



Department for  
Communities and  
Local Government

# Reforms to the Firefighters' Pension Schemes

Fact sheets for firefighters



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# Firefighters' Pension Scheme reforms – the facts

## Why are you reforming pension schemes?

Public service pensions are changing in 2015. Because people now live longer the cost of public service pensions have increased by around a third. Pensions are being reformed to rebalance the amount of time that workers spend in work and in retirement.

To put longevity increases into context, the average firefighter retiring at age 50 today is expected to live and draw a pension for 37 years in retirement after a career of 30 years.

## What improvements have been made to the scheme?

Public service pensions will remain among the very best available, with guaranteed benefits that are inflation proofed. Since the start of the reform process, the Government has agreed to:

- a significantly lower Normal Pension Age of 60 for firefighters than other non-uniformed services (linked to the state pension age)
- a more generous accrual and revaluation rate than the non-uniformed schemes
- 4 years of tapered protection - longer than most other schemes
- retirement from age 55 on enhanced terms (which are the same as the police scheme)
- enhanced accrued rights protections for members who transfer across from the 1992 scheme, including double accrual enhancements, access to the current commutation arrangements, and the ability to take your existing pension under your existing terms
- a lower employee contribution increase in 2012-13 than that seen in other schemes
- lower employee contribution rates in the first years of the 2015 scheme than originally proposed
- consult on putting the fitness principles on a statutory footing through the National Framework
- a working group to look at the detailed process and procedures for managing fitness in the fire service, and
- reduce the cost for employers who choose to early retire a firefighter with an unreduced pension.

The Department has also finalised the settlement for retained firefighters, one of the key elements of the dispute, giving historic equal treatment to access a pension scheme.

## What is the financial position of the scheme?

Lord Hutton, in his independent report, found that the Firefighters' Pension Scheme 1992 is the most expensive public service pension scheme and the most recent valuation found that the cost of the scheme has continued to rise.

In 2008-09, the cash flow scheme deficit was £260 million, in 2012-13 it was £370 million, and in 2018-19 it is forecast to rise to nearly £600 million. Taxpayers cannot be expected to meet all of these increased costs.

### **What does this mean for my pension?**

All of the pension you have built up to date will be fully protected. Detailed factsheets can be found on the DCLG website and the online calculator will give you a personal pension forecast <https://www.gov.uk/government/publications/firefighters-pension-scheme-reforms-pension-scheme-calculator>.

### **Why can you not leave firefighters in their current scheme and start a new scheme for new joiners?**

If members of the 1992 scheme were exempted from the reforms, firefighters would continue to earn pension in the expensive 1992 scheme into the late 2030s. It would not be fair on other public servants to exempt firefighters from the reforms when they are having their pensions reformed.

### **The protections are not generous enough and should be extended**

Government policy is to protect those public servants who, as at 1 April 2012, were within 10 years of their scheme's Normal Pension Age. The protections for the firefighters' pension schemes follow Government policy. Where schemes have not got a Normal Pension Age, an alternative arrangement has been agreed. Despite this, a greater protection of firefighters are protected from the reforms than any other large public service. Less than a quarter of firefighters will see a change to their Normal Pension Age in April 2015.

### **What is happening on the points we have raised on fitness?**

Ministers agree that there should be greater certainty for firefighters in how they will be supported throughout their careers to maintain their fitness, and how they will be treated should they lose their fitness. The Department has published a consultation to put the fitness principles onto a statutory footing through the Fire National Framework, meaning that fire and rescue authorities will need to take them into account. The consultation will run for 6 weeks. In the meantime, further detailed work will be taken forward through a group to be chaired by the Chief Fire and Rescue Advisor. Ministers have agreed to review the implementation of the fitness policies to ensure that firefighters are fully supported in maintaining their fitness through to age 60.

### **What is happening to employee contributions?**

The current 1992 and 2006 scheme rates will remain in place for members who remain in those schemes. Firefighters who transfer to the 2015 scheme from the 1992 scheme will see a decrease in their contributions, those firefighters who transfer from the 2006 scheme will see an increase in their contributions.

### **What about the pension I transferred in from the Armed Forces?**

The Department has undertaken a review into the position of those firefighters who transferred pension in from the Armed Forces and concluded that these individuals are not being disproportionately affected. Further detail can be found in the open letter from Penny Mordaunt MP to firefighters of 27 October 2014 on the Department's website.

**I am worried that there will be future reforms to the pension scheme, what reassurances can you provide me?**

The Government has given a guarantee that the reforms put in place will last for at least 25 years. This is because the reforms deal with longevity increases by requiring public servants to work longer before accessing an unreduced pension, and by removing the salary risks around final salary pensions. Firefighters will also be able to sit on local pension boards, taking a direct interest in how their pension is run locally.

**I am considering opting out of the pension scheme due to my personal financial situation, what advice can you give me?**

Whilst the Department cannot give financial advice, it is worth noting that pensions are widely considered to be the best way of saving for your retirement as you will benefit from tax relief on your contributions and your employer is making a significant contribution towards your pension. However, we do recognise that there are complex scenarios and we are exploring the common issues with the Service, with the intention of providing further guidance shortly.

# Understanding the pension reforms: for protected members of the 1992 scheme

## **How do I know if I am protected?**

You are fully protected if you are a member of the 1992 scheme and, as at 1 April 2012, were age 45 or over.

## **What does that mean for me?**

It means you will remain in your existing pension scheme and continue to earn rights in the 1992 scheme until you choose to retire.

## **When can I access my pension?**

As you are fully protected, you will see no change in the age that you can retire, or the amount of pension you will get at retirement.

## **What pension will I get at retirement?**

Unlike members of the 1992 scheme who transfer to the 2015 scheme, you will continue to have a cap of 30 year's service on the amount of pension that you can earn, even if you pay pension contributions for over 30 years.

## **What contributions will I be paying?**

The existing tariff for the 1992 scheme will continue. If you are a firefighter earning between £21,000 and £30,000, you will be paying 14.2%.

## **How will my commutation be worked out?**

Your commutation arrangements will continue on the same basis as currently.

# Understanding the pension reforms: for taper protected members of the 1992 scheme

## **How do I know if I am taper protected?**

You are taper protected if you are a member of the 1992 scheme and, as at 1 April 2012, were between the age of 41 and 45.

## **What does that mean for me?**

You will have a taper protection date which is personal to you. At your taper date, you will move across to the Firefighters' Pension Scheme 2015. Your existing 1992 scheme pension rights will not transfer with you, they will remain fully protected in the 1992 scheme. If your taper protection date falls after you choose to retire, you will not move across to the 2015 scheme. You can find out your personal taper date in Annex A to the Proposed Final Agreement.

## **When can I access my pension?**

Unless you retire before transferring across to the 2015 scheme, you will have pension rights in both the 1992 and 2015 scheme. This means you will have a 'two part' pension.

Part 1 - The first part of your pension remains fully protected in the 1992 scheme and can be taken, on retirement, from age 50 if you have completed 25 or more year's service. Your service in the 2015 scheme will also count towards your 25 year total. Your 1992 scheme pension will still be calculated on your 'final salary' at retirement and you will continue to have access to the same commutation rights for your 1992 scheme pension.

Part 2 – The second part of your pension is in the 2015 scheme. If you remain an active member, this can be taken: from age 55 with a reduction, at age 60 without any reduction, or after age 60 with a pension enhancement. If you have left service before being entitled to take your 2015 scheme pension, it will come into payment in full at your state pension age.

## **I will lose out on double accrual in the 1992 scheme**

There will be an enhancement to your protected 1992 scheme pension to proportionally reflect the double accrual on the 1992 scheme service you have already built up. Firefighters who complete 30 years service (1992 and 2015 schemes combined) before retiring will have each year of their 1992 scheme service converted to 45<sup>ths</sup> (2.22%) from 60<sup>ths</sup> (1.67%).

## Why will my 2015 scheme pension be reduced?

The Public Service Pensions Act 2013 requires the Normal Pension Age to be age 60 and pension taken before that to be reduced. We have listened to the request from firefighters and improved the terms for retirement from age 55. The table below sets out the reduction to your 2015 scheme pension only, your 1992 scheme pension will be taken unreduced:

	<b>55</b>	<b>56</b>	<b>57</b>	<b>58</b>	<b>59</b>
2015 scheme	21.8%	17.9%	13.9%	9.5%	4.8%
2006 scheme	40.5%	37.6%	34.4%	31.1%	27.5%

## What pension will I get at retirement?

There is no cap on the amount of pension that can be earned in the 2015 scheme. Firefighters who transfer from the 1992 scheme to the 2015 scheme will be able to receive a bigger pension than had the reforms had not taken place. The online calculator provides more details.

## What contributions will I be paying?

Firefighters who transfer to the 2015 scheme from the 1992 scheme will see a reduction to their contributions of 2 percentage points, putting £460 back into their pocket in 2015-16.

# Understanding the pension reforms: for unprotected members of the 1992 scheme

## How do I know if I am unprotected?

You are unprotected if you are a member of the 1992 scheme and, as at 1 April 2012, were under the age of 41.

## What does that mean for me?

At 1 April 2015, you will move across to the Firefighters' Pension Scheme 2015. Your existing 1992 scheme pension rights will not transfer with you, and they will remain fully protected in the 1992 scheme.

## When can I access my pension?

As you will have pension rights in both the 1992 and 2015 scheme you will have a 'two part' pension.

Part 1 - The first part of your pension remains fully protected in the 1992 scheme and can be taken, on retirement, from age 50 if you have completed 25 or more year's service. Your service in the 2015 scheme will also count towards your 25 year total. Your 1992 scheme pension will still be calculated on your 'final salary' at retirement and you will continue to have access to the same commutation rights for your 1992 scheme pension.

Part 2 – The second part of your pension is in the 2015 scheme. If you remain an active member, this can be taken: from age 55 with a reduction, at age 60 without any reduction, or after age 60 with a pension enhancement. If you have left service before being entitled to take your 2015 scheme pension, it will come into payment in full at your state pension age.

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### **What contributions will I be paying?**

Firefighters who transfer to the 2015 scheme from the 1992 scheme will see a reduction to their contributions of 2 percentage points, putting £460 back into their pocket in 2015-16.

# Understanding the pension reforms: for protected members of the 2006 scheme

## **How do I know if I am protected?**

You are fully protected if you are a member of the 2006 scheme and, as at 1 April 2012, were age 50 or over.

## **What does that mean for me?**

It means you will remain in your existing pension scheme and continue to earn rights in the 2006 scheme until you choose to retire.

## **When can I access my pension?**

As you are fully protected, you will see no change in the age that you can retire, or the amount of pension you will get at retirement.

## **What pension will I get at retirement?**

Unlike members of the 2015 scheme who transfer to the 2015 scheme, you will continue to have a cap of 45 year's service on the amount of pension that you can earn, even if you pay pension contributions for over 45 years.

## **What contributions will I be paying?**

The existing tariff for the 2006 scheme will continue. If you are a firefighter earning between £21,000 and £30,000, you will be paying 10.4%.

## **How will my commutation be worked out?**

Your commutation arrangements will continue on the same basis as currently.

# Understanding the pension reforms: for taper protected members of the 2006 scheme

## How do I know if I am taper protected?

You are taper protected if you are a member of the 2006 scheme and, as at 1 April 2012, were between the age of 46 and 50.

## What does that mean for me?

You will have a taper protection date which is personal to you. At your taper date, you will move across to the Firefighters' Pension Scheme 2015. At 1 April 2015, you will move across to the Firefighters' Pension Scheme 2015. Your existing 2006 scheme pension rights will not transfer with you, and they will remain fully protected in the 2006 scheme. If your taper protection date falls after you choose to retire, you will not move across to the 2015 scheme. You can find out your personal taper date in Annex A to the Proposed Final Agreement.

## When can I access my pension?

Unless you retire before transferring across to the 2015 scheme, you will have pension rights in both the 2006 and 2015 scheme. This means you will have a 'two part' pension.

Part 1 - The first part of your pension remains fully protected in the 2006 scheme and, if you remain an active scheme member, can be taken, on retirement, from age 55 with an actuarial reduction (based on the existing 2006 scheme arrangements) or from age 60 without a reduction. Your 2006 scheme pension will be calculated on your 'final salary' at retirement.

Part 2 – The second part of your pension is in the 2015 scheme. If you remain an active member, this can be taken: from age 55 with a reduction, at age 60 without any reduction, or after age 60 with a pension enhancement. If you have left service before being entitled to take your 2015 scheme pension, it will come into payment in full at your state pension age.

## At what rate will my 2006 and 2015 scheme pension be reduced?

The Public Service Pensions Act 2013 requires the Normal Pension Age to be age 60 and pension taken before that to be reduced. We have listened to the request from firefighters and improved the early retirement terms in the 2015 scheme. The table below sets out the reduction to the separate 2006 and 2015 elements of your pension:

	<b>55</b>	<b>56</b>	<b>57</b>	<b>58</b>	<b>59</b>
2015 scheme	21.8%	17.9%	13.9%	9.5%	4.8%
2006 scheme	40.5%	37.6%	34.4%	31.1%	27.5%

## What pension will I get at retirement?

You can get a pension quote from the online calculator.

## **What contributions will I be paying?**

To date, members of the 2006 scheme have been protected from the full effect of the contribution increases that have been seen by members of the Firefighters' Pension Scheme 1992 and other public service pension schemes.

A firefighter who transfers to the 2015 scheme from the 2006 scheme will see an increase in their contributions of 1.8 percentage points in 2015-16, resulting in a £35 per month increase, after tax, for a firefighter earning £29,000.

# Understanding the pension reforms: for unprotected members of the 2006 scheme

## How do I know if I am unprotected?

You are unprotected if you are a member of the 2006 scheme and, as at 1 April 2012, were under the age of 46.

## What does that mean for me?

At 1 April 2015, you will move across to the Firefighters' Pension Scheme 2015. Your existing 2006 scheme pension rights will not transfer with you, and they will remain fully protected in the 2006 scheme.

## When can I access my pension?

As you will have pension rights in both the 2006 and 2015 scheme you will have a 'two part' pension.

Part 1 - The first part of your pension remains fully protected in the 2006 scheme and, if you remain an active scheme member, can be taken, on retirement, from age 55 with an actuarial reduction (based on the existing 2006 scheme arrangements) or from age 60 without a reduction. Your 2006 scheme pension will be calculated on your 'final salary' at retirement.

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