

# HIGHLAND & ISLANDS FIRE BOARD

22 November 2006

## Fire Service Pensions Review New Firefighters' Pension Scheme

Agenda Item	
Report No	

### Report by Treasurer

#### SUMMARY

This report updates the Board on progress in respect of implementation of the New Firefighters' Pension Scheme (NFPS) and clarifies issues outstanding from the consultation exercise. The Board is asked to note the content of the report.

#### 1. INTRODUCTION

- 1.1 Details of proposals for a new Pension Scheme for Firefighters' were reported to the Board on 25<sup>th</sup> November 2004.
- 1.2 An update on the resulting consultation exercise was reported to the Board on 24<sup>th</sup> November 2005.

#### 2 ISSUES OUTSTANDING FROM THE CONSULTATION EXERCISE

- 2.1 Three specific elements of the NFPS required further clarification following the consultation exercise. Details of the current position is contained in Appendix 1.

#### 3 IMPLEMENTATION OF THE NFPS

- 3.1 New recruits since 6<sup>th</sup> April 2006 are automatically eligible to join the NFPS
- 3.2 The previous Firefighters' Scheme closed to new members on 5<sup>th</sup> April 2006

#### 4 THE OPTIONS EXERCISE

- 4.1 Members of the previous Firefighters' Pension Scheme (FPS) will be given a "one off" option to transfer to the NFPS. If they choose not to transfer then they will remain in the previous scheme.
- 4.2 To ensure that sufficient information is provided to allow an informed decision to be made an "options" pack will issued to members.
- 4.3 The "option" pack will include literature on both old and new schemes and a projected estimate of benefits from both schemes to enable a comparison to be made between the two schemes. A summary of the main changes is attached at Appendix 2
- 4.4 The options exercise is expected to commence in January 2007. Scheme members will be

given a 3 month period to opt to transfer to the NFPS.

- 4.5 Regular meetings will be held between Highland and Islands Fire and Rescue Service and Highland Council officers to coordinate the exercise.

## **5 IMPLICATIONS/BENEFITS**

- 5.1 To facilitate the above exercise Highland Council required to purchase additional functionality for the existing pension system.

- 5.2 All relevant details have been migrated to the new system

- 5.3 As a result of the new functionality it will now be possible to issue annual benefit statements to Firefighters.

## **6. CONCLUSIONS**

- 6.1 Preparation for the implementation of the NFPS and the required option exercise is on track.

### **RECOMMENDATION**

The Board is asked to note the report

Signature:

Designation: Treasurer

Date: 19<sup>th</sup> October 2006

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**New Pension Scheme for Firefighters’  
Issues requiring clarification from consultation exercise**

Appendix 1

No.	Issues requiring clarification	Current position	Effect/Action
1	Transfer arrangement between the current and proposed schemes	Position not finalised. Guidance expected from the Government Actuaries Department mid November.	Await guidance
3	Lack of detail regarding cost of pension arrangements for retained firefighters.	Funding arrangements are still unclear	In the short term the effect is likely to be minimal. Longer term funding options are being investigated by Fire and Rescue Authorities.
4	Lack of detail regarding proposals for injury benefits	The Firefighters’ compensation Scheme effective from 6 April 2006 contains full details of benefits which effectively remain unchanged	Satisfactory conclusion

FPS –NFPS Comparison

No.	Current Scheme (FPS)	Key elements of the new scheme (NFPS)	Effect/Change
1	Scheme not open to retained staff	Membership for regular and retained firefighters.	Retained staff will have the opportunity to participate in the new scheme
2	A final salary scheme.	No change	
3	Normal pension age 55.	Normal pension age of 60	Benefits due to Officers who chose to retire between age 55 and 60 will be subject to an actuarial reduction If the Officer is retired at the request of the Fire Authority the cost of paying benefits early will be met by the Authority These principals are generally in line with The Local Government Pension Scheme
4	Deferred pension age of 60.	A deferred pension age of 65.	Increased age for payment of deferred benefits
5	Accrual at 1/60 <sup>th</sup> with option to commute maximum of ¼ of pension.	Uniform accrual at either 1/80 <sup>th</sup> for each year and a fixed lump sum of either 3 or 4 x pension; or 1/60 <sup>th</sup> for each year with an option to commute part of the pension into a lump sum	<u>Members should note that service in excess of 20 years will not count double as in the current scheme</u>  It is proposed that the commutation factor of 12:1 will be applied regardless of Age or Gender.
6	Death grant of 2 x pay.	Death grant of 3 x pay	Increase in death grant
7	Widows/widowers pensions paid at 50% of firefighters pension.	Widows/widowers pensions paid at 50% of firefighters pension.	Unmarried partners would qualify for widows/widowers pension benefits.

	No provision for unmarried partners	Provision for unmarried partners	
8	Children's benefits to be a percentage of the members pension;	Children's benefits to be a percentage of the members pension;	No change