

## **New Firefighters' Pension Scheme Early Retirement Factors**

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## Introduction

Firefighters in the New Firefighters' Pension Scheme (NFPS) who leave service without entitlement to immediate benefits, but with deferred benefits payable from age 65, may opt to take early payment of pension and additional pension benefits from age 55 with an actuarial reduction. The Scheme Actuary is required to issue guidance to determine the appropriate amounts by which a member's retirement pension and additional pension benefits should be reduced in respect of early payment.

This note contains the tables and guidance on the appropriate actuarial reduction factor to be issued by the Scheme Actuary referred to in the following regulations:

- Rule 5 and rule 7C(5) of Part 3 of the Firefighters' Pension Scheme (England) Order 2006 (SI 2006/3432)
- Rule 5 and rule 7C(5) of Part 3 of the Firefighters' Pension Scheme (Wales) Order 2007 (SI 2007/1072)
- Rule 5 and rule 7C(5) of Part 3 of the Firefighters' Pension Scheme (Scotland) Order (SI 2007/199)
- Rule 15 and rule 17C(5) of Part 3 of the Firefighters' Pension Scheme Order (Northern Ireland) 2007 (SR 2007/215)

This guidance supersedes any previous guidance or advice issued by GAD in connection with NFPS early retirement and is effective with immediate effect.

If administrators for English authorities have any questions about how to use this guidance they should in the first instance consult published information on the Firefighter Pensions pages at:

<http://www.communities.gov.uk/corporate/contact>

If further information is required, administrators for English authorities may contact the Firefighters' Pension Team at DCLG.

Administrators for other authorities should contact the Scottish Public Pensions Agency, the Welsh Assembly Government or the Department of Health, Social Services and Public Safety Northern Ireland as applicable.

The Firefighters' Pension teams will seek input from the Scheme Actuary if necessary.

**Caveats**

This note should not be used for any purpose other than to determine the actuarial reduction factor that should be applied to the amount of pension on member-initiated early retirement in the NFPS.

This note should be considered in its entirety, not as individual sections which, if considered in isolation, may be misleading and conclusions reached by a review of some sections on their own may be incorrect.

This note only covers the actuarial principles around the calculation and application of actuarial reduction factors. Any legal advice in this area should be sought from an appropriately qualified person or source.

New Firefighters' Pension Scheme: Early Retirement Factors

Factors to be applied to benefits under the regulations listed above:

Months	0	1	2	3	4	5	6	7	8	9	10	11
55	0.595	0.598	0.600	0.602	0.605	0.607	0.610	0.612	0.615	0.617	0.619	0.622
56	0.624	0.627	0.630	0.632	0.635	0.637	0.640	0.643	0.645	0.648	0.650	0.653
57	0.656	0.658	0.661	0.664	0.667	0.669	0.672	0.675	0.678	0.680	0.683	0.686
58	0.689	0.692	0.695	0.698	0.701	0.704	0.707	0.710	0.713	0.716	0.718	0.721
59	0.725	0.728	0.731	0.734	0.737	0.740	0.744	0.747	0.750	0.753	0.756	0.759
60	0.763	0.766	0.770	0.773	0.776	0.780	0.783	0.787	0.790	0.793	0.797	0.800
61	0.804	0.807	0.811	0.815	0.818	0.822	0.826	0.829	0.833	0.837	0.840	0.844
62	0.848	0.852	0.856	0.860	0.864	0.868	0.872	0.876	0.879	0.883	0.887	0.891
63	0.895	0.900	0.904	0.908	0.913	0.917	0.921	0.925	0.930	0.934	0.938	0.942
64	0.947	0.951	0.956	0.961	0.965	0.970	0.975	0.979	0.984	0.988	0.993	0.998

**Notes:**

1. Ages are given in years and complete months. Part months are ignored.
2. On early retirement, the member's pension should be multiplied by the relevant factor.
3. Pensions payable to a member's spouse, partner or dependant should not be reduced.
4. The member's pension should be increased from the date of leaving the scheme until the date of early retirement in line with the Pension Increase Act, before applying the factor.

**Example:**

A firefighter leaves NFPS at age 27 with a pension of £2,500 pa payable from age 65. He elects to take early payment of pension with actuarial reduction at age 55.

His reduced pension at age 55 is  $£2,500 \times 2.3 \times 0.595 = £3,421.25$  pa, where 2.3 is an illustrative figure for the Pensions Increase over the period from leaving the scheme until age 55.

One quarter of this pension (£855.31 pa) could be commuted to give a lump sum of  $£855.31 \times 12 = £10,263.72$ .



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