

Firefighters Pension Scheme 2021/04

Who should read:

- Chief Fire Officer of the Scottish Fire and Rescue Service
- Pensions Administrators
- Scheme members

Action: For information

Subject: Proposed changes to Commutation provisions in the FPS 1992

Date: 23 December 2021

- **Advise on proposed changes in The Firemen's Pension Scheme (Amendment no. 2) (Scotland) Order 2022**

Commutation Factors

SPPA Circular [2015/05](#) provides full background on this issue. The underpin which exists for members of the scheme in Scotland, which means that the higher of either the England and Wales scheme or Scottish Scheme factors are used for lump sums for officers retiring up is currently due to end on 31 March 2022. The proposed changes remove this end date, allowing the underpin to continue indefinitely.

Commutation Cap

Regulation B7 of the 1987 scheme allows commutation of pension to a tax-free lump sum. Generally this allows a member to commute up to 25% of their pension to a lump sum on an actuarially-neutral basis, but where the member has less than 30 years' service and retires before the age of 55, a commutation restriction is applied. In those cases a lump of no more than 2.25 of the member's pension can be paid. The proposed changes remove this cap entirely, allowing all firefighters who are entitled to an ordinary pension to commute up to the maximum 25% of their pension.

Given the uncertainty the impact this change will have on workforce planning, Scottish Ministers will be explicitly seeking views on the implementation date for this proposed amendment.

Consultation

These proposed changes are due to commence from 1 April 2022 and consultation will take place between 24 December 2021 and 1 February 2022 and can be accessed via the [SPPA website](#).

Any questions?

Please contact Mhairi.Kinnaird@gov.scot if you have any enquiries about this circular. If you have any queries relating to the administration of the scheme, please contact the Customer Services team via e-mail at sppafirepensions@gov.scot.

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23 December 2021