



Annual benefit statement

The annual benefit statement recently sent to you shows your current and projected pension benefits in Grampian Fire & Rescue as at 31 March 2009.

The total pension includes Additional Pension Benefit in respect of LSI and CPD if applicable.

In addition, we like to keep you informed with any news and explain areas of your Pension Scheme which we feel will be of interest to you. We hope our e-newsletter achieves this.

Please note that the pensionable pay figure that we have used in your annual benefit statement is based on the amount of pension contributions that you have paid in the year up to the 31 March 2009. The benefits quoted are based on the pensionable pay to 31 March 2009 and do not illustrate any previous higher pay that may apply.

Your actual retirement benefits are calculated on your pensionable pay rates in the 365 days leading up to your date of leaving. However, if any of the previous two years' pay are higher, these will be used in the final calculation.

Which pension scheme?

If you joined Grampian Fire & Rescue on or after 6 April 2006 (and did not have continuous service with a previous Fire Service before this date) then you will be a member of the New Firefighters' Pension Scheme (**NFPS**).

If you joined Grampian Fire & Rescue before 6 April 2006 (and elected not to transfer to the **NFPS**) then you will be a member of the Firefighters' Pension Scheme (**FPS**).

Your annual benefit statement will clearly state the Scheme of which you are a member.

Security of pension

The rules for both the **FPS** and **NFPS** are written under statute, which means that your pension benefits are safe, secure and fully guaranteed.

How are my pension benefits calculated?

In general, your ordinary pension benefits are calculated as 1/60th of your length of membership in your pension scheme (membership doubled after 20 years for those in the **FPS**), multiplied by your final pensionable pay to date of leaving.

Payment of benefits

You are eligible for payment of your pension benefits under the following circumstances:

Type of Retirement	FPS	NFPS
Normal Pension Age	Age 55	Age 60
Early Retirement (member initiated)	Age 50 and have at least 25 years' membership	Age 55 and have at least 2 years' membership, you can choose to take a "member-initiated early retirement pension". Your pension would be reduced to reflect early payment.
Ill Health	Any age with at least 2 years' membership	Any age with at least 2 years' membership
Interest of Efficiency	Your Fire and Rescue Authority may require you	This may be awarded in circumstances where

(employer initiated)	<p>to retire if they consider that your retention in the fire and rescue service would not be in the general interest of efficiency.</p> <p>You must, however, be eligible at that time for immediate payment of an age retirement pension, having attained age 50 and having at least 25 years' membership.</p> <p>There would be no reduction to your pension.</p>	<p>your Fire and Rescue Authority determine that you should be retired in the interests of the management of the service.</p> <p>If you have reached age 55 but not age 60, you could at your Fire and Rescue Authority's discretion, be granted an "approved early retirement pension".</p> <p>There would be no reduction to your pension.</p>
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Commutation (giving up pension for lump sum)

If, on retirement, you prefer to have a lump sum as well as a pension you can provide one by commutation. To do this, you need to give written notice to the Pension Section no earlier than four months before your intended retirement and no later than the day before your pension is due to come into payment. You should state how much of your pension (up to a maximum of one quarter of your pension or 2.25 times pension if certain conditions apply) you wish to be converted into a lump sum.

For members of the **FPS**, the amount provided as a lump sum is decided by factors provided by the Government Actuary. The factors used are determined by your age in years and completed months on the day your pension commences. The factors applied are the same for both men and women, for example at age 55, for every £1 of pension commuted will provide £18 of lump sum.

For members of the **NFPS**, the amount provided as a lump sum is fixed, regardless of age or gender, and every £1 of pension commuted will provide £12 of lump sum.

Lifetime allowance

The new “simplified” HM Revenue and Customs rules for taxation of pension came into force on 6 April 2006 (“A” Day). One of the changes was the setting of a lifetime allowance, whereby if a member exceeded this limit then a tax liability, in addition to normal income tax would be applied. The lifetime allowance for 2009/10 is set at £1.75 million.

Your lifetime allowance is calculated as 20 times your annual pension plus your lump sum, plus the value of your AVC fund if this applies. When your pension benefits come into payment you will be asked for details of any other pension benefits that you have accrued in order for the Pension Section to calculate if you have exceeded your lifetime allowance. This new limit is unlikely to affect all but the highest earners in the immediate future.

Death Benefits

In the event of your death, pension benefits may become payable to a surviving spouse, civil partner, nominated unmarried partner and if applicable any eligible dependent children:

Death Benefit	FPS	NFPS
Death Grant	2 times your annual pensionable pay Payable to legal spouse, Civil Partner or Legal Representatives	3 times your annual pensionable pay Option to nominate any beneficiary
Spouse and Civil Partner Pension	Minimum of 2 years' membership 50% of notional ill health pension	Minimum of 2 years' membership 50% of notional higher tier ill health pension
Unmarried Partners	Not available	Minimum of 2 years' membership 50% of notional higher tier ill health pension

		Option to nominate unmarried partner
Children Pension	<p>Minimum of 2 years' membership</p> <p>Normally payable until age 23</p> <p>Amount of pension based on number of children and whether or not there is a surviving parent</p>	<p>Minimum of 2 years' membership</p> <p>Normally payable until age 23</p> <p>Amount of pension based on number of children and whether or not there is a surviving parent</p>

Change of Name/Marital Status/Gender

If you change your name, marital status or gender, please advise the Pension Section in writing, enclosing a copy of the relevant certificate.

New legislation – purchasing additional service (NFPS only)

Similar to the **FPS**, members of the **NFPS** who cannot attain 40 years membership by their normal pension age have the opportunity to purchase additional service.

Factors were introduced in August 2008 which allow you to purchase additional service by either a lump sum payment (if applied within 12 months of last becoming a regular firefighter) or by periodic contributions (payable from your next birthday until your 60th birthday).

If you are interested in purchasing additional service, please contact the Pension Section.

New legislation – revised commutation factors (FPS only)

Since 1998, age and gender related factors were used in calculating the lump sums payable to those who decided to commute part of their pension.

New factors were introduced in September 2008 which were originally backdated to 1 October 2007, with the main differences being:

- Factors now the same for both males and females
- Factors increased, therefore increasing the amount of lump sum
- Factors now age related in complete years and months, which removes the previous situation when the lump sum could be substantially smaller if retirement was delayed when retiring on or around a birthday.

For example, a male firefighter decides to retire on his 50th birthday. Under the old factors for each £100 of pension given up, he will receive £1,500 as a lump sum (£1,725 for a female).

The revised factors for both males and females at age 50 will provide £1,900 of lump sum for each £100 of pension given up.

New legislation – revised commutation factors backdating (FPS only)

Revised commutation factors were originally introduced from 1 October 2007.

Following a campaign instigated by the FBU, the Scottish Public Pensions Agency (Scheme regulators for Scotland) received grievances from retired firefighters against the decision to apply the revised commutation factors retrospectively to pensions which commenced on or after 1st October 2007.

The SPPA decided at that time to consider their response once the outcome of the Police Federation of England & Wales action in respect of the Police Pension Scheme following Judicial Review was announced.

Subsequently, The High Court judgement has found that the factors should be introduced from 1 December 2006.

The Home Office (Police Pension Scheme regulators for England & Wales) confirmed on 1 April that the Home Secretary would not be lodging an appeal and as a result the revised factors will be introduced in England and Wales from 1 December 2006.

Responsibility for the fire Pension Scheme in Scotland is devolved to Scottish Ministers who considered the Judicial Review findings and decided that for Scottish firefighters' this should be backdated to 22 August 2006.

This judgement primarily affected those firefighters who had left the service since August 2006 and they have been contacted by the Pension Section and paid the relevant increase to their pension benefits.

New legislation – employment and support allowance (FPS and NFPS)

From 27 October 2008, Employment and Support Allowance (ESA) replaced Incapacity Benefit and Income Support paid on incapacity grounds.

There are two elements to ESA - one is a contribution based allowance, ESA(C), where the individual has paid sufficient National Insurance contributions. Otherwise, the individual will receive an income related payment, ESA(IR).

At present, entitlement to Incapacity Benefit (a contributory benefit, i.e. where the individual has paid sufficient National Insurance contributions) is taken into account when assessing entitlement to an Injury Pension in respect of the Firefighters' Compensation Scheme. This will continue where entitlement to Incapacity Benefit exists.

You should be aware that certain State benefits which relate to a work related injury are deductible benefits from an injury pension under the Firefighters' Compensation Scheme; therefore you should be aware that any entitlement to ESA(C) will also be deducted from your injury pension.

Further information

If you have any queries regarding your statement, or feedback regarding the information provided, please do not hesitate to contact the Pension Section, quoting your national insurance number.

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Alternatively, you can telephone from 9.00am to 5.00pm (Monday to Friday) -

01224 814949.