



Government  
Actuary's  
Department

# Firefighters' Pension Scheme (England)

Member Contributions

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# Current Member Contribution Rates

Band	Salary Range	Member Contribution Rate
Band 1	£0 to £27,818	11.0%
Band 2	£27,819 to £51,515	12.9%
Band 3	£51,516 to £142,500	13.5%
Band 4	£142,501+	14.5%
	Average over 2024 to 2027	13.0%

- This is below the target yield of 13.2%.
- For the 2020 valuation HM Treasury instructed the target yield to be used in the calculations and that work should be done to align the average rate to the target rate.



# Simplest solution

Band	Salary Range	Current Member Contribution Rate	Updated Member Contribution Rate
Band 1	£0 to £27,818	11.0%	11.2%
Band 2	£27,819 to £51,515	12.9%	13.1%
Band 3	£51,516 to £142,500	13.5%	13.7%
Band 4	£142,501+	14.5%	14.7%
	Average over 2024 to 2027	13.0%	13.2%

- The simplest solution is to raise all the contribution rates by 0.2%
- For a member earning £35,000 with a 20% marginal tax rate, this would equate to an additional £4 to £5 per month reduction in take-home pay.



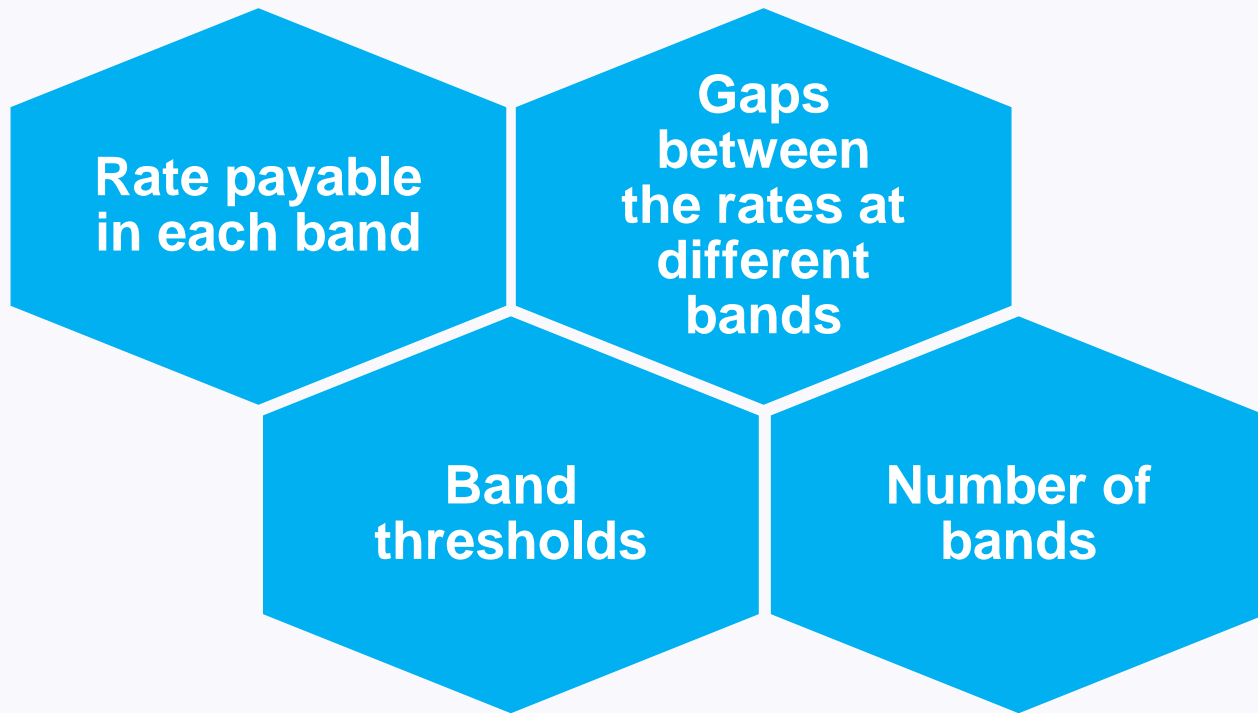
# Membership in each band

Band	Salary Range	Member Contribution Rate	Proportion of salary in each band over 2024 to 2027
Band 1	£0 to £27,818	11.0%	<0.1%
Band 2	£27,819 to £51,515	12.9%	84.3%
Band 3	£51,516 to £142,500	13.5%	14.7%
Band 4	£142,501+	14.5%	1.0%
	Average over 2024 to 2027	13.0%	

- Between 2015 and 2018 the salary band limits increased by 1% each year. Since 2018 they have not increased.
- There are almost no members in the lowest band.



# Considerations for changing the member contributions



- The outcome is likely to be a combination of these factors.
- Alongside achieving a target yield of 13.2% other objectives may be included (such as increasing participation).



# Example of salary range changes

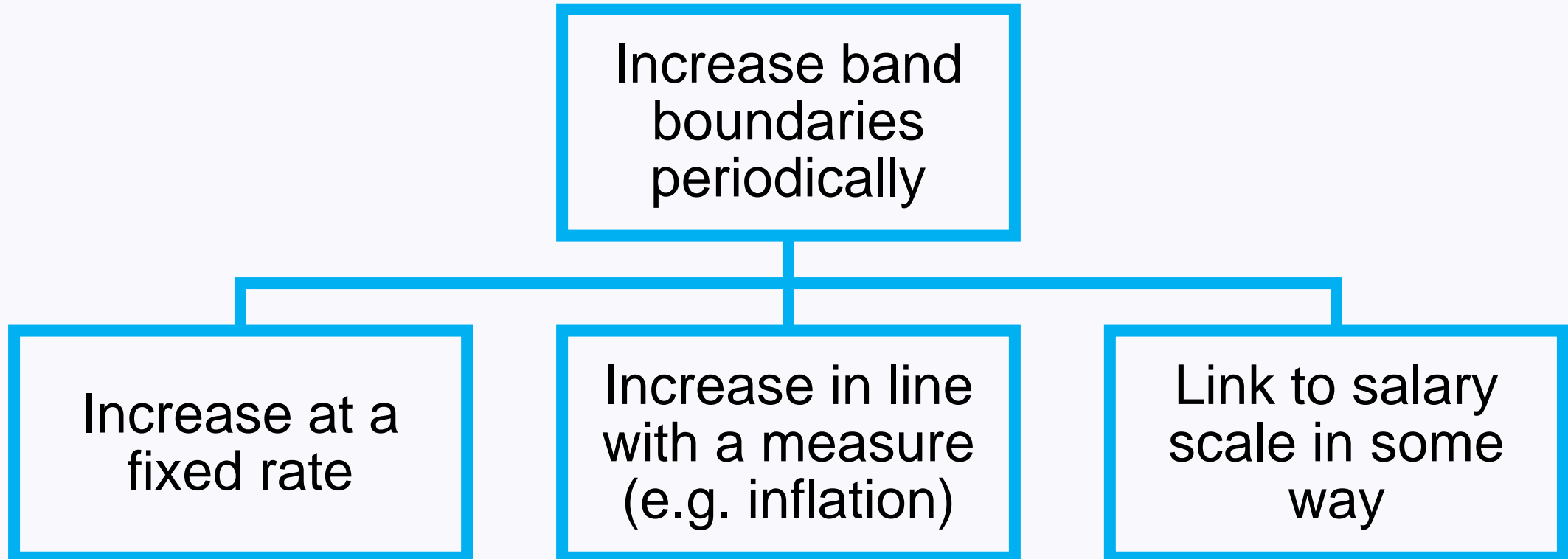
Band	Salary Range	Current Member Contribution Rate	Updated Member Contribution Rate	Proportion of salary in each band over 2025 to 2027
Band 1	£0 to £30,000	11.0% / 12.9%	11.25%	0.2%
Band 2	£30,001 to £60,000	12.9% / 13.5%	13.15%	88.8%
Band 3	£60,001 to £142,500	13.5%	13.75%	10.0%
Band 4	£142,501+	14.5%	14.75%	1.0%
	Average over 2025 to 2027	13.0%	13.22%	

- The bands can be adjusted to better reflect the current salary scales.
- A modest increase shown above does not bring many more members into Band 1.



# Future proofing

- One objective of the update to member contribution rates could be to future-proof the bands.



# Considerations

How many bands do you think will align with the current pay structures?

Are there any proposals on how to ensure the bands do not become out of date quickly?

How often should Home Office review the employee contribution bandings?

Would you like to consider current member behaviour and use this as an opportunity to increase participation?

Are there any other proposals in relation to contribution bandings SAB would like us to consider?