

2015 Remedy

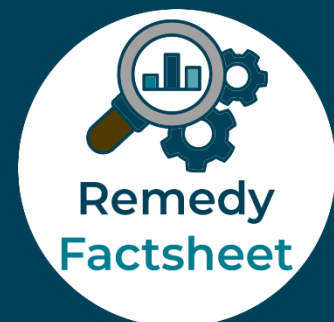
Active Member Guidance



Scottish Public
Pensions Agency
Buidheann Peinnseanan
Poblach na h-Alba

Contribution Adjustments

New Firefighters' Pension Scheme 2006



New Firefighters' Pension Scheme 2006

Moving back to the New Firefighters' Pension Scheme 2006 scheme

This guidance explains how Active members of the Firefighter Pension Scheme who have been "rolled back" into the 2006 legacy scheme as part of the McCloud Remedy are now entitled to a refund of pension contributions, referred to as a contribution adjustment. This applies to the period from 1 April 2015 to 31 March 2022, or to the portion of this period during which the member received Tapered Protection. The guide also outlines the available options for receiving your refund.

An Active member is a firefighter currently employed and paying into the scheme. Different guidance notes cover options for Retired and Deferred members, as well as those rolled back to the 1992 or Modified 2006 schemes, as their contribution adjustment processes differ.

The 2015 Remedy may have affected the employee pension contributions you have made. If you are [eligible for the 2015 Remedy](#), your pension has now been returned to the New Firefighters' Pension Scheme 2006 (NFPS 2006), also called the legacy scheme, for the remedy period (1 April 2015 to 31 March 2022), however, the return to the 2006 legacy scheme is not necessarily permanent. You will still have the option to choose whether your pension benefits for the remedy period are calculated under the 2006 Final Salary Scheme or the 2015 Career Average (CARE) scheme when you retire.

By moving your pension back to the NFPS 2006 for the remedy period, you will have overpaid your contributions and now be owed the difference. However, should you choose to have your benefits calculated for the remedy period under the terms of the 2015 scheme when you retire, you will have to repay these contributions along with interest at the National Savings and Investments (NS&I) rate.

You have a decision to make about receiving your refund now or deferring until you make your remedy choice at retirement.

This guidance is to help you understand more about the impact of the 2015 Remedy on your contributions.

Previously, we provided you with an Annual Benefit Statement (ABS) that provided you with details of the pension benefits you had accrued. In

future your ABS will be your ABS will be combined with a Remediable Service Statement (RSS) in a new document called an ABS-RSS, showing pension benefits:

- earned under the NFPS 2006 prior to the introduction of the CARE 2015 scheme on the 1 April 2015,
- the benefits available to you under both the NFPS 2006 and the CARE 2015 schemes during the remedy period, and
- those accrued after the 1 April 2022 under the FPS CARE 2015 scheme (also called the reformed scheme).

The ABS-RSS will also include details of any contributions you are owed for the remedy period.

The ABS-RSS is available on the SPPA's [self-service portal](#).

If you need your ABS-RSS in a different format please [contact us](#).

Contributions

The NFPS 2006 and the 2015 CARE scheme have different rates of member contributions.

Employee contribution rates for the NFPS 2006 scheme remained unchanged during the remedy period, although the salary bandings increased annually.

For the 2015 CARE scheme, both the salary bandings and some of the aligned employee contribution rates increased each year.

Despite this variability, employee contribution rates under the FPS 2006 scheme were mostly lower than those under the 2015 CARE scheme.

This means that you will have overpaid contributions which the pension scheme will issue as a refund.

Refund payment options

The [legislation](#) directs that the scheme manager must offer a choice to members to receive a refund now or to defer the payment until retirement.

When and how you choose to receive your refund is your choice, but you should consider the benefits you think you'll choose at retirement when you decide.

You have three months from receiving your ABS-RSS to tell us how you want to receive your refund. You can let us know your decision by completing the online form on our [member portal](#).

If you don't tell us, your refund of contributions may be issued to you automatically.

Refund before retirement

If you choose to take the refund now, it will be paid through your salary, with tax relief deducted, in the next available pay cycle after processing.

If you take your refund now, please be aware that when you retire, if you choose:

- 2015 CARE scheme benefits, you will need to repay the refund you received plus interest accrued. This amount will be deducted directly from your retirement benefits.
- NFPS 2006 benefits, no adjustments are needed as you will have paid the correct contributions throughout the remedy period.

Refund at retirement

You can defer taking your refund until you retire.

When you retire if you choose:

- 2015 CARE scheme benefits, no adjustment will be needed as you will have paid the correct rate of contributions
- NFPS 2006 benefits you will receive the refund including interest accrued, net of tax.

If you would like to defer receiving your refund until you retire, you must let us know within three months of receiving your ABS-RSS. If you do not tell us, payment may be automatically issued to you.

Application of tax relief

When pension contributions are made into a UK pension scheme, tax relief is received on those contributions. This can reduce the amount of tax paid on taxable income.

A tax relief deduction will be automatically applied to the refund (plus interest) at your historical marginal rate which is the rate you were paying during the remedy period. This adjustment is calculated based on your taxable earnings during the remedy period as reported to us by your employer.

Application of interest

The government has determined that where a scheme manager is required to pay an amount to a member or their representative, interest must be applied at two rates:

- Interest is applied at a rate of 8% as simple interest for up to 28 days after an initial ABS-RSS has been issued.
- From the 29th day after an initial ABS-RSS has been issued, interest is applied at the National Savings & Investments (NS&I) Direct Saver rate, applied as compound interest.
<https://www.nsandi.com/historical-interest-rates>

Legislation

The legislation relating to the adjustment of contributions for remediable service can be found below.

[The Public Service Pensions and Judicial Offices Act \(PSPJOA 2022\)](#)

- Pension contributions – active and deferred members– Sections 16 and 17
- Remediable service statements – Section 29

[The Public Service Pensions \(Exercise of Powers, Compensation and Information\) Directions 2022 \(The Directions\)](#)

- Interest and process – Chapter 4, Directions 13 to 19
- Remediable Service statements – Direction 20, paragraph 1b

[The Firefighters' Pensions \(Remediable Service\) \(Scotland\) Regulations 2023](#)

- Remediable service statement – Part 2
- Payment of amounts owed to the scheme manager – Regulation 65
- Payments of amounts owed to a person – Regulation 66

[The Firefighters' Pension Scheme \(Scotland\) Order 2007](#)

- NFPS 2006 – Annex A1

[The Firefighters' Pension Schemes \(Amendment\) \(Scotland\) Regulations 2015](#)

- FPS 2015 – Regulation 110