

# The Firefighters' Pension Schemes Combining of Benefits on Re-employment

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# Overview

We are going to consider what happens when a firefighter

- leaves an employment and then
- re-joins another employment
- and the implications of these movements depending upon the scheme that they are a member of



# Regulations

- The Firefighter Pension Schemes (England) regulations can be found on [www.fpsregs.org](http://www.fpsregs.org).
- FPS 1992 Regulations  
<http://www.fpsregs.org/index.php/regulations/fps-1992-regulations>
- FPS 2006 Regulations  
<http://www.fpsregs.org/index.php/regulations/fps-2006-regulations>
- FPS 2015 Regulations  
<http://www.fpsregs.org/index.php/regulations/fps-2015-regulations>



# Basic Rules

- **Each contract of employment** must have a **separate pension record** *Regulation 30 (2)*
- *Concurrent* scheme employments cannot be linked together *Regulation 30 (2)*
- **However.....**a concurrent existing FPS/public body scheme employment can reduce or remove a gap in service *Schedule 2 Part 2(2)*
- Consecutive linked employments can be linked together provided the gap is < 5 yrs *Regulation 49*
- Pension Credit benefits can't be linked to any other



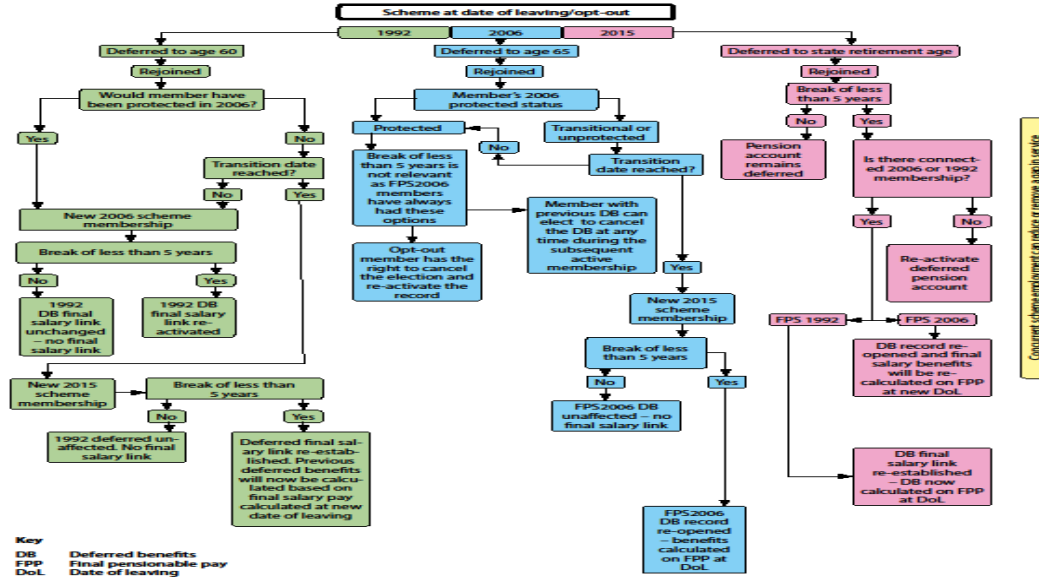
# Definitions

- **Protected Member** – never moves into the FPS 2015
- **Unprotected member** – moved into the FPS 2015 when the scheme was introduced
- **Taper-protected member**- moves into the FPS 15 at some point between 24/05/2015 and 31/03/2022 depending upon their age
- **Connected Scheme** statutory scheme eligible



# Linking Flowchart

## Linking of firefighter pension scheme records and protection of the final salary link



# Firefighters' Pension Scheme 2015



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# The easy bit ..... FPS 2015

- If a member leaves employment and
- Is a member of the FPS 2015 and
- Re-joins employment with a break of less than 5 years they will join the FPS 2015

*Regulation 37 (2)*

- It is mandatory for the CARE accounts to be amalgamated – and this is also the case if a Ff joins a new FRA *Regulation 49*





# FPS 2015 – multiple deferred pension accounts

- If a member has more than one deferred FPS 2015 pension account the member can elect which account they would like to re-open. *Regulation 49(3)*
- If the member fails to make an election the FRA must decide which deferred pension account should be re-opened. *Regulation 49(4)*



## Leaving a contract of employment with less than three months service and member has another on-going active pension account

- less than 3 months service and another on-going active pension account the value of the pension account that member leaves is added to their existing account. *Regulation 37 (3)*.
- This is the **only** time that concurrent scheme service will be linked together.
- There is **no** entitlement to a refund under these circumstances.
- This would only apply if a member **resigns** from a post with less than 3 months service **Opting out** within three months will still trigger a payroll refund



# Firefighters Pension Schemes 2006



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# FPS 2006

- If a member leaves employment and
- Is/was a member of the FPS 2006 and
- Re-joins employment with an entitlement to an FPS 2006 pension
- The member should be/have been offered the opportunity to elect to join together the two periods of service



# FPS 2006

- Non Protected and transition members
- If a member has already transitioned into the FPS 2015 when they enquire about electing to combine a deferred FPS 06 benefit with an active FPS 06 connected benefit an active FPS 06 connected benefit they are not eligible to elect to join their benefits together under *Part*



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# Firefighters' Pension Scheme 1992



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# FPS 1992

- If a member leaves employment and
- Is a member of the FPS 1992 and
- Re-joins employment they cannot re join the FPS 1992 as it is a closed scheme
- These members will need to re-join the FPS 2006 if they were protected members of the FPS 1992 or
- The FPS 2015 if they were unprotected
- or the FPS 2006 until their taper date under the FPS 1992 and then move into the FPS 2015



## A note on protection statuses

- The member keeps the protection status that they were originally assigned
- E.g. member is a taper protected member of the FPS 1992, leaves and rejoins the FPS before the taper date - on taking up a new employment the Ff will join the FPS 2006 but will taper into the FPS 2015 on the taper date originally determined under the terms of the FPS 1992





# The complicated bit.....



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# Re-Joining the FPS with connected deferred FPS 1992 benefits – for unprotected and tapered members.

- If an FPS member has a deferred FPS 1992 record and joins the FPS with
- a gap in service of less than five years and
- their benefits are unprotected or their taper date has passed
- the member will join the FPS 2015 and
- the FPS 1992 record will remain 'deferred'



# Treatment of the FPS 1992 Deferred Record

- The FPS 1992 DB remains deferred but maintains a link to the Final Pensionable Pay (FPP) on date of leaving or retirement at which point the benefit is recalculated based on the Final Pensionable Pay. *Schedule 2 Transitional Provisions para 33(2)*
- *If the previous deferred benefit is with another FRA the administration of the benefit should be moved to the organisation looking after the active member benefits – view of the Technical Working group*



# Areas awaiting Clarification

- What happens if the FPP gives a lower benefit than the original DB with PI? Do you pay the benefits strictly in line with the rules or do you ensure that the member is not worse off as this is **final salary protection**.



# Re-Joining the FPS with connected deferred FPS 1992 benefits – for protected and yet to taper members.

If an FPS member has a deferred FPS 1992 record and joins the FPS 2015 with a gap in service of less than five years and are protected or they would not have passed their taper date if they had remained in the FPS 1992

- re-joined the FPS 1992 if the scheme had it still been open - as it is closed, the member has to join the **FPS 2006**, FPS 1992 record remains deferred.
- *However the taper date that applies is the one applicable to the FPS 1992 benefits, it is **NOT** recalculated with reference to the FPS 2006 taper dates.*



# Re-Joining the FPS with connected deferred FPS 2006 benefits – for unprotected and tapered members

- If an FPS member has a deferred FPS 2006 record and joins the FPS with
- a gap in service of less than five years and
- their benefits are unprotected or their taper date has passed
- the member joins the FPS 2015
- The FPS 2006 record can be re-opened and the record is linked to the FPS 2015 record.
- the final salary link is re-activated, retirement age is 60 and the member will become an FPS 2015 member with **connected FPS 2006** benefits
- On leaving the FPS 2015 the deferred benefits are re-calculated using the rate of pay at the date of leaving the FPS 2015 if it is higher than the rate of pay originally used to determine the deferred FPS 2006 benefit. *Schedule 2 para 32*



# Re-Joining the FPS with connected deferred FPS 2006 benefits – for protected and yet to taper members.

- If an FPS member has a deferred FPS 2006 record and joins the FPS 2015 with
- a gap in service of less than five years and are either protected or have not reached their taper date
- The member is eligible to join FPS 2006 until they reach their taper date at which point their service in the FPS 2006 will cease to accrue and they will join the FPS 2015 and become transitional members of the FPS 2015 with connected FPS 2006 benefits.

• Previous FPS 2006 DB is not automatically linked -

member must elect to do so and entitlement to do so is lost once they move into the FPS 15

## Re-joining the FPS 15 after a gap of 5 years with previous FPS 1992 or 2006 benefits

A member re-joins the FPS 2015 after

- a gap of at least 5 years and
- no other public service scheme membership.

The Member joins the FPS 15 and the FPS 1992/2006/modified benefits remain deferred.





# Re-joining the FPS 2015 when you already have FPS 2015 membership with connected benefits

- the deferred CARE pension account will be re-activated – this means that the previous deferred CARE revaluation will need to be recalculated on the active index basis of Average Weekly Earnings (AWE).
- the final salary deferred pension will be re-calculated on the final pensionable pay at the subsequent date of leaving

All the issues previously mentioned regarding final salary connected benefits become 'live' again at this point.

It is feasible for a member to leave and re-join the FPS 15 several times, deferring and re-activating their benefits each time.



# Retained Modified Members



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# Re-joining the FPS with connected deferred modified FPS membership for unprotected and tapered members

- If an FPS member has a deferred Modified FPS 2006 record and joins the FPS with
- a gap in service of less than five years and their benefits are unprotected or their taper date has passed member joins the FPS 2015,
- the modified DB is re-opened,
- the final salary link applies and benefits are paid at age 55



# Re-joining the FPS with connected deferred modified FPS membership for protected and yet to taper members

- If an FPS member has a deferred Modified FPS 2006 record and is a protected or yet to taper member joins the FPS with
- a gap in service of less than five years
- Can't re-join modified, they must go into the FPS 2006 as a standard member until they taper if applicable
- the modified DB is re-opened,
- the final salary link applies and benefits are paid at age

55



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# Implications for Administration

- Administratively very complex :-
- Both the application of the Rules and the
- Physical record keeping



# Issues for FRAs to consider

- do you need to move Firefighters in and out of contracts as frequently as maybe you do
- can you consider keeping the existing contract going and using the Ff to do short term assignments within the contract.
- Late notification of starters and leavers results in new pension records being set up unnecessarily when ultimately they will need to be combined



# Issues for FRAs to consider - cont

- Ensure that you put your members into the correct scheme on re-joining.
- Admitting members to the FPS 15 when they should have gone into FPS 2006 will result in a payroll refund to the member
- Valuation results can be skewed - could have a knock on effect for the contribution rates....



# And Finally

Keeping your membership movements to a minimum and ensuring your administrator receives the starter and leaver forms promptly will help prevent the setting up of unnecessary records and helps to ensure that members receive their correct benefits.





Thank you for listening – any questions???



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