

## **Compliance**

# **Firefighters' Pension Schemes annual update**

## **Contributions banding**

The [contributions banding factsheet](#) reminds Fire and Rescue Authorities (FRAs) of the contribution rates that apply for 2024/25 as set out in the scheme regulations.

## **FPS 2015 Additional Pension purchase limit for 2024/25**

As detailed in [FPS Bulletin 2](#), no determination under [rule 2, \(1\)\(b\)\(i\) of schedule 1](#) was made by HM Treasury (HMT) 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 6.7% to £8,570.14 from 1 April 2024.**

## **Public Service Pension Indexation and Revaluation 2024**

On 25 January 2024, HMT issued written statements [HCWS206](#) and [HCWS211](#), confirming the Public Service Pension Indexation and Revaluation for 2024.

Public service pensions will be increased in line with the annual increase in the Consumer Prices Index up to September 2023. The increase from 8 April 2024 is 6.7%, as set out in the [Pension Increase \(Review\) Order 2024](#) [SI 2024/331]. This was then updated by [Pension Increase \(Review\) \(No.2\) Order 2024](#) [SI 2024/372] to insert a note indicating there was an error in the making of the original order. The amendment directs readers refer to SI 2024/372.

FPS 2015 will use the figure of 7.7% as set out in the [Public Service Pensions Revaluation Order 2024](#) [SI 2024/290] for the earnings element of revaluation for active members to be applied at one second after midnight on 31 March 2024.

## HMRC limits applicable from 6 April 2024 – Annual and lifetime allowance

The Chancellor of the Exchequer announced in the 2021 Budget that the lifetime allowance (LTA) would remain at its current level of £1,073,100 until April 2026.

In the [Spring Budget 2023](#) delivered on 15 March 2023, the Chancellor announced that the standard LTA will remain at £1,073,100 but nobody will face an LTA charge for 2023/24. From April 2024, the LTA will be abolished completely.

However, the maximum tax-free cash that can be taken on retirement will be frozen at its current level of £268,275 (except where protections apply).

On 22 February 2024 the [Finance Act 2024](#) received Royal Assent. The Act implements the abolition of LTA from 6 April 2024, and is covered under Schedule 9 of the Act.

The following applies to Annual Allowance (AA) arrangements from 6 April 2024, which were announced in [Spring Budget 2024](#):

- The standard annual allowance will remain the same at £60,000.
- The money purchase AA will remain the same at £10,000.
- The adjusted income for the tapered annual allowance will remain the same at £260,000.
- The minimum tapered AA will remain at £10,000.

Table 1: Annual allowance limits 2024/25

Limit	Amount
Standard annual allowance	£60,000
Threshold income	£200,000
Adjusted income	£260,000
Minimum tapered annual allowance	£10,000

## Automatic Enrolment Earnings Bands

Employers will need to know the earnings bands that apply for 2024/25 for the purposes of automatic enrolment under the Pensions Act 2008. The Government announced in its [review of the automatic enrolment earnings trigger for 2024/25](#) that the earnings trigger will remain at its current level of £10,000. This is unchanged since the 2015/16 year. The tables below show the position for the 2024/25 year.

Table 2: Automatic enrolment (AE) earnings bands 2024/25

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

\* Earnings: separate contracts are treated separately

\*\* State Pension Age

Table 3: AE earnings bands per period

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

## Annual GMP increase

An increase of 3% should be applied on 6 April 2024 to the post-5 April 1988 GMP element of a pension in payment.

Some members will be entitled to a further increase to the post-5 April 1988 GMP on 8 April 2024 under the Pensions Increase (Review) Order 2023 if they reached State Pension age after 5 April 2016. If the Pensions Increase date is 26 April 2021 or earlier, a further increase of 3.7% is due to bring the total increase on the post-5 April 1988 GMP to 6.7%. The increase on 8 April 2024 is 3.7% of the post-5 April 1988 GMP in payment on 5 April 2024. The same increase will apply to the post-5 April 1988 GMP on 8 April 2024 if the individual reached State Pension age before 6 April 2016 and AC is less than GMP, i.e. paragraphs 3 to 6 of the [HMT Direction on section 59A of the Social Security Pensions Act 1975](#) apply.

If the individual reached State Pension age after 5 April 2016, a 6.7% increase applies on 8 April 2024 to the pre-6 April 1988 GMP element of the pension in payment. A pro-rata increase will apply if the member's PI date is after 26 April 2021. The same increase will apply to the pre-6 April 1988 GMP on 8 April 2024 if the individual reached State Pension age before 6 April 2016 and AC is less than GMP, i.e. paragraphs 3 to 6 of the [HMT Direction on section 59A of the Social Security Pensions Act 1975](#) apply.

The post 5 April 1988 GMP increase is set out in [The Guaranteed Minimum Pension Increase Order 2024](#) [SI 2024/243].

## **The Social Security Revaluation of Earnings Factors Order 2024**

The [Social Security Revaluation of Earnings Factors Order 2024](#) [SI 2024/284] comes into force on 6 April 2024. The earnings factors are used to calculate a Scheme member's GMP. The percentage increase for the tax year 2024/25 is 7.6%. 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](#).