

THE NEW FIREFIGHTERS' PENSION SCHEME (SCOTLAND)

When people first start working, a retirement pension is often one of the last things they think about. As they get older and take on more responsibilities they begin to wonder how they will manage in retirement or how, if anything were to happen to them, their family would manage.

If left too late there may not be enough time to build up a pension to meet retirement needs. It's never too early to start a pension.

Your job allows you to be a member of the New Firefighters' Pension Scheme (Scotland). As a member, you belong to a public service scheme which provides access to very good benefits.

The Scheme provides a full range of benefits including the following –

- an inflation-proofed pension based on your final pay and length of service
- an option to convert part of the pension to a lump sum
- early payment of benefits if you have to retire on grounds of permanent ill-health
- death-in-service cover of a lump sum equal to three times pensionable pay
- a pension for your widow(er), civil partner, or nominated partner
- children's pensions

This booklet is a brief guide to the Scheme. It summarises the main rules which apply at the date of printing (see page 2) but nothing it contains can override pensions legislation. In the event of a dispute or disagreement the rules and regulations which govern the Scheme would be used to reach a decision.

As a firefighter you are also covered by The Firefighters' Compensation Scheme (Scotland) which would pay benefits to you, and/or to your dependants, should you become disabled or die as a result of an injury received in the execution of duty. The rules of the Compensation Scheme are set out in a separate booklet. Ask your fire and rescue authority for a copy if you have not been provided with one (contact details are given on page 24).

"The New Firefighters' Pension Scheme (Scotland): A guide to benefits"

This issue reflects the rules of the Firefighters' Pension Scheme (Scotland) Order 2006

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CONTENTS

	page
Background	5
Who can join?	6
Opting out	6
What about previous pension rights?	7
How much do I pay?	7
Contributions for unpaid leave	8
How much service do I need to qualify for a pension?	8
At what age would I be paid my pension?	8
Can I have a refund of contributions?	9
How is a pension calculated?	9
What is pensionable service?	9
What is final pensionable pay?	10
Age retirement pension	10
Authority-initiated early retirement pension	10
Member-initiated early retirement pension	11
Ill-health pension	11
Deferred pension	12
Split pension	12
Commutation	13
Transfer of pension rights out of Scheme	13
Divorce or dissolution of civil partnership: the effect on pension rights	13

continued over

CONTENTS (CONTINUED)

	page
Survivor pensions	14
Death grant	15
Commutation of trivial pensions	15
Can I purchase additional service?	16
Effect of tax rules	16
Pensions Increase	16
Withdrawal of pension	17
Rights of appeal	18
The Pensions Advisory Service	18
The Pensions Ombudsman	19
The Pensions Regulator	19
Payment of benefits	19
Explanation of expressions	20
Summary of the provisions of the Firefighters' Pension Scheme 2006	22
Who can I contact for more information?	24

BACKGROUND

The first national pension scheme specially designed for firefighters was introduced in 1926. As with all occupational pension schemes, the rules of the Firefighters' Pension Scheme are reviewed and amended from time to time to reflect changes in the nature of the service, and society as a whole. This booklet explains the rules of the pension scheme as set out in the Firefighters' Pension Scheme (Scotland) Order 2006 and referred to here as "the New Firefighters' Pension Scheme" or "NFPS". It came into effect on 6 April 2006. The previous Scheme – the Firefighters' Pension Scheme 1992 – continues in force for firefighters who were serving before that date and who wish to remain members of that Scheme.

The NFPS is a statutory, public service pension scheme made under section 34 of the Fire and Rescue Services Act 2004. Unlike occupational pension schemes in the private sector, it does not have trustees.

The cost of the scheme is met on a "pay as you go" basis. There is no pension fund into which contributions are paid or from which future expenditure on benefits will be met.

- Income:
 - from members' contributions and incoming transfer values, and
- Expenditure:
 - on pension benefits for former members and outgoing transfer values, is part of normal fire service financing.

Social Security rules can have an impact on the way pension schemes work. The NFPS is "contracted out" of the State Second Pension arrangements, i.e. the additional element of pension paid on top of the Basic State Retirement Pension. To be given contracted out status a pension scheme has to meet certain minimum requirements. Members of a contracted out scheme pay a lower, contracted out rate of National Insurance contributions.

Her Majesty's Revenue and Customs give certain tax concessions to "registered" pension schemes. The NFPS is such a scheme. This means that contributions paid and benefits accrued, provided they are within certain limits, are exempt from tax charges.

Like all other pension schemes, the NFPS must comply with Pension Acts although, as a public service scheme, it is exempt from some requirements. Regulations made under Pension Acts require you to be given certain items of basic information about the Scheme; this booklet has been written to comply with those Regulations.

Some pension terms may be unfamiliar to you or have a special meaning in the context of the NFPS. An explanation of terms and expressions is given on pages 20 and 21.

If you would like more information about the NFPS, contact details are given on page 24.

Also, if you have access to the internet, the website SPPA website has special pages dedicated to the Firefighters' Pension Schemes providing background information and details of any amendments that may be made. You can access these pages at www.sppa.gov.uk.

WHO CAN JOIN?

Membership of the New Firefighters' Pension Scheme is open to any person taking up employment with a fire and rescue authority as a firefighter on terms under which he or she is, or may be, required to engage in firefighting, and whose role includes resolving operational incidents, or leading and supporting others in the resolution of such incidents, i.e. firefighters, crew and watch managers. It does not matter what duty system they are contracted to work – they can be whole-time or part-time regular firefighters, volunteers, or retained duty system firefighters. (Other employees of the authority are covered by the Local Government Pension Scheme.)

If you are eligible to join the NFPS, you would be admitted automatically upon taking up your employment.

Once admitted to the NFPS, if you are required to perform duties appropriate to your role but not specifically those outlined above, e.g. if you become unfit for "operational" work, or if you are promoted to station manager or a more senior role, provided there is no break in the continuity of your employment you would be allowed to remain a member.

OPTING OUT

If you do not want to be a member of the NFPS you can opt out at any time by giving written notice to your fire and rescue authority. The notice would take effect from the start of the following pay period.

If you have less than 3 months' qualifying service at the time the notice takes effect, you would normally receive a refund of the contributions you have paid (see page 9).

If you have 3 months' or more qualifying service you would have a choice of –

- a transfer of accrued pension rights to another pension arrangement (see page 13), or
- a deferred pension (see page 12).

You would cease to have any further cover under the NFPS (other than that provided by any deferred pension). You would, however, continue to be covered by the provisions of the Compensation Scheme.

If you subsequently change your mind and wish to rejoin, you can do so provided that –

- you have less than 40 years' pensionable service in the NFPS at that time
- you have not opted out on more than one occasion, and
- if your fire and rescue authority so require, you undergo a medical examination at your own expense to satisfy them of your good health.

Your election to rejoin would take effect from the start of the following pay period.

Seek independent financial advice if you are thinking about opting-out of the NFPS. You would save the cost of contributions but would probably pay more by way of tax (contributions attract tax relief) and National Insurance contributions (while a member of the NFPS you pay the lower contracted out rate). And you and your dependants would cease to have the cover the NFPS provides.

WHAT ABOUT PREVIOUS PENSION RIGHTS?

On taking up your employment you will be asked to give details about any previous membership of a pension scheme and to indicate whether you would like your fire and rescue authority to explore the possibility of a transfer of pension rights to the NFPS. The NFPS can accept a transfer from –

- another occupational pension scheme,
- a personal or stakeholder pension scheme,
- a retirement annuity contract

but will not accept a transfer of pension credit rights, i.e. rights based on a portion of the pension of a former spouse or civil partner as required under a pension sharing order on divorce or dissolution of a civil partnership. Nor will a transfer be accepted if it does not meet certain "contracting out" requirements, or if the service credit provided by the transfer plus your prospective service to age 60 would exceed 40 years.

An application for a transfer must be made, in writing, within 12 months of joining the Scheme and received before the normal pension age of the scheme from which the pension rights are to be transferred. Your fire and rescue authority would provide you with an estimate of the benefits such a transfer would "purchase" in the NFPS. You should compare this with any pension options offered by your previous scheme and decide, within the time limits, whether you wish the transfer to proceed.

If you have pension rights in some other arrangement but have lost contact with the administrators, the Department for Work and Pensions offer a Pension Tracing Service. All pension schemes (including the NFPS) have to be registered with them and the Tracing Service can help pension holders and/or their dependants trace "lost" pension rights. They can be contacted at –

Pension Tracing Service, Whitley Road, Newcastle upon Tyne, NE98 1BA
Tel: 0845 6002 537 Website: www.thepensionservice.gov.uk

HOW MUCH DO I PAY?

As a member of the NFPS you will pay a contribution of 8.5% of pensionable pay. Your fire and rescue authority will pay a contribution of about 14.2% including additional charges for ill-health retirement benefits. Employees' and employers' contributions are determined by the Scottish Ministers on the advice of the Scheme Actuary who will have regard to the total cost of Scheme benefits. They will be reviewed regularly. Valuation of the NFPS is expected to take place every 4 years.

The pensionable pay upon which contributions are assessed is the core pay and all permanent emoluments determined by the firefighter's role or, in the case of a principal officer, the salary appropriate to the overall responsibilities of the post. It will also include any retaining allowance paid to a member on a retained duty contract.

If you are part-time, contributions will be deducted on your part-time pay.

If sick pay ceases, no contributions are payable and the period of unpaid sick leave does not count as pensionable service. However, if your authority regard the absence as authorised you may pay contributions as for unpaid leave – see page 8.

CONTRIBUTIONS FOR UNPAID LEAVE

During paid maternity or adoption leave you would pay contributions on whatever rate of pay you receive; if a period of additional maternity or adoption leave is unpaid, you will have the option to pay contributions on the rate you were receiving immediately before pay ceased, if you wish to count that period as pensionable service.

If you have an unpaid period of absence for other reasons (including authorised sick leave), you will have the option to pay contributions (based on the pay you would have received but for the absence) in order that the period can count as pensionable service. You would be required to pay both the employee's and employer's contribution. (At their discretion the fire and rescue authority may agree to pay the employer's contribution for you.)

HOW MUCH SERVICE DO I NEED TO QUALIFY FOR A PENSION?

To be eligible for any of the pensions mentioned in this booklet, you must have at least 3 months' qualifying service in the NFPS. If you have less, you would still be eligible if you have had a transfer of personal pension scheme rights into the NFPS, or have reached State pension age.

AT WHAT AGE WOULD I BE PAID MY PENSION?

Normal pension age for all members of the NFPS is age 60. If you choose to retire at or after this age, your pension would be put into immediate payment. (See "Age retirement pension" on page 10.)

If you have reached age 55 but not age 60, you could –

- at your fire and rescue authority's discretion, be granted an "authority-initiated early retirement pension" (see page 10). This may be awarded in circumstances where your fire and rescue authority determine that you should be retired in the interests of the management of the service. There would be no reduction to the pension.
- choose to take a "member-initiated early retirement pension" (see page 11). In this case, however, your pension would be reduced to reflect early payment

An ill-health pension (see page 11) may be payable at any age.

If you leave the NFPS before becoming entitled to payment of any of the above awards you may be awarded a deferred pension (see page 12). This would be payable from –

- age 65, or
- at your request, between ages 55 and 65, but subject to the reduction which would apply in the case of a member-initiated early retirement pension, or
- subject to appropriate medical certification, at any age, on grounds of permanent ill-health which prevents you from undertaking any regular employment.

CAN I HAVE A REFUND OF CONTRIBUTIONS?

You can have a refund of contributions only if you are not entitled to one of the types of pension offered by the Scheme. This means that a refund could be made only if you –

- have less than 3 months' qualifying service in the NFPS, and
- have not reached State pension age, and
- a transfer of personal pension rights has not been paid into the Scheme.

If you are eligible for a refund, this would be the total of all the contributions that you have paid. There would be no payment to you of any employer's contributions. Deductions would be made from the refund in respect of –

- the certified amount of any Contributions Equivalent Premium due; this is a payment that has to be made to "buy" you back into the State Second Pension – while a member of the NFPS you will have been contracted out of that element of the State pension scheme; and
- tax; under current HM Revenue and Customs rules this is currently 20% in respect of the first £10,800 refunded and at 40% in respect of any amount in excess of £10,800.

HOW IS A PENSION CALCULATED?

How each of the various types of pension are calculated is explained on the following pages, but there are certain basic principles common to all.

The NFPS is a final salary pension scheme which means that your pension will be a proportion of final pensionable pay. The proportion will depend, in part, upon how much pensionable service you have at the time of leaving the Scheme. For each year of pensionable service, you will get 1/60th of final pay. Each day of pensionable service will count as 1/365th of 1/60th. For example, if you retire at age 60 with 35 years 28 days of pensionable service and final pensionable pay of £32,000, your pension would be assessed as –

$$35 \frac{28}{365} \times \frac{1}{60} \times £32,000 = £18,707.58 \text{ a year}$$

WHAT IS PENSIONABLE SERVICE?

This is your period of service as a member of the NFPS and in respect of which you have paid contributions. If your hours of employment are less than whole-time, the "calendar" (qualifying) length of service would be pro rated to reflect your part-time hours. For example if you work half-time and have completed six "calendar" years of service, your pensionable service will be three years.

Various other periods may count as pensionable service, e.g. that credited on receipt of a transfer value from another pension arrangement, or unpaid leave (including additional maternity and adoption leave) where you have paid contributions, or "purchased" service where you have paid contributions to improve retirement benefits, or service which previously counted towards an award which has been cancelled.

WHAT IS FINAL PENSIONABLE PAY?

In most cases this will be your pensionable pay averaged over the last 365 days of pensionable service. If either of the two preceding years would produce a greater amount, the final pensionable pay from one of those years could be substituted

If your hours of employment are less than whole-time, although your pensionable service will be pro rated to reflect your hours, the final pensionable pay used in the pension calculation will be the whole-time equivalent pensionable pay.

Normally the "best-of-the-last-three-years" principle will cater for any fluctuations in pay leading up to retirement. Sometimes, however, a firefighter may change roles or have a reduction in an element of pensionable pay earlier in his or her career, e.g. by transferring to a post without a pensionable allowance such as flexible duty supplement or by moving and losing London Weighting allowance. To protect pension rights, the firefighter could be awarded a "split pension". This is explained on page 12.

AGE RETIREMENT PENSION

This award would be payable to a firefighter who has sufficient service to qualify for a pension (see page 8) and who retires at or after age 60. The basic formula is used, i.e.

$$\text{annual pension} = 1/60 \times \text{pensionable service} \times \text{final pensionable pay}$$

For example, a firefighter who has completed 40 years' pensionable service and whose final pensionable pay is £30,000 would receive immediate payment of a pension of –

$$40/60 \times £30,000 = £20,000 \text{ a year}$$

Part of the annual pension can be commuted to provide a lump sum if the firefighter wishes – see "Commutation" on page 13.

AUTHORITY-INITIATED EARLY RETIREMENT PENSION

This award would be payable to a firefighter who has sufficient service to qualify for a pension (see page 8), who has reached age 55 but not age 60, and whose fire and rescue authority have determined that he/she should be retired in the interests of the management of the service. The basic formula is used, i.e.

$$\text{annual pension} = 1/60 \times \text{pensionable service} \times \text{final pensionable pay}$$

For example, a firefighter aged 55 who has completed 10 years' pensionable service and whose final pensionable pay is £27,000 would receive immediate payment of pension of –

$$10/60 \times £27,000 = £4,500 \text{ a year}$$

There would be no reduction of the pension to take account of the fact that it is being paid early.

Part of the annual pension can be commuted to provide a lump sum if the firefighter wishes – see "Commutation" on page 13.

MEMBER-INITIATED EARLY RETIREMENT PENSION

This award would be payable to a firefighter who has sufficient service to qualify for a pension (see page 8), who has reached age 55 but not age 60, and who chooses to retire with immediate payment of benefits. (The fire and rescue authority have not determined that he/she should be retired in the interests of the management of the service.) The first part of the calculation uses the basic formula, i.e.

$$\text{annual pension} = 1/60 \times \text{pensionable service} \times \text{final pensionable pay}$$

but then a reduction would be applied to reflect the fact that the pension is being paid early. The reduction factor is supplied by the Scheme Actuary. It is currently 5% for each year between the date of retirement and age 65 (deferred pension age).

For example, a firefighter who retires at age 58 having completed 10 years' pensionable service and whose final pensionable pay is £27,000 would receive immediate payment of pension of –

$$10/60 \times £27,000 - (7 \times 5\%) = £4,500 - 35\% = £4,500 - £1,575 = £2,925 \text{ a year}$$

Part of the annual pension (after reduction) can be commuted to provide a lump sum if the firefighter wishes – see "Commutation" on page 13.

ILL-HEALTH PENSION

A firefighter who has sufficient service to qualify for a pension (see page 8) and who at any age is dismissed because of permanent disablement for the performance of the duties of his/her role, may be considered for an ill-health pension. There are two tiers of award –

- a lower tier pension based on the basic formula, i.e.
 $1/60 \times \text{pensionable service} \times \text{final pensionable pay}$
- a higher tier pension based on the basic formula plus an enhancement of service, i.e.
 $2\% \times \text{service accrued to last day of service} \times \text{prospective service to age 60}$

The higher tier pension is awarded only where the firefighter has at least 5 years' qualifying service and is unable to undertake any other regular employment. It must not be greater than $40/60 \times \text{final pensionable pay}$.

For example, a firefighter aged 50 who has completed 12 years' service and whose final pensionable pay is £30,000 retires on grounds of ill-health with a lower tier pension. He would receive immediate payment of a pension of –

$$12/60 \times £30,000 = £6,000 \text{ a year}$$

If, instead, a higher tier pension were awarded, the enhancement of service would be –

$$2\% \times 12 \times 10 = 2.4 \text{ years}$$

and so, in addition to a sum equivalent to the lower tier pension of £6,000, the firefighter would receive $2.4/60 \times £30,000 = £1,200$, making a total of £7,200 a year.

Part of a lower tier ill-health pension can be commuted to provide a lump sum – see page 13.

DEFERRED PENSION

If you leave the NFPS (either because you cease to be a firefighter or because you opt out of the Scheme) having sufficient service to qualify for a pension (see page 8) but not being eligible for immediate payment because you are not old enough nor retiring on grounds of ill-health, then you would be entitled to a deferred pension. This would be assessed on the basic formula, i.e.

$$\text{annual pension} = 1/60 \times \text{pensionable service} \times \text{final pensionable pay}$$

For example, a firefighter aged 27 who has completed 6 years' service and whose final pensionable pay is £25,000 would be entitled to a deferred pension of –

$$6/60 \times £25,000 = £2,500 \text{ a year}$$

As its name suggests, payment of a deferred pension would not be immediate. It would normally be put into payment at age 65. You could, however, request earlier payment from age 55. If your fire and rescue authority agree to the earlier payment then the pension would be paid right away but subject to a similar reduction as would apply in the case of a member-initiated early retirement pension (see page 11). If the firefighter in the above example were to request payment of the pension at age 59, the reduction (on current rates) would be 5% for each of the 6 years early (i.e. before 65) that the pension is being paid. The firefighter would receive immediate payment of –

$$6/60 \times £25,000 - (6 \times 5\%) = £2,500 - 30\% = £2,500 - £750 = £1,750 \text{ a year}$$

A firefighter entitled to a deferred pension who suffers permanent ill-health before it is due to come into payment, to the extent that he/she would be unable to undertake regular employment (i.e. a similar test to that which would decide if a serving firefighter would be eligible for a higher tier ill-health pension) can have the deferred pension put into immediate payment without reduction. (There would be no enhancement of service, however, as there would be in the case of the higher tier ill-health pension.)

Part of a deferred pension can be commuted to provide a lump sum if the firefighter wishes – see "Commutation" on page 13.

SPLIT PENSION

Unlike the other pensions mentioned here, which generally reflect the age and/or grounds for retirement, the split pension is a device to protect the final salary benefits of a firefighter who has a reduction in pensionable pay (see page 10). In the event of such a reduction, the pension rights accrued up to the date of leaving would be assessed as if a deferred pension, and a second pension would start to accrue from the following day.

When the firefighter eventually leaves in circumstances where the second pension becomes payable, the first pension would be payable too. Alternatively, the firefighter could choose to add the service upon which the first pension would be based to the service upon which the second service is based and have a single pension based on the second period's final pensionable pay. This could be the best option if pensionable pay in the second period now exceeds pensionable pay for the first (allowing for inflation).

Part of split pensions can be commuted to provide a lump sum – see page 13.

COMMUTATION

If, on retirement, you prefer to have a lump sum as well as a pension you can provide one by commutation. Before your pension is due to come into payment you would be asked if you wish to give written notice to your fire and rescue authority of how much pension you would like to convert into a lump sum. This can be up to one quarter of the pension. You would receive £12 as a lump sum for each £1 of pension that you commute. For example, if you were entitled to a pension of £16,000 a year you could commute up to £4,000. This would leave you a pension of £12,000 and provide a lump sum of £48,000.

TRANSFER OF PENSION RIGHTS OUT OF SCHEME

If you leave the NFPS having sufficient service to qualify for a pension (see page 8) but not being eligible for immediate payment because you are not old enough, nor retiring on grounds of ill-health, as an alternative to a deferred pension you could request that your pension rights should be transferred to some other pension arrangement. A transfer value, a sum representing the capital value of your pension rights, would be assessed in accordance with guidance provided by the Scheme Actuary and offered to the trustees or managers of your new pension scheme. The transfer would take place if you so instruct.

You may leave employment with your current fire and rescue authority to transfer to another authority where you remain a member of the NFPS. (If the new employment is at a lower rate of pay, the split pension option (see page 12) would be available to you.) Although your pension rights will normally transfer with you, payments of transfer value are not exchanged between Scottish fire and rescue authorities. However, a transfer value would be paid between a Scottish authority and an authority in England, Wales or Northern Ireland where different funding arrangements apply.

DIVORCE OR DISSOLUTION OF CIVIL PARTNERSHIP THE EFFECT ON PENSION RIGHTS

In the event of divorce, nullity, judicial separation or dissolution of civil partnership, a court may order a pension scheme to pay all or part of a member's entitlement to pension to his/her former spouse or civil partner. This could be in accordance with an "earmarking" order or a "pension sharing" order.

An earmarking order could apply to all or part of your retirement pension, potential lump sum, or possibly your death grant. If you have already retired, the order may require immediate payment of pension to your former spouse or civil partner. If you are an active or deferred member the order would not have effect until the benefits become payable.

A pension sharing order would have immediate effect. The court would instruct that a percentage of the value of your benefits should be deducted to provide "pension credit rights" for your former spouse or civil partner. The pension credit rights would remain in the NFPS until he/she is eligible to draw them (at age 65). The pension credit can be commuted to provide a lump sum.

It cannot be transferred to another pension arrangement.

SURVIVOR PENSIONS

In the event of a NFPS member's death (whether before or after retirement) a pension will be paid to a surviving spouse, civil partner, nominated partner or child. (See the definitions in "Explanation of expressions" on pages 20 and 21.)

If the deceased was a serving NFPS member –

- the spouse's or partner's pension would be half of the higher tier level of benefits to which the firefighter would be entitled if he/she had retired on health grounds on the date of death;
- the child's pension would be one quarter of the same amount; where there is more than one eligible child, the pension would be one half of the same amount divided between the children.

If the deceased had left the NFPS, was entitled to a deferred pension, but that pension had not yet come into payment –

- the spouse's or partner's pension would be half of the deferred pension;
- the child's pension would be one quarter of the deferred pension; where there is more than one eligible child, the pension would be one half of the deferred pension divided between the children.

If the deceased was in receipt of pension from the NFPS at the time of death –

- the spouse's or partner's pension would be half of the pension*;
- the child's pension would be one quarter of the pension*; where there is more than one eligible child, the pension* would be one half of the pension divided between the children.

*The pension would be the value of the pension before any reduction for early payment but after commutation.

If the spouse or partner is more than 12 years younger than the deceased, the spouse or partner's pension will be reduced by 2.5% for every year or part year above the 12 years, to a maximum of 50%.

If the deceased leaves no eligible spouse or partner but there is an eligible child or children, an additional pension would be paid to the child/children. It would be equivalent to that which would have been paid to an eligible spouse or partner. If there is more than one child the additional pension would be divided equally between the children. It would stop when the children cease to be eligible.

For the first 13 weeks following death, the spouse's or partner's pension will be topped up to the level of the deceased's pensionable pay (death in service) or the pension in payment (death after pension comes into payment). If no pension is payable to a spouse or partner but a pension is payable to a child or children, the top-up would be applied to the child's/children's pension. This top-up would not apply in the case of a deferred pension which had not come into payment at the date of death.

A spouse's or partner's pension is payable for life, even if he/she marries, remarries, forms a civil partnership or a subsequent civil partnership. Also, there is no difference in treatment according to whether the marriage/partnership commenced before or after the Scheme member's retirement.

A child is eligible to receive a pension if below age 18, or below age 23 and in full-time education. Eligibility ceases on marriage, civil partnership or remunerated employment if earlier. A child who is permanently disabled at the time the firefighter dies may be entitled to receive a pension for life. Your authority can give you the exact terms of eligibility.

DEATH GRANT

If you were to die in service as a member of the NFPS, a death grant would be payable. This would normally be three times your pensionable pay as at the date of death.

If you are working part-time hours the pensionable pay would be the part-time rate. For someone who has worked variable hours, account would be taken of this. In these circumstances the death grant would be the greater of –

- 3 x part-time rate of pensionable pay based on hours at date of death, or
- 3 x whole-time pensionable pay x pensionable service/qualifying service.

Similarly, if the firefighter had a split pension (see page 12), the death grant would be the greater of –

- 3 x pensionable pay at date of death, or
- 3 x pensionable pay based on a proportion of the pensionable pay at the date at which the pension was split and at the date of death.

The fire and rescue authority has absolute discretion as to whom to pay the death grant but you may, if you wish, nominate who you would wish to be the recipient(s).

Although the death grant is payable only where a firefighter is a serving member of the NFPS, in the event of death after a pension has come into payment, there is a five year "guarantee" which means that any balance between instalments paid and the total of five years' instalments would be paid as a lump sum, rather like a death grant. The method of assessment of this guarantee is to multiply the value of your pension – after any reduction for early payment but before commutation – by five and then to deduct any lump sum by commutation and the instalments of pension that have already been paid. Again, the fire and rescue authority has absolute discretion as to whom the "guaranteed" portion should be paid but they may have regard to any nomination.

There is no death grant nor guaranteed payment in respect of a deferred pension which has not come into payment at the date of death of the firefighter.

COMMUTATION OF TRIVIAL PENSIONS

If a pension payable to a member of the NFPS, or to a dependant, is less than limits set by HM Revenue and Customs, and certain other requirements of the tax rules are satisfied (e.g. the age of the pensioner), the fire and rescue authority may commute the pension to a lump sum.

Alternatively, the authority may decide to pay a small pension at less frequent intervals than the intervals at which they normally pay pensions.

CAN I PURCHASE ADDITIONAL SERVICE?

If you are an active member of the Scheme, and will not be able to accrue 40 years' pensionable service by age 60, you can purchase additional service by the payment of additional contributions or by lump sum. The additional contributions and the lump sum would be based on factors provided by the Scheme Actuary.

To pay additional contributions, an election to do so must be made at least 2 years before normal pension age (60). They would be deducted with effect from your first birthday following your election, along with your basic contributions. Like your basic contributions they would be assessed on your pensionable pay. If you leave or cease paying contributions for any other reason before reaching age 60, you would be credited with the appropriate portion of service "purchased". If you choose to pay by lump sum you must make your election to do so within 12 months of first becoming a member, and the payment must be made within 3 months of you giving notice that you wish to pay.

Purchased service would be used in the assessment of your pension.

Your fire and rescue authority can give you further details about purchase.

EFFECT OF TAX RULES

The NFPS has to comply with rules set by HM Revenue and Customs. There are, for example, limits on the amount of pension and lump sum which can be taken by a pension scheme member before tax charges apply.

The two main limits on your benefits are the annual allowance and the lifetime allowance.

The growth in the value of your pension each year (based on a "pension input period" – see "Explanation of Expressions" at the end of this Guide) must be compared with an annual limit set by the Treasury. If the value exceeds the limit, tax would be due, payable through self-assessment.

When benefits are due the total value must be tested against the lifetime allowance, also set annually. If the value exceeds the limit, tax would be deducted by the fire and rescue authority and paid over to HM Revenue and Customs.

The testing of the value of benefits is in respect of all pension benefits you may have accrued, including from arrangements other than the NFPS. Consequently your fire and rescue authority will ask you to provide statements in respect of any other pension arrangement you may have so that they can check the total value of benefits before making payment from the Scheme. Your authority can give you more details of the way in which tax rules work, how benefits are valued, the limits for the next few tax years and the tax chargeable.

PENSIONS INCREASE

Benefits payable under the NFPS are increased in line with the Retail Price Index under Pensions Increase Acts and Orders.

WITHDRAWAL OF PENSION

In certain circumstances a benefit payable under the NFPS can be reduced or withdrawn.

Benefits may be reduced by an "earmarking" or pension sharing order issued on divorce, judicial separation, nullity or dissolution of a civil partnership – see page 13.

A fire and rescue authority may withdraw the whole or part of a retired NFPS member's pension for any period during which that person is serving again as a firefighter with any fire and rescue authority (e.g. on re-employment after retirement). They may also withdraw part or all of a pension, permanently or temporarily, if the person otherwise entitled to the pension has been convicted of an offence –

- of treason, or under the Official Secrets Acts 1911 to 1989 (in the case of a dependant the offence must have been committed after the death of the Scheme member);
- committed in connection with his/her service as an employee of a fire and rescue authority which is certified by the Scottish Ministers either to have been gravely injurious to the interests of the State or to be liable to lead to serious loss of confidence in the public service; or
- under section 34(6) of the Fire and Rescue Services Act 2004 (acts or omissions for obtaining awards or other sums).

A pension is not payable to a dependant convicted of the murder of the firefighter from whose pension rights the pension derives; if convicted of manslaughter of the firefighter, the fire and rescue authority have discretion to withhold all or part of the pension.

If a person has been receiving an ill-health pension for less than ten years, and has not reached State pension age the fire and rescue authority must review the entitlement of the person to receive the pension. To do this they will consider, with the help of a medical opinion, whether the person has recovered sufficiently to be capable of carrying out any duty appropriate to the role from which he/she was retired on health grounds. If the ill-health pension in payment is a higher tier award, the authority must also consider if the person has become fit enough to undertake any regular employment.

In the case of a lower tier pension, if the person's condition has improved to the point at which he/she could return to a role as firefighter and the fire and rescue authority offer such employment, the pension will cease. A person who takes up the employment would have the ill-health pension cancelled but the service upon which it was based would count towards a subsequent pension. If the person refuses the job offered, the ill-health pension would be cancelled and the service upon which it was based would count towards a deferred pension payable at age 65.

In the case of a higher tier pension, if the person is considered fit to return to the role of firefighter the position would be as described above (but service counting towards further pension entitlement would not include the ill-health enhancement). If the person is not considered fit enough to be a firefighter, but fit enough for regular employment, the pension would continue in payment but without the ill-health enhancement.

Deferred pensions put into payment early on grounds of ill-health must be reviewed too. If the person is fit for regular employment, the payment of the deferred pension would be suspended until age 65.

RIGHTS OF APPEAL

If a NFPS member, or a dependant, is dissatisfied with a decision made by a fire and rescue authority (or the failure to make a decision) there are rights of appeal available. The NFPS contains arrangements for Internal Dispute Resolution Procedures (IDRP) based on the requirements of the Pensions Act 1995. There are also provisions for medical appeal if a person is dissatisfied with a medical opinion upon which a determination of award is based.

Looking at the medical appeal route first, if a fire and rescue authority are considering whether or not to make an award of an ill-health pension to a firefighter, they must obtain the written opinion of an independent qualified medical practitioner as to whether the person is permanently disabled for the duties of his/her role and, if so, whether he/she would be capable of any other regular employment. They must notify the firefighter of their decision as to award and supply a copy of the medical opinion upon which it is based. If the firefighter is dissatisfied with the award and believes the problem lies in the medical opinion, then he/she can appeal against the opinion. Initially, however, if the firefighter can offer fresh evidence for reconsideration he/she may do so with the authority's consent. Failing satisfaction, he/she can progress to medical appeal where a hearing, by a Board of Medical Referees, would be arranged by the Scottish Ministers. The appeal can only be withdrawn with the consent of the appellant.

A similar appeal process applies if an ill-health award is reviewed and the person is dissatisfied with the outcome – see "Withdrawal of pension" on page 17.

If the grievance of the member, or a dependant, is with a decision made by the fire and rescue authority rather than the opinion of the medical practitioner, or is in respect of a non-medical aspect of the medical practitioner's opinion (e.g. dispute of earnings for an employment) he/she can use the two-stage IDRP process. A fire and rescue authority will nominate a person to consider appeals at Stage One – this will normally be the Chief Fire Officer or a representative named by the Chief Fire Officer. The appellant would submit an appeal in writing, it will be considered by the Stage One decision-maker, and a written decision given to the appellant. If the appellant remains dissatisfied with the determination at Stage One, he/she can move to Stage Two by submitting an appeal in writing to the Fire and Rescue Authority. (The authority will probably delegate the decision-making role to a separate committee). The grievance will be considered and a written response made.

Full details of medical appeal procedures, the IDRP process, and the relevant time limits can be supplied by your fire and rescue authority.

THE PENSIONS ADVISORY SERVICE

"TPAS" is available at any time to assist occupational pension scheme members and beneficiaries in connection with any pensions query they may have or any difficulty which they have failed to resolve with their pension scheme administrators. TPAS cannot enforce pensions action but, if felt appropriate, could recommend a person to put his/her case to the Pensions Ombudsman. They can be contacted at –

11, Belgrave Road, London, SW1V 1RB Telephone: 0845 6012923
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 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 to the Medical Appeal Board under the NFPS.

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 the Pensions Advisory Service.

The Pensions Ombudsman can be contacted at –

11, Belgrave Road, London, SW1V 1RB Telephone: 020 7834 9144
Website: www.pensions-ombudsman.org.uk/pohome.html

A complainant may also write to the Scottish Public Services Ombudsman who investigates complaints about most organisations providing public services in Scotland.

The Scottish Public Services Ombudsman can be contacted at –

SPSO, 11 Melville Street, Edinburgh EH3 7NS Telephone: 0800 377 7330
Website: www.spsso.org.uk

THE PENSIONS REGULATOR

The Pensions Regulator is a regulatory body which came into existence on 6 April 2005 having been set up under the Pensions Act 2004. (It replaced the earlier Occupational Pensions Regulatory Authority.) It ensures that pension scheme members' interests are protected and that schemes comply with the law.

It 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, the Pensions Advisory Service and the Pensions Ombudsman.

The Pensions Regulator can be contacted at –

Napier House, Trafalgar Place, Brighton BN1 4DW Telephone: 0870 6063636
Website: www.thepensionsregulator.gov.uk

PAYMENT OF BENEFITS

Pensions are paid in arrears in regular instalments – normally monthly – by your fire and rescue authority. Lump sums by commutation are payable immediately after your last day of service subject to the authority having all the information it needs.

The authority has discretion as to whom an award for a minor (a person below age 18) will be paid but they must have assurance that it would be used for the benefit of the minor. Similarly, if payment is due to a person who has become incapable of managing his/her affairs, the authority has discretion to pay it to another person as they think best.

If there has been a loss to the funds of the authority because of fraud, theft or negligence on the part of a firefighter in connection with his/her employment, the authority may withhold all or any of the sum lost (subject, in the event of dispute, to the order of a court).

EXPLANATION OF EXPRESSIONS

Expression	Explanation
active member	A serving firefighter who is a member of the New Firefighters' Pension Scheme, i.e. not having opted out or retired on pension.
age retirement pension	See the explanation on page 10.
authority-initiated early retirement pension	See the explanation on page 10.
child	A natural, adopted or step-child of the firefighter, or any other child who was dependent on him/her and who is either related to the firefighter or a child of his/her spouse, or civil partner, or nominated partner. Dependency of the child has to be established in accordance with the rules of HM Revenue and Customs.
civil partner	The person with whom a firefighter has formed a civil partnership.
commutation	The conversion of part of an annual pension into a single, lump sum payment – see page 13.
contracted out	See "State Second Pension" on the opposite page.
death grant	A lump sum payable on the death of a serving member of the New Firefighters' Pension Scheme.
deferred pension	See the explanation on page 12.
final pensionable pay	See the explanation on page 10.
ill-health pension	See the explanation on page 11.
Internal Dispute Resolution Procedures	See "Rights of Appeal" on page 18.
medical opinion/certification	A certificate containing the opinion of an independent qualified medical practitioner.
member-initiated early retirement pension	See the explanation on page 11.
nominated partner	The unmarried partner or unregistered civil partner of a firefighter who, together with the firefighter, has completed a joint declaration of partnership and registered it with the fire and rescue authority. For entitlement to benefits, at the time of the firefighter's death the nominated partner must have been

Expression	Explanation
	<p>living with the firefighter in an exclusive, committed, long-term relationship (normally for at least two years) and both the firefighter and partner must have been free to marry or form a civil partnership. The partner must have been financially dependent on the firefighter, or the partner and the firefighter must have been financially interdependent.</p> <p>Details of how to nominate a civil partner can be obtained from your fire and rescue authority – see page 24.</p>
NFPS	The New Firefighters' Pension Scheme, i.e. the pension scheme set out in the Firefighters' Pension Scheme (Scotland) Order 2006
normal pension age	The age at which, if a person retires, pension benefits would be payable immediately – this is age 60 in the New Firefighters' Pension Scheme.
partner	In this guide it means both a civil partner or a nominated partner.
pensionable pay	See "How much do I pay?" on page 7.
pensionable service	See the explanation on page 9.
pension credit rights	The pension rights, under the New Firefighters' Pension Scheme, of a pension credit member. These would be derived from the member's pension rights, transferred to a former spouse or a civil partner in accordance with a pension sharing order – see page 13.
pension input period	is the 12-month period used to determine the growth in pension each year as required by HM Revenue and Customs. Fire and rescue authorities nominate 31 March as the end of each pension input period.
permanently disabled	Means that the disablement is likely to continue until normal pension age (60), or to normal benefit age (65) in the case of a deferred pension.
qualifying service	<p>This is the service which is used to decide if a person is eligible for benefits under the New Firefighters' Pension Scheme. It includes –</p> <ul style="list-style-type: none"> • the period, i.e. the full "calendar length" – even in the case of a part-time member – during which a person is a member of the New Firefighters' Pension Scheme and paying contributions; • any period of unpaid leave (including additional maternity and adoption leave) in respect of which contributions are paid; • service credit brought into the Scheme as a transfer of pension rights; • service which counted as qualifying for the earlier part of a split award or which counts as a result of the cancellation of a deferred or ill-health pension on re-employment; • service which counted as qualifying in the Firefighters' Pension Scheme 1992 if a person transfers from that Scheme to the New Firefighters' Pension Scheme
regular employment	Employment for 30 hours a week on average, over a 12-month period.
role	A firefighter's role as specified in role maps.
split pension	See the explanation on page 12.
spouse	The person to whom a firefighter is legally married.
State Second Pension	Sometimes referred to as "S2P", this is an additional, earnings-related element paid on top of the basic State retirement pension. (It replaced

Expression	Explanation
	SERPS – the State Earnings Related Pension Scheme in April 2002.) Because the New Firefighters' Pension Scheme is contracted out of this part of the State pension, during any period of membership of the NFPS you will not be contributing to S2P.
State pension age	Age 65 for men, 60 to 65 for women depending upon date of birth.
widow(er)	The person to whom the firefighter was legally married at date of death.

SUMMARY OF THE PROVISIONS OF THE NEW FIREFIGHTERS' PENSION SCHEME

Membership	is open to all firefighters regardless of duty system or hours of employment.
Basic contribution rate	Employee's contribution rate (8.5% of pensionable pay).
Additional contributions	can be paid, by election and subject to eligibility, to "purchase" additional benefits.
Previous pension rights	as a member of the New Firefighters' Pension Scheme, or with another pension arrangement (including the Firefighters' Pension Scheme 1992), may be transferred to add to current service as a Scheme member.
Normal pension age	Age 60.
Basic principles of assessment of pension	<p>give a proportion of final pensionable pay according to pensionable service accrued at the date of calculation:</p> $1/60 \times \text{pensionable service} \times \text{final pensionable pay}$ <p>In the case of a part-time employee, the service would reflect the part-time hours worked (e.g. half-time for two years would give one year of pensionable service) but the final pensionable pay would be based on the whole-time equivalent rate.</p>
Commutation	allows a firefighter to give up part of his/her annual pension to provide a one-off payment of lump sum.
Ill-health award	can be payable from any age if the NFPS member is permanently disabled for performance of the duties of his/her role. It can be lower tier or higher tier. Lower tier would be paid where the member is capable of regular employment (other than as a firefighter); higher tier would be paid where the member is not so capable. A lower tier pension uses the basic principles of assessment; the higher tier uses the basic principles with an enhancement of service.
Early leaver benefits	<p>apply in the event of leaving the fire and rescue service before normal pension age. The benefits, dependent upon length of service, the nature of the termination of employment, the age of the member and/or the choice of the member are:</p> <ul style="list-style-type: none"> • a refund • a transfer of pension rights to another fire and rescue authority • a transfer of pension rights to another pension arrangement • a deferred pension • an authority-initiated early retirement pension • a member-initiated early retirement pension.
Split pension	is a means of protecting the pension rights of a member whose pay is reduced in a final salary pension scheme. At the point of reduction the first pension would be "closed" and a new pension started. When the member retires, both pensions would be paid or, if more advantageous, the service on which the two pensions are based could be added together and a single pension paid.

Death benefits	are provided in the form of a death grant of three times pensionable pay for a member who dies in service and a five year guarantee where a pension is in payment, plus dependants' benefit cover for a surviving spouse, or civil partner, or nominated partner and for children.
Effect of divorce or dissolution of civil partnership	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 former spouse or civil partner at the time those benefits would normally be paid to, or in respect of, the NFPS member. If, instead, the court issues a pension sharing order, part of the firefighter's accrued value of pension rights will be deducted from the effective date of the order to provide benefits for the former spouse or civil partner who becomes a "pension credit member" in the NFPS.
Pension credit member's benefits	are provided for the former spouse or civil partner of a NFPS member in the event of a court issuing a pension sharing order on divorce. The benefits are payable from age 65 and comprise a pension and, provided the firefighter had not already commuted part of his/her pension, the option of a lump sum.
Pensions Increase	i.e. "cost-of-living" increase, is applied to members' and dependants' pensions, usually on an annual basis.
Rights of appeal	can be used if dissatisfied with the decisions of the fire and rescue authority, or the medical opinion on which certain decisions are based.

WHO CAN I CONTACT FOR MORE INFORMATION?

If you –

- need more information about any of the provisions of the New Firefighters' Pension Scheme,
- require forms on which to nominate a partner for death benefits, or to indicate to whom you would wish any death grant to be paid
- would like a statement of retirement benefits or transfer value, or
- wish to see the Statutory Instruments which contain the rules of the Scheme,

you should contact :

Pensions Manager, Aberdeen City Council Pension Fund, AECC, Balgownie One,
Conference Way, Bridge of Don, Aberdeen AB23 8AQ

Please remember that although your fire and rescue authority can give you details of benefit entitlement or options under the New Firefighters' Pension Scheme, they are not permitted to advise you to take any particular course of action when a choice arises. If you are uncertain what steps to take, it is suggested that you seek the assistance of an independent financial adviser. (Some advisers may charge for this service.)