civil partner. There will be a requirement for the firefighter and his/her partner to have completed an appropriate nomination and made a joint declaration. The FRA must be satisfied that, at the date of the firefighter's death that the nominated partner was living with the firefighter in an exclusive, committed, long-term relationship and that the conditions for making the nomination and joint declaration are still met.

4.8 It is expected that some members of the FPS will be interested in transferring to the NFPS to gain access to these benefits. Whilst options for transfer from the FPS to the NFPS will not be available until later this year, firefighters may seek information about the arrangements and a guidance note with appropriate nomination/declaration forms are attached at Annex.



5. Statement Packages

- 5.1 ODPM has had discussions with representatives of Human Resource and Pension Practitioners to consider the guidance and documentation which will be necessary for the NFPS. The guidance notes referred to in paragraph 3.5 and section 6 are being discussed with this Group, and will be available to all FRAs to badge and issue.
- 5.2 The Group has agreed that a Statement Package should be issued to each firefighter which is set out at Annex A.

6. Guidance Notes

- 6.1 ODPM have prepared the following Guidance Notes that FRAs can badge and issue dealing with the following –
- Scheme guide.
 - Guide insert for information for regular firefighters appointed on or after 6 April 2006.
 - Guide regarding nomination of dependent partner for survivor's pension.
 - Guide to persons who are not allowed to marry or enter into a civil partnership in the Scotland
 - Guide for Death Grant and balance of guaranteed pension.

Copies of the above are at Annex B. Although changes to these notes may be necessary when the Scheme Order is made to reflect the terms of the Scheme as approved by Parliament, we hope that they will assist FRAs in preparing for implementation.

- 6.2 Further guidance notes are in course of preparation including:

- Guide regarding ill health retirement arrangements.
- Guide for RDS Firefighters.
- Examples of Statement Package that should be made available.

- 6.3 It is expected that FRAs will use the notes and other documentation without alteration beyond “badging” and adding contact details and other local information which may be appropriate. If there are concerns about the accuracy of any of the material it should be raised with us and we will consider the need to amend.

- 6.4 In preparing the material, advice has been taken from members of the Firefighters' Pension Committee and a Communications Working Group which includes HR and pension practitioners from the FRS. Part of the brief has been to ensure that guidance complies with the requirements of Regulation 4 and Schedule 1 of the Occupational Pension Schemes (Disclosure of Information) Regulations 1996 and any subsequent regulations setting out the basic information to be provided to Scheme members.

- 6.5 ODPM do not intend at this stage to provide a commentary on the NFPS although it recognises that it may be helpful in due course to collect the guidance and other advice into a single document. The commentary on the FPS will be maintained.



7. Transfers

7.1 From 1 April 2006, where scheme members transfer between FRAs in England no transfer value will be required. Instead the exporting FRA will provide the importing FRA with a certificate setting out the pension history of the person transferring. Where scheme members transfer from English FRAs to those in Scotland or Wales or Northern Ireland or vice versa it will be necessary for transfer values to be paid. Those transferring will be able to transfer to the equivalent scheme in those areas, so that if the transferee is in the existing scheme in the English FRA, he/she will be able to transfer to the existing scheme in Scotland, Wales and Northern Ireland and vice versa.

7.2 During the bridging period where new recruits are temporarily in the existing scheme, it is recommended that unless the exporting scheme has time-limits that would preclude a delay, any request to transfer previous pension benefits in respect of this group is NOT accepted until the new recruit has moved into the NFPS. It may not be in the interests of the new recruit to transfer benefits into the existing scheme that will then be transferred automatically into the NFPS.

8. Actions

8.1 FRAs may wish to:

- consider how they will manage the options exercise;
- identify any optants out;
- ensure that information about RDS firefighters is available, especially in connection with any Group Money Purchase arrangements that may have been set up by the FRA. It is proposed that the NFPS should contain a provision that will enable FRAs that have set up Group Personal Pension arrangements to leave them open, if scheme members wish to remain members.

8.2 Over the next few weeks, the further Guidance Notes as set out in section 6 will be issued.

Yours faithfully



Jim Preston
Pensions Manager



Statement Package

In all cases:-

- Folder – FRA personalised
- Explanatory letter –
 - details of change
 - explanation of contents,
 - explanation of time limits,
 - requirement to return acknowledgement form
 - details of address for further enquiries,
 - helpline,
 - e-mail for further queries
- NFPS short guide
- Election form
- Nomination form for completion, if electing to join NFPS
- Acknowledgement form for return in all circumstances, in a pre-paid envelope, by *(date)* enclosing:
 - election to join/not to join NFPS;
 - nomination form (optional)

A. For existing pension scheme members:-

- Table comparing features of FPS and NFPS plus Frequently Asked Questions
- Personalised statement setting out –
 - current value of benefits in the existing scheme
 - value of deferred pension at effective date of NFPS
 - value of transfer credit from the existing scheme to the NFPS

B. For firefighters who are not members of the existing scheme, the FRA would provide in the case of regular (optants out) and RDS firefighters:-

- Statement of the benefits which will remain available to them from the FPS and the Firefighters' Compensation Scheme. (Ministers have decided that the rights of existing RDS firefighters to benefits under the existing injury benefit arrangements if they are permanently disabled and the infirmity was occasioned by a qualifying injury should be protected. This will mean that ill-health and injury benefits will reflect service before and after opting to join the NFPS and will be calculated by reference to a whole-time firefighter in the same role with equivalent service).
- If a group money purchase arrangement for RDS firefighters has been set up by the FRA and the RDS firefighter is a member :
 - include table comparing NFPS with money purchase scheme;
 - give details of transfer available from group money purchase arrangement to NFPS and service credit it would "purchase".
- Pensions history form as issued to new entrants for details of pension rights possibly available for transfer.

C. For those joining the service between 6 April 2006 and the coming into operation of the NFPS:-



- Explanatory letter – including also for regular firefighters details of the bridging arrangements as set out in paragraph 3.1 above; and for RDS firefighters an explanation of why they will not be able to join the NFPS until the Order has come into operation and that they will be able to back-date their entry to the scheme to 6 April 2006;
- Pensions history form for details of pension rights possibly available for transfer
- Opting-out form

D. For those joining the NFPS after its introduction:–

- Pensions history form for details of pension rights possibly available for transfer
- Opting-out form



Statement Packages:

Summary Table

	A. FPS members	B Optants out & RDS	C New entrants from 6 April 2006 to coming into operation	D New entrants after coming into operation
Folder - FRA personalised	✓	✓	✓	✓
Explanatory letter: <ul style="list-style-type: none"> • Details of change • Explanation of contents • Explanation of time limits • Requirement to return acknowledgement form • Details of address for further enquiries • Helpline • E-mail address for enquiries 	✓	✓	✓	✓
NFPS short guide	✓	✓	✓	✓
Election form	✓	✓	✓	✓
Nomination form for completion, if electing to join NFPS	✓	✓	✓	✓
Acknowledgement form for return in all circumstances by (date) enclosing: <ul style="list-style-type: none"> • election to join/not to join NFPS; and • Pre-paid envelope 	✓	✓	✓	✓
Table comparing features of FPS & NFPS	✓			
Personalised statement setting out: <ul style="list-style-type: none"> • Current value of benefits in the existing scheme • Value of deferred pension at effective date of NFPS • Value of transfer credit from the existing scheme to NFPS 	✓			

Statement of benefits from FPS and Firefighters' Compensation Scheme		✓		
If group money purchase arrangement for RDS firefighters has been set up by FRA and the RDS firefighter is a member: <ul style="list-style-type: none"> • Table comparing NFPS with money purchase scheme • Details of transfer available from group money purchase arrangement to NFPS and service credit it would "purchase" 		✓		
Pensions history form as issued to new entrants for details of pension rights available for transfer		✓	✓	✓
Opting out form			✓	✓

X FIRE AND RESCUE AUTHORITY

**A GUIDE TO
THE NEW FIREFIGHTERS'
PENSION SCHEME 2006**

The New Firefighters' Pension Scheme

April 2006



An Agency of the Scottish Executive

*SE Approved
Version 1.1*

THE NEW FIREFIGHTERS' PENSION SCHEME 2006

(The "New Firefighters' Pension Scheme")

When people first start working, a retirement pension is often one of the last things they think about. As they get older and take on more responsibilities they begin to wonder how they will manage in retirement or how, if anything were to happen to them, their family would manage.

If left too late there may not be enough time to build up a pension to meet retirement needs. It's never too early to start a pension.

Your job allows you to be a member of the New Firefighters' Pension Scheme 2006. As a member, you belong to a public service scheme which provides access to very good benefits.

The Scheme provides a full range of benefits including the following –

- an inflation-proofed pension based on your final pay and length of service
- an option to convert part of the pension to a lump sum
- early payment of benefits if you have to retire on grounds of permanent ill-health
- death-in-service cover of a lump sum equal to three times pensionable pay
- a pension for your widow(er), civil partner, or nominated partner
- children's pensions

This booklet is a brief guide to the Scheme. It summarises the main rules which apply at the date of printing (see page 2) but nothing it contains can override pensions legislation. In the event of a dispute or disagreement the rules and regulations which govern the Scheme would be used to reach a decision.

As a firefighter you are also covered by The Firefighters' Compensation Scheme which would pay benefits to you, and/or to your dependants, should you become disabled or die, as a result of an injury received in the execution of duty. The rules of the Compensation Scheme are set out in a separate booklet. Ask your Fire and Rescue Authority for a copy if you have not been provided with one (contact details are given on page 24).



"A Guide to the New Firefighters' Pension Scheme 2006"

This issue reflects the Scottish Scheme rules which apply at 6 April 2006



CONTENTS

	page
Background	5
Who can join?	6
Opting out	6
What about previous pension rights?	7
How much do I pay?	7
Contributions for unpaid leave	8
How much service do I need to qualify for a pension?	8
At what age would I be paid my pension?	8
Can I have a refund of contributions?	9
How is a pension calculated?	9
What is pensionable service?	9
What is final pensionable pay?	10
Age retirement pension	10
Approved early retirement pension	10
Voluntary early retirement pension	11
Ill-health pension	11
Deferred pension	12
Split pension	12
Commutation	13
Transfer of pension rights out of Scheme	13
Divorce or dissolution of civil partnership: the effect on pension rights	13
<i>continued over</i>	



CONTENTS (CONTINUED)

	page
Survivor pensions	14
Death grant	15
Commutation of trivial pensions	15
Can I purchase additional service?	16
Effect of tax rules	16
Pensions Increase	16
Withdrawal of pension	17
Rights of appeal	18
The Pensions Advisory Service	18
The Pensions Ombudsman	19
The Pensions Regulator	19
Payment of benefits	19
Explanation of expressions	20
Summary of the provisions of the Firefighters' Pension Scheme 2006	22
Who can I contact for more information?	24



BACKGROUND

The first national pension scheme specially designed for firefighters was introduced in 1926. As with all occupational pension schemes, the rules of the Firefighters' Pension Scheme are reviewed and amended from time to time to reflect changes in the nature of the service, and society as a whole. This booklet sets out the rules of the New Firefighters' Pension Scheme 2006 which came into effect on 6 April 2006. The previous Scheme – the Firefighters' Pension Scheme 1992 – continues in force for firefighters who were serving before that date. In this guide, the New Firefighters' Pension Scheme 2006 will be described as "the New Firefighters' Pension Scheme" or "NFPS" to distinguish it from the earlier Scheme.

The NFPS is a statutory, public service pension scheme made under section 34 of the Fire and Rescue Services Act 2004. Unlike occupational pension schemes in the private sector, it does not have trustees. Also, it does not have the usual type of pension fund found in the private sector which uses investments to help meet its liabilities. The NFPS is an unfunded pay as you go scheme and contributions made by members are not invested in a pension scheme. What this means is that current pensions are paid by a combination of members contributions and payments by the Fire and Rescue Authority.

Social Security rules can have an impact on the way pension schemes work. The NFPS is "contracted out" of the State Second Pension arrangements, i.e. the additional element of pension paid on top of the Basic State Retirement Pension. To be given contracted out status a pension scheme has to meet certain minimum requirements. Members of a contracted out scheme pay a lower, contracted out rate of National Insurance contributions.

Her Majesty's Revenue and Customs give certain tax concessions to "registered" pension schemes. The NFPS is such a scheme. This means that contributions paid and benefits accrued, provided they are within certain limits, are exempt from tax charges.

Like all other pension schemes, the NFPS must comply with Pension Acts although, as a public service scheme, it is exempt from some requirements. Regulations made under Pension Acts require you to be given certain items of basic information about the Scheme; this booklet has been written to comply with those Regulations.

Some pension terms may be unfamiliar to you or have a special meaning in the context of the NFPS. An explanation of terms and expressions is given on pages 20 and 21.

If you would like more information about the NFPS, contact details are given on page 24.

Information on the scheme will be made available on the Scottish Public Pensions Agency's website at www.sppa.gov.uk

WHO CAN JOIN?

Membership of the New Firefighters' Pension Scheme is open to any employee of a Fire and Rescue Authority whose role on joining the Fire and Rescue Service includes attendance at fires or other emergencies covered by sections 8 and 9 of the Fire and Rescue Services Act 2004. It does not matter what duty system they are contracted to work – they can be whole-time or part-time regular firefighters, volunteers, or retained duty system firefighters. Other employees of the authority are members of the Local Government Pension Scheme.

If you are eligible to join, you would be admitted automatically upon taking up your employment.



Once admitted to the NFPS, if you are required to perform duties appropriate to your role but not firefighting or those covered by sections 8 and 9 of the Fire and Rescue Services Act 2004 (e.g. if you become unfit for "operational" work), provided there is no break in the continuity of your employment you would be allowed to remain a member.

OPTING OUT

If you do not want to be a member of the NFPS you can opt out at any time by giving written notice to your Fire and Rescue Authority. The notice would take effect from the start of the following pay period.

If you have less than 3 months' qualifying service at the time the notice takes effect, you would normally receive a refund of the contributions you had paid (see page 9).

If you have 3 months' or more qualifying service you would have a choice of –

- a transfer of accrued pension rights to another pension arrangement (see page 13), or
- a deferred pension (see page 12).

You would cease to have any further cover under the NFPS (other than that provided by any deferred pension). You would, however, continue to be covered by the provisions of the Compensation Scheme.

If you subsequently change your mind and wish to rejoin, you can do so provided that –

- you have less than 40 years in the NFPS at that time
- you have not opted out on more than one occasion, and
- if your Fire and Rescue Authority so require, you undergo a medical examination at your own expense to satisfy them of your good health.

Your election to rejoin would take effect from the start of the following pay period.

Seek independent financial advice if you are thinking about opting-out of the NFPS. You would save the cost of contributions but would probably pay more by way of tax (contributions normally attract tax relief) and National Insurance contributions (while a member of the NFPS you pay the lower contracted out rate). And you and your dependants would cease to have the cover the NFPS provides.



WHAT ABOUT PREVIOUS PENSION RIGHTS?

On taking up your employment you will be asked to give details about any previous membership of a pension scheme and to indicate whether you would like your Fire and Rescue Authority to explore the possibility of a transfer of pension rights to the NFPS. The NFPS can accept a transfer from –

- another occupational pension scheme,
- a personal or stakeholder pension scheme,
- a retirement annuity contract

but will not accept a transfer of pension credit rights, i.e. rights based on a portion of the pension of a former spouse or civil partner as required under a pension sharing order on divorce or dissolution of a civil partnership. Nor will a transfer be accepted if it does not meet certain "contracting out" requirements, or if the service credit provided by the transfer plus your prospective service to age 60 would exceed 40 years.

An application for a transfer must be made, in writing, within 12 months of joining the Scheme and received before the normal pension age of the scheme from which the pension rights are to be transferred. Your Fire and Rescue Authority would provide you with an estimate of the benefits such a transfer would "purchase" in the NFPS. You should compare this with any pension options offered by your previous scheme and decide, within the time limits, whether you wish the transfer to proceed.

If you have pension rights in some other arrangement but have lost contact with the administrators, the Department for Work and Pensions offer a Pension Tracing Service. All pension schemes (including the NFPS) have to be registered with them and the Tracing Service can help pension holders and/or their dependants trace "lost" pension rights. They can be contacted at –

Pension Tracing Service, Whitley Road, Newcastle upon Tyne, NE98 1BA
Tel: 0845 6002 537 Website: www.thepensionservice.gov.uk

HOW MUCH DO I PAY?

As a member of the NFPS you will pay a contribution of 8.5% of pensionable pay. Your Fire and Rescue Authority will pay a contribution of about 13.5% including additional charges for certain awards such as ill-health and approved early retirement benefits. Employees' and employers' contributions are determined by the Secretary of State on the advice of the Government Actuary who will have regard to the total cost of Scheme benefits. They will be reviewed regularly. Valuation of the NFPS is expected to take place every 4 years.

The pensionable pay upon which contributions are assessed is the core pay and all permanent emoluments determined by the firefighter's role or, in the case of a principal officer, the salary appropriate to the overall responsibilities of the post. It will also include any retaining allowance paid to a member on a retained duty contract.

If you are part-time, contributions will be deducted on your part-time pay.

If sick pay ceases, no contributions are payable (the period of unpaid sick leave does not count for pension purposes).



CONTRIBUTIONS FOR UNPAID LEAVE

During paid maternity or adoption leave you would pay contributions on whatever rate of pay you receive; if a period of additional maternity or adoption leave is unpaid, you will have the option to pay contributions on the rate you were receiving immediately before pay ceased, if you wish to count that period as pensionable service.

If you have an unpaid period of absence for other reasons, you will have the option to pay contributions (based on the pay you would have received but for the absence) in order that the period can count as pensionable service. You would be required to pay the full cost of making the absence pensionable i.e. the 8.5% due from you plus the amount that would be due from the Fire and Rescue Authority. (At their discretion the Fire and Rescue Authority may agree to pay the employer's contribution for you.)

HOW MUCH SERVICE DO I NEED TO QUALIFY FOR A PENSION?

To be eligible for any of the pensions mentioned in this booklet, you must have at least 3 months' qualifying service in the NFPS. If you have less, you would still be eligible if you have had a transfer of personal pension scheme rights into the NFPS, or have reached State pension age.

AT WHAT AGE WOULD I BE PAID MY PENSION?

Normal pension age for all members of the NFPS is age 60. If you choose to retire at or after this age, your pension would be put into immediate payment. (See "Age retirement pension" on page 10.)

If you have reached age 55 but not age 60, you could –

- at your Fire and Rescue Authority's discretion, be granted an "approved early retirement pension" (see page 10). This may be awarded in circumstances where your Fire and Rescue Authority determine that you should be retired in the interests of the management of the service. There would be no reduction to the pension.
- choose to take a "voluntary early retirement pension" (see page 11). In this case, however, your pension would be reduced to reflect early payment

An ill-health pension (see page 11) may be payable at any age.

If you leave the NFPS before becoming entitled to payment of any of the above awards you may be awarded a deferred pension (see page 12). This would be payable from –

- age 65, or
- at your request, between ages 55 and 65, but subject to the reduction which would apply in the case of a voluntary early retirement pension, or
- subject to appropriate medical certification, at any age, on grounds of permanent ill-health which prevents you from undertaking any regular employment.



CAN I HAVE A REFUND OF CONTRIBUTIONS?

You can have a refund of contributions only if you are not entitled to one of the types of pension offered by the Scheme. This means that a refund could be made only if you –

- have less than 3 months' qualifying service in the NFPS, and
- have not reached State pension age, and
- a transfer of personal pension rights has not been paid into the Scheme.

If you are eligible for a refund, this would be the total of all the contributions that you have paid. Deductions would be made from the refund in respect of –

- the certified amount of any Contributions Equivalent Premium due; this is a payment that has to be made to "buy" you back into the State Second Pension – while a member of the NFPS you will have been contracted out of that element of the State pension scheme; and
- tax; under current HM Revenue and Customs rules this is currently 20% in respect of the first £10,800 refunded and at 40% in respect of any amount in excess of £10,800.

HOW IS A PENSION CALCULATED?

How each of the various types of pension are calculated is explained on the following pages, but there are certain basic principles common to all.

The NFPS is a final salary pension scheme which means that your pension will be a proportion of final pensionable pay. The proportion will depend, in part, upon how much pensionable service you have at the time of leaving the Scheme. For each year of pensionable service, you will get 1/60th of final pay. Each day of pensionable service will count as 1/365th of 1/60th. For example, if you retire at age 60 with 35 years 28 days of pensionable service and final pensionable pay of £32,000, your pension would be assessed as –

$$35 \frac{28}{365} \times \frac{1}{60} \times £32,000 = £18,707.58 \text{ a year}$$

WHAT IS PENSIONABLE SERVICE?

This is your period of service as a member of the NFPS and in respect of which you have paid contributions. If your hours of employment are less than whole-time, the "calendar" (qualifying) length of service would be pro rated to reflect your part-time hours. For example if you work half-time and have completed six "calendar" years of service, your pensionable service will be three years.

Various other periods may count as pensionable service, e.g. that credited on receipt of a transfer value from another pension arrangement, or unpaid leave (including additional maternity and adoption leave) where you have paid contributions, or "purchased" service where you have paid contributions to improve retirement benefits, or service which previously counted towards an award which has been cancelled.



WHAT IS FINAL PENSIONABLE PAY?

In most cases this will be your pensionable pay averaged over the last 365 days of pensionable service. If either of the two preceding years would produce a greater amount, the final pensionable pay from one of those years could be substituted

If your hours of employment are less than whole-time, although your pensionable service will be pro rated to reflect your hours, the final pensionable pay used in the pension calculation will be the whole-time equivalent pensionable pay.

Normally the "best-of the-last-three-years" principle will cater for any fluctuations in pay leading up to retirement. Sometimes, however, a firefighter may change roles or have a reduction in an element of pensionable pay earlier in his or her career. To protect pension rights, the firefighter could be awarded a "split pension". This is explained on page 12.

AGE RETIREMENT PENSION

This award would be payable to a firefighter who has sufficient service to qualify for a pension (see page 8) and who retires at or after age 60. The basic formula is used, i.e.

$$\text{annual pension} = 1/60 \times \text{pensionable service} \times \text{final pensionable pay}$$

For example, a firefighter who has completed 40 years' pensionable service and whose final pensionable pay is £30,000 would receive immediate payment of a pension of –

$$40/60 \times £30,000 = £20,000 \text{ a year}$$

Part of the annual pension can be commuted to provide a lump sum if the firefighter wishes – see "Commutation" on page 13.

APPROVED EARLY RETIREMENT PENSION

This award would be payable to a firefighter who has sufficient service to qualify for a pension (see page 8), who has reached age 55 but not age 60, and whose Fire and Rescue Authority have determined that he/she should be retired in the interests of the management of the service. The basic formula is used, i.e.

$$\text{annual pension} = 1/60 \times \text{pensionable service} \times \text{final pensionable pay}$$

For example, a firefighter aged 55 who has completed 10 years' pensionable service and whose final pensionable pay is £27,000 would receive immediate payment of pension of –

$$10/60 \times £27,000 = £4,500 \text{ a year}$$

There would be no reduction of the pension to take account of the fact that it is being paid early.

Part of the annual pension can be commuted to provide a lump sum if the firefighter wishes – see "Commutation" on page 13.



VOLUNTARY EARLY RETIREMENT PENSION

This award would be payable to a firefighter who has sufficient service to qualify for a pension (see page 8), who has reached age 55 but not age 60, and who chooses to retire with immediate payment of benefits. (The Fire and Rescue Authority have not determined that he/she should be retired in the interests of the management of the service.) The first part of the calculation uses the basic formula, i.e.

$$\text{annual pension} = 1/60 \times \text{pensionable service} \times \text{final pensionable pay}$$

but then a reduction would be applied to reflect the fact that the pension is being paid early. The reduction factor is supplied by the Government Actuary. It is currently 5% for each year between the date of retirement and age 65 (deferred pension age).

For example, a firefighter who retires at age 58 having completed 10 years' pensionable service and whose final pensionable pay is £27,000 would receive immediate payment of pension of –

$$10/60 \times £27,000 - (7 \times 5\%) = £4,500 - 35\% = £4,500 - £1,575 = £2,925 \text{ a year}$$

Part of the annual pension (after reduction) can be commuted to provide a lump sum if the firefighter wishes – see "Commutation" on page 13.

ILL-HEALTH PENSION

A firefighter who has sufficient service to qualify for a pension (see page 8) and who is permanently disabled for the performance of the duties of his/her role may be considered at any age for an ill-health pension. There are two tiers of award –

- a lower tier pension based on the basic formula, i.e.

$$1/60 \times \text{pensionable service} \times \text{final pensionable pay}$$

- a higher tier pension based on the basic formula plus an enhancement of service, i.e.

$$2\% \times \text{service accrued to last day of service} \times \text{prospective service to age 60}$$

The higher tier pension is awarded only where the firefighter has at least 5 years' qualifying service and is unable to undertake any other regular employment. It must not be greater than $40/60 \times$ final pensionable pay.

For example, a firefighter aged 50 who has completed 12 years' service and whose final pensionable pay is £30,000 retires on grounds of ill-health with a lower tier pension. He would receive immediate payment of a pension of –

$$12/60 \times £30,000 = £6,000 \text{ a year}$$

If, instead, a higher tier pension were awarded, the enhancement of service would be –

$$2\% \times 12 \times 10 = 2.4 \text{ years}$$

and so, in addition to a sum equivalent to the lower tier pension of £6,000, the firefighter would receive $2.4/60 \times £30,000 = £1,200$, making a total of £7,200 a year.

Part of an ill-health pension can be commuted to provide a lump sum – see page 13.



DEFERRED PENSION

If you leave the NFPS (either because you cease to be a firefighter or because you opt out of the Scheme) having sufficient service to qualify for a pension (see page 8) but not being eligible for immediate payment because you are not old enough nor retiring on grounds of ill-health, then you would be entitled to a deferred pension. This would be assessed on the basic formula, i.e.

$$\text{annual pension} = 1/60 \times \text{pensionable service} \times \text{final pensionable pay}$$

For example, a firefighter aged 27 who has completed 6 years' service and whose final pensionable pay is £25,000 would be entitled to a deferred pension of –

$$6/60 \times £25,000 = £2,500 \text{ a year}$$

As its name suggests, payment of a deferred pension would not be immediate. It would normally be put into payment at age 65. You could, however, request earlier payment from age 55. If your Fire and Rescue Authority agree to the earlier payment then the pension would be paid right away but subject to a similar reduction as would apply in the case of a voluntary early retirement pension (see page 11). If the firefighter in the above example were to request payment of the pension at age 59, the reduction (on current rates) would be 5% for each of the 6 years early (i.e. before 65) that the pension is being paid. The firefighter would receive immediate payment of –

$$6/60 \times £25,000 - (6 \times 5\%) = £2,500 - 30\% = £2,500 - £750 = £1,750 \text{ a year}$$

A firefighter entitled to a deferred pension who suffers permanent ill-health before it is due to come into payment, to the extent that he/she would be unable to undertake regular employment (i.e. a similar test to that which would decide if a serving firefighter would be eligible for a higher tier ill-health pension) can have the deferred pension put into immediate payment without reduction. (There would be no enhancement of service, however, as there would be in the case of the higher tier ill-health pension.)

Part of a deferred pension can be commuted to provide a lump sum if the firefighter wishes – see "Commutation" on page 13.

SPLIT PENSION

Unlike the other pensions mentioned here, which generally reflect the age and/or grounds for retirement, the split pension is a device to protect the final salary benefits of a firefighter who has a reduction in pensionable pay. In the event of such a reduction, the pension rights accrued up to the date of leaving would be assessed as if a deferred pension, and a second pension would start to accrue from the following day.

When the firefighter eventually leaves in circumstances where the second pension becomes payable, the first pension would be payable too. Alternatively, the firefighter could choose to add the service upon which the first pension would be based to the service upon which the second service is based and have a single pension based on the second period's final pensionable pay. This could be the best option if pensionable pay in the second period now exceeds pensionable pay for the first (allowing for inflation).

Part of split pensions can be commuted to provide a lump sum – see page 13.



COMMUTATION

If, on retirement, you prefer to have a lump sum as well as a pension you can provide one by commutation. Before your pension is due to come into payment you can give written notice to your Fire and Rescue Authority to tell them how much pension you would like to convert into a lump sum. This can be up to one quarter of the pension. You would receive £12 as a lump sum for each £1 of pension that you commute. For example, if you were entitled to a pension of £16,000 a year you could commute up to £4,000. This would leave you a pension of £12,000 and provide a lump sum of £48,000.

TRANSFER OF PENSION RIGHTS OUT OF SCHEME

If you leave the NFPS having sufficient service to qualify for a pension (see page 8) but not being eligible for immediate payment because you are not old enough, nor retiring on grounds of ill-health, as an alternative to a deferred pension you could request that your pension rights should be transferred to some other pension arrangement. A transfer value, a sum representing the capital value of your pension rights, would be assessed in accordance with guidance provided by the Government Actuary and offered to the trustees or managers of your new pension scheme. The transfer would take place if you so instruct.

You may leave employment with your current Fire and Rescue Authority to transfer to another authority where you remain a member of the NFPS. (If the new employment is at a lower rate of pay, the split pension option (see page 12) would be available to you.) Although your pension rights will normally transfer with you, payments of transfer value are not exchanged between English fire and rescue authorities. However, a transfer value would be paid between an English authority and an authority in Wales, Scotland or Northern Ireland where different funding arrangements apply.

DIVORCE OR DISSOLUTION OF CIVIL PARTNERSHIP THE EFFECT ON PENSION RIGHTS

In the event of divorce, nullity, judicial separation or dissolution of civil partnership, a court may order a pension scheme to pay all or part of a member's benefits to his/her former spouse or civil partner. This could be in accordance with an "earmarking" order or a "pension sharing" order.

An earmarking order could apply to all or part of your retirement pension or possibly your death grant. If you have already retired, the order may require immediate payment of pension to your former spouse or civil partner. If you are an active or deferred member the order would not have effect until the benefits become payable.

A pension sharing order would have immediate effect. The court would instruct that a percentage of the value of your benefits should be deducted to provide "pension credit rights" for your former spouse or civil partner. The pension credit rights would remain in the NFPS until he/she is eligible to draw them (at age 65). The pension credit can be commuted to provide a lump sum or would be paid as a death grant if the former spouse or civil partner (known as a "pension credit member") dies before age 65. It cannot be transferred to another pension arrangement.



SURVIVOR PENSIONS

In the event of a NFPS member's death (whether before or after retirement) a pension will be paid to a surviving spouse, civil partner, nominated partner or child. (See the definitions in "Explanation of expressions" on pages 20 and 21.)

If the deceased was a serving NFPS member –

- the spouse's or partner's pension would be half of the higher tier ill-health pension to which the firefighter would be entitled if he/she had retired on health grounds on the date of death;
- the child's pension would be one quarter of the same amount; where there is more than one eligible child, the pension would be one half of the same amount divided between the children.

If the deceased had left the NFPS, was entitled to a deferred pension, but that pension had not yet come into payment –

- the spouse's or partner's pension would be half of the deferred pension;
- the child's pension would be one quarter of the deferred pension; where there is more than one eligible child, the pension would be one half of the deferred pension divided between the children.

If the deceased was in receipt of pension from the NFPS at the time of death –

- the spouse's or partner's pension would be half of the pension*;
- the child's pension would be one quarter of the pension*; where there is more than one eligible child, the pension* would be one half of the pension divided between the children.

*The pension would be the value of the pension before any reduction for early payment but after commutation.

If the spouse or partner is more than 12 years younger than the deceased, the spouse or partner's pension will be reduced by 2.5% for every year or part year above the 12 years, to a maximum of 50%.

For the first 13 weeks following death, the spouse's or partner's pension will be topped up to the level of the deceased's pensionable pay (death in service) or the pension in payment (death after pension comes into payment). This top-up would not apply in the case of a deferred pension which had not come into payment at the date of death. If no spouse's or partner's pension is payable but a child's pension is due, the top-up would be applied to the child's pension.

A spouse's or partner's pension is payable for life, even if he/she marries, remarries, forms a civil partnership or a subsequent civil partnership. Also, there is no difference in treatment according to whether the marriage/partnership commenced before or after the Scheme member's retirement

In the case of a child who is disabled at the date of the member's death, the pension would be paid for life. In other cases, the pension would cease at age 23 or, if earlier, at the time the child gains remunerated employment, or marries, or forms a civil partnership.

DEATH GRANT

If you were to die in service as a member of the NFPS, a death grant would be payable. This would normally be three times your pensionable pay as at the date of death.



If you are working part-time hours the pensionable pay would be the part-time rate. For someone who has worked variable hours, account would be taken of this. In these circumstances the death grant would be the greater of –

- 3 x part-time rate of pensionable pay based on hours at date of death, or
- 3 x whole-time pensionable pay x pensionable service/qualifying service.

Similarly, if the firefighter had a split pension (see page 12), the death grant would be the greater of –

- 3 x pensionable pay at date of death, or
- 3 x pensionable pay based on a proportion of the pensionable pay at the date at which the pension was split and at the date of death.

The Fire and Rescue Authority has absolute discretion as to whom to pay the death grant but you may, if you wish, nominate who you would wish to be the recipient(s).

Although the death grant is payable only where a firefighter is a serving member of the NFPS, in the event of death after a pension has come into payment, there is a five year "guarantee" which means that any balance between instalments made and the total of five years' instalments would be paid as a lump sum, rather like a death grant. The method of assessment of this guarantee is to multiply the value of your pension – after any reduction for early payment but before commutation – by five and then to deduct any lump sum by commutation and the instalments of pension that have already been paid. Again, the Fire and Rescue Authority has absolute discretion as to whom the "guaranteed" portion should be paid but they may have regard to any nomination.

There is no death grant nor guaranteed payment in respect of a deferred pension which has not come into payment at the date of death of the firefighter.

COMMUTATION OF TRIVIAL PENSIONS

If a pension payable to a member of the NFPS, or to a dependant, is less than limits set by HM Revenue and Customs, and certain other requirements of the tax rules are satisfied (e.g. the age of the pensioner), the Fire and Rescue Authority may commute the pension to a lump sum.

Alternatively, the authority may decide to pay a small pension at less frequent intervals than the intervals at which they normally pay pensions.



CAN I PURCHASE ADDITIONAL SERVICE?

If you are an active member of the Scheme, and will not be able to accrue 40 years' pensionable service by age 60, you can purchase additional service by the payment of additional contributions or by lump sum. The additional contributions and the lump sum would be based on factors provided by the Government Actuary.

To pay additional contributions, an election to do so must be made at least 2 years before normal pension age (60). They would be deducted with effect from your first birthday following your election, along with your basic contributions. Like your basic contributions they would be assessed on your pensionable pay. If you leave or cease paying contributions for any other reason before reaching age 60, you would be credited with the appropriate portion of service "purchased". If you choose to pay by lump sum you must make your election to do so within 12 months of first becoming a member, and the payment must be made within 3 months of you giving notice that you wish to pay.

Purchased service would be used in the assessment of your pension.

Your Fire and Rescue Authority can give you further details about purchase.

EFFECT OF TAX RULES

The NFPS has to comply with rules set by HM Revenue and Customs. There are, for example, limits on the amount of pension and lump sum which can be taken by a pension scheme member before tax charges apply.

The two main limits on your benefits are the annual allowance and the lifetime allowance.

The growth in the value of your pension each year must be compared with an annual limit set by the Treasury. If the value exceeds the limit, tax would be due, payable through self-assessment.

When benefits are due the total value must be tested against the lifetime allowance, also set annually. If the value exceeds the limit, tax would be deducted by the Fire and Rescue Authority and paid over to HM Revenue and Customs.

The testing of the value of benefits at retirement is in respect of all pension benefits you may have accrued, including from arrangements other than the NFPS. Consequently your Fire and Rescue Authority will ask you to provide statements in respect of any other pension arrangement you may have so that they can check the total value of benefits before making payment from the Scheme. Your authority can give you more details of the way in which tax rules work, how benefits are valued, the limits for the next few tax years and the tax chargeable.

PENSIONS INCREASE

Benefits payable under the NFPS are increased in line with the Retail Price Index under Pensions Increase Acts and Orders.



WITHDRAWAL OF PENSION

In certain circumstances a benefit payable under the NFPS can be reduced or withdrawn as explained below.

A NFPS member's benefits may be reduced by an "earmarking" or pension sharing order issued on divorce, judicial separation, nullity or dissolution of a civil partnership – see page 13.

A Fire and Rescue Authority may withdraw the whole or part of a NFPS member's pension for any period during which that person is serving as a firefighter with any Fire and Rescue Authority (e.g. on re-employment after retirement).

A Fire and Rescue Authority may withdraw a pension in whole or in part, permanently or temporarily, if the person otherwise entitled to the pension –

- has been convicted of an offence of treason, or one or more offences under the Official Secrets Acts 1911 to 1989 (in the case of a dependant the offence must have been committed after the death of the Scheme member);
- has been convicted of an offence committed in connection with his/her service as an employee of a Fire and Rescue Authority which is certified by the Secretary of State either to have been gravely injurious to the interests of the State or to be liable to lead to serious loss of confidence in the public service; or
- if a dependant, has been convicted of the offence of unlawfully killing the scheme member.

If a person has been receiving an ill-health pension for less than ten years, and has not reached State pension age the Fire and Rescue Authority must review the entitlement of the person to receive the pension. To do this they will consider, with the help of a medical opinion, whether the person has recovered sufficiently to be capable of carrying out any duty appropriate to the role from which he/she was retired on health grounds. If the ill-health pension in payment is a higher tier award, the authority must also consider if the person has become fit enough to undertake any regular employment.

In the case of a lower tier pension, if the person's condition has improved to the point at which he/she could return to a role as firefighter and the Fire and Rescue Authority offer such employment, the pension will cease. A person who takes up the employment would have the ill-health pension cancelled but the service upon which it was based would count towards a subsequent pension. If the person refuses the job offered, the ill-health pension would be cancelled and the service upon which it was based would count towards a deferred pension payable at age 65.

In the case of a higher tier pension, if the person is considered fit to return to the role of firefighter the position would be as described above (but service counting towards further pension entitlement would not include the ill-health enhancement). If the person is not considered fit enough to be a firefighter, but fit enough for regular employment, the pension would continue in payment but without the ill-health enhancement.

Deferred pensions put into payment early on grounds of ill-health must be reviewed too. If the person is fit for regular employment, the payment of the deferred pension would be suspended until age 65.

RIGHTS OF APPEAL

If a NFPS member, or a dependant, is dissatisfied with a decision made by a Fire and Rescue Authority (or the failure to make a decision) there are rights of appeal available. The NFPS contains



arrangements for Internal Dispute Resolution Procedures (IDRP) based on the requirements of the Pensions Act 1995. There are also provisions for medical appeal if a person is dissatisfied with a medical opinion upon which a determination of award is based.

Looking at the medical appeal route first, if a Fire and Rescue Authority are considering whether or not to make an award of an ill-health pension to a firefighter, they must obtain the written opinion of an independent qualified medical practitioner as to whether the person is permanently disabled for the duties of his/her role and, if so, whether he/she would be capable of any other regular employment. They must notify the firefighter of their decision as to award and supply a copy of the medical opinion upon which it is based. If the firefighter is dissatisfied with the award and believes the problem lies in the medical opinion, then he/she can appeal against the opinion. Initially, however, if the firefighter can offer fresh evidence for reconsideration he/she may do so with the authority's consent. Failing satisfaction, he/she can progress to medical appeal where a hearing, by a Board of Medical Referees, would be arranged by the Secretary of State. The appeal can only be withdrawn with the consent of the appellant.

A similar appeal process applies if an ill-health award is reviewed and the person is dissatisfied with the outcome – see "Withdrawal of pension" on page 17.

If the grievance of the member, or a dependant, is with a decision made by the Fire and Rescue Authority rather than the opinion of the medical practitioner, or is in respect of a non-medical aspect of the medical practitioner's opinion (e.g. a dispute over the level of earnings appropriate for a particular employment) he/she can use the two-stage IDRP process. A Fire and Rescue Authority will nominate a person to consider appeals at Stage One – this will normally be the Chief Fire Officer or a representative named by the Chief Fire Officer. The appellant would submit an appeal in writing, it will be considered by the Stage One decision-maker, and a written decision given to the appellant. If the appellant remains dissatisfied with the determination at Stage One, he/she can move to Stage Two by submitting an appeal in writing to the Fire and Rescue Authority. (The authority will probably delegate the decision-making role to a separate committee). The grievance will be considered and a written response made.

Full details of medical appeal procedures, the IDRP process, and the relevant time limits can be supplied by your Fire and Rescue Authority.

THE PENSIONS ADVISORY SERVICE

"TPAS" is available at any time to assist occupational pension scheme members and beneficiaries in connection with any pensions query they may have or any difficulty which they have failed to resolve with their pension scheme administrators. TPAS cannot enforce pensions action but, if felt appropriate, could recommend a person to put his/her case to the Pensions Ombudsman. They can be contacted at –

11, Belgrave Road, London, SW1V 1RB Telephone: 0845 6012923
Website: www.opas.org.uk



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PENSIONS OMBUDSMAN

The Pensions Ombudsman can investigate a pension scheme member's complaint of maladministration or a dispute of fact or law between a scheme member and pension scheme managers or employer. However, the Ombudsman cannot help if court proceedings have begun in respect of the dispute or if an appeal has been made to the Medical Appeal Board under the NFPS.

The Ombudsman will expect the case to have first been put through Internal Dispute Resolution Procedures.

Also, a complainant who writes to the Ombudsman direct will normally be requested to have the case dealt with initially by the Pensions Advisory Service.

The Pensions Ombudsman can be contacted at –

11, Belgrave Road, London, SW1V 1RB Telephone: 0202 7834 9144
Website: www.pensions-ombudsman.org.uk/pohome.html

or The Scottish Public Services Ombudsman www.scottishombudsman.org.uk at 4 Melville Street, Edinburgh EH3 7NS, telephone number 0870 011 5378.

THE PENSIONS REGULATOR

The Pensions Regulator is a regulatory body which came into existence on 6 April 2005 having been set up under the Pensions Act 2004. (It replaced the earlier Occupational Pensions Regulatory Authority.) It ensures that pension scheme members' interests are protected and that schemes comply with the law.

It deals with issues about pension schemes as a whole. Normally it would expect a scheme member with a personal grievance to seek resolution through the Internal Dispute Resolution Procedures, the Pensions Advisory Service and the Pensions Ombudsman.

The Pensions Regulator can be contacted at –

Napier House, Trafalgar Place, Brighton BN1 4DW Telephone: 0870 6063636
Website: www.thepensionsregulator.gov.uk

PAYMENT OF BENEFITS

Pensions are paid in arrears in regular instalments – normally monthly – by your Fire and Rescue Authority. Lump sums by commutation are payable immediately after your last day of service subject to the authority having all the information it needs.

The authority has discretion as to whom a minor's award will be paid but they must have assurance that it would be used for the benefit of the minor. Similarly, if payment is due to a person who has become incapable of managing his/her affairs, the authority has discretion to pay it to another person as they think best.

If there has been a loss to the funds of the authority because of fraud, theft or negligence on the part of a firefighter in connection with his/her employment, the authority may withhold all or any of the sum lost (subject, in the event of dispute, to the order of a court).



EXPLANATION OF EXPRESSIONS

Expression	Explanation
active member	A serving firefighter who is a member of the New Firefighters' Pension Scheme, i.e. not having opted out or retired on pension.
age retirement pension	See the explanation on page 10.
approved early retirement pension	See the explanation on page 10.
child	A natural, adopted or step-child of the firefighter, or any other child who was dependent on him/her and who is either related to the firefighter or a child of his/her spouse, or civil partner, or nominated partner. The child must be below the age of 18, or below 23 and in full-time education of at least one year's duration, or disabled and dependent on the member. Dependency has to be established in accordance with the rules of HM Revenue and Customs.
civil partner	The person with whom a firefighter has formed a civil partnership.
commutation	The conversion of part of an annual pension into a single, lump sum payment – see page 13.
contracted out	See "State Second Pension" on the opposite page.
death grant	A lump sum payable on the death of a serving member of the New Firefighters' Pension Scheme.
deferred pension	See the explanation on page 12.
final pensionable pay	See the explanation on page 10.
ill-health pension	See the explanation on page 11.
Internal Dispute Resolution Procedures	See "Rights of Appeal" on page 18.
medical certification/opinion	A certificate containing the opinion of an independent qualified medical practitioner.
minor	A person below the age of 18.
nominated partner	<p>The unmarried partner or unregistered civil partner of a firefighter who, together with the firefighter, has completed a joint declaration of partnership and registered it with the Fire and Rescue Authority. For entitlement to benefits, at the time of the firefighter's death the nominated partner must have been living with the firefighter in an exclusive, committed, long-term relationship (normally for at least two years) and both the firefighter and partner must have been free to marry or form a civil partnership. The partner must have been financially dependent on the firefighter, or the partner and the firefighter must have been financially interdependent.</p> <p>Details of how to nominate a civil partner can be obtained from your Fire and Rescue Authority – see page 24.</p>
NFPS	New Firefighters' Pension Scheme, (Firefighters' Pension Scheme 2006).



Expression	Explanation
normal pension age	The age at which, if a person retires, pension benefits would be payable immediately – this is age 60 in the New Firefighters' Pension Scheme.
partner	In this guide it means both a civil partner or a nominated partner.
permanently disabled	Means that the disablement is likely to continue until normal pension age (60).
pensionable pay	See "How much do I pay?" on page 7.
pensionable service	See the explanation on page 9.
pension credit rights	The pension rights, under the New Firefighters' Pension Scheme, of a pension credit member. These would be derived from the member's pension rights, transferred to a former spouse or a civil partner in accordance with a pension sharing order – see page 13.
qualifying service	This is the service which is used to decide if a person is eligible for benefits under the New Firefighters' Pension Scheme. It includes – <ul style="list-style-type: none"> • the period, i.e. the full "calendar length" – even in the case of a part-time member – during which a person is a member of the New Firefighters' Pension Scheme and paying contributions; • any period of unpaid leave (including additional maternity and adoption leave) in respect of which contributions are paid; • service credit brought into the Scheme as a transfer of pension rights; • service which counted as qualifying for the earlier part of a split award or which counts as a result of the cancellation of a deferred or ill-health pension on re-employment; • service which counted as qualifying in the Firefighters' Pension Scheme 1992 if a person transfers from that Scheme to the New Firefighters' Pension Scheme (the Firefighters' Pension Scheme 2006).
regular employment	Employment for 30 hours a week on average, over a 12-month period.
role	A firefighter's role as specified in role maps.
split pension	See the explanation on page 12.
spouse	The person to whom a firefighter is legally married.
State Pension Second	Sometimes referred to as "S2P", this is an additional, earnings-related element paid on top of the basic State retirement pension. (It replaced SERPS – the State Earnings Related Pension Scheme in April 2002.) Because the New Firefighters' Pension Scheme is contracted out of this part of the State pension, during any period of membership of the NFPS you will not be contributing to S2P.
State pension age	Age 65 for men, 60 to 65 for women depending upon date of birth.
voluntary retirement early	See the explanation on page 11.
widow(er)	The person to whom the firefighter was legally married at date of death.



**SUMMARY OF THE PROVISIONS OF
THE NEW FIREFIGHTERS' PENSION SCHEME 2006
("The New Firefighters' Pension Scheme")**

Membership	is open to all firefighters regardless of duty system or hours of employment.
Basic contribution rate	Employee's contribution rate (8.5% of pensionable pay).
Additional contributions	can be paid, by election and subject to eligibility, to "purchase" additional benefits.
Previous service	as a member of the Firefighters' Pension Scheme 2006, or with another pension arrangement (including the Firefighters' Pension Scheme 1992) may be transferred to add to current service as a Scheme member.
Normal pension age	Age 60.
Basic principles of assessment of pension	<p>give a proportion of final pensionable pay according to pensionable service accrued at the date of calculation:</p> $1/60 \times \text{pensionable service} \times \text{final pensionable pay}$ <p>In the case of a part-time employee, the service would reflect the part-time hours worked (e.g. half-time for two years would give one year of pensionable service) but the final pensionable pay would be based on the whole-time equivalent rate.</p>
Commutation	allows a firefighter to give up part of his/her annual pension to provide a one-off payment of lump sum.
Ill-health award	can be payable from any age if the NFPS member is permanently disabled for performance of the duties of his/her role. It can be lower tier or higher tier. Lower tier would be paid where the member is capable of regular employment (other than as a firefighter); higher tier would be paid where the member is not so capable. A lower tier pension uses the basic principles of assessment; the higher tier uses the basic principles with an enhancement of service.
Early leaver benefits	<p>apply in the event of leaving the fire and rescue service before normal pension age. The benefits, dependent upon length of service, the nature of the termination of employment, the age of the member and/or the choice of the member are:</p> <ul style="list-style-type: none"> • a refund • a transfer of pension rights to another Fire and Rescue Authority • a transfer of pension rights to another pension arrangement • a deferred pension • an approved early retirement pension • a voluntary early retirement pension.
Split pension	is a means of protecting the pension rights of a member whose pay is reduced in a final salary pension scheme. At the point of reduction the first pension would be "closed" and a new pension started. When the member retires, both pensions would be paid or, if more advantageous, the service on which the two pensions are based could be added together and a single pension paid.

Death benefits	are provided in the form of a death grant of three times pensionable pay for a member who dies in service and a five year guarantee where a pension is in payment, plus dependants' benefit cover for a surviving spouse, or civil partner, or nominated partner and for children.
Effect of divorce or dissolution of civil partnership	depends upon the decision of the court. If the court issues an "earmarking" order, all or part of the death grant, pension, or lump sum by commutation may be paid to the former spouse or civil partner at the time those benefits would normally be paid to, or in respect of, the NFPS member. If, instead, the court issues a pension sharing order, part of the firefighter's accrued value of pension rights will be deducted from the effective date of the order to provide benefits for the former spouse or civil partner who becomes a "pension credit member" in the NFPS.
Pension credit member's benefits	are provided for the former spouse or civil partner of a NFPS member in the event of a court issuing a pension sharing order on divorce. The benefits are payable from age 65 and comprise a pension and, provided the firefighter had not already commuted part of his/her pension, the option of a lump sum.
Pensions Increase	i.e. "cost-of-living" increase, as set out in Pensions Increase Acts and Orders, is applied to members' and dependants' pensions, usually on an annual basis.
Rights of appeal	can be used if dissatisfied with the decisions of the Fire and Rescue Authority, or the medical opinion on which certain decisions are based.



WHO CAN I CONTACT FOR MORE INFORMATION?

If you –

- need more information about any of the provisions of the New Firefighters' Pension Scheme,
- require forms on which to nominate a partner for death benefits, or to indicate to whom you would wish any death grant to be paid
- would like a statement of retirement benefits or transfer value, or
- wish to see the Statutory Instruments which contain the rules of the Scheme,

you should contact :

XX

Please remember that although your Fire and Rescue Authority can give you details of benefit entitlement or options under the New Firefighters' Pension Scheme, they are not permitted to advise you to take any particular course of action when a choice arises. If you are uncertain what steps to take, it is suggested that you seek the assistance of an independent financial adviser.

NEW FIREFIGHTERS' PENSION SCHEME 2006

New Firefighters' Pension Scheme

Information for regular firefighters appointed on or after 6 April 2006

The legislation setting out the terms and provisions of the New Firefighters' Pension Scheme 2006 (referred to here as "the New Firefighters' Pension Scheme" or "NFPS") will not come into operation until later this year. When it is issued, however, it will have retrospective effect from 6 April 2006.

Because you were appointed as a firefighter after 5 April 2006, you will be a member of the NFPS. This Guide tells you about the Scheme and the benefits it provides.

You will see in "How Much Do I Pay?" on page 9 that your contribution rate as a member of the NFPS is 8.5% of pensionable pay. Contributions at this rate will be deducted from your instalments of pay from your date of appointment.

In addition to membership of the NFPS you are covered by the injury and compensation provisions of the Firefighters' Compensation Scheme. You do not have to pay contributions for this cover.

It is to be hoped, of course, that you will have many years of NFPS membership ahead of you as a serving firefighter. If, however, circumstances are such that you cease to be a member for any reason before the NFPS legislation comes into force, entitlement to benefits will be based on those provided under the Firefighters' Pension Scheme 1992 (and the Compensation Scheme if relevant).

As soon as the NFPS legislation comes into force you will be informed.



X FIRE AND RESCUE AUTHORITY

**NEW FIREFIGHTERS' PENSION SCHEME
2006**

The New Firefighters' Pension Scheme

**Nomination of Dependent Partner
for Survivor's Pension**

April 2006



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NOMINATION OF DEPENDENT PARTNER FOR SURVIVOR'S PENSION

Benefits payable upon the death of a member of the New Firefighters' Pension Scheme include pensions for children, and for a surviving spouse or civil partner. The Scheme also provides benefits, similar to those for a surviving spouse or civil partner, for a partner with whom the firefighter has not entered marriage or formed a civil partnership but where:

- an appropriate nomination and joint declaration has been made, and
- the Fire and Rescue Authority are satisfied that, at the date of the firefighter's death, the nominated partner was living with the firefighter in an exclusive, committed, long-term relationship (normally for at least two years) and that the conditions for making the nomination and joint declaration are still met.

The conditions for nomination and joint declaration are that –

- both the firefighter and nominated partner must be free to marry or enter into a civil partnership in the United Kingdom (a guide to persons who are not allowed to marry or enter into a civil partnership can be obtained from your pensions administrator); and
- either the nominated partner must be financially dependent on the firefighter or the firefighter and nominated partner must be financially interdependent.

If you and/or your partner are currently married or have a civil partner then this type of nomination cannot be made. Upon your death, your spouse or civil partner would automatically receive a dependant's benefits under the provisions of the New Firefighters' Pension Scheme. This would be the case until such time as the marriage or civil partnership is annulled or dissolved. It would not be until that time that you would be able to make a nomination for your partner.

There is no requirement that you and your partner should have been in an "exclusive, committed, long-term relationship" at the date of making the nomination. This would not have to be demonstrated until date of death. At that time, the Fire and Rescue Authority would have to be satisfied that the relationship had existed for at least two years up to that date. (The Authority may waive the two-year requirement, at their discretion.)

It is never easy to ask for information when a person dies but the Authority has to do this to determine entitlement for benefits. You and your partner should be aware that this will happen. For example, the Authority may ask for confirmation that you lived in a shared household with shared household spending. Or your partner may be able to demonstrate that you had a bank account or mortgage in joint names. It may be that you and your partner have made wills, or have taken out life assurance, naming each other as the main beneficiary. This is the sort of evidence that the Authority would seek. There would be a right of appeal if the Authority decide not to pay a pension and your partner believes that he/she has entitlement.

If you wish to nominate your partner for dependant's benefits, complete the attached form. The declaration should be signed by both you and your partner and should be witnessed by a third party. Detach the form from these notes and send to:

[Insert address to which should be sent]

! It is important that you should keep the Fire and Rescue Authority informed of any change in circumstances which could affect the nomination, or if you wish to revoke it. !



X FIRE AND RESCUE AUTHORITY

NEW FIREFIGHTERS' PENSION SCHEME 2006

NOMINATION OF DEPENDENT PARTNER FOR SURVIVOR'S PENSION

First read the notes opposite. If you wish to proceed, use BLOCK CAPITALS to give details about yourself and your partner as requested below. You and your nominated partner should complete the declaration on the other side of this form and have the declaration witnessed. Then detach the form from the notes and return as directed. Your Fire and Rescue Authority will register the information and return the form to you to show that this has been done.

SCHEME MEMBER DETAILS

Surname

Forename(s)

Date of birth National Insurance No.

Employee number

Address

.....

NOMINATED PARTNER DETAILS

I nominate my partner named below to receive a nominated partner's pension under the New Firefighter's Pension Scheme 2006:

Surname Title (*Mr, Mrs, Ms, Other*)

Forename(s)

Date of birth National Insurance No.

Address

.....

You should not rely on this nomination alone to give your partner entitlement to a pension. Upon your death, your Fire and Rescue Authority will need to be satisfied that your relationship met the qualifying conditions for the payment of a pension.



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DECLARATION

We confirm that –

- we have lived together for years, during which time our financial affairs have been interdependent (or the partner has been financially dependent upon the Scheme member);
- we are in an exclusive, committed relationship with each other, and we intend to continue in this relationship indefinitely;
- we are mutually responsible for each other's welfare;
- we are not related in a way that would prevent marriage or civil partnership;
- neither of us is married to, or in a civil partnership, with anyone else;
- neither of us is currently nominated as the partner of anyone else.

Scheme member's signature

Date

Nominated partner's signature

Date

WITNESSED BY:

Signature of witness

Please use block capitals:

Name of witness

Address of witness

.....

Date

FOR FIRE AND RESCUE AUTHORITY USE ONLY

The nomination made in this form was registered on (*date*)

Signature

Name and position

Contact address

.....

Contact telephone number



NEW FIREFIGHTERS' PENSION SCHEME 2006

NOMINATION OF DEPENDENT PARTNER FOR SURVIVOR'S PENSION

Guide to persons who are not allowed to marry or enter into a civil partnership in Scotland

If you wish to nominate a partner as a potential recipient of survivor's death benefits under the New Firefighters' Pension Scheme 2006, both you and your nominated partner must be free to marry or enter into a civil partnership in the United Kingdom.

Guide to relationships that are not allowed to marry in Scotland

Note: This list is based on the statutory list in the Marriage (Scotland) Act 1977 (schedule 1) and applies to Scotland. Slightly different restrictions apply in England and Wales and Northern Ireland. The statutory list may change, so the following list is only a guide.

A. PART 1

a. A man may not marry his:

- mother, adoptive mother or former adoptive mother;
- daughter, adopted daughter or former adopted daughter;
- grandmother or great grandmother;
- granddaughter or great granddaughter;
- sister;
- aunt; or
- niece.

a.

b. Part 2

a. A man may not marry any of the following female relations unless:

- **both he and the woman have reached 21; and**
- **the younger person has never lived in the same household as and been treated as a child of the family of the older person before age 18.**
 - the daughter of an ex-wife or former civil partner
 - the ex-wife of his father
 - the ex-wife of a grandfather
 - the granddaughter of an ex-wife or former civil partner
 - the former civil partner of his mother or grandmother

a.

b. Part 3

a. A man cannot marry:

A. PART 1

b. A woman may not marry her:

- father, adoptive father or former adoptive father;
- son, adopted son or former adopted son;
- grandfather or great grandfather;
- grandson or great grandson;
- brother;
- uncle; or
- nephew.

a.

b. Part 2

c. A woman may not marry any of the following male relations unless:

- **both she and the man have reached 21; and**
- **the younger person has never lived in the same household as and been treated as a child of the family of the older person before age 18.**
 - the son of an ex-husband or former civil partner
 - the ex-husband of her mother
 - the ex-husband of a grandmother
 - the grandson of an ex-husband or former civil partner
 - the former civil partner of her father or grandfather

a.

b. Part 3

c. A woman cannot marry:



- the mother of his ex-wife **unless** both the ex-wife and the ex-wife's father are dead; or
- the ex-wife of his son **unless** both the son and the son's mother are dead.
 - a.
 - b. In either case, both people must be 21 or over.
 - c.
- the father of her ex-husband **unless** both the ex-husband and the ex-husband's mother are dead; or
- the ex-husband of her daughter **unless** both the daughter and the daughter's father are dead.
 - a. In either case, both people must be 21 or over.



Guide to relationships that are not allowed to form civil partnerships in Scotland.

Note: This list is based on the statutory list in Schedule 10 to the Civil Partnership Act 2004 and applies to Scotland. Slightly different restrictions apply in England and Wales and Northern Ireland. The statutory list may change, so the following list is only a guide.

A. PART 1

a. A man may not form a civil partnership with:

- father, adoptive father or former adoptive father;
- son, adopted son or former adopted son;
- grandfather;
- grandson;
- brother or half-brother;
- parent's brother or half-brother;
- son of a brother, half-brother, sister or half-sister;
- great grandfather; or
- great grandson

a.

b. Part 2

a. A man may not form a civil partnership with any of the following relations unless:

- **both have reached 21; and**
- **the younger has never lived in the same household as and been treated as a child of the family of the older person before age 18.**
- the son or grandson of a former wife or civil partner
- the former husband or civil partner of a parent or grandparent

a. Part 3

a. A man cannot form a civil partnership with:

- the former spouse or civil partner of his child **unless** both the child and the child's other parent are dead; or
- the father of his ex-wife or a former civil partner **unless** both the ex-wife or former civil partner and the ex-wife's or former civil partner's mother are dead.

a. In either case, both people must be 21 or over.

b.

A. PART 1

b. A woman may not form a civil partnership with:

- mother, adoptive mother or former adoptive mother;
- daughter, adopted daughter or former adopted daughter;
- grandmother;
- granddaughter;
- sister or half-sister;
- parent's sister or half-sister;
- daughter of a brother, half-brother, sister or half-sister;
- great grandmother; or
- great granddaughter

a.

b. Part 2

c. A woman may not form a civil partnership with any of the following relations unless:

- **both have reached 21; and**
- **the younger has never lived in the same household as and been treated as a child of the family of the older person before age 18.**
- the daughter or granddaughter of a former husband or civil partner
- the former wife or civil partner of a parent or grandparent

a. Part 3

b. A woman cannot form a civil partnership with:

- the former spouse or civil partner of her child **unless** both the child and the child's other parent are dead; or
- the mother of an ex-husband or a former civil partner **unless** both the ex-husband or former civil partner and the ex-husband's or former civil partner's father are dead.

a. In either case, both people must be 21 or over.



X FIRE AND RESCUE AUTHORITY

**NEW FIREFIGHTERS' PENSION SCHEME
2006**

The New Firefighters' Pension Scheme

**Death Grant and
Balance of Guaranteed Pension**

Nomination of recipient

April 2006



DEATH GRANT AND BALANCE OF GUARANTEED PENSION NOMINATION OF RECIPIENT

In the event that you should die in service as a member of the New Firefighters' Pension Scheme 2006, the Fire and Rescue Authority would pay a death grant, normally equivalent to three times your pensionable pay at date of death. To whom would they pay it? This is at the absolute discretion of the Authority. But they will decide who, in their opinion, is the most appropriate recipient. Or recipients. When making such a decision they can take account of the wishes of the firefighter. You can make your wishes known to the Authority, at any time, by completing the nomination form attached to these notes.

If you die after retirement but before having received at least five years of pension instalments, the balance of the instalments you have not received will be converted to a lump sum and, like a death grant, would be paid to the person or persons that the Fire and Rescue Authority, at their discretion, believe appropriate recipients. By completing the nomination form you would make your wishes known to the Authority in respect of this payment, too.

The fact that the Fire and Rescue Authority has absolute discretion as to the recipient of the death grant or balance of guaranteed pension means that the payment would, under current tax rules, be exempt from Inheritance Tax. Even if the Authority decide that, in the circumstances, the payment should be made to the legal personal representatives of the firefighter responsible for the administration of his/her estate.

You can complete the attached nomination form at any time. Or you need not complete it at all. If you do decide to complete and submit it, please note the following:

- you can nominate a single person or several persons; if you nominate more than one beneficiary, indicate the percentage of death grant or guaranteed pension balance that you wish each nominee to receive and ensure that the total of all nominations is 100%;
- you will be sent an acknowledgement of receipt of the form to your home address unless you request otherwise in a covering letter – it is recognised the information you give could be "sensitive" and should be treated as confidential;
- if any nominee has a change of address, please ensure the Authority is kept informed;
- if your circumstances or wishes change, you must tell the Authority right away otherwise their decision, based on the nomination you gave them, may not be what you would have wanted; you can change or cancel the form at any time;

[FRA to complete if appropriate: "You may wish to note that the Fire and Rescue Authority has a policy regarding the payment of death grant and pension guarantee – see the enclosed policy statement " Add any policy statement on a separate page; to include it here would probably cause "run-over" and upset the four-page format of these notes.]

The attached nomination form should be detached from these notes and sent to:

[FRA to give name and address of person to whom form should be sent. This is a confidential document and steps should be taken to ensure that it can be returned in a sealed envelope and kept secure]





X FIRE AND RESCUE AUTHORITY

NEW FIREFIGHTERS' PENSION SCHEME 2006

DEATH GRANT AND BALANCE OF GUARANTEED PENSION NOMINATION OF RECIPIENT

First read the notes opposite. Then, if you wish to proceed, use BLOCK CAPITALS to give the details requested below/overleaf, complete the declaration at the end of the form, detach the form from the notes, and return as directed.

SCHEME MEMBER DETAILS

Surname

Forename(s)

Date of birth National Insurance No.

Employee number

Home address

.....

NOMINATED BENEFICIARY OR BENEFICIARIES

Surname

Forename(s)

Address

.....

Proportion of death grant to be paid to this beneficiary % of 100%

Surname

Forename(s)

Address

.....

Proportion of death grant to be paid to this beneficiary % of 100%

Continue over . . .



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Continued from previous page

Surname
Forename(s)
Address
.....
Proportion of death grant to be paid to this beneficiary % of 100%
Surname
Forename(s)
Address
.....
Proportion of death grant to be paid to this beneficiary % of 100%
Surname
Forename(s)
Address
.....
Proportion of death grant to be paid to this beneficiary % of 100%
<i>If you wish to nominate more beneficiaries, give their details on a separate piece of paper in a similar format to that shown above, and attach to this form.</i>

DECLARATION

I have read the notes attached to this form *[and the accompanying policy statement of the Fire and Rescue Authority regarding nomination]*. I wish to nominate the beneficiary or beneficiaries as named here to receive, in the proportions shown, any death grant or balance of guaranteed pension payable upon my death as allowed under the New Firefighters' Pension Scheme 2006 or in any similar provision under a subsequent Order.

I understand that this nomination revokes any earlier nomination made by me.

I further understand that the Fire and Rescue Authority may, without being bound in any way to do so, have regard to this nomination but, under the above Scheme, have absolute discretion as to the recipient(s) of any death grant or balance of guaranteed pension and as to the proportions payable.

Signed **Date**



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