

2015 Remedy Contributions

Active Member Guidance



Scottish Public
Pensions Agency
Buidheann Peinnseanan
Poblach na h-Alba

Contribution Adjustments

Firefighters' Pension Scheme 2006 Modified



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Moving back to the Firefighters' 2006 Modified Pension Scheme

This guidance explains how Active members of the Firefighter Pension Scheme who have been "rolled back" into the Modified 2006 legacy scheme as part of the McCloud Remedy are now required to repay 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 note also outlines the available options for how these repayments can be made.

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 2006 Standard scheme, 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 Firefighters' 2006 Modified Pension Scheme (Modified 2006), also called the legacy scheme, for the remedy period (1 April 2015 to 31 March 2022), however, the return to the Modified 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 Modified 2006 Final Salary Scheme or the 2015 Career Average (CARE) scheme when you retire.

By moving your pension back to the Modified 2006 scheme for the remedy period, you will have underpaid your contributions and now owe the difference. However, should you choose to have your benefits calculated for the remedy period under the terms of the 2015 CARE scheme when you retire, these contributions will be repaid to you along with interest based on the National Savings and Investments (NS&I) rate.

You have a decision to make about repaying by lump sum, instalment plan or deferring until you make your remedy choice at retirement.

This guidance is to help you understand the impact of the 2015 Remedy on contributions and how your contribution payments will be adjusted.

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

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

The ABS will also include details of any contributions you owe 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 Modified 2006 and the 2015 CARE scheme have different rates of member contributions.

Employee contribution rates for the Modified 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 Modified 2006 scheme were higher than those under the 2015 CARE scheme.

This means that you will have underpaid contributions and you need to pay the difference back to the pension scheme as [legislation](#) directs that members must pay pension contributions equal to the difference in the schemes.

Adjustment options

Your ABS-RSS will show your repayment options and timescales.

When and how you choose to pay is your choice, but you should consider the benefits you think you'll choose at retirement when making your decision.

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

If you don't tell us how you want to repay, your contribution adjustment will be made when you apply to take your benefits at retirement.

Interest will continue to accrue until full payment is made.

Repayment options

Lump Sum

Repay a lump sum within three months of receiving your ABS-RSS.

Due to the variability of Retained Firefighter's earnings, and the limitation imposed on salary deductions by Minimum Wage legislation, the repayment of Lump Sums may have to be made directly to the Scottish Public Pensions Agency (SPPA). If this is the case, the SPPA will make payment options available to you, following the receipt and processing of your decision.

Interest will continue to accrue until full payment is made.

If you make the contribution adjustment before you retire and then choose 2015 CARE scheme benefits at retirement, your contributions will be refunded along with National Savings & Investments (NS&I) Direct Saver rate interest.

Repay by instalments

You can choose to pay by instalments. You need to tell us your decision within three months of receiving your ABS-RSS.

If you repay by instalments, you can choose the period to repay over, this can be up to 5 years.

There is a [Repayment Calculator available](#) that will give you an estimate of your repayment options and includes approximate interest to help you decide the repayment plan that suits you.

Due to the variability of Retained Firefighter's earnings, and the limitation imposed on salary deductions by Minimum Wage legislation, the repayment of monthly contributions may have to be made directly by you to the SPPA through a bank Standing Order. If this is the case, the SPPA will make this option available to you, following the receipt and processing of your decision.

If you opt to pay by instalment plan, the interest rate will be fixed for the repayment term based on the National Savings and Investments (NS&I) Direct Saver rate at the time the plan starts.

You can find out about NS&I Direct Saver historical interest rates on their website. <https://www.nsandi.com/historical-interest-rates>

Your final repayment plan with details of your monthly payment including interest will be sent to you after you make your choice.

Interest will continue to accrue until full payment is made.

If you make the contribution adjustment before you retire and then choose the 2015 CARE scheme benefits at retirement, your contributions will be refunded along with NS&I Direct Saver rate interest.

If you retire before completing your repayment plan, your outstanding contribution adjustment and accrued interest will then be deducted from your pension benefits.

You can settle your instalment plan at any time by [contacting](#) us.

Defer until retirement

You can choose to defer paying back your underpaid contributions until you retire. You need to tell us your decision within three months of receiving your ABS-RSS.

Payment will be deducted from your pension benefits, net of tax relief.

Interest will continue to accrue until full payment is made.

You can settle your deferred balance at any time before then by [contacting](#) us.

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 income tax paid in that year.

Tax relief is given based on your rate of income tax. For remedy, the tax relief applied is at your historical marginal rate which is the rate you were paying during the remedy period.

The SPPA will automatically adjust your contributions for tax relief at your historical marginal rate. This adjustment will be calculated based on your taxable earnings during the remedy period. If you decide to defer payment until retirement, these adjustments will be made when you retire.

Application of interest

The government has determined that where a member or their representative has to pay an amount to the scheme, interest on that amount must be calculated as compound interest which accrues from day to day.

The applicable interest rate is the National Saving & Investments (NS&I) Direct Saver rate (<https://www.nsandi.com/historical-interest-rates>) and is calculated from when the contributions were first due until the amount owed is paid. This means that if you choose to pay by instalments or defer payment until retirement, interest will continue to accrue until the full amount is repaid.

When you retire, if you choose 2015 CARE scheme benefits, your contributions will be adjusted again, and you will be owed a refund of the contributions difference and interest for the whole of the remedy period.

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 Firemen's Pension Scheme \(Amendment\) \(Scotland\) Order 2015](#)

- NFPS Modified 2006 – Annex AB1

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

- FPS 2015 – Regulation 110