**Template letter wording to member for Added Pension Compensation payment**

Dear [INSERT NAME]

**Firefighters’ Pension Scheme – McCloud remedy**

**Added Pension contributions**

I am writing to you about the Added Pension contributions that you paid while you were a member of the 2015 Firefighters’ Pension Scheme (FPS) between 1 April 2015 to 31 March 2022 (the remedy period).

Due to the rollback to your relevant legacy scheme the Added Pension contributions that you paid during the remedy period will have to be returned to you by way of a compensation payment, this is an automatic entitlement under the Firefighters’ Pensions (Remediable Service) Regulations 2023.

The value of the payment due is shown below.

|  |  |
| --- | --- |
| Total gross contributions paid | £ |
| Less amount equivalent to tax relief received  | £ |
| Plus interest\* | £ |
| **Total compensation payment**  | **£** |

\*Interest has been calculated to [ENTER DATE INTEREST CALCULATED TO].

Please find enclosed with this letter

* An Added Pension Compensation Payment Bank details form to be completed and returned in all cases.
* Some Additional information notes.

Yours sincerely,

[INSERT NAME]

# **Additional information notes**

## What will happen to your Added Pension contributions?

Service in the remedy period must be rolled back to the relevant legacy scheme and any voluntary contributions for additional benefits must be addressed in implementing the remedy. In the 2015 FPS, Added Pension is the only available voluntary additional benefit. Added Pension is not available in the firefighters’ legacy pension schemes.

The Government considered various ways of converting Added Pension to alternative benefits in the legacy schemes, but all the options either had restrictions on them, meaning that they could not be guaranteed to apply in all cases or, they would lead to a difference in treatment between cohorts of members. The only available option to be able to apply remedy consistently to all members is for any such contributions to be dealt with under the compensation provisions.

## What happens to your previous election for Added Pension?

The original election made by you to purchase Added Pension within the remedy period will effectively be made null and void, with any Added Pension benefits being completely extinguished.

## How will the payment be made?

You will need to complete the bank details form enclosed with this letter and return so that payment can be made to your specified account.

## When will the payment be made?

Arrangements for the payment will be made as soon as possible after your completed bank details form has been received.

## Can I purchase Added Pension in the 2015 FPS?

If you are still in employment as a firefighter, you can choose to purchase Added Pension in the 2015 FPS for either the 2023/24 and or the 2024/25 Scheme Year. There are strict time limits for making any elections, and you should contact your pension administrator in the first instance. You do not need to wait to receive your compensation payment to do this.

## Can I purchase Additional Service in the legacy scheme?

You may be able to make a Contingent Decision claim for Additional Service, but this is subject to strict criteria. More information about Contingent Decisions can be found on the Remedy pages of the Firefighter member website: - [Age Discrimination Remedy - Contingent Decisions | Firefighters' Pension Scheme (fpsmember.org)](https://fpsmember.org/remedy/age-discrimination-remedy-contingent-decisions)

## How much will my payment be?

The compensation payment will be made up of three elements and this will be unique to you depending on how much you have paid in Added Pension contributions. This amount will then be adjusted to reflect the tax relief that you received when you initially paid the contributions. And finally, interest will be added to the net amount calculated for each Scheme Year.

The value of these amounts are shown in the attached letter.

## How has the tax relief been calculated?

We have used your taxable pay to work out the marginal rate of tax that applied to you for each year that you purchased Added Pension.

## How has interest been calculated?

For each Scheme Year where Added Pension is purchased, interest applies from 1 October 2023 in that year to the date that the payment is expected to be made. Interest is calculated on the amount after the reduction for tax relief amounts and is applied as a simple interest at a rate of 8% per annum.

## Appeals

You have the right to appeal how the tax relief has been calculated as this is the only part that has been determined by the scheme manager. You may wish to raise an appeal if for example, you have additional income which affects your marginal rate of tax.

You should notify the scheme manager in writing that you wish to appeal the determination of the calculation of the tax relief. You will need to provide a reasoned explanation of a proposed alternative amount and provide any supporting evidence that you consider appropriate.

The scheme manager will review your appeal and decide whether to alter their original determination or not and confirm this to you.

## What do I need to do now?

In all cases, you should complete and return the enclosed bank details form.

If you are still in employment as a firefighter and wish to purchase Added Pension in the FPS 2015, then you should contact your pension administrator for more information, the contact details are on the attached letter.