

Your Guide

to the **Firefighters'** Pension Scheme (Scotland) 2015

CARE about your future

sppa
SCOTTISH PUBLIC PENSIONS AGENCY



**For members joining on or after
1 April 2015**

Your guide to the Firefighters' Pension Scheme (Scotland) 2015

For members joining on or after 1 April 2015

Working as a firefighter in Scotland gives you access to a good quality pension scheme that offers benefits at retirement based on your average earnings. This guide explains how the Firefighters' Pension Scheme (Scotland) 2015 works and how you can make the most of your membership.

Explore more online

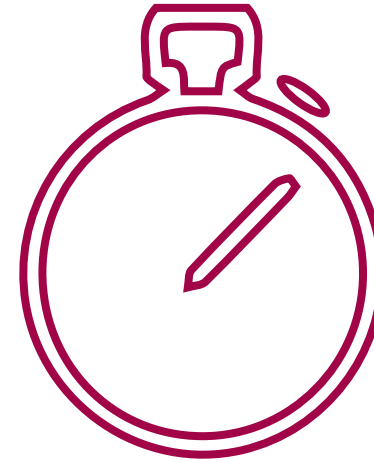
Take a look around our dedicated website: www.2015.sppa.gov.uk and you will find some valuable resources including:

- Useful publications including factsheets, guides and case studies
- A list of frequently asked questions which are regularly updated to reflect the questions you raise
- A short video explaining how the scheme works
- An interactive tool to help you find information specific to your circumstances
- Copies of the formal rules and regulations that govern the scheme
- Information about how you can contact us



Find your way

Introducing the SPPA	Page 4
Why save for retirement?	Page 5
Membership and contributions	Page 5
Your benefits when you retire	Page 7
Early retirement	Page 10
Tax and pensions	Page 12
Your options if you leave the scheme	Page 13
Protecting your family	Page 14
Special information for members of the Firefighters' Pension Scheme (1992 and 2008 sections)	Page 16
Useful information	Page 18



Your 10 second summary

The Firefighters' Pension Scheme (Scotland) 2015 offers you:

- An easy way to save for your retirement
- A guaranteed income in retirement which is protected against inflation
- The option to take a tax-free lump sum
- Valuable benefits to protect your family

Introducing SPPA

(the Scottish Public Pensions Agency)

SPPA is an Agency of the Scottish Government and we administer the firefighters' pension schemes on behalf of Scottish Ministers.

We're responsible for the day to day running of the schemes and deal with enquiries from all current, retired and former members.

Our Policy Team is responsible for updating the formal regulations that govern the schemes and works closely with the Scottish Parliament and the UK Government.

We also look after the pension schemes for the NHS, teachers and the police.

We store information about you to help us administer the firefighters' pension schemes. You have the right under the Data Protection Act 1998 to request, and be given a copy of, all the computerised information we hold about you. There will be a charge for this.

You can contact our Fire Pensions Team at:
Scottish Public Pensions Agency,
7 Tweedside Park,
Tweedbank,
Galashiels,
TD1 3TE



Why save for retirement?

We are living longer and healthier lives and can look forward to enjoying a longer, more active, retirement than ever before.

This is good news of course but it does mean that we need to save while we are working so that we can enjoy life to the full when we retire.

The Firefighters' Pension Scheme (Scotland) 2015 (Fire 2015) offers you the chance to join a pension scheme that offers guaranteed benefits and the opportunity to take a tax-free lump sum when you retire. It also offers financial support if you are unable to work due to ill-health and may also pay benefits to your dependants on your death.

Membership and contributions

All firefighters employed by the Scottish Fire and Rescue Service can join the scheme regardless of their duty system.

This includes crew and watch managers, part-time, volunteer and retained duty system firefighters. You will automatically join the scheme on appointment.

All other support and control room fire service employees can elect to join the Local Government Pension Scheme.

Firefighters who were previously in the Firefighters' Pension Scheme or New Firefighters' Pension Scheme (Fire 1992 and Fire 2006) joined the scheme automatically on 1 April 2015. Although some members, who were approaching retirement when the Fire 2015 scheme was set up, are either remaining in their existing schemes or joining the Fire 2015 scheme automatically, but after 1 April 2015 and at a date dependent on their circumstances.

Your contributions are deducted from your pay before tax is applied – so you pay less tax. If you work part-time you will only make contributions based on your part-time earnings.

The Scottish Government also pays into the scheme on your behalf.

Temporary payments including temporary promotion payments are not pensionable.



Your contributions are deducted from your pay before tax is applied – so you pay less tax.



How much will I pay?

The amount you pay depends on how much you earn. The current rates before tax relief are shown in the table opposite.

Buying added pension

The Fire 2015 scheme offers you the flexibility to pay higher contributions to buy a higher pension. You may buy up to a maximum of £6,500 of added pension payable at normal pension age*.

You can either pay extra each month, or so long as you make an election within 12 months of leaving service, you can pay a one-off lump sum.

Pensionable pay

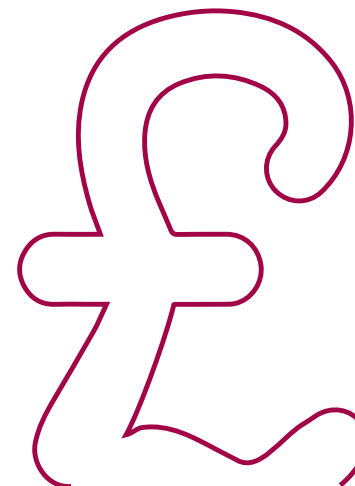
This is the pay we use to work out your monthly contributions to the scheme and the amount of pension you earn in any one year.

It includes your basic pay, any pay paid for continued professional development where it's been agreed this should be pensionable and flexi duty payments for whole-time members. Please note that any temporary payments including temporary promotion payments are not pensionable.

*This is the maximum amount set by HM Treasury with guidance from the scheme actuary and is subject to change.

1 April 2017 - 31 March 2018	
Pensionable pay range for an employee	Contribution rate
Up to £27,543	10.5%
£27,544 to £51,005	12.7%
£51,006 to £142,500	13.5%
£142,501 or more	14.5%

From 1 April 2018	
Pensionable pay range for an employee	Contribution rate
Up to £27,818	11.0%
£27,819 to £51,515	12.9%
£51,516 to £142,500	13.5%
£142,501 or more	14.5%



Your benefits when you retire

When you retire you will receive a pension based on a percentage of your average earnings throughout your career. The Fire 2015 scheme provides flexibility and choice on how and when you can take your benefits. Use this section to understand the options you will have.

When can I retire?

Your normal pension age is 60 if you are paying into the scheme when you draw your pension. However, if you leave the scheme before you retire, your normal pension age will be the same as your State Pension age.

Your normal pension age is when you can take your benefits in full without a reduction for early payment but you can retire earlier if you wish.

How does the scheme work?

The Fire 2015 scheme is a Career Average Revalued Earnings (CARE) scheme. This means that you will earn $1/61.6$ of your pensionable pay as a pension amount for each year you are a member of the scheme. So to work out how much pension you will earn in any one year, simply divide your pensionable pay by 61.6.

The pension you have earned at the end of every scheme year (31 March) is revalued on the first day of the following scheme year (1 April) to maintain its buying power. For members who are paying into the scheme, this is currently in line with the annual change in national average earnings over the previous year.

If you leave the scheme your pension pots will continue to be revalued in line with CPI increases until you retire.

This continues until you retire. When you retire, all your pension benefits are added together to work out your final pension.

Your benefits earned in the final year of service are revalued along with all your previous years' pension benefits at the following 1 April.

State Pension age (SPA)

This is when you can claim your State Pension. You can use an online calculator to find out what your State Pension age is and see more general information about State Pensions by visiting www.gov.uk

The SPA for women retiring from November 2018 will rise to 65 and will rise to age 66 for men and women retiring from October 2020.

The UK Government plans to increase the SPA from 66 to 67 and to introduce automatic reviews every five years with the first review planned to take place in 2017.

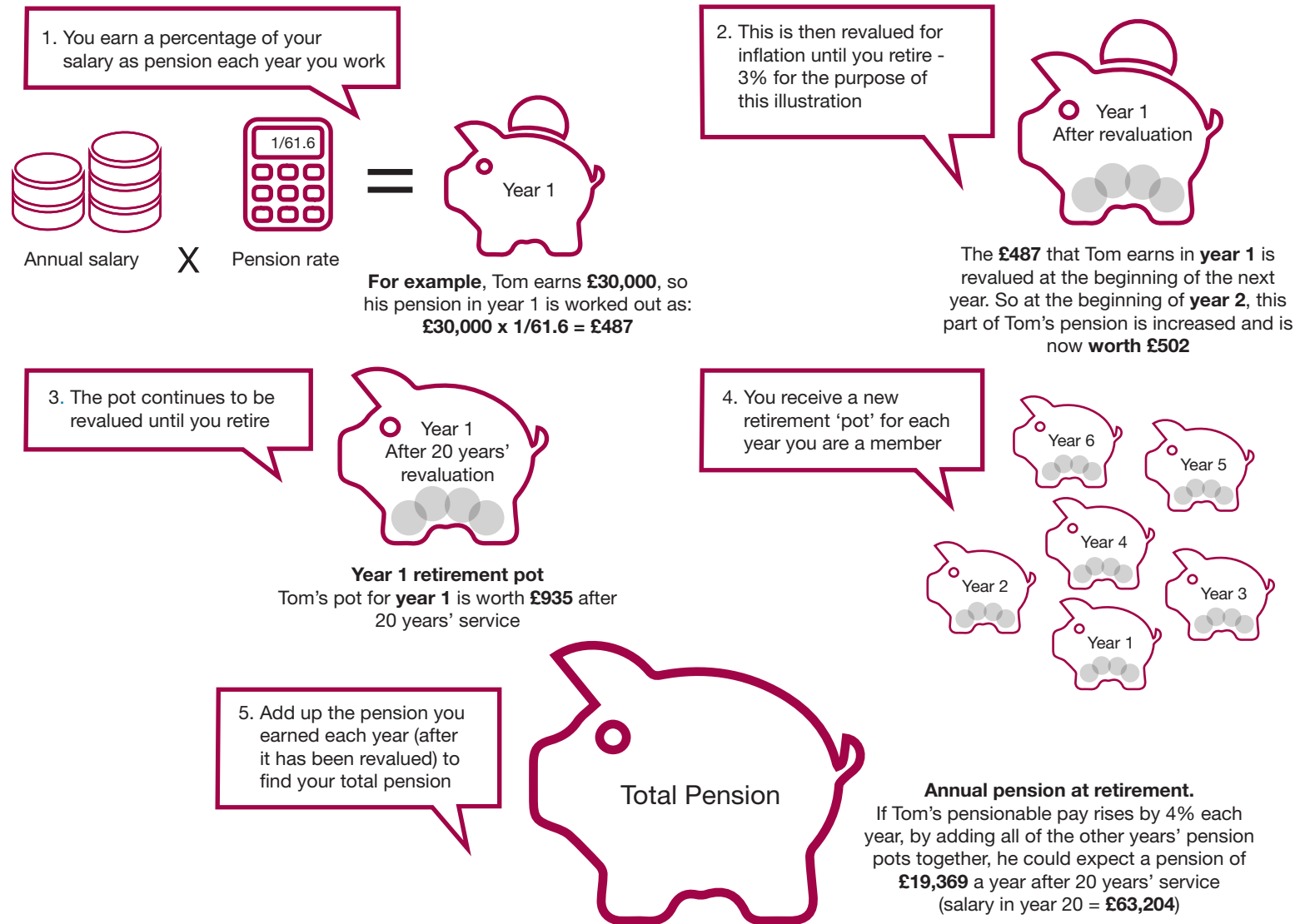
CARE – How it works

Let's see how it works in practice:

In our example we assume that pensions are revalued by 3% throughout. Tom's actual pension will depend on his actual pay increases and the increases in national average earnings.

The parameters used here are purely illustrative and are not recommendations.

This diagram has been prepared by Hymans Robertson LLP.



Taking a tax-free lump sum

You can exchange some of your pension for a tax-free cash lump sum and receive £12 for every £1 a year pension you give up. **Let's see how this works in practice.**

How are my benefits paid?

Pensions are paid monthly in arrears on the last day of the month.

Pensions are taxed as earned income and you will be initially taxed at an emergency rate until HM Revenue & Customs send us your correct tax code.

Increases to pensions in payment

Your pension, including any payments received from the previous firefighters' pension schemes, will increase each year in line with increases in CPI.

Retiring late

You can decide to delay receipt of your fire service pension beyond your normal retirement age if you wish. Your pension would be subject to an "age addition" in respect of the period between the scheme year you reached your normal pension age and the scheme year you claim your benefits.

Providing for your dependants

A pension will be paid to your surviving adult dependant of half your own pension ignoring any reduction if you exchanged some of your pension for a lump sum. More information about benefits paid to your dependants can be found in the 'Protecting your family' section on page 14.

Consumer Prices Index (CPI)

CPI is calculated by the UK Government and is a way of measuring inflation by looking at the cost of consumer goods and services.



Meet David

David's pension is £20,000 a year.

He would like to take a lump sum of £50,000 so his reduced pension will be worked out as follows:

$$£50,000/12 = £4,167$$

David's reduced pension will be £20,000 - £4,167 = £15,833 a year

Early retirement

With your employer's agreement, you can retire at any time from your minimum pension age (currently 55) and the scheme can help you if you would like to take early retirement or to wind down before fully retiring. This applies to all ranks.

If you take your benefits before your normal pension age they will be reduced for early payment. The normal pension age for members paying into the scheme is 60. If you leave the scheme before retiring your normal pension age is the same as your State Pension age.

If you have earned benefits in either the Fire 1992 or the Fire 2006 schemes, the rules dealing with early retirement may be different and you should refer to the main area of our website for more information at www.sppa.gov.uk

Partial retirement

The scheme can help if you wish to wind down before retiring, for example by reducing your hours or taking on a post with less responsibility.

You can draw your entire pension earned in the scheme up to the point of partial retirement and you can continue to build up further benefits in the scheme while you are working for the Scottish Fire and Rescue Service.

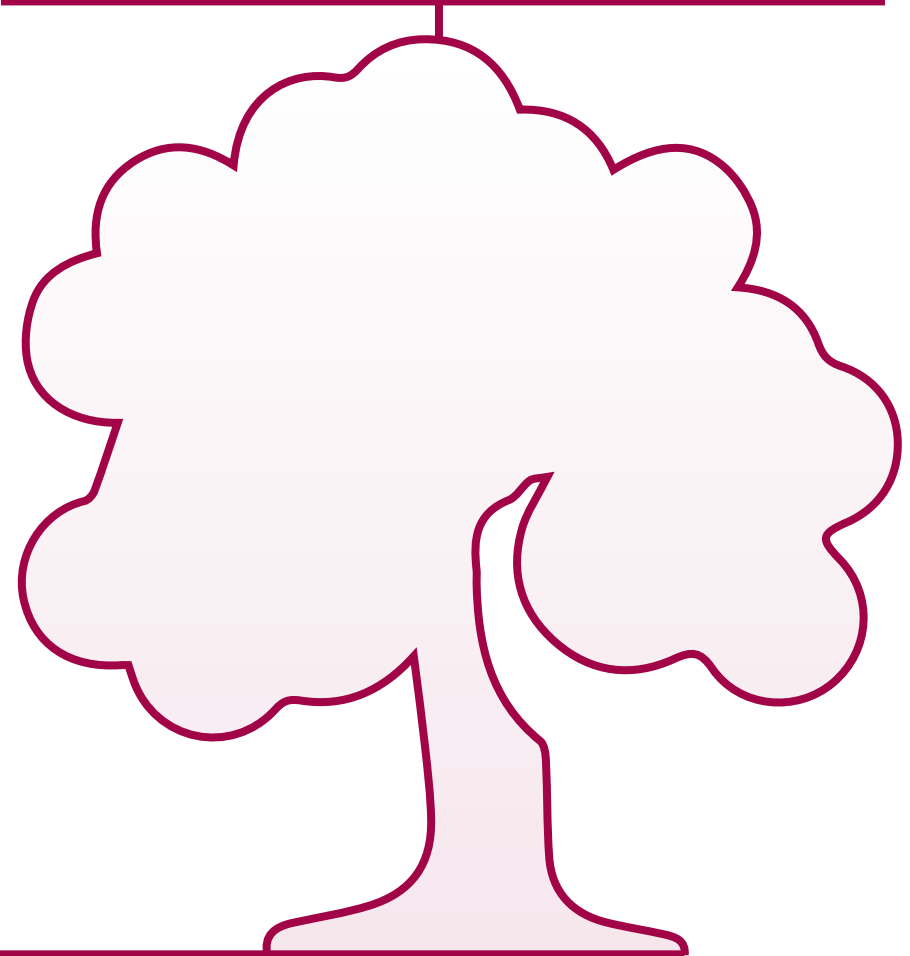
You must have the agreement of your employer before you apply for partial retirement and be at least 55 years old.

You must also be entitled to receive the immediate payment of your benefits in relation to that period of service had you decided to leave the scheme instead.

Please speak to your employer if you are interested in this option.

More information about the early retirement choices you have are in our early retirement factsheet available to download from our website www.2015.sppa.gov.uk

You must have the agreement of your employer before applying for partial retirement.



Early retirement due to ill-health

If you have to retire early because of ill-health, you can apply for ill-health benefits. You will be assessed by an independent qualified medical practitioner (IQMP), who will confirm whether your illness permanently prevents you from working as a firefighter. Your employer must then confirm your employment has ended because of your ill-health. If you do qualify, there are two levels of ill-health pension depending on the severity of your illness:

1. A standard (lower tier) ill-health pension

This becomes payable if you have three months' qualifying service and you're certified by an IQMP as permanently unable to carry out your duties as a firefighter and your employer ends your employment as a result. If you qualify, you will receive pension benefits based on the benefits you have built up so far.

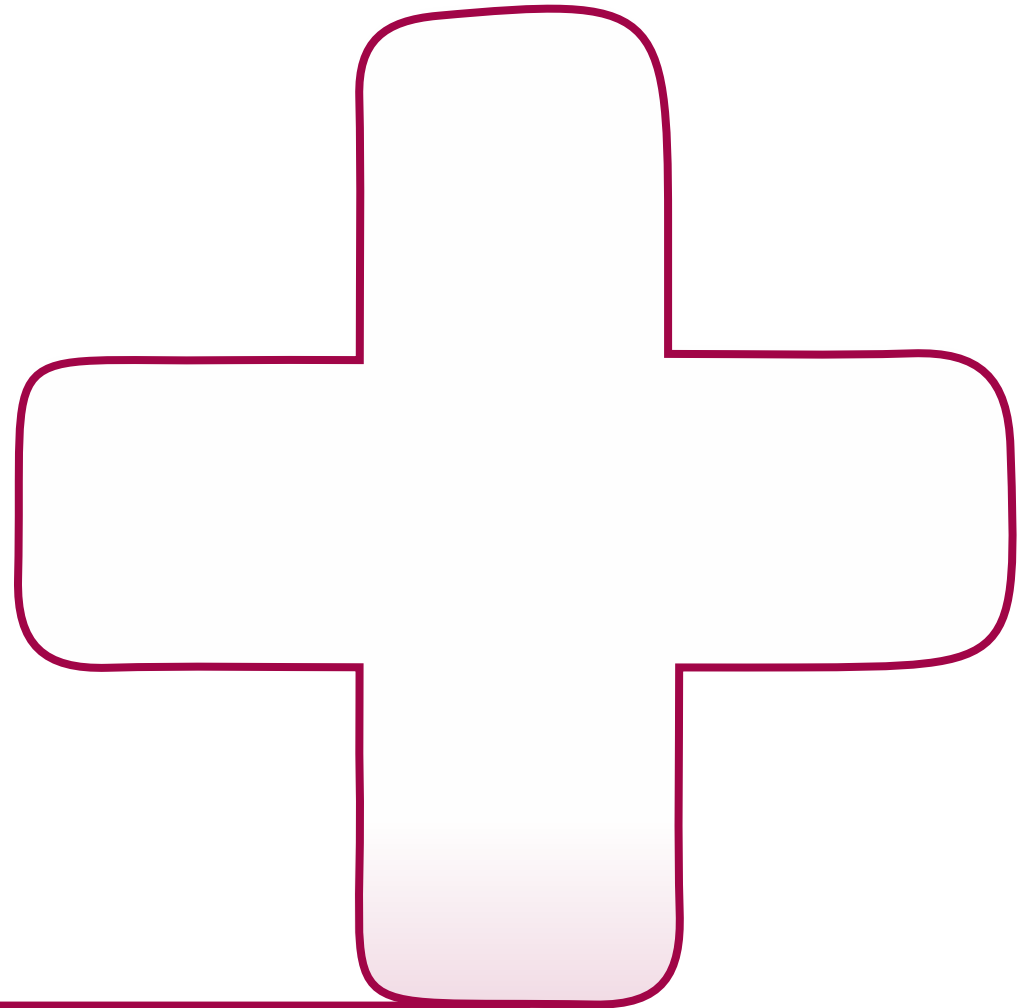
2. An enhanced (higher tier) ill-health pension payable in addition to a standard ill-health pension

This additional payment is made if you have five years' qualifying service and your employer decides you are entitled to receive the higher rate pension. If you qualify, this top-up has the effect of increasing your pension to the equivalent pension you would have earned had you been able to continue working to your normal pension age.

The Scottish Fire and Rescue Service has discretion to review the payment of ill-health awards from time to time.

Awards if you suffer an injury on duty

There are separate arrangements for the payment of injury awards to firefighters who suffer injury on duty, which are outside of the pension scheme.



Tax and pensions

The UK Government has set some limits to the pension savings you can make and receive tax relief for.

Annual allowance

This is the maximum total pension value you can earn in any one year. If you earn more than this allowance (£40,000 a year for 2014/2015 tax year) you will be taxed on the excess, currently at a rate of 40%.

Lifetime allowance (LTA)

This is the total value of all your pension benefits (except the State Pension) that you can receive tax efficiently at retirement. The lifetime allowance for 2014/2015 is £1.25 million.

Any benefits with a value in excess of the LTA will be subject to an effective tax charge – currently 55% - at the point that you take your pension.

For assessment purposes, your benefits are valued by multiplying your pension (plus any pension already in payment) by 20. If you exchange part of your pension for a tax-free lump sum, your benefits will be valued by multiplying the reduced pension by 20 and adding this to the lump sum you have taken.

Benefits from all the pension schemes you have joined during your career are included in the calculations. Speak to a financial adviser if you think you may exceed one or both of these limits.



Your options if you leave the scheme

If you leave or opt out of the scheme, you have a number of options for your benefits depending on the length of your pensionable service. In this section we explain the options you have and the things you should consider.

If you leave the Scottish Fire and Rescue Service, or leave the scheme while still employed as a firefighter in Scotland, your normal retirement age will become the same as your State Pension age. You can find out what your State Pension age is by visiting: www.gov.uk and clicking on the 'Working, jobs and pension' link.

Your service includes any service you have in either the Fire 1992 or Fire 2006 schemes and any service you have transferred in from another scheme.

Leaving the scheme with less than three months' service

If you leave the scheme within the first three months of joining you will receive a refund of your contributions less tax deductions and have no benefits remaining in the scheme.

Leaving the scheme with more than three months' service but less than two years

You have a choice. You can either:

- Transfer your benefits to another registered pension scheme;
- Keep your benefits in the scheme (known as a deferred pension). Your deferred pension will be revalued every year in line with CPI increases until you retire.

Leaving the scheme having completed at least two years' service

Once you have been in the scheme for at least two years, your benefits will remain in the scheme as deferred benefits and will be revalued every year in line with CPI increases until you retire.

You can transfer these benefits to another public service scheme if you wish and special terms are available.

You are not able to transfer pension benefits to any private sector defined contribution (DC) scheme offering the flexible benefits introduced by the Chancellor of the Exchequer George Osborne in his March 2014 Budget.

A transfer value quotation is available on request from SPPA.

The normal pension age for taking deferred benefits is your State Pension age.

Leaving the scheme while still a serving firefighter in Scotland (opting out)

If you leave the scheme while still serving as a firefighter in Scotland, your normal pension age will be your State Pension age and you will lose valuable benefits including a contribution to your retirement savings from the Scottish Government.

From May 2017, the law will require Scottish Fire and Rescue Services to automatically re-enrol you into the scheme – usually every three years. If you still do not wish to be a member, you will need to tell your employer that you wish to leave the scheme once again. This is known as opting out.

Leaving to join another UK Fire and Rescue Service

If you are leaving to take up post with a Fire and Rescue Service in another part of the UK you are not able to continue your membership in the Fire 2015 scheme as other home nations have their own arrangements.

Protecting your family

The scheme offers financial support to your family and other dependants in the event of your death. In this section we explain what those benefits are and who can receive them.

Death before retiring and while an active member

If you die while still an active member of the scheme, the following benefits will be payable:

Lump sum death benefit

If you die as an active member, a lump sum payment of three times your annual pensionable pay at the time of your death will be paid from the scheme. If you work part-time, the lump sum will be three times your actual pensionable pay.

Your employer has absolute discretion over whom to pay any lump sum death benefit in respect of your service in the scheme. This discretion means that payment is normally exempt from Inheritance Tax.

If you wish this payment to be made to someone specific you must tell us your wishes by completing a nomination form which you can download from the website at www.2015.sppa.gov.uk. Your employer will then consider this request in the event that a lump sum death payment fell due, but they would not be bound by it.

In addition to the lump sum the following pensions will be paid to your dependants:

Adult dependant's pension

If you have at least three months' qualifying service, your adult dependant will receive a pension for life of half the ill-health pension that you would have received if you had been permanently disabled for regular employment at the time of your death. In some cases benefits may be payable to someone, with whom you are not married to or in a registered civil partnership with, but are considered as your partner.

A partner nomination form is available but is not a guarantee that benefits will be paid to a surviving partner. The information will be held on your record for administrative purposes. It is not a guarantee that benefits will be paid to your partner. You can obtain a form from our website or by phoning SPPA.

Children's pensions

A pension will be paid equal to one quarter of your pension at the date of your death. If you leave two or more children then they will share half of your pension between them.

Death in retirement

The following benefits are payable if you die after you have retired:

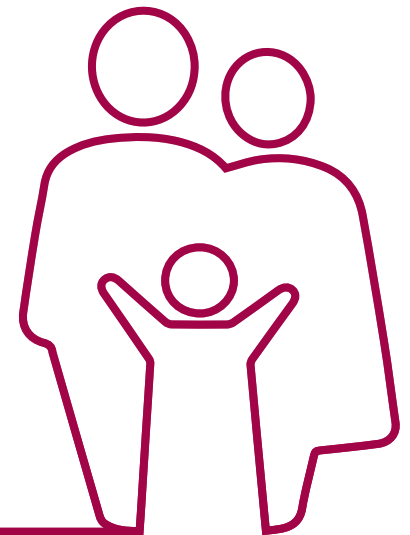
Adult dependant's pension

Your adult dependant will be paid half the pension you were receiving at the date of your death.

Children's pension

A pension will be paid of one quarter of the pension you were receiving at the date of your death. If you leave two or more children then they will share half of your pension between them.

An active member is someone who is paying into the scheme.



Death after leaving the scheme

Adult dependant's pension

If you die before retiring but having left the scheme, your adult dependant will be paid half the pension you had earned while an active member of the scheme (revalued in line with increases in CPI to the date of your death).

Children's pension

A pension of one quarter of the pension you had earned while an active member of the scheme will be payable (revalued in line with increases to CPI to the date of your death). If you leave two or more children then they will share half of your pension between them.

Death or injury while on duty

If you die within 12 months as a result of an injury, your dependant may be entitled to a gratuity under the Firefighters' (Injury Benefit) Regulations. This does not form part of the pension scheme.

Your dependants

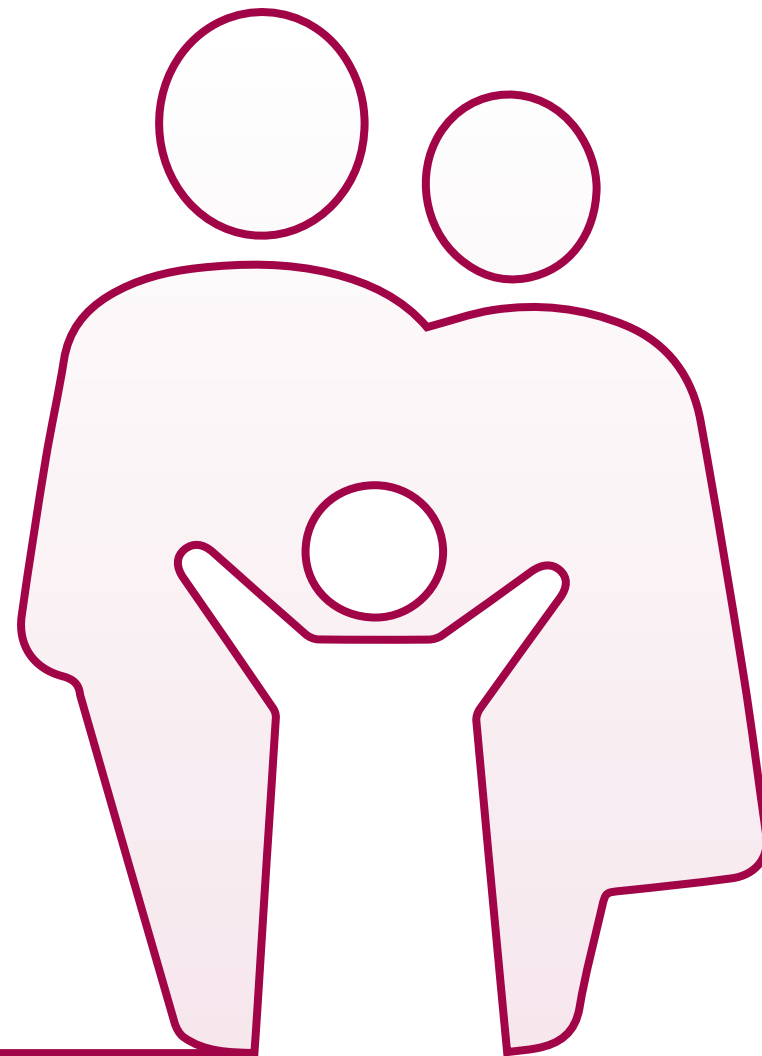
An adult dependant is usually someone you're in a legally recognised relationship with such as your spouse or registered civil partner. But if you're single, The Scottish Fire and Rescue Service may agree to make a payment to a surviving unmarried partner. Providing the criteria is met.

Your dependant is still eligible if they are also a member of the Fire 2015 scheme in their own right.

Payments may be reduced if your adult dependant is more than 12 years younger than you and may not be paid if you have been married for less than six months.

Children's pensions are payable until age 18, or age 23 if they are in full time education.

A pension may be paid for life if your child is permanently disabled at the date of your death.



Special information for members of the Firefighters' Pension Scheme (1992 and 2006 schemes)

The Fire 1992 scheme closed to new joiners on 5 April 2006 and the Fire 2006 scheme closed on 31 March 2015. Any benefits you earned in the scheme are protected at your normal, or ordinary, pension age using your final pensionable pay when you leave or retire.

In some situations you may be treated differently to members who only have service in the Fire 2015 scheme.

What scheme was I in?

Generally, you will have been in the:

- **Fire 1992 scheme** if you joined the Firefighters' Pension Scheme before 6 April 2006; or
- **Fire 2006 scheme** if you joined the New Firefighters' Pension Scheme on or after 6 April 2006.

You reach your normal pension age in the Fire 1992 scheme when you have 30 years' service or 25 years' service and you're over age 50.

The normal pension age in the Fire 2006 scheme is 60.

When you retire, your pension will be worked out in two parts:

1. The benefits you earned in the previous fire pension scheme up to 31 March 2015*; plus
2. The benefits you earn in the Fire 2015 scheme.

*If you were awarded tapered protection, this will be any pension earned until your protection expired and you joined the Fire 2015 scheme.

How do I know if I have protection?

To qualify for protection you must have been paying into either the Fire 1992 or Fire 2006 schemes on 1 April 2012 and 1 April 2015.

Full protection

Fire 1992 scheme

You will stay in the Fire 1992 scheme if, on 1 April 2012, you were either age 45 or older, or age 36 or older but within 10 years of receiving a maximum unreduced pension.

Fire 2006 scheme

You will stay in the Fire 2006 scheme if on 1 April 2012 you were age 45 or older.

Tapered protection

You will join the Fire 2015 scheme at a date depending on your circumstances if you were within four years of qualifying for full protection.

You will receive a letter from the SPPA if you qualify for either full or tapered protection or you can use our calculator – 'What does it mean for me?' on our website:

www.2015.sppa.gov.uk.

All other members automatically joined the Fire 2015 scheme on 1 April 2015.

For more information about how your benefits are treated please read our 'Guide for members who joined before 1 April 2015' which can be downloaded from our website.

This protection ensures all benefits earned under the Fire 1992 and Fire 2006 schemes remain linked to your final pensionable pay, including where you re-join the Fire 2015 scheme.

Tax-free lump sums at retirement

The way you receive a tax-free lump sum is different for any benefits you have earned in either the Fire 1992 scheme or the Fire 2006 scheme. Please refer to the guides on our website:

www.2015.sppa.gov.uk for more information.

Career breaks of less than five years

If you re-join the Scottish Fire and Rescue Service following a break of less than five years and you were a member of either the Fire 1992 or Fire 2006 schemes before your break, you will either:

- Re-join the Fire 2006* scheme if you would have qualified for full protection; or
- Re-join the Fire 2006* scheme if you would have qualified for tapered protection and this has not expired**. You will then join the Fire 2015 scheme at a later date; or
- If you do not qualify for protection you will join the Fire 2015 scheme and your pension at retirement will be paid in two parts:
 - Your pension from the Fire 2015 scheme; plus
 - Your pension from the Fire 2006 scheme.

In all other cases you will join the Fire 2015 scheme.

*If you leave the Fire 1992 scheme you will not be able to re-join it as it closed on 5 April 2006; so only the 2006 or 2015 schemes will be available to you on re-joining.

** If your period of tapered protection expires whilst you are on your career break, you will re-join the Fire 2015 scheme.

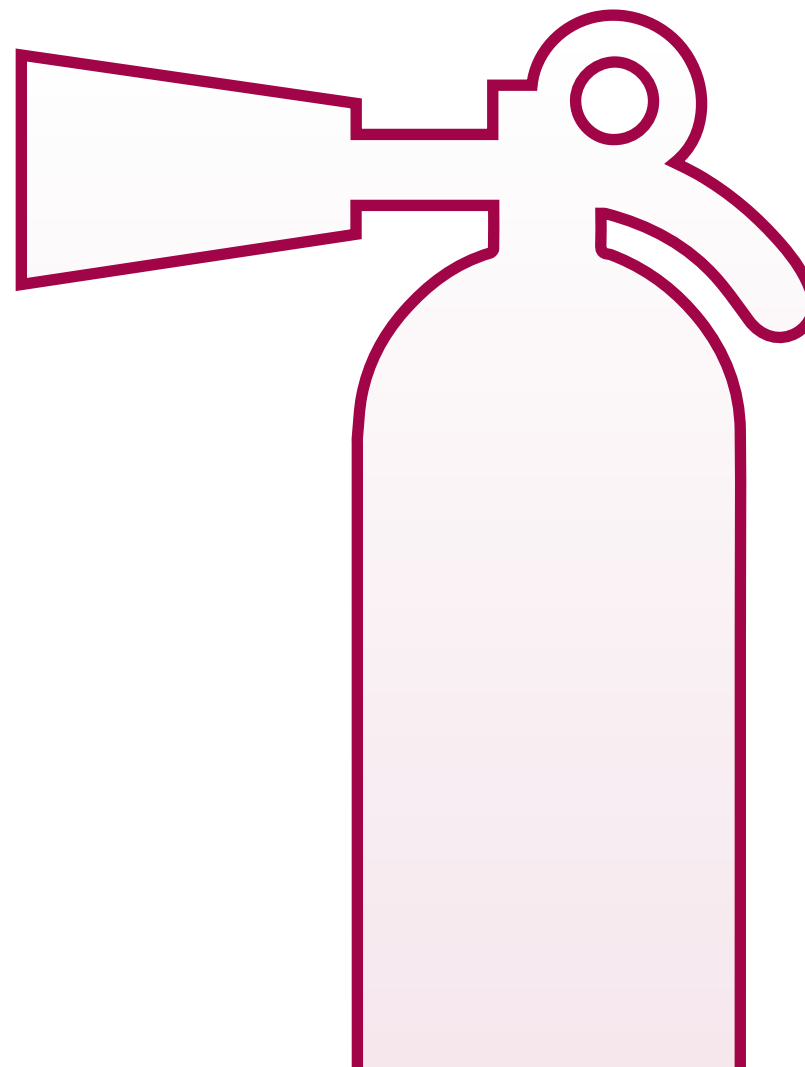
You will be able to link your new service with periods of previous service as if you had always been an active member. This ensures all benefits earned under the Fire 1992 and Fire 2006 schemes will remain linked to your final pensionable pay, in accordance with the rules of these schemes, including where you re-join the Fire 2015 scheme.

Added years contracts

The Fire 1992 and Fire 2006 schemes allowed you to pay more and buy extra years' service if you were likely to fall short of the maximum 30 years' service (35 years in the 2006 scheme).

If you have already started these payments then you will be able to continue with them.

While added years contracts are not available under the Fire 2015 scheme, you can buy added pension (see the 'Buying added pension' section on page 6 of this guide).



Useful information

Financial advisers

Financial advisers are regulated by the Financial Conduct Authority, which means they must provide advice most suited to your personal circumstances. They normally charge a fee, which you will be responsible for paying. Your employer may be able to help you find a source of independent financial advice or you can go online to find a list of financial advisers at www.unbiased.co.uk

Money Advice Service

www.moneyadvice.org.uk

The Money Advice Service was set up by the UK Government to offer free, impartial guidance on financial matters.

How to trace previous pension rights

If you need to track down a lost pension scheme you can contact the Pension Tracing Service at:

The Pension Service 9, Mail Handling Site A, Wolverhampton, WV98 1LU

Telephone number: 0845 6002 537

Or you can go to www.gov.uk and click on the 'Working, jobs and pensions' link.

Enquiries and disputes

A pension scheme is a valuable benefit for employees and pensioners. The scheme is run in accordance with clearly defined rules. However, should you have any enquiries about your own pension arrangements, please contact your HR department or the scheme administrator at the following address:

Scottish Public Pensions Agency, 7 Tweedside Park, Tweedbank, Galashiels, TD1 3TE

Telephone: 01896 893000



The Pensions Advisory Service (TPAS)

www.pensionsadvisoryservice.org.uk

TPAS is available to help you (and other beneficiaries) with any difficulties you have failed to resolve with the SPPA. You can contact TPAS by using their online 'Contact us' form or use their live web chat room. Details are given on the website.

You can also contact the Pensions Advisory Service via your local Citizens Advice Bureau.

Pensions Ombudsman

www.pensions-ombudsman.org.uk

Complaints or disputes may be referred directly to the Pensions Ombudsman at any stage. However, the Pensions Ombudsman will normally expect you to complete the internal disputes resolution procedure before contacting them. You can contact the Pensions Ombudsman at:

11 Belgrave Road, London, SW1V 1RB Telephone: 020 7630 2200

Email: enquiries@pensions-ombudsman.org.uk

The Pensions Regulator (TPR)

www.tpr.gov.uk

TPR is the regulator of work based pension schemes in the UK and is able to intervene in the running of pension schemes if employers or professional advisers fail in their duties. TPR is also responsible for ensuring employers meet their obligations under the Pensions Act 2008 which governs automatic enrolment of employees into a workplace pension. You can contact TPR at:

Napier House, Trafalgar Place, Brighton, East Sussex BN1 4DW

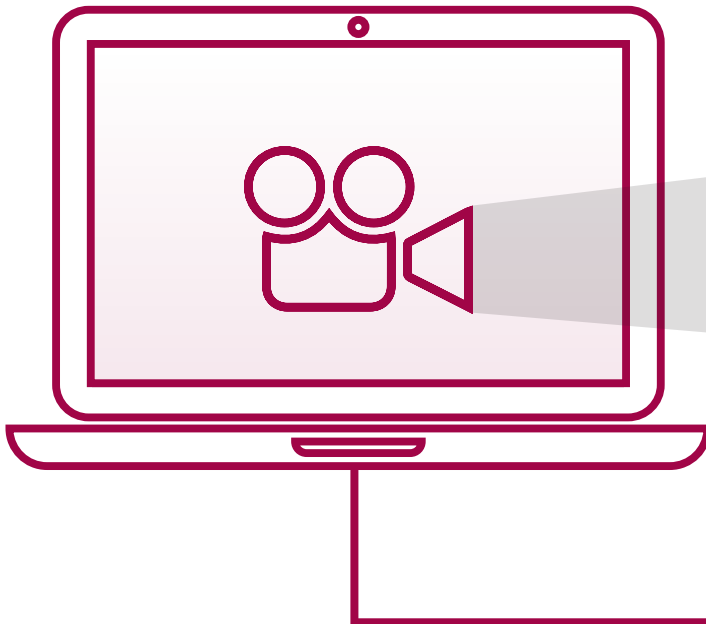
Email: customersupport@tpr.gov.uk





We have taken great care to ensure that all information is correct at the time of publication. Please be aware that this publication does not give a complete or legally binding statement of the law and the regulations governing the scheme.

Nothing in this publication overrides the Pension Scheme regulations which set the conditions of entitlement and determine the rate at which scheme benefits are payable. In the event of any conflicting information, the Scheme regulations will prevail.



We have tried to keep this guide as simple and straightforward as possible. More detailed information, including a glossary of some of the more technical terms used can be found on our website www.2015.sppa.gov.uk. There is also a video which gives you an overview of how the scheme works.