



Firefighters' Pension Scheme Circular

Circular Number:	FPSC 4/2010	Date Issued:	7th July 2010
Action:	For action by pension scheme managers		
Title:	<i>FIREFIGHTERS' PENSION SCHEMES – CETV GUIDANCE</i>		
Issued by:	Martin Hill Firefighters' Pension Team, Workforce, Pay and Pensions Division		

Summary:	Information about the change to the link from the Retail Price Index (RPI) to the Consumer Price Index (CPI) for uprating benefits and advising pension administrators that cash equivalent transfers should not be actioned until revised guidance is issued by the Government Actuary.
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Addressed to:	Please Forward to:
The Clerk to the Fire and Rescue Authority	Pension and human resources managers
The Chief Fire Officer	Treasurers
	Finance Directors
	Scheme members

Enquiries:

Pensions Team Leader:

Martin Hill	martin.hill@communities.gsi.gov.uk	030344 42185
Andy Boorman	andy.boorman@communities.gsi.gov.uk	030344 42186
Anthony Mooney	anthony.mooney@communities.gsi.gov.uk	030344 42188

Medical Appeals

Philip Brown	philip.brown@communities.gsi.gov.uk	030344 42187
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General Enquiries: firepensions@communities.gsi.gov.uk

Firefighters' Pension Scheme Website: www.communities.gov.uk/firepensions

1. FIREFIGHTERS' PENSION SCHEME 1992 AND NEW FIREFIGHTERS' PENSION SCHEME 2006: USE OF GAD PRODUCED CASH EQUIVALENT TRANSFER VALUE GUIDANCE

1.1 For all public service pay-as-you-go pension schemes HM Treasury is responsible for establishing, in the light of advice from GAD, common assumptions, in particular a common discount rate, which lead to the production of CETV tables. We have been asked to pass on to those responsible for administering the FPS and the NFPS the following message.

"In his budget of 22 June 2010, the Chancellor announced that the uprating of the majority of state benefits and the State Second Pension will be changed from the Retail Prices Index (RPI) to the Consumer Prices Index (CPI) with effect from April 2011. This change is expected to apply to both accrued and future service public service pensions through statutory link to the indexation of the State Second Pension.

The impact of CPI uprating in respect of public sector transfers is under active consideration. Effective from Tuesday 6 July 2010, the current basis for setting the discount rate for calculating cash equivalent transfer values should not be used until the CPI issues have been worked through and a new basis is agreed. We are working to revise this guidance and will re-issue it as quickly as possible.

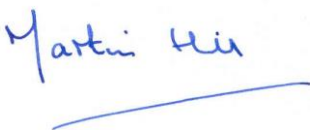
Please note that Club transfers are unaffected."

1.2 We are still trying to get an answer to such questions as:-

- i. dealing with cases already in the pipeline with guarantees;
- ii. dealing with pension sharing on divorce cases;
- iii. dealing with transfers out to a non-club scheme (where the CETV factor is the same as for a club outward transfer)

1.3 There may be other issues and we will try to give answers as soon as we have definitive answers from GAD.

1.4 As a separate issue HR and pension administrators will wish to check, if they have not already done so, what any documentation they issue says about future increases in benefits to deal with the ongoing cost of living increases covered by Pensions Increase legislation. The FPS and NFPS only mention the RPI in relation to the uprating of the value of additional pension benefits and, in the NFPS, the earnings cap and we are working on the basis that we will need to amend the Schemes in relation to these references. Other relevant references are only to any increase under the Pensions (Increase) Act 1971 and no amendment will be necessary.



Martin Hill