

## Firefighter Pension Statistics definitions

**1992 Scheme:** closed to new membership on 5 April 2006. It is a final salary scheme which provides 1/60<sup>th</sup> accrual in the first 20 years of service and double accrual (i.e. 2/60<sup>ths</sup> accrual) in the next 10 years of service, giving a maximum pension entitlement of 40/60<sup>ths</sup>. It has a normal pension age of 55, but provides for members to retire from age 50 years with 25 or more years pensionable service.

**2006 Scheme:** closed to new membership on 31 March 2015. It was introduced for regular and retained firefighters employed since 6 April 2006. It is a final salary scheme with 1/60<sup>th</sup> accrual for each year of service, providing a maximum pension of 45/60<sup>ths</sup>. It has a normal pension age of 60 years.

**2014 Modified Scheme:** was introduced in April 2014 in response to an Employment Tribunal decision in 2011 that required retained firefighters, employed during the period 1 July 2000 and 5 April 2006 inclusive, to be given access to pension arrangements that provided similar benefits as those provided by the 1992 Scheme. The Modified Scheme is a final salary scheme with 1/45<sup>th</sup> accrual rate for each year of service, providing a maximum pension of 30/45<sup>ths</sup>. It has a normal pension age of 55 years. The provisions of the Modified Scheme are incorporated within the 2006 Scheme's regulations. The data published in this release amalgamates the 2006 and Modified Scheme membership data.

**2015 Scheme:** was introduced in England on 1 April 2015. It is a career average scheme, as opposed to final salary, where members effectively accrue an annual pension pot for each year of service based on the pensionable pay they received. It provides a 1/59.7<sup>th</sup> accrual rate and has no pension limit. It has a normal pension age of 60. Unless covered by transitional protection arrangements introduced as part of the new scheme, existing members of the 1992 and 2006 Schemes were required to transition into the 2015 Scheme on 1 April 2015.

**Commutation Payment:** This is a lump sum payable by the employer where a retiring member makes an election to convert a proportion of his/her future annual pension for a lump sum.

**Deferred Pension:** A person becomes entitled to a deferred pension if they leave employment, or make an election to cease paying pension contributions, prior to becoming entitled to receive the immediate payment of their pension. Deferred pensions come into payment when the member attains age 60 years in the 1992 Scheme; and 65 years in the 2006 Scheme; and State Pension Age in the 2015 Scheme.

**Deferred Members:** A member who elects to leave the scheme's membership, either by virtue of leaving employment or opting out of the scheme's membership, prior to becoming entitled to an immediate payment of their pension will become a deferred member and become entitled to a deferred pension at the ages mentioned above.

**Ill-Health Charge:** This is a cash sum payable by the employer to their Firefighters' Pension Fund each time they medically retire a scheme member on ill-health grounds. The ill-health charge equates to a payment of twice pensionable pay for a lower-tier ill-health retirement and four times pensionable pay for a higher-tier ill-health retirement.

**Ill-Health Retirement:** Ill-health retirement occurs when a member becomes entitled to immediate payment of their pension benefits as a consequence of becoming permanently disabled for undertaking their roles as a firefighter. There are two levels of ill-health retirement, lower-tier and higher tier awards. The lower tier award entitles any member who becomes permanently disabled for undertaking their role as a firefighter to the immediate payment of the pension benefits that they have accrued (i.e. a lower tier pension); the higher tier award entitles any member who becomes permanently disabled for undertaking their role as a firefighter and any other regular employment (defined as a minimum of 30 hours per week over a period of at least 12 months) to the immediate payment of a lower tier pension and also an additional enhanced higher tier pension.

**Opting out:** Members of the scheme may elect to opt out, thereby ceasing to pay pension contributions while remaining in employment as a firefighter with the FRA. Members who opt out prior to becoming entitled to payment of their pension will become entitled to a deferred pension.

**Pensioner:** A scheme member who has retired from their employment as a firefighter and is receiving an immediate entitlement to the payment of their pension benefits.

**Recurring Pension Payments:** These are the monthly (post-commutation) pension payments made to retired members of the pension schemes.

**Transfers In and Out:** A cash value representing a person's pension pot may be transferred with them when they move from one pension scheme to another.

**Milne Vs GAD case:** In May 2015, the Pensions Ombudsman issued his Final Determination in a case brought by a retired Scottish firefighter, Mr Milne, against the Government Actuary's Department (GAD). The Ombudsman determined that there was maladministration by GAD as the Scheme factors should have been revised for firefighters who retired between 2001 and 2006. Effectively, this meant that FRAs were required to pay redress to affected members of the 1992 Scheme who retired during the same period.