

FIREFIGHTERS' PENSION COMMITTEE (FPC)

FIREFIGHTERS' PENSION SCHEME

**TAX SIMPLIFICATION AND INJURY BENEFITS: CHANGES
REQUIRED AT A DAY**

Note by ODPM

We are required to make some changes to the FPS to ensure that the scheme satisfies the requirements of the new pensions' tax regime which comes into operation in April 2006.

Two sets of changes are required. The first, to ensure that the FPS meets the requirement of the new regime. We have identified the changes which we believe are required to enable the scheme to meet the obligations imposed by the changes in the law. These are detailed in Annex A.

In addition, the fact that injury benefits are provided for in the FPS will affect the value of a member's pension for determining the lifetime allowance (LTA). We need therefore to separate out the injury benefit provisions from the FPS to ensure that members are not penalised. The FPS Rules which will be affected are set out at Annex B.

The establishment of a separate compensation scheme at this stage, will provide an opportunity for the Grey Book death benefit provisions to be given statutory authority. It should be noted that the separate compensation scheme will be an interim arrangement as the Government intends to publish proposals for new compensation arrangements in due course.

The Committee is invited to comment on the proposals set out in Annexes A and B before we instruct ODPM Legal Services to draft the necessary amendments to the FPS and a new compensation scheme.

ODPM

November 2005

Annex A

AMENDMENTS TO THE FIREFIGHTERS' PENSION SCHEME ORDER 1992 (FPS)

1. Registration – Finance Act 2004 Chapter 2 – paragraphs 153 – 155

- (1) To be registered, pension schemes need to have regard to the requirements of the 2004 Act and the Finance Act 2005, Schedule 10.
- (2) Schedule 36 Paragraph 1 (1) of the 2004 Act states that schemes already approved under earlier tax legislation before 6 April 2006 will automatically be treated as a registered scheme on that date. This includes “(c) a relevant statutory scheme, as defined in section 611A of the Income and Corporation Taxes Act (ICTA).”
- (3) Schemes can opt out from the new registration, if they wish, but this would leave them vulnerable to tax charges.
- (4) Where schemes are automatically registered under the 2004 Act, some current payments may be considered as unauthorised payments. Under paragraph 3 of Schedule 36 the Board of the Revenue and Customs may make regulations that allow these payments to be continued (they become discretionary) until the scheme can be amended.
- (5) Authorised payments are set out at 164 of the 2004 Act and are:
 - a) Pensions permitted by the pension rules or the pension death benefits rules (see sections 165 and 167),
 - b) Lump sums permitted by the lump sum rule or the lump sum death benefit rule (see sections 166 – 168),
 - c) Recognised transfers (see section 169),
 - d) Scheme administration member payments (see section 171),
 - e) Payments pursuant to a pension sharing order or provision, and
 - f) Payments of a description prescribed by regulations made by the Board of Inland Revenue (*presumably, now the Board of Revenue and Customs*).
 - g) Under Paragraph 4 of Schedule 36 the Scheme Administrator will be the person who established the scheme under the ICTA section 611AA. For a statutory scheme, it seems this would be the Secretary of State (S of S) but the S of S can delegate this. Before the 6 April 2006 the S of S would want to define the Scheme Administrator for the Firefighters' Pension Scheme Order 1929 as the Fire and Rescue Authority.

Objective:

- *To maintain registered status and to amend scheme in line with the 2004 and 2005 Finance Acts.*

Action:

- (1) *To define Scheme Administrator for the purposes of Paragraph 4 of Schedule 36 of the 2004 Act. [Guidance awaited from HM Treasury and HMRC.]*
- (2) *To define “Authorised Practitioner” i.e. a person authorised to submit returns which have been approved by the Scheme Administrator. Possibly in **Part L**.*
- (3) *As “unauthorised” payments will include those awarded under Rule B4 (injury award), the following provisions will be removed from the scheme into a separate death and injury compensation scheme with effect from 5 April 2006 or amended to reflect such a move:*
A9 Qualifying injury, A10(3) Degree of disablement, A11 Death or infirmity resulting from injury, B3(2)(a) ill-health pension payable only because of injury, B4 Injury award, B5(2)(b) reference to B4, B6(1)(b) repayment of contributions, B7(11) Commutation, B9

Allocation, B10 Limitation on commutation and allocation, C1 Spouse's ordinary pension, C2 Spouse's special award, C3 Spouse's augmented award, C6 Limitation on award by reference to date of marriage, C7 Spouse's award where no other award payable, C8 Limitation where spouses living apart, D2 Child's special allowance, D3 Child's special gratuity, D5 Child's allowance or special gratuity – limitations, E2 Adult dependant relative's special pension, E4 Payment of balance of contributions to estate, E5 Gratuity in lieu of surviving spouse's pension, E7(5) Limitation on discretion to commute pension or allowance for gratuity, E8 Increase of pensions and allowances during first 13 weeks, F5 period during which injury pension was payable, H1 Determination by fire authority, I2(3) and (4) Awards to servicemen, I4 Servicemen who resume service as regular firefighters, J3 Whole-time member of brigade who is not a regular firefighter, J4 Part-time member of brigade, J5 Members of brigade other than regular firefighters – supplementary K2 Reassessment of injury pension, K1 Cancellation of ill-health and injury pensions, K2 Reassessment of injury pension, K3 Reduction of award in case of default, K5 Withdrawal of pension on conviction of certain offences, L1(2) Authorities responsible for payment of awards, L4 Prevention of duplication, L4A Prevention of duplication – regular and retained firefighters, L4B Prevention of duplication – spouses and children or regular and retained firefighters, Schedule 1 Pt 1 – Glossary of Expressions, Schedule 2 Pt V Injury Awards, Schedule 3 Pt II Spouse's special pension, Schedule 3 Pt IV Pension for surviving spouse of post-retirement marriage, Schedule 4 Pt II Child's special allowance, Schedule 4 Part IV Schedule 5 Pt I Adult dependent relative's special pension, Schedule 10

2. Life Time Allowance

The Finance Act 2004 introduces a lifetime allowance for tax-privileged pension savings of £1.5 million index linked in line with the Retail Prices Index. A single valuation factor for valuing the pension against the lifetime allowance will be 20:1. See s 218 and 219 of the Finance Act 2004. Pension in excess of the lifetime allowance would be subject to a recovery charge.

Action:

*Consider whether an additional provision may be required in **Part B** setting out the lifetime allowance.*

*Consider whether an amendment to **B11** may be needed to deal with any recovery charge that needs to be made in the event of any excess in the amount of the lifetime allowance.*

3. Pension Contributions

Scheme members will no longer be restricted to 15% of pensionable earnings for tax relief on pension contributions. Section 190 of the Finance Act 2004 provides that the maximum relievable pension contributions (defined by s 188) that a member may pay in any tax year is the greater of 100% of their relevant UK earnings (defined by s 180(2) or £3,600). A member may pay contributions in excess of this but will not be entitled to tax relief on the excess.

Action:

Delete Rule G7(3).

4. Earnings Cap

The Finance Act 2004 repeals section 594(2) and (3) of the Income and Corporation Taxes Act 1988 (ICTA) with effect from 6 April 2006, subject to Schedule 36 of the 2004 Act. The ICTA Act 1988 sets out the permitted maximum for pension contributions (Earnings Cap and meant the calculation of pensions was based on the pensionable pay used to determine pension contributions. The Cap affected scheme members joining from 1989 onwards.

Action:

To remove the Cap could create unacceptable liabilities for the scheme. Accordingly we would propose that the FPS should replicate the existing HMRC Cap, indexed annually by reference to the RPI. To apply to all post 1989 joiners.

*Amend **Rule G1** to replicate the existing arrangements based on a Cap of £105,400 to be increased annually by RPI.*

5. Maximum pension entitlement

The current tax provisions whereby a pension must be no more than 2/3rds of “final remuneration” will be removed with the introduction of the lifetime allowance. The current maximum pension in the FPS 1992 of 30 years or 40/60ths takes account of this restriction. At present, those working longer than 30 years do not accrue pensionable service, but continue to pay pension contributions. These continuing payments protect the right to a pension based on current pensionable pay at retirement. A pension scheme can continue to include a maximum pension, if it wishes. In respect of the new pension scheme, consideration is being given to limiting service to 40 years, but for those who worked beyond this would be able to count that additional service towards their pensions.

Action:

No action at this stage. We are considering allowing a member to accrue more than 30 years’ pensionable service as part of the new arrangements for the FPS.

6. Pension Protection

There will be no limits on the maximum benefits that an occupational pension scheme may pay although there is a tax charge where the value of the benefits exceeds the Lifetime Allowance on the occasion of a Benefit Crystallisation Event. Two types of protection are available:

- (i) Primary Protection if before 6 April 2006 (A day) the aggregate value of a member’s benefits (vested and unvested) in all pension schemes (Paragraph 1(1) of Schedule 36 of the 2004 Act) exceeds the Lifetime Allowance of the member. The member may notify the Revenue and Customs and the effect is to ring-fence the level of pre-A-Day benefits, the value of which becomes the individual’s personal lifetime allowance. The individual allowance will increase in line with increases to the standard lifetime allowance. Any further benefits accrued in a registered scheme after A Day would be subject to the lifetime allowance tax charge (ss 214-226).
- (ii) Enhanced Protection is available to any individual who has accrued benefits before A Day in a pension scheme within paragraph 1(1) which becomes a registered pension scheme. The member must notify the Revenue and Customs of his/her intention to rely on it. The effect is to allow the value of the A Day limits to be linked to movements in earnings (defined benefits schemes), the greater of 5% or the Retail Prices Index (cash balance schemes) and investment growth (money purchase schemes). The protection is lost, inter alia, if the member has “relevant benefit accrual” in a registered pension scheme or if there is a transfer which is not a permitted transfer after A Day.

Action

This appears to be a matter for action by the scheme member and no amendment to the FPS is necessary.

7. Retirement age

Section 164(a) of the 2004 Act provides that a pension permitted by the pension rules (s.165) is an authorised member payment. Under section 165, pension rule 1, no payment of pension may be made before the day on which the member reaches normal minimum pension age (NMPA), unless the ill-health condition is met. S.279 defines NMPA as –

(a) age 50, before 6 April 2010, and

b) age 55 on or after 6 April 2010.

A scheme may of course set a pension age greater than NMPA.

The FPS 1992 is a prescribed scheme under the Pension Schemes (Prescribed Schemes and Occupations) Regulations 2005, which provides that members of pension schemes which are prescribed by regulations can preserve their full entitlement to benefits under those schemes in the event that they take such benefits before they reach NMPA.

Action:

Ministers have agreed as part of their review of the FPS that the minimum pension age should be raised to age 55 from April 2006, although firefighters entitled to retire at age 50 with 25+ years service before 2013 will be exempt. The necessary amendment to the scheme will be brought forward in due course.

8. Refunds of pension contributions

Where a member opts for a refund of employee contributions this will be a short service refund lump sum chargeable to tax under s 205 of the Finance Act 2004. The scheme administrator is liable for deducting the tax – s 205(2) – which is charged at 20% on the first £10,800 and 40% thereafter. Any tax so deducted should be accounted for by the scheme administrator to Revenue and Customs quarterly. A short service refund is defined in paragraph 5 of Schedule 29. Section 598 Income and Corporation Tax Act 1988(a) (ICTA) will be repealed with effect from 6 April 2006.

Amend:

1. Rule B6, F4 and F8 to ensure that the scheme administrator can deduct tax where appropriate.

2. Rule B11 where reference is made to section 598 of ICTA is mentioned and reference to the Finance Act 2004 is substituted.

9. Dependants' benefits

Schedule 28, Part 2, paragraph 15 (1) to (3) define dependants.

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(1) A person who was married to the member at the date of the member's death is a dependant of the member.

(2) A child of the member is a dependant of the member if the child-

(a) has not reached the age of 23, or

(b) has reached that age and, in the opinion of the scheme administrator, was at the date of the member's death dependent on the member because of physical or mental impairment.

(3) A person who was not married to the member at the date of the member's death and is not a child of the member is a dependant of the member if, in the opinion of the scheme administrator, at the date of the member's death-

- (a) the person was financially dependent on the member,
- (b) the person's financial relationship with the member was one of mutual dependence, or
- (c) the person was dependant on the member because of physical or mental impairment.

Any other payments would be unauthorised payments under the Finance Act 2004. This would be acceptable to begin with but modifications will be required.

Amend:

(1) Rule D5 should be amended to provide for the limit imposed by Schedule 28, Part 2, paragraph 15(2)(b) (2) Rule D5(1)(c) would not appear to require amendment. It makes reference to no allowance being paid: "by reason of his being substantially dependent on the deceased, in respect of a child who was not so dependent before the date; or ..."

(3) D5(4)(a) which makes reference to "...and substantially dependent on the deceased at the time of death" to bring into line with the new definition of dependant child.

(4) Rule E(2) and (3) may need amendment. (3) gives discretion to Fire and Rescue Authorities to pay "... a gratuity to a dependent relative". This can include a "surviving spouse or a parent, grandparent or child of the deceased, and a dependent relative is any relative who –

(a) was substantially dependent on the deceased immediately before the death, and

(b) is not entitled to any award under this Scheme."

10. Commutation of small pensions

Paragraph 7 of Schedule 29 of the 2004 Act sets out the trivial commutation lump sum would be an authorised payment, but would need to be in line with s.164(b), s.166(1)(e) and s. 168.

Trivial commutation lump sum is paid:

- where the value of an individual's pension rights under all registered pension schemes is less than 1% of the standard life time allowance,
- that commutation takes place within a single period of 12 months, selected by the member,
- that commutation starts no earlier than age 60 and no later than his/her 75th birthday, and
- the commutation extinguishes all rights in the scheme.

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Authorised member payments

The only payments a registered pension scheme is authorised to make to or in respect of a member of the pension scheme are-

(a)

(b) lump sums permitted by the lump sum rule or the lump sum death benefit rule (see sections 166 and 168),

Lump sum rule

(1) This is the rule relating to the payment of lump sums by a registered pension scheme to a member of the pension scheme ("the lump sum rule").

Lump sum rule

No lump sum may be paid other than-
(e) a trivial commutation lump sum,

Lump sum death benefit rule

(1) This is the rule relating to the payment of lump sum death benefits by a registered pension scheme in respect of a member of the pension scheme ("the lump sum death benefit rule").

Lump sum death benefit rule

No lump sum death benefit may be paid other than-
(h) a trivial commutation lump sum death benefit,

Amend:

- 1) Amend **Rules B8** (commutation of small pensions for members) and **E5(1)** (gratuity in lieu of surviving spouse's pension) where commutation of pensions £260 or less are permitted under paragraph 15(4) of Schedule 16 or the Social Security Act 1973 to reflect and refer to Finance Act 2004.
- 2) Amend **E5(2)** (gratuity in lieu of surviving spouse's pension), **E6** (gratuity in lieu of child's allowance - payable in the Fire and Rescue Authority's discretion) and **E7** to satisfy the requirements of the Finance Act 2004.

11. Gratuities

See section 10 above. It is not clear whether section 168 permits the payment of gratuities. We are awaiting guidance from HMRC.

Rules affected: B2, B3, B10, C1, E3, E4 and E5.

To consider need for amendment when guidance received.

12. Allocation

The Finance Act 2004 made no reference to allocated pensions and so payment of an allocated pension would have been considered an unauthorised payment subject to tax. However, the Finance Act 2005 has reversed this, but there will be changes to the current arrangements and we are now waiting for Revenue and Customs to advise schemes.

Amend:

Rule B9 in accordance with HM Revenue and Customs advice.

13. Repealed Legislation

The Income and Corporation Taxes Act 1988 –

In section 21A(2), the entry relating to section 76 of the Finance Act 1989.

In section 336(1A)(b), sub-paragraph (iii) and the word "or" before it.

Section 349B(3)(l) and (m).

Section 438(8).

In section 466(2), the definition of "pension business".

Section 512(2).

Sections 590 to 594.

Sections 598 to 599A.

Sections 601 to 612.

In section 613(4), the word "respective" and paragraphs (b) to (d).

Sections 618 to 626.

Section 628.

Sections 630 to 640A.

Section 641A.

Sections 643 to 646D.

Sections 648B to 651A.

Sections 653 to 655.

Section 658A.

In section 659A(1), the words "592(2), 608(2)(a)", the words ", 620(6) and 643(2)" and the words following paragraph (b).

Sections 659B to 659D.

In section 659E(2), the entries relating to sections 592(2), 608(2)(a), 620(6) and 643(2) of the Income and Corporation Taxes Act 1988.

Schedules 22, 23 and 23ZA.

In Schedule 29, in the Table in paragraph 32, the entries relating to sections 12(2), 151 and 152 of the Inheritance Tax Act 1984.

Finance Act 1989 –

Sections 75 to 77.

Section 170(4)(a) and (b).

Schedule 6.

Schedule 7.

In Schedule 12, paragraphs 15 and 16.

Finance Act 1999

Section 52

In Schedule 5, paragraphs 4 & 5 and, in paragraph 6(2) the words "and 654".

In Schedule 10, paragraphs 1 to 10 and 12 to 18.

Welfare and Pensions Reform Act 1999 –

In Schedule 12, paragraph 13.

Action:

*Amend/repeal -**Rules B11, G1, G9(2) and Schedule 1** (Approved Schemes) in respect of the Income and Corporation Taxes Act 1988/ Finance Act 1999.*

*Amend **Rule G1** in respect of the Finance Act 1989, section 75.*

Rules that may need to be amended to comply with new tax regime. Second list.

FPS 1992 before Civil Partnership amendments

(Colour code: **yellow** relate to compensation arrangements; **turquoise** to tax; and **red** to be agreed with HMRC)

Rule No.	Content	
Part A General provisions and retirement		
A1	Citation and commencement	
A2	Interpretation	
A3	Exclusive application to regular firefighters	
A4	Application to temporary employment connected with fire services	
A5	Application to permanent employment as instructor	
A6	No application to auxiliary firefighter	
A7	Reckoning of service for purposes of awards	
A8	Aggregate pension contributions	
A9	Qualifying injury (<i>definition</i>)	Remove unless the definition of "qualifying injury" is needed in the Pension Scheme for any inter-relationship between Pension Scheme and Compensation Scheme.
A10	Disablement	Remove A10(3) – degree of disablement to Compensation Scheme. The definition of disablement is in line with definition of permanent disablement in FA04 Schedule 28 Para 1(a).
A11	Death or infirmity resulting from injury	Remove to Compensation Scheme.
A12	Relevant service in the armed forces	
A13	Normal pension age	Define "normal minimum pension age" – see FA04 s165 (1) "Pension rule 1" - or in B1

Rule No.	Content	
A14	Compulsory retirement on grounds of efficiency of brigade	
A15	Compulsory retirement on grounds of disablement	
A16	Effective date of retirement	
Part B Personal awards		
B1	Ordinary pension	See A13
B2	Short service award	We are still awaiting guidance from HMRC on whether a gratuity is permissible. If not will need to provide for a refund of contributions in all cases, i.e. "a short service refund lump sum" – see RPSM09104700?
B3	Ill-health award	<p>New two-tier ill-health arrangements to be introduced from April 2006 in line with arrangements for NFPS, except that existing enhancements will be retained for higher-tier awards.</p> <p>B3(2)(a) to be moved to the Compensation Scheme and the Compensation Scheme would cross-refer to the Pension Scheme for the method of payment..</p> <p>We are still awaiting guidance from HMRC on whether a gratuity is permissible. If not will need to provide for a refund in all cases, i.e. "a short service refund lump sum" – see RPSM09104700?</p>
B4	Injury award	Move to Compensation Scheme.
B5	Deferred pension	In B5(2)(b) remove reference to Rule B4
B6	Repayment of aggregate pension contributions	In B6(1)(b) rule B4 has to be removed from the reference to "rules B1 to B5".
B7	Commutation	<p>An amendment must be made to B7(11) to cross-refer to the Compensation Scheme, if rules I2(3) and (4) are removed from the Pension Scheme.</p> <p>Any lump sum under current limits should be within new HMRC limits.</p> <p>To commute a person should not be 75 or over. (FAO4 Schedule 29 paragraph 13). Unlikely but perhaps needs a reference here.</p> <p>B7(7) (8) and (9) - notice may have to be given before last day of service to be an "authorised payment". "Entitlement arises in the case of a pension commencement lump sum immediately before the person becomes entitled to the pension in connection with which it is paid." Also it must be paid within three months of the member becoming entitled to it. The 3 month period starts running on the day "actual as opposed to prospective entitlement to the pension arises". See RPSM09104130.</p>

Rule No.	Content	
B8	Commutation – small pensions	The person must be between age 60 and 75. RPSM09104910 Amend in line with new limits/requirements (FA04, Schedule 29 paragraph 7).
B9	Allocation	An amendment must be made to B9(16) to cross-refer to the Compensation Scheme, if Rules I2(3) and (4) are removed from the Pension Scheme. We are still awaiting guidance from HMRC on whether the wording of FA04 s172A rules out nominating a person who is, or would, be entitled to some other benefit under the FPS? Amend in line with new limits/requirements
B10	Limitation of commuted or allocated portion of pension	An amendment must be made to B10(2) to cross-refer to the Compensation Scheme, if rules I2(3) and I4 are removed from the Pension Scheme. Amend, if necessary, in line with amendments to B8 and B9
B11	Deduction of tax from certain awards	Deduction of tax from certain awards – update by reference to Finance Act 2004 – short service refund lump sum charge FA04 s205
B12	Pension debit members	
B13	Part-time members	
Part C Awards on death - spouses		
C1	Spouse's ordinary pension	C1(c) and (d) remain in C1 to give entitlement to an ordinary award rather than a special award but amendment required to cross-refer to Compensation Scheme. Remove gratuity option? (Paras (3) to (6)) Compensation scheme will need to deal with top up in the difference between C2 and C3 awards, in circumstances where a firefighter dies as a result of an injury so that an ordinary award is paid.
C2	Spouse's special award	Remove to Compensation Scheme. See C1 – benefits would be paid under C1 and topped up by the Compensation Scheme.
C3	Spouse's augmented award	Remove to Compensation Scheme. See C1 – benefits would be paid under C1 and topped up by the Compensation Scheme.
C4	Spouse's accrued pension	
C5	Limitation on award to spouse by reference to date of marriage	References to rules C2 and C3 should be deleted.
C6	Widow's requisite benefit and temporary pension	The reference to rule C2 should be removed
C7	Spouse's award where no other award payable	The reference to rule C2 should be removed

Rule No.	Content	
C8	Limitation where spouses living apart	All references to rules C2 and C3 should be removed
C9	Effect of remarriage	
C10	Pension debit members	
Part D Awards on death - children		
D1	Child's ordinary allowance	D1(c) and (d) remain in D1 to give entitlement to an ordinary allowance rather than a special allowance
D2	Child's special allowance	Remove to Compensation Scheme
D3	Child's special gratuity	Remove to Compensation Scheme
D4	Child's accrued allowance	
D5	Child's allowance or special gratuity – limitations	References to special gratuity should be removed from heading. Rule D5(7) which applies to special gratuities should be removed. Amend to limit payment to age 23 FA04 Schedule 28 paragraph 15 except for disabled children and protected cases As allowed by Schedule 28, Part I, paragraph 2(6) pensions should payable to the end of the term.
D6	Pension debit members	
Part E Awards on death – additional provisions		
E1	Lump sum death grant	Cannot be paid after age 75 and this should be provided for in scheme. It must be paid within 2 years of the member's death. Perhaps add this to rule L5(3).
E2	Adult dependent relative's special pension	Remove to Compensation Scheme
E3	Dependent relative's gratuity	Is a gratuity permissible?
E4	Payment of balance of contributions to estate	Reference to B4 to be removed. Can this payment be made?
E5	Gratuity in lieu of surviving spouse's pension	Delete the reference to C2 in E5(2)(a). Is a gratuity in E5(3) permissible? Amend in line with new limits and requirement
E6	Gratuity in lieu of child's allowance	Amend in line with new limits and requirement
E7	Limitation on discretion to commute pension or allowance for gratuity	Delete rule E7(5) as I 2(3) and I 4 will move to compensation scheme. Amend in line with new limits and requirement

Rule No.	Content	
E8	Increase of pensions and allowances during first 13 weeks	References to spouse's special pension in E8(1) should be cross-referenced to the Compensation Scheme as should E8(4) – reference to injury award, and E8(5) – reference to child's special and accrued allowance. All cross-referencing should ensure that only one amount of 13 week payment is made. Is this permissible under new tax rules? Does it have to be achieved via two pensions?
E9	Flat rate awards	
Part F Pensionable service transfer values		
F1	Reckoning of and certification as to pensionable service	
F2	Current service	
F2A	Maternity, paternity and adoption leave	
F3	Previous service reckonable without payment	Is it permissible to count this service again? Or would the ill-health pension have to be recommenced with an appropriate reduction to subsequent benefits.
F4	Previous service reckonable on payment	
F5	Period during which injury pension was payable	Would this be permitted under new tax arrangements? If it is, an interpretation of injury pension as a pension payable under the Compensation Scheme will be needed.
F6	War service	
F6A	Previous service following actionable loss	
F6B	Calculation of amount of restitution payment	
F7	Receipt of transfer value	
F8	Transfer payments between fire authorities	
F9	Payment of transfer values	Will a TV be permissible even where a benefit has come into payment? If this is the case the rules will need to be changed?
Part G Pensionable pay and contributions		
G1	Pensionable pay and average pensionable pay	Remove earnings cap references and replace with an equivalent scheme earnings cap. Add limit in earnings permitted in final year? Or last 3 years?
G2	Pension contributions	Require contributions for unpaid leave to be paid immediately on return so that tax relief can be allowed.
G2A	Optional contributions during maternity and adoption leave	Amend so contributions are not collected until return.

Rule No.	Content	
G3	Election not to pay pension contributions	
G4	Continued payment of additional and further contributions	
G5	Purchase of increased benefits	The 15% limit for tax relief will no longer apply and Rule G7 (3) can be deleted. This could affect annual allowance.
G6	Election to purchase increased benefits	This could also be a problem if a person finishes payment of election before the year of retirement (either because payment "contract" is completed or because claims financial hardship and contract is allowed to terminate before payment has been made in full). Rules should be amended to make it clear that credit "purchased" is during a year is awarded at the end of the year.
G7	Payment of periodical contributions for increased benefits	
G8	Effect of payment for increased benefits	
G9	Pension debit members restriction on replacement of debited rights	Delete
Part H Determination of questions and appeals		
H1	Determination by fire authority	Reference to injury should be transferred to Compensation Scheme
H2	Appeal against opinion on a medical issue	
H3	Appeal to Crown Court or Sheriff	
Part I Serviceman		
I1	Preliminary	
I2	Awards to servicemen	This needs to be retained for ill-health award, but I2(3) and (4) should be transferred to the Compensation Scheme
I3	Awards on death of servicemen	
I4	Servicemen who resume service as regular firefighters	Move to the Compensation Scheme. The Compensation Scheme could refer back to the Pension Scheme for the method of assessment of awards
I5	Servicemen who do not resume service in their former brigade	

Rule No.	Content	
I6	Pensionable service	
I7	Pension contributions	
Part IA Pension credit members		
IA1	Pension credit member's entitlement to pension	
IA2	Commutation of the pension credit benefit	
IA3	Death grants where pension credit member dies before pension credit benefits payable	
IA4	Application of general rules (<i>pension credit members</i>)	
Part J Special cases		
J1	Guaranteed minimum pensions	
J2	Revaluation of guaranteed minimum	
J3	Whole time member of brigade who is not a regular firefighter	Remove to the Compensation Scheme
J4	Part time member of brigade	Remove to the Compensation Scheme
J5	Members of brigade other than regular firefighters – supplementary	Remove to the Compensation Scheme
J6	Other special cases (<i>as covered by Pts IV and V of Sched 11</i>)	
Part K Revision and withdrawal of awards		
K1	Cancellation of ill-health and injury pensions	Remove to the Compensation Scheme. Amend if ill-health enhancement is to be paid as a second pension
K2	Reassessment of injury pension	Remove injury references to the Compensation Scheme.

Rule No.	Content	
K3	Reduction of award in case of default	Remove injury references to the Compensation Scheme.
K4	Withdrawal of pension during service as a regular firefighter	
K5	Withdrawal of pension on conviction of certain offences	If so remove injury reference to the Compensation Scheme
Part L Payment of awards and financial provisions		
L1	Authorities responsible for payment of awards	L1(2) should be transferred to the Compensation Scheme.
L2	Expenses and receipts of fire authorities	
L3	Payment of awards	Payment of refund under L3(9) to be paid within time limits to be authorised? L3(2) needs to reflect limit to 10 years after retirement, otherwise a payment after death resulting from the payment in advance requirement must be returned in accordance with FA04 s165(1), Rule 2.
L4	Prevention of duplication	Remove references to injury award
L4A	Prevention of duplication: other injury awards for persons who are both regular and retained firefighters	Cross-reference with Compensation Scheme
L4B	Prevention of duplication: other awards for spouses or children of persons who are both regular and retained firefighters	Cross-reference with Compensation Scheme
L5	Payment of awards – supplementary	Death grant must be paid within 2 years of member's death.
Part M Supplemental provision		
M1	Transitional and other matters	

Schedule 1: Interpretation		
Sched 1 Pt I	Glossary of expressions	Remove injury-related definitions. If required for any purpose, cross-refer to Compensation Scheme
Sched 1 Pt II	Expressions related to National Insurance and Social Security Acts	
Schedule 2: Personal awards		
Sched 2 Pt I	Ordinary pension	
Sched 2 Pt II	Short service pension	
Sched 2 Pt III	Ill-health pension	
Sched 2 Pt IV	Short service or ill-health gratuity	
Sched 2 Pt V	Injury awards	Remove to the Compensation Scheme.
Sched 2 Pt VI	Deferred pension	
Sched 2 Pt VIA	Calculation of awards for part-time service	
Sched 2 Pt VII	Reduction of pension at State pensionable age	
Sched 2 Pt VIII	Reduction of pension related to up-rating of widow's pension	
Schedule 3: Awards on death – spouses		
Sched 3 Pt I	Spouse's ordinary pension	
Sched 3 Pt II	Spouse's special pension	Remove to the Compensation Scheme.
Sched 3 Pt III	Spouse's accrued pension	

Sched 3 Pt IV	Pension for surviving spouse of post-retirement marriage	Remove the reference to injury pension (para 1(1) and (2)(b)).
Sched 3 Pt V	Spouse's requisite benefit pension	
Schedule 4: Awards on death – children		
Sched 4 Pt I	Child's ordinary allowance	
Sched 4 Pt II	Child's special allowance	Remove to the Compensation Scheme.
Sched 4 Pt III	Child's accrued allowance	
Sched 4 Pt IV	Reduction in child's allowance during full-time remunerated training	Remove reference to rule D2 in para1(1) to Compensation Scheme Amend in line with tax rules
Schedule 5: Awards on death – additional provisions		
Sched 5 Pt I	Adult dependent relative's special pension	Remove to the Compensation Scheme.
Sched 5 Pt II	Gratuity in lieu of surviving spouse's pension	Amend in line with tax rules
Sched 5 Pt III	Gratuity in lieu of child's allowance	Amend in line with tax rules
Schedule 6: Pensionable service and transfer values		
Sched 6 Pt I	Payments in respect of previous service	
Sched 6 Pt II	Service reckonable on receipt of transfer value	
Sched 6 Pt III	Transfer payments between fire authorities	
Sched 6 Pt IV	Amount of transfer value	

Schedule 7: War service		
Sched 7 Pt I	War service elections	
Sched 7 Pt II	War service followed by fire service	
Sched 7 Pt III	Transferee's war service reckonable without receipt of transfer value	
Sched 7 Pt IV	Transferee's war service reckonable on receipt of transfer value	
Sched 7 Pt V	Supplementary provisions	
Sched 7 Pt VI	Payment of additional transfer values	
Schedule 8: Purchase of increased benefits		
Sched 8 Pt I	Payments	See G6
Sched 8 Pt II	Calculation of appropriate amount	See G8
Sched 8 Pt III	Increases by reference to appropriate amount	
Schedule 9: Appeals		
Sched 9 Pt I	Appeal to Board of Medical Referees	
Sched 9 Pt II	Appeal tribunals	
Schedule 10: Servicemen – increased awards		
Sched 10	Servicemen – increased awards	Transfer to Compensation Scheme

Schedule 11: Special cases		
Sched 11 Pt I	Spouses' awards	
Sched 11 Pt II	Children's awards	
Sched 11 Pt III	Calculation of pensionable service where person ceased to serve before 1st May 1975	
Sched 11 Pt IV	Modification for persons serving on 10th July 1956	
Schedule 12: Transitional and other matters		
Sched 12	Transitional and other matters	