THE FIREFIGHTERS’ PENSION SCHEME
A Guide to Personal Benefits

This guide has been written for you – the regular firefighter – as a straightforward explanation of the personal benefits provided by your occupational pension scheme.

If you are interested in just the basics, turn to the Scheme Summary at the end. If you would like to explore your entitlement in more detail, refer to the main text of the guide. This not only explains how things are done but why they are done. The Contents pages at the front will lead you to specific topics.

Even a detailed guide like this has to condense many of the facts and nothing contained in it can override pensions legislation. This version reflects the Scheme rules for firefighters serving with an English fire and rescue authority at the date shown overleaf. Firefighters appointed before this date may be covered by earlier rules. There are references in the text indicating where the longer-serving firefighter could have different pension arrangements. If you need more details, or would like to see the legislation setting out the rules of the Firefighters’ Pension Scheme, contact your fire and rescue authority’s pensions administrator at the address given at the back of the booklet.

If you would like information about the benefits payable upon death, details can be found in another guide entitled “The Firefighters’ Pension Scheme: A Guide to Death Benefits” written to accompany this guide. Ask your pensions administrator for a copy if you have not already been issued with one.
“The Firefighters’ Pension Scheme: A Guide To Personal Benefits”

This issue reflects the English Scheme rules at September 2004

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Once upon a time, a firefighter couldn’t be certain if, when firefighting days were over, service to
the community would be acknowledged by a source of income for retirement – it depended upon
the generosity of the employer.

**Gradually . . .**

the need for, and importance of, a nationally uniform system of providing pensions for firefighters
and their dependants was accepted. The first major step was taken with the introduction of the
Fire Brigade Pensions Act 1925. As the years passed, improvements were made; sometimes the
changes were small, sometimes they were so sweeping that the firefighter had to choose which
package of benefits to take. It is because your pension scheme is continually evolving that it may
seem complicated in places; new provisions get layered on top of old. This is why so many “ifs”
and “buts” get built into the rules. Never assume that your pension rights are identical to those of
the person next to you. If in doubt about your pension rights, ask your fire and rescue authority’s
pensions administrator. Contact details are given at the back of the booklet.

This booklet reflects the Scheme rules at the date given on page 2. References to earlier
provisions are omitted. If you were a firefighter before this date, the text will indicate where you
may need to ask the pensions administrator for further details.

**The rules . . .**

of your pension scheme are currently set out in the Firemen’s Pension Scheme Order 1992.
Yours is a statutory scheme established under section 26 of the Fire Services Act 1947. Although
this section was repealed by the Fire and Rescue Services Act 2004 –

- section 36 of the Fire and Rescue Services Act 2004, and
- the Firefighters' Pension Scheme (England and Scotland) Order 2004

allow the 1992 Scheme to continue in force.

A Secretary of State can make, vary or revoke Pension Scheme Orders after consulting with any
persons considered appropriate.

The fact that firefighting was once an all-male occupation was reflected in the statutory title – The
Firemen’s Pension Scheme. This was a requirement of the Fire Services Act 1947. You will see
this title used in old pension documents and Orders. However, with the repeal of the 1947 Act in
2004 the opportunity was taken to change the name to "The Firefighters' Pension Scheme". In
this booklet, the use of “firefighter” means that the point being discussed relates equally to both
males and females unless a difference is specifically noted.

The basic provisions of the Pension Scheme are similar for firefighters serving in England, Wales
and Scotland but there may be differences in the way in which some of the rules are drafted. This
guide is based on the English rules.

The Firefighters’ Pension Scheme is a final salary public service pension scheme and, unlike
occupational pension schemes in the private sector, does not have trustees.
Where does the money come from . . .

to pay for your pension? Most occupational pension schemes have a fund built up from contributions paid in by the employer and employees, plus the return on investments of that money. The Firefighters’ Pension Scheme does not. It has no fund. It is what is known as a “pay-as-you-go” pension scheme.

In other words, money is not being stored up in advance for your pension; your contributions are being used right now to help pay for the pensions of retired firefighters, and when you retire, the contributions of the next generation of firefighters will go towards your pension.

The deficit between the contributions being paid in and benefits being paid out at any given time is met by the fire and rescue authority, i.e. through local taxation, and from central government. Because your scheme is statutory your employer must provide you with your full entitlement to benefits as set out in the Pension Scheme legislation. The money always has to be found even though there is no pension fund.

The administration and finance of the Scheme are dealt with at local level by each individual fire and rescue authority.

Tax law . . .

has to be followed closely by pension schemes. You may sometimes hear about a pension scheme being “tax approved”. This means that the scheme has received Inland Revenue approval and tax exemptions are allowed on investment income. Because your scheme is unfunded there is no investment income and, therefore, tax approval does not apply in this sense. The rules of the Firefighters' Pension Scheme do, nevertheless, generally conform to Inland Revenue conditions laid down for approved schemes and it has been granted approval. The Scheme complies with the Inland Revenue requirements regarding the upper limit on the level of pension which can be provided and on the amount which can be paid by way of pension contributions. However, the lump sum provided for firefighters who commute a full quarter of their pension (see the later section “Commutation”) will, in most cases, exceed the Inland Revenue limitations placed upon other pension schemes.

Once your pension becomes payable, tax is assessed in accordance with Pay As You Earn (PAYE) rules; a fire and rescue authority responsible for paying pension instalments has to operate tax codings as instructed by HM Inspector of Taxes. At the time of writing, injury pensions, gratuities and lump sums provided by commutation are tax-free.

Pension Acts . . .

have to be taken into account, too.

For example a later section “Inter-Relationship With The State Pension Scheme” tells you how the State Pension Scheme influences the way in which the Firefighters’ Pension Scheme works.

And it is the Occupational Pension Schemes (Disclosure of Information) Regulations 1996 made under the Pension Schemes Act 1993 and the Pensions Act 1995 which require you, as a member of an occupational pension scheme, to be given a pension scheme guide like this. You must be advised of the legislative background to your scheme – that’s what this section of the guide is about – and be told how, why, and when benefits are calculated. That is explained in the rest of this guide which outlines personal benefits and in a separate guide which sets out the provisions for payment of death benefits.
WHO CAN JOIN?

If you've got what it takes to be a regular firefighter, you've got what it takes to be a member of a very exclusive pension scheme!

**Membership of the Firefighters' Pension Scheme is open to anyone appointed by a fire and rescue authority as a "regular firefighter".**

A "regular firefighter" is someone, either whole-time or part-time, who is appointed on terms under which he or she may be required to engage in firefighting. The definition does not, however, include retained or volunteer firefighters or someone whose appointment is temporary.

Recruits are brought into the Scheme automatically on appointment. Prior to April 1988, membership was compulsory; since then it has been optional.

To opt out of the Scheme, written notice must be given to the fire and rescue authority. However, once a firefighter has opted out of the Scheme, he or she would have only a limited opportunity to opt back in. To be eligible for readmission the firefighter would have to be below the age of 45 and the fire and rescue authority may require a medical examination (at the firefighter's own expense) for satisfactory proof of good health. See the section “I Don't Want To Be In The Firefighters’ Pension Scheme” for more information about opting-out.

Although to be permitted to **join** the Scheme you must be appointed on terms under which you could be called upon to engage in firefighting, if, after joining the Scheme and without any break in the continuity of appointment, you are required to perform other duties appropriate to your role as a firefighter (other than, or in addition to, firefighting) the definition of "regular firefighter" permits you to **remain** in the Scheme.

Even though retained and volunteer firefighters are not admitted to the Scheme as paying members, in the event of a qualifying injury they have cover for benefits similar to those provided for a regular firefighter.
WHAT ABOUT PREVIOUS PENSION RIGHTS?

This may not be your first employment – perhaps you’ve been in a pension scheme before. What happens now?

Make sure your fire and rescue authority are aware of all your previous pension arrangements.

It is important that they should know, not only about previous service as a regular firefighter, but also about previous pension schemes so that the possibility of transferring pension rights may be explored. Every fire and rescue authority will have their own procedures for obtaining this information but it is most probable that on appointment you will be required to complete a form which asks for details of earlier pensionable employment and pension schemes. It is essential that it is completed and returned right away. A delay could mean you missing out on pension transfer options.

I’ve been a firefighter before . . .

Have you just transferred from another fire and rescue authority within England, Wales or Scotland without any break in employment?

If so, your pension rights will be transferred with you. Your last authority will pay your new authority an “inter-authority transfer payment” which is a sum of money representing the capital value of your pension rights as at the date of transfer. Although you have changed employers you have stayed in the same pension scheme. Your new fire and rescue authority will credit you with a period of service in respect of, and identical to, that accrued in your last employment as a firefighter – year for year, day for day.

Have you had a break in service since your last employment as a firefighter? You may still be able to reckon your previous service provided those pension rights have not already been transferred to some other pension arrangement and subject to your undertaking to repay to your fire and rescue authority and within certain time limits, any gratuity or refund of contributions, in respect of that earlier employment. (See also the section “What If I Choose To Leave The Service Before I Can Get A Pension?”)

I’m new to firefighting but not to an occupational pension scheme . . .

A transfer of pension rights to the Firefighters’ Pension Scheme from some other occupational pension scheme is often possible. If you are interested in this option, your previous pension scheme would normally offer the fire and rescue authority a “cash equivalent transfer value” – a sum of money representing the capital value of your pension rights in that earlier scheme.

If, at your request, the authority were to accept the transfer value, it would be converted to service in the Firefighters’ Pension Scheme. It is unlikely, however, that a transfer value from the other scheme would convert to give as many years and days of service in the Firefighters’ Scheme as would be the case if it were a fire and rescue authority to fire and rescue authority transfer (see the details immediately above).
This does not necessarily mean that you are losing out – the Firefighters’ Scheme is a very good pension scheme and good benefits cost a lot of money. Consequently, when the years and days which count in the Firefighters’ Pension Scheme are used to calculate benefits they are worth a lot more than in many other pension arrangements.

It will be your decision as to whether the transfer is to proceed. The fire and rescue authority would not normally refuse to allow the transfer as long as the offer complies with the various regulations governing transfers. To arrive at your decision you should compare the benefits which the transfer value will “buy” you in the Firefighters’ Pension Scheme with any alternative benefits offered by your previous scheme. Compare the age at which benefits become payable – it could well be lower in the Firefighters’ Pension Scheme than in your previous scheme, thereby compensating for any reduction in service credit. The fire and rescue authority’s pensions administrator can explain the various options open to you but is not permitted to advise you what to do.

Ask for a transfer of pension rights to be explored as soon as you become a firefighter – although your fire and rescue authority may accept a late application from you, a late transfer, if one should be allowed, may give a lower service credit. Also, any quotation of transfer value will be guaranteed by an earlier pension scheme for a period of three months only.

Act promptly if you are interested!

I’ve got a personal/stakeholder pension . . .

Personal pension plans and stakeholder pensions are arranged through an insurance company, bank, building society or other financial institution. Some employers offer stakeholder pensions as an alternative to an occupational pension scheme. Or you may have arranged your own personal or stakeholder pension.

Until 6 April 2001 you could not pay into such an arrangement and be a member of the Firefighters’ Pension Scheme at the same time. Now, provided that your taxable earnings are no more than £30,000 (this is the limit at the time of writing) you could pay into both. This is explained in more detail in “Can I Pay Extra For More Pension?”.

Alternatively, you may choose to transfer the fund you have built up in your personal or stakeholder pension into the Firefighters’ Pension Scheme. If you would like such a transfer to be explored, let the pensions administrator know.

Perhaps you prefer the option of continuing to pay into your personal or stakeholder pension and not participating in the Firefighters’ Pension Scheme. How to opt out of the Firefighters’ Scheme is explained in the section “I Don’t Want To Be In The Firefighters’ Pension Scheme”. You should note, however, that whereas the fire and rescue authority would pay a high proportion of the cost of providing you with a pension under the Firefighters’ Scheme, they would not pay any contribution towards a personal or stakeholder pension.

Consequently opting out of the Firefighters’ Pension Scheme may not be in your best interests financially and it would be advisable to discuss the implications with your fire and rescue authority’s pensions administrator or with your trade union before coming to your decision.

If you have been paying into a personal or stakeholder pension and now choose to participate in the Firefighters’ Scheme only, you should let your personal or stakeholder pension provider know so that they will not expect further contributions to be paid into their pension arrangement.
I think I may have previous pension rights but I don’t know where they are . . .

Someone who changes employment periodically could gain a number of small pensions but lose contact with the administrators of the pension scheme holding each pension, particularly if the company that provided the scheme goes out of business or is taken over by another. Since 1 January 1991, all pension schemes must be registered with the Pension Schemes Registry which comes under the management of the Occupational Pensions Regulatory Authority. The Firefighters’ Pension Scheme was registered nationally by the Home Office (prior to responsibility for the Pension Scheme being taken over by the Department of Transport, Local Government and the Regions, and then by the Office of the Deputy Prime Minister) and locally by fire and rescue authorities. If you have lost touch with a previous pension scheme, the Registry may be able to help you trace it. The contact address is –

The Pension Schemes Registry, PO Box 1NN, Newcastle upon Tyne, NE99 1NN

Website: www.opra.co.uk Telephone: 0191 225 6316

If you intend to use the Registry’s tracing service you should keep the fire and rescue authority’s pensions administrator informed if this will cause a delay in the return of any pension forms sent to you by the authority for completion. (You may even find that the pensions administrator knows who to contact about previous pension rights without need for you to seek the Registry’s help.)

Certificate of pensionable service . . .

Service which you build up as a member of the Firefighters’ Pension Scheme, together with any service credit gained from a transfer of pension rights from some other pension arrangement, will be used in the calculation of benefits provided by the Firefighters’ Pension Scheme. It is called “pensionable service”.

If, after taking up an appointment as a regular firefighter, you can count an earlier period of pensionable service, your fire and rescue authority must give you the details in writing in the form of a “Certificate of Pensionable Service”. The Certificate must be issued within six months of you being able to count the period of service.

The fire and rescue authority will also inform you that if you disagree with any of the details in the Certificate you have a right of appeal to the Secretary of State. Your appeal must be made within three months of receiving the Certificate and the Secretary of State will either confirm that the details you were given were correct, or will amend them. If you do not appeal within the three month time limit the details in the Certificate will stand.

It is important that you should check the details in the Certificate very carefully as soon as it is issued because your future entitlement to benefits will be based on the information it contains.

If there is anything you don’t understand or if you think that there has been a mistake, in the first instance ask the fire and rescue authority’s pensions administrator about it. A minor problem can usually be explained or resolved quickly and simply without the need for a formal appeal.

A new Certificate may be issued at a later date if you have a break in pensionable service but pay contributions in order that the period of absence may count, e.g. in respect of unpaid leave, or maternity or adoption leave.
HOW MUCH DO I PAY?

One of the rules of membership of the Firefighters’ Pension Scheme is that you must pay a contribution towards the cost of the benefits provided. Contributions are normally deducted from your pay and transferred to the fire pension account of the fire and rescue authority.

The basic contribution rate for a firefighter is 11% of pensionable pay.

Actually, it’s not quite 11% that you pay but a whole penny a week less! This reduction to the basic contribution rate is called “modification” and is explained in the section “Inter-Relationship With The State Pension Scheme”.

What is “pensionable pay”?

“Pensionable pay” has a special meaning.

- For those holding the rank of assistant chief officer and above, it is pay as determined for the post.

- For those holding a rank below assistant chief officer, it is pay as determined for the rank. It would include –
  - basic pay
  - the flexible duty system allowance paid to certain officers
  - London allowance if relevant
  - pay received during a period of temporary promotion.

It would not include such items as –

- acting-up allowance, i.e. the difference between the pay of your own rank and that of a higher rank, the duties of which you temporarily perform but to which you are not promoted
- expenses, allowances, fees, overtime payments
- the value of uniform or equipment provided.

With effect from 1 June 1997, tax rules set an “earnings cap”, i.e. an upper limit on pensionable pay, for new entrants to pension schemes. Pay in excess of the earnings cap cannot be counted as pensionable pay for the collection of pension contributions nor in the calculation of benefits. On its introduction the cap was set at £60,000 per annum. It has been increased periodically. By 6 April 2004 it had reached £102,000. As regards the Firefighters’ Pension Scheme, therefore, its impact is felt only by the most senior ranks.

Those who are not able to build up the maximum service before retirement can elect to pay additional contributions to “buy” increased benefits. This is explained in the section “Can I Pay Extra For More Pension?”.  

11
Do I get tax relief in respect of these contributions?

Yes – through the payroll. Tax is assessed on your pay after pension contributions have been deducted and because of this you pay less income tax than you otherwise would do.

What about National Insurance contributions?

National Insurance contributions are assessed on your pay before the pension contributions are deducted but, because you are a member of a “contracted-out” pension scheme, the National Insurance deductions are at a special lower rate.

The implications of contracting-out are explained in the section “Inter-Relationship With The State Pension Scheme”.

How is the rate of pension contribution calculated?

From time to time, the Government Actuary will review the Firefighters’ Pension Scheme and assess the average cost (excluding injury awards) of providing a newly appointed firefighter with benefit cover over his/her career. The cost is expressed in terms of a percentage of pensionable pay. In public service pension schemes the contribution rate paid by a scheme member is roughly about one third of the total cost of benefit provision.

There is no employer’s contribution rate as such but, as explained in the section “History And Background”, the fire and rescue authority must meet the deficit between incoming money – transfer values and member’s contributions – and outgoing money – transfer values and benefits. This is an employer’s “contribution”.

What happens if my pay is reduced or stopped?

If your pay is reduced or stopped because of sick leave or for “punishment” you should still pay the full amount of contributions (in the event of benefits becoming payable shortly after, the “full” pay would be taken into account in the calculation).

You will not, however, pay any contributions in respect of a period of absence from duty without pay, whether authorised or unauthorised, unless the fire and rescue authority resolve that all or part of the period should reckon as pensionable service in which case contributions must be paid.

If you have a period of unpaid maternity, paternity or adoption leave, there are special provisions for the payment of contributions so that the period can count as pensionable service – see the section "Maternity, Paternity and Adoption Leave".

What happens if I work part-time hours?

If you are part-time, the pay upon which contributions will be paid is the pro rated pensionable pay for the job. For example, if you work half-time and a whole-time firefighter of similar rank receives pensionable pay of £28,000, you would receive £14,000 and this would be the pensionable pay on which your contributions would be assessed.
Disregarding ill-health retirement which can happen at any age and is dealt with in the section “Ill-Health Retirement”, the compulsory retirement ages for firefighters are –

- age 55, up to and including the rank of Station Officer
- age 60, for the rank of Assistant Divisional Officer and above.

However, you can choose to retire before then at –

- any time at age 50 or over, provided that you have at least 25 years of service.

When you retire –

- 25 or more years’ service at age 50 or over entitles you to an ordinary pension
- 2 or more but less than 25 years’ service at compulsory retirement age entitles you to a short service award.

(The Firemen’s Pension Scheme Order 1992 sets out different principles for calculation of ordinary and short service pensions, yet the different principles give a similar result. This guide uses the short service award principles which are easier to follow in all circumstances of retirement.)

Limit on retirement age for Chief Fire Officer

A Chief Fire Officer or Firemaster who wishes to retire before age 55, must obtain the permission of the fire and rescue authority to do so. Having attained age 55 he/she can choose to retire at any age up to the compulsory retirement age of 60 unless there is any contractual limitation.

Discretion of fire and rescue authority to extend retirement age

A fire and rescue authority may extend a firefighter’s service beyond compulsory retirement age if satisfied that this would be in the interests of the efficiency of the fire and rescue service.

Discretion of fire and rescue authority to require a firefighter to retire before compulsory retirement age

A fire and rescue authority also have the power to require a firefighter to retire before compulsory retirement age on the grounds that his or her retention by the authority would not be in the general interests of efficiency. This action may only be taken, however, if the firefighter has attained age 50 and has at least 25 years of service.

When does a person attain a particular age?

For pension purposes, you attain a particular age at 00.00 hours between the day you celebrate the anniversary of your birth and the day before. For example, if you were born on 25 August 1950 and have a compulsory retirement age of 55, your last day of service would be 24 August 2005. You would no longer be a firefighter on the day that you would celebrate as your 55th birthday.
HOW MUCH PENSION WILL I GET?

A firefighter’s pension can be quite straightforward to assess or it can be quite a lengthy calculation. It all depends on how simple or how complex your pay and service patterns are, your reason for leaving the fire and rescue service, your choice regarding commutation and allocation and, if relevant, any court orders made on divorce.

This section looks at the basic formula for pension calculation. Later sections deal with the other issues.

The basic formula

If you look at The Firemen’s Pension Scheme Order 1992 you will see that it sets out different principles of assessment for different types of pension. Don’t worry. The different principles can be reduced to a fairly simple formula.

The simplified formula for calculating a pension is –

\[
\text{Annual pension} = \frac{1}{60} \times \text{pensionable service} \times \text{average pensionable pay}
\]

Let’s look at each component of the formula.

Why is the fraction of “1/60” used?

The fraction of 1/60th of pay for each year of service is used quite often in final salary pension schemes. There is an Inland Revenue limitation which restricts a pension to 2/3rds of final pay. So on the basis that an average working life is 40 years, if a pension scheme allows its members a pension credit of 1/60th of final pay for each year worked, at the end of their working life they would have been able to build up the maximum pension permitted under tax rules, i.e. 40/60ths (2/3rds) of final pay.

Of course, in your case, the thing that upsets the tidiness of a system which gives a 40/60ths pension for 40 years’ service is the fact that a firefighter will not normally manage to build up 40 years of service before the age of retirement. In the section “When Can I Retire On Pension?” you can see that a firefighter may become a pensioner at a relatively young age.

The age of retirement was set lower than for many other professions because a person has to be fit for operational duties to be appointed as a firefighter and this used to be a requirement for continued membership of the Firefighters' Pension Scheme. Therefore the age of retirement was set lower than in many other professions. With this short working life you would have difficulty in acquiring the 40 years needed for the maximum benefits permitted under tax law. So the rules of the Pension Scheme help you along a bit. You have what is sometimes called an “end-loaded, fast accrual pension scheme”.

In this type of pension scheme, after a certain number of years of service (20 in the case of the Firefighters’ Pension Scheme) each year and each day of future service starts to count double.
What is pensionable service?

Service as used in the pension formula means the length of pensionable service which you can reckon at retirement plus any element of double reckoning.

“Pensionable service” is made up of the years and days during which you have been a member of the Firefighters’ Pension Scheme together with any service credit transferred from another fire and rescue authority or pension scheme.

It would include a period of absence from duty because of sickness or injury unless a medical practitioner certified that the incapacity was due to your own misconduct. It would normally not include any period of absence from duty without pay (other than disciplinary suspension where contributions are payable) unless the fire and rescue authority have resolved that the period of absence should reckon (in which case there would have been a requirement for the firefighter to pay contributions to cover that period). See the section “Maternity, Paternity and Adoption Leave” if this is relevant in your case, to see how that type of leave would count as pensionable service.

The double reckoning works as follows –

- Each year of service to 20 years reckons as 1/60th
- Each year of service after 20 years reckons as 2/60ths
- 30 years or more reckons as 40/60ths (maximum permissible)

Suppose you retired with 28 years and 10 days of pensionable service. Taking into account the double reckoning of service in excess of 20 years, your pension would be based on –

\[
\frac{20}{60} + \frac{(2 \times 8.10/365)}{60} = \frac{36^{20/365}}{60}
\]

To get a maximum pension of 40/60ths of pensionable pay you would need 30 years of pensionable service –

\[
\frac{20}{60} + \frac{(2 \times 10)}{60} = \frac{40}{60}
\]

If you accrue more than 30 years of pensionable service, because the Inland Revenue limit on a pension is 40/60ths of pensionable pay, service in excess of the 30 years will not reckon.

In the Firefighters’ Pension Scheme, a year of service always has 365 days. Account is taken of 29 February if you leave during a leap year but the completed year itself cannot reckon as more than 365 days. In other words, pensionable service stands still for one day every four years. For example, if you began work as a firefighter on 1 January 2000 (2000 being a leap year), the pensionable service you could count at the end of that year would have been as follows –

- Last day of service 29 December 2000: you would be entitled to reckon 364 days' service, i.e. taking 29 February into account.
- Last day of service 30 December 2000: you would be entitled to reckon 365 days - one completed year’s service, i.e. taking 29 February into account.
- Last day of service 31 December 2000: you would still be able to reckon just one completed year’s service at this date – 29 February is disregarded now that a full calendar year has elapsed.
What is average pensionable pay?

Firstly, “pensionable pay” has a special meaning.

- For those holding the rank of assistant chief officer and above, it is pay as determined for the post.
- For those holding a rank below assistant chief officer, it is pay as determined for the rank. It would include –
  - basic pay
  - the flexible duty system allowance paid to certain officers
  - London allowance if relevant
  - pay received during a period of temporary promotion.

It would not include such items as –

- acting-up allowance, i.e. the difference between the pay of your own rank and that of a higher rank, the duties of which you temporarily perform but to which you are not promoted
- expenses, allowances, fees, overtime payments
- the value of uniform or equipment provided.

With effect from 1 June 1997, tax rules set an “earnings cap”, i.e. an upper limit on pensionable pay, for new entrants to pension schemes. Pay in excess of the earnings cap cannot be counted as pensionable pay for the collection of pension contributions or in the calculation of benefits. On its introduction the cap was set at £60,000 per annum. It has been increased periodically. By 6 April 2004 it had reached £102,000.

“Average pensionable pay”, as the name suggests, is pensionable pay averaged (normally) over the year prior to and including the last day of service as a firefighter. This period is known as the “averaging period”.

If an averaging period based on the final year’s pensionable pay produces a lower figure than either of the two previous years then the earlier period which produces the best figure will be substituted. This situation could arise if, for example, a firefighter has a temporary promotion in the year prior to retirement but then reverts to his or her usual rank during the final year (and so receives a lower level of pay for that year). The substituted year must be based on “anniversary dates” corresponding to the standard averaging period. For example, if your last day of service was 30 September 2005 and it could be demonstrated that the average pensionable pay for –

<table>
<thead>
<tr>
<th>Period 1</th>
<th>Period 2</th>
<th>Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 October 2002 to 30 September 2003</td>
<td>or</td>
<td></td>
</tr>
<tr>
<td>1 October 2003 to 30 September 2004</td>
<td>is greater than for</td>
<td></td>
</tr>
<tr>
<td>1 October 2004 to 30 September 2005</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

then the earlier year with the highest pay can replace the final year as the averaging period.

Where it is established that an earlier averaging period would yield a higher figure of pensionable pay and it is substituted for the final year in the pension formula, Pensions Increase (the “inflation-proofing” of benefits explained in the section “Will My Pension Increase At All?”), is assessed from the end of that earlier averaging period.

The examples on the next page show the way in which average pensionable pay is assessed. (The rates of pay in the examples do not pretend to be authentic; they have been simplified for use in illustration.)
**Example 1: Normal Averaging Period**

**BLOBSHIRE FIRE AND RESCUE SERVICE**

<table>
<thead>
<tr>
<th>NAME:</th>
<th>William Sprinkler</th>
</tr>
</thead>
<tbody>
<tr>
<td>RANK:</td>
<td>Firefighter</td>
</tr>
<tr>
<td>DATE OF BIRTH:</td>
<td>1 August 1954</td>
</tr>
<tr>
<td>LAST DAY OF SERVICE:</td>
<td>30.6.2005</td>
</tr>
<tr>
<td>TOTAL PENSIONABLE SERVICE:</td>
<td>30 years</td>
</tr>
<tr>
<td>AVERAGING PERIOD:</td>
<td>1.7.2004 TO 30.6.2005</td>
</tr>
</tbody>
</table>

**PENSIONABLE PAY DURING AVERAGING PERIOD**

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Pay</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.07.04 to 31.07.04</td>
<td>£24,000.00 (pay for rank of firefighter)</td>
</tr>
<tr>
<td>01.08.04 to 31.08.04</td>
<td>£26,000.00 (temporary promotion)</td>
</tr>
<tr>
<td>01.09.04 to 31.09.04</td>
<td>£24,000.00 (pay for rank of firefighter)</td>
</tr>
<tr>
<td>07.11.04 to 31.01.05</td>
<td>£25,000.00 (pay award)</td>
</tr>
<tr>
<td>01.02.05 to 30.06.05</td>
<td>£27,000.00 (temporary promotion)</td>
</tr>
</tbody>
</table>

**AVERAGE PENSIONABLE PAY FOR PENSION**

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Pay</th>
<th>x</th>
<th>Pay For Pension</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.07.04 to 31.07.04</td>
<td>£24,000.00</td>
<td>031/365 =  £2,038.36</td>
<td></td>
</tr>
<tr>
<td>01.08.04 to 31.08.04</td>
<td>£26,000.00</td>
<td>031/365 =  £2,208.22</td>
<td></td>
</tr>
<tr>
<td>01.09.04 to 31.09.04</td>
<td>£24,000.00</td>
<td>067/365 =  £4,405.48</td>
<td></td>
</tr>
<tr>
<td>07.11.04 to 31.01.05</td>
<td>£25,000.00</td>
<td>086/365 =  £5,890.41</td>
<td></td>
</tr>
<tr>
<td>01.02.05 to 30.06.05</td>
<td>£27,000.00</td>
<td>150/365 =  £11,095.89</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL** 365/365 = £25,638.36

If Firefighter Sprinkler’s pay had been reduced during this averaging period because of sick leave or by way of punishment, he would nevertheless have paid contributions on the full pay for his rank and so the full pay must be used in the assessment. If, however, there were days in the averaging period where no pay was received – e.g. if he was on unpaid leave from 1 May 2005 to 10 May 2005 inclusive and the period was not allowed to count as pensionable – then the average pensionable pay would be assessed as shown in Example 2 –

**Example 2: Averaging Period containing Absence from Duty without Pay**

**AVERAGE PENSIONABLE PAY FOR PENSION**

<table>
<thead>
<tr>
<th>Date Range</th>
<th>Pay</th>
<th>x</th>
<th>Pay For Pension</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.07.04 to 31.07.04</td>
<td>£24,000.00</td>
<td>031/365 =  £2,038.36</td>
<td></td>
</tr>
<tr>
<td>01.08.04 to 31.08.04</td>
<td>£26,000.00</td>
<td>031/365 =  £2,208.22</td>
<td></td>
</tr>
<tr>
<td>01.09.04 to 31.09.04</td>
<td>£24,000.00</td>
<td>067/365 =  £4,405.48</td>
<td></td>
</tr>
<tr>
<td>07.11.04 to 31.01.05</td>
<td>£25,000.00</td>
<td>086/365 =  £5,890.41</td>
<td></td>
</tr>
<tr>
<td>01.02.05 to 30.04.05</td>
<td>£27,000.00</td>
<td>089/365 =  £6,583.56</td>
<td></td>
</tr>
<tr>
<td>01.05.05 to 10.05.05</td>
<td>Unpaid leave</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.05.05 to 30.06.05</td>
<td>£27,000.00</td>
<td>051/365 =  £3,772.60</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL** 355/365 = £24,898.63

Divide the aggregate pay (£24,898.63) by the number of days for which pay was received (355) and multiply by the number of days in the averaging period (365)

Average Pensionable Pay = £24,898.63 x 365/365 = £25,600.00
What about leap years?

Although, when assessing the length of a period of service, the Firefighters' Pension Scheme leap year can have no more than 365 days, it contains 366 days when average pensionable pay is assessed. If Example 1 had the same pay figures but was based on an averaging period of 1 July 2003 to 30 June 2004 (2004 being a leap year) then the assessment would be made as shown in Example 3 below.

**Example 3: Averaging Period including 29 February**

<table>
<thead>
<tr>
<th>AVERAGE PENSIONABLE PAY FOR PENSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.07.03 to 31.07.03 £24,000.00 x 031/366 = £2,032.79</td>
</tr>
<tr>
<td>01.08.03 to 31.08.03 £26,000.00 x 031/366 = £2,202.19</td>
</tr>
<tr>
<td>01.09.03 to 06.11.03 £24,000.00 x 067/366 = £4,393.44</td>
</tr>
<tr>
<td>07.11.03 to 31.01.04 £25,000.00 x 086/366 = £5,874.32</td>
</tr>
<tr>
<td>01.02.04 to 30.06.04 £27,000.00 x 151/366 = £11,139.34</td>
</tr>
<tr>
<td>TOTAL 366/366 = £25,642.08</td>
</tr>
</tbody>
</table>

Now put all the components together . . .

and you’'ve calculated the basic pension. Look back at Example 1. Firefighter Sprinkler has –

- average pensionable pay: £25,638.36
- pensionable service: 30 years

and so, applying the double reckoning principle to the pensionable service, he will get a basic pension of:

\[
\frac{20 \times (2 \times 10)}{60} \times £25,638.36 = £17,092.24 \text{ a year}
\]

What if I have worked part-time?

If any of your service has been as a part-time regular firefighter, the starting point for calculating your pension would be to treat you as if you had been a whole-time firefighter throughout. Therefore similar principles to those shown above would apply at the first stage of the assessment. Then the pension based on whole-time principles would be pro rated by a special formula to reflect your period of pensionable service. See the section "The Effect Of Part-Time Service" for details.

How does maternity, paternity or adoption leave affect the calculation?

Special provisions apply for the counting of pensionable pay and pensionable service in these circumstances. See the section "Maternity, Paternity and Adoption Leave" if you have had this type of leave during your service as a regular firefighter.
What happens next?

Those who first became firefighters before 1 April 1972 and who elected to improve widow’s benefits may have a reduction made to their pension to reflect this. If you think this may apply to you, check the details with your fire and rescue authority’s pensions administrator.

For all firefighters, the next stage in assessing retirement benefits is to consider the options relating to "commutation" – the conversion of part of the pension into a lump sum – and "allocation" – the option to provide or increase a dependant’s pension by surrender of part of the firefighter’s own pension entitlement.

If, because of divorce, your pension is subject to an “earmarking” or “pension sharing” order, an adjustment will be made in accordance with the requirements of the court – see the section “The Effect Of Divorce”.


The previous section of this guide – “How Much Pension Will I Get?” shows how your annual pension can be anything up to two-thirds of your final year’s pay. A later section – “Will My Pension Increase At All?” explains how Pensions Increase Acts and Orders will help keep your pension in line with any future rise in the cost of living. You might be happy to settle for this regular source of income for the rest of your days. There is, however, a provision in your pension scheme for you to “commute” part of your pension if you wish. “Commutation” means turning part of your on-going, annual entitlement to pension into a single, one-off, lump sum payment representing the capital value of the pension converted.

**How much can I commute?**

You can commute as little or as much as you like provided that you don’t exceed the upper limit set out in the Firefighters’ Pension Scheme rules. Depending upon the circumstances of your retirement, the upper limit would be either:

(a) a maximum commutation of one quarter of pension, or

(b) a lump sum no greater than two and a quarter times the pension before commutation.

Generally, (a) would provide the greater lump sum. But would it apply to you? The circumstances of retirement and the relevant limitations on commutation are as follows –

<table>
<thead>
<tr>
<th>CIRCUMSTANCES OF RETIREMENT</th>
<th>LIMITATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>• with an ill-health pension, or</td>
<td>A maximum commutation of one quarter of pension</td>
</tr>
<tr>
<td>• with an ordinary pension based on 30 years’ pensionable service, or</td>
<td></td>
</tr>
<tr>
<td>• with a deferred pension, or</td>
<td></td>
</tr>
<tr>
<td>• at compulsory retirement age (55 up to Stn Officer, 60 ADO and above), or</td>
<td></td>
</tr>
<tr>
<td>• being ADO or above:</td>
<td></td>
</tr>
<tr>
<td>- after attaining age 55 but before age 60, and</td>
<td></td>
</tr>
<tr>
<td>- having at least 25 years’ pensionable service but less than 30, and</td>
<td></td>
</tr>
<tr>
<td>- having the consent of the fire and rescue authority for commutation of up to ¼ pension</td>
<td></td>
</tr>
<tr>
<td>• at age 50 or over with 25 years’ pensionable service but less than 30, or</td>
<td></td>
</tr>
<tr>
<td>• being ADO or above:</td>
<td></td>
</tr>
<tr>
<td>- after attaining age 55 but before age 60, and</td>
<td></td>
</tr>
<tr>
<td>- having at least 25 years’ pensionable service but less than 30, and</td>
<td></td>
</tr>
<tr>
<td>- not having the consent of the fire and rescue authority for commutation of up to ¼ pension</td>
<td></td>
</tr>
<tr>
<td>• Lump sum must not be greater than two and a quarter times pension before commutation</td>
<td></td>
</tr>
</tbody>
</table>
How does commutation work?

Look at the table below. This shows the commutation factors currently in use where a pension is paid monthly. (The factors are reviewed from time to time on advice from the Government Actuary.)

<table>
<thead>
<tr>
<th>Age next birthday when pension becomes payable</th>
<th>Capital sum for each £100 of pension commuted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Men</td>
</tr>
<tr>
<td>under 50</td>
<td>1500</td>
</tr>
<tr>
<td>50</td>
<td>1500</td>
</tr>
<tr>
<td>51</td>
<td>1500</td>
</tr>
<tr>
<td>52</td>
<td>1490</td>
</tr>
<tr>
<td>53</td>
<td>1480</td>
</tr>
<tr>
<td>54</td>
<td>1465</td>
</tr>
<tr>
<td>55</td>
<td>1450</td>
</tr>
<tr>
<td>56</td>
<td>1425</td>
</tr>
<tr>
<td>57</td>
<td>1390</td>
</tr>
<tr>
<td>58</td>
<td>1355</td>
</tr>
<tr>
<td>59</td>
<td>1320</td>
</tr>
<tr>
<td>60</td>
<td>1300</td>
</tr>
<tr>
<td>61</td>
<td>1270</td>
</tr>
<tr>
<td>62</td>
<td>1230</td>
</tr>
<tr>
<td>63</td>
<td>1190</td>
</tr>
<tr>
<td>64</td>
<td>1150</td>
</tr>
<tr>
<td>65</td>
<td>1110</td>
</tr>
</tbody>
</table>

Care needs to be taken when deciding the appropriate factors to use because of the way in which the heading of the first column is worded – “Age next birthday when pension becomes payable”.

- If you are required to retire because you have reached the age of compulsory retirement (i.e. age 55 or 60 according to rank), the rules allow “age next birthday when pension becomes payable” to be your compulsory retirement age.
- If you are retiring on any other grounds, “age next birthday when pension becomes payable” will be the age you attain at the next birthday following the first day you are entitled to payment of pension.
- If you are entitled to a deferred pension which becomes payable at age 60, the rules allow “age next birthday when pension becomes payable” to be age 60.
- If you are a “pension credit member”, i.e. the former spouse of a firefighter entitled to benefits under the Firefighters’ Pension Scheme because of a pension sharing order (see “The Effect Of Divorce”) the factor used will be that appropriate to age 60 as “age next birthday when pension becomes payable”.

Suppose you are a male firefighter who will be age 53 next birthday. For each £100 of pension you give up you will receive, in exchange, a lump sum of £1,480. A female firefighter of the same age would receive a £1,685 lump sum. Don’t forget, however, that you attain a particular age just before the start of the day on which you celebrate the anniversary of your birth. If, therefore, you have not reached the age of compulsory retirement but intend to retire you should have a last day of service at least two days before you celebrate an anniversary of your birth to ensure the use of the factor appropriate to your age at that birthday. The “logic” behind this is illustrated in Example 4 on the next page.
Example 4: Commutation – the “Two Day Rule”

A firefighter was born on 1 August 1954. If he leaves at compulsory retirement age his last day of service will be 31 July 2009 – the day he attains age 55. The factor allowed under the commutation rules would be 1450, the factor appropriate to age 55 being “age next birthday”.

Suppose he has sufficient service (25 or more years) to be eligible to choose to retire before then, say in 2005. In these circumstances if he wants the highest factor of 1500 to be used, his last day of service must be no later than 30 July 2005, i.e. 2 days before his 51st birthday. If instead his last day of service were 31 July his pension would be payable on 1 August and on 1 August 2005 his “age next birthday when pension becomes payable” would be 52. This would mean that the lower commutation factor of 1490 would have to be used instead.

He tells the fire and rescue authority he will be leaving on 30 July 2005!

Why are the factors higher for younger people and for women?

Because, to put it bluntly, they are expected to live longer! The factors reflect mortality statistics.

The average woman lives longer than the average man and would, therefore, be drawing an annual pension for longer. The assessment of the lump sum must take this into account because by commuting she is giving up a greater amount of pension than a man would. The same reasoning applies to those, male or female, who retire at a younger age. When the option of commutation was originally introduced into the Scheme, a fire and rescue authority could, if they wished, require a firefighter to undergo a medical to satisfy the authority that he had normal life expectancy. This no longer applies.

Please note that the commutation factors given and used in these examples are relevant where an authority pay pensions monthly in advance (most authorities do). If your fire and rescue authority pay pensions at other intervals contact the pensions administrator for details of the effect on commutation factors.

What should I do if I want to commute?

If you want to commute, notice of commutation, stating the portion to be commuted, must be given to the fire and rescue authority not earlier than four months before, nor later than six months after, retirement.

Show me how commutation is assessed

The Examples which follow show how commutation is worked out. In both Examples it is assumed that average pensionable pay is £24,000 and the maximum amount of pension is commuted.

Firstly, in Example 5, Firefighter Sprinkler retires with entitlement to an ordinary pension but cannot reckon 30 years’ pensionable service. His lump sum, therefore, is restricted to two and a quarter times the uncommuted pension.

In Example 6, he has attained 30 years’ pensionable service and so he can commute up to one quarter of his pension. This provides a larger lump sum.
Example 5: Commutation – Ordinary Pension based on less than 30 years’ service

Firefighter Sprinkler, aged 50, decides to retire with an ordinary retirement pension based on his 29 years 364 days of pensionable service.

PENSION BEFORE COMMUTATION

\[
\frac{39^{363/365}}{60} \times £24,000.00 = £15,997.81 \text{ a year}
\]

EFFECT OF COMMUTATION

Because Firefighter Sprinkler does not have 30 years’ service, the lump sum can be no greater than:

\[
£15,997.81 \times 2.25 = £35,995.072
\]

Age next birthday: 51 Commutation table factor: 1500

Commutable £35,995.072 x 100 = £2,399.6714 Portion: 1500

Pension: £15,997.81 - £2,399.6714 = £13,598.14 a year

Lump Sum: £2,399.6714 x 1500 = £35,995.07

Example 6: Commutation – Ordinary Pension with 30 years’ service

Upset at finding that with only 25 years 364 days of service he cannot commute a full quarter of his pension, Firefighter Sprinkler (still aged 50) decides to struggle on in the fire and rescue service for one more day and retire with an ordinary pension based on 30 years’ pensionable service.

(Although it would probably be slightly higher in these circumstances, his average pensionable pay is still assumed to be £24,000.)

PENSION BEFORE COMMUTATION

\[
40^{363/365} \times £24,000.00 = £16,000.00 \text{ a year}
\]

EFFECT OF COMMUTATION

With 30 years’ pensionable service, the commutation limit is raised to 1/4 of pension:

Age next birthday: 51 Commutation table factor: 1500

Pension: 3/4 x £16,000.00 = £12,000.00 a year

Lump Sum: 1/4 x \(\frac{£16,000.00}{100}\) x 1500 = £60,000.00

If you wish to “allocate” a portion of your pension (as explained in the section “Allocation”) the total of allocation and commutation together must not exceed one third of your pension. Example 7 in “Allocation” explains how this works but contact your fire and rescue authority’s pensions administrator if you need help in your own case.

If, because of divorce, your commuted lump sum is subject to an “earmarking” order, an adjustment will be made in accordance with the requirements of the court – see the section “The Effect Of Divorce”.

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“Allocation” or “surrender” as it is sometimes known, means the giving up of part of your pension during your lifetime to provide, on your death, a pension for a spouse or dependant. It is an old provision which has remained preserved in the Firefighters’ Pension Scheme rules although, since the introduction of the widow’s half-rate pension, widower’s pension and children’s pension, it is not widely used. It can be used to provide a benefit for a dependant not covered by other provisions of the Scheme or for topping-up a benefit for a spouse or dependant who is.

How does it work?

It doesn’t work on a straight pound-for-pound basis; the sum provided for the amount given up depends upon the age and sex of the firefighter and of the named beneficiary. For example, £100 a year allocated by a male firefighter aged 53 would provide approximately £200 a year for his wife if she were aged 44, or approximately £300 if she were aged 53.

Once, allocation was a bit of a gamble. If the named beneficiary died before the fire pensioner, the allocated portion would not be added back on to the pension. This changed in the case of pensions reduced on or after 13 September 2004. The pension would now be restored to its pre-allocation level if the beneficiary pre-deceases the fire pensioner.

Your pensions administrator will hold a set of Allocation Tables issued by the Government Actuary and would be able to give you an idea of the amount provided by allocation in your own case.

Are there any conditions?

There are limits on the amount which can be allocated and on the time in which you must give notice. Again, the pensions administrator will be able to offer you guidance but you may find the following points helpful:

1. You can allocate up to one third of your pension but the total of allocation and commutation together must not exceed one third. So if you want to commute one quarter of your pension there would only be one twelfth left for allocation (1/3 - 1/4 = 1/12).

2. Notice that you wish to allocate part of your pension must be given in writing to the fire and rescue authority and must specify the name, age and sex of the beneficiary and the portion to be allocated.

3. Notice must be given within the following time limits:
   (a) if you are eligible to retire with an ordinary, short service, or ill-health pension you must give notice before, but not earlier than 2 months before, your intended date of retirement;
   (b) if you are entitled to a deferred pension, you must give notice before, but no earlier than 2 months before, the date the pension is due to come into payment;
   (c) if you are in receipt of a pension, are below age 70, are getting married or remarried, and want to name your future spouse as your beneficiary, you must give notice no earlier than 2 months before the intended date of the marriage.

Except in the case of (c), the notice cannot be given after the pension has come into payment.
4. Allocation can only be made with the agreement of the fire and rescue authority and they will wish to be certain that you have a normal expectation of life by requesting you to have a medical examination before giving consent.

5. If the fire and rescue authority accept your notice they will send you written confirmation that it has been accepted.

6. The notice of allocation will take effect only if the relevant event (i.e. your retirement, marriage or remarriage) takes place within 2 months of the notice being given.

7. The effective date of the notice would be –
   (a) in the case of retirement with an ordinary, short service or ill-health pension – the date of retirement
   (b) in the case of a deferred pension – the date at which the deferred pension comes into payment
   (c) in the case of a post-retirement marriage or re-marriage – the date of that marriage or remarriage.

8. An allocated pension increases in line with Pensions Increase Acts and Orders in the same way as any other pension provided by the Scheme (see the section “Will My Pension Increase At All?”).

9. An allocation, once made, cannot be cancelled.

Show me how allocation works

Example 7 below shows the effect of a notice of allocation made at retirement (as in 3(a) above).

Example 7: Allocation

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ill-health pension before commutation/allocation</td>
<td>£18,000.00 a year</td>
</tr>
<tr>
<td>Less Pension commuted (1/4)</td>
<td>£4,500.00</td>
</tr>
<tr>
<td>Less Pension allocated (1/12)</td>
<td>£1,500.00</td>
</tr>
<tr>
<td>Ill-health pension after commutation and allocation</td>
<td>£12,000.00 a year</td>
</tr>
<tr>
<td>Commuted lump sum:</td>
<td>£4,500.00/100 x 1500 = £67,500.00</td>
</tr>
<tr>
<td>Felicity's pension on Ff Sprinkler’s death:</td>
<td>£1,500.00 x 2.008 = £3,012.00 a year</td>
</tr>
</tbody>
</table>

If Felicity were to predecease her husband, the £1,500 which was allocated would be added back on to his pension with effect from the date of Felicity’s death.
A firefighter may be required by the fire and rescue authority to retire on grounds of permanent disablement. In these circumstances, the Firefighters' Pension Scheme makes provision for ill-health retirement benefits.

The decision

"Disablement" is defined by the Pension Scheme as meaning "incapacity, occasioned by infirmity of mind or body, for the performance of duty" and "permanent" means that, at the time the question of disablement is considered, it seems likely that the incapacity will be permanent until compulsory retirement age.

Initially it is the fire and rescue authority that determine whether a person is entitled to an award under the Firefighters' Pension Scheme and, if they have to make a decision in respect of a possible case of disablement, they must obtain the written opinion of an independent qualified medical practitioner. "Independent" means that the selected medical practitioner must certify that he or she has not had any previous involvement in the case and is not acting, nor has acted, as a representative of the firefighter, the fire and rescue authority or any other party in relation to the case. "Qualified" means the medical practitioner must have at least a minimum level of occupational health qualification. The opinion is binding on the fire and rescue authority.

If the firefighter refuses to have a medical examination, the fire and rescue authority can make their decision on whatever, if any, medical evidence they may have.

The medical opinion will cover questions of disablement and permanence as mentioned above and any other relevant issues of a medical nature. For example, a fire and rescue authority have a right to reduce an ill-health award by up to one half if the firefighter has brought about, or contributed to, the infirmity by his or her own default. The fire and rescue authority may seek an opinion on this.

When the authority have decided your entitlement to an award they must notify you, in writing, of their decision.

If they sought a medical opinion you have the right, within 14 days of receiving the decision, to request a copy of the opinion.

If you are dissatisfied with the medical opinion or with the decision of the fire and rescue authority you have a right of appeal. For the procedures, see the section "I'm Not Happy About This – Can I Appeal?". Note the time limits and be certain that you use the correct appeal route.

If you have been notified that you are entitled to an ill-health award, how much are you going to get?

Ill-health gratuity

An ill-health gratuity is payable, instead of a pension, if the firefighter has less than two years' service at the date of retirement on grounds of permanent disablement and provided the infirmity was not caused by a qualifying injury (in which case a pension would be payable.)
If you have less than one year’s service, the ill-health award will be a repayment of aggregate pension contributions. If you have more than one but less than two years’ service, the gratuity will be the greater of –

- a repayment of aggregate pension contributions, or
- a single lump sum payment calculated as 1/12 of average pensionable pay for each year of pensionable service (odd days counting as 365ths of a year).

**Ill-health pension**

If you have two or more years’ service or, if less, your infirmity was caused by a qualifying injury, then you are entitled to an ill-health pension.

The formula is similar to that used for an age retirement pension. However, if you have five or more years’ service, the service element of the formula may be increased by extra 60ths to compensate you for a premature end to your career. The addition must not make your pension greater than it would have been had you retired on age grounds and the total number of 60ths including the enhancement must not exceed the normal limitation of 40/60ths.

The enhancement and its effect on the formula will vary according to the number of years of service you have already accrued –

Less than 5 years  $\Rightarrow$  each year of service will reckon as $1/60$th $\times$ pensionable pay

5 or more years, but less than 10  $\Rightarrow$  each year of service will reckon as $2/60$ $\times$ pensionable pay

10 or more years, but less than 13  $\Rightarrow$  the formula is based on $20/60$ $\times$ pensionable pay

13 or more years  $\Rightarrow$  the formula is service* + $7/60$ $\times$ pensionable pay

*each year of service to 20 years  =  $1/60$th; each year of service after 20 years  =  $2/60$ths

Example 8 below shows the assessment of an ill-health award.

**Example 8: Assessment of Ill-Health Award**

_Firefighter Sprinkler at age 41 is required to retire on health grounds. He has 21 years’ service and his average pensionable pay is £24,000._

_The service element of the formula will be increased by 7/60ths. He chooses to commute as much as he can (one quarter). The commutation factor is 1500._

<table>
<thead>
<tr>
<th>Pension will be based on:</th>
<th>$7 \times \frac{1}{60} + \frac{20}{60} + \frac{2 \times 1}{60} = \frac{29}{60}$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pension before commutation:</td>
<td>$\frac{29}{60} \times £24,000.00 = £11,600.00$ a year</td>
</tr>
<tr>
<td>Pension after commutation:</td>
<td>$\frac{3}{4} \times £11,600.00 = £8,700.00$ a year</td>
</tr>
<tr>
<td>Lump sum:</td>
<td>$\frac{1}{4} \times £11,600.00 \times \frac{1500}{100} = £43,500.00$</td>
</tr>
</tbody>
</table>
What if I have worked part-time?

The starting point for calculating a pension for a person who has worked as a part-time regular firefighter is to treat that person as if he or she had been a whole-time firefighter throughout all service. Consequently, the first stage of the assessment would be in line with the principles shown above, including the award of ill-health enhancement as if whole-time. The next stage of the assessment applies a formula to the whole-time pension to take account of part-time service – see the section "The Effect Of Part-Time Service".

Review

An ill-health pension may be subject to review from time to time – see the section "Can I Lose My Pension?"
If a firefighter at or after retirement is suffering from an infirmity caused or substantially contributed to by a qualifying injury, the Firefighters’ Pension Scheme makes provision for an injury award.

The award comes in two parts –

- a lump sum injury gratuity, plus
- an annual injury pension.

**The decision**

A “qualifying injury” is an injury received on duty, without your own default, in the execution of your duties as a firefighter. An injury is treated as being received by a person without his or her own default unless the injury is wholly or mainly due to the person’s “own serious and culpable negligence or misconduct”.

As with other awards under the Firefighters’ Pension Scheme, it is initially the fire and rescue authority that make the decision as to entitlement. If there is a medical question to be decided in respect of the injury (there may not be – for example the decision may depend upon whether the event which caused the injury was received in the execution of duties as a firefighter) then, as with the ill-health award, the fire and rescue authority must obtain a written opinion from an independent qualified medical practitioner. (See the section “Ill-Health Retirement” for more information about medical opinions.)

If the firefighter refuses to have a medical examination, the fire and rescue authority can make their decision on whatever, if any, medical evidence they may have.

If satisfied that an injury award should be made, the fire and rescue authority with the assistance of the opinion of the independent qualified medical practitioner must also determine the degree to which the person has been disabled. This is to identify which of the four levels of injury award should be made – based on slight, minor, major, or severe disablement.

The fire and rescue authority must notify you, in writing, of their decision as to your entitlement to an award. If they sought a medical opinion they must also tell you that you have the right, within 14 days of receiving the decision, to request a copy of the opinion.

If dissatisfied with the medical opinion or with the decision of the fire and rescue authority you have a right of appeal. For procedures see the section “I’m Not Happy About This – Can I Appeal?”. Note the time limits and be certain that you use the correct appeal route.

**Degree of disablement**

The degree of disablement is assessed on the extent to which earnings capacity has been affected by the injury (rather than physical or mental “impairment”). Earnings capacity, in this context, relates to any employment which a person could undertake after leaving the fire and rescue service, not just that of firefighter.
Injury gratuity

The injury gratuity is a lump sum assessed according to the degree of disablement as shown in the table below –

<table>
<thead>
<tr>
<th>DEGREE OF DISABLEMENT</th>
<th>GRATUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Slight disablement (25% or less)</td>
<td>12.5% of average pensionable pay</td>
</tr>
<tr>
<td>Minor disablement (more than 25% but not more than 50%)</td>
<td>25.0% of average pensionable pay</td>
</tr>
<tr>
<td>Major disablement (more than 50% but not more than 75%)</td>
<td>37.5% of average pensionable pay</td>
</tr>
<tr>
<td>Severe disablement (more than 75%)</td>
<td>50.0% of average pensionable pay</td>
</tr>
</tbody>
</table>

Injury pension

The injury pension is designed to ensure that a firefighter receives a “guaranteed minimum income” according to the severity of the injury and length of service. Consequently, the main sources of income relating to your injury are looked at, i.e. any other pension to which you may be entitled under the Scheme (usually an ill-health pension) and benefits payable by the Department for Work and Pensions (“DWP” - formerly known as the Department of Social Security or “DSS”). If your income from these sources falls short of the guaranteed minimum as set out in the table below, then they are topped up by the appropriate amount, i.e. the injury pension.

The assessment of the injury pension can be divided into three stages:

Firstly, from the table below assess the amount appropriate to the degree of disablement and years of service. The factors give the level of guaranteed minimum income to be awarded as a percentage of average pensionable pay as a firefighter.

<table>
<thead>
<tr>
<th>DEGREE OF DISABLEMENT</th>
<th>GUARANTEED MINIMUM INCOME EXPRESSED AS A PERCENTAGE OF AVERAGE PENSIONABLE PAY</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than 5 years' service</td>
</tr>
<tr>
<td>Slight disablement (25% or less)</td>
<td>15%</td>
</tr>
<tr>
<td>Minor disablement (more than 25% but not more than 50%)</td>
<td>40%</td>
</tr>
<tr>
<td>Major disablement (more than 50% but not more than 75%)</td>
<td>65%</td>
</tr>
<tr>
<td>Severe disablement (more than 75%)</td>
<td>85%</td>
</tr>
</tbody>
</table>
Secondly, reduce the guaranteed minimum by three quarters of any other pension to which there is entitlement under the Pension Scheme, disregarding any reduction in that pension for commutation or allocation or pension sharing (following divorce). The proportion of three quarters is used because it is assumed that the firefighter will have commuted one quarter (leaving an income of three quarters of pension). If less than one quarter was commuted, it doesn’t matter. "Three quarters of pension" is still used for the assessment but the firefighter ends up receiving slightly more than the guaranteed minimum income level. Where a firefighter has opted out of the Pension Scheme and becomes entitled to an injury award, the guaranteed minimum income is reduced by the full amount of any other pension which would have been paid had the firefighter participated fully in the Pension Scheme.

Thirdly, reduce the remainder by the DWP benefits payable as a result of the injury. (DWP benefits change from time to time. Check the current position with your pensions administrator.)

And there you’ve got your injury pension. Sometimes the reductions in respect of the other pension and the DWP benefits prove greater than the guaranteed minimum income. In these circumstances the injury pension would be nil.

Unlike the ill-health pension, the injury pension cannot be commuted but you would have received a lump sum anyway – the injury gratuity.

Show me how injury benefits are calculated

Suppose that in addition to the ill-health benefits illustrated in Example 8 in the section "Ill-Health Retirement", Firefighter Sprinkler is entitled to an injury award based on 52% disablement.

Example 9: Assessment of Injury Award

Firefighter Sprinkler, aged 41, has suffered a qualifying injury in respect of which the DWP will pay benefits of £2,500 a year. Having 21 years' service and average pensionable pay of £24,000, he has entitlement to an ill-health pension of £11,600 a year before commutation. In addition, with a major disablement, he will receive:

<table>
<thead>
<tr>
<th>INJURY GRATUITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lump sum:</td>
</tr>
<tr>
<td>37.5% x £24,000.00 = £ 9,000.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>INJURY PENSION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Guaranteed minimum income:</td>
</tr>
<tr>
<td>75% x £24,000.00 = £18,000.00 a year</td>
</tr>
<tr>
<td>less 3/4 of ill-health pension:</td>
</tr>
<tr>
<td>3/4 x £11,600.00 = £ 8,700.00</td>
</tr>
<tr>
<td>less DWP benefits payable in respect of injury:</td>
</tr>
<tr>
<td>£ 2,500.00</td>
</tr>
<tr>
<td>Injury pension payable:</td>
</tr>
<tr>
<td>£ 6,800.00 a year</td>
</tr>
</tbody>
</table>

Under current Inland Revenue rules you would not normally pay income tax on the injury gratuity or injury pension.
After-appearing injury

Occasionally a firefighter may retire without an injury award but at a later date a disablement may occur which can be linked to a qualifying injury received during his or her firefighting days. The person may then be eligible for an “after-appearing” injury award.

The stages of medical examination, determination of award and appeal are similar to those for an injury award made on retirement. If this were to apply to you, it would obviously be in your interests to notify your former fire and rescue authority as soon as possible. If the date at which you became disabled cannot be ascertained, it is taken to be the date from which the claim of disablement is first made known to the fire and rescue authority.

Post-retirement eligibility for an injury award does not necessarily require a review of any other award made on retirement. For example, a firefighter fit and well on retirement and awarded an ordinary pension would not have that award changed to an ill-health pension if an after-appearing injury award subsequently becomes payable.

What if I have worked part-time?

As with other pensions, the starting point for assessment if you have service as a part-time regular firefighter is to treat you as if you have been whole-time throughout your period of service.

Degree of disablement would be determined by comparing the whole-time pay as a firefighter with the whole-time potential earnings after leaving the fire and rescue service.

The injury gratuity is based on whole-time average pensionable pay and then pro rated by a formula which takes account of your part-time service – see the section "The Effect Of Part-Time Service".

The first stage of the calculation of the injury pension, too, is to assess the guaranteed minimum income based on whole-time pay and service. A formula is then applied to the "whole-time" pension to take account of part-time service – again see the section "The Effect Of Part-Time Service".

From this will be made deductions in respect of any other pension payable under the Firefighters' Pension Scheme (at the part-time rate if relevant) and any DWP benefits payable in respect of the injury.

Review

Any change in DWP benefits should be reported to the fire and rescue authority immediately; the authority may have to adjust the level of injury pension.

Also the degree of disablement must be kept under review by the Authority, at least for the first five years following retirement. These points are also looked at in the section "Can I Lose My Pension?".
WHAT IF I CHOOSE TO LEAVE THE SERVICE BEFORE I CAN GET A PENSION?

Most firefighters will stay in the service until they are able to leave with immediate payment of benefits. But what happens if you decide to leave before then, or if you choose to move to another fire and rescue authority?

The options open to you depend upon your length of service, circumstances and choice. You could find yourself having to choose from the following –

- a deferred pension;
- a transfer of accrued pension rights to another fire and rescue authority;
- a transfer of accrued pension rights to another occupational pension scheme, or to a personal or stakeholder pension;
- a transfer of accrued pension rights to an approved insurance policy which will provide the money to buy a pension at retirement age;
- a repayment of pension contributions.

Quite an assortment! Your fire and rescue authority’s pensions administrator can tell you which of the options apply to you on leaving but is not allowed to advise you on which to select. The final decision would be yours.

A similar choice could face you if you join the Firefighters’ Pension Scheme but then decide to opt out – see the section “I Don’t Want To Be In The Firefighters’ Pension Scheme”.

If you are leaving the fire and rescue service altogether then you should weigh up your options very carefully. You may be approached by salespeople from various companies offering you attractive returns if you invest your money with them. Find out whether those returns are guaranteed, based on that company’s performance, and how much of your investment would be paid to someone else by way of administration costs and commission. A simple test to put projected investment returns into context is to ask how much a loaf of bread would cost based on the same projections. Does the salesperson know enough about the Firefighters’ Pension Scheme to be able to advise you properly? Be wary and, where possible, seek independent financial advice. Shop around. Don’t be rushed into a decision.

This section continues with a brief explanation of the options . . .

Deferred pension

If you can reckon at least two years’ service as a member of the Firefighters’ Pension Scheme or have less than two years in the Scheme but can reckon service under the Scheme rules relating to other employment (e.g. service which can count from a transfer of previous pension rights) which would bring your total to two years or more, then you would be entitled to a “deferred pension” on leaving your fire and rescue authority provided that you are not at the same time entitled to an ordinary pension, or a short service, ill-health or injury award, nor leaving to join another authority as a firefighter.

A deferred pension, as its name suggests, is a pension calculated on your service and average pensionable pay at the date of leaving and then the payment is deferred until you are eligible to draw it.
If you have read the section “How Much Pension Will I Get?” you will be aware that when an age
retirement pension is assessed, service after 20 years counts double in the calculation. In the
assessment of a deferred pension the principle of double reckoning is taken into account, even
when the firefighter leaves the Pension Scheme before completing 20 years. This is illustrated in
Example 10 below –

**Example 10: Calculation of Deferred Pension**

Firefighter Sprinkler, aged 30, decides to change careers after 6 years as a firefighter.
His average pensionable pay (APP) is £24,000

The formula for a deferred pension is:

\[
\frac{A}{B} \times C
\]

where

- \(A\) = actual service
- \(B\) = hypothetical service to compulsory retirement age
- \(C\) = hypothetical pension at compulsory retirement age

He would have managed to get in the maximum of 30 years' service by age 55 (compulsory
retirement age for his rank) and so his "hypothetical service" is 30 years. His "hypothetical pension"
would be based, therefore, on 40/60ths of APP, i.e.

\[
\frac{40}{60} \times £24,000.00 = £16,000.00 \text{ a year}
\]

His "actual" service is 6 years and so he will get a deferred pension of:

\[
\frac{6}{30} \times £16,000.00 = £3,200.00 \text{ a year}
\]

If you have worked part-time, see the section "The Effect Of Part-Time Service" which explains the
adjustments which would be made to your deferred pension in these circumstances.

A deferred pension becomes payable at –

- age 60 in normal circumstances
- at an earlier age if permanent disablement would mean that you were no longer capable of
  performing the duties of a firefighter were you so employed. (But note that, unlike a pension
  paid to a firefighter whose employment is terminated on grounds of permanent disablement,
  the service upon which the deferred pension is based would not be “enhanced” by extra
  60ths).

It attracts increases under Pensions Increase Acts and Orders (see the section “Will My Pension
Increase At All?”). However, if the deferred pension is put into payment before age 60 on grounds
of permanent disablement and you are under age 55, Pensions Increase would not be paid
immediately as in the case of an ill-health pension unless you are permanently incapacitated by
your infirmity from engaging in any full-time employment (i.e. not just firefighting).

If you later decide that you prefer to transfer pension rights to some other pension arrangement
rather than leaving your deferred pension with the fire and rescue authority it may be possible to
do so.

Or, if you return to firefighting at a later date, you could cancel the deferred pension in order that
the service on which it was based could be added to the new service accruing in the Firefighters’
Pension Scheme.
Transfer of pension rights to another fire and rescue authority

In the fire and rescue service this is the most common form of early leaver benefit. Quite a few firefighters move from one fire and rescue authority to another during their career, normally for promotion. Although the employer changes, the Pension Scheme does not, provided the move is to an English, Welsh or Scottish authority. A transfer to the Fire Authority for Northern Ireland would be treated as a transfer to another occupational pension scheme (see later in this section) because the pension scheme rules for Northern Ireland are slightly different.

Service accrued with the former authority (including “purchased” service or service reckonable in respect of any previous transfer) always counts as the same number of years and days when transferred to the new authority. To compensate the new authority for taking on liability for benefits due in respect of this period of service, the former authority pays an “inter-authority transfer payment” to the new. This is a sum of money arrived at by calculating pension entitlement at the date of leaving the authority and multiplying by factors provided by the Government Actuary.

Because, in most cases, a firefighter takes up his or her new appointment right away and with the former fire and rescue authority’s approval, the transfer of pension rights usually takes place automatically without problem.

There could, however, be complications if there has been a break in service, or a return of pension contributions or where, if you have limited service, the fire and rescue authority is not too happy with your sudden departure. The circumstances and conditions of a transfer of pension rights from authority to authority are set out below –

<table>
<thead>
<tr>
<th>Firefighter has less than 2 years’ service</th>
<th>Pension rights transfer only if:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• the firefighter joins the new authority within 12 months of leaving the former, and</td>
</tr>
<tr>
<td></td>
<td>• the firefighter had the former authority’s approval, before leaving, to join the new authority, and</td>
</tr>
<tr>
<td></td>
<td>• within 6 months of returning to firefighting (or such longer period as the fire and rescue authority allow) the firefighter undertakes to pay back any gratuity or return of contributions received.</td>
</tr>
</tbody>
</table>

| Firefighter has at least 2 years’ service and leaves to join another authority | Pension rights transfer automatically. |

<table>
<thead>
<tr>
<th>Firefighter has at least 2 years’ service, leaves, returns to firefighting at a later date and with another authority</th>
<th>Pension rights transfer only if:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• they have been retained by the former authority as a deferred pension (i.e. not transferred to some other pension arrangement), and</td>
</tr>
<tr>
<td></td>
<td>• the firefighter gives notice to the former authority that he/she wishes to give up the deferred pension, and</td>
</tr>
<tr>
<td></td>
<td>• within 6 months of returning to firefighting (or such longer period as the authority allow) the firefighter undertakes to pay back any gratuity or return of contributions received.</td>
</tr>
</tbody>
</table>
Transfer of pension rights to an occupational pension scheme, or to a personal or stakeholder pension

If you leave firefighting to take up some other employment you may join another occupational scheme or pay contributions into a personal pension or stakeholder pension. It may be possible, at your request, to transfer your accrued rights held in the Firefighters' Pension Scheme to your new pension arrangement. Your accrued rights would be converted into a “cash equivalent transfer value” (CETV) by the fire and rescue authority. The administrators of your new scheme, on receipt of details of the CETV, should give you an idea of the benefits the CETV would “purchase” in the new scheme. If the new scheme is based on final salary principles, you may be given this information in terms of years and days of service. Compare what you are offered in the new scheme with any alternative benefits offered by the Firefighters’ Pension Scheme and notify your new scheme of your decision, having regard to any time limits set by both pension schemes.

A CETV represents the capital value of benefits. It is calculated by working out your entitlement to a deferred pension (including spouse’s benefits) and then increasing those figures in line with actuarial factors and current market values. The rules of CETVs apply to all occupational pension schemes. The provisions are set out in the Pension Schemes Act 1993, the Pensions Act 1995 and the Occupational Pension Schemes (Transfer Values) Regulations 1995. This legislation is overriding and so the rules are not copied into the Firemen’s Pension Scheme Orders. The Firefighters’ Pension Scheme does, however, include certain supplementary provisions. For example, under the main provisions a CETV is available only to those with two or more years’ service but the Firefighters’ Pension Scheme allows transfers on a CETV basis for those with less.

A number of pension schemes, including the Firefighters’ Pension Scheme, participate in a public sector transfer “Club”. Because Club members have an agreement to use similar transfer principles and actuarial factors, the value of benefits is usually maintained on a transfer between two Club pension schemes (provided the transfer payment is made within 12 months of joining the new scheme). There is no similar assurance in respect of non-Club scheme transfers.

A statement of CETV entitlement may be provided at a Scheme member’s request even before leaving (in fact a firefighter involved in divorce proceedings may be directed to obtain this information – see the section “The Effect Of Divorce”). If there has been no similar request within the previous 12 months the statement of CETV will be provided free of charge; if there has been a similar request, the fire and rescue authority may charge for providing the details.

Transfer of pension rights to a “buy-out” policy

A “buy-out” policy, sometimes referred to as a “Section 32 Buy-Out Bond” is an insurance policy or annuity contract arranged by a life assurance company or similar, into which a single payment of a transfer value representing pension rights is made. The sum of money is invested up to retirement age at which time the original sum plus investment returns are used to purchase an annuity, i.e. a pension. These arrangements have been heavily marketed as a means of “unlocking a frozen deferred pension”. In other words, the companies selling these policies claim that they can achieve a higher return by investing the transfer value of pension rights than those rights would be worth if left as a deferred pension attracting pensions increases.

This may be true in respect of some private sector pensions which attract only a basic level of inflation-proofing but a Firefighters’ Scheme deferred pension attracts the high level of public sector pensions increase. Investment returns on a policy would have to be very good to match it. Because “buy-out” policies are based on the one single payment of transfer value they do not offer the flexibility of continuing pension cover as would a personal pension plan, a stakeholder pension, or an occupational pension scheme, to which contributions can be added.
As with a transfer of pension rights to a personal or stakeholder pension, there could be deductions made from the sum transferred to cover the cost of the policy provider’s administration. There may also be deductions for commission. Check this carefully with the person offering the policy.

The terms of transfer to a “buy-out” policy are similar to those for transfer to a personal pension plan, i.e. a cash equivalent transfer value (CETV) is calculated and paid to the policy provider.

**Repayment of pension contributions**

If, on leaving the fire service (i.e. not transferring to another fire and rescue authority) –

- no cash equivalent transfer value (CETV) or other transfer value is payable in respect of your accrued pension rights, and
- you are not entitled to an ordinary pension, short service award, ill-health award, injury award or deferred pension

then you would be eligible for a repayment of your “aggregate” pension contributions.

In other words, if you have less than two years’ service (including the value of any pension rights transferred into the Firefighters’ Pension Scheme or service which can count in respect of previous membership of the Scheme) and you are not transferring pension rights elsewhere, then you can claim a refund of all of the following which you have paid into the Scheme –

- basic pension contributions
- contributions paid to purchase additional “60ths”
- contributions paid to count a period of unpaid leave (including maternity or adoption leave)
- contributions transferred into the Firefighters’ Scheme from a previous pension scheme
- returned contributions from earlier service and repaid in order that the service might again reckon.

The amount returned is not the gross sum of contributions. A deduction has to be made from the contributions to represent the higher National Insurance contributions you would have paid if you had not been in a contracted-out pension scheme. This “buys” you back into the State Second Pension (formerly the State Earnings Related Pension Scheme) - see the section “Inter-Relationship With The State Pension Scheme”. Then a tax deduction is made. At the time of writing Inland Revenue require the deduction to be 20%. This is not income tax; it is a tax requirement made of pension schemes.

The net refund would normally be in the region of half to two thirds of the gross total of aggregate pension contributions.

The fire and rescue authority are not obliged to refund your contributions until 12 months after you have left (in case a transfer value should become payable) unless you request earlier payment.

A refund is not the most advantageous of early leaver options. True, it gives you immediate cash in hand, but it effectively wipes out all the service it represents from any future pension entitlement. Only if you rejoin the Firefighters’ Pension Scheme within 12 months of leaving your fire and rescue authority would it be possible for you to return the refund in order to reckon the service again.
CAN I PAY EXTRA FOR MORE PENSION?

The Inland Revenue has rules which limit the amount of money you can pay into, or get out of, a final salary pension scheme like the Firefighters’ Pension Scheme. You are not permitted to pay in more than 15% of your pay as contributions, nor receive a pension of more than 2/3rds of pensionable pay when you retire.

The Firefighters’ Pension Scheme is one of the best pension schemes to be in as regards the level of benefits you can expect. In other sections of this guide you will read how a pension of 2/3rds of pensionable pay can be achieved after just 30 years of service. Nevertheless, there may still be “spare capacity” within Inland Revenue limits for a firefighter to improve retirement income by paying extra contributions. This section looks at the options.

Purchase of additional 60ths

If, at compulsory retirement age (55 for all ranks up to and including Station Officer, 60 for Assistant Divisional Officer and above), you will not have enough service behind you to provide the maximum permissible pension based on 40/60ths of pensionable pay, you can elect to “buy” additional 60ths. This is achieved by paying extra contributions or by paying a single lump sum. It is important that before considering this option you should read the sections of this guide which explain how benefits are calculated so that you will be in a position to judge what you may have to gain from this option. There is no doubt that if you took up this option you would find it very expensive – what you are required to pay is the Government Actuary’s assessment of the total cost to you and, normally, the fire and rescue authority of providing benefits.

Your pension is based on the formula: \( \frac{s}{60} \times \text{average pensionable pay} \)

where “s” equals your years of service, the first 20 of which count as 1/60th each and those following as 2/60ths each. On this basis the maximum permissible pension of 40/60ths of average pensionable pay is attained after 30 years’ service, i.e. \(20 \times \frac{1}{60} \) plus \(10 \times \frac{2}{60} \).

Those who first become firefighters before the age of 25 or who, if appointed after that age, have previous pension rights transferred into the Firefighters’ Pension Scheme will probably be able to achieve a full 40/60ths pension by compulsory retirement age. If you won’t be in this position then you may purchase the number of 60ths you need to take you up to the 40/60ths maximum.

Take the case of a Sub Officer who can complete only 28 years’ service by age 55. He would normally expect to receive a pension based on 36/60ths of average pensionable pay, i.e. \(20 \times \frac{1}{60} \) plus \(2 \times \frac{8}{60} \). To improve this he could purchase anything up to 4/60ths. (36/60ths plus 4/60ths equals 40/60ths - the maximum permissible under Inland Revenue rules.)

Any 60ths purchased count not only in the assessment of your own pension, but also in the calculation of commutation and widow(er)’s and children’s benefits. They do not, however, count as service for establishing entitlement to a pension, e.g. you cannot “speed up” attainment of 25 years’ service so as to retire earlier than otherwise possible. Nor can purchased 60ths be taken into account as service when assessing ill-health “compensation”. When calculating an injury award the 60ths do not count as service for determining the appropriate table percentage of guaranteed minimum income but then neither are they taken into account when reducing the minimum income by the amount of any other pension as required by the Scheme rules (see other sections of this guide for explanations of entitlement to, and assessment of, the various types of benefit).
How much would it cost to buy extra 60ths?

If you are a male firefighter, you can get an idea of cost from the following table. Look for the age you’ll be on your birthday immediately following your election, and then for your compulsory retirement age (55 all ranks up to and including Station Officer, 60 for Assistant Divisional Officer and above). Then look at the figure for your chosen method of payment. The figure represents the cost, as a percentage of pensionable pay, of the purchase of 1/60th. A female firefighter should contact the fire and rescue authority’s pensions administrator for figures – the costs will have to be assessed on an individual basis by the Government Actuary.

<table>
<thead>
<tr>
<th>Age next birthday</th>
<th>Retirement age 60</th>
<th>Retirement age 55</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lump Sum %</td>
<td>Add'l. Conts. %</td>
</tr>
<tr>
<td>26</td>
<td>-</td>
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<tr>
<td>60</td>
<td>26.00</td>
<td>-</td>
</tr>
</tbody>
</table>

Suppose, for example, you hold the rank of Firefighter, you are 40 years old, and you will be 4/60ths short of the maximum 40/60ths pension at your compulsory retirement age of 55. You wish to pay extra contributions to make up the deficit. If you elect now, your age next birthday would be 41 and so the cost of purchase of each extra 60th would be 2.74% of pensionable pay deducted until you attain age 55. To purchase 4/60ths, therefore, would cost you 4 x 2.74%, i.e. 10.96% of pensionable pay.
Added to your basic rate of 11% this takes you way over the Inland Revenue limit on contributions of 15% (10.96% + 11% = 21.96%). If you still wish to purchase 4/60ths, and the fire and rescue authority accept your election, the pensions administrator would ask the Government Actuary to assess the capital value of the balance of contributions of 6.96% (21.96% - 15%) so that you can pay them as a single lump sum. Alternatively, you may decide to purchase fewer 60ths and remain within the 15% limit. (You can buy fractions of a 60th as well as whole 60ths.)

Suppose, being the same firefighter, you instead purchase the 60ths completely by lump sum.

The appropriate table factor is 31%. To buy 1/60th would cost 31% of pensionable pay as averaged over the 365 days up to and including the date of election. If pensionable pay over this period were, say, £18,000, then to purchase 1/60th would cost 31% x £18,000, i.e. £5,580 and to purchase 4/60ths would cost 4 x 31% x £18,000, i.e. £22,320.

Are there any conditions attached to the purchase of 60ths?

There are several conditions attached to the election process. The pensions administrator would explain them to you if you expressed an interest in making payments. The key points are –

• you cannot buy more 60ths than would give you more than 40/60ths in total. Also the limit of pension contributions which can be deducted from pay (and thereby attract tax relief) is 15%. So with a basic contribution rate of 11% you have only 4% to dedicate to additional contributions. If the number of 60ths you wished to buy would cost more than an additional 4% contribution you may pay the balance in the form of a lump sum which would be calculated by the Government Actuary at the fire and rescue authority’s request.

• to pay the whole cost by lump sum rather than by additional contributions you must elect to do so within 12 months of taking up your appointment as a firefighter.

• you must be at least two years away from the compulsory retirement age appropriate to your rank when making this election (i.e. younger than 53 if below the rank of Assistant Divisional Officer, younger than 58 if in the rank of Assistant Divisional Officer or above).

• your authority may request that you pass a medical examination at your own expense and to their satisfaction before you are permitted to purchase by the contributions method.

There are also conditions attached to payment. An election to pay is irrevocable. It would only cease at compulsory retirement age. However, the authority have a discretion to consent to temporary or permanent cessation of contributions where there is financial hardship. You would be credited with a portion of the 60ths you had elected to buy, relevant to the contributions you had actually made at the date you stopped paying. This would also be the case if you were to leave the fire service voluntarily before compulsory retirement age. In the event of ill-health or death in service, however, provided that at least one payment had been made at that time and the authority have not used discretionary powers (as above) to suspend payment, the benefits payable would be enhanced by the full number of 60ths you had contracted to purchase.

If, after making your election you are promoted to a rank with a higher compulsory retirement age, and thereby given the opportunity to accrue more service without need for purchase, you cannot claim a reimbursement of money paid; the election would stand even though, in effect, you may be paying for nothing. For example, suppose you are a Station Officer who would complete 29 years at retirement age (55). These 29 years would give you a 38/60ths pension. You elect to pay contributions to buy an extra 2/60ths to retire with the maximum 40/60ths pension. Then you are promoted to Assistant Divisional Officer which, with a higher retirement age (60) gives you plenty of time to gain those extra 60ths through normal service. Nevertheless, you must continue to pay extra contributions until age 55, your compulsory retirement age at the time you elected. (You would, of course, still gain advantage from your purchase if you retired prematurely.)
Effect of change in contractual hours

Inland Revenue rules prevent a person from paying total contributions of more than 15% of pay into an occupational pension scheme and the number of 60ths with which you will be credited depends upon how much you pay by way of contributions. Consequently, if you vary your contractual hours your election to purchase additional 60ths may have to be varied. The pensions administrator can give you more information about this if a change in your hours is considered after you have made this type of election.

Free-Standing Additional Voluntary Contributions

Some pension schemes have an “Additional Voluntary Contribution” (“AVC”) facility whereby scheme members can pay extra contributions into a scheme-linked investment arrangement. The contributions do not buy service but are invested in a personal fund which, on retirement, can be used to purchase an annuity to top up the member’s scheme benefits. Such an arrangement does not exist in the Firefighters’ Pension Scheme – the benefit structure runs very close to Inland Revenue limits leaving little scope (or need) for topping-up.

However, if you do have such scope, you could always come to an arrangement with a life assurance company or similar to pay “Free-Standing Additional Voluntary Contributions (“FSAVCs”), but be certain that the company understands the benefit structure of the Firefighters’ Pension Scheme. Be careful not to let them encourage you to “overfund”. If this happens you could end up having paid for nothing. If you consider paying FSAVCs, you may find it helpful to seek the guidance of a suitably qualified and registered independent financial adviser.

Concurrent membership of a personal pension scheme or a stakeholder pension

Before 6 April 2001, your only options to improve benefits were through the purchase of additional 60ths in the Firefighters’ Pension Scheme or by paying contributions into a FSAVC arrangement (see above). Both these options, however, are subject to the testing of contributions and the potential improvement of benefits against Inland Revenue limits.

On 6 April 2001, stakeholder pensions became available for the first time. And the rules preventing simultaneous or “concurrent” membership of an occupational pension and other types of pension arrangement were relaxed. Provided your taxable pay is less than (normally) £30,000 a year you may now pay extra contributions for pension provision into either a stakeholder pension or a personal pension while at the same time paying into the Firefighters’ Pension Scheme as a member.

Your taxable pay is shown on your annual P60 statement. It is normally your pay after your pension contributions to the Firefighters’ Pension Scheme and any “charitable giving” have been deducted. So if you pay just the basic 11% contribution rate to the Firefighters’ Scheme, provided your gross earnings are no more than £33,707.00 a year you may be eligible for concurrent membership (£33,707.00 less 11% = £29,999.23). The amount which can be paid into a personal or stakeholder pension while at the same time paying into the Firefighters’ Pension Scheme as a member.

The earnings and contributions limits quoted above are relevant to tax year 2004/2005.

No other testing of tax limits takes place. So even someone who will attain a full 40/60ths of final pay pension at compulsory retirement age, or who is already paying 15% of pay as contributions, can take up this option.
The fire and rescue authority cannot provide you with a personal or stakeholder pension. As with a FSAVC scheme you would have to arrange this for yourself through a life assurance company or similar. You may find it useful to seek the guidance of a suitably qualified and registered independent financial adviser to help select the product which is best suited to your circumstances. For example, one of the differences between investing additional contributions in a personal pension or stakeholder pension rather than an FSAVC arrangement is that personal pension and stakeholder funds can be converted into an annuity and lump sum; the fund built up through FSAVCs may be converted to an annuity only. And you should compare charging structures of any proposed personal or stakeholder arrangement to select the one that offers you the best deal.

**Rebuilding pension rights after a pension sharing order issued on divorce**

If you are subject to a pension sharing order on divorce it may be possible to rebuild your pension rights. The extent to which it can be done depends upon Inland Revenue rules and whether you are classed as a “moderate earner” or a “higher earner”. The test of your status depends upon how much your earnings were in the tax year before the tax year of divorce and the level of the so-called “Earnings Cap” in the tax year of divorce. (As guidance, the Earnings Cap for the tax year 2004/2005 is £102,000.)

If your earnings in the tax year before divorce are higher than one quarter of the Earnings Cap figure, you are considered a “higher earner” for this purpose. If you wish to improve your benefits by paying additional contributions under the Firefighters’ Pension Scheme you may do so, but only to the extent that you could have done before the pension sharing order was implemented. In other words, when testing your capacity to purchase benefits against Inland Revenue limits, account must be taken of your benefits level before your ex-spouse’s pension credit is deducted.

If your earnings in the tax year before divorce are lower than one quarter of the Earnings Cap, you are considered a “moderate earner” for this purpose. If you wish to improve your benefits by paying additional contributions under the Firefighters’ Pension Scheme, subject to Inland Revenue rules it may be possible for you to build back at least part of the benefits you have lost through pension sharing.

Note that this option applies only where a pension sharing order has been issued. If, on divorce, an “earmarking” order was issued, these provisions do not apply. An explanation of these court orders is given in the section “The Effect Of Divorce”.
Pension schemes have to make special arrangements for the treatment of maternity, paternity and adoption leave. The arrangements have to be based on the statutory minimum requirements for these types of leave and will apply regardless of national or local arrangements.

Maternity leave and adoption leave

Depending upon the length of service of an employee, she may be entitled to a period of paid or unpaid ordinary maternity leave; this could be followed by a period of paid or unpaid additional maternity leave. Each period could last 26 weeks. Similar provisions apply for adoption leave which could be taken by a male or female employee. The Firefighters' Pension Scheme takes account of maternity and adoption leave as follows –

<table>
<thead>
<tr>
<th>Ordinary maternity or adoption leave</th>
<th>Regardless of whether this is paid or unpaid this will count as pensionable service. Contributions will be paid on actual pay received (including any statutory amount due under the Social Security Contributions and Benefits Act 1992). If no pay is received no contributions are due. If this period has to be taken into account for working out average pensionable pay (&quot;APP&quot;), the APP will be based on the pay the firefighter would have received had he/she not been on maternity or adoption leave.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paid additional maternity or adoption leave</td>
<td>This will count as pensionable service. Contributions will be paid on actual pay received (including any statutory amount due under the Social Security Contributions and Benefits Act 1992). If this period has to be taken into account for working out APP, the APP will be based on the pay the firefighter would have received had he/she not been on maternity or adoption leave.</td>
</tr>
<tr>
<td>Unpaid additional maternity or adoption leave</td>
<td>This will not count as pensionable service, nor will it be taken into account for working out APP unless the firefighter elects to pay contributions. The contributions would be at the basic rate (11% less 6p a week) of the pay the firefighter was receiving immediately before the unpaid period commenced. The election to pay must be made within 30 days of the firefighter returning to work (or leaving employment if earlier). Where an election is made, the fire and rescue authority will give an official notice of the sum due which must then be paid within 6 months of the issue of the notice.</td>
</tr>
</tbody>
</table>

Paternity leave

In spite of its title, paternity leave can be taken by a male or female employee. An eligible employee is allowed to take up to 2 weeks’ leave to care for a new baby or adopted child and to support the mother or adoptive parent. If the period is paid leave, the firefighter pays contributions at the standard rate (11% less 6p a week) on whatever pay is received (including any statutory amount due under the Social Security Contributions and Benefits Act 1992). If the period of leave is unpaid, no contributions are due. Whether paid or unpaid, the period will count as pensionable service and if it has to be taken into account for working out average pensionable pay, this will be based on the pay the firefighter would have received had he/she not been on paternity leave.

If, after the statutory paternity leave period of two weeks, a longer period of paid leave is granted by the fire and rescue authority, this would be treated like any other period of paid leave, i.e. contributions are paid at the standard rate on the normal pay for the rank. The period would count as pensionable service and average pensionable pay would be based on normal pay. If the extended period is unpaid, then this would be treated like any other period of unpaid leave. It would only count as pensionable service if the fire and rescue authority determine it should.
Once, it was not possible for a part-time regular firefighter to be a member of the Firefighters’ Pension Scheme. From 13 September 2004, the rules were changed to –

• permit membership
• allow part-time service to be taken into account in the assessment of benefits.

If I work part-time, how would my pension be affected?

If you look at the section "How Much Pension Will I Get" you will see that a firefighter's pension will be a proportion of average pensionable pay (normally based on the final year's pensionable pay, or the average of one of the previous two years if it would give a higher amount) according to the length of pensionable service. For each of the first 20 years of pensionable service the firefighter would get 1/60th of average pensionable pay and for each of the next 10 years he or she would get 2/60ths.

This is not an easy formula to adapt to accommodate part-time service. If a firefighter reduced hours towards the end of his or her service it would be unfair if the average pensionable pay used for working out the pension was the part-time rate because this would affect the pension based on all service, not just the part-time period. Or if any period of part-time service was counted pro rata, this, too, could distort the pension depending upon whether the part-time service fell in the first 20 or final 10 years.

To arrive at an equitable outcome, the Firefighters' Pension Scheme uses the following method of calculating a pension for a firefighter who has part-time service.

Firstly the firefighter is treated as if he or she had been whole-time throughout their entire period of service. The service used in the calculation is based on the whole-time calendar length and the average pensionable pay is based on whole-time pay, even if the firefighter is part-time at the time of retirement. In the case of an ill-health pension, the ill-health enhancement assumes the firefighter is and has been whole-time.

Secondly, having assessed the pension on whole-time principles, a special formula is applied to take account of part-time service. The formula is –

\[
\frac{A \times (B + C)}{D}
\]

where:

- "A" is the amount of the award due if the firefighter were whole-time (as outlined above)
- "B" is the period of pensionable service as a whole-time regular firefighter
- "C" is the period of pensionable service as a part-time regular firefighter
- "D" is the total period of pensionable service.

"B" and "D" would include any period of service credit resulting from a transfer of previous pension rights from some other pension scheme (which always counts at whole-time). None of the above, however, would include "purchased" 60ths (see the section "Can I Pay Extra For More Pension"). The benefits derived from purchased 60ths would be added on after this stage of the assessment.

Neither "(B + C)" nor "D" should exceed 30 years. This is to prevent any distortion of benefits; the pensionable service used in the calculation of "A" would have been limited to 30 years.
Which pensions are calculated on these principles?

These principles would be used to assess an ordinary pension, a short service pension, a deferred pension and an ill-health pension. They would also apply to an injury pension and injury gratuity. These injury awards are not calculated on standard pension principles but the starting point ("A") would again be the amount due to a firefighter who had been whole-time throughout.

Show me how a pension is calculated

Let's start with a simple example. The firefighter has worked half-time throughout his service and so we would expect the pension to be half of that which would be paid had he been whole-time:

Example 11: Assessment of Ordinary Pension for Part-time Regular Firefighter

Firefighter Sprinkler retires having worked as a regular firefighter for 28 years. All of his service was part-time (half-time). His average pensionable pay (APP) at date of leaving is £12,000. If he had been whole-time it would be £24,000. The starting point for the assessment is to treat him as if he had been whole-time throughout his service. The ordinary pension will be based on his 28 years' pensionable service. Whole-time APP will be used.

The whole-time pension would be \( \frac{20 + (2 \times 8)}{60} \times £24,000.00 = £14,400.00 \) a year

The part-time pension will be:

\[
\frac{A \times (B + C)}{D} = \frac{£14,400.00 \times (0 + 14)}{28} = £7,200.00 \text{ a year}
\]

Commutation and allocation can be applied to the part-time pension.

Next, a more complicated example – an ill-health pension where part-time hours have varied:

Example 12: Assessment of ill-health award for part-time regular firefighter

Firefighter Sprinkler retires on health grounds having worked as a regular firefighter for 23 years. 18 years were at whole-time, 4 were at half-time and 1 at quarter-time. His average pensionable pay (APP) at date of leaving is £6,000; if he had been whole-time it would be £24,000.

The starting point for the assessment is to treat him as if he had been whole-time throughout his service. The ill-health pension will be based on his 23 years' pensionable service which attract an ill-health enhancement of 7/60ths. Whole-time APP will be used

The whole-time pension would be \( \frac{7 + 20 + (2 \times 3)}{60} \times £24,000.00 = £13,200.00 \) a year

The part-time pension would be assessed as:

\[
\frac{A \times (B + C)}{D} = \frac{£13,200.00 \times (18 + 2.25)}{23} = £11,621.74 \text{ a year}
\]

Commutation and allocation can be applied to the part-time pension.
What about gratuities?

The injury gratuity would be assessed using the part-time formula.

Other gratuities payable under the Firefighters' Pension Scheme are usually "short service" type awards, i.e. paid instead of a pension where the total length of pensionable service is less than two years. Depending upon the length of service, a gratuity would be a refund of contributions or a lump sum based on average pensionable pay. The refund would be based on the contributions actually paid; a lump sum would be based on average pensionable pay. If you were working part-time hours during the period used to assess average pensionable pay then the average pensionable pay will reflect this. It will be based on the rate of pay actually paid. No special formula is used.

What about the period of service needed to qualify for benefits?

Qualification for benefits relates to the length of pensionable service. Pensionable service is counted at whole-time (calendar) length even if you are part-time. Consequently, where two years' pensionable service is needed to qualify you for entitlement to a pension, provided the calendar length of your service is two years or more you would be eligible for the pension. The same applies when working out if you have the 25 years at or after age fifty to be able to retire before compulsory retirement age, or the 30 years needed for quarter commutation, or the length of service for deciding the appropriate table figure for an injury pension, etc.

How does part-time service affect the contributions I pay?

You will pay the basic contribution rate of 11% less 6p a week on whatever pensionable pay you receive (i.e. on the part-time rate if you work part-time hours).

What about service credit given on a transfer from another pension scheme?

If you transfer pension rights from another pension scheme into the Firefighters' Pension Scheme, the service credit given will always count as whole-time service.

What about periods of absence?

If there are special terms under which you can count the period of absence as a period of pensionable service, e.g. maternity, paternity or adoption leave, or where the fire and rescue authority have the discretion to allow an unpaid period to count, e.g. in respect of industrial action then the counting of that service in an award and the pay deemed to have been received will reflect the hours of the contract immediately before the period of absence began.
INTER-RELATIONSHIP WITH
THE STATE PENSION SCHEME

Your Firefighters' Scheme pension won't be the only one you'll get. During your working life, in addition to the contributions you have paid to the Firefighters' Pension Scheme, you have been paying National Insurance contributions. These count towards a pension from the State when you reach State Pension Age (65 for men, 60 to 65 for women depending upon date of birth). The amount of State Pension you receive will depend upon the National Insurance contributions and credits you have accumulated during your working life (age 16 to State Pension Age). If you would like more information about this, or would like a forecast of your State Retirement Pension (especially useful for someone in an occupational pension scheme with an early retirement age like yours) contact your local office of the Department for Work and Pensions (“DWP” – formerly known as the Department of Social Security (“DSS”)). The address and telephone number of your nearest office will probably be listed under “Jobcentre Plus” in a telephone directory. Various leaflets can also be downloaded from the DWP website – www.dwp.gov.uk

The rules of the Firefighters' Pension Scheme are influenced by Social Security legislation. Some aspects of the inter-relationship are looked at briefly in this section.

Basic State Pension and modification of certain firefighters’ pensions

In 1948, with the introduction of the then new-style State Basic Retirement Pension (the “Old Age Pension”), National Insurance modification of Firefighters’ Scheme pensions applied compulsorily to all firefighters appointed after 5 July 1948 and optionally to those appointed before that date. Its intent was to reduce duplication of benefits, i.e. those from the State Scheme and those from the occupational scheme.

It worked by “modifying”, i.e. reducing, the level of pension contributions paid by firefighters into their pension scheme during employment. Then at State Pension Age, when the former firefighter began to draw the State Retirement Pension, his or her pension from the Firefighters’ Pension Scheme would correspondingly be reduced. The modification (reduction) to the contributions was 6p a week and in most cases the modification (reduction) to the retirement pension was £1.70 for each year of service to a maximum reduction of £51 a year. When the pension is reduced in respect of the modification, the level of pensions increase (“inflation-proofing”) has to be reassessed as well. This has the effect of reducing the total benefits due, by both the modification and a figure equal to pensions increase on that modification.

The rates of modification were linked to the rate of State Basic Retirement Pension in 1948 but were never changed. Consequently modification lost its significance and was partly abolished with effect from 1 April 1980. A small modification of 1p a week continued to be applied to contributions to the Firefighters’ Pension Scheme to take account of State Industrial Injury benefits, but no corresponding reduction applies to the Firefighters’ Scheme pension in respect of service accrued since 1 April 1980.

Consequently, if you joined the Firefighters’ Pension Scheme for the first time on or after 1 April 1980, modification has no significance to you other than offering a tiny reduction in the level of pension contributions which you pay. Those who first joined the Firefighters’ Pension Scheme before that date should check with their pensions administrator if they require further information on this point.
**State Earnings Related Pension Scheme**

The State Earnings Related Pension Scheme (SERPS) was introduced on 6 April 1978. For those who contributed to it, it added an earnings-related, second-tier element to the Basic State Retirement Pension. If, however, an occupational pension scheme could satisfy the DWP that it provided benefits at least as good as SERPS could offer, then the occupational scheme could be “contracted-out” of this part of State benefit provision. The Firefighters’ Pension Scheme was contracted-out with effect from 6 April 1978. It was given the status of a “contracted-out salary related” (“COSR”) pension scheme.

The terms under which occupational pension schemes could contract out of SERPS changed quite considerably with effect from 6 April 1997. Before that date and in respect of any service from 6 April 1978, the Firefighters’ Pension Scheme had to provide its members with a pension not less than a “Guaranteed Minimum Pension” (“GMP”) as notified by the DWP to the fire and rescue authority. With effect from 6 April 1997 the Firefighters’ Pension Scheme simply had to demonstrate that at least 90% of its members would receive benefits equivalent to or better than those set out in a “reference scheme” defined by the DWP. GMP rules will not apply to benefits accrued on and from 6 April 1997.

**State Second Pension**

On 6 April 2002, SERPS was replaced by the State Second Pension. Like SERPS this operates as a second-tier element of State retirement benefits paid in addition to the State Basic Retirement Pension. However it provides a more generous additional pension to those on low earnings and for the first time covers certain carers and people with long-term illness and disability whose working lives have been interrupted or shortened. As with SERPS, the Firefighters’ Pension Scheme is contracted out of the State Second Pension. Consequently, during any period of service as a firefighter you will not have been contributing to SERPS or the State Second Pension; you have paid a lower rate of National Insurance contribution and will not have accrued any SERPS or Second Pension entitlement. Those who leave the Firefighters’ Pension Scheme with less than two years’ service and who request a refund must be “bought back” into the State Second Pension. A refund deletes entitlement to benefits under the Firefighters’ Pension Scheme and a fire and rescue authority will not retain liability for contracting-out assurances where there is no liability for a Firefighters’ Scheme pension. The cost of “buying back” is deducted from the refund.

**State Graduated Pension Scheme**

The State Graduated Pension Scheme was rather like an earlier version of the State Second Pension or SERPS. It ran from 3rd April 1961 to 5 April 1975. Again, guarantees and assurances had to be given to the State regarding the level of benefits payable to a person under the provisions of the Firefighters’ Pension Scheme in order that certain members of the Scheme could have contracted-out status. If you wish to know more about this aspect of the State Retirement Pension and its influence on the Firefighters’ Pension Scheme in the 1960s and early 1970s, contact your pensions administrator. If you were in employment before 6 April 1975 and wish to know whether you have any entitlement to Graduated Pension, contact your local DWP office.

**State Pension Scheme forecasts**

You can request the DWP to provide you with a forecast of your entitlement to benefits from the State Pension Scheme. To do this you need to complete a Form BR19 which you can obtain from your local DWP office or download from the DWP website – see the introduction to this section.
WILL MY PENSION INCREASE AT ALL?

All Firefighters’ Scheme pensions, whether in payment or deferred, your own or a dependant’s, are normally reviewed each April in line with “cost-of-living” increases. The increases are not discretionary; the rate is set out in the annual Pensions Increase (Review) Orders and applied by the fire and rescue authority.

Pensions Increase (“PI”) is assessed as a percentage to be added to your pension. If your pension began before the last PI review date you would get the full annual increase; if your pension began after the last PI review date you would get a percentage increase assessed pro rata. The day a pension “begins” is the day following the averaging period used for assessing the average pensionable pay in the benefit calculation (see the section “How Much Pension Will I Get?”). Normally this would be the day following your last day of service; occasionally it could be an earlier date. Average pensionable pay is based on the best year’s pay of the three years prior to retirement. If a firefighter’s last day of service is 10 June 2005 and if the pay averaged over the period 11 June 2002 to 10 June 2003 is higher than in the final year because of temporary promotion during that earlier period, then the “beginning” date of the pension for PI purposes would be 11 June 2003. PI would be applicable right away under the 2004 and 2005 Pensions Increase (Review) Orders.

Although PI is applicable from the “beginning” date, if a person is receiving a pension other than an ill-health or injury award, payment of PI does not commence until age 55. On the pensioner’s 55th birthday the compounded percentage of all increases since the beginning date would be applied to the pension and put into payment.

If, having left the fire and rescue service, a deferred pension is put into premature payment on grounds of disablement, for PI to be paid immediately you would have to be medically certified as being incapacitated by the infirmity from engaging in any regular full-time employment (not just firefighting). However, if you are an optant-out, required to retire from the service on grounds of ill-health and have entitlement to a deferred pension (in respect of service accrued before you opted out) put into payment on your retirement, this would be subject to immediate payment of PI – see the section “I Don’t Want To Be In The Firefighters’ Pension Scheme”.

The “beginning” date used for your pension is also used to assess PI on any widow(er)’s and other dependant’s benefits which may subsequently become payable.

For a pension credit member (i.e. the ex-spouse of a firefighter who has a pension in his or her own right under a pension sharing order or provision – see the section “The Effect of Divorce”) the “beginning” date for PI purposes is the date on which the order or provision takes effect.

Up to State Pension Age (65 for a man, 60 to 65 for women depending upon date of birth) the fire and rescue authority have sole responsibility for paying PI. They keep full responsibility after State Pension Age unless you have accrued a Guaranteed Minimum Pension (“GMP”) as explained in the section “Inter-Relationship With The State Pension Scheme” in which case the Department for Work and Pensions (“DWP” formerly the Department of Social Security (“DSS”)) takes over partial responsibility. The DWP will pay, as part of your State Scheme Pension, a sum equivalent to all the PI due on the value of GMP accrued between 6 April 1978 and 5 April 1988 and part of the PI due on the value of GMP accrued between 6 April 1988 and 5 April 1997 (the fire and rescue authority make up the difference).
Sometimes a firefighter will leave his or her fire and rescue authority in order to take up a temporary or permanent “Central Service” appointment in connection with the provision of fire services, e.g. as an instructor at the Fire Service College. If you do, what happens to your pension?

Those who are offered a temporary appointment will normally have entitlement to continue as members of the Firefighters’ Pension Scheme.

Those who are offered a permanent appointment should check their position with the fire and rescue authority’s pensions administrator and the relevant contact person for the appointment. Entitlement to continued membership of the Firefighters’ Pension Scheme may be possible. If you are already in receipt of retirement benefits from the Firefighters’ Pension Scheme, abatement of benefits may apply (see the section “Can I Lose My Pension?” in particular the paragraph headed “Re-employment elsewhere in the public service”).

If you remain a member of the Scheme you will continue to pay contributions on the pay appropriate to your rank (in your Central Service post) and in return would continue to accrue pensionable service as if you were with a fire and rescue authority. If you are on a temporary appointment, though, there will be a bit of shuffling of money behind the scenes, because the Secretary of State becomes the “fire and rescue authority” during a Central Service appointment and so a transfer of pension rights theoretically takes place. Nowadays it is usual for you to return to your authority and then they are paid a relevant “net” transfer value. This saves a lot of administrative bother.

Of course things would be different if you were to die or decided to retire during your Central Service. The Office of the Deputy Prime Minister would be responsible for assessing and paying the benefits and there would be a variation to the standard appeal procedure if you (or your dependants) disagreed with the type and amount of award. Instead of the grievance being taken to Crown Court as would be the case if you were with a fire and rescue authority (see the section “I’m Not Happy About This – Can I Appeal?”) it would be heard by an appeal tribunal appointed by the Secretary of State.

In normal circumstances, however, a firefighter on a temporary appointment will return to his or her authority – if only for a day – before retiring.
HOW WILL I BE PAID?

Once the fire and rescue authority are satisfied that you have entitlement to the payment of an award, any pension due will be paid in advance at reasonable intervals determined by the authority. There is no set date by which payment, including the issue of a commuted lump sum, must be made although the fire and rescue authority will try to make sure that you receive your money without any undue delay.

The fire and rescue authority will also wish to ensure that payments of pension intended for you are actually reaching you and that the money is secure. For this reason, payments of pension instalments are normally made to a bank or a building society account in your name. Also, you may be issued from time to time with a “life certificate”, a form for you to sign, have countersigned, and return, basically as proof that you are still alive and living at the address to which the authority are sending correspondence. Only when a fire pensioner becomes incapable of managing his or her affairs would the authority consider paying the pension to a third party, and then only after they are satisfied that the money would be used for the benefit of the pensioner. All this may seem rather bureaucratic but remember that if you are going to receive the pension for the rest of your days the fire and rescue authority must exercise strict security in your own best interests particularly if and when you are old or infirm.

There is usually no problem about payment if you decide to live abroad after retirement. Get in touch with the pensions administrator if you are moving overseas.

Only in exceptional circumstances can any part of your pension be withheld or withdrawn (see the section “Can I Lose My Pension?”), although by mutual agreement and with your written consent the fire and rescue authority may deduct from your pension or lump sum certain debts such as the balance of a car loan arrangement or rent. Also, in cases of divorce, a court order may be issued requiring the fire and rescue authority to pay a portion of the firefighter’s pension to a former spouse – see the section “The Effect Of Divorce”.

Once you have entitlement to a pension it cannot easily be taken away from you! You should take note, however, of the occasions when the fire and rescue authority have the power to review your pension rights, to withhold them on a temporary basis, or to withdraw them on a permanent basis.

**Review of ill-health and injury pensions**

For so long as a former firefighter is below the age at which he/she could or should have retired with entitlement to an ordinary pension, and is in receipt of an ill-health award, the fire and rescue authority may review whether or not he/she is still incapable of performing the duties of a firefighter (including firefighting) and so still entitled to receive the pension. Termination of a benefit following a review happens infrequently. If it does, within the following month you have the right to return to your authority as a firefighter on a rank no lower than that which you held when you retired. Choosing not to return does not mean that your pension continues in payment. Injury awards must be reviewed from time to time, at least for the five years after first becoming payable. At any time after that, the fire and rescue authority may resolve not to review a case again.

The reason for review is that the medical opinion upon which an award is made, although considered in terms of permanent incapacity, is a judgement based on medical knowledge at a given time. A former firefighter’s health could subsequently deteriorate or improve. Review requirements are also explained in “Ill-Health Retirement” and “Injury Awards”.

**Reduction of ill-health pension in case of default**

The fire and rescue authority have the discretionary power to reduce an ill-health pension by up to one half if a firefighter brings about or contributes to the infirmity by his/her own default. If the award is reduced under this power it has to be restored to the level of deferred pension (see the section “What If I Choose To Leave The Service Before I Can Get A Pension?”) when the firefighter attains age 60. Although an authority has this power, it is rare to see it exercised.

**Re-employment as a regular firefighter**

Other than in cases where an ill-health pension is terminated on recovery, it is unusual for a firefighter to retire on pension and subsequently return to firefighting with a fire and rescue authority. If this does happen, however, the fire and rescue authority paying the pension have the right to withdraw all or part of it during the period of re-employment (even if the fire pensioner chooses not to become pensionable on re-employment).

**Re-employment elsewhere in the public service**

H.M. Treasury sets the guidelines for re-employment of public service pensioners. Abatement provisions may apply where a pensioner recommences public service covered by some other pension scheme but using the professional skills gained in the former employment. This could be the case, for example, if after retiring on pension you take up a post connected with firefighting covered by the Civil Service pension scheme. Advice on individual cases should be obtained from your pensions administrator or the Office of the Deputy Prime Minister.
Forfeiture of pension

You would have to be guilty of a very serious offence indeed to have to forfeit your pension rights. If you are found guilty of such an offence the extent to which your pension rights will be forfeit is the decision of the fire and rescue authority. They have the discretionary power to decide whether the pension rights should be forfeited temporarily or permanently, in part or in whole. This can be done whether or not the pension is at that time in payment. Forfeiture may be considered if you are convicted of –

(a) treason, or

(b) an offence or offences under Official Secrets Acts for which you are sentenced at one time for imprisonment for at least 10 years, or

(c) an offence in connection with your duties as a firefighter which is certified by the Secretary of State to be gravely injurious to the interests of the State or to lead to a serious loss of confidence in the public service.

Only in circumstances (a) and (b) above could you be deprived of the whole of your pension. If (c) applies you cannot lose the part of your pension protected under contracting-out provisions (“contracting-out” is explained in the section “Inter-Relationship With The State Pension Scheme”).

The fire and rescue authority can restore a forfeited award to you at any time they think fit, or apply it for the benefit of a dependant who, but for your misdemeanour, would be entitled to receive it. It must be remembered, however, that this is a discretionary power. Forfeiture of pension rights can mean just that – the entitlement can be wiped out for ever. Fortunately, because of the seriousness of the offence which must have been committed before forfeiture can apply, it is rarely necessary for a fire and rescue authority to consider taking such drastic action.

Recovery of an authority’s money lost due to fraud, theft or negligence

If, as a result of fraud, theft or negligence on the part of a firefighter in connection with his or her employment there is a loss to the funds of a fire and rescue authority, the authority may withhold an amount, not exceeding the loss, from any award attributable to service as a firefighter.

Should a fire and rescue authority do this, they must give the firefighter a certificate showing the amount withheld and the effect on the pension. As in the case of forfeiture, however, those parts of a Fire Pension which are guaranteed under the contracting-out rules of the State Scheme (see the section “Inter-Relationship With The State Pension Scheme”) cannot be touched in most circumstances. Also, if the firefighter disputes the amount of loss, nothing can be withheld by the authority until and unless it becomes enforceable under a court order.

Divorce

In the event of divorce, nullity of marriage or judicial separation, the court may order that part of your benefits under the Firefighters’ Pension Scheme should be paid to your former spouse – see the section “The Effect Of Divorce”.
THE EFFECT OF DIVORCE
(ENGLAND AND WALES)

Before 1996, when deciding how a divorcing couple’s finances should be divided, the courts often disregarded the value of pension rights. If they were taken into account, the value of pension rights would be offset against the value of other financial assets. But the court could not order the adjustment of a person’s pension rights.

With effect from 1 July 1996 this changed.

From this date a court had to take pension rights into account and, if it felt appropriate in cases of divorce, nullity of marriage or judicial separation, it could make something called an “earmarking order” which instructs the managers of a pension scheme to pay part of a pension scheme member’s benefit entitlement to his or her ex-spouse, at the time that those benefits become due.

From 1 December 2000 these powers were extended.

From this date, instead of an earmarking order, in cases of divorce or nullity of marriage (but not judicial separation) the court could issue a “pension sharing order”. Instead of taking effect when benefits become due, this type of order has immediate effect. The pension rights of the scheme member are divided between the member and his/her ex-spouse. The ex-spouse, therefore, acquires pension benefits in his/her own right.

So from 1 December 2000 there are two types of arrangement which the courts can use to adjust pension rights on divorce. The notes in this section outline what can happen to your pension in matrimonial proceedings leading to divorce, nullity of marriage and judicial separation. To make the notes read more simply the expression “divorce” is used to cover all circumstances.

These notes outline the provisions of English and Welsh divorce legislation. Earmarking and pension sharing also apply in Scotland but on slightly different terms.

What information must the fire and rescue authority provide for divorce proceedings?

Normally the fire and rescue authority will be asked to provide –

(a) a valuation of pension rights
(b) certain basic information about the Firefighters’ Pension Scheme.

If the request is from you as the Scheme member, both (a) and (b) will be provided. A court can also order the fire and rescue authority to provide (a) or (b) or both. Your spouse, too, is entitled to request (b) but not (a). Solicitors acting for you or your spouse can request information but the appropriate authorisation from you or your spouse will be required by the fire and rescue authority before the requested details will be supplied.

If the basic information referred to in (b) is requested, the fire and rescue authority will supply all of the details required under pensions legislation – this includes the principles used for the assessment of the valuation and, if a pension sharing order were to be made, the pension rights which could potentially be shared and the benefits which would be available to an ex-spouse member. It would also include a schedule of the charges the fire and rescue authority would make for pensions administration work associated with divorce.
How does an earmarking order work?

If the court decides that an earmarking order should be made, it may require the authority to –

- pay all or part of any death in service grant to your ex-spouse instead of to your current spouse (if you have remarried) or to your estate, i.e. personal representatives (if you have not remarried);
- pay a lump sum from your commuted pension to your ex-spouse;
- pay periodical payments from your pension to your ex-spouse.

If you remarry, the terms of the earmarking order remain in force. If your ex-spouse remarries, any periodical payment order would cease but an order made in respect of your lump sum would not cease unless a provision had been included in the order for it to lapse in this event.

In the event that you should transfer pension rights to another fire and rescue authority or to another pension scheme your former authority would have to transfer the earmarking order and associated documents to your new pension scheme administrators.

How does a pension sharing order work?

Unlike an earmarking order which does not come into effect until your benefits are payable by the Pension Scheme, a pension sharing order has immediate effect. The order would direct the fire and rescue authority to –

- reduce your benefits by a pension “debit” expressed as a percentage of those benefits at the date the order is made
- give your ex-spouse a pension “credit” equal in value to the debit.

Your ex-spouse would become a pension credit member of the Firefighters’ Pension Scheme.

Children’s benefits remain “attached” in full to the Scheme member’s pension rights. If it becomes necessary to assess a child’s award on your death, no account is taken of the pension sharing order. If you were to remarry, however, any spouse’s benefits would take account of the pension sharing order and would be reduced.

In some circumstances it may be possible for you to rebuild the pension rights you have lost through pension sharing - see “Rebuilding pension rights after divorce” in the section “Can I Pay Extra For More Pension?”

What rights and benefits does a pension credit member have?

- A pension credit member will draw his/her pension at age 60. There is no option for voluntary earlier or later payment, nor provision for early payment on health grounds. The date at which the firefighter (from whose benefits the credit is derived) retires and the terms of his/her retirement, have no effect on the pension credit member’s entitlement. If the pension credit member has already attained age 60 at the date of the pension sharing order, his/her pension will be put into payment immediately.

- Commutation of pension to provide a lump sum is possible, subject to Inland Revenue limits and the firefighter not having already commuted at the date of the pension sharing order.

- There is no provision to allocate a portion of the pension.
• In the event of the pension credit member's death before being eligible to draw benefits, a death grant of two and a quarter times the uncommuted pension is payable to his/her estate.

• No spouse’s benefits will be payable in respect of the pension credit.

• No children’s benefits will be payable in respect of the pension credit; they remain attached, in full, to the Scheme member’s own benefits.

• The pension derived from the pension credit attracts Pensions Increase.

• If the pension derived from the pension credit is very small (as defined by Inland Revenue) it may be commuted to a single lump sum payment.

• A pension credit member’s benefits are subject to similar forfeiture rules as apply to a Scheme member or the spouse of a Scheme member and he/she has the same bankruptcy protection as a Scheme member. A pension credit member’s benefits cannot be combined with any other benefit to which the ex-spouse may be entitled under the FPS.

• If the firefighter transfers to another fire and rescue authority, the pension credit responsibility remains with the authority which had responsibility for the pension credit benefits at the date of the pension sharing order.

• If the firefighter dies it has no effect on the pension credit member’s benefits

• Like Scheme members and dependants, a pension credit member has appeal rights under the Firefighters' Pension Scheme and Internal Dispute Resolution procedures.
Up to 5 April 1988 it was compulsory for a regular firefighter to be in the Firefighters’ Pension Scheme. From 6 April 1988 it has been possible to opt out. You must, however, still be covered by some form of pension scheme – either the State Second Pension (see the section “Inter-Relationship With The State Pension Scheme”) or by arranging your own personal or stakeholder pension cover through a life assurance company, bank, building society or other similar financial institution. Seek good, professional advice if considering rejecting the Firefighters’ Pension Scheme. Yes, you pay a high contribution rate, but the financial support given to the Scheme by your fire and rescue authority is high, too. And the fire and rescue authority would not offer to pay contributions to a personal pension plan or stakeholder pension (they are not permitted to do this).

Suppose, though, that you do decide to leave the Scheme. How do you opt out and what benefits, if any, would still be payable by the fire and rescue authority?

**Opting out**

You can opt out of the Firefighters’ Pension Scheme at any time by giving written notice to your fire and rescue authority that you do not wish to pay contributions. The notice would take effect on the following pay day. Service does not reckon where contributions are not paid. If your election is made within three months of becoming a firefighter (for the first time or after a break in service) then the election takes effect from the first day of service in that employment and any contributions deducted will be returned through the payroll.

**Cancelling an election to opt out**

If, after opting out of the Scheme, you decide you want to rejoin you may be able to do so, by giving the fire and rescue authority written notice to that effect. You must not have passed your 45th birthday, and will have to undergo a medical examination at your own expense and to the fire and rescue authority’s satisfaction, if they so require. You would rejoin the Scheme with effect from the following pay-day. Note that you would not be able to opt out of the Scheme again during that same employment.

**Entitlement to benefits based on pensionable service**

If you opt out of the Scheme within three months of joining, all your contributions are returned; you are treated as if you had never joined, and so have no pensionable service. If you opt out after your first three months, then you do have pensionable service and have various options as regards benefits accrued in respect of that service. The options are quite similar to those available for “early leavers” (see the section “What If I Choose To Leave The Service Before I Can Get A Pension?”) but there are one or two differences. Appeal provisions remain the same, however.

If you can count more than three months but less than two years of service then you could apply for a refund of contributions. The refund would be paid on the same terms as for “early leavers”.

With two or more years’ service you could choose to leave your accrued pension rights in the Firefighters’ Pension Scheme. A deferred pension would be assessed on the terms outlined for “early leavers”.

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A transfer of pension rights to another occupational pension scheme is obviously not possible while you are a serving firefighter but, depending upon length of service, it may be possible to arrange a transfer to a personal pension plan, a stakeholder pension or to a "buy-out" policy. If you leave the fire and rescue service then the normal transfer options for "early leavers" become available.

Age retirement

Compulsory retirement age for an optant-out is the same as for members of the Firefighters’ Pension Scheme, i.e. age 55 for all ranks to Station Officer, age 60 for Assistant Divisional Officer and above. However, a deferred pension will not normally come into payment until age 60. The optional retirement age of 50 or over with a minimum of 25 years' service is irrelevant for an optant-out because it would not enable immediate payment of benefits as it does for a Scheme member.

Ill-health retirement

An optant-out can be required to retire on health grounds but an ill-health award would not be payable. Instead, if there were entitlement to a deferred pension this would be put into payment prematurely. It would not, however, have any ill-health “enhancement” of 60ths, although it would attract Pensions Increase even though the person is below age 55. Medical review of the firefighter’s incapacity and entitlement to payment of the deferred pension would take place on the same terms as reviews of an ill-health award (see the section “Can I Lose My Pension?”).

Injury award

Entitlement to an injury award is not affected by opting out of the Scheme. See the section “Injury Awards” for details of the method of assessment, but note that where a Scheme member's injury award is abated by three quarters of any other pension (usually an ill-health pension), in the case of an optant-out it would be abated by the full amount of any other pension which would have been payable had he or she been in the Scheme throughout fire service employment. The injury award is subject to review as for a Scheme member.
I’M NOT HAPPY ABOUT THIS – CAN I APPEAL?

Any determination as to entitlement to an award under the Firefighter’s Pension Scheme is made, in the first instance, by the fire and rescue authority. If, however, you are unhappy about the authority’s determination or about the way in which your pension has been administered there are a number of appeal procedures you can call upon. Some are set out in the Firemen’s Pension Scheme Order 1992 and some are contained in other pensions legislation – e.g. the Pension Schemes Act 1993 and the Pensions Act 1995. Some of the procedures complement each other, i.e. if you exhaust one appeal route and remain dissatisfied you can use another; some are exclusive, i.e. if you select one type of appeal route you cannot use another.

It is important that you select the appropriate appeal route for your complaint.

Initially, if you are unhappy about something, it would be helpful first to get in touch with the fire and rescue authority’s pensions administrator. A problem may have arisen because of a misunderstanding or a simple error which is easy to correct without need to resort to formal appeal arrangements. Also, for certain types of appeal, the Office of the Deputy Prime Minister (ODPM) has issued fire authorities with specimen forms designed to help an appellant state his or her case in accordance with the requirements of the relevant appeal route; the pensions administrator can supply you with copies. If your problem cannot be resolved informally in this way, then the various procedures and persons, by which and to whom you can appeal, are listed below. This guide can only give an outline. The pensions administrator can give you more detailed information and you may find it advisable to seek guidance from your trade union or a legal adviser. Some appeal routes have time limits. Ensure you are aware of them.

Note that there may be variations in the rules of appeal for firefighters on Central Service. They are explained at the end of this section.

**Appeal to the Secretary of State about contents of Certificate of Pensionable Service**

The section “What About Previous Pension Rights?” explains that a Certificate of Pensionable Service must be issued to a firefighter who can reckon as pensionable service any period prior to his or her current appointment as a firefighter. If the firefighter is dissatisfied with the contents of that certificate, e.g. if you think you are entitled to a greater amount of pensionable service than is shown in the Certificate, there is a right of appeal under the rules of the Firefighters’ Pension Scheme, to the Secretary of State. The appeal must be made within three months of the issue of the Certificate. The Secretary of State will either confirm that the Certificate is accurate or will amend it. This decision is binding.

**Appeal to Board of Medical Referees against medical opinion**

If a fire and rescue authority are to make a decision about a firefighter’s entitlement to an award and there are medical questions that have to be answered before that decision can be made, the authority must obtain the written opinion of an independent qualified medical practitioner. After the authority have made their decision, a firefighter has 14 days in which to request a copy of the medical opinion upon which it was based. If the firefighter is unhappy with the decision of the fire and rescue authority and believes that the medical opinion, upon which the decision is based, was wrong, then he or she has a right of appeal under the rules of the Firefighters’ Pension Scheme against that medical opinion.
If you wish to use this appeal route you must give the fire and rescue authority notice of appeal within 14 days of receiving a copy of the medical opinion. The authority have a discretion to extend this time limit – up to six months – if satisfied that a firefighter’s delay is not due to his/her own default. The firefighter must give the full grounds of appeal. The authority must send two copies of the notice of appeal and medical opinion to the Office of the Deputy Prime Minister who refer it to a Board of Medical Referees. The Board notifies the firefighter and the authority that it will determine the appeal and gives a contact address for any relevant communication.

The firefighter will be required to attend at least one medical interview with the Board. The Board will give the firefighter and the fire and rescue authority at least 21 days’ notice of the time and place of interview and the names of the Board members attending. There are usually three Board members, all medical practitioners. One will be a specialist in the medical condition relevant to the appeal (more than one specialist may be present if more than one condition has to be considered). In order to ensure there is no conflict of interest, if any of the named Board members has been previously involved in the case, the firefighter and/or fire and rescue authority must inform the Board immediately. The fire and rescue authority can be represented at the interview and the firefighter may be accompanied by a person of his or her choice.

Both the firefighter or fire and rescue authority can submit written evidence or a written statement to the Board, but the Board and the other party to the appeal must be sent copies at least seven days before the interview date. The other party has a right of response. If the written evidence or written statement is submitted less than nine days before the date of interview, the other party can respond at any time up to the date of interview. If, less than seven days before the interview, either party wishes to introduce new evidence on matters not previously disclosed, the Board may decide on an adjournment. The Board may also decide that the party responsible for the adjournment should pay the costs of the Board and the other party which have arisen as a result.

The interview will normally be held at a regional centre but, in the rare event that the firefighter is unable to travel, the interview may be conducted at his/her place of residence. After the interview, the Board gives a written report of its decision to the Secretary of State who copies it to the firefighter and the fire and rescue authority. If the Board’s determination is in favour of the firefighter, the fire and rescue authority will meet the fees and expenses of the Board and reimburse the reasonable expenses of the firefighter and any qualified medical practitioner attending on his/her behalf. If the Board finds in favour of the fire and rescue authority and is of the opinion that the appeal was “frivolous, vexatious or manifestly ill-founded” the authority will normally require the firefighter to meet the costs of the fees and allowances of the specialist member(s) of the Board.

**Appeal to Crown Court against a decision of entitlement to, or payment of, an award**

If you think you are entitled to an award and the fire and rescue authority determine you are not, or do not allow what you believe to be your full entitlement, then under the rules of the Firefighters’ Pension Scheme you have a right to ask the authority to reconsider their decision. If you remain dissatisfied, the Scheme gives you a right of appeal to Crown Court. The appeal must be lodged by notifying the “appropriate officer” of the Court, normally within 21 days of receiving the fire and rescue authority’s (reconsidered) decision.

Note that you cannot use this appeal route to re-open any medical issue decided by a Board of Medical Referees, or to challenge a decision made by the fire and rescue authority under discretionary powers (other than forfeiture of pension rights) or to question a Certificate of Pensionable Service which has become conclusive.
Internal Dispute Resolution Procedures

The Pensions Act 1995 requires all occupational pension schemes to have Internal Dispute Resolution Procedures for dealing with complaints from scheme members. How these should apply in principle in respect of the Firefighters' Pension Scheme were agreed in 1997 by the Joint Pensions Committee of the Central Fire Brigades Advisory Councils. Local arrangements will have been decided by your fire and rescue authority in accordance with those principles.

There are two stages of appeal.

The first stage will normally be heard by the Chief Fire Officer of the fire and rescue authority or by an authorised representative of the Chief Fire Officer.

If dissatisfied with the outcome of the first stage, the firefighter can ask for the complaint to be considered at the second stage of the Internal Dispute Resolution Procedures. At the second stage the complaint will normally be considered by elected members of the fire and rescue authority.

The firefighter must give full details of his or her complaint at both stages of the appeal. Forms for this purpose can be obtained from the authority's pensions administrator.

You should note that the Internal Dispute Resolution Procedures cannot apply where, in respect of any disagreement between the pension scheme and the scheme member –

- proceedings have begun in any court or tribunal, or
- the Pensions Ombudsman has commenced an investigation into a complaint or dispute referred to him (although, as you will see below, the Pensions Ombudsman will not normally become involved in a case unless it has first gone through Internal Dispute Resolution Procedures), or
- an appeal has been made to the Board of Medical Referees.

The Pensions Advisory Service (OPAS)

OPAS is an organisation, originally set up as a charitable trust but now aided by Government grant, whose objectives include giving free, confidential advice to individual members of the public who are experiencing difficulties which their pension scheme authorities have either ignored or failed to resolve.

A national network of voluntary advisers – all members of the pensions industry who have been vetted as proficient by the central body – can be contacted through Citizens Advice Bureaux or by getting in touch with the OPAS office (see below).

OPAS can negotiate and conciliate but does not provide an arbitration service or initiate legal action. An OPAS adviser can refer the case to the OPAS office for specialist guidance. If the OPAS office feels it appropriate they may recommend that the complainant should put his or her case to the Pensions Ombudsman.

OPAS can be contacted at – 11 Belgrave Road, London SW1V 1RB  0845 6012923

OPAS website:  www.opas.org.uk
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 the 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, under the Firefighters’ Pension Scheme, to the Medical Appeal Board.

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 OPAS.

The Pensions Ombudsman can be contacted at – 11 Belgrave Road, London SW1V 1RB
☎ 0171 834 9144

Pensions Ombudsman website: www.pensions-ombudsman.org.uk

The Occupational Pensions Regulatory Authority (Opra)

Opra was set up as part of the pension reforms introduced by the Pensions Act 1995. The reforms were necessary because it became clear from a number of “scandals” in the pensions industry that there was insufficient control and regulation of pension schemes.

Opra has a regulatory role in ensuring that occupational scheme members’ interests are protected and that schemes comply with the law; it can be approached by scheme members and is able to intervene in the running of schemes where trustees, employers or professional advisers have failed in their duties.

Opra 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, OPAS and the Pensions Ombudsman.

Opra can be contacted at – Invicta House, Trafalgar Place, Brighton, BN1 4DW
☎ 01273 627600

Opra website: www.opra.co.uk

Firefighters on Central Service

There are rights of appeal for a person who has ceased to perform the duties of a regular firefighter while employed on duties connected with the provision of fire services or as an instructor (see the section “Central Service”). However, they are not quite the same as those which apply to a firefighter with a fire and rescue authority. It must be remembered, though, that it is very unusual for a person on a temporary appointment not to return to his or her “parent” authority (i.e. the fire and rescue authority last employing the firefighter before Central Service) for at least a day before retiring. It is rare, therefore, for Central Service rights of appeal to be needed or used. If they are, the main differences are as follows –
• the Secretary of State is the “fire and rescue authority” for the purposes of any of the Firefighters' Pension Scheme rules of appeal;

• instead of a Crown Court route of appeal for a person who claims that he or she is entitled to an award, but not allowed it, there would be an appeal tribunal. The tribunal must consist of three people including a retired member of a fire and rescue authority whose rank was no lower than Divisional Officer (Grade One) and a barrister or solicitor of seven years standing. The tribunal decides the time and place of the hearing and must give the appellant and the Secretary of State (the parties to the appeal) reasonable notice. Each of the parties may be represented by an authorised advocate or some other person approved by the tribunal and can give evidence and cross-examine witnesses. If there is an appeal on a point of law from a decision of an appeal tribunal it will go to the High Court.

• if the person decides to use Internal Dispute Resolution Procedures it will be the “parent” authority that will undertake both stages of the proceedings.
# SUMMARY OF THE PROVISIONS OF THE FIREFIGHTERS’ PENSION SCHEME

<table>
<thead>
<tr>
<th>Membership</th>
<th>is open to all regular firefighters (whole-time and part-time) with a fire and rescue authority. It is not compulsory.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Contribution Rate</td>
<td>is 11% of pay, less 1p a week.</td>
</tr>
<tr>
<td>Additional Contributions</td>
<td>can be paid, by election and subject to eligibility, to “purchase” additional benefits.</td>
</tr>
<tr>
<td>Previous Service</td>
<td>as a firefighter or with another pension arrangement may be transferred to add to current service as a member of the Firefighters’ Pension Scheme.</td>
</tr>
<tr>
<td>Retirement Age</td>
<td>compulsory: age 55 for ranks up to and including Station Officer; age 60 for ranks of Assistant Divisional Officer and above; optional: age 50 with at least 25 years’ service.</td>
</tr>
</tbody>
</table>
| Assessment of Pension | annual pension: service*/60 x average pensionable pay  
* each year of service to 20 years = 1/60th  
each year of service after 20 years = 2/60ths  
to a maximum of 40/60ths.  
If the firefighter has a period of part-time membership of the Scheme, the pension will be adjusted to reflect the part-time service. |
<p>| Commutation | is possible within certain limits and according to age, in order to convert a portion of the annual pension into a lump sum. |
| Allocation | is the right to give up a portion of one’s own pension for a spouse or dependant on death. |
| Ill-Health Award | is payable in the event of permanent incapacity, normally with an enhancement of service. |
| Injury Award | comprising a gratuity and “minimum income” pension is payable according to the degree of disablement in the event of a “qualifying injury”. |</p>
<table>
<thead>
<tr>
<th>Early Leaver Benefits</th>
<th>apply in the event of leaving the fire and rescue service before a pension is payable. The options, dependent upon length of service and future employment, are:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• a deferred pension</td>
</tr>
<tr>
<td></td>
<td>• a transfer of pension rights to another fire and rescue authority</td>
</tr>
<tr>
<td></td>
<td>• a transfer of pension rights to another pension scheme</td>
</tr>
<tr>
<td></td>
<td>• a transfer of pension rights to a “buy-out” policy</td>
</tr>
<tr>
<td></td>
<td>• a refund of contributions.</td>
</tr>
<tr>
<td>Effect of State Scheme</td>
<td>is quite complex; the Firefighter’s Pension Scheme has contracted-out status which means that the level of benefits payable by the Scheme meets minimum requirements.</td>
</tr>
<tr>
<td>Death benefits</td>
<td>are provided in the form of a lump sum death in service grant together with spouse’s and dependants’ benefits. See the companion booklet “A Guide to Death Benefits”.</td>
</tr>
<tr>
<td>Effect of divorce</td>
<td>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 ex-spouse at the time those benefits would normally be paid to, or in respect of, the firefighter. If, instead, the court issues a pension sharing order, part of the firefighter’s accrued value of pension rights will be deducted to provide benefits for the ex-spouse who becomes a “pension credit member” of the Firefighters’ Pension Scheme.</td>
</tr>
<tr>
<td>Pension credit member’s benefits</td>
<td>are provided for the ex-spouse of a Scheme member in the event of a court issuing a pension sharing order on divorce. The benefits are payable from age 60 and comprise a pension and, provided the firefighter had not already commuted part of his/her pension, the option of a lump sum.</td>
</tr>
<tr>
<td>Pensions Increase</td>
<td>i.e. “cost-of-living” increases, are paid with immediate effect on ill-health pensions and from age 55 on age retirement pensions.</td>
</tr>
<tr>
<td>Rights of Appeal</td>
<td>can be used if dissatisfied with the reckoning of previous service, the decisions of the fire and rescue authority as to the type and amount of award, or the medical opinion on which the decisions are based. There are further and alternative rights of appeal allowable under the Pensions Act 1995</td>
</tr>
</tbody>
</table>
WHERE CAN I FIND OUT MORE?

If firefighters were all alike in every respect a guide to the Pension Scheme could say everything they would wish to know. It’s because they have their differences and peculiarities (at least in pension terms!) that a very basic outline like this may leave some questions unanswered.

Don’t worry, help is at hand. Contact details for enquiries are given below. The Firefighters’ Pension Scheme and the laws that affect it are changing all the time and so it is always advisable to contact this address if you need a detailed update on any point.

You also have a right to examine a copy of the Firemen’s Pension Scheme Orders (the main rules of the Pension Scheme) and to be given a statement of benefits on request (within certain time limits).

Please remember that to keep this guide brief and straightforward it simplifies and condenses a lot of the rules. It should not, therefore, be taken as a complete statement of the law, but rather as a first source of reference. Nothing in these notes can override the Firemen's Pension Scheme Order 1992 and other relevant pensions legislation. In the event of any unintentional difference, the terms of the legislation will prevail.