



Office of the
Deputy Prime Minister

Creating sustainable communities

Firefighters' Pension Scheme
Circular

Circular Number:	FPS 07/2006	Date Issued:	30/3/2006
Action:	For information and action by Human Resource and Pension Administrators		
Title:	<i>The New Firefighters' Pension Scheme (NFPS)</i>		
Issued by:	Martin Hill Firefighters' Pension Team, Local Government and Firefighters' Pensions Division		

Summary:	This circular advises Fire and Rescue Authorities on transitional arrangements for the introduction of the NFPS.
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1. New Firefighters' Pension Scheme (NFPS) Order

- 1.1 This circular sets out the intended arrangements for the introduction of the NFPS.
- 1.2 The NFPS will be effective from 6 April 2006. Although the Order, which will need to be made under section 34 of the Fire and Rescue Services Act 2004, will not be signed and laid by this date, once in operation it will have retrospective effect so that new recruits joining the service from 6th April will become members of the NFPS, unless they opt out.

2. Membership

- 2.1 Membership will be open to firefighters, who will be defined as persons whose role on joining the Fire and Rescue Service includes attendance at fires or other emergencies.
- 2.2 It is not intended that all persons who are recruited to the Fire and Rescue Service at senior levels should be entitled to membership. The scheme has been designed for those who following recruitment will be engaged in firefighting and other emergency response, rather than the management of such responses. The LGPS will remain the pension scheme for other employees of FRAs.

3. New Recruits employed from 6 April 2006

- 3.1 An amendment to the existing scheme is now being drafted that will:
 - close the existing scheme to new recruits to the service from 6 April 2006,
 - set out a bridging arrangement whereby new recruits (regular whole- and part-time firefighters) from 6 April 2006 will be placed in the existing scheme temporarily until the Order for the new scheme has been made;
 - provide for post-5 April 2006 entrants, their spouses, civil partners and dependants to cease to be members or dependants of members of the existing scheme on the day the new scheme is brought into operation; and
 - provide for post-5 April 2006 entrants to pay the lower rate of pension contributions of 8½% (with no modification) while temporarily in the existing scheme and for everyone else to continue to pay at the higher rate (11% - note that we are in process of removing the modification).
- 3.2 New recruits to the Retained Duty System (RDS) will not be able to join the existing scheme during this bridging period. Paragraph 4.6 below explains the position for this group.

- 3.3 During the bridging period, Fire and Rescue Authorities (FRAs) should pay the employer contribution rate applicable to the NFPS (14.2%) for the recruits affected.
- 3.4 We expect the bridging period to be between 3 and 6 months. When the new Order comes into effect those new recruits affected will be transferred to the NFPS automatically. No refund of contributions will be required as they will have paid the correct rate for the new scheme rather than the rate for the existing scheme of 11%. Those affected will NOT have an option to stay in the existing scheme. As the new financing arrangements will be in operation, it will not be necessary to calculate a transfer value for the transfer of service between the existing and new schemes and service accrued in the existing scheme will be transferred automatically.
- 3.5 Recruitment literature issued to new entrants joining from 6 April 2006 will need to set out the temporary arrangements and what will happen once the new scheme is in operation. We are providing the text of a scheme guide which you will be able to adapt for the use of your FRA - see section 6 below.
- 3.6 In the event that during the bridging period a benefit becomes payable, payments would be in accordance with the rules of the existing scheme.
- 3.7 FRAs are reminded that the 1992 Scheme is currently being amended and a separate compensation scheme is being introduced - Firefighters' Pension Scheme Circular 6/2006 refers and further guidance will be issued in due course.

4. New Scheme Options

- 4.1 We will be issuing more specific guidance about the options available to existing firefighters in due course but we are planning that within 6 months of the NFPS coming into effect, FRAs should provide statements to firefighters, including those who are not members of the existing pension scheme, setting out the options available. Thereafter, firefighters should have 3 months from receipt of their statements to make their decisions. They will be expected to acknowledge receipt of the statement package to avoid any later disputes about the information made available to them.
- 4.2 The option to transfer from the existing scheme to the NFPS will be a one-off exercise. FRAs will need to set up a record of the actions taken.
- 4.2 The following options would be available to existing firefighters, who are members of the existing scheme:-
- Stay in the existing scheme; or
 - Join the NFPS.

If they join the NFPS, they would have a further two options:-

- Defer any pension accrued in the existing scheme, which would be payable at age 60 (the deferred pension age for the existing scheme is remaining at age 60 for the foreseeable future); or
 - Transfer it into the NFPS.
- 4.4 Existing firefighters, who are not members of the FPS, would be able to:–
- opt to join the NFPS, providing they have not been refused (re-) entry to the existing scheme unless this was on grounds of age as the existing scheme has an upper age limit of 45 for those who opt out and then seek to rejoin; and
 - they satisfy the requirements for rejoining the NFPS.
- 4.5 RDS firefighters serving immediately before 6th April 2006 would need to:-
- opt into the NFPS and should receive a statement regarding the new arrangements as set out below before making any decision. Their options exercise will take place at the same time as that for members of the FPS. They will not be able to join the new scheme immediately, but on joining the new scheme, they will be able to seek retrospective membership to 6 April 2006. Further advice about this group will be issued later.

In the recent House of Lords judgement concerning the case of RDS firefighters having access to the existing scheme the case was remitted back to the Employment Tribunal for reconsideration. This has still to be heard.

- 4.6 New entrant RDS firefighters joining between 6 April 2006 and the coming into operation of the order would need to:–
- opt into the NFPS and should receive a statement regarding the new arrangements as set out below. They will be able to back date their entry to the scheme to 6 April 2006. Arrangements will need to be made for the payment of contributions for the back-dated period. In the event that during the period they are unable to join the scheme they suffer a qualifying injury payments would be in accordance with the existing injury benefit rules.
- 4.7 The NFPS will provide survivor benefits for nominated dependent partners. The benefits will be the same as for a widow(er) or surviving civil partner. There will be a requirement for the firefighter and his/her partner to have completed an appropriate nomination and made a joint declaration. The Fire and Rescue Authority must be satisfied that, at the date of the firefighter's death, the nominated partner was living with the firefighter in an exclusive, committed, long-term relationship and that the conditions for making the nomination and joint declaration are still met.
- 4.8 It is expected that some members of the FPS will be interested in transferring to the NFPS to gain access to these benefits. Whilst options for transfer from the FPS to the NFPS will not be available until later this year, firefighters may seek information about the arrangements and a

guidance note with appropriate nomination/declaration forms are attached.

5. Statement Packages

- 5.1 We have had discussions with representatives of Human Resource and Pension Practitioners to consider the guidance and documentation which will be necessary for the NFPS. The guidance notes referred to in paragraph 3.5 and section 6 are being discussed with this Group, and will be available to all FRAs to badge and issue.
- 5.2 The Group has agreed that a Statement Package should be issued to each firefighter. ODPM will provide recommended documentation, this is set out in Annex A.

6. Guidance Notes

- 6.1 The ODPM have prepared the following Guidance Notes that FRAs can badge and issue dealing with the following –
- Scheme guide.
 - Guide insert for information of regular firefighters appointed on or after 6 April 2006.
 - Guide regarding nomination of dependent partner for survivor's pension.
 - Guide to persons who are not allowed to marry or enter into a civil partnership in the UK
 - Guide for Death Grant and balance of guaranteed pension.

Copies are annexed to this circular. Although changes to these notes may be necessary when the Scheme Order is made to reflect the terms of the Scheme as approved by Parliament, we hope that they will assist FRAs in preparing for implementation.

- 6.2 Further guidance notes are in course of preparation including:
- Guide regarding ill health retirement arrangements.
 - Guide for RDS Firefighters.
 - Transfer Pension History Certificate for the transfer of scheme members between FRAs where a transfer value is not required.
 - Examples of Statement Package that should be made available.
- 6.3 All guidance notes and other documentation will be available on the ODPM website at www.odpm.gov.uk/firepensions. It is expected that FRAs will use the notes and other documentation without alteration beyond "badging" and adding contact details and other local information which may be appropriate: if there are concerns about the accuracy of any of the material it should be raised with us and we will consider the need to amend.

- 6.4 In preparing the material, we have taken advice from members of the Firefighters' Pension Committee and a Communications Working Group which includes HR and pension practitioners from the FRS. Part of the brief has been to ensure that guidance complies with the requirements of Regulation 4 and Schedule 1 of the Occupational Pension Schemes (Disclosure of Information) Regulations 1996 and any subsequent regulations setting out the basic information to be provided to Scheme members.
- 6.5 It is not intended at this stage to provide a commentary on the NFPS although we recognise that it may be helpful in due course to collect the guidance and other advice into a single document. The commentary on the FPS will be maintained.

7. Transfers

- 7.1 From 1 April 2006, where scheme members transfer between FRAs in England no transfer value will be required. Instead the exporting FRA will provide the importing FRA with a certificate setting out the pension history of the person transferring. Where scheme members transfer from English FRAs to those in Scotland or Wales or Northern Ireland it will be necessary for transfer values to be paid. Those transferring will be able to transfer to the equivalent scheme in those areas, so that if the transferee is in the existing scheme in the English FRA, he/she will be able to transfer to the existing scheme in Scotland, Wales and Northern Ireland and vice versa.
- 7.2 During the bridging period where new recruits are temporarily in the existing scheme, it is recommended that unless the exporting scheme has time-limits that would preclude a delay, any request to transfer previous pension benefits in respect of this group is NOT accepted until the new recruit has moved into the NFPS. It may not be in the interests of the new recruit to transfer benefits into the existing scheme that will then be transferred automatically into the NFPS.

8. Actions

- 8.1 FRAs may wish to:
- consider how they will manage the options exercise;
 - identify any optants out;
 - ensure that information about RDS firefighters is available, especially in connection with any Group Money Purchase arrangements that may have been set up by the FRA. It is proposed that the NFPS should contain a provision that will enable FRAs that have set up Group Personal Pension arrangements to leave them open, if scheme members wish to remain members.

8.2 Over the next few weeks, the further Guidance Notes as set out in section 6 will be issued. Their publication will be announced through circulars and copies will go onto the OPDM website.

Martin Hill

Statement Package

In all cases:-

- Folder – FRA personalised
- Explanatory letter –
 - details of change
 - explanation of contents,
 - explanation of time limits,
 - requirement to return acknowledgement form
 - details of address for further enquiries,
 - helpline,
 - e-mail for further queries
- NFPS short guide
- Election form
- Nomination form for completion, if electing to join NFPS
- Acknowledgement form for return in all circumstances, in a pre-paid envelope, by (*date*) enclosing:
 - election to join/not to join NFPS;
 - nomination form (optional)

A. For existing pension scheme members:-

- Table comparing features of FPS and NFPS plus Frequently Asked Questions
- Personalised statement setting out –
 - current value of benefits in the existing scheme
 - value of deferred pension at effective date of NFPS
 - value of transfer credit from the existing scheme to the NFPS

B. For firefighters who are not members of the existing scheme, the FRA would provide in the case of regular (optants out) and RDS firefighters:-

- Statement of the benefits which will remain available to them from the FPS and the Firefighters' Compensation Scheme. (Ministers have decided that the rights of existing RDS firefighters to benefits under the existing injury benefit arrangements if they are permanently disabled and the infirmity was occasioned by a qualifying injury should be protected. This will mean that ill-health and injury benefits will reflect service before and after opting to join the NFPS and will be calculated by reference to a whole-time firefighter in the same role with equivalent service).
- If a group money purchase arrangement for RDS firefighters has been set up by the FRA and the RDS firefighter is a member :
 - include table comparing NFPS with money purchase scheme;
 - give details of transfer available from group money purchase arrangement to NFPS and service credit it would "purchase".
- Pensions history form as issued to new entrants for details of pension rights possibly available for transfer.

C. For those joining the service between 6 April 2006 and the coming into operation of the NFPS:-

- Explanatory letter – including also for regular firefighters details of the bridging arrangements as set out in paragraph 3.1 above; and for RDS firefighters an explanation of why they will not be able to join the NFPS until the Order has come into operation and that they will be able to back-date their entry to the scheme to 6 April 2006;
- Pensions history form for details of pension rights possibly available for transfer
- Opting-out form

D. For those joining the NFPS after its introduction:-

- Pensions history form for details of pension rights possibly available for transfer
- Opting-out form

Statement Packages:

Summary Table

	A. FPS members	B Optants out & RDS	C New entrants from 6 April 2006 to coming into operation	D New entrants after coming into operation
Folder - FRA personalised				
Explanatory letter: <ul style="list-style-type: none"> • Details of change • Explanation of contents • Explanation of time limits • Requirement to return acknowledgement form • Details of address for further enquiries • Helpline • E-mail address for enquiries 				
NFPS short guide				
Election form				
Nomination form for completion, if electing to join NFPS				
Acknowledgement form for return in all circumstances by (date) enclosing: <ul style="list-style-type: none"> • election to join/not to join NFPS; and • Pre-paid envelope 				
Table comparing features of FPS & NFPS				
Personalised statement setting out: <ul style="list-style-type: none"> • Current value of benefits in the existing scheme • Value of deferred pension at effective date of NFPS • Value of transfer credit from the existing scheme to NFPS 				

Statement of benefits from FPS and Firefighters' Compensation Scheme				
If group money purchase arrangement for RDS firefighters has been set up by FRA and the RDS firefighter is a member: <ul style="list-style-type: none"> • Table comparing NFPS with money purchase scheme • Details of transfer available from group money purchase arrangement to NFPS and service credit it would "purchase" 				
Pensions history form as issued to new entrants for details of pension rights available for transfer				
Opting out form				