

Firefighters' Pension Schemes annual update

Contributions banding

The [contributions banding factsheet](#) reminds Fire and Rescue Authorities (FRAs) of the contribution rates that apply for 2021/22 as set out in the scheme regulations.

FPS 2015 Additional Pension purchase limit for 2021/22

As detailed in [FPS Bulletin 2](#), no determination under [rule 2, \(1\)\(b\)\(i\) of schedule 1](#) was made by HM Treasury on the overall limit of extra pension for 2017/18. There has been no determination in any subsequent year.

Paragraphs (1)(b)(ii) and (2)(a)&(b) confirm that the limit on the Additional Pension that can be purchased in FPS 2015 is therefore increased on the 1 April for any scheme year beginning on or after 1 April 2016 as if it were a pension beginning on the first day of the previous scheme year to which the Pensions (Increase) Act 1971 applies.

The overall Additional Pension limit has increased by 0.5% to £7,076 from 1 April 2021.

Public Service Pension Indexation and Revaluation 2021

On 12 January 2021, HM Treasury (HMT) issued [written statement HCWS699](#) confirming the Public Service Pension Indexation and Revaluation for 2021.

Public service pensions will be increased in line with the annual increase in the Consumer Prices Index up to September 2020. The increase from 12 April 2021 is 0.5%, as set out in the [Pension Increase \(Review\) Order 2021](#) [SI 2021/275].

FPS 2015 will use the figure of 2.4% as set out in the [Public Service Pensions Revaluation Order 2021](#) [SI 2021/276] for the earnings element of revaluation for active members to be applied at one second after midnight on 31 March 2021.

HMRC limits applicable from 6 April 2021

At the [Spring Budget on 3 March 2021](#), the government announced that legislation will be introduced in Finance Bill 2021 to remove uprating in line with the consumer price index for tax years 2021/22 up to and including 2025/26.

The amount of the pension lifetime allowance for tax years 2021/22 up to and including 2025/26 will remain at £1,073,100.

There are no changes to any of the annual allowance limits. The current limits are shown in the table below.

Table 1: Annual allowance limits 2021/22

Limit	Amount
Standard annual allowance	£40,000
Threshold income	£200,000
Adjusted income	£240,000
Minimum tapered annual allowance	£4,000

Automatic Enrolment Earnings Bands

Employers will need to know the earnings bands that apply for 2021/22 for the purposes of automatic enrolment under the Pensions Act 2008. The Department for Work and Pensions (DWP) published [Automatic enrolment: review of the earnings trigger and qualifying earnings band for 2021/22](#) on 20 January 2021.

The tables below show the limits that apply for the 2021/22 year. The earnings trigger of £10,000 remains unchanged since 2015/16.

[The Automatic Enrolment \(Earnings Trigger and Qualifying Earnings Band\) Order 2021](#) [SI2021/314] was laid on 15 March 2021.

Table 2: Automatic enrolment (AE) earnings bands 2021/22

Earnings*	Age 16-21	Age 22 to <SPA**	Age SPA** to <75
Under lower earnings threshold (£6,240***)	Entitled worker	Entitled worker	Entitled worker
Between £6,240*** and £10,000	Non-eligible jobholder	Non-eligible jobholder	Non-eligible jobholder
Over earnings trigger for automatic enrolment (£10,000)	Non-eligible jobholder	Eligible jobholder	Non-eligible jobholder

* Earnings: separate contracts are treated separately

** State Pension Age

*** To align with National Insurance contributions lower earnings limit

Table 3: AE earnings bands per period

Pay reference period	Lower earnings threshold pa	Earnings trigger for automatic enrolment
Annual	£6,240.00	£10,000.00
6 months	£3,120.00	£4,998.00
3 months	£1,560.00	£2,499.00
1 month	£520.00	£833.00
4 weeks	£480.00	£768.00
2 weeks	£240.00	£384.00
1 week	£120.00	£192.00

Annual GMP increase

An increase of 0.5% should be applied:

- On 6 April 2021 to the post 5 April 1988 GMP element of a pension in payment, and
- On 12 April 2021 to the pre-6 April 1988 GMP element of a pension in payment if the individual reached SPA after 5 April 2016, provided the member's pension increase (PI) date is before 6 April 2020.

If the individual reached SPA after 5 April 2016 and their PI date is after 5 April 2020, then a pro-rata increase will apply to the pre-6 April 1988 GMP element of their pension in payment.

The GMP increase is set out in [The Guaranteed Minimum Pension Increase Order 2021](#) [SI2021/163]

The Social Security Revaluation of Earnings Factors Order 2021

[The Social Security Revaluation of Earnings Factors Order 2021](#) [SI 2021/267] comes into force on 6 April 2021. The earnings factors are used to calculate a Scheme member's GMP. The percentage increase for the tax year 2021/22 is 2.6%. The increase is based on the increase in the general level of earnings in Great Britain

All relevant legislation can be viewed on our website under [annual update Statutory Instruments](#).