

Firefighters' Pension Scheme 2017 Amendment Orders

Background

The Government launched a consultation document in March 2016 covering a range of amendments, the main one affecting survivors' benefits in both the 1992 scheme, and the Compensation Scheme, where the firefighter was killed on duty. Other amendments affecting the 2015 scheme were also proposed.

The consultation ran until May 2016, with nothing further happening until 11 September 2017, when two separate statutory instruments were issued bringing the proposed changes into force. Both statutory instruments came into force on 6 October 2017 (but with some provisions having a retrospective effective date).

This briefing note gives an overview of the changes contained in each statutory instrument, along with points to be considered in the wake of the changes.

SI 2017/892

In the main this Order brings the 1992 scheme (and the Compensation Scheme) into line with other pension schemes in the public sector (such as the armed forces and police schemes) following the March 2015 budget announcement to grant life-long pensions for spouses and civil partners where the firefighter was killed on duty. The FPS1992 and 2006 Compensation Scheme rules are amended accordingly.

The amendments are applied retrospectively (back to 1 December 2006) to marriages, remarriages and civil partnerships entered into on or after 1 April 2015, and extends the criteria to include deaths resulting from an injury to and from work.

The FPS1992 rules are also amended to clarify that the APB contributions are exempted from the contributions holiday, as well as minor amendments to ensure the correct pensionable pay regulations of both the 1992 and 2006 scheme are referenced.

An amendment was also made to correct a typo in the double accrual guarantee formula so that it quotes a maximum of 30 years rather than 40 years.

What are the consequences?

Remarriage of a spouse/formation of a new civil partnership

Fire & Rescue Authorities should note the insertion of new rules that extends the circumstances where an injury pension would continue to be paid on remarriage / formation of a new partnership to include journeys to and from work.

Where the widow(er)/civil partner remarries, or enters into a new civil partnership, the Fire & Rescue Authority would need to determine whether the firefighter had 'died as a result of an injury sustained while on a journey necessary to enable him to report for duty or return home after duty'. This amendment, therefore, will be relevant even where a firefighter was denied an injury pension because they were not actually on duty, but were travelling to/from duty.

Fire & Rescue Authorities will need to record all circumstances regarding an ill-health or injury claim for future cases, but it could prove extremely difficult to correctly identify cases as far back as December 2006, where the surviving spouse/partner remarries (on or after 1 April 2015). The Government accept that additional information may have to be obtained from the survivor as to the exact circumstances of the firefighter's death in order to determine whether the death resulted from an injury sustained whilst travelling to or from work.

Contribution Holiday

These amendments cater for the ceasing of members' contributions where they reach their 30-year maximum membership date before age 50. These amendments clarify that such members must still pay their contributions on any APBs as well as making clear that Fire & Rescue Authorities must still pay their contributions in respect of these members (i.e. the Authority doesn't benefit from the contribution holiday!).

Payroll systems need to ensure that:

- Members' contributions on APBs continue to be deducted even if the main-scheme contributions have stopped (with the APB contributions advised to Kier Pensions in the usual way); and
- The Fire & Rescue Authority's own contributions continue to be paid into the pension account in respect of members benefiting from the contribution holiday.

SI 2017/888

Members of one of the final salary schemes, who are due to transition in to the 2015 scheme, are now allowed to remain in their original scheme if they are being considered for ill-health retirement by an independent qualified medical practitioner (IQMP) at the date they are due to transition.

This 'stay of execution' will continue for as long as a final decision is made, including an appeal. If the ill-health appeal is upheld the member retires from the existing 1992 or 2006 scheme avoiding the necessity for a miniscule period of 2015 scheme membership; if the appeal is not upheld, the member moves into the 2015 scheme from the date of the IQMP decision or the expiry of 28 days after the appeal decision.

This amendment is effective from 6 October 2017 and should **not** be applied retrospectively.

This Order makes other minor administrative changes to the 2015 scheme.

What are the consequences?

Transition to 2015 scheme to be delayed where ill-health retirement process has started

Fire & Rescue Authorities' payroll departments must ensure both the member's and the authority's contributions remain on the existing final salary basis until notification of the IQMP decision (including any appeal) has concluded. Fire & Rescue Authorities need to introduce a system to ensure this happens.

If you have any queries, or would like to discuss further, please contact the Technical Team at the address below.

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